

NASSAU COUNTY
NEW YORK



COMPREHENSIVE
ANNUAL FINANCIAL
REPORT
OF THE
COMPTROLLER

FOR THE FISCAL YEARS ENDED
DECEMBER 31, 2004 AND 2003

HOWARD S. WEITZMAN
COMPTROLLER

NASSAU COUNTY
NEW YORK



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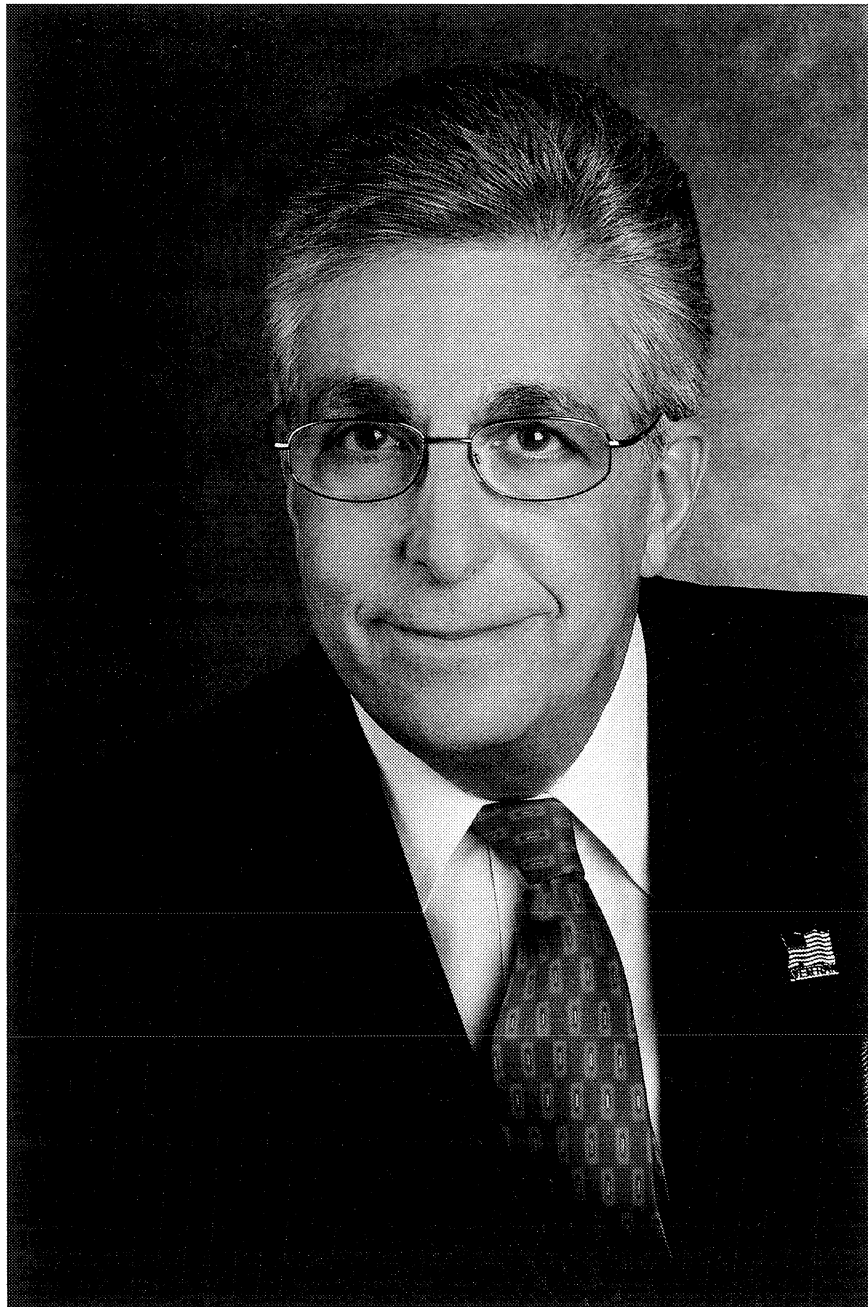
HOWARD S. WEITZMAN
COMPTROLLER

JANE LEVINE
CHIEF DEPUTY COMPTROLLER

SUSAN D. WAGNER
DEPUTY COMPTROLLER FOR OPERATIONS

MANUEL MOSQUERA
DEPUTY COMPTROLLER FOR AUDITS

RANDOLPH GHISONE
DEPUTY COMPTROLLER FOR ACCOUNTING



HOWARD S. WEITZMAN
NASSAU COUNTY COMPTROLLER

COUNTY OF NASSAU, NEW YORK

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INTRODUCTORY SECTION

HOWARD S. WEITZMAN



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 28, 2005

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, 2004, as required by New York State County Law, Article 14 § 577.1(j-k). Although the county still faces financial difficulties in the years ahead, during 2003 and 2004, the county achieved structural budgetary balance. In my role as independent fiscal watchdog, I remain committed to working with you to help the county maintain the fiscal health achieved during the past three years.

The 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*. Management's Discussion and Analysis (MD&A) is an analytical overview of the county's financial activities and can be found immediately following the report of the independent auditors on pages 17 through 18. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

The year-end financial position of the county's major funds (General Fund, Police Headquarters, Police Districts, County Parks, Fire Safety and Debt Service) remains a leading indicator of the county's fiscal health. Nassau County completed the fiscal year ended December 31, 2004, with a combined surplus in its primary funds of \$19.5 million, as determined by current governmental accounting principles generally accepted in the United States. The actual budgetary surplus was \$76.8 million, however, the county elected to apply \$57.3 million to establish reserves that will be used to provide future budget relief.

The 2004 budgetary surplus before discretionary reserves is primarily attributable to conservative budgeting, debt restructuring and transitional aid from the Nassau Interim Finance Authority (NIFA), healthy sales tax receipts, unbudgeted revenues from the Sewer and Storm Water District Fund to pay for personnel costs initially charged to the county's General Fund, Medicaid expenditures that were under budget, the release of reserves for extraordinary police termination pay, favorably negotiated salary increases, settlement of disputed liabilities through the Nassau Health Care Corporation stabilization agreement, and recoveries from the Benefit Plan Administrator (BPA) health insurance fraud case and certain restored property taxes. Fiscal

2004 was the second year in a row in which the county achieved a small budgetary surplus, before discretionary reserves, even without the non-recurring gains included above.

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

The report contains three sections: introductory, financial, 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 financial section incorporates the basic and fund financial statements and schedules, as well as the independent auditors' report prepared by Deloitte & Touche LLP, and management's discussion and analysis, which presents summary financial information and facts regarding the county's fiscal condition. The Notes to the 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 requirements applicable to each major federal programs, and or 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 internal controls over financial reporting and or compliance and other matters is included as an appendix.

Nassau 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. Incorporated in 1899, the county contains three towns, two cities, and 64 incorporated villages, 56 school districts and various special districts. With a population of approximately 1.3 million people, it occupies 287 square miles located approximately 15 miles east from Manhattan.

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 Board Statement No. 14 as discussed in Note 1 to the Financial Statements. The county's component units are comprised of the Nassau County Interim Finance Authority (NIFA), the Nassau County Tobacco Stabilization Corporation (NCTSC), the Nassau County Sewer and Storm Water Finance Authority (SSWFA), the Nassau Community College, the Nassau Health Care Corporation (NHCC), the Nassau Regional Off-Track Betting Corporation (OTB), and the Nassau County Industrial Development Agency (NCIDA).

FINANCIAL CONDITION

Although it continues to be one of America's wealthiest suburban communities, Nassau County had, 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, New York State established the Nassau County Interim Finance Authority (NIFA) 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 2004 with a combined budgetary surplus of \$19.5 million for its major funds. Additionally, the county and NIFA have approved the *2005-2008 Multi-Year Financial Plan*, which presents the administration's strategy for maintaining fiscal stability. Citing their increasing confidence in the county's ability to manage its fiscal situation, the three principal debt-rating agencies upgraded the county's general obligation debt ratings ten times between February 2003 and June 2005 (see p. 9).

MAJOR INITIATIVES

The county's capital improvement program continues to be affected negatively by the substantial amount of debt incurred to pay successful property tax assessment challenges over the last 11 years. However, prudent fiscal management has enabled the county to increase its capital program in order to meet the demands of rehabilitating and expanding the county's infrastructure. Projects completed during 2004 include Milburn Pond and Tanglewood Preserve improvements at a cost of \$4.1 million, and \$6 million of improvements to the Secondary Gas Compressor Facility at the Cedar Creek Water Pollution Control Plant. Over \$12 million of improvements were made to the road system through the county's resurfacing program. As part of the County's Building Consolidation Program the new information technology data center was constructed at a cost of \$4.2 million. Improvements were also completed at Nassau Community College as well as to the Nickerson Beach cabanas.

Significant projects currently underway include the \$12 million reconstruction of the Long Beach Bridge, and \$12 million of road resurfacing and restoration.

Pending certain approvals, work planned to begin in 2005 includes the county office campus project, \$27 million of improvements at the Bay Park and Cedar Creek sewer plants, \$7 million of sewage pumping station rehabilitations, and \$4.3 million of sewer corrosion repairs. Additionally, renovations to various court parking lots are planned, at a cost of \$6.5 million, as well as \$3 million of road improvements and \$2.1 million of roof reconstruction on various county buildings.

FINANCIAL INFORMATION

Internal Controls

The county is responsible for establishing and maintaining internal control structures, which should be designed to ensure that its assets 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. Internal control structures are 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 must also establish internal control structures in compliance with applicable laws and regulations related to those programs. The county's internal control structures are subject to periodic evaluation by comptroller's office personnel, 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, Debt Service Fund, and 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, as well as annual budgets, 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 on the following page presents a summary of the revenues and other financing sources for the General Fund, Police Headquarters, County Parks, Fire Safety Fund and Debt Service Fund for the year ended December 31, 2004, 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 uses of funds for debt refunding. 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

(dollars in thousands)

	<u>2004</u> <u>Amount</u>	<u>Percent of</u> <u>Total</u>	<u>Increase</u> <u>(Decrease)</u> <u>From 2003</u>	<u>Percent</u> <u>of Increase</u> <u>(Decrease)</u>
Interest and Penalties on Taxes	\$ 22,682	0.9 %	\$ 226	1.0 %
Investment Income	5,882	0.2 %	2,721	86.1 %
Departmental	201,209	8.0 %	58,164	40.7 %
Interdepartmental	101,706	4.0 %	(21,691)	(17.6)%
Federal Aid	126,208	5.0 %	18,616	17.3 %
State Aid	209,019	8.3 %	10,252	5.2 %
Sales Tax	933,913	36.9 %	43,053	4.8 %
NIFA Withholding	<u>(95,054)</u>	<u>(3.8)%</u>	<u>(32,176)</u>	51.2 %
Net Sales Tax	838,859	33.2 %	10,877	1.3 %
Property Taxes	441,705	17.5 %	(96)	
Proceeds from Tax Certiorari and Other Judgements & Borrowings	198,663	7.9 %	56,842	40.1 %
Transfers In	260,295	10.3 %	(85,261)	(24.7)%
Other	<u>122,931</u>	<u>4.9 %</u>	<u>49,158</u>	66.6 %
TOTAL	<u>\$ 2,529,159</u>	<u>100.0 %</u>	<u>\$ 99,808</u>	

The increase in investment income resulted from an increase in the amount of available cash to invest and higher interest rates. Departmental revenues increased primarily due to the contractual reimbursement of charity care funding to the Nassau Health Care Corporation (NHCC), which had been reduced by New York State during 2003 and increased during 2004. The revenue generated by this intergovernmental transfer is offset by county expense. The increase in departmental revenues was further enhanced by increased County Clerk mortgage recording fee receipts due to an escalated volume of home re-financings. The decrease in interdepartmental revenue resulted primarily from a procedural change whereby the funds for debt service payments are transferred directly to the Debt Service Fund, instead of first being transferred to the General Fund, as was done in the past. This decrease was partially offset by the recognition of unbudgeted charge-backs for sewer and storm water purposes. The increase in federal aid was largely due to an increase in the number of, and the reimbursement rate for, federal inmates held at the Nassau County Correctional Center. In addition, federal aid increased as a result of reimbursements for prior year day care and other child welfare related expenditures. State aid was higher than the previous year due to an increased level of reimbursable expenditures, as well as reimbursement increases for current year child welfare expenditures and an allocated settlement of prior year's billings. While gross sales tax receipts grew by approximately 5 percent over the prior year, the amount of sales tax set-aides held by NIFA for debt repayment also increased significantly. Proceeds from borrowings to fund successful property tax challenges increased as did associated payments, since the county processed a larger portion of the backlog of these liabilities during 2004. Transfers in decreased as the need to reallocate appropriations between county funds was reduced due to improved fund-level budgeting. The increase in other revenues resulted primarily from recognition of tobacco settlement proceeds which were utilized to establish a reserve for future medical bills for indigent individuals served by the NHCC. Additionally, the county realized several significant recoveries, including those from the BPA fraud litigation and certain restored property tax payments.

The following schedule summarizes expenditures and other uses for the General Fund, Police Headquarters, County Parks, Fire Safety Fund and Debt Service Fund, for the year ended December 31, 2004 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 in addition to the netting of sources and uses of funds for debt refunding. These figures also do not include the Police District Fund, which does not cover all county residents.

Table 2: Summary of Expenditures
(dollars in thousands)

	<u>2004</u> <u>Amount</u>	<u>Percent of</u> <u>Total</u>	<u>Increase</u> <u>(Decrease)</u> <u>From 2003</u>	<u>Percent</u> <u>of Increase</u> <u>(Decrease)</u>
Legislative	\$ 7,629	0.3 %	\$ 1,057	16.1 %
Judicial	44,715	1.8 %	2,652	6.3 %
General Administration	208,701	8.2 %	(16,721)	(7.4)%
Protection of Persons	320,414	12.6 %	28,699	9.8 %
Health	190,873	7.5 %	7,800	4.3 %
Public Works	87,453	3.4 %	33,023	60.7 %
Recreation and Parks	46,440	1.8 %	(15,214)	(24.7)%
Social Services	625,213	24.4 %	101,448	19.4 %
Corrections	193,390	7.6 %	9,459	5.1 %
Education	5,801	0.2 %	848	17.1 %
Aid to Towns and Cities	55,517	2.2 %	2,741	5.2 %
Proceeds from Tax Certiorari and Other Judgements & Borrowings	198,663	7.8 %	56,843	40.1 %
Other Expenditures	100,737	4.0 %	47,146	88.0 %
Debt Service	232,315	9.1 %	(60,939)	(20.8)%
Transfers Out	<u>231,971</u>	<u>9.1 %</u>	<u>(27,601)</u>	<u>(10.6)%</u>
TOTAL	<u>\$ 2,549,832</u>	<u>100.0 %</u>	<u>\$ 171,241</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, growth in employee health insurance rates contributed to increased costs. New York State adopted pension contribution legislation during 2003 and 2004, which resulted in significant budgetary savings. The county conservatively used the 2004 savings to set aside funds to ease its transition into the era of higher pension contributions projected by the State. Also related to pension contributions, general administration expenses were lower in 2004 due to the one time payment in 2003 of outstanding pension bonds.

In addition to the personnel costs described above, there were a number of other significant expenditure variances from the prior fiscal year. Protection of persons expenditures increased primarily as a result of a transfer of police termination pay funding to the newly established Employee Fringe Benefit Reserve Fund. These monies were previously classified during 2003 as reserves within the county's two police funds and, consequently, were not presented as expenditures. Reimbursable health expenditures rose as a result of increased caseload, service levels and rates for early intervention education programs administered by the Department of Mental Health. Public works expenditures increased as a result of reclassifying utility expense

into this function, beginning in 2004. In addition, public works experienced an increase in operating budget funded building renovation and improvement construction, including moving the county data center to Bethpage. Recreation and Parks expenditures were down principally due to the reclassification of charges for parks related debt. The county's share of Medicaid expenses increased significantly in 2004. However, a major contributor to this increase was the contractual reimbursement of charity care funding from New York State to the NHCC. As discussed in the revenue narrative above, the expense generated by the intergovernmental transfer is offset by county revenue. In addition to the employee related costs described above, increased overtime accounted for the growth in expenditures at the Nassau County Correctional Center. Education expenditures, in the form of the county's share of tuition for residents who attend certain colleges outside of Nassau, were higher than in 2003. County aid to towns and cities increased in proportion to overall sales tax revenue growth. Payments for successful property tax assessment challenges increased since the county processed a larger portion of the backlog of these liabilities during 2004. Increases in the "other expenditures" category resulted from the establishment of reserves for future medical expenses for indigent individuals served by the Nassau Health Care Corporation, and for future debt costs. Debt service expenditures were significantly lower than in the prior year, as a result of the transfer of sewer debt payments to the newly created Sewer and Storm Water District and the refinancing of county debt by NIFA and the SSWFA. Transfers out were lower primarily due to the reduced need to transfer funds to the Debt Service Fund as a result of the aforementioned refinancing.

General Fund

The county ended the 2004 year with an \$85.6 million accumulated unreserved fund balance in the General Fund. The ending fund balance included \$76.1 million from prior years. A number of non-recurring revenues and savings contributed to a significant budgetary surplus, most of which was reserved to provide future budget relief. NIFA generated \$9.1 million of savings from the restructuring of outstanding county long-term debt and an additional \$7.5 million of transitional state aid. Other non-recurring gains included \$23.6 million of tobacco securitization proceeds and \$9.1 million from the reversal of a reserve for disputed liabilities which were resolved by the NHCC stabilization agreement. In addition, \$3.3 million was recovered from defendants in the Benefit Plan Administration health insurance fraud case, and \$2 million was recovered from the Town of Oyster Bay for taxes restored over the last six years.

Special Revenue Funds

Unreserved fund balances (deficits) for each of the special revenue funds are set forth below – as of December 31, 2004 and December 31, 2003 – together with the amount of increase or decrease over 2003.

Table 3: Unreserved Fund Balances for Each of the Special Revenue Funds

(dollars in thousands)

	Fund Balance (Deficit) Unreserved and Undesignated December 31, <u>2004</u>	Fund Balance (Deficit) Unreserved, December 31, <u>2003</u>	Increase (Decrease) over <u>2003</u>
Police District	\$ 4,870	\$ 4,870	\$
Sewage Disposal District #1		387	(387)
Sewage Disposal District #2		12,970	(12,970)
Sewage Disposal District #3		10,083	(10,083)
Sewage Collection Districts		6,217	(6,217)
Sewer and Storm Water District Fund	21,402		21,402
Grant	(19,222)	(34,108)	14,886
Open Space Fund	338	1	337
NIFA General Fund	454	599	(145)
NCTSC General Fund	(164)	8	(172)
Technology Reserve	<u>5,421</u>	<u>19,911</u>	<u>(14,490)</u>
TOTAL	<u>\$ 13,099</u>	<u>\$ 20,938</u>	<u>\$ (7,839)</u>

During 2004, the sewer funds were consolidated and transferred to the newly formed Sewer and Storm Water Resources District. Although the Parks Fund had an initial deficit of \$7.6 million, that deficit was eliminated by a transfer from the General fund. Initial surpluses in the Police Headquarters and Fire Safety funds of \$1.5 million and \$0.3 million respectively, were transferred to the General Fund. (Funds with zero fund balances are not presented in the table above.)

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 2004, a pension contribution initiative proposed by the State Comptroller and passed by the State Legislature enabled the county to set aside \$78.5 million from the major operating funds to be used over the next several years to aid the county in paying the higher pension fund contributions projected by the State as a result of lower state pension fund investment earnings.

Debt Administration

Debt Administration

As of December 31, 2004, the outstanding long-term debt issued by the county, NIFA, the Nassau County Sewer and Storm Water Finance Authority, the Nassau County Tobacco Settlement Corporation, and the New York State Environmental Facilities Corporation (EFC) on behalf of the county totaled \$3,194,912,592. This outstanding debt, categorized by issuing entity, is broken down as follows:

<u>Issuing Entity</u>	<u>Amount Outstanding as of December 31, 2004</u>	<u>Percentage</u>
Nassau County General Improvement Debt	\$ 770,735,000	24.12%
Nassau County Sewer Improvement Debt	148,323,662	4.64%
Nassau County Interim Finance Authority	1,748,425,000	54.73%
Nassau County Sewer and Storm Water Finance Authority	81,550,000	2.55%
Nassau County Tobacco Settlement Corporation	275,295,000	8.62%
New York State Environmental Facilities Corporation	170,583,930	5.34%
	<u>\$ 3,194,912,592</u>	<u>100.00%</u>

The amount of long-term debt issued by the county and by NIFA to finance property tax refund payments totaled approximately \$1.4 billion. Between February 2003 and June 2005, the county earned ten rating upgrades from the three principal credit rating agencies. Moody’s Investors Service increased the county’s rating from Baa3 to A3. Standard and Poor’s upgraded its rating of the county’s general obligation debt from BBB- to A-. Fitch Ratings increased the credit rating it has assigned to the county’s general obligation debt from BBB to A+. Additionally, Fitch has assigned the county a positive outlook for a possible future increase in credit rating. During 2004, the county did not issue a cash flow note.

The county is subject to a state constitutional limit on the amount of debt it may finance, excluding sewer and water project debt, of ten percent of the county’s average real property valuation for the previous five years. The county’s net outstanding indebtedness on December 31, 2004 was 21.4 percent of its constitutional debt limit, which represents a decrease of 1.83 percent from 2003. The county’s long-term debt per capita was \$2,399. The SSWFA issued \$81,550,000 in auction rate securities to restructure outstanding sewer improvement debt.

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 deposited in interest bearing checking accounts and money market accounts, which 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, 2004, the county maintained approximately \$520 million in these accounts. Annual interest rates averaged 1.62 percent for the year.

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. A risk management committee has been established to monitor and direct policies and procedures to reduce and control overall risk exposure. Except for police helicopter and personal liability insurance and a blanket fidelity bond covering all county employees, the county presently self-insures for most risk exposures, with loss payments paid directly from operating or capital funds. The county has hired a contractor to provide insurance brokerage services and to assist with the overall development of a county risk management program.

The county has also contracted with a third party administrator to provide claims management of the workers compensation program. The administrator provides an automated system to record all losses reported and expenditures associated with workers compensation. The county attorney's office records other claims and loss activity. County contracts transfer risk to vendors by requiring that vendors' insurance policies name the county as an additional insured. In addition, the county will continue its review of risk exposures, and programs to transfer and reduce those risks, including the possible procurement of additional outside insurance.

Risk is also limited through the activities of an independent audit committee. In response to the Sarbanes-Oxley Act and Government Finance Officers Association recommendation that state and local governments create audit committees, the County Comptroller established an independent audit advisory committee during 2003. The committee provides advice and oversight for the county's financial and auditing operations.

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, 2004. The auditors' report on the basic 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, 2003. This is the 20th 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, 2003

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.



Nancy L. Ziehl

President

Jeffrey R. Egan

Executive Director

COUNTY OF NASSAU, NEW YORK

PRINCIPAL OFFICIALS

December 31, 2004

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
Harvey B. Levinson

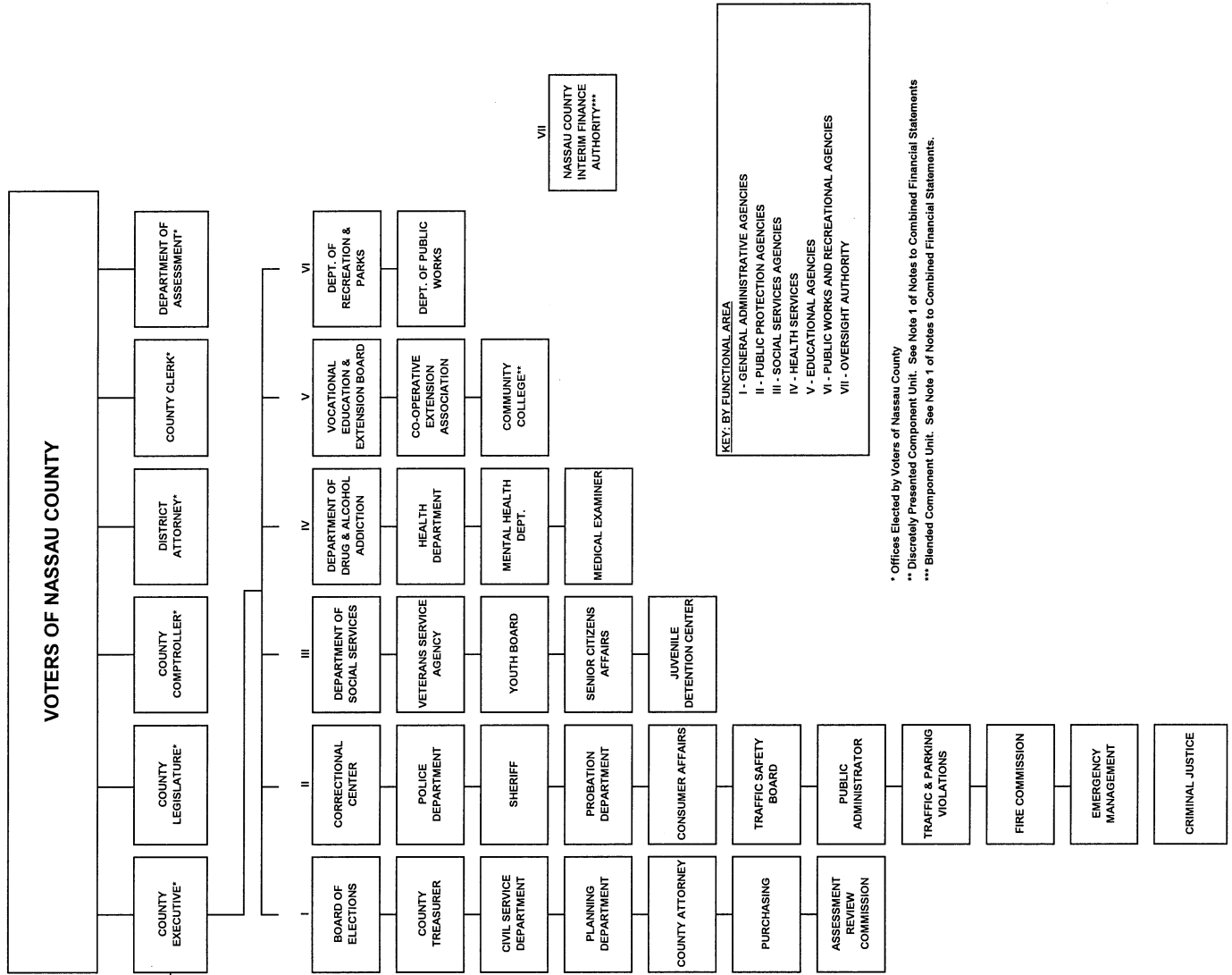
Legislative

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

16th Legislative District
2nd Legislative District
7th 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
10th 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, 2004



* 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.

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, 2004 and 2003, (with the Nassau Community College for the years ended August 31, 2004 and 2003), 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 December 31, 2004 and 2003 and for the years 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 and the Nassau County Sewer and Storm Water Finance Authority, a blended component unit, which as combined represent 34 and 11 percent and 29 and 22 percent, respectively, of the assets and revenues of the County for each of the years ended December 31, 2004 and 2003. 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. The report of the independent auditor for Nassau Health Care Corporation contained an explanatory paragraph concerning its ability to continue as a going concern (see Note 16).

We conducted our audits 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 basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits 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 audits 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, 2004 and 2003, and the respective changes in financial position, where applicable, thereof for the years 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, 2004 and 2003, 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.

The Management's Discussion and Analysis on pages 19 through 40 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 2004 supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were 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 June 27, 2005, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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 LLP

June 27, 2005

MANAGEMENT DISCUSSION AND ANALYSIS

Nassau County's comprehensive annual financial report ("CAFR") complies with the requirements of Governmental Accounting Standards Board Statement No. 34 ("GASB 34"). This section of the Report, required under GASB 34, presents management's discussion and analysis ("MD&A") of the county's financial activities and performance for the fiscal years ended December 31, 2004 and December 31, 2003. This section should be read in conjunction with the letter of transmittal and the county's financial statements.

FINANCIAL HIGHLIGHTS

- The county's net worth increased by \$39.5 million in 2004, though the county still has a sizeable deficit balance of net assets totaling \$1,429.5 million. The county's deficit balance of net assets continues to be caused by its historical reliance on long-term working capital borrowing for the payment of property tax refunds, judgments, and settlements.
- The county generated a positive operating surplus of \$76.8 million in its major operating funds in 2004. This operating surplus can be attributed to conservative budgeting, one-time revenues and expense relief, and progress in the implementation of the multi-year financial plan.
- The county directed \$67.3 million of this operating surplus to reserve against future budgetary exposures and retire debt. The county preserved \$60.6 million of its remaining tobacco securitization proceeds, and it benefited from the State's deferral of the pension payment date by setting aside \$78.5 million from the 2004 major operating funds budgets to reduce the burden of future pension payments.
- Unreserved, undesignated fund balance in the county's general fund grew from \$76.1 million to \$85.6 million. In the major operating funds, unreserved, undesignated fund balance increased from \$81 million to \$90.5 million.
- The county made significant progress addressing two major risks to its long-term financial recovery: reducing the backlog of unresolved property tax grievances and stabilizing the finances and operations of the Nassau Health Care Corporation.
- Since February of 2003, the rating agencies have increased Nassau's credit rating a combined total of ten times. The three rating agencies each increased the county's credit rating to the A level in 2004, with Moody's Investors Service upgrading Nassau County to an A3 while Standard and Poor's and Fitch Ratings assigned the county an A-. In June of 2005, Fitch Ratings awarded Nassau County a double-notch upgrade, increasing its rating from an A- to an A+.

- The county did not issue a cash flow note during the 2004 fiscal year. Management does not anticipate issuing a cash flow note in 2005. In 2000, Nassau County issued a peak of \$469.4 million in short-term notes in order to stabilize its cash position.

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS FOR 2004

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

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

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

The Statement of Net Assets

The statement of net assets for the 2004 fiscal year shows that Nassau County has a deficit balance of net assets totaling \$1,429.5 million. The county's net worth increased by \$39.5 million since 2003, when the county had a deficit balance of net assets totaling approximately \$1,469 million.

Table 1 shows that the value of the county's total assets increased by \$95.4 million from 2003 to 2004.

Table 1
Summary of Net Assets
(dollars in millions)

	Total Primary Governmental Activities		
	<u>2004</u>	<u>2003</u>	<u>Change</u>
Current and Other Assets	\$ 1,203.6	\$ 1,189.0	14.6
Capital Assets	<u>2,441.9</u>	<u>2,361.1</u>	<u>80.8</u>
Total Assets	<u>3,645.5</u>	<u>3,550.1</u>	<u>95.4</u>
Current Liabilities	868.7	1,006.9	(138.2)
Long-Term Liabilities	<u>4,206.3</u>	<u>4,012.2</u>	<u>194.1</u>
Total Liabilities	<u>5,075.0</u>	<u>5,019.1</u>	<u>55.9</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	1,554.7	1,530.9	23.8
Restricted	136.7	136.3	0.4
Unrestricted	<u>(3,120.9)</u>	<u>(3,136.2)</u>	<u>15.3</u>
Total Net Assets	<u>\$ (1,429.5)</u>	<u>\$ (1,469.0)</u>	<u>\$ 39.5</u>

The county's current assets increased by \$14.6 million. The county's liquid current assets – its cash, cash equivalents, and investments – grew \$62.8 million from 2003 to 2004, though this growth was offset in part by a \$46.5 million reduction in receivables. The improvement in the county's cash position in 2004 was a function of growing fund balance and reserve levels as well as the decision by the State of New York to defer 2004 pension payments to February of 2005. The county's 2003 year-end cash position was bolstered by a tax anticipation note issued in December of 2003, which means that the county recognized a liability for the note issuance that offset the corresponding increase in cash balances.

The county's capital or non-current assets grew by \$80.8 million. The growth in the county's capital or non-current assets was driven mainly by a \$70.1 million increase in deferred financing costs net of accumulated amortization. An increase in deferred financing costs results when the county or its blended component units refund previously

issued debt where, for various reasons, the par amount of the refunding debt exceeds the par amount of the refunded bonds. This is possible if the lower interest cost associated with the refunding bonds, combined with the investment earnings permitted in the refunding escrow account, facilitates a refunding transaction that generates a net present value savings. In 2004, the Nassau County Interim Finance Authority (“NIFA”) refunded previously-issued county and NIFA debt. Since the deferred financing costs associated with refundings represent expenditures that provide a future benefit beyond the next fiscal year, they are presented as a capital asset in the county’s statement of net assets and will be amortized over the life of the underlying bonds.

Table 1 also shows that total liabilities have increased in 2004 by \$55.9 million.

The county’s current liabilities declined \$138.2 million between 2003 and 2004 primarily because the current portion of the county’s long term liabilities dropped by \$133.1 million. The county issued a \$120 million tax anticipation note in December of 2003. Since the note was fully retired by October of 2004, and since the county did not issue any additional short-term debt for cash flow purposes in 2004, the current portion of county long-term liabilities was reduced.

The county’s long-term liabilities increased \$194.1 million from 2003 to 2004. The county’s other non-current liabilities grew by \$56.3 million, reflecting the reserve funds established by the county for future pension payments, excessive sworn officer termination, and the retirement of debt. These reserves will be discussed in greater detail below. County employees accrued additional vacation and sick days in 2004, increasing this long-term liability by \$33.8 million. The county’s deferred bond premium liability increased by \$29.1 million in 2004. The county or its blended component units may pay investors above-market rates for certain bond issues. Investors may then offer a “premium” over the par value of these bonds. Bond premium payments are cash, but the revenue can only be recognized over the remaining life of the underlying bonds, so bond premium payments are booked as a liability until the revenue is earned. The liability associated with serial bonds payable increased by \$166.8 million in 2004, reflecting an overall increase in the amount of debt issued by the county, notably to finance property tax refund payments. The county is executing a plan to reduce to manageable levels its inventory of unresolved property tax grievances. In 2004, NIFA issued \$194.7 million in new money debt on behalf of the county for the payment of these refunds. Management will discuss below the county’s historic reliance on the issuance of long-term debt to make property tax refund payments.

The county has \$1,554.7 million invested in its capital assets, net of related debt. The portion of the county’s net assets which are invested in its capital assets represents the equity the county has in its capital assets. This figure is calculated by taking the cost of the county’s capital assets and subtracting from it the associated accumulated depreciation as well as the outstanding debt issued to finance these assets. Capital assets are used by the county in the provision of services to the taxpayers; hence, this investment of county equity, because it is tied up in the county’s capital assets, is not immediately available to support future expenses.

The county has \$136.8 million in restricted net assets. Restricted net assets are subject to requirements imposed by legislation or by outside parties; accordingly, such assets are also not readily available to offset financial commitments made by the county in the future. The county's restricted net assets consist of fund balances that have been accumulated in its capital project funds.

Finally, the county's statement of net assets shows a deficit balance of \$3,120.9 million in unrestricted net assets in 2004, which represents an increase of \$15.2 million in the county's deficit balance of unrestricted net assets since the close of the 2003 fiscal year. Unrestricted net assets reflect all liabilities that are not related to the county's capital assets and which are not expected to be repaid from restricted resources. Accordingly, the county will have to allocate future revenues towards the payment of these liabilities as well.

Notwithstanding their unique budgetary pressures, counties in New York State generally have a positive balance of net assets, so Nassau's substantially negative net worth requires additional explanation.

As of December 31, 2004, Nassau County and its blended component units had a combined \$3.2 billion in outstanding long-term debt. All of the county's debt indicators and ratios are disproportionately high, exceeding comparable indicators and ratios of peer counties in New York State.

The county's debt profile is out of alignment with its peers because the county has historically issued long-term debt to finance judgments, settlements, and the payment of property tax refunds resulting from successful grievances of erroneous property tax assessments.

Nassau County is responsible under State law for guaranteeing the tax levy of the three towns within the county, all but one of the 56 school districts, 225 special districts, and seven villages. Prior to the mass property revaluation which was completed in 2002, the county had not reassessed its residential properties since 1938, nor had it reassessed its commercial properties since 1986. Even after the revaluation, over one-hundred thousand grievances have been filed annually by residential and commercial property owners protesting the accuracy of the assessed values assigned to their properties.

As of December 31, 2004, Nassau County had \$1.4 billion in outstanding debt related to the payment of property tax refunds and \$185.6 million in outstanding debt issued to finance the payment of judgments and settlements. No corresponding assets exist to offset the liabilities generated by the issuance of long-term debt for what are essentially working capital purposes. A deficit balance of net assets that results from the issuance of debt to cover current operating costs is a cause of concern for the financial health of the county.

Management recognizes that the county cannot continue its historical practice of issuing long-term debt to finance property tax refunds and litigation resolutions. The county's multi-year financial plan provides a strategy for shifting the responsibility for these payments to the annual operating budget. The plan anticipates the county beginning to finance its property tax refunds on a pay-as-you-go basis in 2006, after reforms to the county's assessment and assessment review processes are in place and the inventory of unresolved commercial grievances has been substantially reduced. An amendment to the NIFA Act enables the county to borrow \$15 million through NIFA in 2006 and \$10 million in 2007 to ease the budgetary transition to full pay-as-you-go ("PAYGO") financing for property tax refunds. Beginning in 2007, the plan anticipates that the county will increase its appropriation in the operating budget for judgments and settlements by \$5 million each year, with a full shift to PAYGO funding of these liabilities occurring by 2012. In both cases, a gradual transition to PAYGO financing is necessary given the magnitude of the county's current annual expenses for these liabilities.

The Statement of Activities

The statement of activities for the fiscal year that ended December 31, 2004 further explains changes in the county's net worth from 2003 to 2004. Table 2 summarizes the changes in the county's net assets. There are several events that impacted the county's net worth. They include:

- Charges for Services increased \$66.2 million for two reasons. The federal government made available \$50.6 million in upper payment limit funds at 175% of the disproportionate share cap imposed on public hospitals. Additionally, county rents and recoveries grew \$5.3 million due to a restored tax payment by the Town of Oyster Bay and restitution payments from individuals convicted in the BPA case.
- Operating Grants grew \$50.7 million due to the increase in both the daily rate and the number of federal prisoners, the reallocation of Title XX revenues, an increase in foster aid child welfare revenues, and prior-year grant fund billings by the Department of Drug and Alcohol.
- Capital Grants grew by \$26.9 million due to a reclassification of bus transportation grant revenues.
- Sales Tax Revenues increased \$43 million over 2003 actuals, while Other Taxes grew \$5.8 million due primarily to the enactment of an increase in motor vehicle registration fees.
- Tobacco Settlement Revenues and Tobacco Proceeds increased by \$19.5 million because the county recognized the receipt of tobacco securitization proceeds in 2004 and transferred these proceeds to a designated trust and agency account.

- Investment Income grew \$4.5 million from 2003 actuals due both to stronger cash balances and rising short-term interest rates;
- General Government Expenses were reduced by \$227.7 million. The county's combined expenses for property tax refunds, judgments, and settlements increased \$56.9 million, while the county directed \$48 million to various reserve funds. These increases were offset by a \$312.6 million adjustment to the estimate of long-term liability associated with accumulated compensated absences.
- Protection of Persons expenses increased by \$97.7 million due primarily to growing overtime costs and the creation of an employee benefit accrued liability reserve fund to protect the county against future spikes in termination payments.
- Public Works expenses grew \$45.1 million due to a reclassification of utility expenses and additional depreciation charges.
- Interest on Long-Term Debt dropped by \$63.6 million because, among other things, NIFA undertook an advance refunding of \$559 million of previously-issued county and NIFA debt.

Table 2
Change in Net Assets
(dollars in millions)

	2004	2003	Change
Revenues			
Program Revenues			
Charges for Services	\$ 282.2	\$ 216.0	\$ 66.2
Operating Grants	448.6	397.9	50.7
Capital Grants	56.4	29.5	26.9
General Revenues			
Property Taxes	881.9	883.6	(1.7)
Sales Taxes	933.9	890.9	43.0
Other Taxes	36.0	30.2	5.8
Tobacco Settlement Revenues	45.7	26.2	19.5
Investment Income	18.1	13.6	4.5
Other Federal and State Aid			
Other General Revenues	22.7	23.4	(0.7)
Total Revenues	<u>2,725.5</u>	<u>2,511.3</u>	<u>214.2</u>
Expenses			
Legislative	6.9	6.5	0.4
Judicial	45.6	42.8	2.8
General Government	560.4	788.1	(227.7)
Protection of Persons	620.4	522.7	97.7
Health	233.9	230.6	3.3
Public Works	222.8	177.7	45.1
Recreation and Parks	37.7	46.0	(8.3)
Social Services	627.5	529.1	98.4
Corrections	193.4	184.2	9.2
Education	15.0	22.7	(7.7)
Interest on Long Term Debt	122.4	186.0	(63.6)
Total Expenses	<u>2,686.0</u>	<u>2,736.4</u>	<u>(50.4)</u>
Increase / (Decrease) in Net Assets	39.5	(225.1)	264.6
Net Assets (Deficit) - Beginning	<u>(1,469.0)</u>	<u>(1,243.9)</u>	<u>(225.1)</u>
Net Assets (Deficit) - Ending	<u>\$ (1,429.5)</u>	<u>\$ (1,469.0)</u>	<u>\$ 39.5</u>

ANALYSIS OF FUND FINANCIAL STATEMENTS FOR 2004

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

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

The county's general operations are financed through five major operating funds: the general fund; the county parks and recreation fund; the fire prevention, safety, communication, and education fund; the police headquarters fund; and the police district fund. With the exception of the police district fund, the remaining major operating funds have identical tax bases; accordingly, the resources in these funds are fungible. The county also has a debt service fund into which resources are transferred to pay current and future debt service obligations. The county's sewer and storm water operations are funded through a sewer and storm water resources district, which through state legislation consolidated three sewage disposal district maintenance funds as well as a sewage collection district maintenance fund for the twenty-seven sewer collection districts located throughout Nassau County. The county also has a technology fund, an open space fund, as well as a series of other non-major operating and capital project funds.

The Governmental Fund Statements

Nassau County ended the 2004 fiscal year with an operating surplus totaling \$76.8 million aggregated across its major operating funds, achieving structurally balanced operations for the second consecutive year.

The administration directed \$54 million of the 2004 positive operating surplus to two reserves established pursuant to the New York State General Municipal Law ("GML").

The county transferred \$28.9 million to an employee benefit accrued liability reserve fund to protect the county from excessive sworn officer separation payments in the future, and it transferred \$25.1 million to a reserve for the retirement of bonded indebtedness to provide resources to offset future debt service payments or to extinguish debt early.

The county also transferred \$10 million to the debt service fund to use to make debt service payments during the 2005 fiscal year. The administration elected to establish a balance sheet reserve totaling \$3.3 million for the payment of small legal judgments and settlements.

In addition to augmenting its reserve and fund balance levels, the county preserved its remaining tobacco securitization proceeds for the third consecutive year, and it benefited financially from a State-legislated deferral of the pension payment date.

In 1999, Nassau County undertook a tax-exempt working capital securitization of the annual payments made by large tobacco companies. The county has approximately \$60.6 million in tobacco securitization proceeds remaining from that transaction. These proceeds can be used primarily for health care related working capital purposes, but only if their use is consistent with the “gross proceeds last spent” rule developed by the United States Treasury. The “gross proceeds last spent” rule provides that proceeds from a tax-exempt financing can be allocated to working capital expenditures only if these expenditures exceed other resources that are “available” to cover the shortfall. The remaining proceeds will be held in a trust and agency fund as a source of internal liquidity and as a working capital reserve. As with formal reserves created under the GML, the county legislature will have to approve the utilization of the proceeds in the trust and agency fund, which means that these proceeds are also not considered “available” for the county’s ordinary working capital purposes. In the event that these resources are required by the county to balance future operations, the county legislature can approve their use provided that the “gross proceeds last spent” rule is met.

Last year, the State of New York deferred from December of 2004 to February of 2005 the date upon which local governments were obligated to make their required contributions to the pension fund. By deferring the pension payment date, the State of New York permitted local governments that operate on a calendar fiscal year to reserve pension funds appropriated in the 2004 budget to ease the future-year impact of the growth in annual pension contributions. Nassau County transferred \$78.5 million in 2004 from the major operating funds budgets to a pension contribution reserve fund, which was created pursuant to the GML and which requires the separate approval of the legislature to access.

Primarily because of the State’s deferral of the pension payment date, Nassau County did not need to borrow for cash flow purposes in 2004, marking the first time in recent history that the County had cash balances throughout the entire year sufficient to make its required operating payments. The administration believes that it has sufficient cash

balances and internal sources of liquidity to avoid a cash flow borrowing and the associated interest payments during the 2005 fiscal year as well.

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

	2004	2003	Change
Primary Operating Funds			
General Fund	\$ 85.6	\$ 76.1	\$ 9.5
Parks Fund			
Fire Commission			
Police Headquarters			
Police District	4.9	4.9	
Debt Service Fund	10.0		10.0
Total Primary Operating Funds	<u>100.5</u>	<u>81.0</u>	<u>19.5</u>
Sewer District Funds			
Sewage Disposal District #1		1.2	(1.2)
Sewage Disposal District #2		31.6	(31.6)
Sewage Disposal District #3		24.9	(24.9)
Sewage Collection Districts		16.3	(16.3)
Sewer and Storm Water District	21.4		21.4
Total Sewer District Funds	<u>21.4</u>	<u>74.0</u>	<u>(52.6)</u>
Other Funds			
Technology Fund	5.4	19.9	(14.5)
Total Other Funds	<u>\$ 5.4</u>	<u>\$ 19.9</u>	<u>\$ (14.5)</u>

As Table 3 shows, even after factoring in the resources transferred to advance the purposes enumerated above, accumulated unreserved, undesignated fund balance in the major operating funds increased \$9.5 million in 2004, growing from \$81 million to \$90.5 million. Unreserved, undesignated fund balance in the sewer and storm water resources district declined \$52.6 million, reflecting the transfer of fund equity to reserve funds established by the Sewer and Storm Water Finance Authority (“SSWFA”). Finally, the administration drew down \$14.5 million from the technology fund to facilitate investments in the county’s information technology infrastructure. The SSWFA and the county’s technology investments are discussed in more detail below.

The county’s operating surplus and the increase in its accumulated unreserved, undesignated fund balance were the result of conservative budgeting, a series of one-time benefits, and substantial progress in the implementation of core elements of the multi-

year financial plan. Specific factors that contributed to the county's fiscal performance were as follows:

- The county required growth of less than 1% in sales tax revenues in order to achieve the 2004 budgeted sales tax revenue estimate of \$901.9 million. Gross sales tax receipts grew 4.9% over 2003 levels, generating \$939.9 million in gross sales tax receipts, or \$38 million more than budget. Pursuant to state law, approximately \$6 million of the county's gross sales tax revenues are deferred until 2006.
- Arbitration decisions that resolved contractual disputes with the Detectives Association, Inc. and the Superior Officers Association allowed for the release of approximately \$11.5 million in accruals that were established to protect the county from potentially more costly wage awards.
- The county and the Nassau Health Care Corporation entered into a stabilization agreement that, among other things, permitted the county to resolve various disputed items and recognize a one-time recovery of \$9.1 million.
- The county successfully implemented a series of "smart government initiatives" the value of which totaled \$22.3 million. These initiatives included: the Medicaid utilization project, recovering funds through audits and affirmative litigation, charging back community college tuition costs to the towns and cities, and freezing other-than-personal service expenses.
- Medicaid costs came in \$12.5 million below the county's revised estimate of \$271 million, and slightly lower than the \$260 million budget, due to a reduction in anticipated Medicaid expense accruals, decreased hospital expenditures, and lower clinic costs.
- Federal aid was \$12.8 million higher than the adopted budget due to an increase in the reimbursement rate paid by the federal government to the county to house federal inmates, an increase in the number of federal prisoners held in the county's correctional center, and two favorable year-end reallocations through the Title XX block grant and the PINS program.
- State aid was \$19.7 million more than the adopted budget because the county had underestimated its overburden aid distribution and the Department of Social Services received a larger amount of child welfare advances than anticipated.
- The county charged \$13.8 million to the sewer and storm water resource district for the cost of providing storm water services during the 2004 fiscal year.

There are other significant expense and revenue variances that should be noted.

Total salary expenses in the major operating funds nearly matched budget, though a significant positive variance in base wage payments offset negative variances in sworn officer overtime and police termination expenses. General expenses were \$5.6 million worse than budget due to a timing mismatch between the encumbrances for the scanning project initiated by the health and human services vertical and the reimbursement the county will receive from the State for this project. Increased fuel costs caused a \$3.9 million negative variance on the county's utility line. To mitigate State budgetary pressures, the Governor – with the consent of the county and NIFA – elected to split the final \$15 million payment of NIFA transitional aid over two fiscal years. Since the county had compiled its 2004 budget assuming the full transitional aid payment, this decision caused a \$7.5 million negative variance relative to the county's budget. The county negotiated an unbudgeted mid-year increase of \$1.3 million in its subsidy to Long Island Bus. Greater-than-expected early intervention costs and various labor accruals increased "other expenses" by \$8.8 million beyond budget. Recipient grant caseloads rose higher than projections resulting in a negative budgetary variance of \$3.5 million. Stricter eligibility guidelines fully offset this exposure by reducing purchased service and emergency vendor payments. As discussed above, the federal government increased its upper-payment limit distribution to public hospitals to 175% of their disproportionate share cap, which caused a \$63.5 million negative expense variance in the county's expense budget that was completely offset by an equivalent positive revenue variance from the Nassau Health Care Corporation.

In the county's 2004 revenue budget, increased investment earnings and police department revenues generated a positive variance of \$3.2 million. Mortgage recording taxes and revenues generated by the Fire Commission offset lower-than-expected Parks Department Revenues and increased overall departmental revenues by \$5.7 million. Rising fringe benefit costs and increased State regulatory fees reduced the profitability of the Nassau County Regional Off-Track Betting Corporation by \$5.3 million. Delays in the implementation of the change on the motor vehicle registration fee caused a negative variance of \$3.2 million in special taxes, though this negative variance was partially offset by \$1.3 million in E911 surcharge revenues. The county elected to use \$9.9 million of prior-year surplus to make debt service payments associated with the 1993 retirement debt, and it appropriated \$2.3 million from the reversal of police termination pay balance sheet reserve for the acquisition of replacement police vehicles.

Going forward, the county's progress toward fiscal recovery was aided considerably by the passage in 2005 of legislation imposing a cap on the growth in the local share of Medicaid costs. The Medicaid cap legislation outlines a methodology for calculating Medicaid base expenses which serves as the benchmark for future Medicaid expense calculations. The local share of Medicaid will grow 3.5% more than the base in 2006, 6.75% more than the base in 2007, and 9.75% more than the base in 2008. In 2008, the counties can elect, alternatively, to swap with the State an amount of sales tax revenues equivalent to its adjusted Medicaid base. Counties would choose this option only if they concluded that future sales tax revenues are likely to grow an average of less than 3% per year. With the enactment of this legislation, one of the largest drivers of structural imbalance in county budgets in New York State has been mitigated. Management is

aware that a number of implementation and accounting issues must still be resolved, including the treatment of previously-accrued revenues and expenses. The precise impact of the Medicaid cap legislation is still being determined, but estimates of its benefit have been incorporated into its update to the 2005-2008 multi-year financial plan and will impact the county's 2006 budget.

Two Risks to the County's Long-Term Recovery

The county made significant progress in addressing two major risks to its long-term financial recovery.

