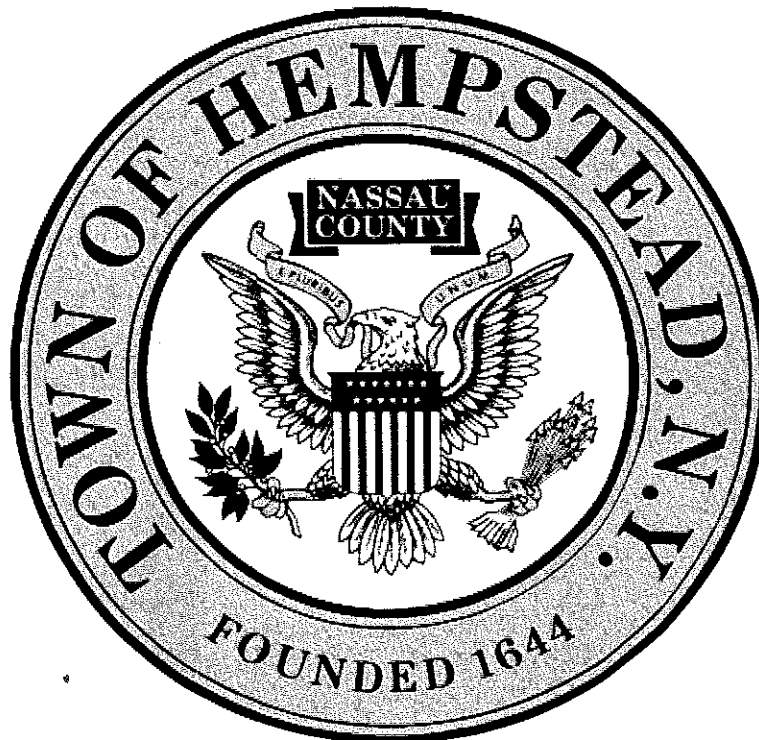


Town of Hempstead

New York



COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2004

**TOWN OF HEMPSTEAD,
NEW YORK**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2004**

Prepared by the Office of the Town Comptroller
John A. Mastromarino, CPA

TOWN OF HEMPSTEAD
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2004
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**INTRODUCTORY
SECTION**



Office of the Supervisor
TOWN OF HEMPSTEAD
1 WASHINGTON STREET, HEMPSTEAD, N.Y. 11550-4923
(516) 489-5000

June 30, 2005

To the Honorable Town Board and Citizens of the Town of Hempstead:

I am pleased to submit this Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2004. It is in conformity with generally accepted accounting principles (GAAP). The statements as a whole have been audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the Town of Hempstead as highlighted in the Management Discussion and Analysis contained within the financial section of this report. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Hempstead has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Hempstead's financial statements in conformity with GAAP. Naturally, the cost of internal controls should never outweigh the benefits. To this end, the Town of Hempstead's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As the chief fiscal officer, I assert that, to the best of my knowledge and belief, this financial report is complete and reliable in all material respects.

The goal of the audit was to provide reasonable assurance that the financial statements of the Town of Hempstead for the calendar year ended December 31, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Hempstead's financial statements for the fiscal year ended December 31, 2004, are presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in

conjunction with it. The Town of Hempstead's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The Town of Hempstead encompasses an area of 142.6 square miles within the County of Nassau on the south shore of Long Island. It is bounded by the City of New York to the west, the Town of North Hempstead to the north, the Town of Oyster Bay to the east, and the City of Long Beach and the Atlantic Ocean to the south. The town is the most populous town in the state, with a population of 760,675 according to the Long Island Power Authority's 2004 population survey. The town accounts for approximately 57% of the total population of the county and 41% of the county's land area. Located within the town are 22 incorporated villages, and 50 unincorporated areas.

The Town of Hempstead was established in 1644 as a separate political entity vested with independent taxing and debt authority. The 22 incorporated villages located within the town have independent forms of government, while the taxable real property within these villages is subject to taxation by the town. There are also 36 independent school districts within the town that rely on their taxing powers granted by the state to raise revenues for school district purposes. Subject to the provisions of the State Constitution, the town operates pursuant to the Town Law, Local Finance Law, other laws generally applicable to the town, and any special laws applicable to the town. Under such laws, there is no authority for the town to have a charter, but pursuant to the Constitution, and the Town Law and other laws generally applicable to home rule, the town may from time to time adopt local laws. Since January 1, 1966, the town has enjoyed the status of a suburban town under applicable provisions of Town Law, enabling it to function with a degree of autonomy not accorded to "first-class" towns.

The legislative power of the town is vested in the Town Board. It consists of a Supervisor, elected for two-year term, and six Council Members, elected for four-year terms. There is no limitation as to the number of terms that may be served by board members. The Supervisor is the chief executive officer and chief fiscal officer of the town. The legal level of budgetary control is by object level.

The Town Clerk serves as custodian of the town's legal documents and papers, maintains the minutes of proceedings of the Town Board and is responsible for the publication and filing of all official notices. According to the Town Law, the Clerk is elected to serve a two-year term; the number of terms is not limited.

The Receiver of Taxes, unless otherwise provided by law, has the duty to receive and collect all county, town and school taxes and all assessments that may be levied in the town. Law prescribes a four-year elected term. The Town Board appoints the Town Comptroller, the Town Attorney, the Town Highway Commissioner and the heads of the various town departments.

The town is responsible for providing many services to its residents. Recreation is provided by 190 public parks and recreational facilities maintained by the town. The town maintains inland

waterways and marinas, is responsible for the preservation of 17,000 acres of Atlantic Ocean wetlands, operates 16 senior citizen centers and 136 senior clubs. Additional town functions include highway construction and maintenance, building inspection, zoning administration, and the maintenance and operation of a town cemetery.

Special districts within the town provide services for street lighting, fire protection, parks, refuse disposal, garbage collection, public parking and water distribution. A brief departmental description of functional services is provided on the following pages.

The Supervisor functions as the chief financial officer. In this role, the Supervisor is responsible for the town's accounting and financial reporting activities. The Town Board, as a whole, serves as the finance board of the town and is responsible for authorizing, by resolution, all material financial transactions such as operating budgets, capital projects, and bonded debt.

The Supervisor is the town's budget officer and is required by law to file a tentative budget with the Town Clerk on or before September 30th of each year. The tentative budget is submitted to the Town Board not later than October 5th. Following review and modification, a preliminary budget hearing is held. At this hearing, members of the public may express opinions that the Town Board may take under advisement. Approval of the budget is not subject to a vote of the electorate and the Town Board may make changes following the hearing process. The Town Board is required to adopt the final annual budget by November 20th. A copy of the town's annual budget shall be submitted to the County Legislature. The county shall levy and cause to be raised the amount of taxes and assessments specified in the budget. From time to time, the Town Board may make changes or modifications in the amount of annual appropriations subject to legal provisions.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Hempstead operates.

Local Economy. The Town of Hempstead generally has more favorable financial statistical data than the country or New York State. The Town of Hempstead's latest unemployment rate of 4.6% compares favorably to New York State's 5.6% and the United States' of 5.8%.

Median income of the Town of Hempstead indicates that 33% of the workforce is compensated over \$100,000 -- far greater than the New York State average of 18.7%. Inflation relative to the geographic borders of the Town of Hempstead is consistent with that of the metropolitan area. Regional economic trends indicate a stabilization of revenues including items such as mortgage tax. Alternatively, interest percentages have been at historical lows affecting investment income.

Long Term Financial Planning. All three credit rating agencies have echoed my opinion regarding the Town of Hempstead's strong financial position as well as having a stable and diverse economic base. Our infrastructure has been addressed through a well-conceived capital program.

Conservative revenue forecasting and good cost control has been the axiom with which this municipality gains its strong success. We have recently received bond rating increases placing us in the top 1% of all towns in New York State.

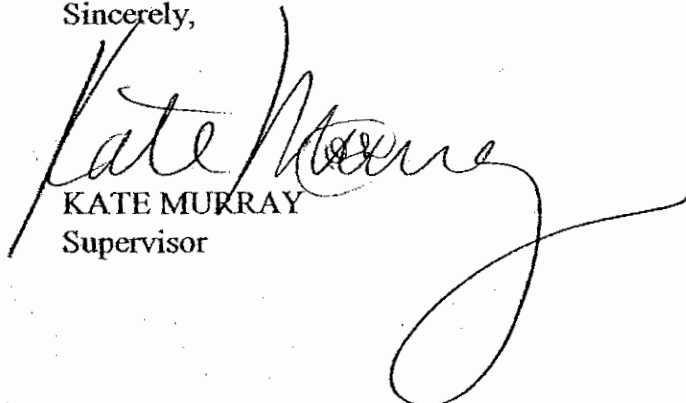
Debt Administration. The Town of Hempstead has a policy of rapid amortization of debt paying most of its outstanding principal within 10 years.

Pension Benefits and Health Insurance Costs. I have attempted to make adjustments during the year to conform to the requests of our residents. However, many expenses encountered by the Town of Hempstead are not discretionary. State mandated pension costs have increased by more than 2,800% over the last three years while health insurance costs stemming from contractual obligations have risen by more than 50% during the same period.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Town Comptroller's office. I would like to express my sincere appreciation to all members of the department who assisted and contributed to this report. Credit must also be given to the Council members, Receiver of Taxes, and Town Clerk for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Hempstead's finances.

Sincerely,



KATE MURRAY
Supervisor

TOWN OF HEMPSTEAD

PRINCIPAL OFFICIALS

December 31, 2004

Executive

Kate Murray

Supervisor

Town Board

Dorothy L. Goosby

Edward A. Ambrosino

James Darcy

Anthony J. Santino

Angie M. Cullin

Gary Hudes

Mark Bonilla

Donald X. Clavin

John A. Mastromarino

Phillip Marino

1st Councilmatic District

2nd Councilmatic District

3rd Councilmatic District

4th Councilmatic District

5th Councilmatic District

6th Councilmatic District

Town Clerk

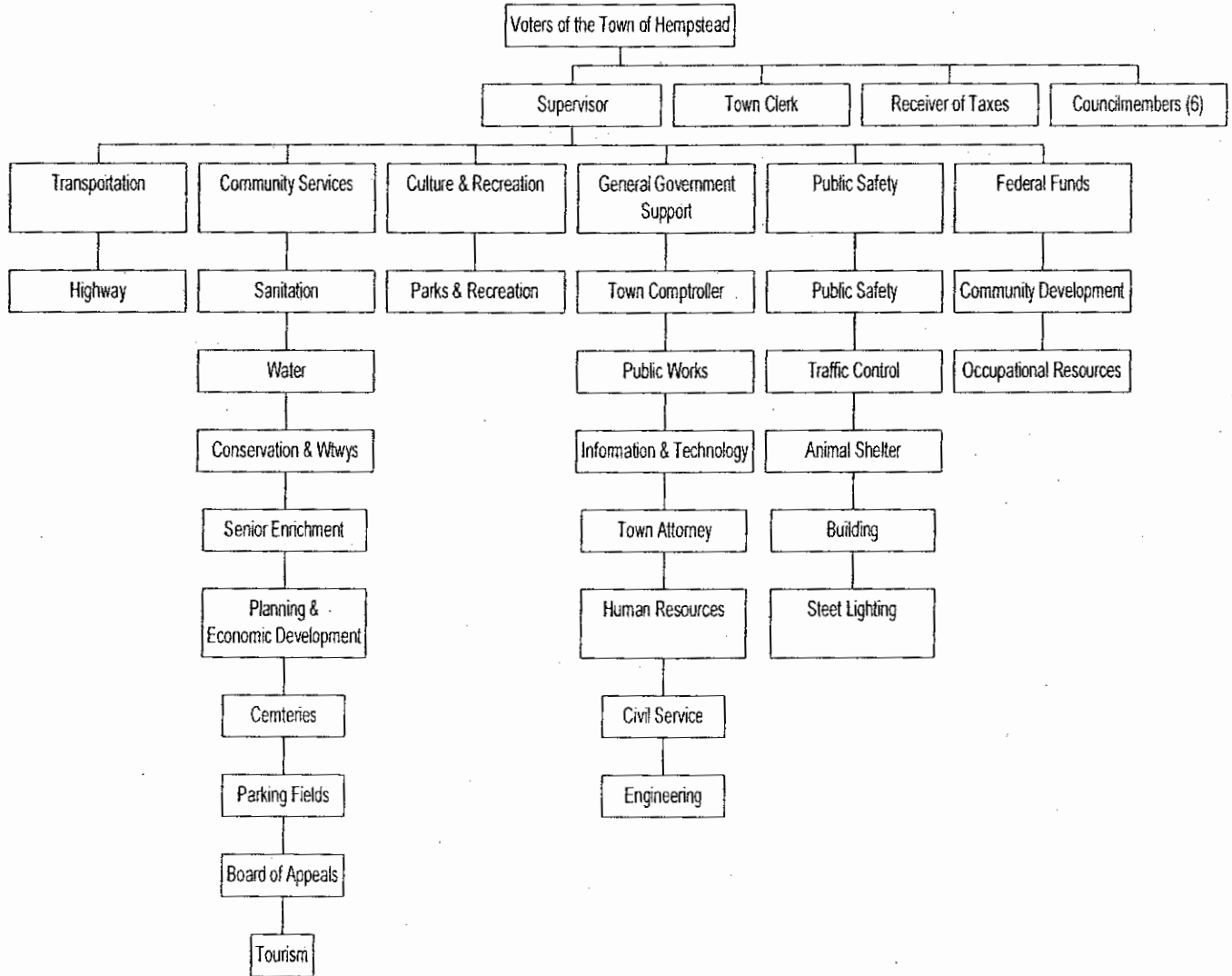
Receiver of Taxes

Comptroller

Town Attorney

TOWN OF HEMPSTEAD

ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Hempstead,
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 L. Eselle

Executive Director

**FINANCIAL
SECTION**

**ALBRECHT, VIGGIANO, ZURECK
& COMPANY, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS
25 SUFFOLK COURT
HAUPPAUGE, NY 11788
(631) 434-9500

INDEPENDENT AUDITORS' REPORT

Honorable Supervisor and Town Board
Town of Hempstead
Hempstead, New York

We have audited the accompanying basic statements of the Town of Hempstead, New York, as of December 31, 2004 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We did not audit the financial statements of seven component units presented discretely in the financial statements. These financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion, insofar as it relates to the amounts included for those seven component units, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Town of Hempstead, New York, as of December 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the budgetary information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America and the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Hempstead, New York basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical tables listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements of the Town of Hempstead, New York. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements of the Town of Hempstead, New York, and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

We did not audit the data presented in the introductory or statistical sections as listed in the accompanying table of contents, which are not a required part of the basic financial statements and, therefore, express no opinion thereon.

In accordance with Government Auditing Standards, we have also issued our report dated June 30, 2005, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Alfredo Higgiano, Jr. & Company, P.C.

Hauppauge, New York
June 30, 2005

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2004

As management of the Town of Hempstead, we offer readers of the financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal of this report. All amounts, unless otherwise indicated, are expressed in thousand of dollars.

OVERVIEW OF THE FINANCIAL STATEMENTS

The reporting focus of this report is on the Town as a whole, and on the major individual funds. The report presents a more comprehensive view of the Town's financial activities and makes it easier to compare the performance of the Town of Hempstead's government to that of other governments.

The financial section of this annual report presents the Town's financial activities and position in four parts - (1) management's discussion and analysis (this section), (2) the basic financial statements, (3) required supplementary information other than management's discussion and analysis, and (4) other supplementary information presenting combining statements. The report also includes statistical and economic data.

The basic financial statements include government-wide financial statements, fund financial statements, and notes that provide more detailed information to supplement the basic financial statements.

Reporting the Town as a Whole

The government-wide financial statements are designed to present an overall picture of the financial position of the Town. These statements consist of the Statement of Net Assets and the Statement of Activities, which are prepared using the economic resources measurement focus and the accrual basis of accounting. This means that all the current year's revenues and expenses are included regardless of when cash is received or paid, producing a view of financial position similar to that presented by most private-sector companies.

The Statement of Net Assets combines and consolidates the Town's current financial resources with capital assets and long-term obligations. This statement includes all of the Town's assets and liabilities.

Net assets are the difference between the Town's assets and liabilities, and represent one measure of the Town's financial health. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's buildings, roads, drainage and other assets to assess the overall health of the Town.

The Statement of Activities focuses on both the gross and net cost of various activities (governmental and component unit); these costs are paid by the Town's general tax and other revenues. This statement summarizes the cost of providing (or the subsidy provided by) specific government services, and includes all current year revenues and expenses.

The Statement of Net Assets and the Statement of Activities divide the Town's activities into two types.

Governmental Activities

The Town's basic services are reported here, including: general government support; education; public safety; transportation; economic assistance and opportunity; cultural and recreation and home and community services. Property taxes, sales taxes, franchise fees, fines, and state and federal grants finance these activities. The Town also charges fees to customers to help it cover the cost of certain services it provides.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2004

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Component Units

Component units are legally separate organizations for which the Town is either financially accountable, or the nature and significance of their relationship with the Town is such that exclusion would cause the Town's financial statements to be misleading or incomplete. These entities are reported in a separate column in the government-wide statements. The Town includes seven separate legal entities in its report (four water districts and three library districts).

Reporting the Town's Most Significant Funds

Fund financial statements present financial information in a form more familiar to experienced users of governmental financial statements. However, these statements now focus on the most significant funds. Use these statements to find more detailed information about the Town's most significant activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The Town uses funds to keep track of sources of funding and spending related to specific activities.

Governmental Funds

The Town's activities are reported in governmental funds. Reporting of these funds focuses on how money flows into and out of the funds, and amounts remaining at year-end for future spending.

Governmental funds are accounted for using the modified accrual basis of accounting, which measures cash and other assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general governmental operations and the basic services it provides. This information should help you determine whether there are more or less resources available for the Town's programs. The reconciliation following the fund financial statements explains the differences between the government's activities, reported in the government-wide Statement of Net Assets and government-wide Statement of Activities, and the governmental funds. The General Fund, Highway Fund, Parks Fund, Refuse and Garbage Fund and Capital Projects Fund are reported as major funds.

Reporting the Town's Fiduciary Responsibilities

All of the Town's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2004

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Our analysis below focuses on the net assets and changes in net assets of the Town of Hempstead's governmental activities.

Condensed Statement of Net Assets
Governmental Activities
as of December 31, 2004 and 2003

	2004	2003
Assets		
Current and other assets	\$ 165,767,642	\$ 120,613,019
Capital and other non-current assets	401,531,499	405,165,174
Total assets	567,299,141	525,778,193
Liabilities		
Current and other liabilities	66,952,504	112,543,187
Long-term liabilities	374,614,306	279,346,434
Total liabilities	441,566,810	391,889,621
Net assets		
Invested in capital assets, net of related debt	90,032,156	107,687,774
Restricted	32,447,783	1,977,819
Unrestricted	3,252,392	24,222,979
Total net assets	\$ 125,732,331	\$ 133,888,572

Total assets of the Town of Hempstead as of December 31, 2004 were \$ 567.3 million, an increase of \$ 41.5 million. Total liabilities as of December 31, 2004 were \$ 441.6 million, an increase of \$ 49.7 million. This results in a net asset balance of \$ 125.7 million for 2004, a decrease of \$ 8.2 million. Of the Town's net asset balance \$ 90.0 million were invested in capital assets, net of related debt; while \$ 32.4 million were restricted by statute or other specific purposes and \$ 3.3 million in unrestricted.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Hempstead, assets exceeded liabilities by \$ 125.7 million at the close of the most recent fiscal year.

By far the largest portion of the Town of Hempstead's net assets (72 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Town of Hempstead uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town of Hempstead's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves will not be used to liquidate these liabilities.

An additional portion of the Town of Hempstead's net assets (about 25 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$4.6 million, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Hempstead is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2004

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)

Changes in Net Assets
Governmental Activities
for the year ended December 31, 2004 and 2003

	2004	2003
Program Revenues		
Charges for services	\$ 50,272,309	\$ 44,504,276
Operating grants and contributions	12,333,998	19,208,521
Capital grants and contributions	7,174,552	5,316,605
	69,780,859	69,029,402
General Revenues		
Real property taxes	193,363,827	182,528,258
Other real property tax items	3,496,200	2,744,236
Non-property tax items	36,432,949	34,806,516
Interest earnings and financing income	7,623,689	1,820,730
Mortgage tax	48,922,330	34,370,158
State aid - unrestricted	3,165,729	3,165,729
Other	1,267,672	3,403,845
	294,272,396	262,839,472
Total Revenues	364,053,255	331,868,874
Program Expenses		
General government support	56,268,692	51,059,557
Education	986,775	-
Public safety	23,767,138	22,033,537
Transportation	40,301,761	37,794,243
Economic assistance and opportunity	13,331,191	12,218,604
Culture and recreation	59,595,580	53,552,703
Home and community services	163,616,827	131,732,145
Interest on debt	14,341,532	12,211,366
	372,209,496	320,602,155
Total Expenses	372,209,496	320,602,155
Increase in Net Assets	\$ (8,156,241)	\$ 11,266,719

While the Town of Hempstead's net assets decreased from the prior year by \$8.2 million during the current fiscal year this change included a decrease that was the result of reduced estimated useful life of certain capital assets relating to landfills of \$22.2 million dollars. Accordingly, change in net assets from all government activities without this decrease in capital assets was an increase of \$14.0 million.

Other key elements of the governmental activities are:

- Property taxes increased by \$10.8 million, 6 percent over the prior year. There is no statutory limitation on the taxing authority of the Town of Hempstead.
- Mortgage tax increased by \$14.6 million, 42.3 percent over the prior year.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2004

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)

Net Cost of Services
Governmental Activities
for the year ended December 31, 2004

	Total Cost of Services	Net Cost of Services
General government support	\$ 56,268,692	\$ 53,762,847
Education	986,775	986,775
Public safety	23,767,138	17,682,960
Transportation	40,301,761	40,160,853
Economic assistance and opportunity	13,331,191	5,477,440
Culture and recreation	59,595,580	52,633,890
Home and community services	163,616,827	117,382,340
Interest on debt	14,341,532	14,341,532
	<u>\$ 372,209,496</u>	<u>\$302,428,637</u>

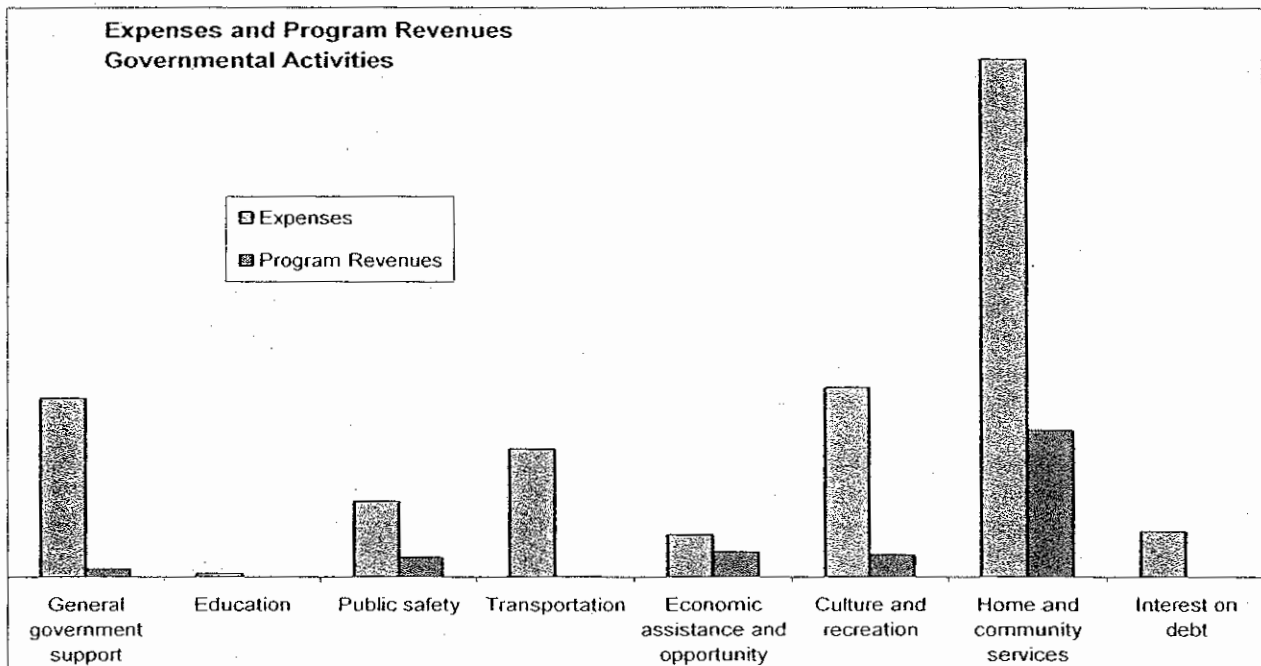
The cost of all governmental activities this year was \$372.5 million. The net cost of these services however after being subsidized by program revenues including charges for services and program grants was \$302.4 million. The Town's change in net assets after general revenues of \$294.3 million was a decrease of \$8.2 million.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 Year Ended December 31, 2004

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)

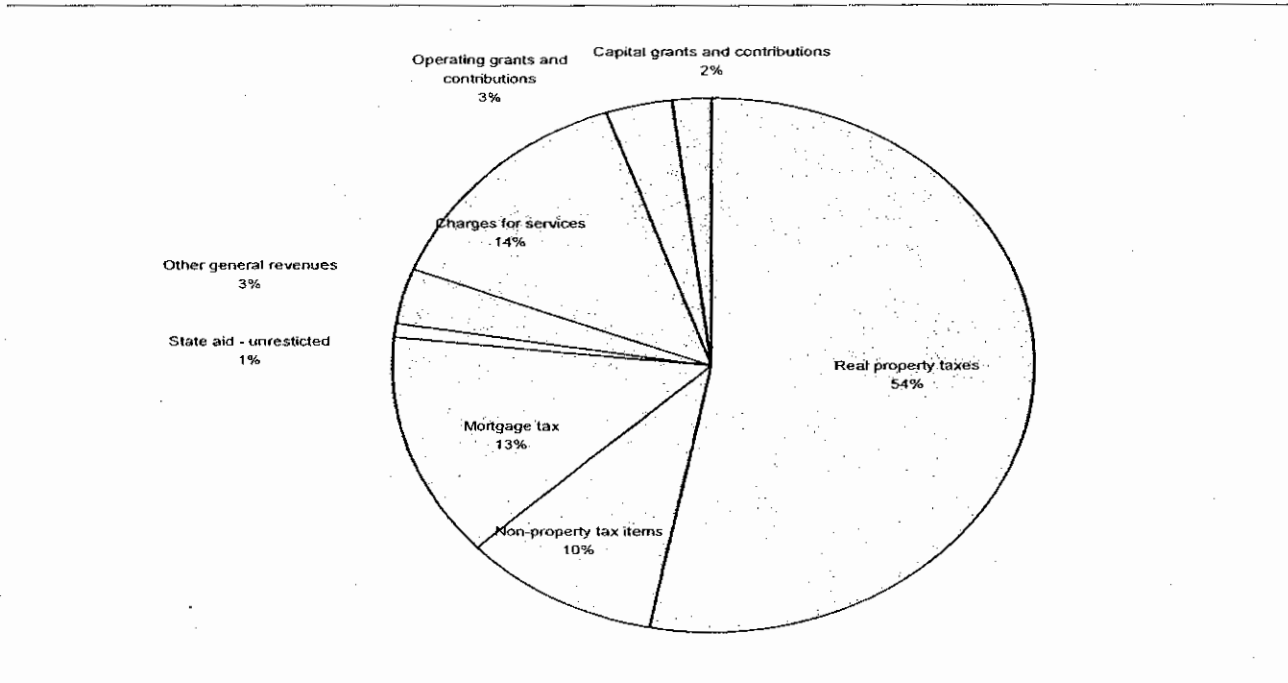
Cost of Services and Program Revenues
 Governmental Activities
 for the year ended December 31, 2004

	Total Cost of Services	Program Revenues
General government support	\$ 56,268,692	\$ 2,505,845
Education	986,775	
Public safety	23,767,138	6,084,178
Transportation	40,301,761	140,908
Economic assistance and opportunity	13,331,191	7,853,751
Culture and recreation	59,595,580	6,961,690
Home and community services	163,616,827	46,234,487
Interest on debt	14,341,532	
	<u>\$ 372,209,496</u>	<u>\$ 69,780,859</u>



TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2004

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)



Revenue by Source

year ended December 31, 2004

Real property taxes	\$	193,363,827
Non-property tax items		36,432,949
Mortgage tax		48,922,330
State aid - unrestricted		3,165,729
Other general revenues		12,387,561
Charges for services		50,272,309
Operating grants and contributions		12,333,998
Capital grants and contributions		7,174,552
	<u>\$</u>	<u>364,053,255</u>

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental Fund - The focus of the Town of Hempstead's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Hempstead's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of Hempstead's governmental funds reported combined ending fund balances of \$141,730,884, an increase of \$95,891,581 over the prior year. This major change in total governmental fund balances was due to the recognition of financing source from serial bond proceeds in the Capital Projects fund.

Approximately 72 percent of the total fund balance (\$102.3 million) constitutes unreserved fund balance. Approximately 13 percent of this unreserved fund balance (\$13.4 million) has been designated to reduce property taxes in the subsequent year's budget. The remaining 28 percent of fund balance (\$39.4 million) is reserved or accounted for in different funds to indicate that it is not available for new spending because it has already been committed.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2004

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (continued)

General Fund

The General Fund is the chief operating fund of the Town of Hempstead. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$53.6 million, while total fund balance reached \$55.6 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 52.2 percent of total general fund expenditures, while total fund balance represents 54.2 percent of the same amount.

The fund balance increased in the General Fund by \$10.9 million during the current fiscal year. A key factor was an increase in the mortgage tax of \$14.6 million.

Highway Fund

The fund balance increased in the Highway Fund by \$3.0 million during the current fiscal year. There were increased expenditures due to increased weather related matters; however these expenditures were off set by increased property and other non-property tax revenues.

Parks Fund

The fund balance increased in the Parks Fund by \$0.9 million during the current fiscal year. During the year, revenues exceeded budgetary estimates while expenditures were approximately equal to budgetary estimates thus eliminating the need to draw upon existing fund balance.

Refuse and Garbage Fund

The fund balance decreased in the Refuse and Garbage Fund by \$3.3 million during the current fiscal year. There were increases related to higher waste disposal fees and employee health benefits which necessitated a drawdown on existing fund balance.

Capital Projects Fund

The fund balance increased in the Capital Projects Fund by \$85.1 million during the current fiscal year. The Capital Projects fund recognized a financing source from the issuance of serial bonds, which increase fund balance from a deficit \$55.6 million to a positive fund balance of \$29.5 million. Proceeds from these bonds were used to pay down all bond anticipation notes and provided addition funds for future capital projects.

Non-Major Governmental Funds

The deficiencies of revenues and other financing sources over expenditures and other financing uses were minor at (\$784,883).

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget were relatively minor and resulted in increases in appropriations of \$4.0 million. Increases were due primarily to contractual benefit increases and payments to the county government for educational reimbursements for students attending out of county colleges. In addition, the Town Board revises the budget as needed so that expenditures do not exceed appropriations. In the General Fund various transfers between appropriations were approved for this purpose. Differences between the final amended budget and actual results for revenues resulted from larger than anticipated mortgage tax revenues. In addition revenue from non property tax, from the county, budgeted in the General Fund was allocated to other funds.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2004

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Asset

The Town of Hempstead's investment in capital assets for its governmental type activities as of December 31, 2004, amounts to \$400,329,238 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and bridge.

Major Capital asset events during the current fiscal year included the following:

- Road reconstruction
- Heavy equipment replacement
- Information and technology upgrades
- Building improvements

Capital Assets

	Governmental Activities	
	2004	2003
Land and landfills	\$80,380,938	\$80,416,938
Construction work in process	9,112,857	5,219,492
Buildings	301,991	
Infrastructure and improvements other than building, net	281,823,890	290,746,529
Improvements of Merrick landfill net	12,097,988	12,534,168
Machinery and equipment and capital leases net	16,611,574	14,912,201
Totals	\$400,329,238	\$403,829,328

Additional information on the Town of Hempstead's capital assets can be found in the notes to the financial statements of this report.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2004

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-Term Debt

At the end of the current fiscal year, the Town of Hempstead has total bonded debt outstanding of \$339,736,576. The entire debt is backed by the full faith and credit of the Town of Hempstead.

Outstanding Debt

	Governmental Activities	
	2004	2003
Bond anticipation notes	\$0	\$58,899,508
General obligations	<u>339,736,576</u>	<u>238,618,208</u>
Total	<u>\$339,736,576</u>	<u>\$297,517,716</u>

The Town of Hempstead's total debt increased by \$42,218,860 (14.2 percent). This increase was attributed to additional borrowing for infrastructure maintenance, heavy equipment replacement, and building improvements.

The Town of Hempstead maintains a "AA+" rating from Standard & Poor's, "AA1" rating from Moody's and a "AA" rating from Fitch for general obligation debt. The ratings from Standard & Poor's and Moody's represent an upgrade from last years rating.

State statutes limit the amount of general obligation a governmental entity may issue to 7% of a 5-year average full valuation. The current debt limitation for the Town of Hempstead is \$4,524,622,136, which is significantly in excess of the Town of Hempstead's outstanding general obligation debt.

Additional information on the Town of Hempstead's long-term debt can be found in the notes to the financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The Town of Hempstead's elected and appointed officials considered many factors when setting the fiscal year 2005 budget, tax rates, and fees that will be charged. One of those factors is the economy. The Town of Hempstead, located in Nassau County, New York, generally has more favorable financial statistical data than Nassau County or New York State. The Town of Hempstead's latest unemployment rate at 4.6% compares favorably to New York State's 5.6% and the United States 5.8%. The workforce also compares favorably in composition (42.4% professional/management) to New York State's (36.7%). Median income in the Town of Hempstead shows that over 33% of the workforces earns \$100,000 or more compared to the New York State average of 18.7%. These factors provide a stable tax environment enabling the Town of Hempstead to reliably project tax revenue.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2004

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (continued)

- Inflation in the Town of Hempstead's geographic area is consistent with the metropolitan area and is similar though somewhat higher than national averages. Contractual increases in negotiated labor contracts are comparable with regional municipalities while providing similar fringe benefits. These factors form the basis for estimating the 2005 budget lines.
- Revenues are subject to regional economic trends and are projected to show year over year increases for 2005 for items such as mortgage tax. Interest income, however, will show the effects of historically low rates.
- When all factors are considered the Town of Hempstead's general fund balance is expected to increase stable by the close of 2005.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town of Hempstead, Office of the Comptroller, Hempstead, New York.

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BASIC FINANCIAL STATEMENTS

TOWN OF HEMPSTEAD
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET ASSETS
December 31, 2004

	Primary Governmental Activities	Component Units
ASSETS		
Current Assets:		
Cash and investments	\$ 127,101,133	\$ 7,741,999
Accounts receivable, net of allowances	6,147,356	505,761
Due from fiduciary funds	511,386	
Due from other governments	17,145,234	866,315
Prepaid charges	6,807,613	126,964
Inventory of material and supplies	7,427,422	2,168,365
Other assets	627,498	
Total Current Assets	165,767,642	11,409,404
Non-Current Assets:		
Deferred charges, net of accumulated amortization	1,202,261	
Non-depreciable capital assets	80,380,938	4,881,674
Depreciable capital assets, net of depreciation	319,948,300	15,897,052
Total Non-Current Assets	401,531,499	20,778,726
Total Assets	567,299,141	32,188,130
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	17,441,294	784,790
Accrued interest payable	6,861,474	
Bond interest and matured bonds	5,469	113,473
Due to other governments	816,857	130,433
Non-current liabilities due within one year		
General obligation bonds payable	30,730,673	371,517
Compensated absences	1,744,865	33,576
Claims and judgments payable	8,977,500	
Estimated liability for landfill closure and postclosure care costs	307,666	
Installment purchase debt	66,706	
Total Current Liabilities	66,952,504	1,433,789
Non-Current Liabilities:		
General obligation bonds payable	309,005,903	10,861,997
Compensated absences	45,630,406	637,953
Claims and judgements payable	9,279,766	
Estimated liability for landfill closure and postclosure care costs	10,698,231	
Other debt		72,562
Total Non-Current Liabilities	374,614,306	11,572,512
Total Liabilities	441,566,810	13,006,301
NET ASSETS		
Investment in capital assets, net of related debt	90,032,156	10,759,802
Restricted: Permanently		
Permanent Fund	1,337,867	
Restricted: Temporarily		
Capital Projects	29,506,200	
Home and community services and Economic assistance and opportunity	398,707	
Debt service	1,205,009	5,544,656
Unrestricted	3,252,392	2,877,371
Total Net Assets	\$ 125,732,331	\$ 19,181,829

TOWN OF HEMPSTEAD
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF ACTIVITIES
Year ended December 31, 2004

Function/Program	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Government Activities:				
General government support	\$ 56,268,692	\$ 2,401,272	\$ 80,723	\$ 23,850
Education	986,775			
Public safety	23,767,138	6,084,178		
Transportation	40,301,761	140,908		
Economic assistance and opportunity	13,331,191	136	5,964,629	1,888,986
Culture and recreation	59,595,580	6,717,598	244,092	
Home and community services	163,616,827	34,928,217	6,044,554	5,261,716
Interest on debt	14,341,532			
Total Primary Government	\$ 372,209,496	\$ 50,272,309	\$ 12,333,998	\$ 7,174,552
COMPONENT UNITS				
Culture and recreation	\$ 3,875,734	\$ 51,911		
Home and community services	6,019,883	2,504,642		
Total Component Units	\$ 9,895,617	\$ 2,556,553		

GENERAL REVENUES

Real property taxes
Other real property tax items
Non-property tax items
Interest earnings and financing income
Mortgage tax
State Aid - unrestricted
Other

Total General Revenues

Change in Net Assets

Net Assets at Beginning of Year

Net Assets at End of Year

See notes to the financial statements

Net Expenses and Change in Net Assets

	<u>Primary Government</u>		<u>Component Units</u>
\$	53,762,847		
	986,775		
	17,682,960		
	40,160,853		
	5,477,440		
	52,633,890		
	117,382,340		
	14,341,532		
	<u>302,428,637</u>		
		\$	3,823,823
			<u>3,515,241</u>
			7,339,064
\$	193,363,827	\$	6,967,472
	3,496,200		44,039
	36,432,949		
	7,623,689		191,577
	48,922,330		
	3,165,729		50,526
	1,267,672		<u>308,598</u>
	<u>294,272,396</u>		<u>7,562,212</u>
	(8,156,241)		223,148
	<u>133,888,572</u>		<u>18,958,681</u>
\$	<u>125,732,331</u>	\$	<u>19,181,829</u>