For the first time since the beginning of the assessment crisis, the county will include an appropriation in its operating budget in 2006 to make refund payments to residential and commercial taxpayers who successfully challenge their assessments. The administration will include a PAYGO appropriation of \$50 million in its proposed 2006 operating budget for tax refund payments. Pursuant to amendments to the NIFA Act, the county is limited to borrowing a relatively small amount of money on a transitional basis over the next two years to make refund payments - \$15 million in 2006 and \$10 million in 2007. In prior years, Nassau has issued over \$1.8 billion in long-term debt to finance its refund payments.

To achieve this objective, the county has been implementing a series of strategies over the last three years designed to pay down accumulated refund liability to a reasonable level while reducing the new refund liability added by each successive tax roll

In 2004, the Assessment Review Commission ("ARC"), the County Attorney's Office, and the Office of the Treasurer worked together to process and pay \$184 million in accumulated property tax refunds, the largest amount of refund payments by the county in a single fiscal year. The refunds paid during 2004 reduced the county's estimated liability for unresolved property tax grievances by approximately \$77 million, from about \$387 million to \$310 million. This represents the largest single-year net reduction in the county's accumulated refund liability. The administration and the Comptroller's Office have agreed that the county needs to reduce its accumulated refund liability to \$230 million by the close of the 2005 fiscal year in order to sustain a PAYGO budget of \$50 million for property tax refunds beginning in 2006.

To reach this level of accumulated liability by the end of the 2005 fiscal year, the county will execute a refund without settlement strategy ("RWS Strategy"). The RWS Strategy is in the final stages of development. It will be rolled out in September of 2005. The RWS Strategy will permit the county to maximize its utilization of funds borrowed through NIFA to reduce its accumulated refund liability by the end of the fiscal year. In the event that ARC has made offers of settlement that are not accepted, ARC will process non-reversible unilateral refund payments through the Treasurer's Office to an escrow account, which will hold these payments on behalf of property owners and their legal representatives until they are claimed.

The administration has also focused attention on reducing the new refund liability that is added by each successive tax roll. The Department of Assessment conducts annual updates to the assessment roll in order to increase its accuracy. ARC makes sizeable administrative corrections to the tax roll before it is finalized, thereby avoiding potential refund payments necessitated by the county's guarantee. At the county's request, the Governor and the State Legislature also granted ARC a full year to review all property tax grievances, providing more time to resolve these grievances before the tax roll is closed. Finally, the county will begin to benefit from the application of transitional assessments to commercial properties. Transitional assessments were introduced by the Governor and the State Legislature to mitigate the impact of property value growth on taxes paid by owners of commercial properties. Transitional assessments also help the county because the impact of any valuation errors is phased in over time, affording the Department of Assessment or ARC an opportunity to correct over-assessments before the county is exposed to the full refund liability.

Given the increasing accuracy of the tax roll, unilateral assessment corrections administered by ARC, the one-year administrative review period to resolve grievances prior to the finalization of the tax roll, the impact of transitional assessments on commercial refund liability, and the planned implementation of the RWS strategy by September of 2005, management is confident that the year-end refund liability target will be achieved, the liability added by future tax rolls will be manageable, and the \$50 million PAYGO appropriation for tax refunds can be sustained.

The other major risk to the county's long-term fiscal recovery has been the financial condition of the Nassau Health Care Corporation. In the absence of significant corrective actions, the corporation would have depleted its cash balances and been unable to make its February 1, 2005 pension payment. The county faced the possibility of having to increase its subsidy to the corporation in order to stabilize its diminished finances, draining resources that might be required to balance future county budgets.

To stabilize the finances of the corporation, the county engaged a consultant – Manatt, Phelps, and Phillips (“Manatt”) – to assess the problems facing the corporation and provide a series of recommendations for its eventual recovery. Manatt identified six basic flaws in the operations of the corporation: a governance structure with limited local accountability; the burden of paying off its initial 1999 bond issue; the adversarial relationship between the county and the corporation fostered by the acquisition and services agreements; an ill-conceived marketing strategy; inefficient and underutilized programming; and the generally problematic environment for public hospitals in the State of New York.

Manatt's recommendations were summarized as part of a 5-point plan to restructure the operations of the corporation to focus on its core competency as a community health care provider. The 5-point plan includes:

- Operational improvements designed to reduce costs, rightsize staffing consistent with industry standards, introduce affiliation agreements with neighboring hospitals, and improve the corporation's revenue collection.
- Rate changes approved by the New York State Department of Health as part of a comprehensive relief package.
- Relocation of a new, smaller-sized A. Holly Patterson nursing home to the campus of the Nassau University Medical Center, facilitating the sale of the Uniondale property, the marketing of the licenses to 300 excess nursing home beds, and the use of the proceeds from the sale of the property to reduce outstanding debt.
- A refunding of the corporation's 1999 bonds, as well as the issuance of new money debt to enable the corporation to make the 2005 pension payment and to undertake necessary capital improvements.
- An interim stabilization agreement between the county and the corporation intended to provide the corporation with cash flow relief through the end of 2005, resolve disputed charges, override certain unworkable language in existing agreements, and identify the principles to govern more comprehensive successor arrangements.

In October of 2004, the county and the corporation executed the stabilization agreement and closed on a combined refunding and new money transaction.

There were three components to the 2004 refunding and new money transaction which totaled \$303.4 million: \$18.3 million in tax-exempt fixed rate bonds, \$65.5 million in taxable auction rate bonds, and \$219.6 million synthetic fixed rate debt, in which tax-exempt variable rate bonds which were hedged with a percent of LIBOR swap.

The 2004 transaction legally defeased all of the debt from the corporation's 1999 financing, allowing the county and the corporation to alter the business terms imposed by the 1999 indenture. The 2004 transaction changed the nature of the security for the bondholders. The prior deal required the creation of an operating reserve as well as a debt service reserve fund. The county was required to replenish the corporation's debt service reserve fund in the event it was utilized. Under the terms of the 2004 transaction, the county provides a direct pay guarantee in which the county pays the debt service associated with the corporation's bonds directly to a trustee and nets these amounts against the service and subsidy payments it makes to the corporation. The direct pay guarantee provides a stronger pledge than the previous transaction, eliminating the need for a debt service reserve fund, an operating reserve fund, and the county's replenishment requirement. The county secured its guarantee through a separate regulatory agreement by, among other things, obtaining liens on all of the assets of the corporation.

The money liberated from the debt service reserve fund and the operating reserve fund

was used in the refunding escrow, lowering the refunding par needed to legally defease the 1999 bonds by approximately \$26 million. This, in turn, allowed the corporation to issue taxable auction rate debt in roughly the same amount in order to make its 2005 pension contribution. The additional taxable auction rate debt was issued in anticipation of a possible sale of the A. Holly Patterson property in Uniondale to a private developer. The proceeds from such a sale, estimated to range from \$30 million to \$70 million, will be used to retire this debt, which is structured to provide a maximum cash flow benefit to the corporation in the mid-term and can be called at any time without penalty. The corporation will use \$15 million of the new money proceeds for necessary capital improvements.

The \$219.6 million in synthetic fixed rate bonds took advantage of the ability of the corporation to enter into interest rate exchange agreements to hedge its floating rate debt exposure. The corporation entered into three separate interest rate exchange agreements in which it agreed to pay a predetermined fixed rate of 3.457% and receive 62.6% of LIBOR, a taxable index, plus a spread of 23 basis points. This formula mitigates the impact of yield compression in a low interest rate environment when tax exempt variable rate securities trade at levels higher than their implied value. The refunding, enhanced by the LIBOR-based interest rate swaps, is expected to generate cash flow savings of \$56.7 million over the term of the underlying debt, yielding a present value savings of \$22.5 million or 8.656% of par.

Subsequent to the 2004 transaction, the corporation executed a callable floating-to-fixed interest rate swap on the \$65.5 million of taxable auction rate debt, creating a low-cost synthetic fixed-rate structure to hedge against the possibility of rising interest rates in the period before the potential sale of the A. Holly Patterson property. In this swap, the corporation pays a fixed rate of 4.61% and receives a floating rate equal to 1-month LIBOR.

LIBOR-based interest rate swaps carry certain risks, notably basis risk, tax risk, counterparty or credit risk, termination risk, and rollover risk. Such swaps present a further complication when combined with an advance refunding. LIBOR-based swaps generally preclude the super-integration of counterparty payments, which means that the amounts paid or received by an issuer pursuant to a swap contract increase or decrease the yield on the bonds and, accordingly, impact the issuer's yield restriction and potential arbitrage rebate liability. The stabilization agreement permits the county to offset any net increase in payments to swap counterparties against the service and subsidy payments it makes to the corporation. The county and the corporation took steps in the 2004 transaction to mitigate these risks. These risks are monitored regularly by both parties.

The 2004 transaction stabilized the corporation's cash position, allowing it to end the 2004 fiscal year with a deficiency in net assets of \$20.3 million. The corporation reports that \$6.3 million of this deficiency represents non-cash accounting losses generated by the marked-to-market valuation of its interest rate swaps, the amortized loss associated with the refunding, and the cumulative effect of a change in accounting principle.

The 2004 transaction has allowed the corporation the opportunity to implement the other components of the 5-point recovery plan. In the first quarter of 2005, the corporation undertook another round of layoffs and concluded negotiations with its labor union. Discussions are ongoing with the New York State Department of Health to secure approvals of certificates of need, regulatory relief, and favorable rate changes. The corporation is addressing its revenue cycle and supply chain management, and it is negotiating affiliation agreements with other area health systems. Through May of 2005, the corporation reports that it remains on target to achieve its budgeted loss of \$6.5 million, with the expectation of approaching a break-even run rate by the conclusion of the fiscal year.

CAPITAL INVESTMENTS

In 2004, Nassau County utilized \$273.2 million in bond proceeds and other financing sources, such as investment earnings, for both capital and working capital purposes. Nassau invested \$74.5 million in bond proceeds and associated interest earnings (27.3%) in physical plant improvements, equipment purchases, and the acquisition of land. The remaining \$198.7 million (72.7%) of these bond proceeds and associated investment earnings were used by the county to pay property tax refunds, legal settlements, and judgments. Management has already discussed the problems with the county's historical reliance on long-term debt to finance working capital expenses, as well as its plan to transition the burden of these payments, over time, to the county's operating budget.

The county completed a number of capital projects during the 2004 fiscal year, including the refurbishment of the Eisenhower Park Veterans' Memorial, road widening and traffic calming on Roslyn Road by the Northern State Parkway, phase VII of the traffic signal construction and modification program, the rehabilitation of the Tanglewood Preserve, and the acquisition of the Underhill property.

The county made capital improvements during 2004 in the following areas:

Table 4
Capital Improvements
December 31, 2003 to December 31, 2004
(amounts in millions)

<u>Project Category</u>	<u>Amount</u>
Roads	\$ 20.0
Property Acquisition	6.9
Building Improvements	6.8
Parks	6.6
Transportation	6.4
Sewer and Storm Water Improvements	6.2
Traffic	5.8
Infrastructure and Community Development	5.4
Real Estate Consolidation Program	4.2
Public Safety	2.7
Technology	2.6
Equipment	0.9
	<u>\$ 74.5</u>

In addition, the county utilized \$14.5 million from the Technology Fund, which is financed through transfers of surplus resources from the county's operating budget, to make significant investments in its information technology infrastructure. The Technology Fund was used by management to finance the migration of the county's data center, a series of e-government initiatives, a county-wide e-mail conversion, the development of a county intranet, upgrades to the county's network, a mobile computing initiative, and the initial phase of a planned series of improvements and enhancements to the county's financial system.

In November of 2004, the voters in Nassau County approved a referendum authorizing the issuance of \$50 million for open space preservation, environmental protection, and parks improvement. The county will issue debt pursuant to this referendum in subsequent years as projects are identified. The county has made and will continue to make significant capital investments in its parks system and the real estate consolidation program during the 2005 fiscal year.

For more information about the county's capital investments, please refer to Note 7 in the accompanying Notes to the Financial Statements.

DEBT

Nassau County and its blended component units - NIFA, the Tobacco Settlement Corporation ("TSC"), and the SSWFA - had a combined \$3,175 million in outstanding long-term debt as of December 31, 2004, representing an increase of \$146 million (or 4.8%) over the combined long-term debt outstanding as of December 31, 2003. The county also provides a direct-pay guarantee of \$303.4 million in refunding and new money debt issued in October of 2004 by the Nassau Health Care Corporation. Since the

corporation is a discretely-presented component unit of the county, its debt is not itemized in the table below.

Table 5
Changes in Long-Term Debt Obligations
December 31, 2003 to December 31, 2004
(dollars in thousands)

	<u>Balance</u> <u>31-Dec-03</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>31-Dec-04</u>
General Obligation County Bonds	\$ 1,208,511		\$ 457,556	\$ 750,955
Sewage Purpose Bonds	244,394		96,070	148,324
SRF Revenue Bonds	<u>174,771</u>	<u>4,066</u>	<u>8,253</u>	<u>170,584</u>
Total county Long-Term Debt	<u>1,627,676</u>	<u>4,066</u>	<u>561,879</u>	<u>1,069,863</u>
NIFA Sales Tax Secured Bonds	<u>1,123,320</u>	<u>940,635</u>	<u>315,530</u>	<u>1,748,425</u>
Tobacco Settlement Asset-Backed Bonds	<u>278,095</u>		<u>2,800</u>	<u>275,295</u>
Sewer Financing Authority		<u>81,550</u>		<u>81,550</u>
TOTAL LONG-TERM DEBT	<u>\$ 3,029,091</u>	<u>\$ 1,026,251</u>	<u>\$ 880,209</u>	<u>\$ 3,175,133</u>

Nassau County's outstanding long-term debt declined \$557.8 million because the county has been issuing long-term debt through NIFA since its inception in June of 2000. The only exception has been the county's continued issuance of debt through the State Revolving Loan Fund ("SRF") for sewer and storm water improvement initiatives. The SRF is administered by the New York State Environmental Facilities Corporation. It provides interest-subsidized loans to local governments for eligible environmental projects.

NIFA's long-term debt increased \$625.1 million during the 2004 fiscal year. This increase reflects a refunding of NIFA and county debt and the issuance of \$323.2 million of new money debt for the county's capital and working capital needs. NIFA issued \$600 million in auction rate securities that were hedged through a series of LIBOR-based interest rate swaps. The refunding bonds, enhanced by the LIBOR-based interest rate swaps, resulted in an expected \$36.8 million decrease in aggregate debt service payments and expected net present value savings of approximately \$42.9 million.

Though used to hedge variable rate debt exposure, LIBOR-based interest rate swaps carry certain risks, notably basis risk, tax risk, counterparty or credit risk, termination risk, and rollover risk. Such risks could increase or decrease future county sales tax revenues, since NIFA makes debt service and swap counterparty payments from the sales and compensating use taxes imposed by the county. Both NIFA and the county are aware of these risks and monitor them regularly.

The TSC issued \$294.5 million in debt to securitize future tobacco settlement revenues. As of December 31, 2004, the TSC had \$275.3 million in outstanding asset-backed debt. Approximately \$60.6 million in securitization proceeds remain for use by the county.

The SSWFA was created in 2004 and issued \$81.6 million in debt, with \$78.2 million used to refund and restructure previously-issued county bonds. The SSWFA issued \$54.2 million of these bonds as auction rate securities which can be called, without penalty, in the event that the SSWFA acquisition financing becomes eligible for the SRF program.

The county did not issue a cash flow note during the 2004 fiscal year, marking the first time in recent history that the county did not require short-term financing for liquidity purposes. Management does not anticipate issuing a cash flow note in 2005.

For more information about the county's capital investments, please refer to Note 9 in the accompanying Notes to the Financial Statements.

NASSAU COUNTY'S CREDIT RATING

The three major credit rating agencies have responded to the county's fiscal progress by increasing the ratings assigned to the county's long-term general obligation debt a total of ten times from February of 2003 through June of 2005.

From February through December of 2003, Moody's Investors Service raised Nassau's credit rating from Baa3 to Baa1, Standard and Poor's increased Nassau's credit rating from BBB- to BBB+, and Fitch Ratings elevated the county's credit rating from BBB to BBB+ with a positive outlook.

During 2004, Moody's Investors Service raised Nassau's credit rating from Baa1 to A3, Standard and Poor's increased Nassau's credit rating from BBB+ to A-, and Fitch Ratings elevated the county's credit rating from BBB+ with a positive outlook to A- with a positive outlook.

In June of 2005, Fitch Ratings awarded Nassau County a double-notch upgrade, raising the county's credit rating from A- with a positive outlook to A+ with a positive outlook.

CONCLUSION

The net worth of the county rose from 2003 to 2004 by \$39.5 million, though the county has a significant deficit balance of net assets totaling \$1,429.5 billion. The county's deficit balance of net assets is a function of its reliance for over a decade on the issuance of long-term working capital debt to finance the payment of property tax refunds, judgments, and settlements. Management is committed to transitioning to the payment of these expenses from the county's operating budget.

During 2004, the county generated a positive operating surplus of \$76.8 million across its major operating funds. This operating surplus was a function, in large part, of conservative budgeting, one time benefits, and progress in the implementation of the multi-year financial plan. Of these funds, the county directed \$67.3 million to retire debt and to hedge against future budgetary exposures. Unreserved, undesignated fund balance in the county's major operating funds grew from \$81 million to \$90.5 million. The county's improved financial position was reflected in the fact that no short-term borrowing was required for cash flow purposes. The county also made considerable progress in addressing two major risks to its long-term financial stability: the reduction of the backlog of unresolved property tax grievances and the rehabilitation of the finances and operations of the Nassau Health Care Corporation. The three credit rating agencies responded to these improvements in the county's financial position with a series of positive rating actions.

Despite the county's considerable financial progress, significant challenges to the county's future fiscal health remain. The multi-year financial plan continues to project sizeable out-year budget gaps which will require new fiscal initiatives to close. The county must continue to reduce its property tax refund backlog, insure a manageable annual increase in new refund liability, and successfully transition to PAYGO financing of property tax refunds beginning in 2006. And the county must also continue to work with the Nassau Health Care Corporation to implement the remaining elements of its recovery plan.

BASIC FINANCIAL STATEMENTS

EXHIBIT X-1

COUNTY OF NASSAU, NEW YORK

STATEMENT OF NET ASSETS
DECEMBER 31, 2004 (Dollars in Thousands)

	Primary Government	
	Governmental Activities	Component Units
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 809,420	\$ 74,202
Investments, Including Accrued Interest (Note 2)	26,761	
Sales Tax Receivable	100,808	
Interest Receivable	397	
Student Accounts and Loans Receivable		5,173
Less Allowance for Doubtful Amounts		(1,583)
Due from Other Governments (Note 3)	193,238	12,762
Less Allowance for Doubtful Accounts	(4,569)	
Other Receivables		5,748
Less Allowance for Doubtful Amounts		
Accounts Receivable	17,340	169,902
Less Allowance for Doubtful Accounts		(80,493)
Real Property Taxes Receivable	49,926	
Less Allowance for Doubtful Accounts	(8,841)	
Due from Component Unit (Note 6)	2,568	
Inventories		3,999
Other Assets	16,585	28,306
Total Current Assets	1,203,633	218,016
NON CURRENT ASSETS:		
Deferred Financing Costs	118,467	9,178
Less Accumulated Amortization	(9,758)	(2,637)
Assets Whose Use is Limited		65,123
Property, Plant and Equipment (Note 7)	3,151,468	615,299
Less Accumulated Depreciation	(829,425)	(358,954)
Leasehold Acquisition Costs		1,020
Less Accumulated Amortization		(884)
Deposits Held by Trustees		5,301
Deposits Held in Custody for Others		1,866
Tax Sale Certificates (Note 5)	4,602	
Tax Real Estate Held for Sale (Note 4)	6,542	
Total Non Current Assets	2,441,896	335,312
Total Assets	3,645,529	553,328
LIABILITIES		
CURRENT LIABILITIES:		
Accounts Payable	44,273	45,035
Accrued Liabilities	212,943	18,882
Bond Anticipation Notes Payable		12,000
Accrued Medical Assistance Liability	39,583	
Accrued Interest Payable	20,482	
Notes Payable - Current		41
Due to Primary Government (Note 6)		6,615
Deferred Revenue - Current	30,124	14,697
Liability for the Retirement of Pension Debt	8,158	
Current Portion of Long Term Liabilities (Note 9)	423,350	8,293
Other Liabilities - Current	89,767	42,267
Total Current Liabilities	868,680	147,830
NON CURRENT LIABILITIES:		
Notes Payable		380
Serial Bonds Payable (Notes 9 and 10)	2,952,321	313,292
Deferred Revenue - Non Current	4,234	
Deferred Bond Premium (Net of Amortization)	84,964	1,421
Accrued Vacation and Sick Pay (Note 9 and 15)	579,977	67,588
Estimated Malpractice Liability (Notes 9 and 15)	6,024	
Estimated Tax Certiorari Payable (Notes 9 and 15)	183,658	
Estimated Liability for Litigation and Workers' Compensation (Notes 9 and 15)	290,778	29,029
Capital Lease (Note 8)	5,573	
Other Liabilities - Non Current	98,777	
Deposits Held in Custody for Others		1,871
Insurance Reserve Liability		1,644
Liability for Future Pension Expense		1,334
Total Non Current Liabilities	4,206,306	416,559
Total Liabilities	5,074,986	564,389
NET ASSETS		
Invested in Capital Assets, Net of Related Debt Restricted:	1,554,662	103,245
Special Revenue		2,086
Capital Projects	136,826	1,798
Debt Service		5,301
Student Loans		622
Unrestricted deficit	(3,120,945)	(124,113)
Total Net Assets (deficit)	\$ (1,429,457)	\$ (11,061)

See accompanying notes to financial statements.

EXHIBIT X-1

COUNTY OF NASSAU, NEW YORK

STATEMENT OF NET ASSETS
DECEMBER 31, 2003 (Dollars in Thousands)

	Primary Government	
	Governmental Activities	Component Units
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 736,452	\$ 77,800
Investments, Including Accrued Interest (Note 2)	36,986	
Sales Tax Receivable	94,158	
Interest Receivable	285	
Student Accounts and Loans Receivable		4,335
Less Allowance for Doubtful Amounts		(1,400)
Due from Other Governments (Note 3)	230,345	3,506
Less Allowance for Doubtful Accounts	(4,464)	
Other Receivables		5,993
Less Allowance for Doubtful Amounts		(1)
Accounts Receivable	16,060	168,642
Less Allowance for Doubtful Accounts		(72,639)
Real Property Taxes Receivable	57,590	
Less Allowance for Doubtful Accounts	(9,091)	
Due from Component Unit (Note 6)	6,588	
Inventories		4,428
Other Assets	24,119	16,089
Total Current Assets	1,189,028	206,753
NON CURRENT ASSETS:		
Deferred Financing Costs	42,005	15,016
Less Accumulated Amortization	(3,426)	(3,641)
Assets Whose Use is Limited		65,374
Property, Plant and Equipment (Note 7)	3,675,512	588,272
Less Accumulated Depreciation	(1,364,986)	(338,226)
Leasehold Acquisition Costs		1,020
Less Accumulated Amortization		(816)
Deposits Held by Trustees		9,135
Deposits Held in Custody for Others		1,775
Tax Sale Certificates (Note 5)	5,081	
Tax Real Estate Held for Sale (Note 4)	6,926	
Total Non Current Assets	2,361,112	337,909
Total Assets	3,550,140	544,662
LIABILITIES		
CURRENT LIABILITIES:		
Accounts Payable	46,283	48,014
Accrued Liabilities	229,564	29,100
Accrued Medical Assistance Liability	39,485	
Accrued Interest Payable	56,711	
Notes Payable - Current		38
Due to Primary Government (Note 6)		5,993
Deferred Revenue - Current	38,394	12,766
Liability for the Retirement of Pension Debt - current	9,935	
Current Portion of Long Term Liabilities (Note 9)	556,480	15,562
Other Liabilities - Current	30,085	19,599
Total Current Liabilities	1,006,937	131,072
NON CURRENT LIABILITIES:		
Notes Payable		421
Serial Bonds Payable (Notes 9 and 10)	2,785,486	315,215
Deferred Revenue - Non Current	4,470	
Deferred Bond Premium (Net of Amortization)	55,887	
Liability for the Retirement of Pension Debt - noncurrent	8,159	
Accrued Vacation and Sick Pay (Note 9 and 15)	544,459	62,742
Estimated Malpractice Liability (Notes 9 and 15)		
Estimated Tax Certiorari Payable (Notes 9 and 15)	255,873	
Estimated Liability for Litigation and Workers' Compensation (Notes 9 and 15)	309,853	22,619
Capital Lease (Note 8)	5,574	
Other Liabilities - Non Current	42,402	
Deposits Held in Custody for Others		1,775
Insurance Reserve Liability		1,620
Total Non Current Liabilities	4,012,163	404,392
Total Liabilities	5,019,100	535,464
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	1,530,864	95,662
Restricted:		
Capital Projects	136,327	
Debt Service		9,135
Student Loans		838
Unrestricted deficit	(3,136,151)	(96,437)
Total Net Assets (deficit)	\$ (1,468,960)	\$ 9,198

See accompanying notes to financial statements.

EXHIBIT X-2

COUNTY OF NASSAU, NEW YORK

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004 (Dollars in Thousands)**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for	Operating	Capital	Primary	Component Units
		Services	Grants	Grants	Governmental Activities	
Primary Government:						
Legislative	\$ 6,866	\$ 23	\$	\$	\$ (6,843)	\$
Judicial	45,584	13,047	5,657		(26,880)	
General Government	560,382	55,609	27,747		(477,026)	
Protection of Persons	620,384	29,379	14,800		(576,205)	
Health	233,916	17,021	143,921		(72,974)	
Public Works	222,859	2,764	640	56,369	(163,086)	
Recreation and parks	37,704	16,335			(21,369)	
Social Services	627,511	138,304	229,475		(259,732)	
Corrections	193,434	2,579	24,846		(166,009)	
Education	14,975	7,186	1,538		(6,251)	
Debt Service Interest	122,391				(122,391)	
Total Primary Government	\$ 2,686,006	\$ 282,247	\$ 448,624	\$ 56,369	(1,898,766)	
Component Units	\$ 723,412	\$ 567,615	\$ 127,772	\$ 1,523		(26,502)
General Revenues:						
Taxes:						
Property Taxes					\$ 881,934	
Sales Taxes					933,863	
Other Taxes					36,027	
Tobacco Settlement Revenue and Tobacco Receipts					45,656	
Investment Income					18,066	4,863
Other					22,723	(3,183)
Total General Revenues					1,938,269	1,680
Change in Net Assets					39,503	(24,822)
Cumulative Effect of Change in Accounting Principle						(1,636)
Net Assets (Deficit) - Beginning					(1,468,960)	15,397 *
Net Assets (Deficit) - Ending					\$ (1,429,457)	\$ (11,061)

* As restated to include the College's component units as of September 1, 2003 (See Note 1)

See accompanying notes to financial statements.

EXHIBIT X-2

COUNTY OF NASSAU, NEW YORK

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003 (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	\$ 6,525	\$ 2	\$	\$	\$ (6,523)	\$
Judicial	42,764	11,121	6,073		(25,570)	
General Government	788,063	45,211	27,857		(714,995)	
Protection of Persons	522,711	31,002	20,302		(471,407)	
Health	230,590	16,712	117,937		(95,941)	
Public Works	177,691	10,813	371	29,548	(136,959)	
Recreation and parks	46,037	14,229			(31,808)	
Social Services	529,093	77,277	204,130		(247,686)	
Corrections	184,199	2,269	18,529		(163,401)	
Education	22,649	7,399	2,677		(12,573)	
Debt Service Interest	186,041				(186,041)	
Total Primary Government	\$ 2,736,363	\$ 216,035	\$ 397,876	\$ 29,548	(2,092,904)	
Component Units	\$ 717,334	\$ 571,992	\$ 128,468	\$ 1,522		(15,352)
General Revenues:						
Taxes:						
Property Taxes					\$ 883,616	
Sales Taxes					890,860	
Other Taxes					30,187	
Tobacco Settlement Revenue and Tobacco Receipts					26,186	
Investment Income					13,560	3,422
Other					23,424	(2,799)
Total General Revenues					1,867,833	623
Change in Net Assets					(225,071)	(14,729)
Net Assets (Deficit) - Beginning					(1,243,889)	23,927
Net Assets (Deficit) - Ending					\$ (1,468,960)	\$ 9,198

See accompanying notes to financial statements.

EXHIBIT X-3

COUNTY OF NASSAU, NEW YORK

**GOVERNMENTAL FUNDS
BALANCE SHEET**

DECEMBER 31, 2004 (Dollars in Thousands)

ASSETS	General	NIFA General Fund	Debt Service Fund	Fire Prevention, Safety, Communication and Education			County Parks and Recreation Fund	Police District Fund	Police Headquarters Fund	Nonmajor Governmental Funds	Total Governmental Funds
				8,997	31,915	81,764					
Cash	\$ 18,867	\$ 5,128	\$ 18,663	\$ 8,997	\$ 31,915	\$ 81,764	\$ 71,032	\$ 573,054	\$ 809,420		
Investments (Note 2)								26,761	26,761		
Sales Tax Receivable	100,808								100,808		
Interest Receivable		3						394	397		
Due from Other Governments (Note 3)				25				9,555	193,238		
Less Allowance for Doubtful Accounts	(4,569)								(4,569)		
Accounts Receivable	16,364								17,340		
Real Property Taxes Receivable	49,926			1	171	216	30	558	49,926		
Less Allowance for Doubtful Accounts	(8,841)								(8,841)		
Tax Sale Certificates (Note 5)	4,602								4,602		
Tax Real Estate Held for Sale (Note 4)	6,542								6,542		
Interfund Receivables (Note 6)	217,428	27	37,850			216		6,910	519,231		
Due from Component Units (Note 6)	4,236							424	4,660		
Other Assets	6,846	110		114	440	2,956	2,963	860	14,289		
TOTAL ASSETS	\$ 493,674	\$ 106,076	\$ 56,513	\$ 9,137	\$ 32,526	\$ 85,152	\$ 82,320	\$ 868,406	\$ 1,733,804		

LIABILITIES AND FUND EQUITY

LIABILITIES:

Accounts Payable	\$ 27,187	\$	\$	\$ 14	\$ 307	\$ 350	\$ 552	\$ 15,863	\$ 44,273
Accrued Liabilities	112,732			2,336	1,014	17,682	14,996	64,127	212,887
Accrued Medical Assistance Liability	39,583								39,583
Tax Anticipation Notes Payable (Note 9)									
Deferred Revenue	39,174				18				55,256
Interfund Payables (Note 6)	94,752	105,622	38,355	5,885	30,367	57,842	62,467	123,941	519,231
Due to Primary Government				460				1,586	2,092
Due to Component Units (Note 6)									8,158
Liability for Retirement of Pension Debt									
Other Liabilities	27,493			17	63	426	427	160,118	188,544
Total Liabilities	340,921	105,622	46,513	8,712	31,769	76,300	78,488	381,699	1,070,024

FUND EQUITY:

Fund Balances:									
Reserved for Retirement of Temporary Financing				425	757	3,982	3,832	64,106	64,106
Reserved for Encumbrances	67,123							161,367	237,486
Unreserved and designated for Ensuing									
Year's Budget (Note 13)			10,000					261,234	10,000
Unreserved (Note 13)	85,630	454				4,870		486,707	352,188
Total Fund Equity	152,753	454	10,000	425	757	8,852	3,832	486,707	663,780

Commitments and Contingencies (Note 15)

TOTAL LIABILITIES AND FUND EQUITY	\$ 493,674	\$ 106,076	\$ 56,513	\$ 9,137	\$ 32,526	\$ 85,152	\$ 82,320	\$ 868,406	\$ 1,733,804
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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-3

COUNTY OF NASSAU, NEW YORK

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2003 (Dollars in Thousands)

ASSETS	General	NIFA General Fund	Debt Service Fund	Fire Prevention, Safety, Communication and Education Fund			County Parks and Recreation Fund	Police District Fund	Police Headquarters Fund	Nonmajor Governmental Funds	Total Governmental Funds
				7,629	18,669	51,304					
Cash	\$ 125,145	\$ 26,204	\$ 8,304	\$ 7,629	\$ 18,669	\$ 51,304	\$ 59,224	\$ 439,973	\$ 736,452		
Investments (Note 2)									36,986		
Sales Tax Receivable		94,158							94,158		
Interest Receivable									285		
Due from Other Governments (Note 3)	219,789			6			4		276		
Less Allowance for Doubtful Accounts	(4,464)								(4,464)		
Accounts Receivable	14,174			19	268	43			16,060		
Real Property Taxes Receivable	57,590						660		57,590		
Less Allowance for Doubtful Accounts	(9,091)								(9,091)		
Tax Sale Certificates (Note 5)	5,081								5,081		
Tax Real Estate Held for Sale (Note 4)	6,926								6,926		
Interfund Receivables (Note 6)	150,373		9,790			114	4,058	70,550	234,885		
Due from Component Units (Note 6)	10,430								10,430		
Other Assets	10,648	36		206	653	5,659	5,466	1,450	24,118		
TOTAL ASSETS	\$ 586,601	\$ 120,407	\$ 18,094	\$ 7,860	\$ 19,590	\$ 57,120	\$ 69,412	\$ 560,677	\$ 1,439,761		

LIABILITIES AND FUND EQUITY

LIABILITIES:

Accounts Payable	\$ 28,850	\$	\$	\$ 49	\$ 550	\$ 339	\$ 873	\$ 15,622	\$ 46,283
Accrued Liabilities	135,671	25		604	870	8,863	20,865	62,866	229,564
Accrued Medical Assistance Liability	39,485								39,485
Tax Anticipation Notes Payable (Note 9)	120,000								120,000
Deferred Revenue	29,012								63,762
Interfund Payables (Note 6)	38,933	119,783		4,047	17,052	15,150	27,976	34,750	234,885
Due to Component Units (Note 6)			18,094	2,819				1,023	3,842
Liability for Retirement or Pension Debt				16	70	415	421	44,505	18,094
Other Liabilities	27,060								72,487
Total Liabilities	419,011	119,808	18,094	7,535	18,542	24,767	49,935	170,710	828,402

FUND EQUITY :

Fund Balances:									
Reserved for Retirement of Temporary Financing									54,642
Reserved for Encumbrances	91,483			325	1,048	5,628	2,832	126,781	228,097
Reserved Police Terminations						21,855	16,645		38,500
Unreserved and Designated for Ensuing Year's Budget (Note 13)									44,311
Unreserved (Note 13)	76,107	599		325	1,048	4,870	19,477	44,311	245,809
Total Fund Equity	167,590	599		325	1,048	32,353	19,477	389,967	611,359

Commitments and Contingencies (Note 15)

TOTAL LIABILITIES AND FUND EQUITY

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, 2004 (Dollars in Thousands)**

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

Total fund balances - governmental funds	\$ 663,780
Revenue recorded in the Statement of Net assets is recorded as deferred revenue in the governmental funds	23,194
Premium on debt issued is recorded in the governmental funds as revenue. In the statement of activities, the premium is amortized over the lives of the debt.	(84,964)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net	2,322,043
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	108,653
Long-term liabilities are not due and payable in the current period and accordingly are not reported in the funds:	
Bonds and notes payable	(2,952,320)
Other long term liabilities	(1,066,010)
Current portion of long term liabilities	(423,351)
Accrued interest payable	<u>(20,482)</u>
 Net assets (deficit) of governmental activities	 <u>\$ (1,429,457)</u>

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, 2003 (Dollars in Thousands)**

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

Total fund balances - governmental funds	\$	611,359
Revenue recorded in the Statement of Net assets is recorded as deferred revenue in the governmental funds		20,898
Premium on debt issued is recorded in the governmental funds as revenue. In the statement of activities, the premium is amortized over the lives of the debt.		(55,887)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net		2,310,526
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds		38,579
Long-term liabilities are not due and payable in the current period and accordingly are not reported in the funds:		
Bonds and notes payable		(2,785,486)
Other long term liabilities		(1,115,758)
Current portion of long term liabilities		(436,480)
Accrued interest payable		<u>(56,711)</u>
Net assets (deficit) of governmental activities	\$	<u>(1,468,960)</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, 2004 (Dollars in Thousands)

	General	NIFA General	Debt Service Fund	Fire Prevention, Safety, Communication and Education Fund	County Parks and Recreation Fund	Police District Fund	Police Headquarters Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:									
Interest and Penalties on Taxes	\$ 22,682								\$ 22,682
Unrealized Gain on Investments								41	41
Licenses and Permits	6,050								6,050
Fines and Forfeits	14,477								14,477
Interest Income	5,717	521		18	46	71	101	6,754	13,228
Rents and Recoveries	29,994			6	985	632	612	241	32,470
Tobacco Settlement Revenue	23,682								23,682
Tobacco Receipts								21,974	21,974
Departmental Revenue	168,726			3,856	14,098	5,250	14,529	4,116	210,575
Interdepartmental Revenue	98,641		941	2		481	2,122	2,580	104,767
Federal Aid	125,791						417	49,629	175,837
State Aid	207,850			138			1,031	66,300	275,319
State Aid from NIFA								7,500	7,500
Sales Tax	788,888	95,004							883,892
Preempted Sales Tax in Lieu of Property Taxes	49,971								49,971
Property Taxes	141,275			17,782	43,577	301,297	239,071	138,932	881,934
Payments in Lieu of Taxes	3,632								3,632
Special Taxes	12,779				195		19,421		32,395
Other Revenues	1,163		9,935					7,622	18,720
Total Revenues	1,701,318	95,525	10,876	21,802	58,901	307,731	277,304	305,689	2,779,146
EXPENDITURES:									
Current:									
Legislative	7,629								7,629
Judicial	44,715							749	45,464
General Administration	208,701	1,251						32,797	242,749
Protection of Persons	11,799			18,487		333,153	290,128	5,657	659,224
Health	190,873							45,179	236,052
Public Works	87,453							78,453	165,906
Recreation and Parks					46,440			422	46,862
Capital Outlay								70,381	70,381
Sewage Districts								5,840	5,840
Social Services	625,213							5,509	630,722
Corrections	193,390							1,684	195,074
Education	5,801								5,801
Payments for Tax Certiorari and Other Judgments	198,663								198,663
Other	156,254								156,254
Total Current	1,730,491	1,251		18,487	46,440	333,153	290,128	246,671	2,666,621
Debt Service:									
Principal			171,434					55,118	226,552
Interest			60,269					91,294	151,563
Financing Costs			612					10,165	10,777
Total Debt Service			232,315					156,577	388,892
Total Expenditures	1,730,491	1,251	232,315	18,487	46,440	333,153	290,128	403,248	3,055,513
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(29,173)	94,274	(221,439)	3,315	12,461	(25,422)	(12,824)	(97,559)	(276,367)
OTHER FINANCING SOURCES (USES):									
Other Financing Sources - Premium Deposited with Escrow Agent for Defeasance								33,915	33,915
Transfer from NIFA for Escrow Agent	(9,076)							(322,806)	(322,806)
Payments to Refunding Bond Escrow Holder			(397,200)						(9,076)
Transfers In	1,785		230,729		7,623		4,629	87,107	331,873
Transfers In of Investment Income	1,767							784	2,551
Transfers Out	(200,931)			(3,215)	(20,375)	(5,579)	(7,450)	(94,323)	(331,873)
Transfers Out of Investment Income								(2,551)	(2,551)
Transfers In from NIFA	20,031	3,659	315,843			7,500		147,845	494,878
Transfers Out from NIFA		(98,078)						(595,463)	(693,541)
Transfers In from SFA	2,097		82,067					154,393	238,557
Transfers Out from SFA								(238,557)	(238,557)
Proceeds from Borrowings								1,023,955	1,023,955
Transfers from NIFA for Tax Certiorari and Other Judgment Borrowings	198,663								198,663
Total Other Financing Sources (Uses)	14,336	(94,419)	231,439	(3,215)	(12,752)	1,921	(2,821)	194,299	328,788
NET CHANGE IN FUND BALANCES	(14,837)	(145)	10,000	100	(291)	(23,501)	(15,645)	96,740	52,421
TOTAL FUND BALANCES AT BEGINNING OF YEAR	167,590	599		325	1,048	32,353	19,477	389,967	611,359
TOTAL FUND BALANCES AT END OF YEAR	\$ 152,753	\$ 454	\$ 10,000	\$ 425	\$ 757	\$ 8,852	\$ 3,832	\$ 486,707	\$ 663,780

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, 2003 (Dollars in Thousands)**

	General	NIFA General	Debt Service Fund	Fire Prevention, Safety, Communication and Education Fund	County Parks and Recreation Fund	Police District Fund	Police Headquarters Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:									
Interest and Penalties on Taxes	\$ 22,456								\$ 22,456
Unrealized Gain on Investments								968	968
Licenses and Permits	6,776								6,776
Fines and Forfeits	13,059								13,059
Interest Income	3,129	479		10		21	22	5,539	9,200
Rents and Recoveries	12,492				943	122	394	263	14,214
Departmental Revenue	111,235			3,426	13,646	4,893	14,738	15,372	163,310
Interdepartmental Revenue	104,775		18,094	14		332	514	1,494	125,223
Federal Aid	107,183			11			398	61,539	169,131
State Aid	198,057			121			589	38,301	237,068
State Aid from NIFA								15,000	15,000
Sales Tax	779,062	62,878							841,940
Preempted Sales Tax in Lieu of Property Taxes	48,920								48,920
Tobacco Receipts								26,186	26,186
Property Taxes	129,530			17,012	43,085	299,978	252,174	142,638	884,417
Payments in Lieu of Taxes	4,205								4,205
Special Taxes	13,613				192		12,177		25,982
Other Revenues	9,922							1,357	11,279
Total Revenues	1,564,414	63,357	18,094	20,594	57,866	305,346	281,006	308,657	2,619,334
EXPENDITURES:									
Current:									
Legislative	6,572								6,572
Judicial	42,063							926	42,989
General Administration	207,328	1,136	18,094					23,252	249,810
Protection of Persons	10,361			20,226		270,566	261,128	7,547	569,828
Health	183,073							50,585	233,658
Public Works	54,430							71,700	126,130
Recreation and Parks					61,654			395	62,049
Capital Outlay								31,360	31,360
Sewage Districts								11,234	11,234
Social Services	523,765							6,077	529,842
Corrections	183,931							711	184,642
Education	4,953							1,313	6,266
Payments for Tax Certiorari and Other Judgments	141,820								141,820
Other	106,367								106,367
Total Current	1,464,663	1,136	18,094	20,226	61,654	270,566	261,128	205,100	2,302,567
Debt Service:									
Principal			196,314					22,975	219,289
Interest			96,525					68,052	164,577
Financing Costs			1,189					5,195	6,384
Total Debt Service			294,028					96,222	390,250
Total Expenditures	1,464,663	1,136	312,122	20,226	61,654	270,566	261,128	301,322	2,692,817
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	99,751	62,221	(294,028)	368	(3,788)	34,780	19,878	7,335	(73,483)
OTHER FINANCING SOURCES (USES):									
Other Financing Sources - Premium	632							47,381	48,013
Other Financing Sources - EFC Subsidy			4,884						4,884
Transfer from NIFA for Escrow Agent	(41,623)								(41,623)
Deposited with Escrow Agent for Defeasance		(112)	279,085					(305,390)	(26,417)
Payments to Refunding Bond Escrow Holder			(341,731)						(341,731)
Transfers In	18,211	1,817	300,754		3,805		3,796	92,598	420,981
Transfers In of Investment Income	3,016							461	3,477
Transfers Out	(249,948)			(245)		(3,796)	(8,605)	(96,156)	(358,750)
Transfers Out of Investment Income		(1,720)						(1,757)	(3,477)
Transfers In from NIFA	15,342							52,601	67,943
Transfers Out from NIFA		(62,231)						(209,764)	(271,995)
Other Sources								673	673
Proceeds from Borrowings			51,036					514,475	565,511
Transfers from NIFA for Tax Certiorari and Other Judgment Borrowings	183,444								183,444
Total Other Financing Sources (Uses)	(70,926)	(62,246)	294,028	(245)	3,805	(3,796)	(4,809)	95,122	250,933
NET CHANGE IN FUND BALANCES	28,825	(25)		123	17	30,984	15,069	102,457	177,450
TOTAL FUND BALANCES AT BEGINNING OF YEAR	138,765	624		202	1,031	1,369	4,408	287,510	433,909
TOTAL FUND BALANCES AT END OF YEAR	\$ 167,590	\$ 599	\$	\$ 325	\$ 1,048	\$ 32,353	\$ 19,477	\$ 389,967	\$ 611,359

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, 2004 (Dollars in Thousands)**

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

Net change in fund balances - total governmental funds \$ 52,421

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period

Purchase of capital assets	\$ 130,630	
Depreciation expense	(107,507)	
Other	<u>(11,606)</u>	11,517

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	(1,023,955)	
Principal payments of bonds	955,636	
Accrued interest payable	36,229	
Amortized debt issuance costs	3,877	
Payment of component unit debt costs	(9,174)	
Other	<u>12,952</u>	<u>(24,435)</u>

Change in net assets - governmental activities \$ 39,503

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, 2003 (Dollars in Thousands)**

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

Net change in fund balances - total governmental funds		\$	177,450
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period			
Purchase of capital assets	\$	46,751	
Depreciation expense		(125,239)	
Other		449	(78,039)
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		(565,511)	
Principal payments of bonds		587,437	
Accrued interest payable		(12,825)	
Amortized debt issuance costs		(42,700)	
Payment of component unit debt costs		(16,383)	
Other		(273,699)	(323,681)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			(801)
Change in net assets - governmental activities		\$	(225,071)

See accompanying notes to financial statements.

EXHIBIT X-7

COUNTY OF NASSAU, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 12)	Actual on a Budgetary Basis	Variance Over (Under)
Revenues:						
Interest and Penalties on Taxes	\$ 23,380	\$ 23,380	\$ 22,682	\$	\$ 22,682	\$ (698)
Licenses and Permits	5,597	5,597	6,050		6,050	453
Fines and Forfeits	15,441	15,441	14,477		14,477	(964)
Interest Income	8,000	8,000	5,717		5,717	(2,283)
Rents and Recoveries	29,508	29,870	29,994		29,994	124
Tobacco Settlement Revenue	23,850	23,850	23,682		23,682	(168)
Departmental Revenue	96,918	180,967	168,726		168,726	(12,241)
Interdepartmental Revenue	118,462	122,246	98,641		98,641	(23,605)
Federal Aid	112,951	120,437	125,791		125,791	5,354
State Aid	205,768	210,278	207,850		207,850	(2,428)
Sales Tax	851,906	874,306	788,888		788,888	(85,418)
Preempted Sales Tax in Lieu of Property Taxes	49,971	49,971	49,971		49,971	
Property Taxes	136,984	136,984	141,275		141,275	4,291
Payments in Lieu of Taxes	3,803	3,803	3,632		3,632	(171)
Special Taxes	13,857	13,857	12,779		12,779	(1,078)
Other Revenues	13,068	13,268	1,163		1,163	(12,105)
Total Revenues	1,709,464	1,832,255	1,701,318		1,701,318	(130,937)
Expenditures:						
Current:						
Legislative	8,613	8,179	7,629	(112)	7,517	662
Judicial	48,993	45,955	44,715	(1,903)	42,812	3,143
General Administration	234,053	234,754	208,701	12,459	221,160	13,594
Protection of Persons	12,953	12,794	11,799	(407)	11,392	1,402
Health	201,933	206,137	190,873	6,309	197,182	8,955
Public Works	106,161	96,658	87,453	6,948	94,401	2,257
Recreation and Parks	5	5		5	5	
Social Services	601,297	653,060	625,213	14,014	639,227	13,833
Corrections	191,268	202,762	193,390	(5,205)	188,185	14,577
Education	3,910	5,990	5,801		5,801	189
Payments for Tax Certiorari and Other Judgments			198,663	(198,663)		
Other	108,066	162,441	156,254	35,015	191,269	(28,828)
Total Current	1,517,252	1,628,735	1,730,491	(131,540)	1,598,951	29,784
Debt Service:						
Financing Costs	36	36				36
Total Debt Service	36	36				36
Total Expenditures	1,517,288	1,628,771	1,730,491	(131,540)	1,598,951	29,820
Excess (Deficiency) of Revenues Over (Under) Expenditures	192,176	203,484	(29,173)	131,540	102,367	(101,117)
Other Financing Sources (Uses):						
Transfers In			1,785		1,785	1,785
Transfers In of Investment Income			1,767		1,767	1,767
Transfers Out	(283,659)	(294,967)	(200,931)		(200,931)	94,036
Transfer In from SFA			2,097		2,097	2,097
Transfer In from NIFA			20,031	(17,446)	2,585	2,585
Transfer from NIFA Tax Certiorari and Other Judgment Borrowings			198,663	(190,293)	8,370	8,370
Transfer from NIFA for Escrow Agent			(9,076)	9,076		
Total Other Financing Sources (Uses)	(283,659)	(294,967)	14,336	(198,663)	(184,327)	110,640
Net Change in Fund Balance	(91,483)	(91,483)	(14,837)	(67,123)	(81,960)	9,523
Fund Balances at Beginning of Year	91,483	91,483	167,590		167,590	76,107
Fund Balances at End of Year	\$	\$	\$ 152,753	\$ (67,123)	\$ 85,630	\$ 85,630

See accompanying notes to financial statements.

EXHIBIT X-7

COUNTY OF NASSAU, NEW YORK

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 12)	Actual on a Budgetary Basis	Variance Over (Under)
Revenues:						
Interest and Penalties on Taxes	\$ 22,300	\$ 22,570	\$ 22,456	\$	\$ 22,456	\$ (114)
Licenses and Permits	6,343	6,343	6,776		6,776	433
Fines and Forfeits	13,940	13,940	13,059		13,059	(881)
Rents and Recoveries	44,894	45,794	12,492		12,492	(33,302)
Interest Income	6,901	6,901	3,129		3,129	(3,772)
Departmental Revenue	113,969	113,969	111,235		111,235	(2,734)
Interdepartmental Revenue	64,909	69,378	104,775		104,775	35,397
Federal Aid	112,265	114,167	107,183		107,183	(6,984)
State Aid	202,634	202,634	198,057		198,057	(4,577)
Sales Tax	833,546	833,546	779,062		779,062	(54,484)
Preempted Sales Tax in Lieu of						
Property Taxes	48,920	48,920	48,920		48,920	
Property Taxes	126,463	126,463	129,530		129,530	3,067
Payments in Lieu of Taxes	3,915	3,915	4,205		4,205	290
Special Taxes	14,148	14,148	13,613		13,613	(535)
Other Revenues	13,986	14,191	9,922		9,922	(4,269)
Total Revenues	1,629,133	1,636,879	1,564,414		1,564,414	(72,465)
Expenditures:						
Current:						
Legislative	6,500	6,945	6,572	165	6,737	208
Judicial	45,744	43,840	42,063	573	42,636	1,204
General Administration	223,542	247,277	207,328	32,048	239,376	7,901
Protection of Persons	11,155	11,270	10,361	314	10,675	595
Health	194,166	209,637	183,073	16,738	199,811	9,826
Public Works	55,294	65,064	54,430	8,849	63,279	1,785
Recreation and Parks	16	16		5	5	11
Social Services	598,541	569,647	523,765	24,887	548,652	20,995
Corrections	181,389	185,894	183,931	1,157	185,088	806
Education	5,551	5,551	4,953	180	5,133	418
Payments for Tax Certiorari and Other Judgments			141,820	(141,820)		
Other	120,255	113,787	106,367	6,530	112,897	890
Total Current	1,442,153	1,458,928	1,464,663	(50,374)	1,414,289	44,639
Debt Service:						
Principal						
Interest						
Financing Costs	201	36		36	36	
Total Debt Service	201	36		36	36	
Total Expenditures	1,442,354	1,458,964	1,464,663	(50,338)	1,414,325	44,639
Excess (Deficiency) of Revenues Over (Under) Expenditures	186,779	177,915	99,751	50,338	150,089	(27,826)
Other Financing Sources (Uses):						
Other Financing Sources - premium			632		632	632
Transfers In			18,211		18,211	18,211
Transfer In from NIFA			15,342		15,342	15,342
Transfers In of Investment Income	1,600	1,600	3,016		3,016	1,416
Transfers Out	(258,812)	(249,948)	(249,948)		(249,948)	
Payments to Refunded Bond Escrow Agent			(41,623)	41,623		
Transfer from NIFA Tax Certiorari and Other Judgment Borrowings			183,444	(183,444)		
Total Other Financing Sources (Uses)	(257,212)	(248,348)	(70,926)	(141,821)	(212,747)	35,601
Net Change in Fund Balance	(70,433)	(70,433)	28,825	(91,483)	(62,658)	7,775
Fund Balances at Beginning of Year	70,433	70,433	138,765		138,765	68,332
Fund Balances at End of Year	\$	\$	\$ 167,590	\$ (91,483)	\$ 76,107	\$ 76,107

See accompanying notes to financial statements.