TOWN OF HEMPSTEAD
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2004

	MAJOR FUNDS				
	General	Highway	Parks	Refuse and Garbage	Capital Projects
ASSETS					
Cash and investments	\$ 50,399,188	\$ 12,011,241	\$ 6,299,060	\$ 7,153,204	\$ 34,724,943
Accounts receivable, net of allowances	1,088,014			2,712,859	
Due from other funds	3,911,299		45,220	1,389,282	2,059,478
Due from other governments	271,904		1,214,658	13,579,775	
Inventory of material and supplies	1,021,031	3,027,070	1,179,095	1,049,566	
Prepaid items	1,342,940	276,833	592,474	463,781	
Other assets	332,498	45,000	150,000	55,000	
Total Assets	<u>\$ 58,366,874</u>	<u>\$ 15,360,144</u>	<u>\$ 9,480,507</u>	<u>\$ 26,403,467</u>	<u>\$ 36,784,421</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 1,063,168	\$ 800,880	\$ 793,909	\$ 8,894,958	\$ 4,660,840
Due to other governments	2,000				814,855
Due to other funds	1,660,883	1,744,299	2,582	2,600,000	1,502,526
Bond interest and matured bonds					
Deferred revenue					300,000
Total Liabilities	<u>2,726,051</u>	<u>2,545,179</u>	<u>796,491</u>	<u>11,494,958</u>	<u>7,278,221</u>
FUND BALANCES					
Fund Balance - Reserved:					
Encumbrances	485,412	42,471	26,556	162,873	29,083,801
Inventory	255,258	756,767	294,774	262,391	
Insurance				1,532,645	
Repairs					
Debt Service		1,205,009			
Prepaid Expenses	1,342,940	276,833	592,474	463,781	
Other Purposes					
Fund Balance Unreserved:					
Non-major special revenue funds					
Designated for Subsequent Year's Budget	5,216,347	437,597	2,182,685	1,704,588	
Undesignated	48,340,866	10,096,288	5,587,527	10,782,231	422,399
Total Fund Balances	<u>55,640,823</u>	<u>12,814,965</u>	<u>8,684,016</u>	<u>14,908,509</u>	<u>29,506,200</u>
Total Liabilities and Fund Balances	<u>\$ 58,366,874</u>	<u>\$ 15,360,144</u>	<u>\$ 9,480,507</u>	<u>\$ 26,403,467</u>	<u>\$ 36,784,421</u>

Other Governmental Funds	Totals
\$ 16,513,497	\$ 127,101,133
2,346,483	6,147,356
2,317,485	9,722,764
2,078,897	17,145,234
1,150,660	7,427,422
244,415	2,920,443
45,000	627,498
<u>\$ 24,696,437</u>	<u>\$ 171,091,850</u>

\$ 1,227,539	\$ 17,441,294
2	816,857
1,701,088	9,211,378
5,469	5,469
<u>1,585,968</u>	<u>1,885,968</u>
<u>4,520,066</u>	<u>29,360,966</u>

323,223	30,124,336
287,665	1,856,855
	1,532,645
420,018	420,018
	1,205,009
244,415	2,920,443
1,337,867	1,337,867
17,563,183	17,563,183
	9,541,217
	<u>75,229,311</u>
<u>20,176,371</u>	<u>141,730,884</u>
<u>\$ 24,696,437</u>	<u>\$ 171,091,850</u>

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TOWN OF HEMPSTEAD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
December 31, 2004

Total Fund Balances - Governmental Funds \$ 141,730,884

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

Capital assets less accumulated depreciation are
included in the Statement of Net Assets:

Capital assets - non-depreciable	80,380,938
Capital assets - depreciable	653,108,257
Accumulated depreciation	(333,159,957)

Other long-term assets are not available to pay for current-period
expenditures and, therefore, are deferred in the funds 1,885,968

Long-term liabilities applicable to the Town's
governmental activities are not due and payable
in the current period and accordingly are not
reported in the funds. However these liabilities
are included in the Statement of Net Assets:

General obligation bonds payable	(339,736,576)
Compensated absences	(47,375,271)
Claims and judgements payable	(18,257,266)
Estimated liability for landfill closure and postclosure care costs	(11,005,897)
Installment purchase debt	(66,706)

Prepaid items included in the Statement of Net Assets 3,887,170

Deferred charges included in the Statement of Net Assets 1,202,261

Interest payable applicable to the Town's governmental
activities are not due and payable in the current period
and accordingly are not reported in the funds. However
these liabilities are included in the Statement of Net Assets. (6,861,474)

Net Assets of Governmental Activities \$ 125,732,331

TOWN OF HEMPSTEAD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2004

	MAJOR FUNDS				
	General	Highway	Parks	Refuse and Garbage	Capital Projects
REVENUES					
Real property taxes	\$ 16,120,567	\$ 46,281,666	\$ 35,645,086	\$ 68,449,906	
Real property tax items	2,599,227	206,649	151,419	348,417	
Non-property tax items	5,420,101	8,400,000	7,254,764	14,158,084	
Departmental income	5,868,925		2,166,168	12,553,665	
Intergovernmental charges	39,754	5,350	607,748	11,747,179	
Use of money and property	1,229,659	356,265	469,459	572,777	
Licenses & permits	386,602				
Fines & forfeitures	439,104		6,235		
Sale of property and compensation for loss	75,218	166,466	5,235	853,549	
Miscellaneous revenue	717,537	2,610,184	1,016,245	1,198,827	
Interfund revenues	34,553,619	40,000	20,893,512		
State aid	49,910,891	615,729	187,529		\$ 2,403,986
Federal aid	18,850				
Total Revenues	<u>117,380,054</u>	<u>58,682,309</u>	<u>68,403,400</u>	<u>109,882,404</u>	<u>2,403,986</u>
EXPENDITURES					
Current:					
General government support	59,827,780				
Education	986,775				
Public safety	6,714,314				
Transportation	913,249	23,355,983			
Economic assistance and opportunity	4,597,602				
Culture and recreation	61,711		49,017,649		
Home and community services	8,393,073			95,959,523	
Employee benefits	21,102,704	7,442,852	15,243,134	12,988,451	
Capital Outlay	-				40,830,013
Debt service principal and interest	95,997	335,544	162,800	311,159	
Total Expenditures	<u>102,693,205</u>	<u>31,134,379</u>	<u>64,423,583</u>	<u>109,259,133</u>	<u>40,830,013</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>14,686,849</u>	<u>27,547,930</u>	<u>3,979,817</u>	<u>623,271</u>	<u>(38,426,027)</u>
Other Financing Sources (Uses)					
Transfers in	265,782	1,610,962	2,911		430,000
Transfers out	(4,022,709)	(26,122,341)	(3,089,164)	(3,899,918)	(1,890,899)
Debt proceeds					124,980,000
Total Other Financing Sources (Uses)	<u>(3,756,927)</u>	<u>(24,511,379)</u>	<u>(3,086,253)</u>	<u>(3,899,918)</u>	<u>123,519,101</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>10,929,922</u>	<u>3,036,551</u>	<u>893,564</u>	<u>(3,276,647)</u>	<u>85,093,074</u>
Fund Balance at Beginning of Year	<u>44,710,901</u>	<u>9,778,414</u>	<u>7,790,452</u>	<u>18,185,156</u>	<u>(55,586,874)</u>
Fund Balance (Deficit) at End of Year	<u>\$ 55,640,823</u>	<u>\$ 12,814,965</u>	<u>\$ 8,684,016</u>	<u>\$ 14,908,509</u>	<u>\$ 29,506,200</u>

See notes to the financial statements

Other Governmental Funds	Totals
\$ 26,866,602	\$ 193,363,827
190,488	3,496,200
1,200,000	36,432,949
13,277,044	33,865,802
238,225	12,638,256
755,327	3,383,487
25,125	411,727
283,507	728,846
21,765	1,122,233
1,625,956	7,168,749
1,369,396	56,856,527
2,056,563	55,174,698
<u>16,152,293</u>	<u>16,171,143</u>
<u>64,062,291</u>	<u>420,814,444</u>
125,027	59,952,807
	986,775
14,223,481	20,937,795
9,381,761	33,650,993
5,929,286	10,526,888
947,204	50,026,564
24,703,890	129,056,486
6,711,145	63,488,286
	40,830,013
<u>44,670,264</u>	<u>45,575,764</u>
<u>106,692,058</u>	<u>455,032,371</u>
<u>(42,629,767)</u>	<u>(34,217,927)</u>
39,483,885	41,793,540
(2,768,509)	(41,793,540)
<u>5,129,508</u>	<u>130,109,508</u>
<u>-41,844,884</u>	<u>130,109,508</u>
(784,883)	95,891,581
<u>20,961,254</u>	<u>45,839,303</u>
<u>\$ 20,176,371</u>	<u>\$ 141,730,884</u>

TOWN OF HEMPSTEAD
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
Year ended December 31, 2004

Net Change in Fund Balance \$ 95,891,581

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. The amount by which capital outlay exceeds depreciation in the current period is:

Capital outlay	40,584,578
Depreciation expense	(44,034,096)
Loss on dispositions	(50,572)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds:

Prepaid charges	2,148,218
Deferred charges	(133,585)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 95,338

The issuance of long-term debt and increase in obligations under capital leases provides current financial resources to governmental funds, while the repayment of the principal of long term debt and capital leases consumes the current financial resources of governmental funds.

Neither transaction has any effect on net assets.

Bonds issued	(130,109,508)
Repayment of debt principal	33,970,648
Due to Employees Retirement System	285,429
Compensated absences	(4,496,049)
Claims and judgements payable	(1,208,179)
Estimated liability for landfill closure and postclosure care costs	1,454,574
Installment purchase debt	48,213
Accrued interest payable	(2,602,831)

Change in Net Assets of Governmental Activities \$ (8,156,241)

TOWN OF HEMPSTEAD
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
 December 31, 2004

	Total Agency Funds
<u>ASSETS</u>	
Cash and Investments	\$ 15,767,150
Due from other governments	236,238
Total Assets	\$ 16,003,388
<u>Liabilities</u>	
Other Liabilities	\$ 15,492,002
Due to other funds	511,386
Total Liabilities	\$ 16,003,388

TOWN OF HEMPSTEAD
INDEX FOR NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Hempstead (the "Town"), which was chartered in 1644, is governed by Town Law and other general laws of the State of New York and various local laws. The Town Board is the legislative body responsible for overall operations. The Town Board consists of the Supervisor who is elected for a term of two years and six council members who are elected for terms of four years. The Supervisor serves as the Chief Executive Officer. The Highway Superintendent and the Heads of the various Town departments' terms are fixed by Town Law. The Town Clerk and Receiver of Taxes are elected and serve for two years and four years, respectively.

The Town provides the following principal services either directly or through Town-operated special districts: parks and recreation, highway construction and maintenance, inland waterways and marinas, building inspection and zoning administration, fire protection, street lighting, garbage pick-up and disposal, water services, and administration of certain State and Federal grants.

The financial statements of the Town of Hempstead have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The more significant of the government's accounting policies are described below.

1. REPORTING ENTITY

The financial reporting entity consists of: (a) the primary government, which is the Town of Hempstead; (b) organizations for which the primary government is financially accountable; and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement No. 14.

The decision to include a potential component unit in the Town of Hempstead reporting entity is based on several criteria set forth in GASB Statement No. 14 including legal standing, dependency and financial accountability. Based on the application of these criteria, the following is a summary of certain entities considered in determining the Town of Hempstead's reporting entity.

Certain special districts of the Town of Hempstead are separate legal entities and have separately elected boards of commissioners. These special districts provide water and library services to residents and businesses within the districts. Special districts cannot issue bonded debt without the approval and the backing of the full faith and credit of the Town. Budgets and tax rates are approved by the Town. Tax levies of the special districts are collected by the Town Receiver of Taxes. As a result of this fiscal dependency the Town is financially accountable for these special districts. Accordingly, these special districts have been determined to be component units of the Town and are presented discretely in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government. Condensed financial statements along with the addresses of the administrative office, for these component units are presented in Note E.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. BASIS OF PRESENTATION

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Government-wide Financial Statements

The government-wide financial statements reports information on the Town as a whole, except fiduciary activities with separate columns for the primary governmental activities as well as the discretely presented component units.

In the government-wide Statement of Net Assets, the Town's governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net assets are reported in three parts—invested in capital assets – net of related debt, restricted net assets, and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functional categories (public safety, transportation, home and community services, etc.), which are otherwise supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants to produce the net cost of each program. Program revenues include (a) charges for services and (b) operating and capital grants and contributions that are directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function) are normally covered by general revenue (property, taxes, intergovernmental revenues, interest income, etc).

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net assets resulting from the current year's activities.

Fund Financial Statements

The fund financial statements are similar to the financial statements presented in the previous model. The new emphasis is on the major funds in the fund financial statements. Non-major fund are summarized into a single column.

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds are presented by type in the fund financial statements. Certain funds of the Town are utilized to account for resources derived from and/or expenditures applicable to an area less than the entire town. Accordingly, the Town maintains the following fund types:

Governmental Funds - Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position. Government funds are further classified as major and non-major funds.

The Town Reports the following major governmental funds:

General Fund - is the principal operating fund of the Town. This fund is used to account for all financial resources except those required to be accounted for in other funds.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. BASIS OF PRESENTATION (continued)

Fund Financial Statements (continued)

Governmental Funds (continued)

Special Revenue Funds - are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Special District Funds - are used to account for taxes or other revenues, which are raised or received to provide special services to areas that encompass less than the whole Town. The Special District Funds consist of a number of separate districts, which are administered by the Town Board. Special Revenue Funds include the following:

Highway Fund – a special revenue fund is used to account for revenues and expenditures for highway purposes.

Park Districts – a special revenue fund is used to account for parks and recreation in the Town. Park Districts are as follows:

Atlantic Beach Estates	Levittown
East Atlantic Beach	Lido Beach
Franklin Square	Point Lookout
Joint Hempstead – Oyster Bay Park	Town of Hempstead

Refuse and Garbage Districts – special revenue fund is used to account for garbage collection and solid waste disposal in the Town. Refuse and Garbage Districts are as follows:

Hempstead	Merrick-North Merrick
Lido Beach – Point Lookout	Refuse Disposal District

Capital Projects Fund – is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Additionally, the Town reports the following non-major funds:

General Town - Outside Village - is used for revenues and expenditures for certain services provided to the area of the Town located outside of Incorporated Villages.

Special Grant Fund - is used to account for Federal Aid for the Community Development Block Grant Program, the Workforce Investment Act Program, and the Low Income Housing Program.

Special District Funds - are used to account for taxes or other revenues, which are raised or received to provide special services to areas that encompass less than the whole Town. The Special District Funds consist of a number of separate districts, which are administered by the Town Board as follows:

Fire Protection Districts as follows:

Angle Sea	Merrick	Roosevelt Field	South Westbury
East Garden City	Mill Brook	Silver Point	West Sunbury
East Lawrence	North Lynbrook	Seaford	Woodmere
Green Acres Mall	North West Malverne	South Franklin Square	Wreck Lead
Hempstead Plains		South Freeport	

Town of Hempstead Lighting District	
Elmont	North Merrick

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
 December 31, 2004

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. BASIS OF PRESENTATION (continued)

Fund Financial Statements (continued)

Governmental Funds (continued)

Public Parking Districts as follows:

Baldwin	Franklin Square	Oceanside	West Hempstead
Bellmore	Garden City South	Roosevelt	Woodmere-Hewlett
East End Turnpike	Merrick	Uniondale	

Water Districts as follows:

Bowling Green Estates	Levittown	Roosevelt Field
East Meadow	Lido Beach – Point Lookout	Uniondale

Library Funding Districts as follows:

Bay Park Library Funding District	North Malverne Library Funding District
East Franklin Square Library Funding District	North Valley Stream Library Funding District
Mill Brook Library Funding District	South Lynbrook/Hewlett Funding District
North Lynbrook Library Funding District	

Debt Service Fund – is used to account for the accumulation of resources for the payment of debt principal, interest, and related costs.

Permanent Fund – is used to account for financial resources received from other parties including individuals, private organizations and other governments whereby the use of the resources are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

Fiduciary Funds - Fiduciary Funds are used to account for assets held by the Town in a trustee or custodial capacity.

Agency Fund – is used to account for resources held as an agent for parties outside the government. Agency fund resources cannot be held for other funds.

Town Agency Funds – accounts for consolidated payroll and other agency liabilities.

Town Clerk Funds – accounts for permit and license fees collected on behalf of other governments.

Town Receiver of Taxes Agency Funds – accounts for amounts due to other governments for general and school taxes collected.

Discretely Presented Component Units

Certain special districts that have separately elected boards provide water, sewer and library services to residents and businesses within these districts, follow government fund accounting principles. These districts, which are accounted for as discretely presented component units, are as follows:

Lakeview Public Library District	Roosevelt Public Library District
Uniondale Public Library District	Cathedral Gardens Water District
Franklin Square Water District	West Hempstead – Hempstead Gardens Water District
Greater Atlantic Beach Water Reclamation District	

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. BASIS OF ACCOUNTING/MEASUREMENT FOCUS

Measurement focus refers to what is being measured whereas the basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

In the government-wide statements, governmental activities are presented using the economic resources measurement focus and are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the funds statements, governmental funds use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (measurable and available to finance current operations). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers all revenues available if they are collected within 60 days after the year end. Revenues susceptible to accrual include Nassau County local assistance at year end on behalf of the Town, franchise fees, and charges for services, intergovernmental revenues and operating transfers. Permits, fees, and other similar revenues are not susceptible to accrual because generally they are not measurable until they are received in cash. In those instances where expenditures are the prime factor in determining eligibility for state and federal grants, revenues are recognized when the expenditure is incurred. In the Capital Projects Fund, long-term debt is recognized as revenue upon receipt of the proceeds. Expenditures are recorded on the accrual basis except that (a) expenditures for prepaid expenses are recognized when incurred; (b) principal and interest on indebtedness are recognized as expenditures when due; (c) compensated absences, such as vacation and sick leave, which vest or accumulate, are charged as expenditures when paid.

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded for budgetary control purposes in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Appropriations for all governmental funds except the capital projects fund lapse at year-end. However, encumbrances reserved against fund balances are re-appropriated in the ensuing year. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

4. ASSETS, LIABILITIES AND FUND EQUITY

RECEIVABLES

Receivables include amounts due from Federal, State, and other governments and individuals for services provided by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred.

INVENTORY – MATERIALS AND SUPPLIES

Inventory in the General and Special Revenue Funds is valued at cost. Inventory in these funds is accounted for under the consumption method, utilizing the first-in, first-out method (FIFO).

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. ASSETS, LIABILITIES AND FUND EQUITY (continued)

PREPAID ITEMS

Prepaid items are accounted for under the consumption method and represent funds spent as of December 31, 2004 for future expenses.

CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Infrastructure assets are reported at historical cost as of 1980. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	40 years
Improvements and other	20 years
Machinery and equipment	7 years
Infrastructure	
Roads	30 years
Curbs and sidewalks	20 years
Drainage system	30 years
Street lighting	25 years

Infrastructure assets, consisting of certain improvements other than buildings including roads, curbs, sidewalks, drainage system, street lighting, water mains and sewer system are capitalized along with other capital assets.

In the fund financial statements capital assets are recorded as capital outlay expenditures in the governmental fund upon acquisition.

DEFERRED CHARGES

Discounts and expenses related to the issuance of long-term debt and the loss on the early retirement of refunded debt are amortized on a straight-line bases over the life of the issue (10 years), and are presented net of accumulated amortization.

DEFERRED REVENUE

Deferred revenues are those where asset recognition criteria have been met, but which revenue recognition criteria have not been met. Such amounts include collections in advance, unearned income and amounts deemed to be "measurable" but not "available" to finance current expenses.

LONG-TERM OBLIGATIONS

The liabilities for long-term obligations consisting of general obligation bond, compensated absences, due to employee retirement system, judgments, claims and liability for landfill closure and post closure costs are recognized in the government-wide financial statements.

In the fund statements long-term obligations are not reported as liabilities. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. REVENUES AND EXPENDITURES

REAL PROPERTY TAX ASSESSMENT AND COLLECTION PROCEDURES

In Nassau County, the assessment and lien of real property for taxation is done by the County Department of Assessment. The County assessment rolls are used for the levy of real property taxes by the Town and the School Districts, as well as by the County and by Special Districts of the County and the Town. The Town of Hempstead Receiver of Taxes collects all real property taxes for the Town, Nassau County, Town Special Districts and School Districts.

Town and County taxes are due in two installments, 50% on January 1 and 50% on July 1, payable without penalty to February 10 and August 10, respectively. Penalties are imposed thereafter at the rate of 1% per month from January 1st and July 1st until August 31st, after which taxes are payable to the County Treasurer. The Town retains the total amount of Town, Highway and Town Special Districts levies from the amount collected, and forwards the balance collected to the County which assumes collection responsibility. The Town and Town's Special Districts therefore realize annually the 100% collection of real property taxes.

School District property taxes in the Town are also payable in two installments; however, a separate tax bill is sent out for school tax purposes. School property taxes are due in two installments, 50% in October and 50% in April. The County is also responsible for uncollected school taxes.

Property taxes receivable includes restored taxes from prior tax rolls received within 60 days of year end.

Real property taxes become a lien during the third week of February for both school and general taxes.

INTERFUND TRANSACTIONS

Interfund transactions have been eliminated from the government-wide financial statements. In the funds statements interfund transactions include:

a) Interfund Revenues

Interfund revenues, interfund services (provided and used), in the general fund represent amounts charged for services or facilities provided by the general fund. The amounts paid by the fund receiving the benefit of the service or facilities are reflected as an expenditure of that fund.

b) Transfers

Transfers represent payments to the debt service and capital projects funds from the other funds for their appropriate share of the debt service or capital project costs.

COMPENSATED ABSENCES

The liability for vested or accumulated vacation or sick leave (compensated absences) is recorded as current and noncurrent obligations in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements only the compensated absence liability payable from expendable available financial resources is incurred.

The amount that is expected to be liquidated with expendable available financial resources is reported as expenditures and a liability in the funds statement in the respective fund that will pay the liability.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. EQUITY CLASSIFICATIONS

In the Government-wide Statements equity is classified as net assets and displayed in three components:

- a) Invested in capital assets, net of related debt—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net assets—Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net assets—All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the Fund Statements governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Portions of fund equity are segregated for future use and therefore not available for future appropriation or expenditure. Amounts reserved for encumbrances, inventory, insurance claims and debt service, represent portions of fund equity, which are required to be segregated in accordance with state law or GAAP. Designations of fund balances in governmental funds indicates the utilization of these resources in the subsequent year’s budget or tentative plans for future use.

7. CHANGE IN ACCOUNTING ESTIMATE

The Town periodically reviews the estimated useful lives used to depreciate its capital assets to determine future economic value to the Town. During 2004, the Town has reduced the estimated useful lives used to depreciate certain capital assets relating to the landfills. The effect of this change was to increase the 2004 depreciation expense in the home and community development function for governmental activities in the government-wide statement of activities and reduce the change in net assets for 2004 by approximately \$22,247,000. In addition, the Town removed the total cost of \$32,286,000 and the related accumulated depreciation of these fully depreciated capital assets.

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. BUDGETARY DATA

The Supervisor is responsible for the preparation of the tentative annual operating and capital budgets. The Town Board reviews the tentative budgets and prepares preliminary operating and capital budgets and a public hearing is held thereon. Subsequent to the public hearing, revisions (if any) are made and the budgets are then adopted by the Town Board as final for the coming year. The budgets are not subject to referendum. Town Law provides that no expenditures may exceed budgeted appropriations. Any revisions to the annual budget proposed to accommodate changes in a department, district, or other program must be adopted by resolution of the Town Board.

Budgets for the General and certain Special Revenue are legally adopted for each year. The budgets are adopted on a basis of accounting consistent with GAAP, except that appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior years. In the event that actual revenues received exceed budgeted amount, additional budgetary appropriations are made.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

1. BUDGETARY DATA (continued)

Annual budgets are not prepared for the Debt Service, Special Grant, Permanent Fund and Capital Projects Fund. Programs in the Special Grant Fund are governed by various grant agreements and reports are issued to regulatory authorities on a regular basis. Budgetary controls are established for the capital projects funds through resolutions authorizing individual projects, which remain in effect for the life of the project.

Except as indicated, budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior years. Budgetary controls for the Special Grant Funds are established in accordance with the applicable grant agreement, which covers a period other than the Town's fiscal year.

The Town adopts the budget and establishes legal level of control of the budget at the object level expenditures. The object level identifies expenditures by the article purchased or service obtained to carry out a function.

In order to show the full legal level of budgetary compliance for the General and certain Special Revenue Funds, detailed individual statements of expenditures – budget and actual, are presented in a separate budget report.

2. FUND BALANCES

DESIGNATION OF FUND BALANCE

Portions of the unreserved balances at December 31, 2004 were designated for the subsequent year's operating budgets as follows:

Fund	Total Fund Balance Unreserved	Fund Balance Unreserved and Designated for Subsequent Year's Budget	Fund Balance Unreserved Undesignated
Non-Major Funds:			
Permanent Fund	\$ 1,337,867		\$ 1,337,867
Town Outside Village	2,183,175	\$ 472,235	1,710,940
Special Grant	398,707		398,707
Fire Protection	1,302,825	99,178	1,203,647
Street Lighting	1,586,779	91,229	1,495,550
Public Parking	3,406,806	148,988	3,257,818
Water	8,661,305	3,048,516	5,612,789
Library Funding	23,586	397	23,189
Total	\$ 18,901,050	\$ 3,860,543	\$ 15,040,507

C. DETAILED NOTES ON ALL FUNDS

1. CASH AND INVESTMENTS

Cash consists of funds deposited in demand accounts, time deposit accounts and certificates of deposit with maturities of less than three months.

The Town's investments are governed by a formal investment policy. The Town's monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Town is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of New York State, the U.S. Treasury and U.S. Agencies, and certain repurchase agreements.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

C. DETAILED NOTES ON ALL FUNDS (continued)

1. CASH AND INVESTMENTS (continued)

It is the Town's policy to require collateral for demand deposits and certificates of deposit for all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

At December 31, 2004, Primary Government cash and investments consist of:

	Governmental Funds	Fiduciary Funds		
		Town Agency	Town Clerk	Receiver of Taxes
Cash in Banks:				
Demand Deposits	\$ 7,850,564	\$ 3,498,415	\$ 116,520	\$ 9,781,215
Certificates of Deposit	119,237,000	2,371,000		
Cash with Agent - Restricted	5,469			
Total Cash in Banks	<u>127,093,033</u>	<u>5,869,415</u>	<u>116,520</u>	<u>9,781,215</u>
Cash on Hand:				
Petty Cash	8,100			
	<u>\$ 127,101,133</u>	<u>\$ 5,869,415</u>	<u>\$ 116,520</u>	<u>\$ 9,781,215</u>

At December 31, 2004 cash in banks was collateralized by FDIC insurance or securities in the name of the Town as follow:

- 1) Insured or collateralized with securities held by the entity or by its agent in the entity's name; or
- 2) Collateralized with securities held by the pledging financial institution, its trust department, or agency in the entity's name; or
- 3) Uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging financial institution, its trust department, or agency but not in the entity's name).

Total financial institution (bank) balances at December 31, 2004, per the bank, were \$164,992,337. These deposits are categorized as follows:

	1	2	3	Total	Bank Balance	Book Balance
Primary Government:	\$ 179,924,340	\$ -0-	\$ -0-	\$ 179,924,340	\$ 164,992,337	\$ 142,854,714

Cash and investments at December 31, 2004 for component units total \$7,741,999 at December 31, 2004.

The component unit's bank balance and collateral held in the name of the component units at December 31, 2004 are categorized as follows:

	1	2	3	Total	Bank Balance	Book Balance
Component Units:	\$ 6,571,071	\$ -0-	\$ 1,263,398	\$ 7,834,469	\$ 7,834,469	\$ 7,741,999

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

C. DETAILED NOTES ON ALL FUNDS (continued)

2. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At December 31, 2004, individual fund interfund receivable and payable balances for the primary government are expected to be paid currently. These balances represent various temporary loans, recharges and reimbursements between funds and are stated as follows:

	<u>Payable</u>	<u>Receivable</u>
Primary Government		
<u>Major Funds:</u>		
General Fund	\$ 1,660,883	\$ 3,911,299
Highway	1,744,299	
Parks	2,582	45,220
Refuse & Garbage	2,600,000	1,389,282
Capital Projects Fund	1,502,526	2,059,478
<u>Nonmajor Funds:</u>		
Town Outside Village		400,000
Special Grant	1,700,000	42,665
Public Parking		671,822
Water	1,088	1,202,998
<u>Fiduciary Funds:</u>		
Trust and Agency Funds	511,386	
	<u>\$ 9,722,764</u>	<u>\$ 9,722,764</u>

At December 31, 2004, individual fund interfund transfers balances for the primary government primarily represent receipt and payment of debt service and capital projects expenditures, and are stated as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Primary Government		
<u>Major Funds:</u>		
General Fund	\$ 265,782	\$ 4,022,709
Highway	1,610,962	26,122,341
Parks	2,911	3,089,164
Refuse & Garbage		3,899,918
Capital Projects Fund	430,000	1,890,899
<u>Nonmajor Funds:</u>		
Debt Service	39,472,641	
Town Outside Village		95,239
Fire Protection		333,052
Street Lighting		797,102
Public Parking		95,594
Water	11,244	1,447,522
	<u>\$ 41,793,540</u>	<u>\$ 41,793,540</u>

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

C. DETAILED NOTES ON ALL FUNDS

3. CAPITAL ASSETS

	Balance 1/1/2004	Additions	Deletions	Balance 12/31/2004
Primary government				
Capital assets not being depreciated				
Land - other than landfills	\$ 49,748,153		\$ 36,000	49,712,153
Landfills	30,668,785			30,668,785
Construction work in progress	5,219,492	\$ 4,994,757	1,101,392	9,112,857
Total capital assets not being depreciated	85,636,430	4,994,757	1,137,392	89,493,795
Depreciable capital assets				
Infrastructure and Improvements other than buildings	492,069,404	33,565,220	33,090,449	492,544,175
Buildings	75,649,930	314,574		75,964,504
Improvement to park portion of Merrick landfill	13,406,528			13,406,528
Machinery and equipment	61,089,284	2,811,419	1,820,510	62,080,193
Total depreciable capital assets	642,215,146	36,691,213	34,910,959	643,995,400
Less accumulated depreciation				
Infrastructure and improvements other than buildings	201,322,875	42,473,287	33,075,877	210,720,285
Buildings	75,649,930	12,583		75,662,513
Improvements to park portion of Merrick landfill	872,360	436,180		1,308,540
Machinery and equipment	46,177,083	1,112,046	1,820,510	45,468,619
Total accumulated depreciation	324,022,248	44,034,096	34,896,387	333,159,957
Total net depreciable capital assets				310,835,443
Total net capital assets				\$ 400,329,238

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

C. DETAILED NOTES ON ALL FUNDS (continued)

3. CAPITAL ASSETS (continued)

	Balance 1/1/2004	Additions	Deletions	Balance 12/31/2004
<u>Discretely Presented Component Units</u>				
Capital assets not being depreciated				
Land	\$ 196,736	\$ 66,362		\$ 263,098
Construction in progress	2,452,013	2,378,437		4,830,450
Total Capital Assets not Being Depreciated	2,648,749	2,444,799		5,093,548
Depreciable Capital Assets				
Buildings	8,714,878	2,838,330	\$ 102,785	11,450,423
Improvements other than buildings	80,428	145,475		225,903
Machinery and equipment	8,635,217	407,622	3,040,881	6,001,958
Infrastructure	11,345,563	218,556		11,564,119
Total Depreciable Capital Assets	28,776,086	3,609,983	3,143,666	29,242,403
Less Accumulated Depreciation	12,947,282	701,165	91,222	13,557,225
Total Net Depreciable Capital Assets				15,685,178
Total Net Capital Assets				\$ 20,778,726

Depreciation expense was charged to governmental functions as follows:

General government support	\$ 1,843,231
Public Safety	53,266
Transportation	14,785,578
Economic assistance and opportunity	12,090
Culture and recreation	2,001,396
Home and community services	25,338,535
Total governmental activities depreciation expense	\$ 44,034,096

4. INDEBTEDNESS

Summary of indebtedness transactions for the year ended December 31, 2004 is as follows:

Primary Government:	Bond Anticipation Notes	General Obligation Bonds
Balance – January 1, 2004	\$ 58,899,508	\$ 238,618,208
Issued – 2004		130,109,508
Redeemed – 2004	(58,899,508)	(28,991,140)
Balance – December 31, 2004	\$ -0-	\$ 339,736,576
Component Units:		General Obligation Bonds
Balance – January 1, 2004		\$ 5,745,251
Issued – 2004		6,145,000
Redeemed – 2004		(656,737)
Balance – December 31, 2004		\$ 11,233,514

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

C. DETAILED NOTES ON ALL FUNDS (continued)

4. INDEBTEDNESS (continued)

General Obligation Bonds – The Town borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets.

These long-term liabilities are backed by the full faith and credit of the Town, including bonds of the Town Special Districts which are payable from tax revenues of the areas benefited. Interest rates of these bonds vary from 3.41% to 3.99%. Future principal and interest payments to maturity are as follows:

	Total Principal	Total Interest	Total Debt Service
Years ending December 31, 2005	\$ 30,730,673	\$ 16,198,728	\$ 46,929,401
2006	34,877,471	13,620,343	48,497,814
2007	34,409,122	12,096,855	46,505,977
2008	32,967,905	10,656,115	43,624,020
2009	34,338,181	9,137,219	43,475,400
2010-2014	124,316,780	25,214,102	149,530,882
2015-2018	48,096,444	4,314,929	52,411,373
Totals	<u>\$ 339,736,576</u>	<u>\$ 91,238,291</u>	<u>\$ 430,974,867</u>

Included in indebtedness at December 31, 2004 are \$11,363,209 of principal and \$3,576,867 of interest of General Obligation Bonds that are obligations of special districts with separate Boards of Commissioners.

5. NON-CURRENT LIABILITIES

Summary of changes in long-term debt transactions for the year ended December 31, 2004 is as follows:

	Balance 1/1/2004	Increases	Reductions	Balance 12/31/2004	Non-current liabilities due within one year	Non-current liabilities
Primary Government:						
General obligation bonds	\$ 238,618,208	\$ 130,109,508	\$ 28,991,140	\$ 339,736,576	\$ 30,730,673	\$ 309,005,903
Employees retirement system	285,429		285,429	-		
Compensated absences	42,879,222	6,265,473	1,769,424	47,375,271	1,744,865	45,630,406
Claims and judgments	17,049,087	8,460,987	7,252,808	18,257,266	8,977,500	9,279,766
Estimated liability for landfill closure and postclosure care costs	12,460,471		1,454,574	11,005,897	307,666	10,698,231
	<u>\$ 311,292,417</u>	<u>\$ 144,835,968</u>	<u>\$ 39,753,375</u>	<u>\$ 416,375,010</u>	<u>\$ 41,760,704</u>	<u>\$ 374,614,306</u>
Component Units:						
General obligation bonds	\$ 5,745,251	\$ 6,145,000	\$ 656,737	\$ 11,233,514	\$ 371,517	\$ 10,861,997
Employees retirement system	77,097		77,097	-		
Compensated absences	500,533	170,996		671,529	33,576	637,953
	<u>\$ 6,322,881</u>	<u>\$ 6,315,996</u>	<u>\$ 733,834</u>	<u>\$ 11,905,043</u>	<u>\$ 405,093</u>	<u>\$ 11,499,950</u>

Liabilities for claims and judgments and landfill closure and post closure costs are liquidated through future budgetary appropriations in the General Fund. The liabilities for compensated absences and due to Employees' Retirement System are liquidated through future budgetary appropriation in the funds that gave rise to the liability.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

C. DETAILED NOTES ON ALL FUNDS (continued)

6. PRIOR YEAR DEFEASANCE OF DEBT

In prior years, the Town of Hempstead defeased certain general obligation bonds by placing the proceeds of 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 Town's financial statement. At December 31, 2004, \$5,681,709 of these bonds outstanding are considered defeased, of which \$5,681,709 was for general Town purposes.

7. RETIREMENT SYSTEM

Plan Description

The Town of Hempstead participates in the New York State and Local Employees' Retirement System (NYSERS), a cost sharing multiple public employer retirement system. The System provides a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments.

Obligation 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 (the "Comptroller") serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of their funds. The System issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to the New York State and Local Retirement System, Governor Smith State Building, Albany, NY 12244.

Funding Policy

The System is 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. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

The Town is required to contribute at an actuarially determined rate. The actual contributions were equal to the actuarially required amounts and also included additional contributions to fund various early retirement incentives made available to the Town employees. The credits and miscellaneous adjustments represent modification made by the NYSERS to the prior year's contributions due to differences between estimated and actual salaries for the plan year.

The required contributions, for the Town for the current year and two preceding years were:

	<u>Annual Required Contribution - ERS</u>				
	<u>Amount</u>	<u>% of Covered Payroll</u>	<u>Early Retirement Incentive</u>	<u>Credits & Miscellaneous Adjustments</u>	<u>Total Payment</u>
2004	\$15,870,679	12.80%	\$311,243	\$10,258	\$15,870,180
2003	5,851,650	4.90%	1,099,765	60,964	7,012,379
2002	1,398,179	1.25%	1,099,765	87,635	2,585,579

The Town of Hempstead's contributions to the System were 100 percent of the contributions required each year.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

C. DETAILED NOTES ON ALL FUNDS (continued)

8. POST EMPLOYMENT BENEFITS

In addition to providing pension benefits, the Town provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the Town's employees may become eligible for these benefits if they reach normal retirement age while working for the Town.

Health care benefits and survivor benefits are provided through an insurance company whose premiums are based on the benefits paid during the year.

The Town recognizes the cost of providing benefits by recording its share of insurance premiums (which amounted to approximately \$2,873,688 for 1,314 retirees and \$946,511 for 255 survivors for the 2004 year) as an expenditure in the year paid.

9. COMPENSATED ABSENCES

Town employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation, and sick leave, subject to certain limitations.

Estimated vacation, sick leave and compensatory absences accumulated by governmental fund type employees have been recorded in the statements of net assets. Payment of vacation time and sick leave is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation, sick leave and compensatory absences when such payments become due. As of December 31, 2004 the value of the accumulated vacation time and sick leave was \$47,375,271 for the primary government. The liability for compensated absences for the component units amounted to \$671,529.

D. COMMITMENTS AND CONTINGENCIES

1. RISK RETENTION

In common with other municipalities, the Town receives numerous notices of claims. The Town is self-insured for claims under this coverage. Although the eventual outcome of these claims cannot presently be determined, the Town Attorney has estimated unsettled claims and litigation to be \$18,257,266. The Town is of the opinion that the ultimate settlement of the outstanding claims will not result in a material adverse effect on the Town's financial position.

The Town carries insurance for property protection in excess of \$148,880,000 per occurrence and in the aggregate, except for flood and earthquake, which is \$25,000,000 per occurrence and in the aggregate.

The Town is also self-insured for workers' compensation insurance, unemployment insurance and disability insurance. Estimated benefits to be paid are appropriated in the various operating funds of the Town.

There have been no significant reductions in insurance coverage as compared to the prior year, and there were no settlements in excess of insurance coverage over the last three years.