EXHIBIT X-8

COUNTY OF NASSAU, NEW YORK

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
FIRE PREVENTION, SAFETY, COMMUNICATION AND EDUCATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2004 (Dollars in Thousands)**

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion (Note 12)</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Over (Under)</u>
Revenues:						
Rents and Recoveries	\$	\$ 193	\$ 6	\$	\$ 6	\$ (187)
Interest Income		18	18		18	
Departmental Revenue	3,364	3,856	3,856		3,856	
Interdepartmental Revenue		2	2		2	
State Aid	100	138	138		138	
Property Taxes	<u>17,782</u>	<u>17,782</u>	<u>17,782</u>		<u>17,782</u>	
Total Revenues	<u>21,246</u>	<u>21,989</u>	<u>21,802</u>		<u>21,802</u>	<u>(187)</u>
Expenditures:						
Current:						
Protection of Persons	<u>18,684</u>	<u>18,912</u>	<u>18,487</u>	<u>425</u>	<u>18,912</u>	
Total Expenditures	<u>18,684</u>	<u>18,912</u>	<u>18,487</u>	<u>425</u>	<u>18,912</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,562</u>	<u>3,077</u>	<u>3,315</u>	<u>(425)</u>	<u>2,890</u>	<u>(187)</u>
Other Financing Uses:						
Transfers Out	<u>(2,886)</u>	<u>(3,215)</u>	<u>(3,215)</u>		<u>(3,215)</u>	
Total Other Financing Sources (Uses)	<u>(2,886)</u>	<u>(3,215)</u>	<u>(3,215)</u>		<u>(3,215)</u>	
Net Change in Fund Balance	(324)	(138)	100	(425)	(325)	(187)
Fund Balances at Beginning of Year	<u>324</u>	<u>138</u>	<u>325</u>		<u>325</u>	<u>187</u>
Fund Balances at End of Year	<u>\$</u>	<u>\$</u>	<u>\$ 425</u>	<u>\$ (425)</u>	<u>\$</u>	<u>\$</u>

See accompanying notes to financial statements.

EXHIBIT X-3**COUNTY OF NASSAU, NEW YORK**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 TOTAL BUDGETARY AUTHORITY AND ACTUAL
 FIRE PREVENTION, SAFETY, COMMUNICATION AND EDUCATION FUND
 FOR THE YEAR ENDED DECEMBER 31, 2003 (Dollars in Thousands)**

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion (Note 12)</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Over (Under)</u>
Revenues:						
Rents and Recoveries	\$ 8	\$ 8		\$	\$	\$ (8)
Interest Income			10		10	10
Departmental Revenue	2,800	3,466	3,426		3,426	(40)
Interdepartmental Revenue			14		14	14
Federal Aid			11		11	11
State Aid	140	140	121		121	(19)
Property Taxes	<u>17,012</u>	<u>17,012</u>	<u>17,012</u>		<u>17,012</u>	
Total Revenues	<u>19,960</u>	<u>20,626</u>	<u>20,594</u>		<u>20,594</u>	<u>(32)</u>
Expenditures:						
Current:						
Protection of Persons	<u>20,162</u>	<u>20,564</u>	<u>20,226</u>	<u>325</u>	<u>20,551</u>	<u>13</u>
Total Expenditures	<u>20,162</u>	<u>20,564</u>	<u>20,226</u>	<u>325</u>	<u>20,551</u>	<u>13</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(202)</u>	<u>62</u>	<u>368</u>	<u>(325)</u>	<u>43</u>	<u>(19)</u>
Other Financing Uses:						
Transfers Out		(245)	(245)		(245)	
Total Other Financing Uses		(245)	(245)		(245)	
Net Change in Fund Balance	(202)	(183)	123	(325)	(202)	(19)
Fund Balances at Beginning of Year	<u>202</u>	<u>183</u>	<u>202</u>		<u>202</u>	<u>19</u>
Fund Balances at End of Year	<u>\$</u>	<u>\$</u>	<u>\$ 325</u>	<u>\$ (325)</u>	<u>\$</u>	<u>\$</u>

See accompanying notes to financial statements.

EXHIBIT X-9

COUNTY OF NASSAU, NEW YORK

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
COUNTY PARKS AND RECREATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2004 (Dollars in Thousands)**

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion (Note 12)</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Over (Under)</u>
Revenues:						
Rents and Recoveries	\$ 1,122	\$ 1,122	\$ 985	\$	\$ 985	\$ (137)
Interest Income	15	15	46		46	31
Departmental Revenue	18,546	18,547	14,098		14,098	(4,449)
Property Taxes	43,577	43,577	43,577		43,577	
Special Taxes	575	575	195		195	(380)
Total Revenues	63,835	63,836	58,901		58,901	(4,935)
Expenditures:						
Current:						
Recreation and Parks	45,662	47,197	46,440	757	47,197	
Total Expenditures	45,662	47,197	46,440	757	47,197	
Excess (Deficiency) of Revenues Over (Under) Expenditures	18,173	16,639	12,461	(757)	11,704	(4,935)
Other Financing Sources (Uses):						
Transfers In		2,823	7,623		7,623	4,800
Transfers Out	(19,221)	(20,375)	(20,375)		(20,375)	
Total Other Financing Uses	(19,221)	(17,552)	(12,752)		(12,752)	4,800
Net Change in Fund Balance	(1,048)	(913)	(291)	(757)	(1,048)	(135)
Fund Balances at Beginning of Year	1,048	913	1,048		1,048	135
Fund Balances at End of Year	\$	\$	\$ 757	\$ (757)	\$	\$

See accompanying notes to financial statements.

EXHIBIT X-9**COUNTY OF NASSAU, NEW YORK**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
COUNTY PARKS AND RECREATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2003 (Dollars in Thousands)**

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion (Note 12)</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Over (Under)</u>
Revenues:						
Rents and Recoveries	\$ 737	\$ 737	\$ 943	\$	\$ 943	\$ 206
Departmental Revenue	17,530	17,530	13,646		13,646	(3,884)
Property Taxes	43,085	43,085	43,085		43,085	
Other Revenues	325	325	192		192	(133)
Total Revenues	61,677	61,677	57,866		57,866	(3,811)
Expenditures:						
Current:						
Recreation and Parks	62,708	63,067	61,654	1,048	62,702	365
Total Expenditures	62,708	63,067	61,654	1,048	62,702	365
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,031)	(1,390)	(3,788)	(1,048)	(4,836)	(3,446)
Other Financing Sources:						
Transfers In		359	3,805		3,805	3,446
Total Other Financing Sources		359	3,805		3,805	3,446
Net Change in Fund Balance	(1,031)	(1,031)	17	(1,048)	(1,031)	
Fund Balances at Beginning of Year	1,031	1,031	1,031		1,031	
Fund Balances at End of Year	\$	\$	\$ 1,048	\$ (1,048)	\$	\$

See accompanying notes to financial statements.

EXHIBIT X-10

COUNTY OF NASSAU, NEW YORK

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
POLICE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2004 (Dollars in Thousands)**

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion (Note 12)</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Over (Under)</u>
<u>Revenues:</u>						
Licenses and Permits	\$ 1,200	\$ 1,787	\$	\$	\$	\$ (1,787)
Rents and Recoveries	150	716	632		632	(84)
Interest Income	10	65	71		71	6
Departmental Revenue	3,117	3,117	5,250		5,250	2,133
Interdepartmental Revenue			481		481	481
Property Taxes	301,297	301,297	301,297		301,297	
Total Revenues	<u>305,774</u>	<u>306,982</u>	<u>307,731</u>		<u>307,731</u>	<u>749</u>
<u>Expenditures:</u>						
Current:						
Protection of Persons	<u>328,186</u>	<u>338,447</u>	<u>333,153</u>	<u>3,982</u>	<u>337,135</u>	<u>1,312</u>
Total Expenditures	<u>328,186</u>	<u>338,447</u>	<u>333,153</u>	<u>3,982</u>	<u>337,135</u>	<u>1,312</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(22,412)</u>	<u>(31,465)</u>	<u>(25,422)</u>	<u>(3,982)</u>	<u>(29,404)</u>	<u>2,061</u>
<u>Other Financing Sources (Uses):</u>						
Transfers In			7,500		7,500	7,500
Transfer Out	<u>(5,071)</u>	<u>(5,579)</u>	<u>(5,579)</u>		<u>(5,579)</u>	
Total Other Financing Sources (Uses)	<u>(5,071)</u>	<u>(5,579)</u>	<u>1,921</u>		<u>1,921</u>	<u>7,500</u>
Net Change in Fund Balance	<u>(27,483)</u>	<u>(37,044)</u>	<u>(23,501)</u>	<u>(3,982)</u>	<u>(27,483)</u>	<u>9,561</u>
Fund Balances at Beginning of Year	<u>27,483</u>	<u>37,044</u>	<u>32,353</u>		<u>32,353</u>	<u>(4,691)</u>
Fund Balances at End of Year	<u>\$</u>	<u>\$</u>	<u>\$ 8,852</u>	<u>\$ (3,982)</u>	<u>\$ 4,870</u>	<u>\$ 4,870</u>

See accompanying notes to financial statements.

EXHIBIT X-10**COUNTY OF NASSAU, NEW YORK**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 TOTAL BUDGETARY AUTHORITY AND ACTUAL
 POLICE DISTRICT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2003 (Dollars in Thousands)**

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion (Note 12)</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Over (Under)</u>
Revenues:						
Rents and Recoveries	\$ 405	\$ 405	\$ 122	\$	\$ 122	\$ (283)
Interest Income			21		21	21
Departmental Revenue	3,522	3,522	4,893		4,893	1,371
Interdepartmental Revenue			332		332	332
Property Taxes	<u>299,979</u>	<u>299,979</u>	<u>299,978</u>		<u>299,978</u>	<u>(1)</u>
Total Revenues	<u>303,906</u>	<u>303,906</u>	<u>305,346</u>		<u>305,346</u>	<u>1,440</u>
Expenditures:						
Current:						
Protection of Persons	<u>301,479</u>	<u>301,479</u>	<u>270,566</u>	<u>27,483</u>	<u>298,049</u>	<u>3,430</u>
Total Expenditures	<u>301,479</u>	<u>301,479</u>	<u>270,566</u>	<u>27,483</u>	<u>298,049</u>	<u>3,430</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,427</u>	<u>2,427</u>	<u>34,780</u>	<u>(27,483)</u>	<u>7,297</u>	<u>4,870</u>
Other Financing Uses:						
Transfers Out	<u>(3,796)</u>	<u>(3,796)</u>	<u>(3,796)</u>		<u>(3,796)</u>	
Total Other Financing Uses	<u>(3,796)</u>	<u>(3,796)</u>	<u>(3,796)</u>		<u>(3,796)</u>	
Net Change in Fund Balance	<u>(1,369)</u>	<u>(1,369)</u>	<u>30,984</u>	<u>(27,483)</u>	<u>3,501</u>	<u>4,870</u>
Fund Balances at Beginning of Year	<u>1,369</u>	<u>1,369</u>	<u>1,369</u>		<u>1,369</u>	
Fund Balances at End of Year	<u>\$</u>	<u>\$</u>	<u>\$ 32,353</u>	<u>\$ (27,483)</u>	<u>\$ 4,870</u>	<u>\$ 4,870</u>

See accompanying notes to financial statements.

EXHIBIT X-11

COUNTY OF NASSAU, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 TOTAL BUDGETARY AUTHORITY AND ACTUAL
 POLICE HEADQUARTERS FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 12)	Actual on a Budgetary Basis	Variance Over (Under)
Revenues:						
Licenses and Permits	\$ 430	\$ 430	\$	\$	\$	\$ (430)
Rents and Recoveries	200	1,046	612		612	(434)
Interest Income	13	13	101		101	88
Departmental Revenue	13,098	13,098	14,529		14,529	1,431
Interdepartmental Revenue	5,358	5,358	2,122		2,122	(3,236)
Federal Aid	334	334	417		417	83
State Aid	589	589	1,031		1,031	442
Property Taxes	239,071	239,071	239,071		239,071	
Other Revenues	21,388	21,388	19,421		19,421	(1,967)
Total Revenues	280,481	281,327	277,304		277,304	(4,023)
Expenditures:						
Current:						
Protection of Persons	298,992	296,991	290,128	3,832	293,960	3,031
Total Expenditures	298,992	296,991	290,128	3,832	293,960	3,031
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,511)	(15,664)	(12,824)	(3,832)	(16,656)	(992)
Other Financing Sources (Uses):						
Transfers In	4,178	4,178	4,629		4,629	451
Transfers Out	(5,144)	(7,450)	(7,450)		(7,450)	
Total Other Financing Sources (Uses)	(966)	(3,272)	(2,821)		(2,821)	451
Net Change in Fund Balance	(19,477)	(18,936)	(15,645)	(3,832)	(19,477)	(541)
Fund Balances at Beginning of Year	19,477	18,936	19,477		19,477	541
Fund Balances at End of Year	\$	\$	\$ 3,832	\$ (3,832)	\$	\$

See accompanying notes to financial statements.

EXHIBIT X-11

COUNTY OF NASSAU, NEW YORK

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
POLICE HEADQUARTERS FUND
FOR THE YEAR ENDED DECEMBER 31, 2003 (Dollars in Thousands)**

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion (Note 12)</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Over (Under)</u>
Revenues:						
Rents and Recoveries	\$ 300	\$ 1,376	\$ 394	\$	\$ 394	\$ (982)
Interest Income		22	22		22	
Departmental Revenue	10,468	15,203	14,738		14,738	(465)
Interdepartmental Revenue	300	620	514		514	(106)
Federal Aid	346	532	398		398	(134)
State Aid			589		589	589
Property Taxes	252,173	252,173	252,174		252,174	1
Special Taxes	11,450	12,154	12,177		12,177	23
Total Revenues	<u>275,037</u>	<u>282,080</u>	<u>281,006</u>		<u>281,006</u>	<u>(1,074)</u>
Expenditures:						
Current:						
Protection of Persons	<u>282,883</u>	<u>282,270</u>	<u>261,128</u>	<u>19,477</u>	<u>280,605</u>	<u>1,665</u>
Total Expenditures	<u>282,883</u>	<u>282,270</u>	<u>261,128</u>	<u>19,477</u>	<u>280,605</u>	<u>1,665</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,846)</u>	<u>(190)</u>	<u>19,878</u>	<u>(19,477)</u>	<u>401</u>	<u>591</u>
Other Financing Sources (Uses):						
Transfers In	3,438	3,796	3,796		3,796	
Transfers Out		(8,605)	(8,605)		(8,605)	
Total Other Financing Sources (Uses)	<u>3,438</u>	<u>(4,809)</u>	<u>(4,809)</u>		<u>(4,809)</u>	
Net Change in Fund Balance	(4,408)	(4,999)	15,069	(19,477)	(4,408)	591
Fund Balances at Beginning of Year	<u>4,408</u>	<u>4,999</u>	<u>4,408</u>		<u>4,408</u>	<u>(591)</u>
Fund Balances at End of Year	<u>\$</u>	<u>\$</u>	<u>\$ 19,477</u>	<u>\$ (19,477)</u>	<u>\$</u>	<u>\$</u>

See accompanying notes to financial statements.

COUNTY OF NASSAU, NEW YORK

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
DECEMBER 31, 2004 (Dollars in Thousands)

AGENCY FUND

	Balance January 1, <u>2004</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2004</u>
<u>ASSETS:</u>				
Cash	\$ 43,146	\$ 514,936	\$ 486,712	\$ 71,370
Investments	100	800	800	100
Due From Tobacco Settlement Corporation		36,976		36,976
Due From Component Unit	<u>362</u>	<u>24,261</u>	<u>23,917</u>	<u>706</u>
TOTAL ASSETS	<u>\$ 43,608</u>	<u>\$ 576,973</u>	<u>\$ 511,429</u>	<u>\$ 109,152</u>
<u>LIABILITIES:</u>				
Accounts Payable	\$ 404	\$ 33,566	\$ 33,688	\$ 282
Other Liabilities	<u>43,204</u>	<u>1,130,352</u>	<u>1,064,686</u>	<u>108,870</u>
TOTAL LIABILITIES	<u>\$ 43,608</u>	<u>\$ 1,163,918</u>	<u>\$ 1,098,374</u>	<u>\$ 109,152</u>

COUNTY OF NASSAU, NEW YORK

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
DECEMBER 31, 2003 (Dollars in Thousands)AGENCY FUND

	Balance January 1, <u>2003</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2003</u>
<u>ASSETS:</u>				
Cash	\$ 19,212	\$ 3,597,049	\$ 3,573,115	\$ 43,146
Investments	24,141	3,005,245	3,029,286	100
Due From Component Unit	<u>1,083</u>	<u>16,675</u>	<u>17,396</u>	<u>362</u>
TOTAL ASSETS	<u>\$ 44,436</u>	<u>\$ 6,618,969</u>	<u>\$ 6,619,797</u>	<u>\$ 43,608</u>
<u>LIABILITIES:</u>				
Accounts Payable	\$ 3,729	\$ 22,372	\$ 25,697	\$ 404
Other Liabilities	<u>40,707</u>	<u>1,069,883</u>	<u>1,067,386</u>	<u>43,204</u>
TOTAL LIABILITIES	<u>\$ 44,436</u>	<u>\$ 1,092,255</u>	<u>\$ 1,093,083</u>	<u>\$ 43,608</u>

EXHIBIT X-13

COUNTY OF NASSAU, NEW YORK

**STATEMENT OF NET ASSETS
ALL DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2004 (WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2004)
(Dollars in Thousands)**

	Nassau Community College	Nassau Health Care Corporation	Nassau Regional Off-Track Betting Corp.	Nassau County Industrial Development Agency	Total
ASSETS					
CURRENT ASSETS:					
Cash and Cash Equivalents	\$ 39,627	\$ 30,050	\$ 3,239	\$ 1,286	\$ 74,202
Student Accounts and Loans Receivable	5,173				5,173
Less Allowance for Doubtful Amounts	(1,583)				(1,583)
Due from Other Governments	3,152	9,610			12,762
Other Receivables	261	5,486		1	5,748
Accounts Receivable		168,895	950	57	169,902
Less Allowance for Doubtful Amounts		(80,493)			(80,493)
Inventories		3,999			3,999
Other Assets	613	26,639	1,040	14	28,306
Total Current Assets	47,243	164,186	5,229	1,358	218,016
NON CURRENT ASSETS:					
Deferred Financing Costs	1,859	7,319			9,178
Less Accumulated Amortization		(2,637)			(2,637)
Assets Whose Use Is limited		65,123			65,123
Property, Plant and Equipment	202,446	377,264	35,540	49	615,299
Less Accumulated Depreciation	(86,166)	(264,360)	(8,393)	(35)	(358,954)
Leasehold Acquisition Costs			1,020		1,020
Less Accumulated Amortization			(884)		(884)
Deposits Held by Trustees	5,301				5,301
Deposits Held in Custody for Others	1,866				1,866
Total Non Current Assets	125,306	182,709	27,283	14	335,312
Total Assets	172,549	346,895	32,512	1,372	553,328
LIABILITIES					
CURRENT LIABILITIES:					
Accounts Payable	7,072	35,653	2,288	22	45,035
Accrued Liabilities		15,381	3,501		18,882
Bond Anticipation Notes Payable			12,000		12,000
Notes Payable - Current			41		41
Due To Primary Government	3,444	939	2,232		6,615
Deferred Revenue	14,684			13	14,697
Current Portion of Long Term Liabilities	4,007	2,395	1,891		8,293
Other Liabilities	358	40,199	1,710		42,267
Total Current Liabilities	29,565	94,567	23,663	35	147,830
NON CURRENT LIABILITIES:					
Notes Payable			380		380
Serial Bonds Payable	48,020	265,272			313,292
Accrued Vacation and Sick Pay	42,066	25,498		24	67,588
Estimated Liability for Litigation	2,500	26,529			29,029
Deposits Held in Custody for Others	1,871				1,871
Insurance Reserve Liability	1,644				1,644
Liability for Future Pension Expense	1,334				1,334
Deferred Bond Premium Net of Amortization	1,421				1,421
Total Non Current Liabilities	98,856	317,299	380	24	416,559
Total Liabilities	128,421	411,866	24,043	59	564,389
NET ASSETS					
Invested in Capital Assets, Net of Related Debt Restricted:	64,090	30,672	8,469	14	103,245
Special Revenue	2,086				2,086
Capital Projects	1,798				1,798
Debt Service	5,301				5,301
Student Loans	622				622
Unrestricted (deficit)	(29,769)	(95,643)		1,299	(124,113)
Total Net Assets (deficit)	\$ 44,128	\$ (64,971)	\$ 8,469	\$ 1,313	\$ (11,061)

See accompanying notes to financial statements.

EXHIBIT X-13

COUNTY OF NASSAU, NEW YORK

STATEMENT OF NET ASSETS
 ALL DISCRETELY PRESENTED COMPONENT UNITS
 DECEMBER 31, 2003 (WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2003)
 (Dollars in Thousands)

	Nassau Community College	Nassau Health Care Corporation	Nassau Regional Off-Track Betting Corp.	Nassau County Industrial Development Agency	Total
ASSETS					
CURRENT ASSETS:					
Cash and Cash Equivalents	\$ 35,480	\$ 35,050	\$ 6,294	\$ 976	\$ 77,800
Student Accounts and Loans Receivable	4,335				4,335
Less Allowance for Doubtful Amounts	(1,400)				(1,400)
Due from Other Governments	3,506				3,506
Other Receivables	289	5,704			5,993
Less Allowance for Doubtful Amounts	(1)				(1)
Accounts Receivable		167,835	754	53	168,642
Less Allowance for Doubtful Accounts		(72,639)			(72,639)
Inventories		4,428			4,428
Other Assets		15,345	744		16,089
Total Current Assets	42,209	155,723	7,792	1,029	206,753
NON CURRENT ASSETS:					
Deferred Financing Costs	2,602	12,414			15,016
Less Accumulated Amortization	(1,004)	(2,637)			(3,641)
Assets Whose Use Is limited		65,374			65,374
Property, Plant and Equipment	199,486	361,854	26,895	37	588,272
Less Accumulated Depreciation	(81,162)	(250,613)	(6,421)	(30)	(338,226)
Leasehold Acquisition Costs			1,020		1,020
Less Accumulated Amortization			(816)		(816)
Deposits Held by Trustees	9,135				9,135
Deposits Held in Custody for Others	1,775				1,775
Total Non Current Assets	130,832	186,392	20,678	7	337,909
Total Assets	173,041	342,115	28,470	1,036	544,662
LIABILITIES					
CURRENT LIABILITIES:					
Accounts Payable	5,770	40,406	1,792	46	48,014
Accrued Liabilities		26,273	2,827		29,100
Bond Anticipation Notes Payable			8,200		8,200
Notes Payable - Current			38		38
Due To Primary Government	3,094	189	2,710		5,993
Deferred Revenue	12,752			14	12,766
Current Portion of Long Term Liabilities	5,703		1,659		7,362
Other Liabilities		18,028	1,571		19,599
Total Current Liabilities	27,319	84,896	18,797	60	131,072
NON CURRENT LIABILITIES:					
Notes Payable			421		421
Serial Bonds Payable	57,057	258,158			315,215
Accrued Vacation and Sick Pay	39,089	23,639		14	62,742
Estimated Liability for Litigation	2,500	20,119			22,619
Deposits Held in Custody for Others	1,775				1,775
Insurance Reserve Liability	1,620				1,620
Total Non Current Liabilities	102,041	301,916	421	14	404,392
Total Liabilities	129,360	386,812	19,218	74	535,464
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	57,162	29,241	9,252	7	95,662
Restricted:					
Debt Service	9,135				9,135
Student Loans	838				838
Unrestricted (deficit)	(23,454)	(73,938)		955	(96,437)
Total Net Assets (deficit)	\$ 43,681	\$ (44,697)	\$ 9,252	\$ 962	\$ 9,198

See accompanying notes to financial statements.

COUNTY OF NASSAU, NEW YORK

STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY
FOR THE YEAR ENDED DECEMBER 31, 2004 (WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2004)
(Dollars in Thousands)

	Nassau Community College	Nassau Health Care Corporation	Nassau Regional Off-Track Betting Corp.	Nassau County Industrial Development Agency	Total
Expenses	\$ 173,209	\$ 476,046	\$ 73,558	\$ 599	\$ 723,412
Program Revenues:					
Charges for Services	40,375	457,429	68,870	941	567,615
Operating Grants and Contributions	127,772				127,772
Capital Grants and Contributions	400		1,123		1,523
Total Program Revenues	168,547	457,429	69,993	941	696,910
Net (Expenses) Program Revenues	(4,662)	(18,617)	(3,565)	342	(26,502)
General Revenues (Expenses):					
Investment Income	149	4,657	48	9	4,863
Other	(1,239)	(4,678)	2,734		(3,183)
Net General Revenues (Expenses)	(1,090)	(21)	2,782	9	1,680
Change in Net Assets	(5,752)	(18,638)	(783)	351	(24,822)
Cumulative Effect of Change in Accounting Principle		(1,636)			(1,636)
Net Assets - Beginning of Year	49,880 *	(44,697)	9,252	962	15,397
Net Assets - End of Year	\$ 44,128	\$ (64,971)	\$ 8,469	\$ 1,313	\$ (11,061)

* As restated to include the College's component units as of September 1, 2003 (See Note 1)

See accompanying notes to financial statements.

COUNTY OF NASSAU, NEW YORK

STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY
FOR THE YEAR ENDED DECEMBER 31, 2003 (WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2003)
(Dollars in Thousands)

	Nassau Community College	Nassau Health Care Corporation	Nassau Regional Off-Track Betting Corp.	Nassau County Industrial Development Agency	Total
Expenses	\$ 163,017	\$ 488,981	\$ 64,625	\$ 711	\$ 717,334
Program Revenues:					
Charges for Services	36,537	470,916	63,343	1,196	571,992
Operating Grants and Contributions	128,432			36	128,468
Capital Grants and Contributions	358		1,164		1,522
Total Program Revenues	165,327	470,916	64,507	1,232	701,982
Net (Expenses) Program Revenues	2,310	(18,065)	(118)	521	(15,352)
General Revenues (Expenses):					
Investment Income	387	2,968	64	3	3,422
Other	1,286	(8,596)	4,511		(2,799)
Net General Revenues (Expenses)	1,673	(5,628)	4,575	3	623
Change in Net Assets	3,983	(23,693)	4,457	524	(14,729)
Net Assets - Beginning of Year	39,698	(21,004)	4,795	438	23,927
Net Assets - End of Year	\$ 43,681	\$ (44,697)	\$ 9,252	\$ 962	\$ 9,198

See accompanying notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

- (a) *The Nassau Community College* (the "College") provides educational services under New York State Education Law. It is reported as a component unit - governmental as the county appoints its governing body, the county approves its budget, issues debt for College purposes and provides approximately 27% of the College's revenues through a countywide real property tax levy. The College has authority to enter into contracts under New York State Education Law and to sue and be sued. *The College is presented in accordance with policies prescribed by the Governmental Accounting Standards Board ("GASB"): Statement No.35, Basic Financial Statements – and Management's Discussion and Analysis for Public Colleges and Universities*, and in accordance with the New York State Education Law. Therefore, the College is discretely presented. This component unit is presented as of and for its fiscal years ended August 31, 2004 and 2003, respectively.

Financial Reporting Entity – GASB Statement No. 39, an amendment of GASB Statement No. 14, was issued and became effective for the year ended August 31, 2004. This statement provided additional guidance in determining whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. As a result of this statement, the College's financial statements include two component units as of August 31, 2004.

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- (b) *Nassau Health Care Corporation* (the "NHCC") is a public benefit corporation created in 1997 by an act of the New York State Legislature for the purpose of acquiring and operating the health facilities of Nassau County, State of New York. Effective September 29, 1999 (the "Transfer Date"), a transaction was executed which transferred ownership of the county health facilities to the NHCC. Concurrent with the transaction, \$259.7 million of Nassau Health Care Corporation Health System Revenue Bonds, Series 1999 were issued. During 2004 \$303,355,000 of Nassau Health Care Corporation Bonds, Series 2004 were issued to refund the Corporation's Revenue Bond Series 1999, fund certain capital projects and provide working capital. The bonds are insured and guaranteed by the county. NHCC is fiscally dependent on the county should certain NHCC debt service reserve funds fall below their requirements. NHCC is considered to be a component unit of the county and is presented as a proprietary type component unit on the accrual basis of accounting.

Effective January 1, 2004, the Corporation changed its method of accounting for its investment in a limited liability company (LLC) through the adoption of Financial Accounting Standards Board Emerging Task Force Issue 03-16, *Accounting for Investments in Limited Liability Companies*. As a result, the Corporation's investment in the LLC is now accounted for using the equity method.

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

- (c) *The Nassau Regional Off-Track Betting Corporation* (the "OTB") was created by the New York State Legislature as a public benefit corporation. It is reported as a component unit as the County Legislature appoints its governing body and receives 4.375% of wagers made at Nassau County racetracks and all net operating profits from OTB. These revenues are recorded in the county's General Fund. The OTB is shown as a proprietary type component unit, and is presented on the accrual basis of accounting for its fiscal year ended December 31, 2004 and 2003, respectively.
- (d) *The Nassau County Industrial Development Agency* (the "NCIDA") is a public benefit corporation established pursuant to the New York State General Municipal Law. The NCIDA's purpose is to arrange long-term low interest financing with the intent of developing commerce and industry in the county. It is reported as a component unit as the county appoints its governing body and may remove the NCIDA board at will. The county provides support to the NCIDA in the form of employees and facilities. Support expenditures are included in the county's General Fund under personal services. The NCIDA has sole authority for establishing administrative and fiscal policy in the pursuit of its objectives. The county is not liable for any obligations or deficits the NCIDA may incur, nor does it share in any surpluses. The NCIDA is shown as a proprietary type component unit and is presented on the accrual basis of accounting for its fiscal year ended December 31, 2004 and 2003, respectively.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003**

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

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

The Nassau County Interim Finance Authority is a corporate governmental agency and instrumentality of the State of New York (the “State”) constituting a public benefit corporation created by the Nassau County Interim Finance Authority Act, Chapter 84 of the Laws of 2000, as supplemented by Chapter 179 of the Laws of 2000 and as may be amended from time to time, including but not limited to Chapter 528 of the laws of 2002, and Chapters 314 and 685 of the Laws of 2003 (the “Act”). The Act became effective June 23, 2000.

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

The Authority has power under the Act to monitor and oversee the finances of Nassau County, and upon declaration of a “Control Period” as defined in the Act, additional oversight authority. The Authority is also empowered to issue its bonds and notes for various county purposes, defined in the Act as “Financeable Costs”. The Act authorizes the issuance of bonds and notes, without limit, to finance capital projects and cash flow needs of the county, as well as, to the extent authorized by State law, any county deficit. In addition, the Authority may issue bonds up to the limits as currently set forth in the Act, exclusive of any bonds issued to finance reserves, capitalized interest or costs of issuing such obligations, to refinance any county’s indebtedness (up to \$415,000,000); to refinance only tax certiorari settlements or assignments of any kind to which the county is a party (up to \$790,000,000); and to finance tax certiorari judgments and settlements of the county (up to \$400,000,000 if the proceeding commenced before June 1, 2000 and up to \$400,000,000, in aggregate, for proceedings commenced between June 1, 2000 and December 31, 2007, however only \$15 million can be issued in 2006, and \$10 million in 2007. Bonds issued to refund bonds theretofore issued for purposes subject to the debt limits described above are not counted against such limits. The Act currently provides that the Authority may not issue bonds or notes after 2005, other than to retire or otherwise refund Authority debt and as discussed above to finance up to \$25 million for tax certiorari judgments in 2006 and 2007. No bond of the Authority may mature later than January 31, 2036 or more than 30 years from its date of issuance.

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

- (b) The Nassau County Tobacco Settlement Corporation (“NCTSC”) is a special purpose local development corporation organized under the Not-for-Profit Corporation Law of the State of New York and is an instrumentality of, but separate and apart from Nassau County (the “county”) Although legally separate and

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003**

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

independent of Nassau County, NCTSC is considered an affiliated organization under Governmental Accounting Standards Board Statement No. 39 "*Determining whether Certain Organizations are Component Units*" and reported as a component unit of the county for county financial reporting purposes and, accordingly, is included in the county's financial statements.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2004 AND 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Unit (Continued)

In 2004, the NCSSWFA completed its first two financings on behalf of the county, the proceeds of which were used to refinance certain outstanding County Bonds.

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

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

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

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

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

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

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

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

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

The county prepares its financial statements in accordance with GASB Statement No. 34 (as amended by Statement No. 37), which represents a very significant change in the financial reporting model used by state and local governments. Statement No. 34 requires government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund 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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003**

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

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, County Parks and Recreation Fund, Fire Prevention, Safety, Communication and Education 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.

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

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

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:

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003**

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

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

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

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

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

The county reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the county through which the county provides most countywide services. Its principal sources of revenue are 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.

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003**

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

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

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.

New Accounting Standards

In 2003, the county adopted Governmental Accounting Standards Board (GASB) Statement No. 39 *Determining Whether Certain Organizations Are Component Units* (“GASB 39”), an amendment of Statement No. 14 of the Governmental Accounting Standards Board, *The Financial Reporting Entity*.

In 2004, GASB issued Technical Bulletin No. 2004-2 *Recognition of Pension and Other Post employment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers* (“GASB TB 2004-2”). GASB TB 2004-2 clarifies GASB Statement No. 27, *Accounting for Pensions by State and Local Governments*.

The County has not completed the process of evaluating the impact that will result from adopting Statement of Governmental Accounting Standards No. 40 *Deposit and Investment Risk Disclosure* (“GASB 40”) an amendment of Statement 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, Statement of Governmental Accounting Standards No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* (“GASB 42”), and Statement of Governmental Accounting Standards No. 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other Than Pensions*; and Statement of Governmental Accounting Standards No. 46, *Net Assets Restricted by Legislation an amendment of GASB Statement No. 34* (“GASB 46”), as discussed in Note 1. The County is therefore unable to disclose the impact that adopting Statement of Governmental Accounting Standards No. 40, No. 42, No. 45 and No. 46 will have on its financial position and results of operations when such statements are adopted.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**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 due, and judgments and claims when settled. Discretely presented component units-proprietary funds are accounted for on the accrual basis of accounting. Their revenues are recognized in the period earned and expenses are recognized in the period incurred. Proprietary funds' unbilled services receivable are recognized as revenue.

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

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

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

NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2004 AND 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BUDGETS AND BUDGETARY ACCOUNTING

An appropriated budget is legally adopted for each fiscal year for the General Fund, Debt Service Fund and each of the Special Revenue Funds, with the exception of NIFA, NCSSWFA, NCTSC and the Grant Fund. NIFA funds consist of sales tax revenues collected by the State Comptroller and transferred to the fund and are not subject to appropriation by the State or county. NCTSC Funds consist of Tobacco Settlement Revenues received annually as a result of a Master Settlement Agreement between the Tobacco Settlement Corporation and Tobacco Manufacturing Companies. The Grant Funds are appropriated for the life of specific grants, not for annual fiscal periods. Accordingly, the Grant Funds are excluded from the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance presented for budgeted special revenue funds. The budget amounts as shown include prior year encumbrances carried forward as well as current year authorizations. In the case of the Grant Fund, an appropriated budget is legally adopted for the life of each grant as it is received. The County Legislature also authorizes and rescinds spending and financing authority in a Capital Budget. Each project authorized has continuing budget authority until the project is completed or rescinded. All appropriated budgets are adopted by ordinance of the County Legislature on the same modified accrual basis of accounting used to report revenues and expenditures except that appropriations are not provided for certain interfund indirect costs and encumbrances are treated as charges to appropriations when incurred. All supplemental appropriations amending appropriated budgets as originally adopted are also provided by ordinance of the Legislature. During the fiscal years ended December 31, 2004 and 2003, supplemental appropriations for the General Fund, Debt Service Fund and for the Special Revenue Funds and appropriation budgets for the Grant Fund were adopted and are included in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budgeted Funds as follows (dollars in thousands):

	2004	2003
Supplemental Appropriations:		
General Fund	\$ 122,791	\$ 7,746
Police District	11,009	-
Police Headquarters	846	7,992
Fire Prevention, Safety, Communication and Education	743	666
County Parks and Recreation	2,823	359
Debt Service Fund	9,935	-
Nonmajor Governmental	-	7,729
 Total supplemental appropriations	 \$ 148,147	 \$ 24,492
Grant Fund appropriated budgets	147,201	81,379
 Total supplemental appropriations and Grant Fund appropriated budgets	 \$ 295,348	 \$ 105,871

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**C. BUDGETS AND BUDGETARY ACCOUNTING (Continued)**

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

1. The proposed budget must be presented to the County Legislature and NIFA not later than September 15. (For the College, the proposed budget is submitted on or before the second Monday in July for the fiscal year commencing the following September 1.) The appropriated budgets include proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Budgets must be adopted by the County Legislature no later than October 30 of the prior year. (For the College, the budget is legally enacted on or before the third Monday in August.)
4. The appropriated budget can be legally amended by the County Legislature subsequent to its initial adoption. Proposed amendments can be submitted by the County Executive to the Legislature at any time during the fiscal year. These proposed amendments are then voted on by the Legislature at the next available meeting. Amendments which are legally approved by the Legislature are immediately reflected in the operating appropriated budget.
5. Formal budgetary integration is employed as a management control device during the year for the governmental funds. The legal level of budgetary control is exercised at the object appropriation level within a departmental control center. The County Legislature must approve all transfers and supplemental appropriations at this level.

D. ENCUMBRANCES

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

E. CASH AND INVESTMENTS

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

Due to the declining interest rates paid by the investment institutions, during the course of the 2003 fiscal year, the county and the county on behalf of the College, discontinued investing in repurchase agreements and instead maintained approximately \$600 million and \$189 million of the total cash and cash equivalents of \$880.8 million and \$779.6 million in money market interest bearing bank accounts at rates averaging 2.9% and 1.35% annually for the years ended December 31, 2004 and 2003, respectively.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**F. CAPITAL ASSETS**

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

G. DEPRECIATION

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

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

Nassau Community College - Depreciation on buildings, land improvements and infrastructure, and equipment is calculated using the straight line method over the assets' estimated useful lives, ranging from 5 to 50 years. Library books totaling approximately 176,507 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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003**

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

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

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

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

H. RESERVES

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

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

County employees receive vacation time, sick leave, and other benefits pursuant to the labor contract or county ordinance covering their terms of employment. The cash value of these accumulated unpaid employee benefits and the related employer costs (e.g. Social Security) has been accrued and reported with other long-term liabilities in the government-wide financial statements of net assets. The compensated absences for the governmental funds are treated as long term as they will not be liquidated with expendable available financial resources. For those employees who have retired prior to December 31, 2004, 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 towns, school districts and special districts in the county, and return to the county after June 1 any uncollected taxes receivable. Pursuant to the Nassau County Administrative Code, the county assumes the burden of such uncollected taxes, and has the responsibility for their collection from the taxpayers.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**K. REAL PROPERTY TAX (Continued)**

The New York State constitutional limit of real property taxation for counties is set at two percent of the average full valuation of real estate for the five years preceding the current year for general government services other than the payment of principal and interest on its long-term debt. The constitutional tax limit controlling the levy of county real property taxes for 2004 and 2003 fiscal years was \$2.8 billion and \$2.6 billion respectively. The constitutional tax margin was \$2.0 billion or approximately 72% in 2004 and \$1.8 billion or approximately 69% in 2003.

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

L. INTERFUND TRANSACTIONS

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

M. NOTES PAYABLE

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

N. LONG-TERM LIABILITIES

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**O. ISSUANCE COSTS**

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

P. CLAIMS AND CONTINGENCIES

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

R. RECLASSIFICATIONS

Certain reclassifications are made to the 2003 financial statements to conform to the 2004 presentation.

Q. USE OF ESTIMATES

In 2001, the county hired an outside accounting firm to perform a more detailed review of the outstanding property tax liabilities resulting from tax appeals. As a result, the county revised their estimate to approximately \$325 million in 2002. In 2003, the county completed a county-wide property revaluation, and consequently increased their estimate to reflect anticipated increases in tax appeals resulting from such reassessment. The estimate increased to approximately \$365 million. In 2004, the County further tailored its estimate assumptions. The estimate as of December 31, 2004 was approximately \$310 million and is reflected in the 2004 government-wide financial statements. The decrease of \$55 million was the result of payments made during the year.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

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, 2004 and 2003, the carrying amount of the county's deposits including certificates of deposit reported as investments was approximately \$880.8 and \$779.6 million, respectively and the bank balance was \$602.8 and \$670.8 million, respectively. The bank balance was covered by Federal depository insurance or by collateral consisting of obligations of the United States Government held by the county's agent in the county's name.

Investments - To the extent authorized by law, in prior years 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. Due to the declining interest rates paid by the investment institutions, during the course of the 2004 and 2003 fiscal years, the county discontinued investing in repurchase agreements and instead maintained approximately \$600 and \$189 million of the total cash and cash equivalents of \$880.8 and \$779.6 million, respectively, in money market interest bearing bank accounts at rates averaging 2.0% and 1.35% annually, respectively.

The investments at December 31, 2004 and 2003 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, 2004 and 2003, the carrying amount (fair value) of investments was \$26.9 and \$37.1 million, respectively. Investments which consist of money market interest bearing bank accounts, treasury notes, commercial paper and certificates of deposit are all categorized as category 1.

The following table summarizes the county's unrestricted cash and investment position at December 31, 2004:

	<u>Total</u>	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
	(Dollars in Thousands)		
Cash	\$ 551,671	\$ 551,671	\$ -
Treasury Notes & Commercial Paper	350,759	323,998	26,761
Certificates of Deposits			
(Maturities less than 3 months)	5,121	5,121	-
(Maturities more than 3 months)	100	-	100
Totals	<u>\$ 907,651</u>	<u>\$ 880,790</u>	<u>\$ 26,861</u>
Governmental Funds	\$ 836,181	\$ 809,420	\$ 26,761
Fiduciary Fund	71,470	71,370	100
Totals	<u>\$ 907,651</u>	<u>\$ 880,790</u>	<u>\$ 26,861</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

2. DEPOSITS AND INVESTMENTS (Continued)

The following table summarizes the county's unrestricted cash and investment position at December 31, 2003:

	<u>Total</u>	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
	(Dollars in Thousands)		
Cash	\$ 581,324	\$ 581,324	\$ -
Treasury Notes & Commercial Paper	214,934	177,948	36,986
Certificates of Deposits			
(Maturities less than 3 months)	20,326	20,326	-
(Maturities more than 3 months)	100	-	100
Totals	<u>\$ 816,684</u>	<u>\$ 779,598</u>	<u>\$ 37,086</u>
Governmental Funds	\$ 773,438	\$ 736,452	\$ 36,986
Fiduciary Fund	43,246	43,146	100
Totals	<u>\$ 816,684</u>	<u>\$ 779,598</u>	<u>\$ 37,086</u>

The county maintains a consolidated disbursement account with a financial institution on behalf of the College. At August 31, 2004 and 2003, the College had a cash balance of \$36.9 and of \$1.4 million, respectively; and the bank balance was \$37.3 and \$2.1 million, respectively. The bank balance is 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.

At August 31, 2004 and 2003, the carrying amount (fair value) of the College's investments was \$0 and \$32.7 million, respectively.

At December 31, 2004 and 2003, the carrying amount of deposits for the OTB was \$3.2 and \$6.3 million; NHCC was \$95.2 and \$64.6 million; and NCIDA was \$1.3 million and \$976 thousand, respectively. The bank balance was for the OTB \$4.9 and \$9.4 million; NHCC was \$94.6 and \$63.5 million; and NCIDA was \$1.3 million and \$1 million, respectively. The bank balances were covered by Federal depository insurance or by collateral consisting of obligations of the United States Government which for the OTB, NHCC and NCIDA are held by an independent trustee serving as the OTB's, NHCC's and NCIDA's agent in the name of the OTB, NHCC and NCIDA.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

3. DUE FROM OTHER GOVERNMENTS

The account "Due from Other Governments" at December 31, 2004 and 2003 represents aid, grants, and other amounts receivable from the State and Federal governments. The following summarizes such receivables (dollars in thousands):

Fund	2004			2003		
	Total	Federal	State/Other*	Total	Federal	State/Other*
General	\$ 182,273	\$ 35,477	\$ 146,796	\$ 219,789	\$ 37,319	\$ 182,470
Fire Prevention, Safety, Communication and Education	25	25		6	6	
Police Headquarters	1,385	58	1,327	4	4	
Nonmajor Governmental	<u>9,555</u>	<u>7,693</u>	<u>1,862</u>	<u>10,546</u>	<u>6,099</u>	<u>4,447</u>
Totals	<u>\$ 193,238</u>	<u>\$ 43,253</u>	<u>\$ 149,985</u>	<u>\$ 230,345</u>	<u>\$ 43,428</u>	<u>\$ 186,917</u>

* Includes \$10,336 and \$10,319 of sales taxes receivable at December 31, 2004 and 2003, respectively.

4. TAX REAL ESTATE

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

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

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

5. TAX SALE CERTIFICATES

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

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, 2004 and 2003 are reconciled as follows:

<u>December 31, 2004</u>	General Fund	NIFA General Fund	Debt Service Fund	Fire Comm Fund	Park Fund	Police District Fund	Police Headquarters Fund	Nonmajor Funds	Total
INTERFUND RECEIVABLE									
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94,752	\$ 94,752
NIFA General	80,914	-	-	-	-	-	-	24,708	105,622
Debt Service Fund	38,355	-	-	-	-	-	-	-	38,355
Fire Comm Fund	2,165	-	2,901	-	-	-	90	729	5,885
Parks Fund	7,096	-	20,375	-	-	138	1,201	1,557	30,367
Police District	10,866	-	950	-	-	-	5,493	40,533	57,842
Police Headquarters	22,504	-	5,980	-	-	-	-	33,983	62,467
Nonmajor Funds	55,528	27	7,644	-	-	78	126	60,538	123,941
TOTAL RECEIVABLE	\$ 217,428	\$ 27	\$ 37,850	\$ -	\$ -	\$ 216	\$ 6,910	\$ 256,800	\$ 519,231
INTERFUND PAYABLE									
General Fund	\$ -	\$ (80,914)	\$ (38,355)	\$ (2,165)	\$ (7,096)	\$ (10,866)	\$ (22,504)	\$ (55,528)	\$ (217,428)
NIFA General	-	-	-	-	-	-	-	(27)	(27)
Debt Service Fund	-	-	-	(2,901)	(20,375)	(950)	(5,980)	(7,644)	(37,850)
Police District	-	-	-	-	(138)	-	-	(78)	(216)
Police Headquarters	-	-	-	(90)	(1,201)	(5,493)	-	(126)	(6,910)
Nonmajor Funds	(94,752)	(24,708)	-	(729)	(1,557)	(40,533)	(33,983)	(60,538)	(256,800)
TOTAL PAYABLE	\$ (94,752)	\$ (105,622)	\$ (38,355)	\$ (5,885)	\$ (30,367)	\$ (57,842)	\$ (62,467)	\$ (123,941)	\$ (519,231)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

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

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

<u>December 31, 2003</u>	General Fund	NIFA General Fund	Debt Service Fund	Fire Comm Fund	Park Fund	Police District Fund	Police Headquarters Fund	Nonmajor Funds	Total
INTERFUND RECEIVABLE									
General Fund	\$ -	\$ -	\$ 488	\$ -	\$ -	\$ -	\$ -	\$ 38,445	\$ 38,933
NIFA General	88,155	-	-	-	-	-	-	31,628	119,783
Debt Service	-	-	-	-	-	-	-	-	-
Fire Comm Fund	3,940	-	84	-	-	-	23	-	4,047
Parks Fund	16,397	-	655	-	-	-	-	-	17,052
Police District	6,932	-	4,422	-	-	-	3,796	-	15,150
Police Headquarters	24,200	-	3,776	-	-	-	-	-	27,976
Nonmajor Funds	10,749	-	365	-	-	114	239	477	11,944
TOTAL RECEIVABLE	\$ 150,373	\$ -	\$ 9,790	\$ -	\$ -	\$ 114	\$ 4,058	\$ 70,550	\$ 234,885
INTERFUND PAYABLE									
General Fund	\$ -	\$ (88,155)	\$ -	\$ (3,940)	\$ (16,397)	\$ (6,932)	\$ (24,200)	\$ (10,749)	\$ (150,373)
NIFA General	-	-	-	-	-	-	-	-	-
Debt Service	(488)	-	-	(84)	(655)	(4,422)	(3,776)	(365)	(9,790)
Fire Comm Fund	-	-	-	-	-	-	-	-	-
Parks Fund	-	-	-	-	-	-	-	-	-
Police District	-	-	-	-	-	-	-	(114)	(114)
Police Headquarters	-	-	-	(23)	-	(3,796)	-	(239)	(4,058)
Nonmajor Funds	(38,445)	(31,628)	-	-	-	-	-	(477)	(70,550)
TOTAL PAYABLE	\$ (38,933)	\$ (119,783)	\$ -	\$ (4,047)	\$ (17,052)	\$ (15,150)	\$ (27,976)	\$ (11,944)	\$ (234,885)

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

The total amounts shown as Due to Primary Government and Due from/to Component Units at December 31, 2004 and 2003 do not offset each other as they include accounts of the Nassau Community College at the end of their fiscal years on August 31, 2004 and 2003. The following reconciles the December 31, 2004 and 2003 amounts by carrying forward the Nassau Community College transactions affecting these accounts from September 1, 2004 through December 31, 2004 and from September 1, 2003 through December 31, 2003, respectively.

NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2004 AND 2003

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

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

Net Due to Primary Government (Exhibit X-1)	\$ (6,615)	\$ (5,993)
Nassau Community College Transactions from September 1, to December 31:		
Decrease in due to Debt Service Fund		\$ 17
Increase in due to ATF	\$ (706)	(362)
Decrease in due from Capital Fund	(50)	
Decrease (Increase) in due to Grant Fund	202	(686)
Decrease in Capital Chargeback	76	74
Decrease in due to General Fund	3,819	
Subtotals	3,341	(957)
Due From Component Units - Fiduciary per Balance Sheet: (Exhibit X-12)	706	362
Net Due From Component Units - Governmental per Balance Sheet: (Exhibit X-1)	2,568	6,588
Net Due From Component Units Fiduciary and Governmental	\$ 6,615	\$ 5,993

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

7. PROPERTY, PLANT AND EQUIPMENT

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

Primary Government	Balance, December 31, 2003	Additions	Deletions*	Balance, December 31, 2004
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 108,243	\$ 6,219	\$ 41	\$ 114,421
Construction in progress	234,153	57,699	32,107	259,745
Total capital assets, not being depreciated	<u>342,396</u>	<u>63,918</u>	<u>32,148</u>	<u>374,166</u>
Capital assets, being depreciated:				
Land Improvements	68,571	5,388	-	73,959
Buildings	1,002,341	11,719	375,269	638,791
Equipment	413,783	79,780	74,792	418,771
Infrastructure	1,848,421	10,938	1,239,111	620,248
Total capital assets, being depreciated	<u>3,333,116</u>	<u>107,825</u>	<u>1,689,172</u>	<u>1,751,769</u>
Total capital assets	<u>3,675,512</u>	<u>171,743</u>	<u>1,721,320</u>	<u>2,125,935</u>
Less accumulated depreciation:				
Land Improvements	20,382	3,325	-	23,707
Buildings	264,698	44,648	98,335	211,011
Equipment	234,585	40,100	63,394	211,291
Infrastructure	845,321	34,531	519,901	359,951
Total accumulated depreciation	<u>1,364,986</u>	<u>122,604</u>	<u>681,630</u>	<u>805,960</u>
Total capital assets, being depreciated, net	<u>1,968,130</u>	<u>(14,779)</u>	<u>1,007,542</u>	<u>945,809</u>
Governmental activities capital assets, net	<u>\$ 2,310,526</u>	<u>\$ 49,139</u>	<u>\$ 1,039,690</u>	<u>\$ 1,319,975</u>

*Deletions include buildings in the amount of \$374,775 with accumulated depreciation of \$69,117; equipment in the amount of \$8,186 with accumulated depreciation of \$7,521; and infrastructure in the amount of \$1,239,112 with accumulated depreciation of \$519,901 transferred to the Nassau County Sewer and Storm Water Finance Authority.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Primary Government	Balance, December 31, 2002	Additions	Deletions	Balance, December 31, 2003
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 108,243	\$ -	\$ -	\$ 108,243
Construction in progress	<u>221,779</u>	<u>32,879</u>	<u>20,505</u>	<u>234,153</u>
Total capital assets, not being depreciated	<u>330,022</u>	<u>32,879</u>	<u>20,505</u>	<u>342,396</u>
Capital assets, being depreciated:				
Land Improvements	68,512	59	-	68,571
Buildings	994,080	8,261	-	1,002,341
Equipment	448,236	20,988	55,441	413,783
Infrastructure	<u>1,836,797</u>	<u>11,624</u>	<u>-</u>	<u>1,848,421</u>
Total capital assets, being depreciated	<u>3,347,625</u>	<u>40,932</u>	<u>55,441</u>	<u>3,333,116</u>
Total capital assets	<u>3,677,647</u>	<u>73,811</u>	<u>75,946</u>	<u>3,675,512</u>
Less accumulated depreciation:				
Land Improvements	17,193	3,189	-	20,382
Buildings	240,372	24,326	-	264,698
Equipment	242,080	41,840	49,335	234,585
Infrastructure	<u>789,437</u>	<u>55,884</u>	<u>-</u>	<u>845,321</u>
Total accumulated depreciation	<u>1,289,082</u>	<u>125,239</u>	<u>49,335</u>	<u>1,364,986</u>
Total capital assets, being depreciated, net	<u>2,058,543</u>	<u>(84,307)</u>	<u>6,106</u>	<u>1,968,130</u>
Governmental activities capital assets, net	<u>\$ 2,388,565</u>	<u>\$ (51,428)</u>	<u>\$ 26,611</u>	<u>\$ 2,310,526</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expense was charged to functions of the county for the fiscal year ended December 31, 2004 and 2003 as follows (dollars in thousands):

December 31, 2004	<u>Land Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
Functions:					
Legislative	\$ -	\$ 6	\$ -	\$ -	\$ 6
Judicial	61	6,498	1,539	-	8,098
General Administration	30	1,401	2,249	-	3,680
Protection of Persons	9	8,213	5,435	-	13,657
Health	-	589	135	-	724
Public Works	-	4,170	1,316	33,850	39,336
Recreation and Parks	3,184	2,761	152	681	6,778
Social Services	30	480	73	-	583
Corrections	-	2,722	505	-	3,227
Other Expenditures/MSBA	-	317	17,613	-	17,930
Metropolitan Transportation Authority	-	-	11,083	-	11,083
Misc. Unclassified	11	17,491	-	-	17,502
Total Depreciation Expense	<u>\$ 3,325</u>	<u>\$ 44,648</u>	<u>\$ 40,100</u>	<u>\$ 34,531</u>	<u>\$ 122,604</u>

December 31, 2003	<u>Land Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
Functions:					
Legislative	\$ -	\$ 3	\$ -	\$ -	\$ 3
Judicial	31	1,694	200	-	1,925
General Administration	-	1,389	1,537	-	2,926
Protection of Persons	10	1,488	3,771	-	5,269
Health	-	97	82	-	179
Public Works	-	9,962	6,010	55,245	71,217
Recreation and Parks	3,137	2,683	138	639	6,597
Social Services	-	465	410	-	875
Corrections	-	2,907	749	-	3,656
Other Expenditures/MSBA	-	316	28,943	-	29,259
Metropolitan Transportation Authority	-	-	-	-	-
Misc. Unclassified	11	3,322	-	-	3,333
Total Depreciation Expense	<u>\$ 3,189</u>	<u>\$ 24,326</u>	<u>\$ 41,840</u>	<u>\$ 55,884</u>	<u>\$ 125,239</u>

NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2004 AND 2003

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Sources of funding of the general fixed assets at December 31, 2004 and 2003 were as follows (dollars in thousands):

December 31,	<u>2004</u>	<u>2003</u>
Long Term Serial Bonds	\$ 1,496,368	\$ 2,140,029
Temporary financing and bond anticipation notes	54,625	73,364
Federal grants	54,624	828,238
New York State grants	34,051	129,069
General Fund Revenues	55,337	34,452
Special Revenue Funds revenues	94,647	91,031
Gifts	29,764	29,764
Acquisitions prior to December 31, 1985	301,062	344,108
Capitalized lease	5,457	5,457
Total funding sources	<u>\$ 2,125,935</u>	<u>\$ 3,675,512</u>

NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2004 AND 2003

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

General capital assets of the county by function at December 31, 2004 and 2003 were as follows (dollars in thousands):

	2004	2003
Legislative	\$ 331	\$ 341
Judicial	92,344	88,119
General Administration	76,386	100,806
Protection of Persons	118,113	121,462
Health	8,658	9,112
Public Works	1,688,997	2,269,466
Recreation and Parks	202,880	187,185
Social Services	26,108	24,842
Corrections	190,437	190,938
Other Expenditures/MSBA	156,539	117,624
Metropolitan Transportation Authority	140,000	140,000
Misc. Unclassified	190,930	191,464
Construction Work in Progress	259,745	234,153
	<hr/>	<hr/>
Total	3,151,468	3,675,512
Less: accumulated depreciation	829,425	1,364,986
	<hr/>	<hr/>
Total net capital assets	<u>\$ 2,322,043</u>	<u>\$ 2,310,526</u>

NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2004 AND 2003

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

Property, Plant & Equipment	Balance, June 4, <u>2004</u>	<u>Additions</u>	<u>Disposals</u>	Balance, December 31, <u>2004</u>
Buildings	\$ 305,658	\$ -	\$ -	\$ 305,658
Equipment	665	-	-	665
Infrastructure	<u>719,211</u>	<u>-</u>	<u>-</u>	<u>719,211</u>
Total capital assets	<u>\$ 1,025,534</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,025,534</u>
Less Accumulated Depreciation:				
Buildings	\$ -	\$ 5,403	\$ -	\$ 5,403
Equipment	-	47	-	47
Infrastructure	<u>-</u>	<u>18,016</u>	<u>-</u>	<u>18,016</u>
	<u>-</u>	<u>23,466</u>	<u>-</u>	<u>23,466</u>
Property, Plant & Equipment (net)	<u>\$ 1,025,534</u>	<u>\$ 23,466</u>	<u>\$ -</u>	<u>\$ 1,002,068</u>

Total combined Property, Plant & Equipment of the County, including its blended component unit, Nassau County Sewer and Storm Water Finance Authority, is \$3,151,468 with the Accumulated Depreciation of \$829,425.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

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,			Balance,			Balance, August 31, 2004
	August 31, 2002	Additions	Disposals	August 31, 2003	Additions	Disposals	
Property, Plant & Equipment not being depreciated:							
Land	\$ 2,733	\$ -	\$ -	\$ 2,733	\$ -	\$ -	\$ 2,733
Library *	871	6	-	877	6	-	883
Total	3,604	6	-	3,610	6	-	3,616
Property, Plant & Equipment being depreciated:							
Land Improvements	1,132	1	-	1,133	-	-	1,133
Infrastructure	1,209	60	-	1,269	6	-	1,275
Buildings	164,732	736	-	165,468	548	-	166,016
Building Improvements	22,201	88	-	22,289	1,542	-	23,831
Equipment	6,046	139	468	5,717	357	96	5,978
Total capital assets, being depreciated	195,320	1,024	468	195,876	2,453	96	198,233
Total capital assets	198,924	1,030	468	199,486	2,459	96	201,849
Less Accumulated Depreciation:							
Land Improvements	556	49	-	605	48	-	653
Infrastructure	482	62	-	544	64	-	608
Buildings	63,505	3,094	-	66,599	3,106	-	69,705
Building Improvements	7,527	1,082	-	8,609	1,123	-	9,732
Equipment	4,821	372	388	4,805	294	66	5,033
	76,891	4,659	388	81,162	4,635	66	85,731
Net Property, Plant & Equipment							
Being Depreciated	118,429	(3,635)	80	114,714	(2,182)	30	112,502
Property, Plant & Equipment (net)	\$ 122,033	\$ (3,629)	\$ 80	\$ 118,324	\$ (2,176)	\$ 30	\$ 116,118

* 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.

NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2004 AND 2003

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Capital assets of the Faculty-Student Association, the Component unit of Nassau Community College as of August 31, 2004 consisted of the following (dollars in thousands):

Property, Plant & Equipment	Balance, December 31, 2004
Furniture and equipment	\$ 387
Vans	<u>210</u>
Total Capital assets	<u>597</u>
Less Accumulated Depreciation:	<u>435</u>
Total Capital assets (net)	<u>\$ 162</u>

Total Property, Plant and Equipment of the Nassau Community College and Faculty-Student Association, the component unit of Nassau Community College as of August 31, 2004, were \$202,446 with the accumulated depreciation of \$86,166.

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, 2004 and 2003 were approximately \$1.3 and \$2.4 million, respectively.

NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2004 AND 2003

8. LEASES (Continued)

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

	<u>Capital Leases</u>	<u>Operating Leases</u>	<u>Total</u>
Governmental Activities			
Fiscal Year Ending December 31,			
2005	\$ 725	\$ 5,816	\$ 6,541
2006	733	6,460	7,193
2007	740	6,470	7,210
2008	749	6,594	7,343
2009	757	6,721	7,478
2010-2014	3,939	34,885	38,824
2015-2019	4,235	14,342	18,577
2020-2024	4,578	-	4,578
2025-2029	557	-	557
Future Minimum Payments	<u>17,013</u>	<u>\$ 81,288</u>	<u>\$ 98,301</u>
Less Interest	<u>11,440</u>		
Present Value of Future Minimum Lease Payments	<u>\$ 5,573</u>		

NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2004 AND 2003

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 2004 and 2003 was \$5.7 and \$5.4 million, respectfully.

As of December 31, 2004, the following future minimum rentals are provided for by the leases (dollars in thousands):

Fiscal Year Ending <u>December 31</u>	Operating <u>Leases</u>
2005	\$ 5,328
2006	5,293
2007	5,213
2008	5,271
2009	5,439
2010-2014	28,068
2015-2019	21,443
2020-2024	8,172
2025-2029	881
2030-2034	329
2035-2039	329
2040-2044	329
2045-2049	329
2050-2054	329
2055-2059	329
2060-2064	329
2065-2069	329
2070-2074	329
2075-2079	143
Total	<u>\$ 88,212</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

9. NOTES PAYABLE AND LONG-TERM OBLIGATIONS

County of Nassau Notes Payable

On December 11, 2003 the county issued \$60,000,000 Tax Anticipation Notes, Series 2003 A (the “2003 A Notes”). The Notes were issued to finance cash flow needs of Nassau County. The 2003A Notes bear interest at the rate of 2% per annum, pay interest only at maturity, and matured on April 15, 2004. On December 11, 2003 the county issued \$60,000,000 Tax Anticipation Notes, Series 2003 B (the “2003 B Notes”). The Notes were issued to finance cash flow needs of Nassau County. The 2003 B Notes bear interest at the rate of 2% per annum, pay interest only at maturity, and matured on October 15, 2004. The Series 2003 A Notes in the amount of \$60,000,000 were paid off from property tax receipts. The 2003 B Notes were redeemed with the proceeds from the issuance of long term debt. Both the county and NIFA did not issue any notes during 2004 because of the county’s improved financial condition.

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

	Balance, December 31, <u>2002</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2003</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2004</u>
General Fund:							
Tax anticipation notes - (2.0% issued in 2003, maturity dates in 2004)	\$ -	\$ 120,000	\$ -	\$ 120,000	\$ -	\$ 120,000	\$ -
Tax anticipation notes - (2.368% to 2.477% issued in 2002, maturity dates in 2003)	68,920	-	68,920	-	-	-	-
Revenue anticipation notes - (3.205% issued in 2002 maturity dates in 2003)	109,145	-	109,145	-	-	-	-
Total General Fund	<u>\$ 178,065</u>	<u>\$ 120,000</u>	<u>\$ 178,065</u>	<u>\$ 120,000</u>	<u>\$ -</u>	<u>\$ 120,000</u>	<u>\$ -</u>

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

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

Long – Term Obligations

	Balance, December 31,			Balance, December 31,			Balance, December 31,		Due Within One Year
	2002	Additions	Reductions	2003	Additions	Reductions	2004		
General Long-Term Obligations									
Debt:									
General obligation County bonds - (2.90% to 11.50%, issued in 1970 through 2000, maturity dates 2002 through 2024)	\$ 1,599,498	\$	\$ 390,987	\$ 1,208,511	\$	\$ 457,556	\$ 750,955	\$	136,692
Sewage purpose bonds - (2.20% to 7.90%, issued in 1970 through 2000, maturity dates 2002 through 2020) - County	277,093		32,699	244,394		96,070	148,324		20,016
State Water Pollution Control Revolving Fund revenue bonds - (2.65% to 7.10%, issued in 1991 through 2002, maturity dates 2002 through 2029) - County	<u>191,030</u>	<u>51,036</u>	<u>67,295</u>	<u>174,771</u>	<u>4,066</u>	<u>8,253</u>	<u>170,584</u>		<u>8,199</u>
Total Serial Bonds - County	<u>2,067,621</u>	<u>51,036</u>	<u>490,981</u>	<u>1,627,676</u>	<u>4,066</u>	<u>561,879</u>	<u>1,069,863</u>		<u>164,907</u>
Sales Tax Secured Bonds, Series 2000A 4.50% to 5.625% Serial and term bonds due 2002 to 2020 - NIFA	247,740		31,180	216,560		193,965	22,595		10,020
Sales Tax Secured Bonds, Series 2001A 4% to 5.375% Serial and term bonds due 2002 to 2021 - NIFA	176,790		5,110	171,680		101,950	69,730		7,035
Sales Tax Secured Bonds, Series 2002A&B (variable rate)Term Bond Due 2022 with mandatory sinking fund redemptions 2003-2021 - NIFA	225,650		5,045	220,605		5,300	215,305		7,650
Sales Tax Secured Bonds, Series 2003A&B 2% to 6% Serial Bonds Due 2023 with mandatory sinking fund redemptions 2004-2023 - NIFA		514,475		514,475		14,315	500,160		19,965
Sales Tax Secured Bonds, Series 2004A 2% to 5% Serial Bonds due 2005 to 2013					153,360		153,360		3,835
Sales Tax Secured Variable Rate Bonds, Series 2004 B-G Auction Rate Securities due 2016 to 2024					450,000		450,000		3,255
Sales Tax Secured Bonds, Series 2004H 2.15% to 5% Serial Bonds due 2005 to 2017					187,275		187,275		
Sales Tax Secured Bonds, Series 2004 I-K Auction Rate Securities due 2025					150,000		150,000		
Nassau County Sewer and Storm Water Finance Authority System Revenue Bonds, Series 2004A&B 1.4% to 5% 2002-2029					81,550		81,550		2,975
Tobacco Settlement Asset-Backed Bonds, Series A (variable rate)Term Bond Due 2029 with mandatory sinking fund redemptions 2004-2039 - NCTSC	<u>283,625</u>		<u>5,530</u>	<u>278,095</u>		<u>2,800</u>	<u>275,295</u>		<u>3,170</u>
Total Serial Bonds - NIFA, NCSSWFA, NCTSC	<u>\$ 933,805</u>	<u>\$ 514,475</u>	<u>\$ 46,865</u>	<u>\$ 1,401,415</u>	<u>\$ 1,022,185</u>	<u>\$ 318,330</u>	<u>\$ 2,105,270</u>		<u>\$ 57,905</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

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

Long – Term Obligations (Continued)

	Balance, December 31,			Balance, December 31,			Balance, December 31	Due Within
	2002	Additions	Reductions	2003	Additions	Reductions	2004	One Year
General Long-Term Obligations (continued)								
Other:								
Deferred payroll	\$ 40,513	\$ 36,404	\$ 39,290	\$ 37,627	\$ 3,368	\$ 3,807	\$ 37,188	\$ 37,188
Accrued vacation and sick pay	379,938	221,662	40,932	560,668	70,658	36,876	594,450	14,473
Capital lease obligations	5,552	14		5,566	7		5,573	(1)
Estimated tax certiorari payable	325,000	152,491	112,491	365,000		54,498	310,502	126,844
Estimated liability for litigation & workers' compensation	271,250	85,042	29,792	326,500		17,500	309,000	18,222
Estimated liability for malpractice claims	15,838	(2,217)	348	13,273		3,437	9,836	3,812
Total Other	1,038,091	493,396	222,853	1,308,634	74,033	116,118	1,266,549	200,538
Total General Long-term Obligations	\$ 4,039,517	\$ 1,058,907	\$ 760,699	\$ 4,337,725	\$ 1,100,284	\$ 996,327	\$ 4,441,682	\$ 423,350

Revenues from the Special Revenue Sewer Funds will be utilized to finance the debt service for the Sewer purpose bonds and a portion of the State Water Pollution Control Revolving Fund revenue bonds. All other debt service will be financed by the General Fund.

During 2003, New York State Environmental Facilities Corporation on behalf of the county issued \$51,036,016 of the State Clean Water and Drinking Water Revolving Fund Revenue Bonds with an interest rate averaging from 4.04% to 5.74%, to advance refund \$58,400,000 of outstanding 1996A and 2000A series State Water Pollution Control Revolving Fund bonds. The net proceeds of \$50,262,158 as well as federal grants and state environmental facilities corporation subsidies in the amount of \$12,384,071 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, 1996A and 2000A series State Water Pollution Control Revolving Funds 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 26 years by approximately \$9.3 million and had obtained an economic gain of \$1,501,630.

During 2004, NIFA issued \$603,360,000 Sales Tax Secured Bonds, Series 2004 A-G of which \$315,738,098 was used to advance refund \$289,270,000 of outstanding NIFA Bonds, including portions of the Series 2000A, Series 2001A, and Series 2003A Bonds and \$286,400,000 was used to advance refund \$295,295,000 outstanding County Bonds, including portions of the Series 1993D, 1993H, 1999B, 1999C, 1999D, 2000E, 2000F, County Series U and County Series V Bonds. Portion of the proceeds was deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, a portion of NIFA Series 2000A, Series 2001A and Series

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003**

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

2003A Bonds as well Nassau County Series 1993D Bonds, Series 1993H Bonds, Series 1999B Bonds, Series 1999C Bonds, Series 2000E Bonds, Series 2000F Bonds, and Series U and V 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 NIFA had decreased combined County and NIFA aggregate debt service payments by approximately \$36.8 million and provided net present value savings of approximately \$42.9 million.

During 2003, NIFA issued \$26,305,158 of the 2003B Sales Tax Secured Bonds to advance refund \$23,890,000 of outstanding 2000A Bonds. The net proceeds 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, 2000A 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 NIFA had decreased its total debt service payments and obtained an economic gain of \$1.4 million.

During 2004, NCSSWFA issued \$54,200,000 of the Series 2004A Bonds and \$27,350,000 of the Series 2004B System Revenue Bonds. \$1,841,413 of the Series 2004A Bonds was used to advance refund \$1,805,000 of a portion of outstanding Nassau County Series 1993I Refunding Sewer Bonds. \$12,640,629 of the Series 2004B Bonds was used to advance refund \$11,180,000 of the Nassau County Series 1995S Sewer Bonds, 1995T Sewer Bonds, Series 1996U Sewer Bonds, Series 1996V Sewer Bonds, series 1996W Sewer Bonds, Series 1997X Sewer Bonds, Series 1999E Sewer Bonds, Series 2000F Sewer Bonds. A portion of the proceeds was deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, Nassau County Series 1993I Refunding Sewer Bonds as well as Nassau County Series 1995S Sewer Bonds, 1995T Sewer Bonds, Series 1996U Sewer Bonds, Series 1996V Sewer Bonds, series 1996W Sewer Bonds, Series 1997X Sewer Bonds, Series 1999E Sewer Bonds, Series 2000F Sewer Bonds are considered to be defeased and the liability for those bonds has been removed from the 2004 government-wide financial statement of net assets. As a result of this advance refunding NCSSWFA had decreased the county's total debt service payments and obtained an economic gain of \$3,073,817 million.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

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

Long – Term Obligations (Continued)

The annual requirements and sources to amortize the county’s General Obligation serial bonds payable as of December 31, 2004 are as follows (dollars in thousands):

Year Ending	Debt Service Requirements			Sources		
	Principal	Interest	Total	General County Budgets	Sewage District Budgets	Total
2005	\$ 164,907	\$ 54,446	\$ 219,353	\$ 174,848	\$ 44,505	\$ 219,353
2006	142,628	45,954	188,582	142,315	46,267	188,582
2007	123,466	38,593	162,059	118,626	43,433	162,059
2008	107,927	32,381	140,308	99,138	41,170	140,308
2009	94,518	26,846	121,364	86,122	35,242	121,364
2010-2014	288,715	74,613	363,328	245,015	118,313	363,328
2015-2019	81,249	27,112	108,361	41,889	66,472	108,361
2020-2024	58,328	11,688	70,016	24,876	45,140	70,016
2025-2029	8,125	902	9,027	-	9,027	9,027
Total	\$ 1,069,863	\$ 312,535	\$ 1,382,398	\$ 932,829	\$ 449,569	\$ 1,382,398

The county’s constitutional debt margin was approximately \$11.4 and \$9.6 billion and total long-term obligation bonds authorized but unissued for general county and sewage district purposes were approximately \$781.0 and \$980.9 million at December 31, 2004 and 2003, respectively.

NIFA Long-Term Debt

Bonds of the Nassau County Interim Finance Authority are issued pursuant to an Indenture, as supplemented and amended (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 the 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 does not have independent taxing power.

As of December 31, 2004 NIFA had outstanding bonds in the amount of \$1,748,425,000 including \$940,635,000 of debt issued during 2004. These 2004 borrowings were comprised of the following:

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003**

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

On April 8, 2004 NIFA issued \$153,360,000 of fixed rate Sales Tax Secured Bonds, Series 2004A, and the following auction rate bonds: \$72,500,000 2004B; \$72,500,000 2004C; \$72,500,000 2004E; \$72,500,000 2004F; \$80,000,000 2004D; and \$80,000,000 2004G.

The fixed rate bonds were issued at rates ranging between 2% and 5%, and the auction rate bonds were auctioned in periods ranging from 7 days to 35 days. In addition, NIFA entered into interest rate Swaps for the Series 2004B – 2004G bonds. Of the \$603,360,000 Sales Tax Secured Bonds, Series 2004A-G, \$ 315,738,098 was used to advance refund \$289,270,000 of NIFA's bonds including portions of the Series 2000A, Series 2001A, and Series 2003A Bonds.

On December 9, 2004 NIFA issued \$187,275,000 of fixed rate Sales Tax Secured Bonds, Series 2004H, and the following auction rate bonds: \$50,000,000 Series 2004 I; \$50,000,000 Series 2004J; and \$50,000,000 Series 2004K. The fixed rate bonds were issued at rates ranging between 2.15% and 5.25%, and the auction rate bonds were auctioned every 7 days. In addition, NIFA entered into interest rate Swaps for the Series 2004I – 2004K bonds.

NIFA's debt matures through the year 2025, and is comprised of fixed, variable and auction rate bonds issued at variable rates, which are discussed below.

Fixed Rate Bonds - NIFA has issued fixed rate bonds at rates ranging between 2% and 6%. Interest on NIFA'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 NIFA's financial statements in any year will not be the same as the debt service on the bonds paid to bondholders in that year.

The County is responsible for calculating arbitrage rebate liability on notes issued by NIFA, and for paying any rebate liability determined to exist. The County currently estimates that it has a rebate liability of approximately \$1,000,000 pertaining to retired NIFA notes.

Variable Rate Bonds - Interest rates on the non-auction Variable Rate Bonds are currently reset weekly by a remarketing agent at the minimum rate necessary for the bonds to have a market value equal to the principal amount. Interest rates are set separately for each series of variable rate bonds. The Variable Rate Bonds are in most circumstances subject to tender at the option of the bondholder. Payment of the purchase price of eligible 2002A Bonds and 2002B Bonds subject to optional or mandatory tender for purchase and not remarketed by the remarketing agent, will be made under and pursuant to, and subject

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

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

NIFA Long-Term Debt (Continued)

to the terms, conditions and provisions of, a liquidity facility issued by Dexia Credit Local, acting through its New York Agency, with respect to the Series 2002A Bonds; or a liquidity facility issued by BNP Paribas, acting through its New York branch, with respect to the Series 2002B Bonds. Each liquidity facility is slated to expire July 9, 2007, subject to extension or early termination. Bonds that are purchased by Dexia Credit Local or BNP Paribas and not remarketed, if any, must be paid over a five year period. If this was to occur, annual NIFA debt service expense would increase substantially.

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

Bonds are recorded at the principal amount outstanding and consist of the following:
Aggregate debt service to maturity as of December 31, 2004 is as follows (Dollars in thousands):

Year Ending December 31	Principal	Interest*	Total
2005	\$ 51,760	\$ 71,579	\$ 123,339
2006	48,460	70,551	119,011
2007	75,555	69,165	144,720
2008	81,625	66,109	147,734
2009	87,095	62,877	149,972
2010-2014	497,260	249,492	746,752
2015-2019	552,250	134,690	686,940
2020-2025	354,420	34,225	388,645
	<u>\$ 1,748,425</u>	<u>\$ 758,688</u>	<u>\$ 2,507,113</u>

* Interest on the Variable Rate Bonds is calculated at 1.5%, the interest rate in effect as of December 31, 2004. During 2004, the interest rate on the Variable Rate Bonds ranged from 0.80% to 1.95%.

Swap Agreements

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

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003**

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

- NIFA entered into the following six swap contracts with an effective date of April 8, 2004, in connection with the issuance of \$450 million in auction rate securities to provide for the refunding or restructuring of a portion of the County's outstanding bonds, refunding of certain outstanding NIFA bonds, tax certiorari judgments and settlements to which the County is a party, other legal judgments and settlements, County capital projects and to pay costs of issuance.
 - \$72.5 million notional amount with Goldman Sachs Mitsui Marine Derivative Products, L.P. ("GSMMDP")
 - \$72.5 million notional amount with Goldman Sachs Mitsui Marine Derivative Products, L.P.
 - \$80.0 million notional amount with Goldman Sachs Mitsui Marine Derivative Products, L.P.
 - \$72.5 million notional amount with UBS AG
 - \$72.5 million notional amount with UBS AG
 - \$80.0 million notional amount with UBS AG

- NIFA entered into the following three swap contracts with an effective date of December 9, 2004, in connection with the issuance of \$150 million in Auction Rate Securities to provide for the refunding of a portion of the County's outstanding bonds, tax certiorari judgments and settlements to which the County is a party, other legal judgments and settlements and to pay costs of issuance.
 - \$50.0 million notional amount with Goldman Sachs Mitsui Marine Derivative Products, L.P.
 - \$50.0 million notional amount with UBS AG
 - \$50.0 million notional amount with Morgan Stanley Capital Services ("MSCS")

Fair Value. Replacement interest rates on the Swaps, as of December 31, 2004, are reflected in the chart entitled "Interest Rate Swap Valuation" (the "Chart"). As noted in the Chart, replacement rates in some cases were higher than, and in some cases lower than, market interest rates on the effective date of the Swaps. Consequently, as of December 31, 2004, some of the Swaps had negative fair values and some had positive fair values. In the event there is a positive fair value, NIFA would be exposed to the credit risk of the counterparties in the amount of the Swaps' fair value should the Swap be terminated.

The total value of each Swap, including accrued interest, is provided in the Chart. The total value of each Swap listed represents the theoretical cost to NIFA to terminate the swap as of the date indicated, assuming that a termination event occurred on that date. Negative fair values may be offset by reductions in total interest payments required under the related variable interest auction rate bonds. The market value is calculated at the mid-market for each of the Swaps. Fair values were estimated using the zero coupon methodology. This methodology calculates the future net settlement payments under the Swap agreement, assuming the current forward rates implied by the yield curve correctly anticipate

NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2004 AND 2003

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

NIFA Long-Term Debt (Continued)

future spot rates. These payments are then discounted using rates derived from the same yield curve. As of December 31, 2004, the total marked-to-market valuation, net of accruals, of NIFA’s Swaps was negative \$3,672,890. In the event that both parties continue to perform their obligations under the Swap, there is not a risk of termination and neither party is required to make a termination payment to the other. NIFA is not aware of any event that would lead to a termination event with respect to any of its Swaps.

Risks Associated with the Swap Agreements.

From NIFA’s perspective, the following risks are generally associated with Swap agreements:

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

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

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

Counterparty	Notional Amount (\$ in millions)	% of Total Notional Amount
GSMMDP	275	45.80%
UBS AG	275	45.80%
MSCS	50	8.40%
Total	600	100%

NIFA insured its performance in connection with the Swaps associated with the Series 2004 B-G bonds with Ambac Assurance (Aaa/AAA), including NIFA termination payments. NIFA’s payments to the counterparties on the Swaps associated with the Series 2004 I-K bonds are insured with CDC IXIS

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003**

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

Financial Guaranty North America, Inc. ("CIFG NA"), which is rated Aaa/AAA/AAA. However, termination payments from NIFA are not guaranteed except on NIFA's Swap with UBS AG, where it is guaranteed up to a maximum of \$2.0 million.

- *Basis Risk* – The variable interest rate paid by the counterparty under the swap and the variable interest rate paid by NIFA on the associated variable interest auction rate bonds are not the same. If the counterparty's rate under the swap is lower than the bond interest rate, then the counterparty's payment under the swap agreement does not fully reimburse NIFA for its interest payment on the associated bonds. Conversely, if the bond interest rate is lower than the counterparty's rate on the swap, there is a net benefit to NIFA.

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

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

NIFA Long-Term Debt (Continued)

The following chart represents NIFA's Interest Rate Swap Valuation as of December 31, 2004:
Nassau County Interim Finance Authority

Interest Rate Swap Valuation (as of December 31, 2004)

Series	2004 Series B	2004 Series C	2004 Series D	2004 Series E	2004 Series F	2004 Series G	2004 Series I	2004 Series J	2004 Series K	Total
Notional Amount	72,500,000	72,500,000	80,000,000	72,500,000	72,500,000	80,000,000	50,000,000	50,000,000	50,000,000	600,000,000
Counterparty	GSMMDP	GSMMDP	GSMMDP	UBS	UBS	UBS	GSMMDP	UBS	MSCS	
Counterparty Rating (1)	Aaa/AA+/NR	Aaa/AA+/NR	Aaa/AA+/NR	Aa2/AA+/AA+	Aa2/AA+/AA+	Aa2/AA+/AA+	Aaa/AA+/NR	Aa2/AA+/AA+	Aa3/A+/AA-	
Effective Date	4/8/2004	4/8/2004	4/8/2004	4/8/2004	4/8/2004	4/8/2004	12/9/2004	12/9/2004	12/9/2004	
Maturity Date	11/15/2024	11/15/2024	11/15/2016	11/15/2024	11/15/2024	11/15/2016	11/15/2025	11/15/2025	11/15/2025	
NIFA Pays	3.146%	3.146%	3.002%	3.146%	3.146%	3.003%	3.432%	3.432%	3.432%	3.432%
Replacement Rate	3.130%	3.130%	3.065%	3.130%	3.130%	3.065%	3.304%	3.304%	3.304%	3.304%
NIFA Receives	60% of LIBOR plus 16 basis points weekly (Tuesday).	60% of LIBOR plus 16 basis points weekly (Friday).	60% of LIBOR plus 26 basis points monthly (4th Monday).	60% of LIBOR plus 16 basis points weekly (Tuesday).	60% of LIBOR plus 16 basis points weekly (Friday).	60% of LIBOR plus 26 basis points monthly (5th Thursday).	61.5% of LIBOR plus 20 basis points.	61.5% of LIBOR plus 20 basis points.	61.5% of LIBOR plus 20 basis points.	
Net Accrued	(281,728)	(268,738)	(265,132)	(281,728)	(268,738)	(224,742)	(67,457)	(67,457)	(67,457)	(1,793,177)
Principal	(120,957)	(121,747)	423,899	(120,957)	(121,747)	415,242	(744,482)	(744,482)	(744,482)	(1,879,713)
Total Value of Swap	(402,685)	(390,485)	158,767	(402,685)	(390,485)	190,500	(811,939)	(811,939)	(811,939)	(3,672,890)

(a) Moody's/S&P/Fitch

NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2004 AND 2003

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

NIFA Long-Term Debt (Continued)

The following table contains the aggregate amount of estimated variable-rate bond debt service and net swap payments during certain years that such swaps were entered into in order to: protect against the potential of rising interest rates; achieve a lower net cost of borrowing; reduce exposure to changing interest rates on a related bond issue; or, in some cases where Federal tax law prohibits an advance refunding, achieve debt service savings through a synthetic fixed rate.

- Beginning in 2005, it is assumed that the variable rate bonds would bear interest at a rate of 3.16% per annum.
- The net swap payments were calculated using the actual fixed rate on swap agreements. An assumption of 10 – 25 basis points spread was factored in for basis risk to be conservative.

**Nassau County Interim Finance Authority
 Variable-Rate Bonds (in Thousands)**

Year(s) Ending December 31,	Principal	Interest	Net Swap Payments	Total
2005	\$ -	\$ 19,302	\$ 535	\$ 19,837
2006	-	19,223	967	20,190
2007	-	19,223	967	20,190
2008	-	19,276	914	20,190
2009	-	19,223	967	20,190
2010 - 2014	76,400	94,972	5,000	176,372
2015 - 2019	299,650	67,619	5,509	372,778
2020 - 2025	223,950	18,258	2,198	244,406

NCSSWFA Long-Term Debt

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

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

The 2004A Bonds bear interest at an auction rate (which rates vary from 1.40% to 1.75% per annum at December 31, 2004) and are subject to redemption at the option of the Authority, in whole on any date, or in part by lot on any interest payment date immediately following an auction period (35 day increments), at a redemption price of 100% of the principal amount of such 2004A Bonds or portion thereof to be redeemed plus accrued interest to the date of redemption.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

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

NCSSWFA Long-Term Debt (Continued)

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

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

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

Aggregate debt service to maturity as of December 31, 2004 is as follows (in thousands):

Year Ending December 31,	Dollars in Thousands		
	Principal	Interest	Total
2005	\$ 2,975	\$ 3,586	\$ 6,561
2006	3,125	3,581	6,706
2007	3,225	3,502	6,727
2008	3,295	3,422	6,717
2009	3,430	3,323	6,753
2010-2014	18,990	14,436	33,426
2015-2019	22,850	9,429	32,279
2020-2025	23,660	3,265	26,925
	<u>\$ 81,550</u>	<u>\$ 44,544</u>	<u>\$ 126,094</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

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

NCTSC Long-Term Debt

In 1999, the NCTSC issued \$294,500,000 of Tobacco Settlement Asset Backed Bonds, Series A pursuant to an Indenture dated as of October 1, 1999.

The payment of the Series A Bonds is dependent on the receipt of Tobacco Settlement Revenues ("TSR"). The amount of TSRs actually collected is dependent on many factors including cigarette consumption and the continued operations of the Original Participating Manufacturers ("OPMs"). Such bonds are secured by and payable solely from TSRs and investment earnings pledged under the Bond Indenture and amounts established and held in accordance with the Bond Indenture. In the event sufficient funds are not available to meet Planned Payment Maturities, Rated Maturity dates will be used.

Each Series A Bond bears interest at a fixed annual rate, between 4.20% and 6.60% payable semi-annually until the principal is redeemed. Each Series A Bond has a Planned Principal Payment Date and a Rated Maturity Date. Planned principal Payment Dates are July 15, 2005 through 2029 and Rated Maturity Dates are July 15, 2005 through 2039.

The financial statements reflect transactions assuming the Planned Principal Maturity schedule is met. Failure to make a Planned Principal Payment will not constitute default. However, no payments will be made to the county and no additional bonds may be issued unless NCTSC is current on the Planned Principal Payments.

Failure to pay interest on the Series A Bonds when due or principal of the Series A Bonds when due on a Rated Maturity Date will constitute a default.

NCTSC debt service requirements based upon Planned Principal Payments are as follows:

	Principal	Interest	Debt Service
Twelve months ending December 31:			
2005	\$ 3,170,000	\$ 17,666,735	\$ 20,836,735
2006	3,495,000	17,462,385	20,957,385
2007	3,805,000	17,296,500	21,101,500
2008	4,570,000	17,079,270	21,649,270
2009	4,995,000	16,810,528	21,805,528
2010-2014	33,120,000	78,797,009	111,917,009
2015-2019	56,820,000	65,902,425	122,722,425
2020-2024	80,135,000	43,696,010	123,831,010
2025-2029	85,185,000	16,313,550	101,498,550
	<u>\$275,295,000</u>	<u>\$291,024,412</u>	<u>\$566,319,412</u>

In the event it is determined that revenues exist and debt service requirements and operating expenses are being met on an annual basis, the excess revenues shall be payable to the County of Nassau.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

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

Nassau Community College Long-Term Debt

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

	<u>Balance,</u> <u>August 31</u> <u>2002</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>August 31,</u> <u>2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>August 31,</u> <u>2004</u>	<u>Current</u> <u>Portion</u>
Debt:								
General Obligations	\$ 46,716	\$ -	\$ 15,993	\$ 30,723	\$ -	\$ 5,989	\$ 24,734	\$ 3,919
DASNY	29,203	3,963.00	1,129	32,037	22,908	27,652	27,293	88
Other:								
Accrued vacation and sick pay	28,220	10,869	-	39,089	2,977	-	42,066	-
Insurance Reserve Liability	1,533	87	-	1,620	24	-	1,644	-
Estimated liability for litigation	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>-</u>
Total	<u>\$ 108,172</u>	<u>\$ 14,919</u>	<u>\$ 17,122</u>	<u>\$ 105,969</u>	<u>\$ 25,909</u>	<u>\$ 33,641</u>	<u>\$ 98,237</u>	<u>\$ 4,007</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

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

Nassau Community College Long-Term Debt (Continued)

Dormitory Authority of the State of New York ("DASNY") - The College, has entered into financing agreements with the Dormitory Authority 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, 2004 and 2003 was \$24.7 million and \$30.8 million, respectively, and they are scheduled to mature from 2005 to 2034. 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, 2004, principal payments relating to the Authority and general obligation bonds are as follows:

Principal Year Ending August 31,	DASNY	General Obligations	Total
2005	\$ 88,330	\$ 3,918,759	\$ 4,007,089
2006	91,658	3,638,058	3,729,716
2007	595,442	3,616,313	4,211,755
2008	446,032	2,647,749	3,093,781
2009	1,446,868	2,452,953	3,899,821
2010-2014	7,248,920	6,284,929	13,533,849
2015-2019	8,555,312	2,175,732	10,731,044
2020-2024	7,031,000	-	7,031,000
2025-2029	1,067,311	-	1,067,311
2030-2034	721,961	-	721,961
Total	<u>\$ 27,292,834</u>	<u>\$ 24,734,493</u>	<u>\$ 52,027,327</u>

NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2004 AND 2003

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

Nassau Community College Long-Term Debt (Continued)

Interest Year Ending August 31,	DASNY	General Obligations	Total
2005	\$ 1,280,295	\$ 1,263,053	\$ 2,543,348
2006	1,277,913	1,057,596	2,335,509
2007	1,274,669	857,739	2,132,408
2008	1,251,384	679,468	1,930,852
2009	1,232,238	539,365	1,771,603
2010-2014	5,181,705	1,515,165	6,696,870
2015-2019	3,656,475	136,968	3,793,443
2020-2024	1,229,785	-	1,229,785
2025-2029	343,359	-	343,359
2030-2034	73,135	-	73,135
Total	<u>\$ 16,800,958</u>	<u>\$ 6,049,354</u>	<u>\$ 22,850,312</u>

Interest on the Authority and general obligation bonds ranges from 2.0% to 5.875% and from 2.2% to 11.50%, 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 4.6% 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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

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

NHCC Long-Term Debt (Continued)

Long-term debt at December 31, 2004 and 2003 consists of the following (dollars in thousands):

	December 31	
	2004	2003
2004 Series A Bonds payable at varying dates through August 1, 2022 bearing interest at taxable variable rates.	\$ 65,475	\$ —
2004 Series B Bonds payable at varying dates through August 1, 2014, at tax-exempt fixed interest rates ranging from 3.0% to 5.0%.	18,270	—
2004 Series C Bonds payable at varying dates through August 1, 2029, bearing interest at tax-exempt variable rates.	219,610	—
1999 Series Bonds payable at varying dates through August 2029 at fixed interest rates ranging from 4.6% to 6.0%	—	261,482
	<u>303,355</u>	<u>261,482</u>
Deferred loss on refunding	(37,226)	—
Net unamortized bond premium	1,538	—
Unaccreted bond interest	—	(1,354)
Net unamortized bond discount	—	(1,970)
Current portion	(2,395)	—
	<u>\$ 265,272</u>	<u>\$ 258,158</u>

In October 2004, the Series 2004 Bonds were issued to refund the NHCC Series 1999 Revenue Bonds, finance capital projects and pay the costs of issuance, including the required premium of the Bond Insurer. The bond issuance resulted in NHCC receiving approximately \$41 of cash at closing of which \$26 being available for working capital and \$15 of new capital project financing at closing and approximately \$22,000 in net present value savings from lower debt service payment requirements. In connection with the refunding, the NHCC incurred a loss of approximately \$38,000. The loss (the difference between the reacquisition price and the net carrying amount of the old debt) is carried as a deferred item, net in long-term debt in the accompanying consolidated balance sheet. Amortization of the deferred loss is \$991 for the year ended December 31, 2004.

The County guarantees, to the Trustee, the Owners of Series 2004 Bonds and the Bond Insurer, the full and prompt payment of the principal and interest of Series of 2004 Bonds. The County guaranty may be amended without consent of the bond owners but only with consent of the Bond Insurer. Payments with respect to principal of and interest in the Series 2004 bonds under the County guaranty are required to be made directly by the County to the

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

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

NHCC Long-Term Debt (Continued)

Trustee. Pursuant to the Stabilization Agreement the county deposits Historical Mission and Article VI Health Center subsidies, payable to the NHCC monthly, in an escrow account reserved for payment of the Series 2004 Bonds. In addition to the County guarantee, the bond payments are insured by a municipal bond insurance policy, through a commercial insurer.

Principal payments are due annually on August 1. Interest payments are due semiannually on February 1 and August 1. Payments applicable to long-term debt for years subsequent to December 31, 2004 are as follows (dollars in thousands):

	Principal	Estimated Interest
2005	\$ 2,395	\$ 11,137
2006	2,370	11,215
2007	2,380	11,118
2008	2,390	11,021
2009	7,090	10,869
2010-2014	51,620	48,031
2015-2019	64,150	36,128
2020-2024	77,590	23,570
2025-2029	93,370	8,845
	<u>\$ 303,355</u>	<u>\$ 171,934</u>

In connection with the issuance of the Series 2004 Bonds, the NHCC entered into interest rate swap agreements with commercial banks to convert the variable interest rate Series C Bonds to a fixed interest rate based on total initial notional amount of \$220,000. The fixed interest rate paid by the NHCC under the swap agreements is 3.46% and the variable rate received is based on LIBOR. The swap agreements expire on August 1, 2029.

NHCC also entered into a cancelable swap agreement with a commercial bank to convert the variable interest rate Series A Bonds to a fixed interest rate based on an initial notional amount of \$65,000. The fixed interest rate paid by the NHCC under the swap agreement is 4.61% and the variable rate received is based on LIBOR. The swap agreement expires on August 1, 2012.

The swap agreements expose the NHCC to market risk in the event of changes in interest rates, and credit risk in the event of nonperformance by the counterparty. However, the NHCC believes that the risk of a material impact to its financial condition arising from such events is low. The County guarantees payments to the swap contract counterparties. The fair value of the derivative instruments (swap liability) was \$3,687 at December 31, 2004.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003**

10. REFINANCING OF LONG-TERM OBLIGATIONS

Prior to December 31, 2004, the county defeased certain general obligation bonds and Combined Sewer District Bonds by refinancing them and placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the county's financial statements. As of December 31, 2004 and 2003, respectively, approximately \$795.7 and \$343.7 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 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 NYS Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by the employers to the pension accumulation fund. The county is required to contribute an actuarially determined amount.

In December 2004, GASB issued Technical Bulletin No. 2004-2, *Recognition of Pension and Other Post Employment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers*. GASB TB 2004-2 clarifies GASB Statement No. 27, *Accounting for Pensions by State and Local Governments*.

In addition, legislation enacted in New York State during 2004 changed the date by which municipalities are required to make yearly New York State & Local Retirement System contributions, from December 15 to February 1 of the following year. Consistent with GASB's guidance, the county recognized this liability during 2004 as a result of the new State legislation, which was enacted to grant counties budgetary relief. As a result, the Nassau County Legislature established a reserve to fund anticipated higher pension costs in 2005, 2006 and 2008. The savings amounted to \$83.6 million, of which \$79.8 million was transferred to a Retirement Contribution Reserve Fund. The use of such funds to support budgetary relief will be under control of the Nassau County Legislature.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

11. PENSION PLANS (Continued)

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

	<u>ERS</u>	<u>PFRS</u>
2004	\$ 59,092	\$58,805
2003	19,065	16,843
2002	6,540	8,703

12. RECONCILIATION OF GAAP FUND BALANCES TO BUDGETARY BASIS

The following reconciles fund balances at December 31, 2004 as prepared on a GAAP basis to the budgetary basis of reporting (dollars in thousands):

	<u>General</u>	<u>Police District Fund</u>	<u>Police Headquarters Fund</u>	<u>Debt Service Fund</u>	<u>Fire Prevention, Safety, Communication and Education Fund</u>	<u>County Parks and Recreation Fund</u>	<u>Nonmajor Governmental Funds</u>
Fund Balances at December 31, 2004 prepared in accordance with GAAP	\$ 152,753	\$ 8,852	\$ 3,832	\$ 10,000	\$ 425	\$ 757	\$ 486,707
Add:							
Proceeds from NIFA Tax Certiorari and Other Judgments Borrowings	207,739						
Less:							
Encumbrances	(67,123)	(3,982)	(3,832)		(425)	(757)	(16,175)
Payments to Refunded Escrow Agent	(9,076)						
Payments for Tax Certiorari and Other Judgments	(198,663)						
Unbudgeted Grant Fund							(34,669)
Unbudgeted Capital Fund							(92,953)
Unbudgeted NIFA Capital Projects Fund							(151,437)
Unbudgeted NCTSC General Fund							164
Open Space Fund							(338)
Unbudgeted Sewage Disposal Construction Fund							(39,514)
Unbudgeted Sewage Collection Construction Fund							(4,359)
Unbudgeted NCTSC Debt Service Fund							(47,550)
Unbudgeted SFA Debt Service Fund							8,659
Unbudgeted SWA General Fund							(69,587)
Unbudgeted NIFA Debt Service Fund							(12,126)
Fund Balances at December 31, 2004 prepared on the budgetary basis of reporting	<u>\$ 85,630</u>	<u>\$ 4,870</u>	<u>\$</u>	<u>\$ 10,000</u>	<u>\$</u>	<u>\$</u>	<u>\$ 26,822</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

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

The following reconciles fund balances at December 31, 2003 as prepared on a GAAP basis to the budgetary basis of reporting (dollars in thousands):

	General	Police District Fund	Police Headquarters Fund	Fire Prevention, Safety, Communication and Education Fund	County Parks and Recreation Fund	Nonmajor Governmental Funds
Fund Balances at December 31, 2003 prepared in accordance with GAAP	\$ 167,590	\$ 32,353	\$ 19,477	\$ 325	\$ 1,048	\$ 389,967
Add:						
Proceeds from NIFA Tax Certiorari and Other Judgments Borrowings	183,444					
Less:						
Encumbrances	(91,483)	(27,483)	(19,477)	(325)	(1,048)	(8,707)
Payments to Refunded Escrow Agent	(41,623)					
Payments for Tax Certiorari and Other Judgments	(141,821)					
Unbudgeted Grant Fund						(6,767)
Unbudgeted Capital Fund						(93,469)
Unbudgeted NIFA Capital Projects Fund						(88,279)
Unbudgeted NCTSC General Fund						(8)
Open Space Fund						(1)
Unbudgeted Sewage Disposal Construction Fund						(37,925)
Unbudgeted Sewage Collection Construction Fund						(4,933)
Unbudgeted NCTSC Debt Service Fund						(45,363)
Unbudgeted NIFA Debt Service Fund						(10,636)
Fund Balances at December 31, 2003 prepared on the budgetary basis of reporting	\$ 76,107	\$ 4,870	\$ _____	\$ _____	\$ _____	\$ 93,879

13. DESIGNATION OF UNRESERVED FUND BALANCES

Portions of the unreserved fund balances at December 31, 2004 and 2003 were designated as sources of revenue in the ensuing year's operating budgets as follows (dollars in thousands)

<u>Nonmajor Governmental Funds</u>	<u>Total Fund Balance Unreserved</u>	<u>Fund Balance Unreserved and Designated for Ensuing Year's Budget</u>	<u>Fund Balance Unreserved and Undesignated</u>
December 31, 2004	\$ 261,234	\$ _____	\$ 261,234
December 31, 2003	\$ 208,544	\$ 44,311	\$ 164,233

NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2004 AND 2003

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 eligible enrollees with either the NYSHIP plan or other equivalent health insurance. Substantially all of the county's retirees and employees are enrolled in the NYSHIP/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.