Town estimates its workers' compensation and general liability reserves by consulting with legal counsel and past experience with similar claims. The Town has not purchased any annuity contracts with regard to its workers' compensation or general liability claims. The schedule below presents the changes in claims liabilities for the past two years for Workers' Compensation and General Liability and includes an estimate of claims that have been incurred but not yet reported.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

D. COMMITMENTS AND CONTINGENCIES (continued)

1. RISK RETENTION (continued)

	Workers' Compensation		General Liability	
	2004	2003	2004	2003
Unpaid claims and claim adjustment expenditures at the beginning of the year	\$ 15,792,000	\$ 15,300,000	\$ 1,257,087	\$ 1,167,667
Incurred Claims and Claim Adjustment Expenditures:				
Provision for the insured events of the current year and increases in provision for insured events of prior years	<u>6,581,369</u>	<u>6,912,421</u>	<u>1,879,618</u>	<u>2,231,856</u>
Total incurred claims and claim adjustment expenditures	<u>6,581,369</u>	<u>6,912,421</u>	<u>1,879,618</u>	<u>2,231,856</u>
Payments:				
Claims and claim adjustment expenditures attributable to insured events of the current and prior years	<u>5,984,369</u>	<u>6,420,421</u>	<u>1,268,439</u>	<u>2,136,436</u>
Total payments	<u>5,984,369</u>	<u>6,420,421</u>	<u>1,268,439</u>	<u>2,136,436</u>
Total unpaid claims and claim adjustment expenditures at the end of the year	<u>\$ 16,389,000</u>	<u>\$ 15,792,000</u>	<u>\$ 1,868,266</u>	<u>\$ 1,257,087</u>

2. LITIGATION

The Town in the normal course of business is involved in various matters of litigation. In the opinion of the Town Attorney, there is not litigation by or pending against the Town that is not covered by insurance, budgetary appropriations or other reasons which could have a materially adverse impact on the financial condition of the Town.

There is litigation against the Town in the discovery phase regarding utility garbage use taxes for approximately \$15,000,000. The New York State Court of Appeals recently ruled against a neighboring Town on a similar case. However, there is proposed legislation that may absolve the Town from refunding most or all of the back taxes that are the subject of this litigation. Since the Town expects this legislation to pass it considers a substantial payment in this matter unlikely.

3. RESOURCE RECOVERY FACILITY

The Town has entered into an agreement with an independent company and the Town of Hempstead Industrial Development Agency (IDA) to establish a resource recovery facility. Under the agreement, the Town has committed a certain tonnage of solid waste to the company, which will be used to generate electricity. The Town has the option to terminate the agreement; however, it could be liable for the unpaid balance of bonds issued by the IDA on December 31, 1985 and refinanced in 1997, as well as certain lease obligations of the company. The IDA entered into an amended and restated company sublease agreement with the independent company in 2001. The new site lease agreement refinanced the original bonds into Series 2001 fixed rate 5% bonds in the amount of \$42,670,000.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

D. COMMITMENTS AND CONTINGENCIES (continued)

4. LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

State and federal laws and regulations require the Town to place a final cover on its landfill sites and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. The Oceanside Landfill stopped receiving waste in July, 1989 and the Merrick Landfill stopped receiving waste in March, 1984. Accordingly, as of December 31, 2004 the Town has recorded a liability of \$11,005,897, which represents the provision to be made in future budgets for unfunded closure and post-closure landfill costs. Actual costs may vary due to inflation or deflation, changes in technology, or changes in regulations or applicable laws.

5. CONSTRUCTION AND OTHER CAPITAL ACQUISITION COMMITMENTS

The Town is committed to capital improvements to its various facilities and infrastructure. The Town at December 31, 2004 has funds restricted for capital acquisitions and improvements of \$29,506,200 in the Capital Projects Fund.

6. LEASE COMMITMENTS AND LEASED ASSETS

The Town leases equipment accounted for as operating leases. Total rental expenditures on such leases for the year ended December 31, 2004 totaled \$145,295. The maximum future noncancelable operating lease payments are as follows:

Years ending December 31, 2005	\$ <u>104,620</u>
	\$ <u>104,620</u>

The Town leases equipment accounted for as capital leases. The total cost of equipment under capital leases as of December 31, 2003 is \$53,327. The present value of future minimum lease payments are as follows:

Years Ending December 31, 2005	\$ 47,747
2006	<u>22,824</u>
	\$ <u>70,571</u>

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

E. CONDENSED FINANCIAL STATEMENTS FOR THE DISCRETELY PRESENTED COMPONENT UNITS

The following represents condensed financial statements for the discretely presented component units as of and for the year ended December 31, 2004:

Condensed Statement of Net Assets:

	Assets and Other Debits		Liabilities		Net Assets
	Current Assets	Capital Assets Net of Depreciation	Current Liabilities	Bonds and Other Long-Term Liabilities	
Lakeville Public Library	\$ 305,353	\$ 2,535,344	\$ 94,013	\$ 1,172,493	\$ 1,574,191
Roosevelt Public Library	712,079	2,698,996	39,139	558,000	2,813,936
Uniondale Public Library	2,918,682	4,842,523	656,812	5,393,060	1,711,333
Cathedral Gardens Water District	513,672		7,737		505,935
Franklin Square Water District	2,007,013	1,217,325	277,272	830,908	2,116,158
West Hempstead - Hempstead Gardens Water District	4,111,091	6,489,506	277,752	1,750,760	8,572,085
Greater Atlantic Beach Water Reclamation District	841,514	2,995,032	47,488	1,900,867	1,888,191
	<u>\$ 11,409,404</u>	<u>\$ 20,778,726</u>	<u>\$ 1,400,213</u>	<u>\$ 11,606,088</u>	<u>\$ 19,181,829</u>

Condensed Statement of Activities:

	Program		General Revenue			Net Assets		
	Expenses	Charges for Services	Net Expense (Revenue)	Property Tax	Other	Change	1/1/2004	12/31/2004
Lakeville Public Library	\$ 707,220	\$ 8,482	\$ 698,738	\$ 525,257	\$ 43,968	\$ (129,513)	\$ 1,703,704	\$ 1,574,191
Roosevelt Public Library	1,231,245	20,329	1,210,916	1,130,847	21,749	(58,320)	2,872,256	2,813,936
Uniondale Public Library	1,937,269	23,100	1,914,169	2,028,125	49,584	163,540	1,547,793	1,711,333
Cathedral Gardens Water District	53,868		53,868	55,695	9,601	11,428	494,507	505,935
Franklin Square Water District	1,951,358	1,044,203	907,155	823,931	121,570	38,346	2,077,812	2,116,158
West Hempstead - Hempstead Gardens Water District	2,756,154	1,460,439	1,295,715	1,135,873	284,313	124,471	8,447,614	8,572,085
Greater Atlantic Beach Water Reclamation District	1,258,503		1,258,503	1,311,783	19,916	73,196	1,814,995	1,888,191
	<u>\$ 9,895,617</u>	<u>\$ 2,556,553</u>	<u>\$ 7,339,064</u>	<u>\$ 7,011,511</u>	<u>\$ 550,701</u>	<u>\$ 223,148</u>	<u>\$ 18,958,681</u>	<u>\$ 19,181,829</u>

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

E. CONDENSED FINANCIAL STATEMENTS FOR THE DISCRETELY PRESENTED COMPONENT UNITS (continued)

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

- | | |
|--|---|
| 1. Lakeview Public Library District
P.O. Box 177
Franklin Square, NY 11570 | 2. Roosevelt Public Library District
27 West Fulton Street
Roosevelt, NY 11575 |
| 3. Uniondale Public Library District
400 Uniondale Avenue
Uniondale, NY 11553 | 4. Cathedral Gardens Water District
150 Westminister Road
West Hempstead, NY 11552 |
| 5. Franklin Square Water District
P.O. Box 177
Franklin Square, NY 11570 | 6. W. Hempstead - Hempstead Gardens
Water District
575 Birch Street
W. Hempstead, NY 11552 |
| 7. West Greater Atlantic Beach Water
Reclamation District
2150 Bay Blvd.
Atlantic Beach, NY 11509 | |

F. SUBSEQUENT EVENTS

The Town has refinanced \$56,030,000 of general obligation bonds in April, 2005. In conjunction with the issuance of these Various Purpose Refunding Serial Bonds, the Town's credit rating on this issue and all of its' outstanding general obligations bonds was upgraded by Moody's Investor Service and Standard and Poor's to "Aa1" and "AA" respectively.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

<p>Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Major Governmental Funds and Schedules</p>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The budgets are adopted on a basis of accounting consistent with GAAP, except that appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior years. In the event that actual revenues received exceed budgeted amounts, additional budgetary appropriations are made. The capital projects and special grant funds are budgeted on a project or grant basis.

The Town adopts the budget and establishes legal level of control of the budget at the object level expenditures. The object level identifies expenditures by the article purchased or service obtained to carry out a function.

In order to show the full legal level of budgetary compliance for the General and certain Special Revenue Funds, detailed individual statements of expenditures – budget and actual, are presented in a separate budget report.

TOWN OF HEMPSTEAD
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2004

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
REVENUES					
Real property taxes	\$ 16,415,168	\$ 16,415,168	\$ 16,120,567		\$ (294,601)
Real property tax items	1,765,000	1,765,000	2,599,227		834,227
Non-property tax items	12,000,000	12,000,000	5,420,101		(6,579,899)
Departmental income	5,637,750	5,637,750	5,868,925		231,175
Intergovernmental charges	11,500	11,500	39,754		28,254
Use of money and property	1,399,000	1,399,000	1,229,659		(169,341)
Licenses & permits	427,250	427,250	386,602		(40,648)
Fines & forfeitures	475,000	475,000	439,104		(35,896)
Sale of property and compensation for loss	55,000	55,000	75,218		20,218
Miscellaneous revenue	215,000	215,000	717,537		502,537
Interfund revenues	34,553,000	34,553,000	34,553,619		619
State aid	21,050,000	21,133,713	49,910,891		28,777,178
Federal aid			18,850		18,850
Total Revenues	<u>94,003,668</u>	<u>94,087,381</u>	<u>117,380,054</u>		<u>23,292,673</u>
EXPENDITURES					
General government support	59,741,027	60,965,371	59,827,780	\$ 302,421	835,170
Education		986,775	986,775		
Public safety	6,905,943	6,940,963	6,714,314	51,292	175,357
Transportation	923,734	923,734	913,249		10,485
Economic assistance and opportunity	4,919,304	4,923,564	4,597,602	4,096	321,866
Culture and recreation	70,000	61,711	61,711		
Home and community services	8,649,356	8,799,963	8,393,073	127,603	279,287
Employee benefits	19,476,627	21,103,212	21,102,704		508
Debt service principal and interest	85,997	95,997	95,997		
Total Expenditures	<u>100,771,988</u>	<u>104,801,290</u>	<u>102,693,205</u>	<u>485,412</u>	<u>1,622,673</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,768,320)</u>	<u>(10,713,909)</u>	<u>14,686,849</u>	<u>(485,412)</u>	<u>24,915,346</u>
Other Financing Sources (Uses)					
Interfund transfers in			265,782		265,782
Interfund transfers out	(4,029,331)	(4,022,710)	(4,022,709)		1
Total Other Financing Sources (Uses)	<u>(4,029,331)</u>	<u>(4,022,710)</u>	<u>(3,756,927)</u>		<u>265,783</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses	<u>\$ (10,797,651)</u>	<u>\$ (14,736,619)</u>	<u>10,929,922</u>	<u>\$ (485,412)</u>	<u>\$ 25,181,129</u>
Fund Balances at Beginning of Year			<u>44,710,901</u>		
Fund Balances at End of Year			<u>\$ 55,640,823</u>		

TOWN OF HEMPSTEAD
HIGHWAY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2004

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
REVENUES					
Real property taxes	\$ 46,281,666	\$ 46,281,666	\$ 46,281,666		
Real property tax items	200,000	200,000	206,649		6,649
Non-property tax items	5,900,000	5,900,000	8,400,000		2,500,000
Intergovernmental charges	8,000	8,000	5,350		(2,650)
Use of money and property	202,100	202,100	356,265		154,165
Sale of property and compensation for loss	100,000	199,000	166,466		(32,534)
Miscellaneous revenue	275,000	275,000	2,610,184		2,335,184
Interfund revenues		40,000	40,000		
State aid	615,729	615,729	615,729		
Total Revenues	<u>53,582,495</u>	<u>53,721,495</u>	<u>58,682,309</u>		<u>4,960,814</u>
EXPENDITURES					
Transportation	22,387,803	24,417,592	23,355,983	\$ 42,471	1,019,138
Employee benefits	7,296,769	7,296,769	7,442,852		(146,083)
Debt service principal and interest	300,000	331,545	335,544		(3,999)
Total Expenditures	<u>29,984,572</u>	<u>32,045,906</u>	<u>31,134,379</u>	<u>42,471</u>	<u>869,056</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	<u>23,597,923</u>	<u>21,675,589</u>	<u>27,547,930</u>	<u>(42,471)</u>	<u>5,829,870</u>
Other Financing Sources (Uses)					
Interfund transfers in	1,400,000	1,400,000	1,610,962		210,962
Interfund transfers out	<u>(26,292,152)</u>	<u>(26,292,152)</u>	<u>(26,122,341)</u>		<u>169,811</u>
Total Other Financing Sources (Uses)	<u>(24,892,152)</u>	<u>(24,892,152)</u>	<u>(24,511,379)</u>		<u>380,773</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses					
	<u>\$ (1,294,229)</u>	<u>\$ (3,216,563)</u>	<u>3,036,551</u>	<u>\$ (42,471)</u>	<u>\$ 6,210,643</u>
Fund Balances at Beginning of Year					
			<u>9,778,414</u>		
Fund Balances at End of Year					
			<u>\$ 12,814,965</u>		

TOWN OF HEMPSTEAD
PARKS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2004

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
REVENUES					
Real property taxes	\$ 35,645,366	\$ 35,645,366	\$ 35,645,086		\$ (280)
Real property tax items	156,320	156,320	151,419		(4,901)
Non-property tax items	5,500,000	5,500,000	7,254,764		1,754,764
Departmental income	2,282,500	2,282,500	2,166,168		(116,332)
Intergovernmental charges	583,298	583,298	607,748		24,450
Use of money and property	370,065	370,065	469,459		99,394
Fines & forfeitures	2,000	2,000	6,235		4,235
Sale of property and compensation for loss	44,000	44,000	5,235		(38,765)
Miscellaneous revenue	142,000	142,000	1,016,245		874,245
Interfund revenues	20,893,512	20,893,512	20,893,512		
State aid	200,000	200,000	187,529		(12,471)
Total Revenues	<u>65,819,061</u>	<u>65,819,061</u>	<u>68,403,400</u>		<u>2,584,339</u>
EXPENDITURES					
Culture and recreation	50,258,878	49,393,588	49,017,649	\$ 26,556	349,383
Employee benefits	14,230,510	15,243,138	15,243,134		4
Debt service principal and interest	162,800	162,800	162,800		
Total Expenditures	<u>64,652,188</u>	<u>64,799,526</u>	<u>64,423,583</u>	<u>26,556</u>	<u>349,387</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,166,873</u>	<u>1,019,535</u>	<u>3,979,817</u>	<u>(26,556)</u>	<u>2,933,726</u>
Other Financing Sources (Uses)					
Interfund transfers in			2,911		2,911
Interfund transfers out	(3,093,714)	(3,096,029)	(3,089,164)		6,865
Total Other Financing Sources (Uses)	<u>(3,093,714)</u>	<u>(3,096,029)</u>	<u>(3,086,253)</u>		<u>9,776</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses	<u>\$ (1,926,841)</u>	<u>\$ (2,076,494)</u>	<u>893,564</u>	<u>\$ (26,556)</u>	<u>\$ 2,943,502</u>
Fund Balances at Beginning of Year			<u>7,790,452</u>		
Fund Balances at End of Year			<u>\$ 8,684,016</u>		

TOWN OF HEMPSTEAD
REFUSE AND GARBAGE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2004

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
REVENUES					
Real property taxes	\$ 68,448,420	\$ 68,448,420	\$ 68,449,906		\$ 1,486
Real property tax items	285,875	285,875	348,417		62,542
Non-property tax items	12,100,000	12,100,000	14,158,084		2,058,084
Departmental income	11,925,000	11,925,000	12,553,665		628,665
Intergovernmental charges	12,000,000	12,000,000	11,747,179		(252,821)
Use of money and property	805,400	805,400	572,777		(232,623)
Sale of property and compensation for loss	851,500	851,500	853,549		2,049
Miscellaneous revenue	435,000	435,000	1,198,827		763,827
Total Revenues	<u>106,851,195</u>	<u>106,851,195</u>	<u>109,882,404</u>		<u>3,031,209</u>
EXPENDITURES					
Home and community services	94,851,817	96,244,720	95,959,523	\$ 162,873	122,324
Employee benefits	12,484,268	12,988,455	12,988,451		4
Debt service principal and interest	280,535	741,160	311,159		430,001
Total Expenditures	<u>107,616,620</u>	<u>109,974,335</u>	<u>109,259,133</u>	<u>162,873</u>	<u>552,329</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>(765,425)</u>	<u>(3,123,140)</u>	<u>623,271</u>	<u>(162,873)</u>	<u>3,583,538</u>
Other Financing Sources (Uses)					
Interfund transfers out	(3,715,209)	(3,469,920)	(3,899,918)		(429,998)
Total Other Financing Sources (Uses)	<u>(3,715,209)</u>	<u>(3,469,920)</u>	<u>(3,899,918)</u>		<u>(429,998)</u>
Excess (Deficiency) of Revenues Over					
Expenditures and Other Financing Uses	<u>\$ (4,480,634)</u>	<u>\$ (6,593,060)</u>	<u>(3,276,647)</u>	<u>\$ (162,873)</u>	<u>\$ 3,153,540</u>
Fund Balances at Beginning of Year					
			<u>18,185,156</u>		
Fund Balances at End of Year					
			<u>\$ 14,908,509</u>		

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OTHER SUPPLEMENTARY INFORMATION

**Combining and Individual Fund Schedules of
Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual Nonmajor
Revenue Funds and Schedules**

TOWN OF HEMPSTEAD
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 December 31, 2004

	Debt Service Fund	Town Outside Village	Special Grant
ASSETS			
Cash and investments	\$ 5,469	\$ 1,535,432	\$ 1,698,449
Accounts receivable		663,409	
Due from other funds		400,000	42,665
Due from other governments		268,508	1,810,389
Inventory		15,275	
Prepaid items		147,472	
Other assets		25,000	
Total Assets	<u>\$ 5,469</u>	<u>\$ 3,055,096</u>	<u>\$ 3,551,503</u>
LIABILITIES			
Accounts payable and accrued liabilities		\$ 202,424	\$ 327,823
Due to other governments			1,700,000
Due to other funds			1,700,000
Bond interest and matured bonds	\$ 5,469		
Deferred revenue		460,995	1,124,973
Total Liabilities	<u>5,469</u>	<u>663,419</u>	<u>3,152,796</u>
FUND BALANCES			
Fund Balance - Reserved:			
Encumbrances		57,212	
Inventory		3,818	
Repairs			
Prepaid Expenses		147,472	
Other Purposes			
Fund Balance Unreserved:			
Designated for Subsequent Year's Budget		472,235	
Undesignated		1,710,940	398,707
Total Fund Balances (Deficit)		<u>2,391,677</u>	<u>398,707</u>
Total Liabilities and Fund Balances (Deficit)	<u>\$ 5,469</u>	<u>\$ 3,055,096</u>	<u>\$ 3,551,503</u>