Eligibility for health benefits upon retirement are governed by bargaining unit, age, and years of service. The current CSEA agreement increased the years of service required with the county to be eligible for post retirement health insurance benefits for CSEA members to 10 years; all other bargaining units are eligible after 5 years of service. The county contributes 100% of the health insurance costs for the Government Employees Health Insurance program for all police officers and county employees who retired after December 31, 1975, with the exception of Ordinance employees retired after January 1, 2002 who are required to contribute either 5% or 10% of the cost depending on coverage. For employees who retired prior to December 31, 1975, the county's contribution is reduced in accordance with the union agreement applicable to their respective retirement dates.

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, 2004 and 2003. The total cost for providing health care benefits was \$175.6 and \$155.1 million in 2004 and 2003, respectively, of which approximately \$90.0 and \$80.7 million was for retirees and approximately \$85.6 and \$74.4 million was for active employees and other eligible individuals, in 2004 and 2003 respectively.

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 \$309.0 and \$326.5 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 as of December 31, 2004 and 2003, respectively. The County Attorney is of the opinion that the ultimate settlement of such claims and litigation outstanding at

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003**

15. CONTINGENCIES AND COMMITMENTS (Continued)**A. Claims and Litigation (continued)**

December 31, 2004 will not result in a material adverse effect on the county's financial position. Approximately \$9.8 and \$13.3 million has been accrued as a liability at December 31, 2004 and 2003, respectively, 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, 2004. All malpractice occurrences prior to September 29, 1999 are the responsibility of the county. Subsequent occurrences are the responsibility of the NHCC.

B. Tax Certioraris

In fiscal 2004 and 2003, respectively, there were approximately 160,423 and 117,218 taxpayers' claims filed against Board of Assessors, for the incorrect determination of assessed valuation (certiorari proceedings) for the 2005 (May 1, 2004) and 2004 (May 1, 2003) assessment roll, respectively. During 2004, NIFA issued approximately \$194.7 million of bonds and during 2003, NIFA issued approximately \$141.5 million of bonds, on behalf of the county, to fund county tax certioraris judgments and settlements, bringing the total amount of bonds issued and outstanding by both the county and NIFA to approximately \$1.4 billion at December 31, 2004 and \$1.2 billion at December 31, 2003. 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 \$310.5 million and \$365.0 million has also been recorded as a long-term liability in the government-wide financial statement of net assets at December 31, 2004 and 2003, respectively.

Tax certiorari settlements are usually financed by the issuance of long-term debt or through BANs which are thereafter refinanced by bond issuances. For the year ended December 31, 2004, tax certiorari settlements were \$184 million and were substantially financed by \$189 million of NIFA bonds reported in the government-wide financial statement of net assets. For the year ended December 31, 2003, tax certiorari settlements were \$112 million and were substantially financed by \$115 million of NIFA bonds reported in the government-wide financial statement of net assets.

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, 2004, the audits of certain programs have not been completed. Provisions for certain expected disallowances, where considered necessary, have been made as of December 31, 2004. In the county's opinion, any additional disallowances resulting from these audits will not be material.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003**

15. CONTINGENCIES AND COMMITMENTS (Continued)**D. Certain Third – Party Reimbursement Matters**

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

E. Insurance

The county carries property insurance on its police helicopters and a blanket fidelity bond covering all county employees. Essentially all other risks are assumed directly by the county. The county suffered no material property losses during 2004 and 2003. 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 \$594.5 and \$560.7 million at December 31, 2004 and 2003, respectively. At August 31, 2004 and 2003, the Nassau Community College's vacation leave and sick leave liability was \$42.1 and \$39.1 million, respectively.

G. Deferred Payroll

The county has entered into agreements with the Civil Service Employees' Association ("CSEA"), the Police Benevolent Association, ("PBA"), Superior Officers Association, ("SOA"), and the Detective Association, Inc. ("DAI"), and certain Ordinance employees, to defer 10 days pay which shall be paid to the employee on separation of service at the salary rate then in effect. The amount deferred at December 31, 2004 and 2003 was approximately \$22.6 million and \$19.2 million, respectively. This deferral is reported as a long-term liability in the government-wide financial statement of net assets, as certain contractual arrangements to provide for the payment of these commitments at specific dates in future fiscal periods. The College, a component unit of the county, entered into a similar agreement in 1992 payable to eligible employees on September 1, 2002. The amount deferred at the College close of August 31, 2004 and 2003 was approximately \$1.3 million and \$1.2 million, respectively, and is also reported in the government-wide financial statement of net assets. In addition, termination pay for accumulated leave in excess of \$5,000 for CSEA 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, 2004 and 2003 was approximately \$13.3 million and \$17.2 million, respectively, and is also reported in the government-wide financial statement of net assets.

H. Capital Commitments

At December 31, 2004 and 2003, there were capital project contract commitments of \$94.6 and \$77.2 million, respectively.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

15. CONTINGENCIES AND COMMITMENTS (Continued)

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, 2004 and 2003, the county has repurchased and financed \$221.0 million of capital improvements and rolling stock and a \$21.0 million commitment remains at December 31, 2004 and 2003.

16. NASSAU HEALTH CARE CORPORATION (“NHCC”) (dollars in thousands)

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

Going Concern, Liquidity and Stabilization agreement

At December 31, 2004 and 2003, the NHCC had total net assets (deficiency) of \$64,971 and \$44,697, respectively. For the years ended December 31, 2004 and 2003, the NHCC had incurred deficiencies of revenues over expenses of \$18,638 and \$23,693, respectively, which include the favorable impact of rate settlements and revisions to estimates of \$2,832 and \$14,254, respectively.

In January 2004, the county’s consultants issued a comprehensive report outlining various options regarding the NHCC’s future existence. The report contains many suggestions for operational improvements that management is in various stages of implementing, including the continued right-sizing of the labor force to industry standards. The NHCC’s continued existence is dependent upon returning to profitability, continued progress with collecting on patient accounts, especially those accounts eligible for Medicaid that are being processed by DSS, and the successful execution of the successor agreement to the September 30, 2004 Stabilization agreement. The NHCC continues to execute actions intended to improve its financial condition. Such actions include continued revenue cycle enhancements, changes to medical management practices, improved supply chain and inventory management and further cost reductions.

The ultimate success of these initiatives cannot be determined and raise substantial doubt about the NHCC’s ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of these uncertainties.

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**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

EXHIBIT A-1
 COUNTY OF NASSAU, NEW YORK
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 December 31, 2004
 (in thousands)

ASSETS	Nonmajor Special Revenue Funds						Nonmajor Capital Projects Funds					Nonmajor Debt Service Funds				Total		
	Technology Fund	NIFA Special Revenue Fund	Tobacco Settlement Corp General Fund	Sewer Financing Authority General Fund	Open Space Fund	Retirement Contribution Reserve Fund	Employee Benefit Acc'd Liab Reserve Fund	Bonded Indebtedness Reserve Fund	Sewer and Storm Water District Fund	Grant Fund	Capital Fund	NIFA Capital Projects Fund	Sewer Storm Water District Construction Fund	Sewage Disposal District Construction Fund	Sewage Collection District Construction Fund		Sewer Financing Authority Debt Service Fund	Tobacco Settlement Corp Debt Service Fund
Cash	\$ 10,998	\$	\$ 60,590	\$ 11,120	\$ 338	\$	\$	\$ 64,630	\$ 11,464	\$ 114,731	\$ 151,910	\$	\$ 42,068	\$ 4,760	\$ 48,306	\$	\$ 2,838	\$ 26,781
Investments				42					9,555		86							101
Interest Receivable																		
Due From Other Governments									424									
Due From Component Units									288	270								
Accounts Receivable		4,833		58,425		79,826	25,035	370	39,105							19	19,875	558
Prepaid Expenses									200	227								256,800
Other Assets			63															382
TOTAL ASSETS	\$ 10,998	\$ 4,833	\$ 60,653	\$ 69,587	\$ 338	\$ 79,826	\$ 25,035	\$ 65,864	\$ 60,838	\$ 115,228	\$ 151,996	\$	\$ 42,068	\$ 4,760	\$ 48,786	\$ 48,325	\$ 49,575	\$ 869,406

LIABILITIES AND FUND BALANCES (DEFICITS)

Liabilities:	Total Liabilities		Fund Balances (Deficits)	
Accounts Payable	\$ 427	\$ 2	\$ 3,447	\$ 7,614
Accrued Liabilities			2,699	408
Deferred Revenue			16,064	205
Interest Payable			28,692	27
Due From Component Unit			53	1,287
Other Liabilities			6,045	1,778
Total Liabilities	427	2	33,538	22,275
Fund Balances (Deficits):				
Reserved for Retirement of Temporary Financing				
Reserves for Encumbrances	5,150		11,024	31,584
Unreserved and Designated for Ensuing Year's Budget				(811)
Unreserved	5,421	(164)	21,402	(20,859)
Total Fund Balances	10,571	(164)	32,426	92,953
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,998	\$ 4,833	\$ 60,653	\$ 115,228

EXHIBIT A-1

COUNTY OF NASSAU, NEW YORK
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2003
(in thousands)

	Non Major Special Revenue Funds					Nonmajor Capital Projects Funds					Nonmajor Debt Service Funds			Total		
	Technology Fund	NIFA Special Revenue Fund	Tobacco Settlement Corp Grant Fund	Open Space 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 Fund	Sewage Collection District Construction Fund		Tobacco Settlement Corp Debt Service Fund	NIFA Debt Service Fund
Cash	\$ 7,111	\$	\$ 60,060	\$ 1	\$ 1,319	\$ 39,634	\$ 33,056	\$ 17,860	\$ 11,611	\$ 103,977	\$ 88,306	\$ 41,359	\$ 5,164	\$ 19,786	\$ 10,729	\$ 439,973
Investments														25,386	11,600	36,986
Interest Receivable														271	5	276
Due From Other Governments									10,546							10,546
Accounts Receivable	12,800	19,833	80		5	238	115	39	25,645	351						896
Interfund Receivables			63		291	308			322	426	40				11,795	70,550
Other Assets																1,450
TOTAL ASSETS	\$ 19,911	\$ 19,833	\$ 60,203	\$ 1	\$ 1,324	\$ 40,192	\$ 33,733	\$ 18,069	\$ 48,216	\$ 104,754	\$ 88,346	\$ 41,359	\$ 5,164	\$ 45,443	\$ 34,129	\$ 560,877

LIABILITIES AND FUND BALANCES (DEFICITS)

	Non Major Special Revenue Funds					Nonmajor Capital Projects Funds					Nonmajor Debt Service Funds			Total		
	Technology Fund	NIFA Special Revenue Fund	Tobacco Settlement Corp Grant Fund	Open Space 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 Fund	Sewage Collection District Construction Fund		Tobacco Settlement Corp Debt Service Fund	NIFA Debt Service Fund
Accounts Payable																15,622
Accrued Liabilities																62,966
Deferred Revenue																34,750
Interfund Payables																11,944
Due to Component Unit																1,023
Other Liabilities																44,505
Total Liabilities																170,710
Fund Balances (Deficits):																
Reserved for Retirement of Temporary Financing																54,642
Reserved for Encumbrances Unreserved and Designated for Ensuing Year's Budget																126,781
Unreserved	19,911		8	1	387	12,970	10,083	6,217	(34,108)	2,020	88,279	433	2,033	45,363	10,636	44,311
Total Fund Balances	19,911		8	1	1,209	34,838	29,061	17,967	6,767	93,469	88,279	37,925	4,933	45,363	10,636	389,967
TOTAL LIABILITIES AND FUND BALANCES	\$ 19,911	\$ 19,833	\$ 60,203	\$ 1	\$ 1,324	\$ 40,192	\$ 33,733	\$ 18,069	\$ 48,216	\$ 104,754	\$ 88,346	\$ 41,359	\$ 5,164	\$ 45,443	\$ 34,129	\$ 560,877

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, 2004
(In thousands)

	Nonmajor Special Revenue Funds										Nonmajor Capital Project Funds										Nonmajor Debt Service Funds				
	Technology Fund	NIFA Special Revenue Fund	Tobacco Settlement Corp Grant Fund	Sewer Financing Authority Grant Fund	Open Space Fund	Sewer and Storm Water Fund	Sewer Disposal District #1 Maintenance Fund	Sewer Disposal District #2 Maintenance Fund	Sewer Disposal District #3 Maintenance Fund	Sewer Collection District Maintenance Fund	Grant Fund	Capital Fund	NIFA Capital Projects Fund	Sewer and Storm Water Construction Fund	Sewer Disposal District Construction Fund	Sewer Collection District Construction Fund	Sewer Financing Authority Debt Service Fund	Tobacco Settlement Corp Debt Service Fund	NIFA Debt Service Fund	Total Nonmajor Governmental Funds					
Revenues:																									
Unrealized Gain on Investments																									
Interest Income	237																								
Rents and Recoveries																									
Departmental Revenue																									
Interdepartmental Revenue																									
State Aid																									
State Aid from NIFA		7,500																							
Tobacco Receipts																									
Other Revenues																									
Total Revenues	237	7,500	3	115	337	142,442	337	142,442	49	7,232	18,645	1,387	10,147	1,087	84	375	22,805	525	305,689						
Expenditures:																									
Current:																									
Judicial																									
General Administration	9,577																								
Protection of Persons																									
Health																									
Public Works																									
Recreation and Parks																									
Capital Outlay																									
Capital Projects																									
Social Services																									
Corrections																									
Total Current Expenditures	9,577		175		78,453																				
Debt Service:																									
Principal																									
Interest																									
Financing Costs																									
Total Debt Service																									
Total Expenditures	9,577		175		78,453																				
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,340)	7,500	(172)	115	337	23,205	337	23,205	49	7,232	(7,451)	(7,451)	(10)	(2,728)	(2,381)	(1,379)	2,187	(84,058)	(97,559)						
Other Financing Sources (Uses):																									
Other Financing Sources - Premium Deposited with Escrow Agent for Defeasance																									
Transfers In of Investment Income																									
Transfers Out																									
Transfers In from NIFA																									
Transfers Out from NIFA																									
Transfers In from SFA																									
Transfers Out from SFA																									
Proceeds from Borrowings																									
Total Other Financing Sources (Uses)																									
Net Change in Fund Balance	(9,340)	7,500	(172)	115	337	32,426	337	32,426	49	7,232	(7,451)	(7,451)	(10)	(2,728)	(2,381)	(1,379)	2,187	(84,058)	(97,559)						
Fund Balances Beginning of Year	19,911		8		1																				
Fund Balances (Deficits) End of Year	\$ 10,571	\$	\$ (164)	\$	\$ 338	\$ 32,426	\$	\$	\$	\$	\$ (92,953)	\$ (191,437)	\$	\$ 39,514	\$ 4,359	\$ (8,659)	\$ 47,650	\$ (12,126)	\$ 486,707						

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, 2009
(in thousands)

	Nonmajor Special Revenue Funds										Nonmajor Capital Project Funds				Nonmajor Debt Service Funds				Total Nonmajor Governmental Funds
	Technology Fund	NIFA Special Revenues Fund	Tobacco Settlement Corp Grants Fund	Open Space Services 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 Fund	Sewage Collection District Construction Fund	Tobacco Settlement Corp Debt Services Fund	NIFA Debt Services Fund				
Revenues:																			
Unrealized Gain on Investments																			
Interest Income	11				4														
Investment Expenses																			
Departmental Revenue					131														
Interdepartmental Revenue					5,163														
Federal Aid					210														
State Aid																			
State Aid from NIFA		15,000																	
Tobacco Receipts																			
Special Taxes																			
Other Revenues					1,483														
Total Revenues	11	15,000			1,487	56,140	40,383	83,771	8,995	1,133	17,220	65	29,221	324		308,657			
Expenditures:																			
Current:																			
Judicial																			
General Administration																			
Protection of Persons																			
Health																			
Public Works																			
Recreation and Parks																			
Capital Outlay																			
Social Services																			
Corrections																			
Education																			
Total Current Expenditures																			
Debt Service:																			
Interest																			
Financing Costs																			
Total Debt Service																			
Total Expenditures																			
Excess (Deficiency) of Revenues Over (Under) Expenditures	11	15,000	(110)		1,323	25,549	29,953	(6,925)	(23,148)	(4,062)	6,320	(169)	5,963	(66,282)		7,335			
Other Financing Sources (Uses):																			
Other Financing Sources - Premium Deposited with Escrow Agent for Defaultance																			
Transfers In	12,800																		
Transfers In of Investment Income																			
Transfers Out																			
Transfers Out of Investment Income																			
Transfers In from NIFA																			
Transfers Out from NIFA																			
Other Sources																			
Proceeds from Borrowings																			
Total Other Financing Sources (Uses)																			
Net Change in Fund Balance	12,811																		
Fund Balances Beginning of Year	7,100																		
Fund Balance End of Year	19,911																		

OTHER SUPPLEMENTARY INFORMATION

COUNTY OF NASSAU, NEW YORK

 COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. MODIFIED BUDGET
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004 (Dollars in Thousands)

	Original Budget	Modified Budget	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Over (Under)
INTEREST AND PENALTIES ON TAXES	\$ 23,380	\$ 23,380	\$ 22,682	\$	\$ 22,682	\$ (698)
LICENSES AND PERMITS						
Day Camp Permits	6	6	5		5	(1)
Food Establishments	2,000	2,000	1,963		1,963	(37)
Hazardous Materials Registration Fees	770	770	781		781	11
Home Improvements	1,100	1,100	1,571		1,571	471
Manufacturing Frozen Desserts	16	16	15		15	(1)
Realty Subdivision Filing	36	36	217		217	181
Road Openings	180	180	235		235	55
Sewage Connections	96	96				(96)
Swimming Pools and Bathing Beaches	157	157	148		148	(9)
Temporary Residence Inspection Permit	61	61	66		66	5
Verification	100	100				(100)
Weights & Measures	800	800	741		741	(59)
X-rays, Surveys and Inspections	100	100	112		112	12
Cross Connections	60	60	67		67	7
Water Supply Plan Review	63	63	87		87	24
Tattoo Parlor / Piercing	7	7	6		6	(1)
Lifeguard Certification	45	45	36		36	(9)
Total Licenses and Permits	5,597	5,597	6,050		6,050	453
FINES AND FORFEITS	15,441	15,441	14,477		14,477	(964)
INVESTMENT INCOME	8,000	8,000	5,717		5,717	(2,283)
RENTS AND RECOVERIES						
Coliseum & Mitchell Field Rents	5,095	5,445	5,846		5,846	401
Coliseum Rental	294	294	45		45	(249)
Coliseum Utilities	1,680	1,680	1,572		1,572	(108)
Recovery of Restored Taxes			2,093		2,093	2,093
Recovery from BPA Settlement			3,250		3,250	3,250
Recovery of Damage to County Property	600	600	374		374	(226)
Recovery of Property and Restaurant Tax	1,500	1,500	653		653	(847)
Recovery of Prior Year Appropriations	13,500	13,500	12,095		12,095	(1,405)
Recovery of Workers' Compensation	1,200	1,200	1,630		1,630	430
Rental of County Property	381	381	429		429	48
Rental of Voting Machines	120	120	109		109	(11)
Sale of County Property	30	42	44		44	2
Tobacco Settlement Revenue	23,850	23,850	23,682		23,682	(168)
Other Recoveries	5,108	5,108	1,503		1,503	(3,605)
Recoveries from Enterprise Funds			351		351	351
Total Rents and Recoveries	53,358	53,720	53,676		53,676	(44)
DEPARTMENTAL REVENUE						
Assessment	337	337	194		194	(143)
Assessment Review	18	18	5		5	(13)
Board of Elections	35	35	31		31	(4)
CASA	83	83	25		25	(58)
Civil Service	156	156	332		332	176
Correctional Center	220	220	196		196	(24)
County Attorney	110	110	122		122	12
County Clerk	12,150	12,150	18,530		18,530	6,380
County Comptroller	19	19	17		17	(2)

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. MODIFIED BUDGET
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004 (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)						
District Attorney	\$ 1,275	\$ 1,275	\$ 2	\$	\$ 2	\$ (1,273)
Drug and Alcohol Addiction Health	51	51	320		320	269
Administration	6	6	13		13	7
Environmental Health			2		2	2
Children's Early Intervention	7,000	7,000	7,211		7,211	211
Laboratory Research	30	30	51		51	21
Personal Health	55	55	323		323	268
Information Technology	700	700	1,164		1,164	464
Medical Examiner	15	15	14		14	(1)
Mental Health	1,076	1,076	1,709		1,709	633
Planning	1,470	1,470	1,319		1,319	(151)
Probation	1,235	1,235	1,659		1,659	424
Public Administrator	260	260	235		235	(25)
Public Works						
Administration	150	150	217		217	67
Highways and Engineering	120	120	97		97	(23)
Facilities Maintenance	1,222	1,222	574		574	(648)
Water Supply	245	245				(245)
Roads & Bridge Maintenance			1		1	1
Purchasing			4		4	4
Real Estate	76	76	76		76	
Senior Citizens Affairs	15	15	15		15	
Sheriff	980	980	1,112		1,112	132
Social Services						
Administration	60	60	4		4	(56)
Aid to Dependent Children	4,735	4,735	3,871		3,871	(864)
Burials	12	12	14		14	2
Children in Foster Homes	125	125	175		175	50
Children in Institutions	450	450	363		363	(87)
Division of Services	20	20				(20)
Education of Handicapped Children			1,648		1,648	1,648
Home Relief	1,800	1,800	2,009		2,009	209
Juvenile Delinquents	75	75	77		77	2
Medicaid MMIS	60,052	144,101	123,588		123,588	(20,513)
Title XX	50	50	344		344	294
Treasurer	280	280	880		880	600
Traffic Safety Board	150	150	183		183	33
Total Departmental Revenue	96,918	180,967	168,726		168,726	(12,241)
INTERDEPARTMENTAL REVENUE						
Budget						
Constituent Affairs	4,523	4,523	4,146		4,146	(377)
Correctional Center		120	393		393	273
County Attorney	6,239	6,239	7,834		7,834	1,595
District Attorney		132	120		120	(12)
Drug and Alcohol		582	906		906	324
Information Technology	19,311	19,311	1,605		1,605	(17,706)
Mental Health		1,374	854		854	(520)
Planning	1,005	1,140	963		963	(177)
Probation		1,241	1,186		1,186	(55)
Purchasing	1,686	1,686	2,057		2,057	371
Public Works	22,260	22,260	20,789		20,789	(1,471)
Real Estate	5,228	5,228				(5,228)
Records Maintenance	796	796	1,003		1,003	207
Revenues from Capital Fund	11,061	11,061	2,811		2,811	(8,250)
Revenues from Debt Service Chargebacks	30,985	30,985	30,980		30,980	(5)

(Continued)

COUNTY OF NASSAU, NEW YORK

 COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. MODIFIED BUDGET
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004 (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 Indirect Cost Chargebacks	\$ 15,368	\$ 15,368	\$ 20,242	\$	\$ 20,242	\$ 4,874
Interdepartmental Revenue			2,253		2,253	2,253
Post-Conviction Forfeiture			170		170	170
Stop DWI Grant Revenue			160		160	160
Sheriff		150	169		169	19
Youth Board		50				(50)
Total Interdepartmental Revenue	118,462	122,246	98,641		98,641	(23,605)
FEDERAL AID						
Budget	151	151				(151)
Correctional Center	13,606	19,406	19,358		19,358	(48)
County Attorney	225	225				(225)
District Attorney	9	9	75		75	66
Emergency Management	169	169	169		169	
Miscellaneous General Fund Aid	210	210	337		337	127
Planning		1,218	1,146		1,146	(72)
Public Works		415	416		416	1
Senior Citizen Affairs	5,023	5,076	5,089		5,089	13
Sheriff	600	600	701		701	101
Social Services						
Administration	5,221	5,221	4,197		4,197	(1,024)
Aid to Dependent Children	13,419	13,419	6,896		6,896	(6,523)
Children in Foster Homes	1,682	1,682	2,504		2,504	822
Children in Institutions	9,132	9,132	12,894		12,894	3,762
Division of Services	7,242	7,242	13,817		13,817	6,575
Home Energy Assistance Program	1,591	1,591	1,924		1,924	333
Juvenile Delinquents	3,370	3,370	3,453		3,453	83
Medicaid MMIS	397	397	657		657	260
Public Financial Assistance	21,004	21,004	28,575		28,575	7,571
Subsidized Adoptions	1,885	1,885	1,321		1,321	(564)
Title XX	27,957	27,957	21,998		21,998	(5,959)
Transitional Care			264		264	264
Veterans Services	58	58				(58)
Total Federal Aid	112,951	120,437	125,791		125,791	5,354
STATE AID						
Assessment	712	712	864		864	152
Assessment Review	1,800	1,800				(1,800)
Budget	76	76				(76)
Consumer Affairs	45	45	45		45	
Correctional Center	900	900	789		789	(111)
County Attorney	60	60				(60)
Court Facility Aid	2,079	2,079	2,156		2,156	77
District Attorney	65	65	58		58	(7)
Drug and Alcohol Addiction	3,311	3,311	3,061		3,061	(250)
Emergency Management		10	10		10	
Health						
Administration	1,110	1,110	776		776	(334)
Children's Early Intervention	22,010	22,010	19,925		19,925	(2,085)
Environmental Health	1,160	1,160	1,254		1,254	94
Laboratory Research	900	900	955		955	55
Personal Health	1,710	1,710	1,712		1,712	2
Medical Examiner	1,496	1,496	1,659		1,659	163

(Continued)

COUNTY OF NASSAU, NEW YORK

 COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. MODIFIED BUDGET
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004 (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)						
Mental Health						
Administration	\$ 1,369	\$ 1,369	\$ 2,128	\$	\$ 2,128	\$ 759
Contractual Services	2,803	2,803	2,469		2,469	(334)
Direct Services	412	412	400		400	(12)
Education of Handicapped Children	44,100	48,600	48,064		48,064	(536)
Miscellaneous General Fund Aid	15,583	15,583	103		103	(15,480)
Probation	4,253	4,253	2,187		2,187	(2,066)
Public Works						
Water Supply	55	55				(55)
Real Estate	316	316				(316)
Senior Citizen Affairs	3,927	3,927	3,817		3,817	(110)
Sheriff	150	150	181		181	31
Social Services						
Administration	3,102	3,102	2,404		2,404	(698)
Aid to Dependent Children	7,062	7,062	8,509		8,509	1,447
Burials	70	70	6		6	(64)
Children in Foster Homes	1,019	1,019				(1,019)
Children in Institutions	6,887	6,887	3,873		3,873	(3,014)
Division of Services	5,112	5,112	7,971		7,971	2,859
Education of Handicapped Children	5,250	5,250	5,288		5,288	38
Home Relief	6,850	6,850	6,590		6,590	(260)
Juvenile Delinquents	2,296	2,296				(2,296)
Juvenile Detention Center	2,902	2,902	2,257		2,257	(645)
Medicaid MMIS	40,000	40,000	56,651		56,651	16,651
Public Financial Assistance	6,884	6,884	12,764		12,764	5,880
Subsidized Adoptions	1,839	1,839	2,491		2,491	652
Title XX	4,301	4,301	4,833		4,833	532
Veterans Service Agency	33	33				(33)
Nassau County Youth Board	1,759	1,759	1,600		1,600	(159)
<u>Total State Aid</u>	<u>205,768</u>	<u>210,278</u>	<u>207,850</u>		<u>207,850</u>	<u>(2,428)</u>
SALES TAX *	<u>851,906</u>	<u>874,306</u>	<u>788,888</u>		<u>788,888</u>	<u>(85,418)</u>
PREEMPTED SALES TAX IN LIEU OF PROPERTY TAXES						
Towns and City of Glen Cove	49,971	49,971	49,971		49,971	
<u>Total Preempted Sales Tax in Lieu of Property Taxes</u>	<u>49,971</u>	<u>49,971</u>	<u>49,971</u>		<u>49,971</u>	
PROPERTY TAXES	<u>136,984</u>	<u>136,984</u>	<u>141,275</u>		<u>141,275</u>	<u>4,291</u>
PAYMENTS IN LIEU OF TAXES	<u>3,803</u>	<u>3,803</u>	<u>3,632</u>		<u>3,632</u>	<u>(171)</u>
SPECIAL TAXES						
Admission Tax - Belmont Park	70	70	52		52	(18)
Entertainment Tax	3,000	3,000	2,149		2,149	(851)
Off-Track Betting Surtax	7,187	7,187	7,043		7,043	(144)
Amusement Devices	50	50				(50)
Hotel-Motel Room Tax	3,550	3,550	3,535		3,535	(15)
<u>Total Special Taxes</u>	<u>13,857</u>	<u>13,857</u>	<u>12,779</u>		<u>12,779</u>	<u>(1,078)</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. MODIFIED BUDGET
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004 (Dollars in Thousands)

	Original Budget	Modified Budget	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Over (Under)
OTHER REVENUES						
Miscellaneous	\$ 13,068	\$ 13,268	\$ 1,163	\$	\$ 1,163	\$ (12,105)
<u>Total Other Revenues</u>	<u>13,068</u>	<u>13,268</u>	<u>1,163</u>		<u>1,163</u>	<u>(12,105)</u>
<u>Total Revenues</u>	<u>1,709,464</u>	<u>1,832,255</u>	<u>1,701,318</u>		<u>1,701,318</u>	<u>(130,937)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In			1,785		1,785	1,785
Transfer in from NIFA			20,031	(17,446)	2,585	2,585
Transfers from NIFA for Tax Certiorari and Other Judgment Borrowings			198,663	(190,293)	8,370	8,370
Transfer in from SFA			2,097		2,097	2,097
Transfers in of Investment Income			1,767		1,767	1,767
Transfer from NIFA for Escrow Agent			(9,076)	9,076		
<u>Total Other Financing Sources</u>			<u>215,267</u>	<u>(198,663)</u>	<u>16,604</u>	<u>16,604</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ <u>1,709,464</u>	\$ <u>1,832,255</u> **	\$ <u>1,916,585</u>	\$ <u>(198,663)</u>	\$ <u>1,717,922</u>	\$ <u>(114,333)</u>

* Paid to County \$49,478; paid to NIFA \$884,384

** Total revenues and other financing sources, estimates per 2004 County budget as adopted
 Add: Supplemental appropriations

Budget estimates, total revenues and other financing sources

\$ 1,709,464
122,791
\$ 1,832,255

COUNTY OF NASSAU, NEW YORK

**COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. MODIFIED BUDGET
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2003 (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>
INTEREST AND PENALTIES ON TAXES	\$ 22,300	\$ 22,570	\$ 22,456	\$	\$ 22,456	\$ (114)
LICENSES AND PERMITS						
Day Camp Permits	6	6	6		6	
Food Establishments	2,000	2,000	1,983		1,983	(17)
Hazardous Materials Registration Fees	770	770	994		994	224
Home Improvements	1,274	1,274	2,107		2,107	833
Location Permits						
Manufacturing Frozen Desserts	16	16	15		15	(1)
Realty Subdivision Filing	68	68	38		38	(30)
Road Openings	180	180	217		217	37
Sewage Connections	100	100	106		106	6
Swimming Pools and Bathing Beaches	213	213	133		133	(80)
Temporary Residence Inspection Permit	61	61	63		63	2
Verification	69	69	145		145	76
Weights & Measures	1,331	1,331	603		603	(728)
X-rays, Surveys and Inspections	100	100	96		96	(4)
Cross Connections	50	50	98		98	48
Water Supply Plan Review	105	105	85		85	(20)
Tattoo Parlor / Piercing			8		8	8
Lifeguard Certification			43		43	43
Traffic Signal Permits			36		36	36
Total Licenses and Permits	6,343	6,343	6,776		6,776	433
FINES AND FORFEITS	13,940	13,940	13,059		13,059	(881)
INVESTMENT INCOME	6,901	6,901	3,129		3,129	(3,772)
RENTS AND RECOVERIES						
Coliseum & Mitchell Field Rents			1,021		1,021	1,021
Coliseum Rental	713	713	182		182	(531)
Coliseum Utilities	1,615	1,615	1,720		1,720	105
Recovery of Damage to County Property			393		393	393
Recovery of Property and Restaurant Tax	30	30	24		24	(6)
Recovery of Prior Year Appropriations	14,732	15,632	873		873	(14,759)
Recovery of Workers' Compensation	1,200	1,200	1,045		1,045	(155)
Rental of County Property	531	531	622		622	91
Rental of Voting Machines	142	142	100		100	(42)
Rental of Mitchel Field	4,740	4,740	5,628		5,628	888
Sale of County Property	31	31	69		69	38
Tobacco Settlement	21,150	21,150				(21,150)
Other Recoveries	10	10	593		593	583
Recoveries from Enterprise Funds			222		222	222
Total Rents and Recoveries	44,894	45,794	12,492		12,492	(33,302)
DEPARTMENTAL REVENUE						
Assessment	317	317	231		231	(86)
Board of Elections	70	70	34		34	(36)
CASA	103	103	11		11	(92)
Civil Service	155	155	189		189	34
Correctional Center	60	60	198		198	138
County Attorney	110	110	184		184	74
County Clerk	9,000	9,000	15,422		15,422	6,422
County Comptroller	19	19	21		21	2
District Attorney	1,148	1,148	1		1	(1,147)
Drug and Alcohol Addiction	1,077	1,077	1,084		1,084	7

(Continued)

COUNTY OF NASSAU, NEW YORK

**COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. MODIFIED BUDGET
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2003 (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	\$ 4	\$ 4	\$ 9	\$	\$ 9	\$ 5
Environmental Health	9	9				(9)
Children's Early Intervention	5,501	5,501	8,193		8,193	2,692
Laboratory Research	72	72	59		59	(13)
Personal Health	10	10	149		149	139
Information Technology			894		894	894
Legislature			2		2	2
Medical Examiner	12	12	17		17	5
Mental Health	1,076	1,076	2,112		2,112	1,036
Miscellaneous Receipts			2		2	2
Planning	1,171	1,171	943		943	(228)
Probation	1,235	1,235	1,717		1,717	482
Public Administrator	260	260	216		216	(44)
Public Works						
Administration	125	125	163		163	38
Highways and Engineering	126	126	161		161	35
Sanitation			17		17	17
Facilities Maintenance	882	882	308		308	(574)
Water Supply	495	495	45		45	(450)
Roads & Bridge Maintenance			5		5	5
Buildings			3		3	3
Purchasing			2		2	2
Real Estate			76		76	76
Senior Citizens Affairs	14	14	12		12	(2)
Sheriff	900	900	1,021		1,021	121
Social Services						
Administration	40	75	47		47	(28)
Aid to Dependent Children	4,760	4,760	3,907		3,907	(853)
Burials	12	12	12		12	
Children in Foster Homes	125	125	149		149	24
Children in Institutions	375	375				(375)
Division of Services	40	40				(40)
Education of Handicapped Children			430		430	430
Home Relief	1,800	1,800	1,662		1,662	(138)
Juvenile Delinquents	75	75	156		156	81
Medicaid MMIS	82,321	82,321	70,405		70,405	(11,916)
Public Financial Assistance	35					
Real Estate Expense			1		1	1
Title XX	25	25	228		228	203
Transitional Care			19		19	19
Treasurer	260	260	568		568	308
Traffic Safety Board	150	150	150		150	
Total Departmental Revenue	113,969	113,969	111,235		111,235	(2,734)
INTERDEPARTMENTAL REVENUE						
Budget	315	315				(315)
Constituent Affairs	564	1,253	1,028		1,028	(225)
Correctional Center	1,600	1,600	642		642	(958)
County Attorney	7,355	7,355	6,824		6,824	(531)
County Executive			14		14	14
District Attorney	181	181	1,261		1,261	1,080
Drug and Alcohol	400	400	667		667	267
Emergency Management			19		19	19
Information Technology	1,458	3,103	3,889		3,889	786
Mental Health	1,364	1,364	950		950	(414)
Probation	835	835	815		815	(20)

(Continued)

COUNTY OF NASSAU, NEW YORK

**COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. MODIFIED BUDGET
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2003 (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)						
Purchasing	\$ 200	\$ 569	\$ 130	\$	\$ 130	\$ (439)
Public Works	9,620	11,104	9,938		9,938	(1,166)
Records Maintenance		100	174		174	74
Revenues from Capital Fund	4,428	4,428	3,185		3,185	(1,243)
Revenues from Debt Service Chargebacks			39,456		39,456	39,456
Revenues from Indirect Cost Chargebacks	35,595	35,595	35,595		35,595	
Revenues from Grant Closeout	149	149				(149)
Interfund Revenue from PDH	46	46				(46)
Senior Citizens Affairs	38	38				(38)
Sheriff	300	300	128		128	(172)
Youth Board	461	643	60		60	(583)
Total Interdepartmental Revenue	64,909	69,378	104,775		104,775	35,397
FEDERAL AID						
Budget	111	111				(111)
Correctional Center	13,000	13,000	11,737		11,737	(1,263)
County Attorney	225	225	185		185	(40)
District Attorney	28	28	27		27	(1)
Miscellaneous General Fund Aid	210	210	163		163	(47)
Planning		1,902	561		561	(1,341)
Senior Citizen Affairs	4,924	4,924	5,080		5,080	156
Sheriff			718		718	718
Social Services						
Administration	6,194	6,194	3,124		3,124	(3,070)
Aid to Dependent Children	14,250	14,250	8,315		8,315	(5,935)
Children in Foster Homes	1,850	1,850	2,133		2,133	283
Children in Institutions	9,500	9,500	9,972		9,972	472
Division of Services	6,975	6,975	9,165		9,165	2,190
Home Energy Assistance Program	1,545	1,545	1,698		1,698	153
Juvenile Delinquents	3,370	3,370	3,788		3,788	418
Medicaid MMIS	2,000	2,000	1,609		1,609	(391)
Public Financial Assistance	20,253	20,253	24,831		24,831	4,578
Subsidized Adoptions	1,830	1,830	1,445		1,445	(385)
Title XX	26,000	26,000	22,632		22,632	(3,368)
Total Federal Aid	112,265	114,167	107,183		107,183	(6,984)
STATE AID						
Assessment	280	280	369		369	89
Budget		56				(56)
Consumer Affairs	40	40	47		47	7
Correctional Center	2,094	2,094	958		958	(1,136)
County Attorney	60	60	48		48	(12)
Court Facility Aid	2,079	2,079	2,222		2,222	143
District Attorney	65	65	56		56	(9)
Drug and Alcohol Addiction	2,375	2,375	583		583	(1,792)
Health						
Administration	1,355	1,355	963		963	(392)
Children's Early Intervention	21,340	21,340	21,161		21,161	(179)
Environmental Health	1,426	1,426	1,446		1,446	20
Laboratory Research	850	850	999		999	149
Personal Health	2,067	2,067	2,319		2,319	252
Information Technology			201		201	201
Medical Examiner	1,605	1,605	1,756		1,756	151
Mental Health						
Administration	1,276	1,276	1,221		1,221	(55)

(Continued)

COUNTY OF NASSAU, NEW YORK

**COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. MODIFIED BUDGET
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2003 (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>STATE AID (Continued)</u>						
Contractual Services	\$ 2,604	\$ 2,604	\$ 2,347	\$	\$ 2,347	\$ (257)
Direct Services	413	413	400		400	(13)
Education of Handicapped Children	41,204	41,204	48,291		48,291	7,087
Miscellaneous General Fund Aid	15,582	15,582	448		448	(15,134)
Probation	6,472	6,472	5,591		5,591	(881)
Public Works						
Water Supply	55	55	371		371	316
Real Estate			285		285	285
Senior Citizen Affairs	3,851	3,851	3,914		3,914	63
Sheriff	750	750	95		95	(655)
Social Services						
Administration	3,569	3,569	1,206		1,206	(2,363)
Aid to Dependent Children	7,125	7,125	8,095		8,095	970
Burials	75	75	5		5	(70)
Children in Foster Homes	1,120	1,120	498		498	(622)
Children in Institutions	7,188	7,188	1,374		1,374	(5,814)
Division of Services	5,347	5,347	3,950		3,950	(1,397)
Education of Handicapped Children	5,000	5,000	4,594		4,594	(406)
Home Relief	6,850	6,850	4,715		4,715	(2,135)
Juvenile Delinquents	2,296	2,296				(2,296)
Juvenile Detention Center	2,786	2,786	2,393		2,393	(393)
Medicaid MMIS	38,000	38,000	62,691		62,691	24,691
Public Financial Assistance	7,766	7,766	5,883		5,883	(1,883)
Subsidized Adoptions	1,785	1,785	2,182		2,182	397
Title XX	4,000	4,000	2,479		2,479	(1,521)
Transitional Care			193		193	193
Vertical Administration	56					
Veterans Service Agency	34	34	45		45	11
Nassau County Youth Board	1,794	1,794	1,663		1,663	(131)
<u>Total State Aid</u>	<u>202,634</u>	<u>202,634</u>	<u>198,057</u>		<u>198,057</u>	<u>(4,577)</u>
<u>SALES TAX *</u>	<u>833,546</u>	<u>833,546</u>	<u>779,062</u>		<u>779,062</u>	<u>(54,484)</u>
<u>PREEMPTED SALES TAX IN LIEU OF PROPERTY TAXES</u>						
Towns and City of Glen Cove*	48,920	48,920	48,920		48,920	
<u>Total Preempted Sales Tax in Lieu of Property Taxes</u>	<u>48,920</u>	<u>48,920</u>	<u>48,920</u>		<u>48,920</u>	
<u>PROPERTY TAXES</u>	<u>126,463</u>	<u>126,463</u>	<u>129,530</u>		<u>129,530</u>	<u>3,067</u>
<u>PAYMENTS IN LIEU OF TAXES</u>	<u>3,915</u>	<u>3,915</u>	<u>4,205</u>		<u>4,205</u>	<u>290</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

**COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. MODIFIED BUDGET
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2003 (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>SPECIAL TAXES</u>						
Admission Tax - Belmont Park	\$ 70	\$ 70	\$ 74	\$	\$ 74	\$ 4
Entertainment Tax	3,000	3,000	2,695		2,695	(305)
Off-Track Betting Surtax	7,468	7,468	7,329		7,329	(139)
Privilege Tax - Coin Operated Amusement Devices	60	60	41		41	(19)
Hotel-Motel Room Tax	3,550	3,550	3,474		3,474	(76)
<u>Total Special Taxes</u>	<u>14,148</u>	<u>14,148</u>	<u>13,613</u>		<u>13,613</u>	<u>(535)</u>
<u>OTHER REVENUES</u>						
Miscellaneous	13,986	14,191	9,922		9,922	(4,269)
<u>Total Other Revenues</u>	<u>13,986</u>	<u>14,191</u>	<u>9,922</u>		<u>9,922</u>	<u>(4,269)</u>
<u>Total Revenues</u>	<u>1,629,133</u>	<u>1,636,879</u>	<u>1,564,414</u>		<u>1,564,414</u>	<u>(72,465)</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Other Financing Sources - Premium Transfers In			632		18,211	18,211
Transfers In - Component Unit			18,211		18,211	18,211
Transfer in from NIFA			15,342		15,342	15,342
Transfers in of Investment Income	1,600	1,600	3,016		3,016	1,416
Transfer from NIFA for Escrow Agent			(41,623)	41,623		
Transfers from NIFA for Tax Certiorari and Other Judgment Borrowings			183,444	(183,444)		
<u>Total Other Financing Sources</u>	<u>1,600</u>	<u>1,600</u>	<u>179,022</u>	<u>(141,821)</u>	<u>36,569</u>	<u>34,969</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 1,630,733	\$ 1,638,479	\$ 1,743,436	\$ (141,821)	\$ 1,600,983	\$ (37,496)

* Total revenues and other financing sources, estimates per 2003 County budget as adopted
 Add: Supplemental appropriations
 Budget estimates, total revenues and other financing sources

\$ 1,630,733
 7,746
\$ 1,638,479

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004 (Dollars in Thousands)

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Over (Under)
CURRENT:						
LEGISLATIVE						
Legislature						
Legislators						
Salaries	\$ 3,231	\$ 3,222	\$ 3,180	\$	\$ 3,180	\$ 42
Fringe Benefits	1,214	1,231	1,213	(356)	857	374
Equipment	8	7	5		5	2
General Expenses	8	9	8		8	1
Contractual Services	60	108	15	50	65	43
Interdepartmental Charges	1,265	507	507		507	
Legislative Central Staff						
Salaries	486	545	545		545	
Fringe Benefits	183	210	210		210	
Equipment	2	2	2		2	
General Expenses	216	593	577	5	582	11
Contractual Services	573	623	401	189	590	33
Interdepartmental Charges	426	179	179		179	
Legislative Budget Review						
Salaries	512	512	509		509	3
Fringe Benefits	193	195	195		195	
Equipment	5	5				5
Materials and Supplies	1	1				1
General Expenses	6	6	1		1	5
Contractual Services	17	17				17
Interdepartmental Charges	207	207	82		82	125
Legislature Total	<u>8,613</u>	<u>8,179</u>	<u>7,629</u>	<u>(112)</u>	<u>7,517</u>	<u>662</u>
<u>Total Legislative</u>	<u>8,613</u>	<u>8,179</u>	<u>7,629</u>	<u>(112)</u>	<u>7,517</u>	<u>662</u>
JUDICIAL						
Court Administration						
Fringe Benefits	<u>2,327</u>	<u>2,412</u>	<u>2,412</u>		<u>2,412</u>	
District Attorney						
Salaries	23,189	22,264	22,264		22,264	
Fringe Benefits	7,438	7,651	7,567	(1,841)	5,726	1,925
Equipment	91	290	9	220	229	61
Materials and Supplies	81	81	64	13	77	4
General Expenses	409	609	557	13	570	39
Contractual Services	692	692	480	74	554	138
Interdepartmental Charges	2,196	691	691		691	
District Attorney Total	<u>34,096</u>	<u>32,278</u>	<u>31,632</u>	<u>(1,521)</u>	<u>30,111</u>	<u>2,167</u>
Public Administrator						
Salaries	414	410	397		397	13
Fringe Benefits	184	189	187	(35)	152	37
Equipment	6	6	3		3	3
Materials and Supplies	2	2				2
General Expenses	3	3	2		2	1
Contractual Services	7	11	3	7	10	1
Interdepartmental Charges	57	57	32		32	25
Public Administrator Total	<u>673</u>	<u>678</u>	<u>624</u>	<u>(28)</u>	<u>596</u>	<u>82</u>
Sheriff						
Salaries	4,666	4,459	4,459		4,459	
Fringe Benefits	1,865	1,919	1,898	(536)	1,362	557
Equipment	2	2				2
Materials and Supplies	34	29	1	3	4	25
General Expenses	72	72	53	4	57	15
Interdepartmental Charges	583	195	195		195	
Sheriff Total	<u>7,222</u>	<u>6,676</u>	<u>6,606</u>	<u>(529)</u>	<u>6,077</u>	<u>599</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

**COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004 (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>JUDICIAL (Continued)</u>						
Traffic and Parking Violations						
Salaries	\$ 1,693	\$ 1,873	\$ 1,870	\$	\$ 1,870	\$ 3
Fringe Benefits	568	585	578	(115)	463	122
Equipment	25	25	16	1	17	8
General Expenses	93	114	101	13	114	
Contractual Services	1,384	1,187	749	276	1,025	162
Interdepartmental Charges	912	127	127		127	
Traffic and Parking Violations Total	4,675	3,911	3,441	175	3,616	295
<u>Total Judicial</u>	<u>48,993</u>	<u>45,955</u>	<u>44,715</u>	<u>(1,903)</u>	<u>42,812</u>	<u>3,143</u>
<u>GENERAL ADMINISTRATION</u>						
Assessment						
Salaries	8,391	7,017	7,017		7,017	
Fringe Benefits	3,259	3,352	3,315	(3,258)	57	3,295
Equipment	328	17	17		17	
Materials and Supplies	82	82	50	23	73	9
General Expenses	876	634	445	186	631	3
Contractual Services	9,305	4,370	1,267	3,102	4,369	1
Interdepartmental Charges	1,149	305	305		305	
Assessment Total	23,390	15,777	12,416	53	12,469	3,308
Board of Assessment Review						
Salaries	2,367	2,063	2,063		2,063	
Fringe Benefits	1,339	1,377	1,362	(165)	1,197	180
Equipment	75	75				75
Materials and Supplies	10	10				10
General Expenses	116	116	54	3	57	59
Contractual Services	5,987	5,988	2,415	3,573	5,988	
Interdepartmental Charges	367	130	130		130	
Board of Assessment Review Total	10,261	9,759	6,024	3,411	9,435	324
Board of Elections						
Administration						
Salaries	2,899	3,109	3,021		3,021	88
Fringe Benefits	932	1,020	990	(530)	460	560
Equipment	64	64	5	52	57	7
General Expenses	52	52	39	2	41	11
Interdepartmental Charges	1,207	106	106		106	
General Elections						
Salaries	4,482	4,293	4,293		4,293	
Fringe Benefits	1,441	1,417	1,415		1,415	2
Equipment	40	40	21	6	27	13
General Expenses	549	599	567	9	576	23
Contractual Services	584	305	282	15	297	8
Primary Elections						
Salaries	1,268	1,268	1,224		1,224	44
Fringe Benefits	408	424	424		424	
Equipment	4	4				4
General Expenses	223	223	165		165	58
Contractual Services	375	375	133	54	187	188
Board of Elections Total	14,528	13,299	12,685	(392)	12,293	1,006
Civil Service						
Salaries	4,016	4,116	4,018		4,018	98
Fringe Benefits	863	888	878	(326)	552	336
Equipment	21	101	3	83	86	15
Materials and Supplies	4	4	1		1	3
General Expenses	233	233	163	16	179	54
Contractual Services	361	181				181
Interdepartmental Charges	2,063	89	89		89	
Civil Service Total	7,561	5,612	5,152	(227)	4,925	687
Commerce and Industry						
Contractual Services	71	71				71
Commerce and Industry Total	71	71				71

(Continued)

COUNTY OF NASSAU, NEW YORK

**COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004 (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)						
County Attorney						
Salaries	\$ 8,919	\$ 9,746	\$ 9,621	\$	\$ 9,621	\$ 125
Fringe Benefits	7,576	3,364	3,294	(722)	2,572	792
Equipment	129	129	118	9	127	2
Materials and Supplies	33	33	25	8	33	
General Expenses	288	538	407	2	409	129
Contractual Services	7,192	7,575	5,126	2,355	7,481	94
Other Suits and Damages	1,134	86	86		86	
Interdepartmental Charges	1,500	1,754	1,754		1,754	
Workman's Compensation Expense						
Fringe Benefits	14,546	19,393	19,210	183	19,393	
Interdepartmental Charges	25	25				25
County Attorney Total	<u>41,342</u>	<u>42,643</u>	<u>39,641</u>	<u>1,835</u>	<u>41,476</u>	<u>1,167</u>
County Clerk						
Salaries	4,122	4,122	3,950		3,950	172
Fringe Benefits	2,483	2,554	2,527	(316)	2,211	343
Equipment	100	100	94	5	99	1
Materials and Supplies	28	28	9	9	18	10
General Expenses	172	172	90	27	117	55
Contractual Services	378	378	193	146	339	39
Interdepartmental Charges	1,657	664	664		664	
County Clerk Total	<u>8,940</u>	<u>8,018</u>	<u>7,527</u>	<u>(129)</u>	<u>7,398</u>	<u>620</u>
County Comptroller						
Salaries	5,364	5,164	5,163		5,163	1
Fringe Benefits	2,413	2,482	2,455	(441)	2,014	468
Equipment	152	152	28	27	55	97
General Expenses	66	66	48	4	52	14
Contractual Services	2,013	1,734	957	775	1,732	2
Interdepartmental Charges	5,276	173	173		173	
County Comptroller Total	<u>15,284</u>	<u>9,771</u>	<u>8,824</u>	<u>365</u>	<u>9,189</u>	<u>582</u>
County Executive						
Salaries	816	2,985	2,940		2,940	45
Fringe Benefits	830	854	845	(115)	730	124
Equipment	15	21	3	5	8	13
General Expenses	31	71	60	5	65	6
Contractual Services	35	685	1	575	576	109
Interdepartmental Charges	968	100	100		100	
County Executive Total	<u>2,695</u>	<u>4,716</u>	<u>3,949</u>	<u>470</u>	<u>4,419</u>	<u>297</u>
County Treasurer						
Salaries	2,295	2,445	2,328		2,328	117
Fringe Benefits	1,185	1,220	1,206	(410)	796	424
Equipment	8	8	8		8	
General Expenses	338	326	250	1	251	75
Contractual Services	702	702	376	216	592	110
Interdepartmental Charges	754	162	162		162	
County Treasurer Total	<u>5,282</u>	<u>4,863</u>	<u>4,330</u>	<u>(193)</u>	<u>4,137</u>	<u>726</u>
Office of Constituent Affairs						
Salaries	631	906	886		886	20
General Expenses		5	1		1	4
Office of Constituent Affairs Printing & Graphics						
Salaries	1,689	1,754	1,749		1,749	5
Equipment	454	449	305	143	448	1
Materials and Supplies	143	143	112	9	121	22
General Expenses	2,203	2,548	2,244	262	2,506	42
Contractual Services	155					
Interdepartmental Charges	936	376	376		376	
Office of Constituent Affairs Total	<u>6,211</u>	<u>6,181</u>	<u>5,673</u>	<u>414</u>	<u>6,087</u>	<u>94</u>
Office of Emergency Management						
Salaries	495	354	354		354	
Fringe Benefits	29	30	29	(2)	27	3
Equipment	19	42	19	23	42	
Materials and Supplies	53	50	31	4	35	15
General Expenses	54	49	44	5	49	
Interdepartmental Charges	188	184	143		143	41
Office of Emergency Management Total	<u>838</u>	<u>709</u>	<u>620</u>	<u>30</u>	<u>650</u>	<u>59</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

**COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004 (Dollars in Thousands)**

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Over (Under)
GENERAL ADMINISTRATION (Continued)						
Information Technology						
Salaries	\$ 7,471	\$ 8,971	\$ 8,886	\$	\$ 8,886	\$ 85
Fringe Benefits	1,612	1,658	1,639	(672)	967	691
Equipment	3,422	3,422	2,503	917	3,420	2
Materials and Supplies	13	13	1	1	2	11
General Expenses	2,072	2,072	1,718	151	1,869	203
Contractual Services	11,176	13,276	10,077	2,775	12,852	424
Utilities	5,127	5,127	5,110	13	5,123	4
Interdepartmental Charges	1,356	850	850		850	
Information Technology Total	<u>32,249</u>	<u>35,389</u>	<u>30,784</u>	<u>3,185</u>	<u>33,969</u>	<u>1,420</u>
Housing and Intergovernmental Affairs:						
Salaries		641	641		641	
Fringe Benefits	409	420	416	(5)	411	9
Equipment		8				8
General Expenses		100	10	1	11	89
Contractual Services		275	275		275	
Interdepartmental Charges		847	847		847	
Housing and Intergovernmental Affairs Total	<u>409</u>	<u>2,291</u>	<u>2,189</u>	<u>(4)</u>	<u>2,185</u>	<u>106</u>
Labor Relations						
Salaries	286	317	317		317	
Fringe Benefits	102	105	104	(31)	73	
Equipment	10	5				5
Materials and Supplies	8	4				4
General Expenses	14	9	3		3	6
Contractual Services	34	34				34
Interdepartmental Charges	62	62	25		25	37
Labor Relations Total	<u>516</u>	<u>536</u>	<u>449</u>	<u>(31)</u>	<u>418</u>	<u>118</u>
Management and Budgets						
Salaries	1,022	1,367	1,356		1,356	11
Fringe Benefits	317	431	431	(330)	101	330
Equipment	37	37				37
General Expenses	31	31	24	2	26	5
Contractual Services	467	813	371	409	780	33
Interdepartmental Charges	874	32	32		32	
Vertical Administration						
Salaries	1,381	835	835		835	
Fringe Benefits	429	281	269		269	12
Fiscal Analysis						
Salaries	1,009	1,179	1,153		1,153	26
Fringe Benefits	313	377	377		377	
Management and Budgets Total	<u>5,880</u>	<u>5,383</u>	<u>4,848</u>	<u>81</u>	<u>4,929</u>	<u>454</u>
Personnel						
Salaries	532	577	557		557	20
Fringe Benefits	254	261	259	(43)	216	45
Materials and Supplies	8	8	8		8	
General Expenses	48	36	36		36	
Contractual Services	43	54	26	28	54	
Interdepartmental Charges	193	193	37		37	156
Personnel Total	<u>1,078</u>	<u>1,129</u>	<u>923</u>	<u>(15)</u>	<u>908</u>	<u>221</u>
Planning						
Salaries	1,849	1,296	1,296		1,296	
Fringe Benefits	637	655	648	(68)	580	75
Equipment	31	31	2	24	26	5
Materials and Supplies	10	10	1	3	4	6
General Expenses	66	117	97	1	98	19
Contractual Services	3,769	5,601	2,941	2,364	5,305	296
Interdepartmental Charges	829	533	175		175	358
Bus Shelter Maint. & Cleaning	52	52		52	52	
Mass Transportation						
Pt.Lookout/Lido Beach Bus Route	60	60				60
Metropolitan Suburban Bus Authority	2,961	4,361	4,361		4,361	
LIRR Station Maintenance	22,339	22,339	22,270		22,270	69
MTA-LIRR Operating Assistance	11,584	11,584	11,584		11,584	
Physically Challenged Transportation	3,000	3,000	3,000		3,000	
Planning Total	<u>47,187</u>	<u>49,639</u>	<u>46,375</u>	<u>2,376</u>	<u>48,751</u>	<u>888</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004 (Dollars in Thousands)

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Over (Under)
GENERAL ADMINISTRATION (Continued)						
Purchasing						
Salaries	\$ 1,265	\$ 1,277	\$ 1,275	\$	\$ 1,275	\$ 2
Fringe Benefits	383	394	390	(109)	281	113
Equipment	7	7	6		6	1
Materials and Supplies	5	5	3		3	2
General Expenses	19	19	14	2	16	3
Interdepartmental Charges	377	377	221		221	156
Purchasing Total	<u>2,056</u>	<u>2,079</u>	<u>1,909</u>	<u>(107)</u>	<u>1,802</u>	<u>277</u>
Office of Real Estate Services						
Salaries	707	887	877		877	10
Fringe Benefits	143	141	141	(62)	79	62
Equipment	2	2	2		2	
Materials and Supplies	9	9	5		5	4
General Expenses	435	435	43	80	123	312
Interdepartmental Charges	264	264	187		187	77
Insurance on Buildings	250	250	211		211	39
Rent	5,087	4,876	3,876	659	4,535	341
Office of Real Estate Services Total	<u>6,897</u>	<u>6,864</u>	<u>5,342</u>	<u>677</u>	<u>6,019</u>	<u>845</u>
Building Management						
Salaries		3,204	3,204		3,204	
Equipment		27	14	13	27	
Supplies		1,259	942	317	1,259	
General Expenses		311	240	71	311	
Contractual Services		455	408	47	455	
Utility Costs		2,023	1,973	50	2,023	
Interdepartmental Charges		1,275	1,275		1,275	
Building Management Total		<u>8,554</u>	<u>8,056</u>	<u>498</u>	<u>8,554</u>	
Office of Records Management						
Salaries	443	534	530		530	4
Fringe Benefits	252	259	256	(45)	211	48
Equipment		16		14	14	2
Materials and Supplies	98	82	32	16	48	34
General Expenses	165	160	66	51	117	43
Contractual Services	158	158	31	126	157	1
Interdepartmental Charges	262	262	70		70	192
Office of Records Management Total	<u>1,378</u>	<u>1,471</u>	<u>985</u>	<u>162</u>	<u>1,147</u>	<u>324</u>
Total General Administration	<u>234,053</u>	<u>234,754</u>	<u>208,701</u>	<u>12,459</u>	<u>221,160</u>	<u>13,594</u>
PROTECTION OF PERSONS						
Commission on Human Rights						
Salaries	604	604	524		524	80
Fringe Benefits	349	359	355	(35)	320	39
Equipment	7	7		1	1	6
Materials and Supplies	3	3				3
General Expenses	25	25	1	3	4	21
Contractual Services	25	25				25
Interdepartmental Charges	134	134	33		33	101
Commission on Human Rights Total	<u>1,147</u>	<u>1,157</u>	<u>913</u>	<u>(31)</u>	<u>882</u>	<u>275</u>
Commissioner of Accounts						
Salaries	418	373	350		350	23
Fringe Benefits	191	196	194	(14)	180	16
Equipment	24	24	7		7	17
Materials and Supplies	11	11	1		1	10
General Expenses	52	52				52
Contractual Services	92	92	17	16	33	59
Interdepartmental Charges	47	47	25		25	22
Commissioner of Accounts Total	<u>835</u>	<u>795</u>	<u>594</u>	<u>2</u>	<u>596</u>	<u>199</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

**COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004 (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>PROTECTION OF PERSONS (Continued)</u>						
Consumer Affairs						
Salaries	\$ 1,859	\$ 1,959	\$ 1,887	\$	\$ 1,887	\$ 72
Fringe Benefits	914	940	929	(154)	775	165
Equipment	2	53	19	33	52	1
Materials and Supplies	4	4	4		4	
General Expenses	5	15	5		5	10
Interdepartmental Charges	371	400	400		400	
Consumer Affairs Total	<u>3,155</u>	<u>3,371</u>	<u>3,244</u>	<u>(121)</u>	<u>3,123</u>	<u>248</u>
Medical Examiner						
Salaries	4,641	4,491	4,404		4,404	87
Fringe Benefits	1,427	1,468	1,452	(388)	1,064	404
Equipment	107	107	95		95	12
Materials and Supplies	293	293	214	3	217	76
General Expenses	79	79	38	4	42	37
Contractual Services	414	577	422	145	567	10
Interdepartmental Charges	516	114	114		114	
Medical Examiner Total	<u>7,477</u>	<u>7,129</u>	<u>6,739</u>	<u>(236)</u>	<u>6,503</u>	<u>626</u>
Traffic Safety Board						
Salaries	204	204	204		204	
Fringe Benefits	76	79	77	(21)	56	23
Interdepartmental Charges	59	59	28		28	31
Traffic Safety Board Total	<u>339</u>	<u>342</u>	<u>309</u>	<u>(21)</u>	<u>288</u>	<u>54</u>
Total Protection of Persons	<u>12,953</u>	<u>12,794</u>	<u>11,799</u>	<u>(407)</u>	<u>11,392</u>	<u>1,402</u>
<u>HEALTH</u>						
Drug and Alcohol						
Administration						
Salaries	447	1,375	1,375		1,375	
Fringe Benefits	450	672	669	(551)	118	554
Equipment	2	2	1		1	1
Materials and Supplies	8	8				8
General Expenses	32	19	19		19	
Interdepartmental Charges	2,724	105	105		105	
Chemical Dependency Services						
Salaries	2,067	3,992	3,992		3,992	
Fringe Benefits	2,080	1,930	1,904		1,904	26
Materials and Supplies	4	4				4
General Expenses	33	33	22	5	27	6
Contractual Services	7,926	6,962	5,017	1,465	6,482	480
Interdepartmental Charges	4,576	35	35		35	
Drug and Alcohol Total	<u>20,349</u>	<u>15,137</u>	<u>13,139</u>	<u>919</u>	<u>14,058</u>	<u>1,079</u>
Health Department						
Administration						
Salaries	2,158	2,158	2,135		2,135	23
Fringe Benefits	988	1,016	1,014	(1,014)		1,016
Materials and Supplies	21	21	14	1	15	6
General Expenses	62	638	25	577	602	36
Contractual Services	5	5				5
Interdepartmental Charges	1,695	568	568		568	
Environmental Health						
Salaries	5,813	5,813	5,664		5,664	149
Fringe Benefits	2,662	2,754	2,754		2,754	
Equipment	23	23	22		22	1
Supplies	18	18	17	1	18	
General Expenses	530	530	378	95	473	57
Contractual Services	86	86	5	78	83	3
Interdepartmental Charges	167	167	4		4	163
Laboratory Research						
Salaries	2,036	2,036	1,917		1,917	119
Fringe Benefits	932	943	942		942	1
Equipment	14	14	13	1	14	
Supplies	432	432	392	25	417	15
General Expenses	221	221	124	50	174	47
Contractual Services	20	20				20
Interdepartmental Charges	102	102	29		29	73

(Continued)

COUNTY OF NASSAU, NEW YORK

**COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004 (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>
HEALTH (Continued)						
Public Health						
Salaries	\$ 2,095	\$ 2,095	\$ 1,959	\$	\$ 1,959	\$ 136
Fringe Benefits	959	987	942		942	45
Equipment	1	1				1
Supplies	193	191	188	2	190	1
General Expenses	122	122	87	8	95	27
Contractual Services	5,693	5,693	5,595	73	5,668	25
Interdepartmental Charges	47	47				47
Early Intervention						
Salaries	3,455	3,455	3,368		3,368	87
Fringe Benefits	1,582	1,628	1,594		1,594	34
Supplies	7	7	5		5	2
General Expenses	451	551	470	2	472	79
Contractual Services	55,486	53,751	45,598	3,891	49,489	4,262
Interdepartmental Charges		679	679		679	
Health Department Total	<u>88,076</u>	<u>86,772</u>	<u>76,502</u>	<u>3,790</u>	<u>80,292</u>	<u>6,480</u>
Mental Health						
Administration						
Salaries	1,154	1,154	1,061		1,061	93
Fringe Benefits	615	663	663	(109)	554	109
Supplies	3	3	3		3	
General Expenses	622	1,304	842	462	1,304	
Contractual Services	1,519	837	802	35	837	
Interdepartmental Charges	344	56	56		56	
Contractual Services						
Contractual Services	5,191	5,191	4,158	338	4,496	695
Direct Services						
Salaries	107	107	34		34	73
Fringe Benefits	57	28	21		21	7
Supplies	2	2				2
Contractual Services	1,129	1,129	914	53	967	162
Education of Handicapped Children						
Other Expenses	82,765	93,754	92,678	821	93,499	255
Mental Health Total	<u>93,508</u>	<u>104,228</u>	<u>101,232</u>	<u>1,600</u>	<u>102,832</u>	<u>1,396</u>
Total Health	<u>201,933</u>	<u>206,137</u>	<u>190,873</u>	<u>6,309</u>	<u>197,182</u>	<u>8,955</u>
PUBLIC WORKS						
Administration						
Salaries	2,578	1,765	1,765		1,765	
Fringe Benefits	1,281	1,054	1,054		1,054	
Equipment	4	4	3		3	1
Supplies	16	16	12	2	14	2
General Expenses	41	41	13	26	39	2
Contractual Services	745	782	760	20	780	2
Interdepartmental Charges	2,565	813	813		813	
Highway and Engineering						
Salaries	6,379	7,524	7,506		7,506	18
Fringe Benefits	3,169	4,393	4,393		4,393	
Equipment	32	32	13	13	26	6
Supplies	50	50	12	1	13	37
General Expenses	66	66	36	21	57	9
Contractual Services	10,328	5,619	3,450	2,160	5,610	9
Utility Costs	1,324	1,611	1,487	122	1,609	2
Interdepartmental Charges	243					
Highway and Bridge Maintenance						
Salaries	7,209	7,663	7,663		7,663	
Fringe Benefits	3,581	4,568	4,568		4,568	
Equipment	49	48	41	6	47	1
Supplies	259	268	218	19	237	31
General Expenses	96	121	29	24	53	68
Contractual Services	753	759	640	110	750	9
Utility Costs	424	2,330	2,292	38	2,330	
Interdepartmental Charges	255	1,754	1,754		1,754	

(Continued)

COUNTY OF NASSAU, NEW YORK

**COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004 (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>						
Groundwater Remediation						
Salaries	\$ 163	\$ 163	\$ 161	\$	\$ 161	\$ 2
Fringe Benefits	81	176	176		176	
Equipment	39	39	5		5	34
Supplies	46	95	84	10	94	1
General Expenses	14	15	15		15	
Contractual Services	404	404	102	154	256	148
Utility Costs	402	401	286	51	337	64
Snow Removal						
Salaries	800	600	425		425	175
Fringe Benefits	397	176	176		176	
Equipment	10	184	5	173	178	6
Supplies	553	794	789	2	791	3
General Expenses	38	13	3		3	10
Contractual Services	116	116	64	51	115	1
Buildings						
Salaries	7,183	4,700	4,699		4,699	1
Fringe Benefits	3,569	2,811	2,811		2,811	
Equipment	48	21	7	14	21	
Supplies	1,986	726	404	213	617	109
General Expenses	603	293	121	92	213	80
Contractual Services	9,452	8,997	6,904	1,583	8,487	510
Utility Costs	18,314	18,010	16,578	1,376	17,954	56
Interdepartmental Charges	1,471	196				196
Water Supply						
Salaries	3,751	3,766	3,766		3,766	
Fringe Benefits	1,863	2,284	2,284		2,284	
Equipment	25	25	21	1	22	3
Supplies	27	27	21		21	6
General Expenses	22	22	17	2	19	3
Contractual Services	1,451	1,451	926	453	1,379	72
Utility Costs	54	65	58	3	61	4
Interdepartmental Charges		125	125		125	
Sanitation						
Salaries	3,603	3,205	3,130		3,130	75
Fringe Benefits	1,790	1,933	1,933		1,933	
Equipment	1	1				1
Supplies	4	4	2		2	2
General Expenses	10	10	5	1	6	4
Contractual Services	5	5				5
Interdepartmental Charges		74	74		74	
Fleet Maintenance						
Salaries	2,151	1,038	861		861	177
Fringe Benefits	1,069	346	176		176	170
Equipment	32	32	26	3	29	3
Supplies	1,189	1,401	1,341	59	1,400	1
General Expenses	142	142	81	18	99	43
Contractual Services	20	20	17	1	18	2
Interdepartmental Charges	115	115	105		105	10
Traffic Maintenance						
Salaries	951	51				51
Fringe Benefits	472	27				27
Equipment	3	3	1		1	2
Supplies	271	271	145	126	271	
General Expenses	2	2				2
Contractual Services	2	2	1		1	1
Total Public Works	106,161	96,658	87,453	6,948	94,401	2,257
<u>RECREATION AND PARKS</u>						
Cultural Development						
Supplies	1	1		1	1	
Contractual Services	4	4		4	4	
Cultural Development Total	5	5		5	5	
Total Recreation and Parks	5	5		5	5	

(Continued)

COUNTY OF NASSAU, NEW YORK

**COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004 (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>
SOCIAL SERVICES						
Bar Association - Public Defender	\$ 4,867	\$ 4,148	\$ 4,063	\$ 6	\$ 4,069	\$ 79
CASA						
Salaries	316	338	336		336	2
Fringe Benefits	115	119	117	(26)	91	28
Equipment	5	10		9	9	1
Supplies	6	1				1
General Expenses	9	2	2		2	
Contractual Services	15					
Interdepartmental Charges	197	197	40		40	157
CASA Total	663	667	495	(17)	478	189
Legal Aid Society	3,917	3,917	3,832	85	3,917	
Minority Affairs						
Salaries	428	467	459		459	8
Fringe Benefits	143	147	146	(26)	120	27
Supplies	3	4				4
General Expenses	40	31	4	5	9	22
Contractual Services	1	1				1
Interdepartmental Charges	68	68	41		41	27
Minority Affairs Total	683	718	650	(21)	629	89
Senior Citizens Affairs						
Administration						
Salaries	2,151	2,153	2,137		2,137	16
Fringe Benefits	1,214	1,249	1,235	(192)	1,043	206
Equipment	6	6		6	6	
Supplies	11	11	3	1	4	7
General Expenses	25	17	13	4	17	
Contractual Services	74	74	47	20	67	7
Interdepartmental Charges	681	112	112		112	
Community Services						
Contractual Services	2,099	2,099	2,067		2,067	32
Nutrition Program						
Contractual Services	4,266	4,266	4,239		4,239	27
Community Centers						
Equipment	95	95	95		95	
Supplies	15	15	3	2	5	10
Contractual Services	160	160	66	80	146	14
Area Agency Title III						
Contractual Services	2,154	2,208	1,905	300	2,205	3
Foster Grandparents Program						
Supplies	2	2				2
General Expenses	1	1				1
Contractual Services	79	79	56	13	69	10
Extended In-home Services						
Contractual Services	3,153	3,153	3,148		3,148	5
SNAP (Nutrition)						
Contractual Services	879	879	769	103	872	7
TITLE IIID/CSI (Health Promotion)						
Contractual Services	139	139	90	43	133	6
TITLE IIIE (Caregivers)						
Contractual Services	473	473	363	105	468	5
Senior Citizens Affairs Total	17,677	17,191	16,348	485	16,833	358
Social Services Department						
Administration						
Salaries	4,043	4,043	3,949		3,949	94
Fringe Benefits	1,779	1,854	1,843		1,843	11
Equipment	8	8	6		6	2
General Expenses	328	6,068	279	5,787	6,066	2
Contractual Services	2,233	2,019	1,762	254	2,016	3
Interdepartmental Charges	4,265	877	877		877	
Public Financial Assistance						
Salaries	24,137	23,072	23,072		23,072	
Fringe Benefits	10,623	10,700	10,647	(3,690)	6,957	3,743
Equipment	105	105	65	8	73	32
General Expenses	674	674	658	11	669	5
Contractual Services	13,826	13,826	6,389	6,085	12,474	1,352
Interdepartmental Charges		1,017	1,017		1,017	

(Continued)

COUNTY OF NASSAU, NEW YORK

**COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004 (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)						
Division Of Services						
Salaries	\$ 14,917	\$ 15,345	\$ 15,345	\$	\$ 15,345	\$
Fringe Benefits	6,565	7,035	6,961		6,961	74
General Expenses	361	361	256	1	257	104
Contractual Services	350	350	115	58	173	177
Interdepartmental Charges		1,415	1,296		1,296	119
Juvenile Detention Center						
Salaries	2,634	2,434	2,323		2,323	111
Fringe Benefits	1,159	1,116	1,024		1,024	92
Equipment	69	69	35	9	44	25
Supplies	30	42	35	6	41	1
General Expenses	85	85	65	14	79	6
Contractual Services	1,117	1,117	558	474	1,032	85
Utility Costs	90	90	2		2	88
Interdepartmental Charges	79	274	120		120	154
Real Estate Expense						
General Expenses	10	10				10
Handicapped Children Education						
Emergency Vendor Payments	11,802	12,702	12,164	20	12,184	518
Physically Challenged						
Salaries	242	277	274		274	3
Fringe Benefits	49	50	50	(23)	27	23
Equipment	2	2	1		1	1
Supplies	24	24	3		3	21
General Expenses	3	132	1		1	131
Contractual Services	26	26	20	6	26	
Interdepartmental Charges	77	77	36		36	41
Food Stamp Program						
Recipient Grants	5	5				5
Aid to Dependent Children						
Recipient Grants	23,500	25,500	25,458		25,458	42
Emergency Vendor Payments	4,856	4,105	3,921	150	4,071	34
Home Relief						
Recipient Grants	14,000	16,100	16,100		16,100	
Emergency Vendor Payments	1,500	1,300	1,299		1,299	1
Children in Institutions						
Emergency Vendor Payments	24,517	23,662	21,043	49	21,092	2,570
Children in Foster Homes						
Recipient Grants	1,100	1,325	1,325		1,325	
Purchased Services	5	5				5
Emergency Vendor Payments	189	364	363		363	1
Juvenile Delinquents						
Emergency Vendor Payments	10,969	9,969	7,097	1,151	8,248	1,721
Training Schools						
Emergency Vendor Payments	2,432	2,432	2,379		2,379	53
Children in Institutions - Title 4E						
Emergency Vendor Payments	2,840	2,715	1,756	630	2,386	329
Children in Foster Homes - Title 4E						
Recipient Grants	2,150	945	930		930	15
Emergency Vendor Payments	490	315	315		315	
Subsidized Adoption						
Recipient Grants	4,378	4,652	4,640		4,640	12
Burials						
Emergency Vendor Payments	325	273	252		252	21
Medicaid						
Medicaid	318,304	369,291	369,266		369,266	25
Home Energy Assistance						
Recipient Grants	1,591	1,791	1,787		1,787	4
Title-XX						
Purchased Services	48,641	44,785	42,041	1,841	43,882	903
Social Services Department Total	563,504	616,830	591,220	12,841	604,061	12,769
Veterans Service Agency						
Salaries	539	537	523		523	14
Fringe Benefits	212	217	215	(50)	165	52
Equipment		61		46	46	15
Supplies	3	3				3
General Expenses	3	89	2		2	87
Interdepartmental Charges	443	66	66		66	
Veterans Service Agency Total	1,200	973	806	(4)	802	171

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004 (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>						
Youth Board						
Salaries	\$ 529	\$ 529	\$ 515	\$ (45)	\$ 515	\$ 14
Fringe Benefits	316	325	321	(45)	276	49
General Expenses	2	1				1
Contractual Services	7,452	7,712	6,914	684	7,598	114
Interdepartmental Charges	487	49	49		49	
Youth Board Total	<u>8,786</u>	<u>8,616</u>	<u>7,799</u>	<u>639</u>	<u>8,438</u>	<u>178</u>
Total Social Services	601,297	653,060	625,213	14,014	639,227	13,833
<u>CORRECTIONS</u>						
Correctional Center						
Salaries	98,507	108,980	108,980		108,980	
Fringe Benefits	35,359	36,375	35,971	(12,061)	23,910	12,465
Equipment	271	271	267	1	268	3
Supplies	4,472	3,799	3,347	409	3,756	43
General Expenses	721	543	469	56	525	18
Contractual Services	22,111	26,565	18,526	7,907	26,433	132
Utility Costs	561	583	556	23	579	4
Interdepartmental Charges	2,566	406	406		406	
Correctional Center Total	<u>164,568</u>	<u>177,522</u>	<u>168,522</u>	<u>(3,665)</u>	<u>164,857</u>	<u>12,665</u>
Probation						
Administration						
Salaries	16,740	16,415	16,411		16,411	4
Fringe Benefits	7,473	7,688	7,603	(1,707)	5,896	1,792
Equipment	211	264	195	58	253	11
Supplies	8	8	8		8	
General Expenses	318	430	283	96	379	51
Contractual Services	124	111	44	13	57	54
Interdepartmental Charges	1,826	324	324		324	
Probation Total	<u>26,700</u>	<u>25,240</u>	<u>24,868</u>	<u>(1,540)</u>	<u>23,328</u>	<u>1,912</u>
Total Corrections	191,268	202,762	193,390	(5,205)	188,185	14,577
<u>EDUCATION</u>						
Cooperative Extension Service	400	400	400		400	
Payment to Long Beach Schools	159	159	150		150	9
Public Library Services	180	180				180
State School Tuition	3,171	5,251	5,251		5,251	
Total Education	3,910	5,990	5,801		5,801	189
<u>PAYMENTS FOR TAX CERTIORARI AND OTHER JUDGMENTS</u>						
			198,663	(198,663)		

(Continued)

COUNTY OF NASSAU, NEW YORK

**COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004 (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>
OTHER EXPENDITURES						
Nassau Health Care Corporation	\$ 40,322	\$ 39,985	\$ 39,985	\$	\$ 39,985	\$
Aid to Towns and Cities	53,647	55,517	55,517		55,517	
County Executive Associations	14	14	14		14	
Lido-Point Lookout Fire District	6	6				6
Miscellaneous Contractual	4,852	4,852	4,402	283	4,685	167
Specialized Legal Services	325	324	1	70	71	253
HIPPA Payments	551	902	543	359	902	
NYS Association of Counties	45	45	45		45	
NIFA Expenditures	2,000	968				968
Rents	416	416		146	146	270
Reserve for Contingencies	147	467	320		320	147
Reserve for Future Medical Expense		23,600	23,600		23,600	
Reserve for Future Bonded Indebtedness		25,035	25,035		25,035	
Pension Contribution Liability				30,640	30,640	(30,640)
SJK Foundation	4	5	5		5	
Suits and Damages	1,640	3,803	503	3,300	3,803	
Unallocated Salary	20	2,213	2,213		2,213	
Unallocated Fringe Benefits	4,077	4,289	4,071	217	4,288	1
Total Other Expenditures	108,066	162,441	156,254	35,015	191,269	(28,828)
Total Current	1,517,252	1,628,735	1,730,491	(131,540)	1,598,951	29,784
DEBT SERVICE						
Financing Costs	36	36				36
Total Debt Service	36	36				36
Total Expenditures	1,517,288	1,628,771	1,730,491	(131,540)	1,598,951	29,820
TRANSFERS OUT						
Debt Service Fund	283,659	287,343	193,307		193,307	94,036
County Parks & Recreation Fund		7,624	7,624		7,624	
Total Transfers Out	283,659	294,967	200,931		200,931	94,036
TOTAL EXPENDITURES AND TRANSFERS OUT	\$ 1,800,947	\$ 1,923,738	\$ 1,931,422	\$ (131,540)	\$ 1,799,882	\$ 123,856
*Appropriations per 2004 budget as adopted						\$ 1,709,464
Outstanding encumbrances, January 1, 2004						91,483
Supplemental appropriations						122,791
Total Budgetary Authority						\$ 1,923,738

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2003 (Dollars in Thousands)

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Over (Under)
CURRENT:						
LEGISLATIVE						
Legislature						
Legislators						
Salaries	\$ 3,231	\$ 3,231	\$ 3,141	\$	\$ 3,141	\$ 90
Fringe Benefits	1,388	1,388	1,388		1,388	
Equipment	8	8	6		6	2
General Expenses	8	8	7	1	8	
Contractual Services	60	60	60		60	
Legislative Central Staff						
Salaries	486	686	670		670	16
Fringe Benefits						
Equipment	2	2	2		2	
General Expenses	216	276	259	16	275	1
Contractual Services	535	720	532	148	680	40
Legislative Budget Review						
Salaries	512	512	499		499	13
Fringe Benefits						
Equipment	17	5	5		5	
Materials and Supplies	1	1				1
General Expenses	6	4	3		3	1
Contractual Services	30	44				44
Legislature Total	<u>6,500</u>	<u>6,945</u>	<u>6,572</u>	<u>165</u>	<u>6,737</u>	<u>208</u>
<u>Total Legislative</u>	<u>6,500</u>	<u>6,945</u>	<u>6,572</u>	<u>165</u>	<u>6,737</u>	<u>208</u>
JUDICIAL						
Court Administration						
Fringe Benefits	<u>2,655</u>	<u>2,304</u>	<u>2,303</u>		<u>2,303</u>	<u>1</u>
District Attorney						
Salaries	23,553	22,260	21,750		21,750	510
Fringe Benefits	7,298	7,298	7,298		7,298	
Equipment	102	122	75	2	77	45
Materials and Supplies	80	115	48	1	49	66
General Expenses	501	576	439	12	451	125
Contractual Services	571	671	436	130	566	105
District Attorney Total	<u>32,105</u>	<u>31,042</u>	<u>30,046</u>	<u>145</u>	<u>30,191</u>	<u>851</u>
Public Administrator						
Salaries	422	419	396		396	23
Fringe Benefits	165	165	165		165	
Equipment	3	5	2	3	5	
Materials and Supplies	2	1				1
General Expenses	3	3	3		3	
Contractual Services	13	13	13		13	
Public Administrator Total	<u>608</u>	<u>606</u>	<u>579</u>	<u>3</u>	<u>582</u>	<u>24</u>
Sheriff						
Salaries	5,013	4,508	4,508		4,508	
Fringe Benefits	1,790	1,790	1,790		1,790	
Equipment	2	1				1
Materials and Supplies	34	17		1	1	16
General Expenses	68	110	102	2	104	6
Sheriff Total	<u>6,907</u>	<u>6,426</u>	<u>6,400</u>	<u>3</u>	<u>6,403</u>	<u>23</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

**COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2003 (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	\$ 1,577	\$ 1,577	\$ 1,427	\$	\$ 1,427	\$ 150
Fringe Benefits	571	571	571		571	
Equipment	29	27	24		24	3
General Expenses	79	74	59	15	74	
Contractual Services	1,213	1,213	654	407	1,061	152
Traffic and Parking Violations Total	<u>3,469</u>	<u>3,462</u>	<u>2,735</u>	<u>422</u>	<u>3,157</u>	<u>305</u>
Total Judicial	<u>45,744</u>	<u>43,840</u>	<u>42,063</u>	<u>573</u>	<u>42,636</u>	<u>1,204</u>
GENERAL ADMINISTRATION						
Assessment						
Salaries	8,041	5,872	5,872		5,872	
Fringe Benefits	2,907	2,907	2,907		2,907	
Equipment	331	331	11		11	320
Materials and Supplies	80	80	7		7	73
General Expenses	827	827	431	112	543	284
Contractual Services	7,157	8,058	4,240	3,368	7,608	450
Assessment Total	<u>19,343</u>	<u>18,075</u>	<u>13,468</u>	<u>3,480</u>	<u>16,948</u>	<u>1,127</u>
Board of Assessment Review						
Salaries	2,209	1,939	1,800		1,800	139
Fringe Benefits	406	406	406		406	
Equipment	75	55	34		34	21
Materials and Supplies	10	5				5
General Expenses	110	75	60	7	67	8
Contractual Services	4,681	4,681	30	4,475	4,505	176
Interdepartmental Charges	245	245			-	245
Board of Assessment Review Total	<u>7,736</u>	<u>7,406</u>	<u>2,330</u>	<u>4,482</u>	<u>6,812</u>	<u>594</u>
Board of Elections						
Administration						
Salaries	2,919	2,348	2,348		2,348	
Fringe Benefits						
Equipment	11	11	5	6	11	
General Expenses	19	19		1	1	18
Interdepartmental Charges						
General Elections						
Salaries	4,714	4,714	4,529		4,529	185
Fringe Benefits	2,691	2,691	2,691		2,691	
Equipment	87	72	71		72	
General Expenses	452	452	310	59	369	83
Contractual Services	308	308	210	35	245	63
Primary Elections						
Salaries	649	649	615		615	34
General Expenses	98	98	93		93	5
Contractual Services	231	231	74	4	78	153
Board of Elections Total	<u>12,179</u>	<u>11,593</u>	<u>10,946</u>	<u>106</u>	<u>11,052</u>	<u>541</u>
Civil Service						
Salaries	4,126	3,572	3,572		3,572	
Fringe Benefits	1,405	1,405	1,405		1,405	
Equipment	23	15	8		8	7
Materials and Supplies	70	37	15	4	19	18
General Expenses	314	194	80	6	86	108
Contractual Services	595	595	6	89	95	500
Interdepartmental Charges	45	45	8		8	37
Civil Service Total	<u>6,578</u>	<u>5,863</u>	<u>5,094</u>	<u>99</u>	<u>5,193</u>	<u>670</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2003 (Dollars in Thousands)

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Over (Under)
GENERAL ADMINISTRATION (Continued)						
Commerce and Industry						
Contractual Services	\$ 71	\$ 71	\$	\$ 71	\$ 71	\$
Commerce and Industry Total	71	71		71	71	
County Attorney						
Salaries	9,395	8,071	8,071		8,071	
Fringe Benefits	2,862	2,862	2,862		2,862	
Equipment	122	64	7	10	17	47
Materials and Supplies	30	15	10	3	13	2
General Expenses	281	292	284	7	291	1
Contractual Services	6,841	7,222	3,243	3,910	7,153	69
Other Suits and Damages	1,300	2,300	2,300		2,300	
Workman's Compensation Expense						
Fringe Benefits	14,251	17,745	17,534	211	17,745	
County Attorney Total	35,082	38,571	34,311	4,141	38,452	119
County Clerk						
Salaries	4,088	3,856	3,656		3,656	200
Fringe Benefits	2,409	2,409	2,409		2,409	
Equipment	95	95	50	15	65	30
Materials and Supplies	21	21		3	3	18
General Expenses	183	189	118	71	189	
Contractual Services	336	337	46	90	136	201
County Clerk Total	7,132	6,907	6,279	179	6,458	449
County Comptroller						
General						
Salaries	4,967	4,967	4,690		4,690	277
Fringe Benefits	2,220	2,220	2,220		2,220	
Equipment	145	145	28	7	35	110
General Expenses	65	65	55	1	56	9
Contractual Services	1,978	1,978	620	1,235	1,855	123
County Comptroller Total	9,375	9,375	7,613	1,243	8,856	519
County Executive						
Salaries	657	1,437	1,418		1,418	19
Fringe Benefits	1,604	1,604	1,604		1,604	
Equipment	18	12	4		4	8
General Expenses	35	35	28	3	31	4
Contractual Services	317	317	22		22	295
County Executive Total	2,631	3,405	3,076	3	3,079	326
County Treasurer						
Salaries	1,992	2,194	2,193		2,193	1
Fringe Benefits	1,248	1,248	1,248		1,248	
Equipment	8	8	7		7	1
General Expenses	240	263	261	2	263	
Contractual Services	822	1,523	1,292	100	1,392	131
Other Suits and Damages		2,000	2,000		2,000	
County Treasurer Total	4,310	7,236	7,001	102	7,103	133
Office of Constituent Affairs						
Salaries	575	723	632		632	91
General Expenses		4	4		4	

(Continued)

COUNTY OF NASSAU, NEW YORK

**COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
VS. TOTAL BUDGETARY AUTHORITY
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003 (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)						
Office of Constituent Affairs Printing & Graphics						
Salaries	\$ 1,402	\$ 1,728	\$ 1,596	\$	\$ 1,596	\$ 132
Fringe Benefits	804	804	804		804	
Equipment	500	500	471	29	500	17
Materials and Supplies	44	144	114	13	127	1
General Expenses	1,284	2,354	2,100	253	2,353	24
Contractual Services	155	179	155		155	24
Office of Constituent Affairs Total	<u>4,764</u>	<u>6,436</u>	<u>5,876</u>	<u>295</u>	<u>6,171</u>	<u>265</u>
Office of Emergency Management						
Salaries	665	460	181		181	279
Fringe Benefits	21	21	21		21	
Equipment	10	53	4	4	8	45
Materials and Supplies	27	26		26	26	
General Expenses	40	23	3	19	22	1
Office of Emergency Management Total	<u>763</u>	<u>583</u>	<u>209</u>	<u>49</u>	<u>258</u>	<u>325</u>
Information Technology						
Salaries	6,592	8,115	8,107		8,107	8
Fringe Benefits	3,983	3,983	3,983		3,983	
Equipment		3,500	51	3,422	3,473	27
Materials and Supplies	13	9	5	1	6	3
General Expenses	2,222	2,229	1,498	392	1,890	339
Contractual Services	7,252	13,919	6,223	7,577	13,800	119
Utilities	5,106	5,661	5,636	25	5,661	
Information Technology Total	<u>25,168</u>	<u>37,416</u>	<u>25,503</u>	<u>11,417</u>	<u>36,920</u>	<u>496</u>
Housing and Intergovernmental Affairs:						
Salaries	-	48	48		48	
Fringe Benefits	288	288	288	-	288	-
Housing and Intergovernmental Affairs Total	<u>288</u>	<u>336</u>	<u>336</u>		<u>336</u>	
Labor Relations						
Salaries	353	353	338		338	15
Fringe Benefits	63	63	63		63	
Equipment	10	6	1		1	5
Materials and Supplies	8	4				4
General Expenses	14	7	2		2	5
Contractual Services	34	34	-	31	31	3
Labor Relations Total	<u>482</u>	<u>467</u>	<u>404</u>	<u>31</u>	<u>435</u>	<u>32</u>
Management and Budgets						
Salaries	1,027	1,437	1,380		1,380	57
Fringe Benefits	750	750	750		750	
Equipment	37	18				18
Materials and Supplies		110	14		14	96
General Expenses	31	35	35		35	
Contractual Services	537	537	279	167	446	91
Vertical Administration						
Salaries	1,227	1,207	1,205		1,205	2
Fiscal Analysis						
Salaries	361	916	866		866	50
Management and Budgets Total	<u>3,970</u>	<u>5,010</u>	<u>4,529</u>	<u>167</u>	<u>4,696</u>	<u>314</u>
Personnel						
Salaries	512	515	514		514	1
Fringe Benefits	234	234	234		234	
Materials and Supplies	8	1				1
General Expenses	44	40	37	3	40	
Contractual Services	40	40	37	3	40	
Personnel Total	<u>838</u>	<u>830</u>	<u>822</u>	<u>6</u>	<u>828</u>	<u>2</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

**COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2003 (Dollars in Thousands)**

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Over (Under)
GENERAL ADMINISTRATION (Continued)						
Planning						
Salaries	\$ 1,699	\$ 1,699	\$ 1,423	\$	\$ 1,423	\$ 276
Fringe Benefits	724	724	724		724	
Equipment	2	2		2	2	
Materials and Supplies	23	12				12
General Expenses	34	22	11	10	21	1
Contractual Services	1,475	3,467	893	2,561	3,454	13
Various Direct Expenses	100	100	100		100	
Interdepartmental Charges	120	120	88		88	32
Bus Shelter Maint. & Cleaning	55	55	2	52	54	1
Mass Transportation						
Pt.Lookout/Lido Beach Bus Route	120	438	60		60	378
Metropolitan Suburban Bus Authority	3,853	3,853	3,853		3,853	
LIRR Station Maintenance	21,479	21,583	21,583		21,583	
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	45,726	48,117	44,779	2,625	47,404	713
Purchasing						
Salaries	1,181	1,281	1,272		1,272	9
Fringe Benefits	829	829	829		829	
Equipment	7	5	4		4	1
Materials and Supplies	5	3	2		2	1
General Expenses	69	37	10	1	11	26
Interdepartmental Charges	70	70				70
Purchasing Total	2,161	2,225	2,117	1	2,118	107
Office of Real Estate Services						
Salaries	701	701	663		663	38
Fringe Benefits	151	151	151		151	
Equipment	10	6	3	2	5	1
Materials and Supplies	5	3	3		3	
General Expenses	115	308	27	31	58	250
Insurance on Buildings	1,500	210	210		210	
Rent	5,400	4,533	4,146	387	4,533	
Office of Real Estate Services Total	7,882	5,912	5,203	420	5,623	289
Building Management						
Salaries	5,107	5,897	5,863		5,863	34
Fringe Benefits	4	4	4		4	
Equipment	2	2				2
Supplies	1,882	1,857	1,175	424	1,599	258
General Expenses	1,393	1,413	936	346	1,282	131
Contractual Services	2,322	2,372	853	1,428	2,281	91
Utility Costs	14,769	18,189	17,231	812	18,043	146
Building Management Total	25,479	29,734	26,062	3,010	29,072	662
Office of Records Management						
Salaries	609	733	656		656	77
Fringe Benefits	702	702	702		702	
Materials and Supplies	146	146		31	31	115
General Expenses	127	128	12	90	102	26
Office of Records Management Total	1,584	1,709	1,370	121	1,491	218
Total General Administration	223,542	247,277	207,328	32,048	239,376	7,901
PROTECTION OF PERSONS						
Commission on Human Rights						
Salaries	468	591	590		590	1
Fringe Benefits	439	439	439		439	
Equipment	7	4				4
Materials and Supplies	3	2				2
General Expenses	27	15	6	2	8	7
Contractual Services	25	2				2
Commission on Human Rights Total	969	1,053	1,035	2	1,037	16
Commissioner of Accounts						
Salaries	418	418	303		303	115
Fringe Benefits	173	173	173		173	
Equipment	20	10	2	5	7	3
Materials and Supplies	11	6	1		1	5
General Expenses	52	25				25
Contractual Services	75	75		16	16	59
Commissioner of Accounts Total	749	707	479	21	500	207

(Continued)

COUNTY OF NASSAU, NEW YORK

**COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2003 (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>PROTECTION OF PERSONS (Continued)</u>						
Consumer Affairs						
Salaries	\$ 1,786	\$ 1,786	\$ 1,691	\$	\$ 1,691	\$ 95
Fringe Benefits	799	799	799		799	
Equipment	2	1	1		1	
Materials and Supplies	4	2	1		1	1
General Expenses	5	7	7		7	
Consumer Affairs Total	<u>2,596</u>	<u>2,595</u>	<u>2,499</u>		<u>2,499</u>	<u>96</u>
Medical Examiner						
Salaries	4,326	4,262	4,162		4,162	100
Fringe Benefits	1,458	1,458	1,458		1,458	
Equipment	27	88	27	57	84	4
Materials and Supplies	243	157	136	13	149	8
General Expenses	97	93	84	7	91	2
Contractual Services	394	394	145	214	359	35
Interdepartmental Charges	20	184	79		79	105
Medical Examiner Total	<u>6,565</u>	<u>6,636</u>	<u>6,091</u>	<u>291</u>	<u>6,382</u>	<u>254</u>
Police						
General Expenses	22	22				22
Police Total	<u>22</u>	<u>22</u>				<u>22</u>
Traffic Safety Board						
Salaries	190	193	193		193	
Fringe Benefits	64	64	64		64	
Traffic Safety Board Total	<u>254</u>	<u>257</u>	<u>257</u>		<u>257</u>	
Total Protection of Persons	<u>11,155</u>	<u>11,270</u>	<u>10,361</u>	<u>314</u>	<u>10,675</u>	<u>595</u>
<u>HEALTH</u>						
Drug and Alcohol						
Administration						
Salaries	595	517	380		380	137
Fringe Benefits	2,458	2,458	2,458		2,458	
Equipment	9	9				9
Materials and Supplies	8	4				4
General Expenses	21	11	1		1	10
Chemical Dependency Services						
Salaries	2,719	2,187	2,006		2,006	181
Fringe Benefits	7	4				4
Equipment	251	169	68		68	101
Materials and Supplies	171	130	80	6	86	44
General Expenses	8,470	8,055	5,848	1,416	7,264	791
Contractual Services	3,960	6,861	6,861		6,861	
Interdepartmental Charges	18,669	20,405	17,702	1,422	19,124	1,281
Drug and Alcohol Total	<u>18,669</u>	<u>20,405</u>	<u>17,702</u>	<u>1,422</u>	<u>19,124</u>	<u>1,281</u>
Health Department						
Administration						
Salaries	2,366	2,216	2,033		2,033	183
Fringe Benefits	8,115	8,115	8,115		8,115	
Materials and Supplies	20	20	11	1	12	8
General Expenses	67	64	57	1	58	6
Contractual Services	5	5				5
Interdepartmental Charges	25	2,262	2,262		2,262	
Environmental Health						
Salaries	6,046	5,371	5,371		5,371	
Fringe Benefits						
Equipment	34	26	17	4	21	5
Supplies	17	17	12	1	13	4
General Expenses	610	559	310	135	445	114
Contractual Services	170	170	21	16	37	133
Interdepartmental Charges	1	482	204		204	278

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2003 (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>
HEALTH (Continued)						
Laboratory Research						
Salaries	\$ 1,777	\$ 2,042	\$ 1,931	\$	\$ 1,931	\$ 111
Equipment	9	6		5	5	1
Supplies	427	505	389	42	431	74
General Expenses	242	212	114	46	160	52
Contractual Services	100	20				20
Interdepartmental Charges		265	245		245	20
Public Health						
Salaries	2,214	2,189	1,968		1,968	221
Equipment	1	39	39		39	
Supplies	163	163	141	2	143	20
General Expenses	161	140	50	7	57	83
Contractual Services	5,733	5,733	5,580	60	5,640	93
Interdepartmental Charges	633	114	114		114	
Early Intervention						
Salaries	3,201	3,291	3,224		3,224	67
Supplies	6	6	5	1	6	
General Expenses	454	408	404	1	405	3
Contractual Services	52,621	52,148	40,988	10,086	51,074	1,074
Interdepartmental Charges	1,200	1,200	815		815	385
Health Department Total	<u>86,418</u>	<u>87,788</u>	<u>74,420</u>	<u>10,408</u>	<u>84,828</u>	<u>2,960</u>
MENTAL HEALTH						
Administration						
Salaries	1,132	1,132	1,092		1,092	40
Fringe Benefits	754	754	754		754	
Supplies	4	2	1		1	1
General Expenses	622	856	855	1	856	
Contractual Services	1,958	1,263	881	18	899	364
Interdepartmental Charges	40	40	20		20	20
Contractual Services						
Contractual Services	4,791	4,791	2,961	1,390	4,351	440
Direct Services						
Salaries	113	113	88		88	25
Supplies	2	1				1
Contractual Services	3,052	3,052	999	79	1,078	1,974
Education of Handicapped Children						
Other Expenses	<u>76,611</u>	<u>89,440</u>	<u>83,300</u>	<u>3,420</u>	<u>86,720</u>	<u>2,720</u>
Mental Health Total	<u>89,079</u>	<u>101,444</u>	<u>90,951</u>	<u>4,908</u>	<u>95,859</u>	<u>5,585</u>
<u>Total Health</u>	<u>194,166</u>	<u>209,637</u>	<u>183,073</u>	<u>16,738</u>	<u>199,811</u>	<u>9,826</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2003 (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</u>						
Administration						
Salaries	\$ 1,419	\$ 1,393	\$ 1,318	\$	\$ 1,318	\$ 75
Fringe Benefits	18,787	18,787	18,787		18,787	
Equipment	1	1	1		1	
Supplies	10	10	7	3	10	
General Expenses	195	233	128	50	178	55
Contractual Services	663	713	612	100	712	1
Highway and Engineering						
Salaries	6,133	6,474	6,474		6,474	
Equipment	39	39	9		9	30
Supplies	347	397	239	5	244	153
General Expenses	70	70	18	1	19	51
Contractual Services	4,081	4,231	2,887	1,182	4,069	162
Utility Costs	1,331	1,485	1,477	2	1,479	6
Highway and Bridge Maintenance						
Salaries	7,215	8,464	8,451		8,451	13
Equipment	72	72	56	7	63	9
Supplies	584	584	532	41	573	11
General Expenses	222	251	115	72	187	64
Contractual Services	547	547	327	206	533	14
Utility Costs	490	529	521	7	528	1
Groundwater Remediation						
Salaries	156	156	154		154	2
Fringe Benefits						
Equipment	19	19	6		6	13
Supplies	64	64	23	4	27	37
General Expenses	14	14	2		2	12
Contractual Services	285	285	24	153	177	108
Utility Costs	539	539	276	2	278	261
Interdepartmental Charges	40	166	166		166	
Snow Removal						
Salaries	800	910	791		791	119
Fringe Benefits	10	10	8		8	2
Equipment	500	800	743	53	796	4
Supplies	35	6	3	3	6	
General Expenses	105	105	94	11	105	
Buildings						
Salaries	1,490	1,490	1,274		1,274	216
Equipment	3	3				3
Supplies	3	3				3
General Expenses	14	14	4		4	10
Contractual Services		8,250	1,816	6,434	8,250	
Water Supply						
Salaries	4,115	3,736	3,539		3,539	197
Equipment	21	21	16	1	17	4
Supplies	28	28	23	1	24	4
General Expenses	21	21	14	1	15	6
Contractual Services	1,150	1,151	551	505	1,056	95
Utility Costs	56	56	32	5	37	19
Various Direct Expenses	25	25	16		16	9
Interdepartmental Charges		112	112		112	