Special Revenue Funds					Permanent Fund	Total Non-Major Governmental Funds
Fire Protection	Street Lighting	Public Parking	Water	Library Funding	Permanent Fund	
\$ 1,391,760	\$ 1,889,912	\$ 2,754,509	\$ 5,876,513	\$ 23,586	\$ 1,337,867	\$ 16,513,497
-0-			1,683,074			2,346,483
-0-		671,822	1,202,998			2,317,485
-0-						2,078,897
-0-	481,410		653,975			1,150,660
-0-		2,587	94,356			244,415
-0-			20,000			45,000
<u>\$ 1,391,760</u>	<u>\$ 2,371,322</u>	<u>\$ 3,428,918</u>	<u>\$ 9,530,916</u>	<u>\$ 23,586</u>	<u>\$ 1,337,867</u>	<u>\$ 24,696,437</u>
\$ 88,935	\$ 421,299	\$ 19,525	\$ 167,533			\$ 1,227,539
-0-			2			2
-0-			1,088			1,701,088
-0-						5,469
-0-						1,585,968
<u>88,935</u>	<u>421,299</u>	<u>19,525</u>	<u>168,623</u>			<u>4,520,066</u>
-0-	242,891		23,120			323,223
-0-	120,353		163,494			287,665
-0-			420,018			420,018
-0-		2,587	94,356			244,415
					\$ 1,337,867	1,337,867
99,178	91,229	148,988	3,048,516	\$ 397		3,860,543
1,203,647	1,495,550	3,257,818	5,612,789	23,189		13,702,640
<u>1,302,825</u>	<u>1,950,023</u>	<u>3,409,393</u>	<u>9,362,293</u>	<u>23,586</u>	<u>1,337,867</u>	<u>20,176,371</u>
<u>\$ 1,391,760</u>	<u>\$ 2,371,322</u>	<u>\$ 3,428,918</u>	<u>\$ 9,530,916</u>	<u>\$ 23,586</u>	<u>\$ 1,337,867</u>	<u>\$ 24,696,437</u>

TOWN OF HEMPSTEAD
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2004

	Debt Service Fund	Town Outside Village	Special Grant
Revenues			
Real property taxes		\$ 8,511,842	
Real property tax items		35,555	
Non-property tax items			
Departmental income		6,186,476	\$ 32,583
Intergovernmental charges			
Use of money and property		51,700	26,657
Licenses & permits			
Fines & forfeitures		282,007	1,500
Sale of property and compensation for loss		759	5,763
Miscellaneous revenue		53,751	449,376
Interfund revenues			
State aid		2,056,563	
Federal aid			16,152,293
Total Revenues		17,178,653	16,668,172
Expenditures			
General government support		125,027	
Public safety		10,356,630	
Culture and recreation		2,005	
Transportation		414,510	
Economic assistance and opportunity			5,929,286
Home and community services		3,204,883	11,112,989
Employee benefits		3,751,084	
Debt service principal and interest	\$ 44,452,149		
Total Expenditures	44,452,149	17,854,139	17,042,275
Excess (Deficiency) of Revenues Over (Under) Expenditures	(44,452,149)	(675,486)	(374,103)
Other Financing Sources (Uses)			
Interfund transfers in	39,472,641		
Interfund transfers out		(95,239)	
Debt proceeds	4,979,508		
Total Other Financing Sources (Uses)	44,452,149	(95,239)	
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses		(770,725)	(374,103)
Fund Balance at Beginning of Year		3,162,402	772,810
Fund Balance at End of Year	\$ -0-	\$ 2,391,677	\$ 398,707

Special Revenue Funds					Permanent Fund	Total Non-Major Governmental Funds
Fire Protection	Street Lighting	Public Parking	Water	Library Funding	Permanent Fund	
\$ 4,585,207	\$ 7,649,068	\$ 960,972	\$ 4,196,252	\$ 963,261		\$ 26,866,602
32,048	34,522	4,040	84,323			190,488
			1,200,000			1,200,000
		12,353	7,045,632			13,277,044
	31,083	37,313	238,225			238,225
			608,574			755,327
			25,125			25,125
			15,243			283,507
46,643	69,415	414,801	591,970			21,765
		1,343,644	25,752			1,625,956
						1,369,396
						2,056,563
						16,152,293
<u>4,663,898</u>	<u>7,784,088</u>	<u>2,773,123</u>	<u>14,031,096</u>	<u>963,261</u>		<u>64,062,291</u>
						125,027
3,866,851				945,199		14,223,481
	7,831,111	1,136,140				947,204
			10,386,018			9,381,761
			2,242,703			5,929,286
627,115		90,243	118,700			24,703,890
	8,000	91,415		-0-		6,711,145
<u>4,493,966</u>	<u>7,839,111</u>	<u>1,317,798</u>	<u>12,747,421</u>	<u>945,199</u>		<u>44,670,264</u>
						106,692,058
169,932	(55,023)	1,455,325	1,283,675	18,062		(42,629,767)
			11,244			39,483,885
(333,052)	(797,102)	(95,594)	(1,447,522)			(2,768,509)
			150,000			5,129,508
<u>(333,052)</u>	<u>(797,102)</u>	<u>(95,594)</u>	<u>(1,286,278)</u>			<u>41,844,884</u>
(163,120)	(852,125)	1,359,731	(2,603)	18,062		(784,883)
1,465,945	2,802,148	2,049,662	9,364,896	5,524	\$ 1,337,867	20,961,254
<u>\$ 1,302,825</u>	<u>\$ 1,950,023</u>	<u>\$ 3,409,393</u>	<u>\$ 9,362,293</u>	<u>\$ 23,586</u>	<u>\$ 1,337,867</u>	<u>\$ 20,176,371</u>

TOWN OF HEMPSTEAD
GENERAL TOWN OUTSIDE VILLAGE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2004

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
REVENUES					
Real property taxes	\$ 8,402,987	\$ 8,402,987	\$ 8,511,842		\$ 108,855
Real property tax items	29,460	29,460	35,555		6,095
Departmental income	5,570,000	5,570,000	6,186,476		616,476
Intergovernmental charges	14,500	14,500			(14,500)
Use of money and property	81,500	81,500	51,700		(29,800)
Fines & forfeitures	235,000	235,000	282,007		47,007
Sale of property and compensation for loss	500	500	759		259
Miscellaneous revenue	15,000	15,000	53,751		38,751
Interfund revenues	20,000	20,000			(20,000)
State aid	2,025,000	2,025,000	2,056,563		31,563
Total Revenues	<u>16,393,947</u>	<u>16,393,947</u>	<u>17,178,653</u>		<u>784,706</u>
EXPENDITURES					
General government support	50,000	125,027	125,027		-0-
Public safety	10,426,026	10,481,624	10,356,630	\$ 12,466	112,528
Transportation	225,000	414,511	414,510		1
Culture and recreation	4,000	4,000	2,005		1,995
Home and community services	3,245,111	3,408,861	3,204,883	44,746	159,232
Employee benefits	3,494,775	3,695,711	3,751,084	-0-	(55,373)
Total Expenditures	<u>17,444,912</u>	<u>18,129,734</u>	<u>17,854,139</u>	<u>57,212</u>	<u>218,383</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>(1,050,965)</u>	<u>(1,735,787)</u>	<u>(675,486)</u>	<u>(57,212)</u>	<u>1,003,089</u>
Other Financing Sources (Uses)					
Interfund transfers out	(95,242)	(95,242)	(95,239)		3
Total Other Financing Sources (Uses)	<u>(95,242)</u>	<u>(95,242)</u>	<u>(95,239)</u>		<u>3</u>
Excess (Deficiency) of Revenues Over					
Expenditures and Other Financing Uses	<u>\$ (1,146,207)</u>	<u>\$ (1,831,029)</u>	<u>(770,725)</u>	<u>\$ (57,212)</u>	<u>\$ 1,003,092</u>
Fund Balances at Beginning of Year			<u>3,162,402</u>		
Fund Balances at End of Year			<u>\$ 2,391,677</u>		

TOWN OF HEMPSTEAD
FIRE PROTECTION DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Real property taxes	\$ 4,585,238	\$ 4,585,238	\$ 4,585,207	\$ (31)
Real property tax items	21,135	21,135	32,048	10,913
Miscellaneous revenue			46,643	46,643
Total Revenues	<u>4,606,373</u>	<u>4,606,373</u>	<u>4,663,898</u>	<u>57,525</u>
EXPENDITURES				
General government support	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Public safety	3,832,895	3,902,303	3,866,851	35,452
Employee benefits	499,000	653,029	627,115	25,914
Total Expenditures	<u>4,331,895</u>	<u>4,555,332</u>	<u>4,493,966</u>	<u>61,366</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>274,478</u>	<u>51,041</u>	<u>169,932</u>	<u>118,891</u>
Other Financing Sources (Uses)				
Interfund transfers out	(335,132)	(335,132)	(333,052)	2,080
Total Other Financing Sources (Uses)	<u>(335,132)</u>	<u>(335,132)</u>	<u>(333,052)</u>	<u>2,080</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses	<u>\$ (60,654)</u>	<u>\$ (284,091)</u>	<u>(163,120)</u>	<u>\$ 120,971</u>
Fund Balances at Beginning of Year			<u>1,465,945</u>	
Fund Balances at End of Year			<u>\$ 1,302,825</u>	

TOWN OF HEMPSTEAD
STREET LIGHTING DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2004

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
REVENUES					
Real property taxes	\$ 7,649,125	\$ 7,649,125	\$ 7,649,068		\$ (57)
Real property tax items	30,000	30,000	34,522		4,522
Use of money and property	27,500	27,500	31,083		3,583
Miscellaneous revenue			69,415		69,415
Total Revenues	<u>7,706,625</u>	<u>7,706,625</u>	<u>7,784,088</u>		<u>77,463</u>
EXPENDITURES					
Transportation	7,213,050	8,080,705	7,831,111	\$ 242,891	6,703
Debt service principal and interest	8,000	8,000	8,000		-0-
Total Expenditures	<u>7,221,050</u>	<u>8,088,705</u>	<u>7,839,111</u>	<u>242,891</u>	<u>6,703</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	<u>485,575</u>	<u>(382,080)</u>	<u>(55,023)</u>	<u>(242,891)</u>	<u>84,166</u>
Other Financing Sources (Uses)					
Interfund transfers out	(801,990)	(797,103)	(797,102)		1
Total Other Financing Sources (Uses)	<u>(801,990)</u>	<u>(797,103)</u>	<u>(797,102)</u>		<u>1</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses					
	<u>\$ (316,415)</u>	<u>\$ (1,179,183)</u>	<u>(852,125)</u>	<u>\$ (242,891)</u>	<u>\$ 84,167</u>
Fund Balances at Beginning of Year					
			<u>2,802,148</u>		
Fund Balances at End of Year					
			<u>\$ 1,950,023</u>		

TOWN OF HEMPSTEAD
PUBLIC PARKING DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Real property taxes	\$ 961,201	\$ 961,201	\$ 960,972	\$ (229)
Real property tax items	815	815	4,040	3,225
Departmental income	11,900	11,900	12,353	453
Use of money and property	13,500	13,500	37,313	23,813
Miscellaneous revenue			414,801	414,801
Interfund revenues	1,343,643	1,343,643	1,343,644	1
Total Revenues	<u>2,331,059</u>	<u>2,331,059</u>	<u>2,773,123</u>	<u>442,064</u>
EXPENDITURES				
Transportation	1,089,934	1,142,155	1,136,140	6,015
Employee benefits	116,191	90,244	90,243	1
Debt service principal and interest	48,500	91,415	91,415	-0-
Total Expenditures	<u>1,254,625</u>	<u>1,323,814</u>	<u>1,317,798</u>	<u>6,016</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,076,434</u>	<u>1,007,245</u>	<u>1,455,325</u>	<u>448,080</u>
Other Financing Sources (Uses)				
Interfund transfers out	(130,574)	(96,545)	(95,594)	951
Total Other Financing Sources (Uses)	<u>(130,574)</u>	<u>(96,545)</u>	<u>(95,594)</u>	<u>951</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses	<u>\$ 945,860</u>	<u>\$ 910,700</u>	<u>1,359,731</u>	<u>\$ 449,031</u>
Fund Balances at Beginning of Year			<u>2,049,662</u>	
Fund Balances at End of Year			<u>\$ 3,409,393</u>	

TOWN OF HEMPSTEAD
WATER DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2004

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
REVENUES					
Real property taxes	\$ 4,196,281	\$ 4,196,281	\$ 4,196,252		\$ (29)
Real property tax items	78,005	78,005	84,323		6,318
Non-property tax items			1,200,000		1,200,000
Departmental income	7,767,550	7,767,550	7,045,632		(721,918)
Intergovernmental charges	19,600	19,600	238,225		218,625
Use of money and property	485,050	485,050	608,574		123,524
Licenses & permits			25,125		25,125
Sale of property and compensation for loss	10,750	10,750	15,243		4,493
Miscellaneous revenue	26,200	26,200	591,970		565,770
Interfund revenues	245,125	245,125	25,752		(219,373)
Total Revenues	<u>12,828,561</u>	<u>12,828,561</u>	<u>14,031,096</u>		<u>1,202,535</u>
EXPENDITURES					
Home and community services	10,291,627	10,987,535	10,386,018	\$ 23,120	578,397
Employee benefits	2,110,600	2,242,705	2,242,703		2
Debt service principal and interest	118,700	118,700	118,700		
Total Expenditures	<u>12,520,927</u>	<u>13,348,940</u>	<u>12,747,421</u>	<u>23,120</u>	<u>578,399</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>307,634</u>	<u>(520,379)</u>	<u>1,283,675</u>	<u>(23,120)</u>	<u>1,780,934</u>
Other Financing Sources (Uses)					
Interfund transfers in			11,244		11,244
Interfund transfers out	(1,449,161)	(1,448,153)	(1,447,522)		631
Debt proceeds			150,000		150,000
Total Other Financing Sources (Uses)	<u>(1,449,161)</u>	<u>(1,448,153)</u>	<u>(1,286,278)</u>		<u>161,875</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses	<u>\$ (1,141,527)</u>	<u>\$ (1,968,532)</u>	<u>(2,603)</u>	<u>\$ (23,120)</u>	<u>\$ 1,942,809</u>
Fund Balances at Beginning of Year			<u>9,364,896</u>		
Fund Balances at End of Year			<u>\$ 9,362,293</u>		

TOWN OF HEMPSTEAD
LIBRARY FUNDING
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2004

	Original Budget	Final Budget	Actual	(Negative)
REVENUES				
Real property taxes	\$ 963,338	\$ 963,338	\$ 963,261	\$ (77)
Total Revenues	963,338	963,338	963,261	(77)
EXPENDITURES				
Culture and recreation	963,369	970,630	945,199	25,431
Total Expenditures	963,369	970,630	945,199	25,431
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(31)	(7,292)	18,062	25,354
Excess (Deficiency) of Revenues Over				
Expenditures and Other Financing Uses	\$ (31)	\$ (7,292)	18,062	\$ 25,354
Fund Balances at Beginning of Year			5,524	
Fund Balances at End of Year			\$ 23,586	

TOWN OF HEMPSTEAD
STATEMENT OF CHANGES IN AGENCY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2004

	Balance January 1, 2004	Additions	Deductions	Balance December 31, 2004
ASSETS				
<i>Town Agency</i>				
Cash and Investments	\$ 4,077,857	\$ 451,658,341	\$ 449,866,783	\$ 5,869,415
Due from other governments	154,765	236,238	154,765	236,238
Total Assets - Town Agency Fund	4,232,622	451,894,579	450,021,548	6,105,653
<i>Town Clerk</i>				
Cash and Investments	89,112	1,249,295	1,221,887	116,520
Total Assets-Town Clerk	89,112	1,249,295	1,221,887	116,520
<i>Town Receiver of Taxes</i>				
Cash and Investments	8,182,442	2,409,264,209	2,407,665,436	9,781,215
Total Assets Town Receiver of Taxes	8,182,442	2,409,264,209	2,407,665,436	9,781,215
Total Assets	\$ 12,504,176	\$ 2,862,408,083	\$ 2,858,908,871	\$ 16,003,388
Liabilities				
<i>Town Agency Fund</i>				
Other Liabilities	3,908,159	449,383,158	447,697,050	5,594,267
Due to other funds	324,463	2,511,421	2,324,498	511,386
Total Liabilities - Town Agency Fund	4,232,622	451,894,579	450,021,548	6,105,653
<i>Town Clerk Agency Funds</i>				
Total Liabilities - Town Clerk Agency Fund	89,112	1,249,295	1,221,887	116,520
<i>Town Receiver of Taxes Agency Funds</i>				
Total Liabilities - Town Receiver Agency fund	8,182,442	2,409,264,209	2,407,665,436	9,781,215
Total Liabilities	\$ 12,504,176	\$ 2,862,408,083	\$ 2,858,908,871	\$ 16,003,388

**CAPITAL ASSETS USED IN
GOVERNMENTAL ACTIVITIES**

TOWN OF HEMPSTEAD
SCHEDULE OF CAPITAL ASSETS BY SOURCE
December 31, 2004

CAPITAL ASSETS

Land - other than landfills	\$	49,712,153
Buildings		301,991
Improvements other than buildings		12,097,988
Infrastructure		281,823,890
Machinery and equipment		16,611,574
Landfills		30,668,785
Construction work in progress		9,112,857
		<hr/>
Total Capital Assets	\$	<u>400,329,238</u>

TOWN OF HEMPSTEAD
SCHEDULE OF CHANGES IN CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
Year ended December 31, 2004

<u>Function and Activity</u>	<u>Balance</u> <u>January 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2004</u>
GENERAL GOVERNMENT SUPPORT				
Comptroller	\$ 539,548	\$ 9,158		\$ 548,706
Receiver of taxes	1,002,096	27,537		1,029,633
Town clerk	183,681	3,959		187,640
General services	87,559,025	714,920		88,273,945
Vehicle maintenance center	-	93,433	\$ 77,154	16,279
Engineering	42,336	7,157		49,493
Information and technology	1,442,786	43,340	7,000	1,479,126
Total General Government Support	<u>90,769,472</u>	<u>899,504</u>	<u>84,154</u>	<u>91,584,821</u>
PUBLIC SAFETY				
Public safety	1,104,388	2,644		1,107,032
Traffic control	400,599	32,748		433,347
Animal shelter	1,105,955	3,762		1,109,717
Fire districts	253,494	1,155,842		1,409,336
Buildings	34,858			34,858
Total Public Safety	<u>2,899,293</u>	<u>1,194,996</u>		<u>4,094,290</u>
CULTURE AND RECREATION				
Parks, recreation, beaches	109,223,993	5,735,395	314,574	114,644,813
General	12,097,689	1,645,319		13,743,008
Total Culture and Recreation	<u>121,321,682</u>	<u>7,380,714</u>	<u>314,574</u>	<u>128,387,821</u>
ECONOMIC ASSISTANCE & OPPORTUNITY				
Senior enrichment	35,499	13,503	7,411	41,591
Tourism	2,500			2,500
Total Assistance & Opportunity	<u>37,999</u>	<u>13,503</u>	<u>7,411</u>	<u>44,091</u>
HOME AND COMMUNITY SERVICES				
Sanitation, landfill and capping	97,380,248	1,793,678	31,797,704	67,376,223
Conservation and waterways	2,602,018	93,761		2,695,779
Planning and economic development	3,166,306		36,000	3,130,306
Cemeteries	115,102	14,465		129,567
Water	44,662,980	2,914,486	786,817	46,790,648
Board of zoning appeals	725,286			725,286
Undistribution	2,871,524	414,510		3,286,034
Total Home and Community Services	<u>151,523,465</u>	<u>5,230,900</u>	<u>32,620,521</u>	<u>124,133,844</u>
TRANSPORTATION				
Highway general	3,761,080	5,073		3,766,153
Highway#1	299,035,240	22,385,161	3,021,691	318,398,710
Highway#2	8,251,751	1,056,942		9,308,693
Highway#4	2,856,939	209,405		3,066,344
Parking fields	10,178,754	1,031,652		11,210,406
CD	11,905,426			11,905,426
Street lighting	25,310,475	2,278,121		27,588,596
Total Transportation	<u>361,299,665</u>	<u>26,966,354</u>	<u>3,021,691</u>	<u>385,244,328</u>
Total Capital Assets	<u>\$ 727,851,576</u>	<u>\$ 41,685,971</u>	<u>\$ 36,048,351</u>	<u>\$ 733,489,195</u>

TOWN OF HEMPSTEAD
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY
December 31, 2004

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Infrastructure and Improvements</u>	<u>Construction Work In Progress</u>	<u>Machinery, Leases and Equipment</u>	<u>Total</u>
GENERAL GOVERNMENT SUPPORT						
Comptroller					\$ 548,706	\$ 548,706
Receiver of taxes					1,029,633	1,029,633
Town clerk					187,640	187,640
General services	\$ 29,560,803	\$ 10,553,618	\$ 40,078,954		8,080,570	88,273,945
Vehicle maintenance center					16,279	16,279
Information and technology					1,479,126	1,479,126
Engineering					49,493	49,493
PUBLIC SAFETY						
Public safety			899,866		207,166	1,107,032
Traffic control					433,347	433,347
Animal shelter	919,735	180,576			9,406	1,109,717
Buildings					34,858	34,858
Fire districts				\$ 1,409,336	-	1,409,336
CULTURE AND RECREATION						
Parks - general			13,743,008			13,743,008
Parks, recreation, beaches	7,973,460	46,058,864	49,906,187	723,957	9,982,343	114,644,813
ECONOMIC ASSISTANCE & OPPORTUNITY						
Senior enrichment					41,591	41,591
Tourism					2,500	2,500
HOME AND COMMUNITY SERVICES						
Sanitation, landfill and capping	33,267,857	2,707,024	8,119,195	1,218,122	22,064,025	67,376,223
Conservation and waterways			324,285		2,371,494	2,695,779
Planning and economic development	3,130,306					3,130,306
Cemeteries					129,567	129,567
Water	715,523	15,535,716	26,173,367	4,697,844	383,722	47,506,171
Board of zoning appeals					9,763	9,763
Undistributed			3,286,034			3,286,034
TRANSPORTATION						
Highway-general			3,761,080		5,073	3,766,153
Highway#1	285,189	562,320	302,537,309		15,013,892	318,398,710
Highway#2			9,308,693		-	9,308,693
Highway#4- snow removal			3,066,344		-	3,066,344
Street lighting			27,588,596		-	27,588,596
Public parking	4,528,065	366,385	5,252,359	1,063,599	-	11,210,406
Community development			11,905,426		-	11,905,426
Total Capital Assets	\$ 80,380,938	\$ 75,964,504	\$ 505,950,703	\$ 9,112,857	\$ 62,080,193	\$ 733,489,195

**DISCRETELY PRESENTED
COMPONENT UNITS**

The component units of the Town provide water and library services to residents and businesses within the districts. These districts are organized under New York State Town Law and have separately elected boards. Long-term debt, backed by the full faith and credit of the Town, and other matters result in an interdependency with the Town.