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2003 (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	\$ 3,575	\$ 2,778	\$ 2,778	\$	\$ 2,778	\$
Equipment	1	1				1
Supplies	4	4				4
General Expenses	10	10	4		4	6
Contractual Services	5	5				5
Interdepartmental Charges		2	2		2	
<u>Total Public Works</u>	<u>55,294</u>	<u>65,064</u>	<u>54,430</u>	<u>8,849</u>	<u>63,279</u>	<u>1,785</u>
<u>RECREATION AND PARKS</u>						
Cultural Development						
Supplies	1	1		1	1	
Contractual Services	15	15		4	4	11
Cultural Development Total	16	16		5	5	11
<u>Total Recreation and Parks</u>	<u>16</u>	<u>16</u>		<u>5</u>	<u>5</u>	<u>11</u>
<u>SOCIAL SERVICES</u>						
Bar Association - Public Defender	2,433	2,833	2,751	79	2,830	3
CASA						
Salaries	285	345	307		307	38
Fringe Benefits	101	101	101		101	
Equipment	5	3				3
Supplies	5	2				2
General Expenses	6	3	1	2	3	
Contractual Services	18	18	2	-	2	16
CASA Total	420	472	411	2	413	59
Legal Aid Society	3,917	3,917	3,832	85	3,917	
Minority Affairs						
Salaries	298	398	360		360	38
Fringe Benefits	78	78	78		78	
Supplies	3					
General Expenses	5	48	3	5	8	40
Minority Affairs Total	384	524	441	5	446	78
Senior Citizens Affairs						
Administration						
Salaries	2,142	2,142	2,092		2,092	50
Fringe Benefits	1,209	1,209	1,209		1,209	
Equipment	6	3	3		3	
Supplies	10	5	2	1	3	2
General Expenses	24	26	23	2	25	1
Contractual Services	101	101	67	28	95	6
Community Services						
Contractual Services	2,534	2,549	1,665	555	2,220	329
Nutrition Program						
Contractual Services	4,444	4,444	3,404	882	4,286	158

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2003 (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	\$	\$	\$	\$	\$	\$
Supplies	14	9	7	1	8	1
General Expenses	4	4	3		3	1
Contractual Services	222	222	6	80	86	136
Area Agency Title III						
Contractual Services	2,476	2,476	1,739	412	2,151	325
Foster Grandparents Program						
Supplies	2	1				1
General Expenses	3	2	1		1	1
Contractual Services	92	92	32	23	55	37
Extended In-home Services						
Contractual Services	3,211	3,211	1,938	501	2,439	772
SNAP (Nutrition)						
Contractual Services	902	902	614	206	820	82
TITLE IIID/CSI (Health Promotion)						
Contractual Services	152	152	91	39	130	22
TITLE IIIE (Caregivers)						
Contractual Services	716	716	525	73	598	118
Senior Citizens Affairs Total	<u>18,264</u>	<u>18,441</u>	<u>13,421</u>	<u>2,898</u>	<u>16,319</u>	<u>2,122</u>
Social Services Department						
Administration						
Salaries	4,544	3,826	3,826		3,826	
Fringe Benefits	20,176	20,176	20,176		20,176	
Equipment	5	5	2	3	5	
General Expenses	357	336	304	27	331	5
Contractual Services	1,573	2,073	1,559	331	1,890	183
Various Direct expenses	113	113	11		11	102
Interdepartmental Charges	595	569	468		468	101
Public Financial Assistance						
Salaries	23,342	21,137	21,137		21,137	
Equipment	117	148	97	49	146	2
General Expenses	506	673	453	208	661	12
Contractual Services	14,593	14,849	5,728	5,893	11,621	3,228
Interdepartmental Charges	1,412	1,412	1,120		1,120	292
Division Of Services						
Salaries	15,062	13,782	13,782		13,782	
General Expenses	362	373	368		368	5
Contractual Services	468	468	151	73	224	244
Interdepartmental Charges	999	999	999		999	

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2003 (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)						
Juvenile Detention Center						
Salaries	\$ 2,650	\$ 2,650	\$ 2,335	\$	\$ 2,335	\$ 315
Equipment	70	24	18	5	23	1
Supplies	33	33	26	2	28	5
General Expenses	82	79	50	23	73	6
Contractual Services	1,282	1,282	650	392	1,042	240
Utility Costs	88	88	88		88	
Interdepartmental Charges	300	150	147		147	3
Real Estate Expense						
General Expenses	10	10	3		3	7
Handicapped Children Education						
Emergency Vendor Payments	11,409	11,909	10,037	1,302	11,339	570
Physically Challenged						
Salaries	262	329	310		310	19
Fringe Benefits	98	98	98		98	
Equipment	2	1				1
General Expenses	24	14	5		5	9
Contractual Services	3	2	1		1	1
Interdepartmental Charges	41	41	25		25	16
Food Stamp Program						
Recipient Grants	5	5	2		2	3
Aid to Dependent Children						
Recipient Grants	23,500	23,750	23,720		23,720	30
Emergency Vendor Payments	5,053	3,982	3,871	106	3,977	5
Home Relief						
Recipient Grants	13,500	13,500	13,500		13,500	
Emergency Vendor Payments	2,000	1,250	989		989	261
Children in Institutions						
Emergency Vendor Payments	21,953	21,953	14,929	5,438	20,367	1,586
Children in Foster Homes						
Recipient Grants	1,210	1,210	1,076		1,076	134
Purchased Services	5	5				5
Emergency Vendor Payments	189	189	169		169	20
Juvenile Delinquents						
Emergency Vendor Payments	9,370	8,849	5,507	2,769	8,276	573
Training Schools						
Emergency Vendor Payments	2,315	2,315	2,315		2,315	
Children in Institutions - Title 4E						
Emergency Vendor Payments	4,383	4,048	1,598	640	2,238	1,810
Children in Foster Homes - Title 4E						
Recipient Grants	2,425	1,826	1,826		1,826	
Emergency Vendor Payments	490	490	404		404	86
Subsidized Adoption						
Recipient Grants	4,250	4,250	4,211		4,211	39
Burials						
Emergency Vendor Payments	325	325	253		253	72
Medicaid						
Medicaid	321,524	297,202	297,202		297,202	
Home Energy Assistance						
Recipient Grants	1,545	1,750	1,656		1,656	94
Title-XX						
Purchased Services	48,925	48,983	37,146	4,215	41,361	7,622
Social Services Department Total	<u>563,545</u>	<u>533,531</u>	<u>494,348</u>	<u>21,476</u>	<u>515,824</u>	<u>17,707</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

**COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2003 (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>SOCIAL SERVICES (Continued)</u>						
Veterans Service Agency						
Salaries	\$ 518	\$ 558	\$ 552	\$	\$ 552	\$ 6
Fringe Benefits	184	184	184		184	
Supplies	2	1				1
General Expenses	4	4	3		3	1
Veterans Service Agency Total	<u>708</u>	<u>747</u>	<u>739</u>		<u>739</u>	<u>8</u>
Youth Board						
Salaries	509	559	525		525	34
Fringe Benefits	421	421	421		421	
General Expenses	2	1	1		1	
Contractual Services	7,938	8,201	6,875	342	7,217	984
Youth Board Total	<u>8,870</u>	<u>9,182</u>	<u>7,822</u>	<u>342</u>	<u>8,164</u>	<u>1,018</u>
Total Social Services	<u>598,541</u>	<u>569,647</u>	<u>523,765</u>	<u>24,887</u>	<u>548,652</u>	<u>20,995</u>
<u>CORRECTIONS</u>						
Correctional Center						
Salaries	100,796	102,548	102,548		102,548	
Fringe Benefits	26,408	26,408	26,408		26,408	
Equipment	218	484	171	211	382	102
Supplies	4,579	4,024	3,777	187	3,964	60
General Expenses	657	886	683	51	734	152
Contractual Services	19,831	24,720	23,944	418	24,362	358
Utility Costs	510	554	545	6	551	3
Correctional Center Total	<u>152,999</u>	<u>159,624</u>	<u>158,076</u>	<u>873</u>	<u>158,949</u>	<u>675</u>
Probation						
Administration						
Salaries	18,286	15,981	15,981		15,981	
Fringe Benefits	9,534	9,534	9,534		9,534	
Equipment	25	221	16	186	202	19
Supplies	106	15	8	7	15	
General Expenses	196	241	227	14	241	
Contractual Services	88	88	19	49	68	20
Interdepartmental Charges		35	35		35	
Criminal Division						
General Expenses	129	129	35	2	37	92
Contractual Services	25	25		25	25	
Family Division						
Contractual Services	1	1		1	1	
Probation Total	<u>28,390</u>	<u>26,270</u>	<u>25,855</u>	<u>284</u>	<u>26,139</u>	<u>131</u>
Total Corrections	<u>181,389</u>	<u>185,894</u>	<u>183,931</u>	<u>1,157</u>	<u>185,088</u>	<u>806</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

**COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2003 (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>
EDUCATION						
Cooperative Extension Service	\$ 200	\$ 200	\$ 200	\$	\$ 200	\$
Public Library Services	180	180		180	180	
State School Tuition	5,171	5,171	4,753		4,753	418
<u>Total Education</u>	<u>5,551</u>	<u>5,551</u>	<u>4,953</u>	<u>180</u>	<u>5,133</u>	<u>418</u>
PAYMENTS FOR TAX CERTIORARI AND OTHER JUDGMENTS						
			141,820	(141,820)		
OTHER EXPENDITURES						
Nassau Health Care Corporation	40,389	43,942	43,897	45	43,942	
Aid to Towns and Cities	51,579	52,776	52,776		52,776	
Lido-Point Lookout Fire District	6	6				6
Miscellaneous Contractual	2,427	9,527	4,498	4,852	9,350	177
Specialized Legal Services	358	358	31	325	356	2
HIPPA Payments		1,388	570	551	1,121	267
NYS Association of Counties	45	45	45		45	
NIFA Expenditures	1,900					
Rents	824	824	213	416	629	195
Reserve for Contingencies	147	331	184	147	331	
SJK Foundation	4	4				4
Suits and Damages	737	67	66		66	1
Unallocated Salary	1,000	3,071	3,068		3,068	3
Unallocated Fringe Benefits	20,839	1,448	1,019	194	1,213	235
<u>Total Other Expenditures</u>	<u>120,255</u>	<u>113,787</u>	<u>106,367</u>	<u>6,530</u>	<u>112,897</u>	<u>890</u>
<u>Total Current</u>	<u>1,442,153</u>	<u>1,458,928</u>	<u>1,464,663</u>	<u>(50,374)</u>	<u>1,414,289</u>	<u>44,639</u>
DEBT SERVICE						
Financing Costs	201	36		36	36	
<u>Total Debt Service</u>	<u>201</u>	<u>36</u>		<u>36</u>	<u>36</u>	
<u>Total Expenditures</u>	<u>1,442,354</u>	<u>1,458,964</u>	<u>1,464,663</u>	<u>(50,338)</u>	<u>1,414,325</u>	<u>44,639</u>
TRANSFERS OUT						
Technology Fund	\$	\$ 12,800	\$ 12,800	\$	\$ 12,800	\$
Debt Service Fund	258,812	233,343	233,343		233,343	
County Parks & Recreation Fund		3,805	3,805		3,805	
<u>Total Transfers Out</u>	<u>258,812</u>	<u>249,948</u>	<u>249,948</u>		<u>249,948</u>	
TOTAL EXPENDITURES AND TRANSFERS OUT						
	<u>\$ 1,701,166</u>	<u>\$ 1,708,912</u>	<u>\$ 1,714,611</u>	<u>\$ (50,338)</u>	<u>\$ 1,664,273</u>	<u>\$ 44,639</u>
*Appropriations per 2003 budget as adopted					\$ 1,630,733	
Outstanding encumbrances, January 1, 2003					70,433	
Supplemental appropriations					7,746	
Total Budgetary Authority		<u>\$ 1,708,912</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, 2004 (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	\$	\$ 18	\$ 18	\$	\$ 18	\$
Rents and Recoveries		193	6		6	(187)
Departmental Revenue	3,364	3,856	3,856		3,856	
Interdepartmental Revenue		2	2		2	
State Aid	100	138	138		138	
Property Taxes	17,782	17,782	17,782		17,782	
Total Revenues	21,246	21,989	21,802		21,802	(187)
Expenditures:						
Salaries	8,583	9,073	9,073		9,073	
Fringe Benefits	2,933	2,952	2,952	(673)	2,279	673
Equipment	361	548	268	280	548	
Other	6,807	6,339	6,194	818	7,012	(673)
Total Expenditures	18,684	18,912	18,487	425	18,912	
Excess of Revenues Over Expenditures	2,562	3,077	3,315	(425)	2,890	(187)
Other Financing Use:						
Transfers Out	(2,886)	(3,215)	(3,215)		(3,215)	
Total Other Financing Use	(2,886)	(3,215)	(3,215)		(3,215)	
Net Change in Fund Balance	(324)	(138)	100	(425)	(325)	(187)
Fund Balance Beginning of Year	324	138	325		325	187
Fund Balance End of Year	\$	\$	\$ 425	\$ (425)	\$	\$

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, 2003 (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	\$ 8	\$ 8	\$ 10	\$	\$ 10	\$ 10
Rents and Recoveries						(8)
Departmental Revenue	2,800	3,466	3,426		3,426	(40)
Interdepartmental Revenue			14		14	14
Federal Aid			11		11	11
State Aid	140	140	121		121	(19)
Property Taxes	17,012	17,012	17,012		17,012	
Total Revenues	19,960	20,626	20,594		20,594	(32)
Expenditures:						
Salaries	8,436	8,314	8,314		8,314	
Fringe Benefits	2,512	2,695	2,695		2,695	
Equipment	153	266	51	212	263	3
Other	9,061	9,289	9,166	113	9,279	10
Total Expenditures	20,162	20,564	20,226	325	20,551	13
Excess (Deficiency) of Revenues Over (Under) Expenditures	(202)	62	368	(325)	43	(19)
Other Financing Use:						
Transfers Out		(245)	(245)		(245)	
Total Other Financing Use		(245)	(245)		(245)	
Net Change in Fund Balance	(202)	(183)	123	(325)	(202)	(19)
Fund Balance Beginning of Year	202	183	202		202	19
Fund Balance End of Year	\$	\$	\$ 325	\$ (325)	\$	\$

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, 2004 (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	\$ 1,122	\$ 1,122	\$ 985	\$	\$ 985	\$ (137)
Interest Income	15	15	46		46	31
Departmental Revenue	18,546	18,547	14,098		14,098	(4,449)
Property Tax	43,577	43,577	43,577		43,577	
Other Revenues	575	575	195		195	(380)
Total Revenues	63,835	63,836	58,901		58,901	(4,935)
Expenditures:						
Salaries	16,482	17,008	17,008		17,008	
Fringe Benefits	9,456	9,368	9,368	(1,557)	7,811	1,557
Equipment	371	486	459	27	486	
Other	19,353	20,335	19,605	2,287	21,892	(1,557)
Total Expenditures	45,662	47,197	46,440	757	47,197	
Excess (Deficiency) of Revenues Over (Under) Expenditures	18,173	16,639	12,461	(757)	11,704	(4,935)
Other Financing Sources (Uses):						
Transfers In		2,823	7,623		7,623	4,800
Transfers Out	(19,221)	(20,375)	(20,375)		(20,375)	
Total Other Financing Sources (Uses)	(19,221)	(17,552)	(12,752)		(12,752)	4,800
Net Change in Fund Balance	(1,048)	(913)	(291)	(757)	(1,048)	(135)
Fund Balance Beginning of Year	1,048	913	1,048		1,048	135
Fund Balance End of Year	\$	\$	\$ 757	\$ (757)	\$	\$

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, 2003 (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	\$ 737	\$ 737	\$ 943	\$	\$ 943	\$ 206
Departmental Revenue	17,530	17,530	13,646		13,646	(3,884)
Property Tax	43,085	43,085	43,085		43,085	
Other Revenues	325	325	192		192	(133)
Total Revenues	<u>61,677</u>	<u>61,677</u>	<u>57,866</u>		<u>57,866</u>	<u>(3,811)</u>
Expenditures:						
Salaries	18,303	19,719	19,719		19,719	
Fringe Benefits	9,599	11,082	11,082		11,082	
Equipment	228	590	532	40	572	18
Other	34,578	31,676	30,321	1,008	31,329	347
Total Expenditures	<u>62,708</u>	<u>63,067</u>	<u>61,654</u>	<u>1,048</u>	<u>62,702</u>	<u>365</u>
Deficiency of Revenues and Other Financing Sources Under Expenditures	<u>(1,031)</u>	<u>(1,390)</u>	<u>(3,788)</u>	<u>(1,048)</u>	<u>(4,836)</u>	<u>(3,446)</u>
Other Financing Sources:						
Transfers In		359	3,805		3,805	3,446
Total Other Financing Sources		<u>359</u>	<u>3,805</u>		<u>3,805</u>	<u>3,446</u>
Net Change in Fund Balance	(1,031)	(1,031)	17	(1,048)	(1,031)	
Fund Balance Beginning of Year	1,031	1,031	1,031		1,031	
Fund Balance End of Year	<u>\$</u>	<u>\$</u>	<u>\$ 1,048</u>	<u>\$ (1,048)</u>	<u>\$</u>	<u>\$</u>

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGETARY AUTHORITY AND ACTUAL
POLICE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2004 (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	\$ 150	\$ 716	\$ 632	\$	\$ 632	\$ (84)
Permits & Licenses	1,200	1,787				(1,787)
Interest Income	10	65	71		71	6
Departmental Revenue	3,117	3,117	5,250		5,250	2,133
Interdepartmental Revenue			481		481	481
Property Tax	301,297	301,297	301,297		301,297	
Total Revenues	305,774	306,982	307,731		307,731	749
Expenditures:						
Salaries	217,166	227,412	226,150		226,150	1,262
Fringe Benefits	81,482	78,294	78,294	(24,707)	53,587	24,707
Equipment	6,266	8,264	5,504	2,721	8,225	39
Other	23,272	24,477	23,205	25,968	49,173	(24,696)
Total Expenditures	328,186	338,447	333,153	3,982	337,135	1,312
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,412)	(31,465)	(25,422)	(3,982)	(29,404)	2,061
Other Financing Sources (Uses):						
Transfers In			7,500		7,500	7,500
Transfers Out	(5,071)	(5,579)	(5,579)		(5,579)	
Total Other Financing Sources (Uses)	(5,071)	(5,579)	1,921		1,921	7,500
Net Change in Fund Balance	(27,483)	(37,044)	(23,501)	(3,982)	(27,483)	9,561
Fund Balance Beginning of Year	27,483	37,044	32,353		32,353	(4,691)
Fund Balance End of Year	\$	\$	\$ 8,852	\$ (3,982)	\$ 4,870	\$ 4,870

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGETARY AUTHORITY AND ACTUAL
POLICE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2003 (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	\$ 405	\$ 405	\$ 122	\$	\$ 122	\$ (283)
Interest Income			21		21	21
Departmental Revenue	3,522	3,522	4,893		4,893	1,371
Interdepartmental Revenue			332		332	332
Property Tax	<u>299,979</u>	<u>299,979</u>	<u>299,978</u>		<u>299,978</u>	<u>(1)</u>
Total Revenues	<u>303,906</u>	<u>303,906</u>	<u>305,346</u>		<u>305,346</u>	<u>1,440</u>
Expenditures:						
Salaries	187,848	207,119	185,264	21,855	207,119	
Fringe Benefits	89,200	64,497	62,566		62,566	1,931
Equipment	1,768	6,183	1,133	4,266	5,399	784
Other	<u>22,663</u>	<u>23,680</u>	<u>21,603</u>	<u>1,362</u>	<u>22,965</u>	<u>715</u>
Total Expenditures	<u>301,479</u>	<u>301,479</u>	<u>270,566</u>	<u>27,483</u>	<u>298,049</u>	<u>3,430</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,427</u>	<u>2,427</u>	<u>34,780</u>	<u>(27,483)</u>	<u>7,297</u>	<u>4,870</u>
Other Financing Sources (Uses):						
Transfers Out	<u>(3,796)</u>	<u>(3,796)</u>	<u>(3,796)</u>		<u>(3,796)</u>	
Total Other Financing Uses	<u>(3,796)</u>	<u>(3,796)</u>	<u>(3,796)</u>		<u>(3,796)</u>	
Net Change in Fund Balance	(1,369)	(1,369)	30,984	(27,483)	3,501	4,870
Fund Balance Beginning of Year	<u>1,369</u>	<u>1,369</u>	<u>1,369</u>		<u>1,369</u>	
Fund Balance End of Year	<u>\$</u>	<u>\$</u>	<u>\$ 32,353</u>	<u>\$ (27,483)</u>	<u>\$ 4,870</u>	<u>\$ 4,870</u>

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGETARY AUTHORITY AND ACTUAL
POLICE HEADQUARTERS FUND
FOR THE YEAR ENDED DECEMBER 31, 2004 (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	\$ 200	\$ 1,046	\$ 612	\$	\$ 612	\$ (434)
Permits & Licenses	430	430				(430)
Interest Income	13	13	101		101	88
Departmental Revenue	13,098	13,098	14,529		14,529	1,431
Interdepartmental Revenue	5,358	5,358	2,122		2,122	(3,236)
Federal Aid	334	334	417		417	83
State Aid	589	589	1,031		1,031	442
Property Tax	239,071	239,071	239,071		239,071	
Other Revenues	21,388	21,388	19,421		19,421	(1,967)
Total Revenues	<u>280,481</u>	<u>281,327</u>	<u>277,304</u>		<u>277,304</u>	<u>(4,023)</u>
Expenditures:						
Salaries	183,971	188,379	188,340		188,340	39
Fringe Benefits	81,067	76,067	73,233	(20,893)	52,340	23,727
Equipment	907	902	544	316	860	42
Other	33,047	31,643	28,011	3,516	31,527	116
Total Expenditures	<u>298,992</u>	<u>296,991</u>	<u>290,128</u>	<u>(17,061)</u>	<u>273,067</u>	<u>23,924</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(18,511)</u>	<u>(15,664)</u>	<u>(12,824)</u>	<u>17,061</u>	<u>4,237</u>	<u>19,901</u>
Other Financing Sources (Uses):						
Transfers In	4,178	4,178	4,629		4,629	451
Transfers Out	(5,144)	(7,450)	(7,450)	(20,893)	(28,343)	(20,893)
Total Other Financing Sources (Uses)	<u>(966)</u>	<u>(3,272)</u>	<u>(2,821)</u>	<u>(20,893)</u>	<u>(23,714)</u>	<u>(20,442)</u>
Net Change in Fund Balance	(19,477)	(18,936)	(15,645)	(3,832)	(19,477)	(541)
Fund Balance Beginning of Year	<u>19,477</u>	<u>18,936</u>	<u>19,477</u>		<u>19,477</u>	<u>541</u>
Fund Balance End of Year	<u>\$</u>	<u>\$</u>	<u>\$ 3,832</u>	<u>\$ (3,832)</u>	<u>\$</u>	<u>\$</u>

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGETARY AUTHORITY AND ACTUAL
POLICE HEADQUARTERS FUND
FOR THE YEAR ENDED DECEMBER 31, 2003 (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	\$ 300	\$ 1,376	\$ 394	\$	\$ 394	\$ (982)
Interest Income		22	22		22	
Departmental Revenue	10,468	15,203	14,738		14,738	(465)
Interdepartmental Revenue	300	620	514		514	(106)
Federal Aid	346	532	398		398	(134)
State Aid			589		589	589
Property Tax	252,173	252,173	252,174		252,174	1
Special Revenues	11,450	12,154	12,177		12,177	23
Total Revenues	275,037	282,080	281,006		281,006	(1,074)
Expenditures:						
Salaries	161,657	180,747	164,102	16,645	180,747	
Fringe Benefits	78,789	58,964	58,964		58,964	
Equipment	1,020	1,307	1,031	151	1,182	125
Other	41,417	41,252	37,031	2,681	39,712	1,540
Total Expenditures	282,883	282,270	261,128	19,477	280,605	1,665
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,846)	(190)	19,878	(19,477)	401	591
Other Financing Sources (Uses):						
Transfers In	3,438	3,796	3,796		3,796	
Transfers Out		(8,605)	(8,605)		(8,605)	
Total Other Financing Sources (Uses)	3,438	(4,809)	(4,809)		(4,809)	
Net Change in Fund Balance	(4,408)	(4,999)	15,069	(19,477)	(4,408)	591
Fund Balance Beginning of Year	4,408	4,999	4,408		4,408	(591)
Fund Balance End of Year	\$	\$	\$ 19,477	\$ (19,477)	\$	\$

COUNTY OF NASSAU, NEW YORK

COMBINED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
NONMAJOR BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004 (Dollars in Thousands)

	NON MAJOR FUNDS BUDGETED SPECIAL REVENUE FUNDS					Variance Over (Under)
	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 12)	Actual on a Budgetary Basis	
Revenues:						
Rents and Recoveries	\$ 782	\$ 782	\$ 225	\$	\$ 225	\$ (557)
Interest Income			952		952	952
Departmental Revenue	2,178	2,178	1,450		1,450	(728)
Interdepartmental Revenue	536	536	896		896	360
Federal Aid						
State Aid			224		224	224
Property Taxes	138,932	138,932	138,932		138,932	
Total Revenues	142,428	142,428	142,679		142,679	251
Expenditures:						
Salaries	26,371	18,543	18,543		18,543	
Fringe Benefits	8,897	8,897	8,050	(1,357)	6,693	2,204
Equipment	154	154	72	16	88	66
Other	82,158	87,818	61,365	16,159	77,524	10,294
Debt Service:						
Principal	21,200	26,059	26,058		26,058	1
Interest	20,037	16,444	14,726		14,726	1,718
Total Expenditures	158,817	157,915	128,814	14,818	143,632	14,283
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,389)	(15,487)	13,865	(14,818)	(953)	14,534
Other Financing Sources (Uses):						
Transfers In			83,104		83,104	83,104
Transfers In of Investment Income	291	291	784		784	493
Transfers Out	(13,411)	(13,411)	(11,648)	(1,356)	(13,004)	407
Transfers In From SFA			10,951		10,951	10,951
Transfers Out From SFA	(52,062)	(73,970)	(73,970)		(73,970)	
Total Other Financing Sources (Uses)	(65,182)	(87,090)	9,221	(1,356)	7,865	94,955
Net Change in Fund Balances	(81,571)	(102,577)	23,086	(16,174)	6,912	109,489
Fund Balances at Beginning of Year	81,571	102,577	19,911		19,911	(82,666)
Fund Balances (Deficits) at End of Year	\$	\$	\$ 42,997	\$ (16,174)	\$ 26,823	\$ 26,823

COUNTY OF NASSAU, NEW YORK

COMBINED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 TOTAL BUDGETARY AUTHORITY AND ACTUAL
 NONMAJOR BUDGETED SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2003 (Dollars in Thousands)

	NON MAJOR FUNDS BUDGETED SPECIAL REVENUE FUNDS					Variance Over (Under)
	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 12)	Actual on a Budgetary Basis	
Revenues:						
Rents and Recoveries	\$ 770	\$ 770	\$ 152	\$	\$ 152	\$ (618)
Interest Income			284		284	284
Departmental Revenue	9,081	9,081	9,291		9,291	210
Interdepartmental Revenue	915	915	462		462	(453)
Property Taxes	142,638	142,638	142,638		142,638	
Total Revenues	153,404	153,404	152,827		152,827	(577)
Expenditures:						
Salaries	22,140	20,879	18,269		18,269	2,610
Fringe Benefits	7,765	8,326	8,326		8,326	
Equipment	171	171	75	3	78	93
Other	55,131	64,889	45,030	8,704	53,734	11,155
Debt Service:						
Principal	48,534	395				395
Interest	26,273	13,154				13,154
Total Expenditures	160,014	107,814	71,700	8,707	80,407	27,407
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,610)	45,590	81,127	(8,707)	72,420	26,830
Other Financing Sources (Uses):						
Transfers In		7,500	20,300		20,300	12,800
Transfers In of Investment Income	274	274	461		461	187
Transfers Out	(1,709)	(67,412)	(67,411)		(67,411)	1
Total Other Financing Sources (Uses)	(1,435)	(59,638)	(46,650)		(46,650)	12,988
Net Change in Fund Balances	(8,045)	(14,048)	34,477	(8,707)	25,770	39,818
Fund Balances at Beginning of Year	8,045	14,048	68,109		68,109	54,061
Fund Balances (Deficits) at End of Year	\$	\$	\$ 102,586	\$ (8,707)	\$ 93,879	\$ 93,879

EXHIBIT B-8

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, 2004 (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:						
Interest Income	\$	\$	\$ 237	\$	\$ 237	\$ 237
Expenditures:						
Other	<u>19,900</u>	<u>19,900</u>	<u>9,577</u>	<u>5,150</u>	<u>14,727</u>	<u>5,173</u>
Net Change in Fund Balances	(19,900)	(19,900)	(9,340)	(5,150)	(14,490)	5,410
Fund Balance Beginning of Year	<u>19,900</u>	<u>19,900</u>	<u>19,911</u>		<u>19,911</u>	<u>11</u>
Fund Balance End of Year	<u>\$</u>	<u>\$</u>	<u>\$ 10,571</u>	<u>\$ (5,150)</u>	<u>\$ 5,421</u>	<u>\$ 5,421</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, 2003 (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:						
Interest Income	\$	\$	\$ 11	\$	\$ 11	\$ 11
Expenditures:						
Other Financing Sources:						
Transfers In			12,800		12,800	12,800
Total Other Financing Sources			12,800		12,800	12,800
Net Change in Fund Balances			12,811		12,811	12,811
Fund Balance Beginning of Year			7,100		7,100	7,100
Fund Balance End of Year	\$	\$	\$ 19,911	\$	\$ 19,911	\$ 19,911

* In 2003 the Technology Fund was unbudgeted.

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGETARY AUTHORITY AND ACTUAL
SEWER & STORM WATER DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2004 (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	\$ 782	\$ 782	\$ 225	\$	\$ 225	\$ (557)
Interest Income			715		715	715
Departmental Revenue	2,178	2,178	1,450		1,450	(728)
Interdepartmental Revenue	536	536	896		896	360
State Aid			224		224	224
Property Taxes	138,932	138,932	138,932		138,932	
Total Revenues	<u>142,428</u>	<u>142,428</u>	<u>142,442</u>		<u>142,442</u>	<u>14</u>
Expenditures:						
Salaries	26,371	18,543	18,543		18,543	
Fringe Benefits	8,897	8,897	8,050	(1,357)	6,693	2,204
Equipment	154	154	72	16	88	66
Other	62,258	67,918	51,788	11,009	62,797	5,121
Debt Service						
Principal	21,200	26,059	26,058		26,058	1
Interest	20,037	16,444	14,726		14,726	1,718
Total Expenditures	<u>138,917</u>	<u>138,015</u>	<u>119,237</u>	<u>9,668</u>	<u>128,905</u>	<u>9,110</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,511</u>	<u>4,413</u>	<u>23,205</u>	<u>(9,668)</u>	<u>13,537</u>	<u>9,124</u>
Other Financing Sources (Uses):						
Transfer In			83,104		83,104	83,104
Transfer In of Investment Income	291	291	784		784	493
Transfer Out	(13,411)	(13,411)	(11,648)	(1,356)	(13,004)	407
Transfer In from SFA			10,951		10,951	10,951
Transfer Out from SFA	(52,062)	(73,970)	(73,970)		(73,970)	
Total Other Financing Sources (Uses)	<u>(65,182)</u>	<u>(87,090)</u>	<u>9,221</u>	<u>(1,356)</u>	<u>7,865</u>	<u>94,955</u>
Net Change in Fund Balances	(61,671)	(82,677)	32,426	(11,024)	21,402	104,079
Fund Balance Beginning of Year	<u>61,671</u>	<u>82,677</u>				<u>(82,677)</u>
Fund Balance End of Year	<u>\$</u>	<u>\$</u>	<u>\$ 32,426</u>	<u>\$ (11,024)</u>	<u>\$ 21,402</u>	<u>\$ 21,402</u>

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, 2004 (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:	\$	\$	\$	\$	\$	\$
Expenditures:						
Other Financing Use:						
Transfer Out			(1,209)		(1,209)	(1,209)
Total Other Financing Use			(1,209)		(1,209)	(1,209)
Net Change in Fund Balances			(1,209)		(1,209)	(1,209)
Fund Balance Beginning of Year			1,209		1,209	1,209
Fund Balance End of Year	\$	\$	\$	\$	\$	\$

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, 2003 (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:						
Investment Income	\$	\$	\$ 4	\$	\$ 4	\$ 4
Departmental Revenue	5	5				
Property Taxes	<u>1,483</u>	<u>1,483</u>	<u>1,483</u>		<u>1,483</u>	
Total Revenues	<u>1,488</u>	<u>1,488</u>	<u>1,487</u>		<u>1,487</u>	<u>(1)</u>
Expenditures:						
Fringe Benefits	7	17	17		17	
Other	94	158	147		147	11
Debt Service						
Principal	780					
Interest	<u>607</u>	<u>383</u>				<u>383</u>
Total Expenditures	<u>1,488</u>	<u>558</u>	<u>164</u>		<u>164</u>	<u>394</u>
Excess of Revenues Over Expenditures		<u>930</u>	<u>1,323</u>		<u>1,323</u>	<u>393</u>
Other Financing Sources (Uses):						
Transfer In of Investment Income			7		7	7
Transfer Out		(930)	(930)		(930)	
Total Other Financing Sources (Uses)		<u>(930)</u>	<u>(923)</u>		<u>(923)</u>	<u>7</u>
Net Change in Fund Balances			400		400	400
Fund Balance Beginning of Year			<u>809</u>		<u>809</u>	<u>809</u>
Fund Balance End of Year	\$	\$	\$ <u>1,209</u>	\$	\$ <u>1,209</u>	\$ <u>1,209</u>

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, 2004 (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>						
<u>Other Financing Use:</u>						
Transfer Out	_____	_____	(34,838)	_____	(34,838)	(34,838)
Total Other Financing Use	_____	_____	(34,838)	_____	(34,838)	(34,838)
Net Change in Fund Balances			(34,838)		(34,838)	(34,838)
Fund Balance Beginning of Year	_____	_____	34,838	_____	34,838	# 34,838
Fund Balance End of Year	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	# \$ _____

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, 2003 (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	\$ 430	\$ 430	\$	\$	\$	\$ (430)
Interest Income			131		131	131
Departmental Revenue	4,918	4,918	5,163		5,163	245
Interdepartmental Revenue	574	574	210		210	(364)
Property Taxes	50,636	50,636	50,636		50,636	
Total Revenues	<u>56,558</u>	<u>56,558</u>	<u>56,140</u>		<u>56,140</u>	<u>(418)</u>
Expenditures:						
Salaries	10,168	9,212	8,721		8,721	491
Fringe Benefits	3,685	3,829	3,829		3,829	
Equipment	103	103	66	3	69	34
Other	19,902	23,424	17,975	3,202	21,177	2,247
Debt Service						
Principal	15,119					
Interest	9,852	4,659				4,659
Total Expenditures	<u>58,829</u>	<u>41,227</u>	<u>30,591</u>	<u>3,205</u>	<u>33,796</u>	<u>7,431</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,271)</u>	<u>15,331</u>	<u>25,549</u>	<u>(3,205)</u>	<u>22,344</u>	<u>7,013</u>
Other Financing Sources (Uses):						
Transfer In of Investment Income	216	216	340		340	124
Transfer Out	(1,129)	(18,731)	(18,731)		(18,731)	
Total Other Financing Sources (Uses)	<u>(913)</u>	<u>(18,515)</u>	<u>(18,391)</u>		<u>(18,391)</u>	<u>124</u>
Net Change in Fund Balances	(3,184)	(3,184)	7,158	(3,205)	3,953	7,137
Fund Balance Beginning of Year	3,184	3,184	27,680		27,680	24,496
Fund Balance End of Year	<u>\$</u>	<u>\$</u>	<u>\$ 34,838</u>	<u>\$ (3,205)</u>	<u>\$ 31,633</u>	<u>\$ 31,633</u>

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, 2004 (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>						
<u>Other Financing Use:</u>						
Transfer Out	_____	_____	(29,061)	_____	(29,061) #	(29,061)
Total Other Financing Use	_____	_____	(29,061)	_____	(29,061) #	(29,061)
Net Change in Fund Balances			(29,061)		(29,061) #	(29,061)
Fund Balance Beginning of Year	_____	_____	29,061	_____	29,061	29,061
Fund Balance End of Year	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____ #	\$ _____

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, 2003 (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	\$ 340	\$ 340	\$	\$	\$	\$ (340)
Interest Income			115		115	115
Departmental Revenue	4,152	4,152	4,125		4,125	(27)
Interdepartmental Revenue	341	341	252		252	(89)
Property Taxes	50,304	50,304	50,304		50,304	
Total Revenues	55,137	55,137	54,796		54,796	(341)
Expenditures:						
Salaries	11,972	11,667	9,548		9,548	2,119
Fringe Benefits	4,073	4,480	4,480		4,480	
Equipment	62	62	9		9	53
Other	21,885	22,768	16,468	4,205	20,673	2,095
Debt Service						
Principal	13,345					
Interest	7,624	5,255				5,255
Total Expenditures	58,961	44,232	30,505	4,205	34,710	9,522
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,824)	10,905	24,291	(4,205)	20,086	9,181
Other Financing Sources (Uses):						
Transfer In of Investment Income	21	21	49		49	28
Transfer In		7,500	7,500		7,500	
Transfer Out	(212)	(22,441)	(22,441)		(22,441)	
Total Other Financing Sources (Uses)	(191)	(14,920)	(14,892)		(14,892)	28
Net Change in Fund Balances	(4,015)	(4,015)	9,399	(4,205)	5,194	9,209
Fund Balance Beginning of Year	4,015	4,015	19,662		19,662	15,647
Fund Balance End of Year	\$	\$	\$ 29,061	\$ (4,205)	\$ 24,856	\$ 24,856

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, 2004 (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>						
<u>Other Financing Use:</u>						
Transfer Out			(17,567)		(17,567)	(17,567)
Total Other Financing Use			(17,567)		(17,567)	(17,567)
Net Change in Fund Balances			(17,567)		(17,567)	(17,567)
Fund Balance Beginning of Year			17,567		17,567	17,567
Fund Balance End of Year	\$	\$	\$	\$	\$	\$

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, 2003 (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	\$	\$	\$ 152	\$	\$ 152	\$ 152
Interest Income			23		23	23
Departmental Revenue	6	6	3		3	(3)
Property Taxes	<u>40,215</u>	<u>40,215</u>	<u>40,215</u>		<u>40,215</u>	
Total Revenues	<u>40,221</u>	<u>40,221</u>	<u>40,393</u>		<u>40,393</u>	<u>172</u>
Expenditures:						
Equipment	6	6				6
Other	13,250	18,539	10,440	1,297	11,737	6,802
Debt Service						
Principal	19,290	395				395
Interest	<u>8,190</u>	<u>2,857</u>				<u>2,857</u>
Total Expenditures	<u>40,736</u>	<u>21,797</u>	<u>10,440</u>	<u>1,297</u>	<u>11,737</u>	<u>10,060</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(515)</u>	<u>18,424</u>	<u>29,953</u>	<u>(1,297)</u>	<u>28,656</u>	<u>10,232</u>
Other Financing Sources (Uses):						
Transfer In of Investment Income	37	37	65		65	28
Transfer Out	<u>(368)</u>	<u>(25,310)</u>	<u>(25,309)</u>		<u>(25,309)</u>	<u>1</u>
Total Other Financing Sources (Uses)	<u>(331)</u>	<u>(25,273)</u>	<u>(25,244)</u>		<u>(25,244)</u>	<u>29</u>
Net Change in Fund Balances	(846)	(6,849)	4,709	(1,297)	3,412	10,261
Fund Balance Beginning of Year	<u>846</u>	<u>6,849</u>	<u>12,858</u>		<u>12,858</u>	<u>6,009</u>
Fund Balance End of Year	<u>\$</u>	<u>\$</u>	<u>\$ 17,567</u>	<u>\$ (1,297)</u>	<u>\$ 16,270</u>	<u>\$ 16,270</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, 2004
(INCLUDING LIFETIME ACTIVITY THROUGH DECEMBER 31, 2004) (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, 2004</u>	<u>2004 Actual Expenditures</u>	<u>Remaining Budgetary Authority December 31, 2004</u>
Affirmative Action	\$ 1,240	\$ 1,140	\$ 101	\$	\$ 101
Assessment	13,000	11,363	1,637		1,637
CASA	703	545	158	31	127
Correctional Center	7,156	5,282	1,874	342	1,532
County Attorney	295	295			
County Clerk	225	47	178	102	76
County Comptroller	805	446	359		359
Criminal Justice Coordinating Council	52,066	45,525	6,541	1,873	4,668
Cultural Development	441	438	3		3
District Attorney	8,532	5,870	2,662	528	2,134
Drug and Alcohol	670,693	460,264	210,429	20,356	190,073
Emergency Management	2,479		2,479	1,240	1,239
Fire Commission	804	64	740		740
General Services	415	335	80		80
Health	120,688	85,296	35,392	13,612	21,780
Housing and Inter- governmental Affairs	509,177	427,870	81,308	21,369	59,939
Human Rights	1,794	1,665	128	46	82
Labor	50	46	4		4
Medical Center	5,119	188	4,932		4,932
Medical Examiner	2,742	615	2,127	221	1,906
Mental Health	199,957	136,451	63,504	11,211	52,293
Planning	22,696	17,159	5,537	334	5,203
Police	53,501	31,339	22,161	1,739	20,422
Probation	27,258	21,696	5,563	1,342	4,221
Public Works	14,596	12,738	1,858		1,858
Recreation and Parks	4,309	2,743	1,566	422	1,144
Senior Citizen Affairs	57,120	53,811	3,309	866	2,443
Sheriff	66	55	12		12
Social Services	20,202	10,101	10,101	3,526	6,575
Traffic Safety Board	44,144	38,572	5,572	1,999	3,573
Veterans Services	368	63	304	141	163
Women's Services	194	148	47		47
Youth Board	32,431	25,184	7,247	945	6,302
Total	\$ 1,875,266	\$ 1,397,354	\$ 477,913	\$ 82,245	\$ 395,668

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, 2003
 (INCLUDING LIFETIME ACTIVITY THROUGH DECEMBER 31, 2003) (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, 2003</u>	<u>2003 Actual Expenditures</u>	<u>Remaining Budgetary Authority December 31, 2003</u>
Affirmative Action	\$ 1,240	\$ 1,139	\$ 101	\$	\$ 101
Assessment	13,000	11,363	1,637		1,637
CASA	672	510	162	34	128
Community College	22,611	13,189	9,422	1,313	8,109
Correctional Center	5,718	4,929	789	356	433
County Attorney	295	295			
County Clerk	125	37	88	10	78
County Comptroller	805	446	359		359
Criminal Justice Coordinating Council	50,450	43,089	7,361	2,435	4,926
Cultural Development	441	438	3		3
District Attorney	7,344	5,349	1,995	521	1,474
Drug and Alcohol	612,878	436,783	176,095	23,482	152,613
Emergency Management	1,486		1,486		1,486
Fire Commission	79	64	15		15
General Services	415	335	80		80
Health	105,123	70,955	34,168	14,341	19,827
Housing and Inter- governmental Affairs	482,937	405,022	77,915	22,853	55,062
Human Rights	1,744	1,626	118	39	79
Labor	50	46	4		4
Medical Center	5,119	187	4,932		4,932
Medical Examiner	1,150	210	940	405	535
Mental Health	186,085	123,690	62,395	12,762	49,633
Planning	22,283	16,880	5,403	279	5,124
Police	41,745	28,237	13,508	3,103	10,405
Probation	24,708	21,340	3,368	355	3,013
Public Works	14,351	12,738	1,613		1,613
Recreation and Parks	4,239	2,347	1,892	395	1,497
Senior Citizen Affairs	56,275	53,063	3,212	747	2,465
Sheriff	66	55	11		11
Social Services	15,900	5,859	10,041	4,242	5,799
Traffic Safety Board	41,381	36,602	4,779	1,970	2,809
Veterans Services	368	60	308	4	304
Women's Services	194	148	46		46
Youth Board	31,372	24,133	7,239	1,050	6,189
Total	\$ 1,752,649	\$ 1,321,164	\$ 431,485	\$ 90,696	\$ 340,789

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, 2004 (Dollars in Thousands)**

	<u>Land</u>	<u>Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
Legislative	\$	\$	\$ 254	\$ 77	\$	\$ 331
Judicial	2,593	1,933	83,570	4,248		92,344
General Administration	4,030	1,197	43,912	27,247		76,386
Protection of Persons	9,115	190	52,055	56,753		118,113
Health	475		4,705	3,478		8,658
Public Works*	12,002	432	317,528	35,358	1,323,677	1,688,997
Recreation and Parks	28,929	65,651	79,529	12,990	15,781	202,880
Social Services	545	3,840	19,722	2,001		26,108
Corrections			183,283	7,154		190,437
Other Expenditures/MSBA			26,409	130,130		156,539
Metropolitan Transportation Authority				140,000		140,000
Misc. Unclassified	56,732	716	133,482			190,930
Total	114,421	73,959	944,449	419,436	1,339,458	2,891,723
Less: Accumulated Depreciation		23,707	216,414	211,338	377,966	829,425
	\$ 114,421	\$ 50,252	\$ 728,035	\$ 208,098	\$ 961,492	2,062,298
Construction in Progress						259,745
Total Net Capital Assets						\$ 2,322,043

* Due to the creation in 2004 of the Nassau County Sewer and Storm Water Authority, significant transfers of capital assets occurred within buildings, equipment and infrastructure.

COUNTY OF NASSAU, NEW YORK

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2003 (Dollars in Thousands)

	Land	Improvements	Buildings	Equipment	Infrastructure	Total
Legislative	\$	\$	\$ 254	\$ 87	\$	\$ 341
Judicial	2,593	736	82,328	2,462		88,119
General Administration	4,030		43,784	52,992		100,806
Protection of Persons	9,115	190	52,009	60,148		121,462
Health	475		4,692	3,945		9,112
Public Works	10,797	432	385,098	40,154	1,832,985	2,269,466
Recreation and Parks	23,915	63,855	70,921	13,058	15,436	187,185
Social Services	545	2,642	19,606	2,049		24,842
Corrections			183,265	7,673		190,938
Other Expenditures/MSBA			26,409	91,215		117,624
Metropolitan Transportation Authority				140,000		140,000
Misc. Unclassified	56,773	716	133,975			191,464
Total	108,243	68,571	1,002,341	413,783	1,848,421	3,441,359
Less: Accumulated Depreciation		20,382	264,698	234,585	845,321	1,364,986
	\$ 108,243	\$ 48,189	\$ 737,643	\$ 179,198	\$ 1,003,100	2,076,373
Construction in Progress						234,153
Total Net Capital Assets						\$ 2,310,526

EXHIBIT C-2

COUNTY OF NASSAU, NEW YORK

**SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION
DECEMBER 31, 2004 (Dollars in Thousands)**

	<u>Capital Assets January 1, 2004*</u>	<u>Additions**</u>	<u>Deletions**</u>	<u>Capital Assets December 31, 2004</u>
Legislative	\$ 341	\$	\$ 10	\$ 331
Judicial	88,119	5,069	844	92,344
General Administration	100,806	9,946	34,366	76,386
Protection of Persons	121,462	9,965	13,314	118,113
Health	9,112	209	663	8,658
Public Works	2,269,466	1,042,026	1,622,495	1,688,997
Recreation and Parks	187,185	15,960	265	202,880
Social Services	24,842	1,453	187	26,108
Corrections	190,938	493	994	190,437
Other Expenditures/MSBA	117,624	54,456	15,541	156,539
Metropolitan Transportation Authority	140,000			140,000
Misc. Unclassified	191,464		534	190,930
Construction Work in Progress	<u>234,153</u>	<u>57,699</u>	<u>32,107</u>	<u>259,745</u>
Total	3,675,512	1,197,276	1,721,320	3,151,468
Less: Accumulated Depreciation	<u>1,364,986</u>	<u>146,069</u>	<u>681,630</u>	<u>829,425</u>
Total Changes in Net Capital Assets	<u>\$ 2,310,526</u>	<u>\$ 1,051,207</u>	<u>\$ 1,039,690</u>	<u>\$ 2,322,043</u>

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

** Additions include buildings, equipment and infrastructure transferred to the Nassau County Sewer and Storm Water Finance, net of accumulated depreciation. Deletions include buildings, equipment and infrastructure transferred to the Nassau County Sewer and Storm Water Finance Authority.

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION
DECEMBER 31, 2003 (Dollars in Thousands)

	<u>Capital Assets</u> <u>January 1, 2003*</u>	<u>Additions</u>	<u>Deletions</u>	<u>Capital Assets</u> <u>December 31, 2003</u>
Legislative	\$ 89	\$ 252	\$	\$ 341
Judicial	88,379	1,036	1,296	88,119
General Administration	104,891	1,660	5,745	100,806
Protection of Persons	121,339	11,527	11,404	121,462
Health	8,491	707	86	9,112
Public Works	2,276,659	14,682	21,875	2,269,466
Recreation and Parks	184,162	3,713	690	187,185
Social Services	23,752	1,462	372	24,842
Corrections	189,713	1,357	132	190,938
Other Expenditures/MSBA	126,929	4,536	13,841	117,624
Metropolitan Transportation Authority	140,000			140,000
Misc. Unclassified	191,464			191,464
Construction Work in Progress	221,779	32,879	20,505	234,153
Total	3,677,647	73,811	75,946	3,675,512
Less: Accumulated Depreciation	1,289,082	125,239	49,335	1,364,986
Total Changes in Net Capital Assets	<u>\$ 2,388,565</u>	<u>\$ (51,428)</u>	<u>\$ 26,611</u>	<u>\$ 2,310,526</u>

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

EXHIBIT D-1

COUNTY OF NASSAU, NEW YORK

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004 (Dollars in Thousands)**

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion (Note 12)</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Over (Under)</u>
Revenues:						
Interdepartmental Revenue	\$	\$	\$ 941	\$	\$ 941	\$ 941
Other Revenue			9,935		9,935	9,935
Total Revenues			<u>10,876</u>		<u>10,876</u>	<u>10,876</u>
Expenditures:						
Debt Service:						
Principal	158,681	164,974	171,434		171,434	(6,460)
Interest	66,562	60,269	60,269		60,269	
Financing Costs	96,873	96,873	612		612	96,261
Total Expenditures	<u>322,116</u>	<u>322,116</u>	<u>232,315</u>		<u>232,315</u>	<u>89,801</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(322,116)</u>	<u>(322,116)</u>	<u>(221,439)</u>		<u>(221,439)</u>	<u>100,677</u>
Other Financing Sources (Uses):						
Transfers In	322,116	322,116	230,729		230,729	(91,387)
Transfers In from NIFA			315,843		315,843	315,843
Transfers In from SFA			82,067		82,067	82,067
Payments to Refunded Bond Escrow Agent			(397,200)		(397,200)	(397,200)
Total Other Financing Sources (Uses)	<u>322,116</u>	<u>322,116</u>	<u>231,439</u>		<u>231,439</u>	<u>(90,677)</u>
Net Change in Fund Balance			10,000		10,000	10,000
Fund Balances at Beginning of Year						
Fund Balances at End of Year	<u>\$</u>	<u>\$</u>	<u>\$ 10,000</u>	<u>\$</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>

See accompanying notes to financial statements.

EXHIBIT D-1**COUNTY OF NASSAU, NEW YORK**
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 TOTAL BUDGETARY AUTHORITY AND ACTUAL
 DEBT SERVICE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2003 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 12)	Actual on a Budgetary Basis	Variance Over (Under)
Revenues:						
Interdepartmental Revenue	\$	\$	\$ 18,094	\$	\$ 18,094	\$ 18,094
Total Revenues			18,094		18,094	18,094
Expenditures:						
General Administration			18,094		18,094	(18,094)
Debt Service:						
Principal	136,008	203,815	196,314		196,314	7,501
Interest	90,313	96,548	96,525		96,525	23
Financing Costs	98,031	23,989	1,189		1,189	22,800
Total Debt Service	324,352	324,352	294,028		294,028	30,324
Total Expenditures	324,352	324,352	312,122		312,122	12,230
Excess (Deficiency) of Revenues Over (Under) Expenditures	(324,352)	(324,352)	(294,028)		(294,028)	30,324
Other Financing Sources (Uses):						
Transfers In	324,352	324,352	300,754		300,754	(23,598)
Deposited with Escrow Agent for Defeasance			279,085		279,085	279,085
Payments to Refunded Bond Escrow Agent			(341,731)		(341,731)	(341,731)
Other Financing Source - EFC Subsidy			4,884		4,884	4,884
Proceeds from Borrowing			51,036		51,036	51,036
Total Other Financing Sources (Uses)	324,352	324,352	294,028		294,028	(30,324)
Net Change in Fund Balance						
Fund Balances at Beginning of Year						
Fund Balances at End of Year	\$	\$	\$	\$	\$	\$

See accompanying notes to financial statements.

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF CHANGES IN OTHER LIABILITIES
 FIDUCIARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004 (Dollars in Thousands)

	Balance January 1, <u>2004</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2004</u>
Bid Deposits	\$ 330	\$ 87	\$ 99	\$ 318
Cash Bail	9,499	13,942	10,651	12,790
Contractors' Cash Bond Escrow	1,043	488	241	1,290
Dental Insurance	130	4,980	4,988	122
Eggers College Settlement	1,377	25		1,402
Estate Suspense Account	111	924	649	386
Federal Withholding Taxes	249	130,659	130,828	80
FICA Refunds	1,360		1,328	32
Flex Benefit Plan		1,825	1,825	
Health Insurance		187,267	187,267	
Highway Deposits	839	402	302	939
Liability for Tobacco Corp Medical Expenses		60,576		60,576
Medical Assistance Pay In	2,263	998	54	3,207
Mortgage Taxes	16,356	118,910	117,820	17,446
New York City Withholding Taxes	3	895	893	5
New York State Withholding Taxes	233	47,311	47,145	399
Optical Insurance	97	1,450	1,464	83
Payments in Lieu of Taxes	2,309	12,680	10,781	4,208
Payroll Deductions	(83)	74,922	74,858	(19)
Payroll Deferred Compensation		50,276	50,241	35
Plans and Specification Deposits	42			42
Real Estate Escrow	164			164
Reimbursements	51	4		55
Retirement System	822	18,740	19,447	115
Social Security Taxes	(9)	116,519	116,345	165
TIAA/CREF Payroll Deductions	643	12,466	12,423	686
TIAA Escrow	86	288	266	108
Traffic Violations Clearing Account	4,418	18,668	19,834	3,252
Unclaimed Matured Bonds and Coupons		252,618	252,618	
Unemployment Insurance	153	557	592	118
United States Savings Bonds	20	1,212	1,215	17
All Other Liabilities	698	663	512	849
Total Other Liabilities	\$ 43,204	\$ 1,130,352	\$ 1,064,686	\$ 108,870

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF CHANGES IN OTHER LIABILITIES

FIDUCIARY FUND

FOR THE YEAR ENDED DECEMBER 31, 2003 (Dollars in Thousands)

	Balance January 1, <u>2003</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2003</u>
Bid Deposits	\$ 340	\$ 50	\$ 60	\$ 330
Cash Bail	10,130	10,693	11,324	9,499
Contractors' Cash Bond Escrow	890	260	107	1,043
Dental Insurance	149	5,139	5,158	130
Eggers College Settlement	1,360	17		1,377
Estate Suspense Account	198	658	745	111
Federal Withholding Taxes	618	128,022	128,391	249
FICA Refunds	1,360			1,360
Flex Benefit Plan	69	626	695	
Health Insurance		173,266	173,266	
Highway Deposits	764	365	290	839
Medical Assistance Pay In	1,775	926	438	2,263
Mortgage Taxes	12,359	87,167	83,170	16,356
New York City Withholding Taxes	2	770	769	3
New York State Withholding Taxes	168	43,914	43,849	233
Optical Insurance	102	1,445	1,450	97
Payments in Lieu of Taxes	380	9,587	7,658	2,309
Payroll Deductions		75,020	75,103	(83)
Payroll Deferred Compensation		48,121	48,121	
Plans and Specification Deposits	42			42
Real Estate Escrow	164			164
Reimbursements	47	4		51
Retirement System	1,202	68,829	69,209	822
Social Security Taxes	71	113,351	113,431	(9)
TIAA/CREF Payroll Deductions	648	6,121	6,126	643
TIAA Escrow	74	121	109	86
Traffic Violations Clearing Account	4,575	15,662	15,819	4,418
Unclaimed Matured Bonds and Coupons	2,490	278,118	280,608	
Unemployment Insurance	134	820	801	153
United States Savings Bonds	23	616	619	20
All Other Liabilities	573	195	70	698
	<u>573</u>	<u>195</u>	<u>70</u>	<u>698</u>
Total Other Liabilities	\$ 40,707	\$ 1,069,883	\$ 1,067,386	\$ 43,204

COUNTY OF NASSAU, NEW YORK

**SCHEDULE OF CASH IN BANKS*
ALL FUNDS OF THE PRIMARY GOVERNMENT
DECEMBER 31, 2004 (Dollars in Thousands)**

CASH BALANCES BY FUND:

General Fund	\$ 18,867
NIFA General Fund	5,128
Police District	81,764
Police Headquarters	71,032
County Parks and Recreation Fund	31,915
Fire Prevention, Safety, Communication and Education Fund	8,997
Nonmajor Governmental Funds	573,054
Debt Service Fund	18,663
Agency Fund	<u>71,370</u>
Total Cash Balances By Funds	<u>\$ 880,790</u>

CASH BALANCES BY BANK:

The Bank of New York	\$ 2,389
The Bank of New York-NIFA	154,448
The Bank of New York-Sewer	60,721
Citibank	10,186
Commerce	333,428
Fleet Bank, N.A.	7,210
Fleet Bank, N.A. - NIFA	5,128
JP Morgan Chase	15,223
State Bank of Long Island	37,337
North Fork Bank	136,964
City National Bank of New Jersey	8,100
Deutsche Bank	108,874
Petty Cash	<u>782</u>
Total Cash Balances By Bank	<u>\$ 880,790</u>

*See Exhibit X-15 Note 2, Deposits and Investments

COUNTY OF NASSAU, NEW YORK**SCHEDULE OF CASH IN BANKS*
ALL FUNDS OF THE PRIMARY GOVERNMENT
DECEMBER 31, 2003 (Dollars in Thousands)****CASH BALANCES BY FUND:**

General Fund	\$ 125,145
NIFA General Fund	26,204
Police District	51,304
Police Headquarters	59,224
Nonmajor Governmental Funds	466,271
Debt Service Fund	8,304
Agency Fund	43,146
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Total Cash Balances By Funds \$ 779,598

CASH BALANCES BY BANK:

The Bank of New York	\$ 195
The Bank of New York-NIFA	104,827
Citibank	13,878
Commerce	348,646
Fleet Bank, N.A.	36,861
Fleet Bank, N.A. - NIFA	20,412
Fleet Bank, N.A.-NCTSC	49
JP Morgan Chase	14,475
State Bank of Long Island	40,708
North Fork Bank	110,948
City National Bank of New Jersey	8,021
Deutsche Bank	79,797
Petty Cash	781
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Total Cash Balances By Bank \$ 779,598

*See Exhibit X-15 Note 2, Deposits and Investments

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 1995 THROUGH 2004 (Dollars in Thousands)

	2004(b)	2003(b)	2002(b)	2001(c)	2000(c)	1999(c)	1998	1997	1996(d)	1995(e)
Governmental Funds										
Major Governmental Funds										
Legislative	\$ 7,629	\$ 6,572	\$ 5,865							
Judicial	44,715	42,063	39,049							
General Administration	209,962	208,464	183,150							
Protection of Persons	653,567	562,281	579,692							
Health	190,973	183,073	169,065							
Public Works	87,453	54,430	44,104							
Recreation and Parks	46,440	61,654	59,886							
Social Services	625,213	523,765	538,402							
Corrections	193,390	183,931	171,289							
Education	5,801	4,953	5,017							
Payments for Tax Certiorari and Other Judgments	198,663	141,820	125,545							
Other	156,254	106,367	116,253							
Debt Service:										
Principal	171,434	196,314	195,975							
Interest	60,269	96,525	126,725							
Financing Costs	612	415	691							
Total Major Governmental Funds	2,652,265	2,372,627	2,380,708							
Nonmajor Governmental Funds										
Judicial	749	926	855							
General Administration	32,797	23,252	34,935							
Protection of Persons	5,657	7,547	5,607							
Health	45,179	50,595	45,034							
Public Works	78,453	71,700	65,624							
Recreation and Parks	422	395	301							
Capital Outlay-General County	70,381	31,360	48,569							
Sewage Districts	5,840	11,324	27,497							
Social Services	5,509	6,077	2,632							
Corrections	1,684	711	1,053							
Education		1,313								
Debt Service:										
Principal	55,118	22,975	16,860							
Interest	91,294	66,052	40,931							
Financing Costs	10,165	5,195	1,703							
Total Nonmajor Governmental Funds	403,248	301,322	292,554							
General Fund										
Legislative	\$ 5,643	\$ 5,232	\$ 5,331	\$ 5,012	\$ 4,896	\$ 4,896	\$ 5,054	\$ 5,054	\$ 5,054	\$ 1,715
Judicial	45,752	41,671	40,294	41,184	37,396	37,396	44,782	44,782	44,782	26,079
General Administration	179,530	171,575	160,327	164,029	154,564	154,564	134,827	134,827	134,827	79,914
Protection of Persons	10,088	9,985	10,390	10,390	9,629	9,629	11,921	11,921	11,921	6,846
Health	162,353	145,904	154,184	150,854	141,648	141,648	166,677	166,677	166,677	96,927
Public Works	44,039	43,726	41,371	43,726	40,679	40,679	32,286	32,286	32,286	20,639
Recreation and Parks	3	797	993	954	1,170	1,170	38,897	38,897	38,897	22,856
Social Services	518,640	499,740	466,395	475,762	439,427	439,427	515,120	515,120	515,120	287,045
Corrections	171,355	143,723	140,680	144,130	131,533	131,533	154,549	154,549	154,549	88,645
Education	4,779	5,354	5,274	5,066	4,871	4,871	5,342	5,342	5,342	4,296
Payments for Tax Certiorari and Other Judgments (f)	175,474	122,890	104,730	104,730	116,815	116,815	137,282	137,282	137,282	84,898
Other	94,840	84,354	57,446	76,116	51,066	51,066	205,384	205,384	205,384	94,546
Debt Service:										
Principal	1,421	2,074	1,111,099	273,573	347,624	347,624	107,520	107,520	107,520	54,706
Interest				1,606,617	1,606,617	1,606,617	1,683,629	1,683,629	1,683,629	869,114
Total General Fund	1,414,117	1,274,606	1,683,629	1,606,617	1,606,617	1,606,617	1,559,650	1,559,650	1,559,650	869,114

COUNTY OF NASSAU, NEW YORK

ALL GOVERNMENTAL FUND TYPES OF THE PRIMARY GOVERNMENT
TOTAL EXPENDITURES (a)

FOR THE FISCAL PERIODS ENDED IN 1995 THROUGH 2004 (Dollars in Thousands)

	2004(b)	2003(b)	2002(b)	2001(c)	2000(c)	1999(c)	1998	1997	1996(d)	1995(e)
Governmental Funds										
Special Revenue Funds										
Judicial	\$ 477	\$ 759	\$ 135	\$ 619	\$ 1,158	\$ 427	\$ 289			
General Administration	35,139	23,954	28,003	19,820	21,676	25,680	16,100			
Protection of Persons	551,881	535,294	504,416	477,657	453,674	553,594	316,753			
Health	40,888	45,779	33,160	39,388	38,122	43,000	34,279			
Public Works	68,964	64,437	61,894	57,255	60,948	93,725	55,001			
Recreation and Parks	58,639	56,124	56,979	52,978	43,456	80	37			
Social Services	3,129	2,356	3,441	3,273	2,684	3,674	2,398			
Corrections	344	641	318	1,006	1,307	2,704	1,284			
Education	803	914	750	721	686	873	456			
Other	257	229	3,443							
Debt Service:										
Principal	450	5,235	50,691	68,671	49,044	56,136	36,944			
Interest	18,387	992	37,847	27,946	29,817	37,904	23,811			
Cost of Issuance	86	191								
Total Special Revenue Funds	779,444	738,905	781,077	749,334	702,572	817,707	487,352			
Debt Service Fund (a)										
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								
Total Governmental Funds	\$ 3,055,513	\$ 2,673,949	\$ 2,653,262	\$ 2,805,804	\$ 2,501,660	\$ 2,572,992	\$ 2,610,148	\$ 2,317,386	\$ 2,626,564	\$ 1,488,277

- (a) For the periods 1994 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) Beginning in 2002, presentation of Governmental Fund revenues is in conformance with the GASB 34 format.
- (c) From 1999 through 2001, blended component units are included within Special Revenue Funds.
- (d) 1996 data indicates expenditures for the fifteen month fiscal period ended December 31, 1996.
- (e) 1995 data indicates expenditures for the nine month fiscal period ended September 30, 1995.
- (f) For periods prior to 1997, payments for Tax Certiorari and Other Judgments were reported as an other financing use.
- (g) 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.

COUNTY OF NASSAU, NEW YORK

ALL GOVERNMENTAL FUND TYPES OF THE PRIMARY GOVERNMENT (a)

TOTAL REVENUES FOR THE FISCAL PERIODS ENDED IN 1995 THROUGH 2004 (Dollars in Thousands)

	2004(b)	2003(b)	2002(b)	2001(c)	2000(c)	1999(c)	1998	1997	1996(d)	1995(e)
Governmental Funds										
Major Governmental Funds										
Interest and Penalties on Taxes	\$	22,682	\$	22,456	\$	20,156				
Licenses and Permits		6,050		6,776		4,751				
Fines and Forfeits		14,477		13,059		12,785				
Interest Income		6,474		3,661		6,875				
Rents and Recoveries		32,229		13,951		46,657				
Tobacco Settlement		23,662								
Departmental Revenue		206,459		147,938		176,335				
Interdepartmental Revenue		102,167		123,729		105,357				
Federal Aid		126,208		107,592		124,491				
State Aid		209,019		198,767		191,488				
Sales Tax		883,892		841,940		814,160				
Preempted Sales Tax in Lieu of Property Taxes		49,971		48,920		48,997				
Property Taxes		743,002		741,779		618,846				
Payments in Lieu of Taxes		3,632		4,205		2,974				
Special Taxes		32,395		25,982		25,347				
Other Revenue		11,098		9,922		13,231				
Total Major Governmental Funds		2,473,457		2,310,677		2,214,450				
Nonmajor Governmental Funds										
Unrealized Gain on Investments		41		968		1,317				
Interest Income		6,754		5,539		5,858				
Rents and Recoveries		241		263		243				
Departmental Revenue		4,116		15,372		11,316				
Interdepartmental Revenue		2,580		1,494		1,336				
Federal Aid		49,629		61,539		53,523				
State Aid		66,300		38,301		32,972				
State Aid from NIFA		7,500		15,000		20,000				
Tobacco Settlement		21,974		26,186		26,180				
Property Taxes		138,932		142,638		139,421				
Other Revenues		7,622		1,357		968				
Total Nonmajor Governmental Funds		305,689		308,652		293,154				
General Fund										
Interest and Penalties on Taxes	\$	19,014	\$	19,014	\$	10,036	\$	12,549	\$	17,872
Gifts and Donations		4,276		3,653		2,878		3,445		3,725
Licenses and Permits		11,002		9,941		8,104		8,853		9,833
Fines and Forfeits		49,387		61,284		23,316		35,450		42,036
Interest, Rents and Recoveries		127,275		149,233		77,766		41,242		57,230
Departmental Revenue		101,196		105,289		130,345		103,476		100,311
Interdepartmental Revenue		102,767		105,153		95,685		86,399		92,442
Federal Aid		169,917		185,958		170,725		176,075		268,484
State Aid		762,966		756,111		678,017		655,890		784,593
Sales Tax		43,717		42,570		37,499		38,164		42,702
Preempted Sales Tax in Lieu of Property Taxes		145,100		72,455		68,529		81,853		170,888
Property Taxes		3,450		2,329		1,392		230		265
Payments in Lieu of Taxes		8,239		5,518		3,063		3,216		191
Special Taxes(I)		1,635		4,963		389		450		10,234
Other Revenues(I)		1,570,761		1,537,756		1,284,451		1,247,232		1,620,998
Total General Fund		1,570,761		1,537,756		1,284,451		1,247,232		874,892

COUNTY OF NASSAU, NEW YORK
 ALL GOVERNMENTAL FUND TYPES OF THE PRIMARY GOVERNMENT (a)
 TOTAL REVENUES
 FOR THE FISCAL PERIODS ENDED IN 1995 THROUGH 2004 (Dollars in Thousands)

	2004(b)	2003(b)	2002(b)	2001(c)	2000(c)	1999(c)	1998	1997	1996(d)	1995(e)
Governmental Funds										
Special Revenue Funds										
Interest, Rents and Recoveries										
Departmental Revenue	6,481	6,791	8,452	809	1,074	5,249	1,718			
Interdepartmental Revenue	36,561	32,352	30,484	30,165	26,874	20,118	12,483			
Federal Aid	2,623	2,557	2,216	2,074	3,690	6,349	5,171			
State Aid	54,308	33,705	50,656	34,189	44,702	43,276	21,498			
State Aid from NIFA	62,108	52,168	21,800	35,874	24,443	38,957	36,218			
Sales Tax	25,167	25,000								
Property Taxes	22,128	4,721								
Other Revenues	561,484	567,606	526,345	494,711	496,224	569,330	350,290			
Total Special Revenue Funds	36,780	38,941	8,879	9,734	9,494	11,474	6,211			
	807,640	763,841	648,832	607,656	606,501	694,753	433,589			
Capital Projects Funds										
Interest, Rents and Recoveries	18,109	27,992	18,987	15,787	15,499	9,316	5,526			
Federal Aid	13,518	2,298	7,334	21,550	41,189	14,596	4,884			
State Aid	6,932	5,337	8,422	14,363	16,260	21,763	5,110			
Other Revenues	961	1,616	757	438		4,183	891			
Total Capital Projects Funds	39,520	37,243	35,510	52,138	72,948	49,650	16,411			
Debt Service Funds										
Interest Income	207									
Unrealized gain on investments	18									
Total Debt Service Funds	225	9								
Total Governmental Funds	\$ 2,779,146	\$ 2,619,334	\$ 2,507,604	\$ 2,418,146	\$ 2,338,849	\$ 2,240,936	\$ 1,944,245	\$ 1,926,681	\$ 2,365,609	\$ 1,324,882

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

(c) From 1999 through 2001, blended component units are included within Special Revenue Funds.

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

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

(f) 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

COUNTY OF NASSAU, NEW YORK

 COUNTY, TOWNS, AND SPECIAL DISTRICTS(a)
 PROPERTY TAX LEVIES AND COLLECTIONS
 FOR THE YEARS ENDED IN 1995 THROUGH 2004 (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, 2003</u>	<u>Percentage Uncollected December 31, 2003</u>
2004	\$ 1,478,831	\$ 13,455	0.9098%	\$ 13,455	0.9098%
2003	1,451,342	13,493	0.9297%	1,707	0.1176%
2002	1,292,438	19,689	1.5234%	1,069	0.0827%
2001	1,230,980	16,465	1.3376%	792	0.0643%
2000	1,143,781	17,141	1.4986%	555	0.0485%
1999	1,080,129	16,616	1.5383%	331	0.0306%
1998	1,045,461	17,075	1.6333%	252	0.0241%
1997	1,041,785	17,990	1.7268%	227	0.0218%
1996 (b)	1,147,381	20,788	1.8118%	277	0.0241%
1995 (c)	898,328	26,865	2.9906%	222	0.0247%

(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 2004* (Dollars in Thousands)**

	<u>Taxable Assessed Valuation, Real Property</u>	<u>Taxable Assessed Valuation, Special Franchises</u>	<u>Total Taxable Assessed Valuation</u>	<u>State Equali- zation Rate</u>	<u>Full Valuation</u>
Town of Hempstead	\$ 719,396	\$ 7,953	\$ 727,349	0.90 %	\$ 80,816,556
Town of North Hempstead	396,113	3,252	399,365	0.90 %	\$ 44,373,889
Town of Oyster Bay	423,031	3,451	426,482	0.89 %	\$ 47,919,326
City of Long Beach	29,212	411	29,623	0.91 %	\$ 3,255,275
City of Glen Cove	30,706	280	30,986	0.90 %	\$ 3,442,889
	<u>\$ 1,598,458</u>	<u>\$ 15,347</u>	<u>\$ 1,613,805</u>		<u>\$ 179,807,935</u>

* Last completed assessed valuation fixed in 2003 on which the 2004 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 1995 THROUGH 2004 (Dollars in Thousands)**

	<u>Total Taxable Assessed Valuation</u>		<u>Average State Equalization Rate (rounded)</u>		<u>Full Valuation*</u>
2004	\$ 1,613,805	**	0.90%	**	\$ 179,807,935
2003	4,119,080		2.56%		161,160,799
2002	4,121,421		2.94%		140,129,811
2001	4,083,060		3.24%		125,852,983
2000	4,048,032		3.52%		115,091,989
1999	4,024,225		3.97%		101,427,301
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

* Full valuation is determined by dividing the total taxable assessed valuation by the unrounded average State equalization rate. A surge in County property values during the periods 2000 through 2004 has significantly increased the full valuation.

** Beginning in 2004, a new Department of Assessment methodology was developed and approved by the State in deriving total taxable assessed valuation by utilizing one percent of market value applicable to each of the four property classes.

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 1994 THROUGH 2003 (Dollars in Thousands)

(Tax Rates per \$100 of Assessed Valuation)

	2003		2002		2001		2000		1999	
	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)	\$ 126,463	.49/ 5.47	\$ 105,502	.43/ 4.61	\$ 144,458	1.28/ 5.14	\$ 72,995	.73/ 3.01	\$ 70,119	.91/ 2.95
Police District	299,979	9.20/ 9.68	270,610	8.39	272,520	8.51	258,632	8.14	221,100	6.98
Police Headquarters	252,173	2.52/ 7.74	225,364	2.48/ 6.58	131,022	1.62/ 3.65	131,022	2.02/ 3.48	127,265	2.22/ 3.40
Fire Prevention	17,012	.17/ 0.52	14,195	.16/ 0.42	14,946	.19/ 0.42	14,747	.23/ 0.39	13,861	.24/ .37
Community College	41,499	.41/ 1.3	39,941	.44/ 1.17	38,039	.47/ 1.06	35,959	.56/ 0.96	27,025	.47/ 0.72
Sewage Disposal Districts	102,422	2.92/ 4.19	100,131	2.82/ 3.74	104,805	.47/ 3.90	82,956	2.52/ 3.34	84,240	2.53/ 7.05
Sewage Collection Districts	40,217	.22/ 11.10	39,290	.14/ 8.46	38,192	.00/ 7.42	43,779	.24/ 9.80	43,356	0.22/ 10.07
Parks & Recreation	43,085	.43/ 1.32					36,471	.56/ 0.97	36,523	.64/ 0.98
Total County of Nassau	922,850 (21.82)%		795,033 (20.46)%		743,982 (20.47)%		676,561 (19.65)%		623,489 (18.64)%	
<u>Town and City Governments</u>										
	175,251 (4.14)%	.13/ 12.20	165,369 (4.25)%	.01/ 11.42	161,635 (4.45)%	.01/ 21.15	190,739 (5.54)%	.22/ 73.36	183,369 (5.48)%	.25/ 71.07
<u>Incorporated Village Governments</u>										
	311,028 (7.35)%	.15/ 42.09	328,463 (8.45)%	.15/ 38.28	258,155 (7.10)%	.17/ 36.45	\$ 248,260 (7.21)%	.20/ 34.95	\$ 239,772 (7.17)%	1.10/ 32.92
School Districts	2,431,227 (57.49)%	1.69/ 118.09	2,229,206 (57.36)%	1.80/ 102.84	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
<u>Special Districts</u>										
Fire	78,685	.92/ 7.05	76,239	.83/ 7.05	73,344	.80/ 7.05	72,091	.82/ 7.05	70,352	.73/ 6.96
Fire Protection	13,595	.41/ 7.72	12,751	.41/ 7.3	12,126	.41/ 7.05	11,480	.41/ 7.07	11,490	.41/ 6.88
Garbage, Refuse and Sanitary	160,868	.12/ 8.41	150,799	.10/ 7.3	147,420	.11/ 6.71	136,536	.11/ 6.39	134,390	.11/ 5.99
Lighting	12,027	.31/ .56	12,010	.32/ 0.54	11,792	.29/ 0.54	11,414	.17/ 0.54	11,719	.26/ 0.54
Park	51,548	.22/ 7.11	47,496	.32/ 5.72	47,546	.34/ 8.88	45,787	.36/ 8.16	45,565	.31/ 8.37
Parking and Improvement	33,876	.01/ 12.59	32,528	.01/ 11.67	32,337	.01/ 11.16	32,814	.01/ 11.20	31,332	.01/ 11.34
Sewage - Special	11,258	.00/ 12.17	11,051	.00/ 10.59	10,576	.00/ 9.37	10,174	.00/ 9.51	9,524	.00/ 10.11
Water	27,094	.05/ 4.62	25,504	.05/ 2.63	23,772	.05/ 2.63	22,881	.05/ 2.63	21,733	.05/ 2.57
Total Special Districts	388,951 (9.20)%		368,378 (9.48)%		358,913 (9.88)%		343,177 (9.96)%		336,105 (10.05)%	
Totals	\$ 4,229,307 (100.00)%		\$ 3,886,449 (100.00)%		\$ 3,634,298 (100.00)%		\$ 3,443,622 (100.00)%		\$ 3,344,800 (100.00)%	

** Indicates tax rate credit.

EXHIBIT T-6

1998		1997		1996		1995		1994	
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
\$ 71,753	.90/ 2.91	\$ 73,527	1.19/ 2.98	\$ 150,450	3.39/ 5.05	\$ 91,441	2.06/ 3.29	\$ 124,962	2.94/ 4.55
228,296	7.17	228,200	7.17	285,250	8.96	149,433	4.72	200,253	6.3
107,627	1.81/ 2.89	108,626	2.10/ 2.9	130,407	3.02/ 3.04	106,654	2.47/ 4.63	144,999	3.47/ 4.63
6,734	.11/ 0.18	6,779	.13/ .18	6,269	.15/ .17	3,782	.09/ .11	5,151	.12/ .14
27,435	.46/ 0.73	27,818	.54/ .74	27,818	.65/ .73	27,818	.64/ .79	27,818	.67/ .77
76,856	2.30/ 5.23	76,987	2.30/ 5.33	95,707	2.82/ 5.23	59,470	1.82/ 4.34	68,717	2.02/ 3.41
42,679	.33/ 8.43	43,113	.18/ 6.84	51,696	(.08)**/ 9.24	30,951	.00/ 6.30	42,222	(.09)**/ 7.65
32,519	.55/ 0.87	32,519	.63/ .87						
<u>593,899</u>		<u>597,569</u>		<u>747,597</u>		<u>469,549</u>		<u>614,122</u>	
(18.03)%		(18.55)%		(22.79)%		(16.16)%		(20.97)%	
187,660	.25/ 69.63	185,157	.29/ 68.37	180,841	.24/ 66.63	179,564	.24/ 64.24	162,998	.20/ 55.91
(5.69)%		(5.75)%		(5.51)%		(6.18)%		(5.57)%	
\$ 232,562	.04/ 32.92	\$ 228,778	.04/ 33.53	\$ 229,109	.08/ 33.53	\$ 219,278	.41/ 31.99	\$ 211,749	.77/ 31.41
(7.06)%		(7.10)%		(6.98)%		(7.55)%		(7.23)%	
1,949,088	5.28/ 69.53	1,884,793	4.99/ 68.23	1,809,572	7.32/ 74.79	1,725,690	14.01/ 91.7	1,641,018	16.59/ 90.41
(59.16)%		(58.51)%		(55.17)%		(59.39)%		(56.04)%	
69,884	.69/ 6.51	66,600	.74/ 6.51	64,142	.69/ 6.51	62,502	.71/ 6.81	58,747	.59/ 10.26
11,715	.41/ 6.93	11,380	.34/ 7.96	10,591	.41/ 7.72	10,437	.26/ 7.18	9,878	.28/ 7.77
131,678	.21/ 5.99	131,190	.16/ 5.99	125,812	.12/ 5.88	125,226	.12/ 5.65	122,424	.12/ 5.29
11,811	.27/ 0.54	12,190	.36/ .54	11,540	.28/ .52	11,810	.27/ 0.53	11,427	.25/ 0.5
44,501	.29/ 8.65	44,939	.23/ 8.65	43,476	.18/ 9.78	45,391	.14/ 8.90	41,757	.11/ 9.84
31,163	.01/ 11.11	29,730	.01/ 9.52	29,643	.01/ 9.83	29,839	.01/ 9.73	28,764	.01/ 8.23
9,120	.00/ 9.16	8,896	1.97/ 9.22	8,622	8.41/ 8.41	8,417	6.88/ 6.88	8,097	8.42/ 8.42
21,462	.05/ 2.45	20,282	.05/ 2.45	19,263	.05/ 3.97	18,042	.21/ 3.43	17,394	.21/ 3.24
<u>331,334</u>		<u>325,207</u>		<u>313,089</u>		<u>311,664</u>		<u>298,488</u>	
(10.06)%		(10.09)%		(9.55)%		(10.72)%		(10.19)%	
<u>\$ 3,294,523</u>		<u>\$ 3,221,504</u>		<u>\$ 3,280,208</u>		<u>\$ 2,905,745</u>		<u>\$ 2,928,375</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 1995 THROUGH 2004 (Dollars in Thousands)

	<u>Taxable Assessed Valuation</u>	<u>Long-Term Debt (c)</u>	<u>Long-Term Debt Per Capita (d)</u>	<u>Percentage of Long- Term Debt To Taxable Assessed Valuation</u>
2004	\$1,613,805(f)	\$3,227,160(g)	\$2,399	199.97%(f)
2003	4,119,080	3,091,851(e)	2,303	75.06 %
2002	4,121,421	3,077,345(e)	2,296	74.67 %
2001	4,083,060	3,129,738(e)	2,345	76.65 %
2000	4,048,032	3,222,666(e)	2,487	79.61 %
1999	4,024,225	2,910,670(e)	2,250	72.33 %
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 %

(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 as of August 31, a discretely presented component unit.

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

(e) Includes debt of the Tobacco Settlement Corporation and NIFA (blended component units).

(f) Beginning in 2004, a new Department of Assessment methodology was developed and approved by the State in deriving total taxable assessed valuation by utilizing one percent of market value applicable to each of the four property classes.

(g) Includes all debt of blended component units stated in footnote (e) above, as well as, the debt for the Sewer and Storm Water Finance Authority.

COUNTY OF NASSAU, NEW YORK

STATEMENT OF CONSTITUTIONAL DEBT MARGIN
DECEMBER 31, 2004 (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 1999 Through 2004:*

2004 Full Valuation	\$ 179,807,935
2003 Full Valuation	161,160,799
2002 Full Valuation	140,129,811
2001 Full Valuation	125,852,983
2000 Full Valuation	<u>115,091,989</u>
	<u>722,043,517</u>

Average Full Valuation \$ 144,408,703

Constitutional Debt Margin:

Constitutional Limit of Total Indebtedness,
10% of Average Full Valuation \$ 14,440,870

Outstanding Indebtedness: **

County Serial Bonds Payable	\$ 1,069,863
Community College Serial Bonds Payable ***	19,780
NIFA Serial Bonds Payable	1,748,425
Real Property Liabilities	8,900
Guarantees	303,355
Contract Liabilities	<u>94,614</u>

Total Outstanding Indebtedness \$ 3,244,937

Less: Constitutional Exclusions

Cash and Investments - Capital Projects Funds 159,635

Net Outstanding Indebtedness (21.37%) 3,085,302

Constitutional Debt Margin (78.63%) \$ 11,355,568

* Full valuation is determined by dividing the total taxable assessed valuation by the average State equalization rate.

** The Tobacco Settlement and the Sewer and Storm Water Finance Authority Serial Bonds Payable are not included in the calculation of the Constitutional Debt Margin

*** The amount shown for College serial bonds payable as of December 31, 2004 is unaudited. The last audit of the College was for the fiscal year ended August 31, 2004.

COUNTY OF NASSAU, NEW YORK

**ALL COMMERCIAL AND FDIC REGULATED SAVINGS BANK DEPOSITS,
NASSAU COUNTY BANKING INSTITUTIONS
FOR THE YEARS ENDED JUNE 30, 1995 THROUGH JUNE 30, 2004*
(Dollars in Thousands)**

<u>Year</u>	<u>Bank Deposits</u>
2004	\$ 46,178,000
2003	42,577,000
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

*Data only available through the years ended June 30, 2004.

Source: Federal Deposit Insurance Corporation.

COUNTY OF NASSAU, NEW YORK

STATEMENT OF CONSTITUTIONAL TAX MARGIN
FOR THE YEAR ENDED DECEMBER 31, 2004 (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:*

2003 Full Valuation	\$ 161,160,799	
2002 Full Valuation	140,129,811	
2001 Full Valuation	125,852,983	
2000 Full Valuation	115,091,989	
1999 Full Valuation	<u>101,427,301</u>	
		<u>643,662,883</u>
Average Full Valuation		<u>\$ 128,732,577</u>
<u>Constitutional Tax Margin:</u>		
Constitutional Limit of Real Property Taxation, 2% of Average Full Valuation	\$ 2,572,773	
<u>Add: Exclusions for Debt Service</u>	<u>232,315</u>	
Net Constitutional Tax Limit		\$ 2,805,088
<u>2004 Tax Levies:</u>		
General County Government	\$ 189,930	
<u>Less: Sales Tax Allocation Credit</u>	<u>52,946</u>	
Net General County Government		136,984
Police District		301,297
Police Headquarters		239,071
Fire Prevention, Safety, Communication and Education		17,782
Community College		43,117
County Parks and Recreation		<u>43,577</u>
Total 2004 Tax Levies which are subject to the Constitutional Tax Limit (27.87%)		<u>781,828</u>
Constitutional Tax Margin (72.13%)		<u>\$ 2,023,260</u>

* Full valuation is determined by dividing the total taxable assessed valuation by the average State equalization rate.

COUNTY OF NASSAU, NEW YORK

GENERAL COUNTY GOVERNMENT, TOWNS AND CITIES
 COMPUTATION OF DIRECT AND OVERLAPPING NET DEBT
 FOR THE FISCAL PERIODS ENDED IN 1994 THROUGH 2003 (Dollars in Thousands) (Continued)

	2003	2002	2001	2000	1999	1998
DIRECT DEBT, COUNTY OF NASSAU:						
General Government:						
Bonds	\$ 2,933,339 *	\$ 2,870,029 *	\$ 2,868,307 *	\$ 2,911,365 *	\$ 2,621,386 *	\$ 1,816,510
Other Debt Obligations		202,155 *	465,965 *	224,360 *	85,826 *	85,321
Total	2,933,339	3,072,184	3,334,272	3,135,725	2,707,212	1,901,831
Sewage Disposal						
District #1:						
Bonds	11,027	11,550	12,280	13,123	13,460	13,639
Other Debt Obligations					466	19
Total	11,027	11,550	12,280	13,123	13,926	13,658
Sewage Collection						
District #1:						
Bonds	2,089	2,221	2,417	2,610	2,800	2,990
Other Debt Obligations						
Total	2,089	2,221	2,417	2,610	2,800	2,990
Sewage Disposal						
District #2:						
Bonds	150,218	169,994	184,629	199,432	204,718	218,969
Other Debt Obligations					9,140	4,887
Total	150,218	169,994	184,629	199,432	213,858	223,856
Sewage Collection						
District #2:						
Bonds	25,296	27,496	29,999	32,539	33,785	33,244
Other Debt Obligations					776	1,204
Total	25,296	27,496	29,999	32,539	34,561	34,448
Sewage Disposal						
District #3:						
Bonds	120,931	131,331	150,347	163,986	156,852	170,400
Other Debt Obligations					8,113	974
Total	120,931	131,331	150,347	163,986	164,965	171,374
Sewage Collection						
District #3:						
Bonds	106,886	122,659	139,477	156,949	169,185	187,665
Other Debt Obligations			2,696	2,696	7,989	3
Total	106,886	122,659	142,173	159,645	177,174	187,668
Total Direct Debt, County of Nassau:						
Bonds	3,349,786	3,335,280	3,387,456	3,480,004	3,202,186	2,443,417
Other Debt Obligations		202,155	468,661	227,056	112,310	92,408
Total	3,349,786	3,537,435	3,856,117	3,707,060	3,314,496	2,535,825

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

EXHIBIT T-11

<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
\$ 1,742,715	\$ 1,437,815	\$ 1,221,419	\$ 1,209,858
<u>102,215</u>	<u>178,124</u>	<u>216,395</u>	<u>94,235</u>
<u>1,844,930</u>	<u>1,615,939</u>	<u>1,437,814</u>	<u>1,304,093</u>
4,542	4,366	4,415	4,217
<u>570</u>	<u>158</u>	<u>144</u>	<u>420</u>
<u>5,112</u>	<u>4,524</u>	<u>4,559</u>	<u>4,637</u>
3,118	3,286	3,453	3,613
<u>3,118</u>	<u>3,286</u>	<u>3,453</u>	<u>3,613</u>
228,309	236,420	223,312	230,770
<u>3,988</u>	<u>3,288</u>	<u>3,188</u>	<u>994</u>
<u>232,297</u>	<u>239,708</u>	<u>226,500</u>	<u>231,764</u>
34,059	33,334	33,520	31,727
<u>523</u>	<u>1,358</u>	<u>690</u>	<u>2,811</u>
<u>34,582</u>	<u>34,692</u>	<u>34,210</u>	<u>34,538</u>
183,279	196,812	179,141	190,484
<u>183,279</u>	<u>632</u>	<u>4,267</u>	<u>294</u>
<u>183,279</u>	<u>197,444</u>	<u>183,408</u>	<u>190,778</u>
204,226	222,432	244,185	256,461
<u>1,685</u>	<u>536</u>	<u>381</u>	<u>2,119</u>
<u>205,911</u>	<u>222,968</u>	<u>244,566</u>	<u>258,580</u>
2,400,248	2,134,465	1,909,445	1,927,130
<u>108,981</u>	<u>184,096</u>	<u>225,065</u>	<u>100,873</u>
<u>2,509,229</u>	<u>2,318,561</u>	<u>2,134,510</u>	<u>2,028,003</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 1994 THROUGH 2003 (Dollars in Thousands) (Concluded)

	2003(d)	2002(d)	2001(d)	2000(d)	1999(d)	1998
OVERLAPPING DEBT, TOWNS AND CITIES:						
Town of Hempstead						
Bonds	\$ 871,471	\$ 801,123	\$ 737,337	\$ 724,874	\$ 674,839	\$ 589,922
Other Debt Obligations	152,269	90,467	113,413	29,488	51,299	78,481
Less Sinking Funds	(1,611)	(1,511)	(1)	(1,501)	(52)	(1,577)
Total	1,022,129	890,079	850,749	752,861	726,086	666,826
Town of North Hempstead:						
Bonds	619,421	487,111	430,789	435,450	468,168	417,729
Other Debt Obligations	98,143	135,633	109,528	42,656	33,308	40,397
Less Sinking Funds	(35)	(53)		(95)	(115)	(110)
Total	717,529	622,691	540,317	478,011	501,361	458,016
Town of Oyster Bay:						
Bonds	566,167	502,638	453,624	362,325	299,429	246,737
Other Debt Obligations	74,153	62,479	106,283	115,952	101,893	74,090
Less Sinking Funds	(871)	(871)			(406)	(355)
Total	639,449	564,246	559,907	478,277	400,916	320,472
City of Glen Cove:						
Bonds	28,530	32,309	37,765	38,248	40,671	41,777
Other Debt Obligations	19,115	17,661	7,377	5,794	965	5,644
Total	47,645	49,970	45,142	44,042	41,636	47,421
City of Long Beach:						
Bonds	34,204	37,275	40,205	27,758	24,475	24,386
Other Debt Obligations	10,000	4,065	7,050	13,312	12,288	13,177
Less Sinking Funds	(418)	(576)	(781)	(1,033)		
Total	43,786	40,764	46,474	40,037	36,763	37,563
Total Overlapping Debt, Towns and Cities:						
Bonds	2,119,793	1,860,456	1,699,720	1,588,655	1,507,582	1,320,551
Other Debt Obligations	353,680	310,305	343,651	207,202	199,753	211,789
Less Sinking Funds	(2,935)	(3,011)	(782)	(2,629)	(573)	(2,042)
Total	2,470,538	2,167,750	2,042,589	1,793,228	1,706,762	1,530,298
TOTAL DIRECT & OVERLAPPING NET DEBT:						
Bonds	5,469,579	5,195,736	5,087,176	5,068,659	4,709,768	3,763,968
Other Debt Obligations	353,680	512,460	812,312	434,258	312,063	304,197
Less Sinking Funds	(2,935)	(3,011)	(782)	(2,629)	(573)	(2,042)
TOTAL	\$ 5,820,324	\$ 5,705,185	\$ 5,898,706	\$ 5,500,288	\$ 5,021,258	\$ 4,066,123

EXHIBIT T-11

1997	1996	1995	1994
\$ 522,839	\$ 415,691	\$ 395,577	\$ 345,989
60,287	84,041	62,706	75,716
(170)	(398)	(398)	(738)
<u>582,956</u>	<u>499,334</u>	<u>457,885</u>	<u>420,967</u>
321,055	251,598	282,631	294,489
109,119	113,133	41,556	28,882
(110)	(501)	(250)	(50)
<u>430,064</u>	<u>364,230</u>	<u>323,937</u>	<u>323,321</u>
282,546	269,613	288,498	284,171
74,478	36,275	17,434	20,408
			(35)
<u>357,024</u>	<u>305,888</u>	<u>305,932</u>	<u>304,544</u>
38,527	45,520	36,216	29,155
4,605			8,286
<u>43,132</u>	<u>45,520</u>	<u>36,216</u>	<u>37,441</u>
16,141	24,185	34,633	27,179
16,432	10,469	(31)	1,189
			(247)
<u>32,573</u>	<u>34,654</u>	<u>34,602</u>	<u>28,121</u>
1,181,108	1,006,607	1,037,555	980,983
264,921	243,918	121,696	134,481
(280)	(899)	(679)	(1,070)
<u>1,445,749</u>	<u>1,249,626</u>	<u>1,158,572</u>	<u>1,114,394</u>
3,371,741	3,141,072	2,947,000	2,908,113
373,902	428,014	346,761	235,354
(280)	(899)	(679)	(1,070)
<u>\$ 3,745,363</u>	<u>\$ 3,568,187</u>	<u>\$ 3,293,082</u>	<u>\$ 3,142,397</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 1995 THROUGH 2004 (Dollars in Thousands)

Year	Debt Service Expenditures for Long-Term Debt (a)	Total Expenditures	Ratio of Debt Service Expenditures to Total Expenditures
2004(b)	\$ 376,444	\$ 3,055,513	12.32%
2003(b)	386,646	2,673,949	14.46%
2002(b)	370,885	2,653,262	13.98%
2001(b)	365,586	2,805,804	13.03%
2000(b)	344,541	2,501,660	13.77%
1999(b)	394,358	2,572,992	15.33%
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%

(a) For the periods 1994 through 1999, the debt service expenditures included expenditures for the debt service of the Enterprise Funds.

(b) From 1999 and thereafter, includes blended component units expenditures.

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

(d) 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 1995 THROUGH 2004

<u>Year</u>	<u>Population (In Thousands) (a)</u>	<u>Per Capita Personal Income (b)</u>	<u>Unemployment Rate (c)</u>
2004	1,345	\$ N.A.	4.5%
2003	1,343	50,242	3.9%
2002	1,340	49,543	4.1%
2001	1,335	47,431	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%

Sources:

- (a) Long Island Lighting Company and LIPA estimates
- (b) United States Department of Commerce
- (c) Long Island Almanac and NIFA Official Statements

COUNTY OF NASSAU, NEW YORK

**CONSTRUCTION PERMIT DATA
 FOR THE FISCAL YEARS ENDED IN 1995 THROUGH 2004 (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>
2004	\$ 1,187,522	\$ 747,428	\$ 440,094	853
2003	746,355	232,315	514,040	333
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

(a) Data are based on construction permits issued.

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

Source: Nassau County Department of Assessment

COUNTY OF NASSAU, NEW YORK

PRINCIPAL TAXPAYERS
DECEMBER 31, 2004 (Dollars in Thousands)

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2004 Taxable Assessed Valuation</u>	<u>Percentage of Taxable Assessed Valuation</u>
Long Island Power Authority (1)	Public Utility	\$ 15,217	0.94 %
Verizon	Public Utility	5,266	0.33 %
Keyspan Energy Corp.	Public Utility	5,215	0.32 %
Retail Property Trust	Shopping Mall	3,613	0.22 %
Reckson	Multi-use Buildings	2,336	0.14 %
Coliseum Plaza Assoc	Office Buildings	1,768	0.11 %
EQK Green Acres LP	Shopping Mall	1,656	0.10 %
Northrop Grumman Corp.	Aerospace Manufacturing	1,607	0.10 %
NY Racing/Greater NY Assoc.	Belmont Raceway	1,405	0.09 %
Long Island Water	Public Utility	1,312	0.08 %
Industrial & Research Assoc.	Industrial Park	1,230	0.08 %
We're Associates	Office Buildings	1,200	0.07 %
Hudson Resources et al.	Shopping Mall	1,121	0.07 %
JQI Associates LLC	Office Buildings	1,056	0.07 %
Federated Dept. Stores	Retail Stores	1,000	0.06 %
Joint Venture	Retail Stores	997	0.06 %
Tilles Investment	Real Estate Develop. Co.	912	0.06 %
S & E Realty	Real Estate Develop. Co.	815	0.05 %
Matterhorn USA Inc.	Office Buildings	813	0.05 %
WS Associates	Retail Stores	746	0.05 %
Price Owners, LLC	Retail Stores	636	0.04 %
Farhaven Apartments	Rental Apartments	597	0.04 %
SRI Franklin Ave. Venture LLC	Office Buildings	532	0.03 %
New York Water Service	Public Utility	504	0.03 %

Source: Nassau County Department of Assessment.

COUNTY OF NASSAU, NEW YORK

MISCELLANEOUS STATISTICS

December 31, 2004

Current Data:

Date of incorporation.....	1899
Form of government.....	County
Area.....	287 square miles
Population.....	1,344,932
Resident labor force.....	693,400
Number of shopping centers.....	363
Number of banking offices.....	438
Number of housing units.....	460,334
Acres of public park lands.....	15,190

Educational Information:

Number of school districts.....	56
Number of colleges.....	14
Public school enrollment.....	210,773
Number of public school classroom teachers.....	16,213

Health and Hospital Facilities:

Number of hospitals.....	12
Number of certified hospital beds.....	4,462

Motor Vehicle Information:

Number of passenger vehicle registrations.....	966,520
Number of driver licenses.....	992,592

Nassau County Employees:

Number of full time employees excluding uniformed police personnel.....	7,709
Number of part time employees.....	3,689
Number of uniformed police personnel.....	2,527

Sources:

- LIPA
- Long Island Business News
- Nassau County Official Statements
- New York State Education Department
- New York State Transportation Department
- United States Bureau of the Census

COUNTY OF NASSAU, NEW YORK**MAJOR NON-GOVERNMENTAL EMPLOYERS
DECEMBER 31, 2004**

<u>Employer</u>	<u>Type of Activity</u>	<u>Approximate Number of Employees</u>
North Shore-Long Island Jewish Health System	Medical Care	28,283
Catholic Health Services	Religious Institution	13,500
Stop & Shop	Supermarket	7,000
Walbaum's	Supermarket	6,250
Winthrop-South Nassau University Health System	Medical Care	6,222
J. P. Morgan Chase	Financial Institution	5,170
Verizon	Communications	5,025
Diocese of Rockville Center	Religious Institution	5,000
King Kullen	Supermarket	4,700
Long Island University	Education	4,506
Pathmark	Supermarket	4,350
Federated Department Stores	Merchandising	4,316
Keyspan	Utility	4,287
Geico	Insurance	3,750
Eckerd	Pharmacy	3,736
Adecco	Personnel Recruiter	3,538
Citigroup	Financial Institution	3,517
CVS	Pharmacy	3,400
Target	Merchandising	3,162
UPS	Parcel Delivery	2,831
Wal-Mart	Merchandising	2,800
Hofstra University	Education	2,608

Source: Newsday

COUNTY OF NASSAU, NEW YORK

ACTUAL EXPENDITURES- ALL FUNDS
 CLAIMS AND LITIGATION, INCLUDING TAX CERTIORARI
 FOR THE FISCAL PERIODS ENDED IN 1995 THROUGH 2004 (Dollars in Thousands)

<u>Period</u>	<u>Operating Expenditures</u>	<u>Bonded Expenditures</u>	<u>Total Claims and Litigation</u>
2004	\$ 2,816	\$ 198,663	\$ 201,479
2003	4,863	142,631	147,494
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(a)	419	203,357	203,776
1995(b)	143	157,699	157,842

(a) Fifteen month fiscal year

(b) Nine month fiscal year

APPENDIX



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS 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, 2004, (with the Nassau Community College for the year ended August 31, 2004) and have issued our report thereon dated June 27, 2005. 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 and the Nassau County Sewer and Storm Water Finance Authority, a blended component unit. 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. The report of the independent auditor for the Nassau Health Care Corporation contained an explanatory paragraph concerning its ability to continue as a going concern. 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*.

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 reportable 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 caused by error or fraud 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.

COMPLIANCE AND OTHER MATTERS

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 grant agreements, 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*.

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

June 27, 2005