TOWN OF HEMPSTEAD
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF NET ASSETS
December 31, 2004

	<u>Lakeview</u> <u>Public Library</u>	<u>Roosevelt</u> <u>Public Library</u>	<u>Uniondale</u> <u>Public Library</u>
ASSETS			
Current Assets:			
Cash and Investments	\$ 292,619	\$ 712,079	\$ 2,091,282
Accounts receivable, net of allowance for doubtful accounts	155	-0-	2,573
Due from other governments	-0-	-0-	814,859
Prepaid items	12,579	-0-	9,968
Inventory of materials and supplies	-0-	-0-	-0-
Total Current Assets	<u>305,353</u>	<u>712,079</u>	<u>2,918,682</u>
Non-current Assets:			
Capital assets, net of depreciation	2,535,344	2,698,996	4,842,523
Total Assets	<u>2,840,697</u>	<u>3,411,075</u>	<u>7,761,205</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	15,788	18,488	441,436
Accrued liabilities	9,507	20,651	89,903
Accrued interest payable	-0-	-0-	-0-
Due to other governments	-0-	-0-	-0-
Bonds and notes payable	21,010	-0-	92,463
Non-current liabilities due within one year	-0-	-0-	-0-
General obligations bonds payable	47,708	-0-	33,010
Non-current Liabilities:			
General obligation bonds payable	1,152,570	558,000	5,170,360
Compensated absences payable	7,583	-	162,478
Unamortized bond premium	12,340	-0-	60,222
Total Liabilities	<u>1,266,506</u>	<u>597,139</u>	<u>6,049,872</u>
Net Assets:			
Invested in capital assets, net of related debt	1,322,726	2,140,996	454,012
Restricted	1,000	544,424	18,885
Unrestricted	250,465	128,516	1,238,436
Total Net Assets	<u>\$ 1,574,191</u>	<u>\$ 2,813,936</u>	<u>\$ 1,711,333</u>

Cathedral Gardens Water District	Franklin Square Water District	West Hempstead - Hempstead Gardens Water District	Greater Atlantic Beach Water Reclamation District	TOTALS
\$ 513,672	\$ 1,727,112	\$ 1,652,605	\$ 752,630	\$ 7,741,999
-0-	261,660	241,373	-0-	505,761
-0-	2,708	48,748	-0-	866,315
-0-	15,533	-0-	88,884	126,964
-0-	-0-	2,168,365	-0-	2,168,365
513,672	2,007,013	4,111,091	841,514	11,409,404
-	1,217,325	6,489,506	2,995,032	20,778,726
513,672	3,224,338	10,600,597	3,836,546	32,188,130
-	12,863	77,893	23,694	590,162
7,737	43,036	-0-	23,794	194,628
-0-	-0-	-0-	-0-	-0-
-0-	130,433	-0-	-0-	130,433
-0-	-0-	-0-	-0-	113,473
-0-	-0-	-0-	-0-	-0-
-0-	90,940	199,859	-0-	371,517
-0-	578,127	1,577,940	1,825,000	10,861,997
-0-	252,781	172,820	75,867	671,529
-0-	-0-	-0-	-0-	72,562
7,737	1,108,180	2,028,512	1,948,355	13,006,301
-0-	920,331	4,711,705	1,210,032	10,759,802
235,717	1,110,379	3,133,496	500,755	5,544,656
270,218	85,448	726,884	177,404	2,877,371
\$ 505,935	\$ 2,116,158	\$ 8,572,085	\$ 1,888,191	\$ 19,181,829

TOWN OF HEMPSTEAD
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
Year Ended December 31, 2004

	<u>Lakeview</u> <u>Public Library</u>	<u>Roosevelt</u> <u>Public Library</u>	<u>Uniondale</u> <u>Public Library</u>
REVENUES			
Program revenues - Charges for Services	\$ 8,482	\$ 20,329	\$ 23,100
Real property taxes	525,257	1,130,847	1,986,344
Other real property tax items	-0-	-0-	41,781
Use of money and property - interest and earnings	3,679	11,514	21,891
Sale of property and compensation for loss	-0-	-0-	-0-
Miscellaneous local sources	14,038	10,235	3,418
State aid	26,251	-0-	24,275
Total Revenues	<u>577,707</u>	<u>1,172,925</u>	<u>2,100,809</u>
EXPENSES			
Current:			
Culture and recreation	707,220	1,231,245	1,937,269
Home and community services	-0-	-0-	-0-
Total Expenditures	<u>707,220</u>	<u>1,231,245</u>	<u>1,937,269</u>
Change in Net Assets over Expenditures	(129,513)	(58,320)	163,540
Net Assets at Beginning of Year	<u>1,703,704</u>	<u>2,872,256</u>	<u>1,547,793</u>
Net Assets - End of Year	<u>\$ 1,574,191</u>	<u>\$ 2,813,936</u>	<u>\$ 1,711,333</u>

Cathedral Gardens Water District	Franklin Square Water District	West Hempstead - Hempstead Gardens Water District	Greater Atlantic Beach Water Reclamation District	TOTALS
\$ -0-	\$ 1,044,203	\$ 1,460,439	\$ -0-	\$ 2,556,553
55,695	821,673	1,135,873	1,311,783	6,967,472
-0-	2,258	-0-	-0-	44,039
6,793	118,482	22,127	7,091	191,577
-0-	3,018	-0-	-0-	3,018
2,808	70	262,186	12,825	305,580
-0-	-0-	-0-	-0-	50,526
<u>65,296</u>	<u>1,989,704</u>	<u>2,880,625</u>	<u>1,331,699</u>	<u>10,118,765</u>
-0-	-0-	-0-	-0-	3,875,734
<u>53,868</u>	<u>1,951,358</u>	<u>2,756,154</u>	<u>1,258,503</u>	<u>6,019,883</u>
<u>53,868</u>	<u>1,951,358</u>	<u>2,756,154</u>	<u>1,258,503</u>	<u>9,895,617</u>
11,428	38,346	124,471	73,196	223,148
<u>494,507</u>	<u>2,077,812</u>	<u>8,447,614</u>	<u>1,814,995</u>	<u>18,958,681</u>
<u>\$ 505,935</u>	<u>\$ 2,116,158</u>	<u>\$ 8,572,085</u>	<u>\$ 1,888,191</u>	<u>\$ 19,181,829</u>

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STATISTICAL SECTION

This section contains comprehensive statistical data for the Town, and includes, in some cases, statistical information for the villages, school districts, and special districts which are not part of the Town reporting entity. It is intended to provide readers of this report with a broader and more complete understanding of the Town 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 years for comparison purposes, and may present data from outside of the Town's accounting records.

TOWN OF HEMPSTEAD
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (1)
TEN YEAR SUMMARY

Year Ended December 31,	2004	2003	2002	2001
GOVERNMENTAL FUNDS				
General Government	\$59,952,807	\$ 53,605,468	\$ 50,782,196	\$ 47,208,564
Education	986,775			
Public Safety	20,937,795	20,276,687	18,322,284	17,424,284
Health				
Transportation	33,650,993	32,981,538	29,521,264	31,500,383
Economic Assistance and Opportunity	10,526,888	10,150,031	11,546,525	8,497,016
Culture and Recreation	50,026,564	48,847,806	47,525,445	44,937,493
Home and Community Services	129,056,486	121,609,194	122,335,368	117,983,850
Employee Benefits	63,488,286	51,660,363	42,267,836	39,713,325
Capital	40,830,013	43,065,989	29,104,232	28,413,919
Debt Service Principal and Interest	<u>45,575,764</u>	<u>41,926,770</u>	<u>37,647,898</u>	<u>40,023,256</u>
Total Governmental Funds	<u>\$455,032,371</u>	<u>\$ 424,123,846</u>	<u>\$ 389,053,048</u>	<u>\$ 375,702,090</u>

Source: Office of the Comptroller of the Town of Hempstead, from audited financial statements.

(1) Includes General, Special Revenue, Debt Service and Capital Projects funds.
 Exclusive of component units.

2000	1999	1998	1997	1996	1995
\$ 46,453,600	\$ 42,777,750	\$ 42,101,902	\$ 40,566,466	\$ 45,695,757	\$ 43,332,946
15,994,340	15,787,676	15,474,968	15,258,713	14,805,715	14,861,350
					783,165
25,054,119	24,338,003	25,009,346	27,630,940	26,316,448	24,768,884
11,853,224	11,516,679	12,738,393	11,935,311	11,253,852	10,980,529
41,339,921	40,102,767	42,439,469	40,693,317	39,885,051	39,990,639
105,943,063	113,514,515	113,053,690	110,632,604	108,338,440	105,087,360
37,560,495	34,520,628	34,208,316	35,683,733	33,857,466	32,606,367
33,765,994	29,615,565	38,218,712	50,862,731	42,167,432	38,096,931
37,728,614	37,843,287	37,504,992	33,058,645	31,791,038	32,216,921
<u>\$ 355,693,370</u>	<u>\$ 350,016,870</u>	<u>\$ 360,749,788</u>	<u>\$ 366,322,460</u>	<u>\$ 354,111,199</u>	<u>\$ 342,725,092</u>

TOWN OF HEMPSTEAD
GENERAL GOVERNMENT REVENUES BY SOURCE (1)
TEN YEAR SUMMARY

Year Ended December 31,	2004	2003	2002	2001	2000
GOVERNMENTAL FUNDS					
Real Property Taxes	\$ 193,363,827	\$ 182,528,258	\$ 174,268,533	\$ 174,850,231	\$ 173,175,753
Real Property Tax Items	3,496,200	2,744,236	2,634,630	2,341,075	2,237,195
Non-Property Tax Items	36,432,949	34,806,516	33,847,387	31,535,522	30,571,164
Departmental Income	33,865,802	32,523,184	32,058,572	30,413,710	28,104,179
Intergovernmental Charges	12,638,256	11,335,150	12,900,768	13,759,905	13,460,917
Use of Money and Property	3,383,487	3,003,859	3,957,523	6,908,152	7,973,653
Licenses and Permits	411,727	482,923	339,927	424,445	342,653
Fines and Forfeitures	728,846	565,236	735,023	1,365,034	871,901
Sale of Property and Compensation for Loss	1,122,233	3,036,317	1,655,405	1,501,752	671,901
Miscellaneous Local Sources	7,168,749	1,985,056	1,087,589	3,374,177	1,364,449
Interfund Revenues	56,856,527	49,832,421	46,710,984	45,440,124	44,592,631
State Aid	55,174,698	41,069,168	32,552,495	25,995,865	20,206,080
Federal Aid	16,171,143	14,359,096	22,275,257	17,147,169	15,450,958
Total Governmental Funds	<u>\$ 420,814,444</u>	<u>\$ 378,271,420</u>	<u>\$ 365,024,093</u>	<u>\$ 355,057,161</u>	<u>\$ 339,023,434</u>

Source: Office of the Comptroller of the Town of Hempstead, from audited financial statements.

(1) Includes General, Special Revenue, Debt Service and Capital Projects funds.
Exclusive of component units.

<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
\$ 172,038,552	\$ 170,285,310	\$ 170,577,576	\$ 164,649,254	\$ 163,564,297
2,339,166	1,836,394	1,676,511	1,523,237	1,515,383
29,074,405	27,025,922	25,121,896	23,853,999	22,928,662
27,115,660	25,108,412	21,876,709	21,713,935	21,208,906
14,111,573	13,086,869	12,912,620	14,736,868	12,151,036
6,124,234	6,138,338	7,453,045	7,172,541	7,263,264
292,169	206,323	193,844	207,353	275,329
1,454,165	1,119,602	1,368,195	713,473	739,631
2,453,707	913,922	987,731	3,058,978	1,563,556
1,198,042	1,354,548	2,321,028	1,117,041	975,442
43,306,241	43,486,288	42,775,582	42,971,030	41,139,203
22,871,610	20,313,557	15,535,823	16,008,000	13,833,436
<u>14,144,309</u>	<u>16,422,538</u>	<u>15,862,267</u>	<u>16,870,439</u>	<u>13,545,806</u>
<u>\$ 336,523,833</u>	<u>\$ 327,298,023</u>	<u>\$ 318,662,827</u>	<u>\$ 314,596,148</u>	<u>\$ 300,703,951</u>

TOWN OF HEMPSTEAD
PROPERTY TAX RATES PER \$100 ASSESSED VALUATION
ALL DIRECT AND OVERLAPPING GOVERNMENTS
TEN YEAR SUMMARY

Year Ended December 31,	Governmental Funds												
	General	Highway	Parks		Refuse & Garbage		Town Outside Village	Fire Protection		Street Lighting	Public Parking		Wa
			Low	High	Low	High		Low	High		Low	High	Low
1995													
Class 1	0.932	3.259					0.655						
Class 2	0.951	3.991					0.601						
Class 3	0.997	3.074					0.618						
Class 4	0.819	2.799					0.562						
All Classes			1.213	6.058	2.485	4.050		0.418	6.143	0.532	0.065	3.524	0.504
1996													
Class 1	0.932	3.259					0.655						
Class 2	0.971	3.082					0.619						
Class 3	0.910	2.982					0.599						
Class 4	0.834	2.863					0.575						
All Classes			1.074	5.722	2.684	4.050		0.418	6.143	0.517	0.010	3.119	0.504
1997													
Class 1	0.914	3.386					0.655						
Class 2	0.988	3.303					0.639						
Class 3	0.664	2.393					0.462						
Class 4	0.864	3.129					0.605						
All Classes			1.112	5.922	2.891	4.192		0.431	6.351	0.535	0.010	3.119	0.504
1998													
Class 1	0.914	3.386					0.655						
Class 2	0.979	3.305					0.639						
Class 3	0.576	2.109					0.408						
Class 4	0.861	3.110					0.601						
All Classes			1.112	5.922	2.891	4.192		0.410	6.740	0.535	0.010	3.119	0.504
1999													
Class 1	0.914	3.555					0.655						
Class 2	0.919	3.094					0.570						
Class 3	0.586	2.254					0.415						
Class 4	0.828	3.190					0.587						
All Classes			1.112	5.922	2.891	4.192		0.410	6.740	0.535	0.010	3.119	0.504
2000													
Class 1	0.914	3.555					0.655						
Class 2	0.926	3.175					0.585						
Class 3	0.532	2.082					0.383						
Class 4	0.876	3.370					0.620						
All Classes			1.112	5.922	2.891	4.192		0.410	6.740	0.535	0.010	3.119	0.504
2001													
Class 1	0.914	3.555					0.655						
Class 2	0.974	3.315					0.610						
Class 3	0.433	1.688					0.311						
Class 4	0.907	3.481					0.641						
All Classes			1.112	8.878	2.891	4.192		0.410	6.740	0.535	0.010	3.119	0.504
2002													
Class 1	0.914	3.555	1.112	5.922	2.891	4.192	0.655	4.868	0.535		3.119	0.504	
Class 2	1.012	3.433		5.921	2.890	4.191	0.632	4.211	0.534		3.119		
Class 3	0.377	1.474		2.742	2.890	4.192	0.271	4.209	0.534		1.041		
Class 4	0.880	3.371	1.112	5.922	2.891	4.191	0.621	0.481	4.209	0.534	0.009	3.119	0.503
All Classes													
2003													
Class 1	0.914	3.853	1.178	7.106	2.950	4.192	0.689	4.868	0.535		3.119	0.504	
Class 2	0.990	3.711		7.094	3.153	4.292	0.663	5.561	0.556		3.857		
Class 3	0.337	1.425		2.815	2.931	4.175	0.254	4.188	0.531		1.036		
Class 4	0.850	3.537	1.229	7.111	3.021	4.179	0.632	0.415	4.906	0.547	0.010	3.242	0.509
All Classes													
2004													
Class 1	1.693	8.044	2.333	13.529	6.026	9.084	1.411	-	9.908	1.113	-	7.113	1.040
Class 2	4.856	21.932	-	28.553	16.092	33.485	3.847	-	22.008	3.172	-	17.161	-
Class 3	5.975	27.383	-	57.631	60.374	110.538	4.803	-	75.137	11.204	-	33.572	-
Class 4	4.789	19.745	7.726	64.015	17.064	29.840	3.463	-	28.437	3.173	0.051	22.073	2.641
All Classes													

Note: Greater Atlantic Beach Water Reclamation District is on an assessment basis.

Source: Office of the Comptroller of the Town of Hempstead.

ater	Commissioner Operated Districts										School		County			
	Library Funding			Fire		Sanitation		Library		Water		Low	High	Low	High	
	High	Low	High	Low	High	Low	High	Low	High	Low	High					
												32.374	61.511			
												26.038	67.371			
												25.946	69.138			
2.449	N/A	N/A	0.710	6.810	2.073	5.650	0.851	5.250	0.703	3.432			63.789	11.800	21.980	
												34.627	64.446			
												19.446	68.231			
												28.932	43.967			
2.449	N/A	N/A	0.691	6.512	1.950	5.880	0.884	5.700	1.140	3.966			62.761	14.530	27.450	
												37.400	69.165			
												16.877	69.189			
												31.906	40.431			
2.449	N/A	N/A	0.742	6.512	1.980	5.990	0.963	5.980	1.208	2.127			65.573	11.800	21.980	
												39.923	74.202			
												18.754	73.257			
												30.531	46.195			
2.449	N/A	N/A	0.687	6.512	1.980	5.990	0.964	6.280	1.260	2.150			69.966	11.800	21.980	
												43.288	81.718			
												17.223	82.728			
												33.792	47.294			
2.449	N/A	N/A	0.734	6.962	2.140	5.990	0.964	6.110	1.370	2.150			79.151	11.800	21.980	
												43.724	87.881			
												14.152	93.876			
												39.004	50.804			
2.449	0.738	0.738	0.817	7.049	4.340	6.390	0.982	6.066	1.460	2.150			91.905	12.751	21.749	
												48.221	92.733			
												15.664	102.841			
												44.387	52.705			
2.449	0.877	0.877	0.796	7.049	3.278	6.710	0.993	6.020	1.518	2.150			101.091	12.540	30.1	
2.449	1.108	1.560	0.831	6.142	3.589	7.300	1.047	6.010	1.670	2.150			55.392	103.483		
2.448		1.498		6.142	3.589	7.299	1.047	6.010	1.670	2.150				118.093		
2.449				6.142	3.589	7.299	1.047	6.010	1.670	2.150			14.672	55.265		
2.448	1.107	1.498	0.831	6.142	3.589	7.300	1.047	6.010	1.670	2.150			49.676	108.180		
														14.860	33.37	
2.449	0.856	3.455	0.925	7.049	3.589	7.758	1.097	5.880	1.770	2.269			100.118	228.905		
2.439		3.322		6.344	3.565	8.413	1.085	5.783	0.289	2.671				616.981		
2.439		0.855		6.954	3.565	7.693	1.082	5.783	1.907	4.622			254.685	623.093		
2.383	0.855	3.436	0.934	6.954	3.622	7.759	1.134	5.827	1.950	2.309			274.567	724.723		
														0.050	52.546	
3.704	1.659	6.994	1.934	17.598	6.077	16.118	3.116	12.847	3.353	5.479			111.510	264.435	0.791	12.867
14.337	-	17.462	-	43.818	13.380	48.160	11.174	29.684	1.652	13.942			-	730.881	2.339	38.073
47.328	-	15.882	-	152.861	64.288	162.540	29.228	113.614	32.002	90.346			257.738	1,109.495	2.933	47.74
11.489	-	18.955	6.142	49.101	24.123	49.450	6.730	33.782	10.612	16.072			249.127	813.297	2.049	33.347

TOWN OF HEMPSTEAD
PROPERTY TAX LEVIES AND COLLECTIONS
TEN YEAR SUMMARY

Year Ended December 31,	Tax Levy For Town (a)	Total Tax Levy (b)	Amount Collected (c)	Percent Collected (d)
2004	\$ 295,842,220	\$ 739,970,784	\$ 718,288,738	97.4
2003	279,062,505	728,044,149	702,743,046	96.5
2002	265,764,533	654,790,812	635,197,580	97.0
2001	262,447,834	628,915,320	604,134,203	96.1
2000	259,833,901	589,054,956	565,911,328	96.1
1999	254,692,218	560,963,361	541,094,015	96.5
1998	253,382,273	544,481,060	524,045,514	96.2
1997	251,196,449	545,131,428	526,208,091	96.5
1996	241,943,962	538,857,487	513,527,158	95.3
1995	238,521,891	468,949,469	452,391,294	96.5
	<u>\$ 2,602,687,786</u>	<u>\$ 5,999,158,826</u>	<u>\$ 5,783,540,967</u>	

Source: The most recent official statement of the Town of Hempstead.

- (a) Gross levy for Town purposes. (Includes all Town controlled funds, Commissioner operated funds, Fire Districts and Library Districts).
- (b) Includes all Town and County taxes.
- (c) During year of levy.
- (d) Uncollected taxes are returned to the County for collection. The Town retains 100% of its levy. See "Tax Collection Procedures".

TOWN OF HEMPSTEAD
ASSESSED VALUATION OF TAXABLE REAL PROPERTY,
STATE EQUALIZATION RATE AND FULL VALUATION
TEN YEAR SUMMARY

Year Ended December 31,	Total Assessed Valuation	State Equalization Rate	Full Valuation (a)
2004	\$ 727,490,862	.9%	\$ 79,944,050,769
2003	1,919,481,151	2.68%	71,622,431,007
2002	1,920,681,896	3.04%	63,180,325,526
2001	1,905,372,175	3.35%	56,876,781,343
2000	1,887,231,667	3.66%	51,563,706,749
1999	1,877,760,190	4.10%	45,799,029,024
1998	1,887,773,367	4.17%	45,270,344,532
1997	1,887,587,714	4.28%	44,102,516,682
1996	1,887,115,236	4.20%	44,886,400,830
1995	1,887,115,236	4.27%	44,194,736,206
	<u>\$ 17,787,609,494</u>		<u>\$ 547,440,322,668</u>

Source: NYS Office of Real Property Services State Board of Equalization and Assessment.

(a) Computed by dividing the taxable assessed valuations by the State equalization rate shown.

TOWN OF HEMPSTEAD
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2004

ISSUER	NET DEBT OUTSTANDING	PERCENTAGE APPLICABLE TO THE TOWN	NET DEBT APPLICABLE TO THE TOWN
Direct:			
Town of Hempstead	\$ 334,054,628	100.00%	\$ 339,736,576
Overlapping:			
County	\$ 2,962,273 (a)	37.85%	\$ 1,121,220,330
Villages	151,263,000 (b)	100.00%	151,263,000
School Districts	349,169,000 (c)	100.00%	349,169,000
Fire Districts	9,561,000 (d)	100.00%	9,561,000
Totals			<u>\$ 1,631,213,330</u>

(a) Includes debt issued by the Nassau Interim Finance Authority. Excludes 155,123,000 cash and investments - capital project funds.

(b) Excludes 28,216,000 exempt water and/or sewer debt.

(c) Excludes estimated state school building aid.

(d) No exclusions

Source : County Official Statement (10/04) and NYS Comptroller's Report on Municipal Affairs for fiscal years ended in 2001

TOWN OF HEMPSTEAD
COMPUTATION OF CONSTITUTIONAL DEBT MARGIN
DECEMBER 31, 2004

For Budget Year	Assessed Valuation	State Equalization Rate (a)	Full Valuation
2004	\$ 727,490,862	0.91%	\$ 79,944,050,769
2003	1,919,481,151	2.68%	71,622,431,007
2002	1,920,681,896	3.04%	63,180,325,526
2001	1,905,372,175	3.35%	56,876,781,343
2000	1,887,231,667	3.66%	51,563,706,749
Total Five-Year Full Valuation			323,187,295,394
Five-Year Average Full Valuation Debt Contracting Limitation			64,637,459,079
Debt Limit - 7% of Five-Year Average Full Valuation			\$ 4,524,622,136
 <u>Indebtedness</u>			
Outstanding Bonds	\$ 339,736,576	\$ 339,736,576	
 <u>Exclusions:</u>			
Water Bonds	\$ 21,412,199	21,412,199	
Total Net Indebtedness Subject to Debt Limit			318,324,377
Net Debt Contracting Margin			\$ 4,206,297,759
Percentage of Debt Contracting Power Exhausted			7.04%

Source: Office of the Comptroller of the Town of Hempstead, and most recent official statements.

(a) State Office of Real Property Services

TOWN OF HEMPSTEAD
DIRECT AND OVERLAPPING DEBT RATIOS
DECEMBER 31, 2004

	AMOUNT	DEBT PER CAPITA	DEBT TO ESTIMATED FULL VALUE
Gross Direct Debt	\$ 339,736,576	\$ 447	0.39%
Net Direct Debt	318,324,377	418	0.37%
Net Direct and Overlapping Debt	1,949,537,707	2,563	2.24%

Source: New York State special report on municipal affairs and the most recent official statements of the Town of Hempstead.

The Town's population is 760,675 based on the 2002 Census.

The estimated full value of taxable real property for the 2005 fiscal year is \$87,033,286,219 based on total taxable assessed valuation \$713,672,947 and an equalization ratio for this roll of 0.82%.

TOWN OF HEMPSTEAD
RATIO OF GENERAL LONG-TERM DEBT TO ASSESSED VALUATION AND
NET GENERAL LONG-TERM DEBT PER CAPITA
TEN YEAR SUMMARY

Year Ended December 31,	Population	Assessed Valuation	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt per Capita
2004	760,675	\$ 727,490,862	\$ 318,324,377	44%	418.48
2003	759,535	1,919,481,151	297,517,716	15%	391.71
2002	758,942	1,920,681,896	279,086,554	15%	367.73
2001	757,228	1,905,372,175	339,862,003	18%	448.82
2000	728,680	1,887,231,667	298,466,302	16%	409.60
1999	727,997	1,877,760,190	280,315,556	15%	385.05
1998	726,578	1,887,773,367	300,318,956	16%	413.33
1997	725,988	1,887,587,714	259,370,108	14%	357.27
1996	724,924	1,887,115,236	248,491,800	13%	342.78
1995	724,232	1,887,115,236	215,828,000	11%	298.01

Sources: The Long Island Regional Planning Board and the Long Island Almanac.

(a) Outstanding Debt as of 2/28/05

TOWN OF HEMPSTEAD
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL
LONG-TERM DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
TEN YEAR SUMMARY

Year Ended December 31,	Total Debt Service (1)	Total Governmental Expenditures	Ratio of Debt Service to Governmental Expenditures
2004	\$ 45,575,764	\$ 455,032,371	10.02%
2003	41,926,770	424,123,846	9.89%
2002	37,647,898	389,053,048	9.68%
2001	40,023,256	375,702,090	10.65%
2000	37,728,614	355,693,370	10.61%
1999	37,843,287	350,016,870	10.81%
1998	37,504,992	360,749,788	10.40%
1997	33,058,645	366,322,460	9.02%
1996	31,791,038	354,111,199	8.98%
1995	32,216,921	342,725,092	9.40%

Source: Office of the Comptroller of the Town of Hempstead, from audited financial statements.

(1) Reflects all debt service expenditures for the Primary Government, including bonds, notes and installment purchase debt.

**TOWN OF HEMPSTEAD
DEMOGRAPHIC STATISTICS
TEN YEAR SUMMARY**

Year Ended December 31,	Population	Per Capita Income	Median Age	Unemployment Rate	Year-Round Households Estimate	Average Household Size Estimates	Population Density Per Square Mile	Public School Enrollment*
2004	760,675	\$28,153	38.5	4.8%	247,656	3.02	6,338.96	N/A
2003	759,535	\$31,444	37.9	4.1%	247,694	3.02	6,329.46	209,055
2002	758,942	\$30,495	37.8	4.3%	247,533	3.02	6,324.52	207,951
2001	757,228	\$29,751	37.7	3.2%	247,126	3.02	6,310.23	205,919
2000	728,680	\$29,026	37.6	2.8%	246,722	3.01	6,072.33	203,213
1999	727,997	\$28,153	37.4	3.1%	246,244	3.01	6,066.64	199,393
1998	726,578	\$27,435	37.2	3.0%	244,569	3.00	6,054.82	195,962
1997	725,988	\$26,715	37.0	3.7%	244,090	2.99	6,049.90	191,297
1996	724,924	\$25,995	36.8	3.9%	243,133	2.98	6,041.03	188,213
1995	724,232	\$25,275	36.6	4.7%	241,697	2.98	6,035.27	184,310

*Public School Enrollment figures are for all of Nassau County, Town of Hempstead figures unavailable

Sources: The Long Island Almanac, State of New York Department of Labor, Long Island Regional Planning Board.

TOWN OF HEMPSTEAD
ESTIMATED VALUE OF RESIDENTIAL BUILDING PERMITS ISSUED
TEN YEAR SUMMARY

Year	New Construction		Additions, Alterations And Repairs		Other		Totals	
	No. of Permits	\$ Value	No. of Permits	\$ Value	No. of Permits	\$ Value	No. of Permits	\$ Value
2004	404	\$ 44,558,620	4037	\$ 135,377,564	106	\$ 35,385	4547	\$ 179,971,569
2003	265	60,225,000	3933	104,457,850	3583	7,780,171	7781	172,463,021
2002	235	34,084,000	3451	97,382,250	116	1,561,000	3802	133,027,250
2001	238	53,006,000	3833	111,379,396	633	1,387,375	4704	165,772,771
2000	330	27,344,400	3027	59,066,750	190	807,000	3547	87,218,150
1999	199	27,843,497	3671	62,802,383	481	405,676	4351	91,051,556
1998	183	17,362,203	3491	48,927,144	493	661,942	4167	66,951,289
1997	226	30,588,510	3554	41,784,491	557	295,037	4337	72,668,038
1996	171	15,974,500	3532	40,689,457	547	292,078	4250	56,956,035
1995	138	15,003,737	3194	38,759,023	539	287,044	3871	54,049,804
Total:	2,389	\$ 325,990,467	35,723	\$ 740,626,308	7,245	\$ 13,512,708	45,357	\$ 1,080,129,483

Source: Town of Hempstead Building Department

TOWN OF HEMPSTEAD
ESTIMATED VALUE OF INDUSTRIAL AND COMMERCIAL BUILDING PERMITS ISSUED
TEN YEAR SUMMARY

Year	New Construction		Additions, Alterations And Repairs		Other		Totals	
	No. of Permits	\$ Value	No. of Permits	\$ Value	No. of Permits	\$ Value	No. of Permits	\$ Value
2004	18	\$ 6,052,000	5026	\$ 276,808,723	112	\$ 27,610	5156	\$ 282,888,333
2003	36	9,406,500	1069	48,847,844	225	2,081,400	1330	60,335,744
2002	18	10,606,050	784	71,922,000	424	728,250	1137	83,256,300
2001	33	32,387,000	747	48,008,000	268	1,246,725	1048	81,641,725
2000	38	8,120,000	731	74,515,000	57	314,000	826	82,949,000
1999	19	13,504,200	394	41,377,036	150	1,668,200	563	56,549,436
1998	20	322,768,204	431	50,700,222	166	1,998,450	617	375,466,876
1997	43	18,477,953	475	60,175,167	168	2,323,650	686	80,976,770
1996	31	75,273,895	468	61,307,525	184	5,034,623	683	141,616,043
1995	39	65,853,155	417	52,312,485	172	366,090	628	118,531,730
Total:	295	\$ 562,448,957	10,542	\$ 785,974,002	1,926	\$ 15,788,998	12,674	\$ 1,364,211,957

Source: Town of Hempstead Building Department

**TOWN OF HEMPSTEAD
PRINCIPAL TAXPAYERS
2004 TAX ROLL**

<u>Taxpayer's Name</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Total Assessed Valuation (a)</u>
LILCO/LIPA	Utility	\$ 15,217,160	0.95 %
Verizon New York	Utility	5,265,674	0.33
Keyspan Energy Corp	Utility	5,215,487	0.32
Retail Property Trust	Shopping Mall	3,612,870	0.22
Reckson	Office Buildings	2,336,192	0.15
Coliseum Plaza Assoc.	Office Buildings	1,767,508	0.11
EQK Green Acres LP	Shopping Mall	1,655,912	0.10
Northrop Grumman	Office Buildings	1,606,610	0.10
NY Racing /Greater NY Assoc.	Belmont Race Track	1,405,032	0.09
		<u>\$ 38,082,445</u>	<u>5.34 %</u>

(a) Total taxable assessed valuations per the Town's 2004 assessment roll for taxes levied in fiscal 2005 are \$713,672,947

Source: County Board of Assessors.

TOWN OF HEMPSTEAD
MAJOR NON-GOVERNMENT EMPLOYERS ON LONG ISLAND
2,000 OR MORE EMPLOYEES

Name	Headquarters	Type of Business	# of Employees
Diocese of Rockville Centre	Rockville Center	Religious Institution	12500
JP Morgan Chase	Melville	Commercial Bank	7815
Waldbaums	Central Islip	Supermarket Chain	6500
LI Railroad	Jamaica	Commuter Railroad	5900
Verizon	Garden City	Telecommunications	5500
Cablevision Systems	Woodbury	Cable Television	5234
LI University	Brookville	Education	4686
King Kullen Grocery	Westbury	Supermarket Chain	4500
Keyspan Energy	Hicksville	Utility	4418
North Shore University Medical Center	Manhasset	Hospital	4256
Stony Brook University Hospital	Stony Brook	Medical Center	4000
Winthrop University Hospital	Mineola	Medical Center	4000
Home Depot	Elmont	Home Improvement	3447
Good Samaritan Hospital	West Islip	Hospital	3400
Long Island Jewish Medical Center	New Hyde Park	Medical Center	3201
United Parcel Service	Farmingdale	Delivery Service	3200
Nassau University Medical Center	East Meadow	Medical Center	3171
Brookhaven National Lab	Brookhaven	R&D Lab	3000
K-Mart	West Babylon	Retail Chain	3000
Newsday	Melville	Newspaper	3000
Episcopal Health Services	Uniondale	Healthcare	2816
Estee Lauder	Melville	Cosmetics	2580
Fortunoff	Uniondale	Retail Stores	2500
Olsten	Melville	Staffing Services	2500
Computer Associates	Islandia	Computers	2450
St. Francis Hospital	Roslyn	Hospital	2149
Symbol Technologies	Holtsville	Electronics	2100
Photocircuits	Glen Cove	Electronics	2100
Brookhaven Memorial Hospital	Patchogue	Hospital	2000

Source: The 2003 Long Island Business News

**TOWN OF HEMPSTEAD
AVERAGE UNEMPLOYMENT RATES
TEN YEAR SUMMARY**

Year	Town	County	State	United States
2005				
Jan	4.7	4.4	5.6	5.7
Feb	4.6	4.4	5.6	5.8
2004	4.8	4.5	5.8	5.5
2003	4.1	3.9	6.3	6.0
2002	4.3	4.1	6.1	5.8
2001	3.2	3.1	4.9	4.8
2000	2.8	2.7	4.6	4.0
1999	3.1	3.0	4.5	4.2
1998	3.0	2.9	5.6	4.5
1997	3.7	3.5	6.4	4.9
1996	3.9	3.8	6.2	5.4
1995	4.7	4.5	6.3	5.6

Source: State Labor Department

TOWN OF HEMPSTEAD
DISTRIBUTION OF TAX DOLLARS IN 000'S
TEN YEAR SUMMARY

School Year		School and Library	County	Town	Other Districts *	Total
2003-2004	2004 General	1,328	442	187	155	2,112
	Percent of Total	62.9%	20.9%	8.9%	7.3%	100%
2002-2003	2003 General	1,232	397	177	102	1,908
	Percent of Total	64.6%	20.8%	9.3%	5.3%	100%
2001-2002	2002 General	1,232	388	170	96	1,886
	Percent of Total	65.3%	20.6%	9.0%	5.1%	100%
2000-2001	2001 General	1,078	365	170	89	1,702
	Percent of Total	63.3%	21.4%	10.0%	5.2%	100%
1999-2000	2000 General	1,078	329	168	91	1,666
	Percent of Total	64.7%	19.7%	10.1%	5.5%	100%
1998-1999	1999 General	1,033	306	167	89	1,595
	Percent of Total	64.8%	19.2%	10.5%	5.6%	100%
1997-1998	1998 General	1,041	290	170	85	1,586
	Percent of Total	65.6%	18.3%	10.7%	5.4%	100%
1996-1997	1997 General	1,013	293	166	87	1,559
	Percent of Total	65.0%	18.8%	10.6%	5.6%	100%
1995-1996	1996 General	974	296	165	78	1,513
	Percent of Total	64.4%	19.6%	10.9%	5.2%	100%
1994-1995	1995 General	927	300	160	79	1,466
	Percent of Total	63.2%	20.5%	10.9%	5.4%	100%

* Includes Commissioner Operated

Source: Information supplied by Town of Hempstead budgets for indicated years.



