

Town of Hempstead

New York



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2006

**TOWN OF HEMPSTEAD
NEW YORK**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2006**

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

TOWN OF HEMPSTEAD
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2006
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**INTRODUCTORY
SECTION**

KATE MURRAY
Supervisor



OFFICE OF THE SUPERVISOR
TOWN OF HEMPSTEAD
1 WASHINGTON STREET, HEMPSTEAD, N.Y. 11550-4923
(516) 489-5000

June 29, 2007

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, 2006.

The town is required under local legislation to submit an audited financial statement to Nassau County. The submission of an audited financial statement is also a requirement to fulfill obligations connected with the issuance of bonded debt.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Albrecht, Viggiano, Zureck, & Company, P.C., Certified Public Accountants, have issued an unqualified ("clean") opinion on the Town of Hempstead's financial statements for the year ended December 31, 2006. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and discussion of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

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 763,822 according to the Long Island Power Authority's 2006 population survey. The town accounts for approximately 57% of the total population of the county and 50% 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. There is no limitation as to the number of terms that may be served. 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 and operates 16 senior citizen centers and 112 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, garbage collection, refuse disposal, public parking and water distribution. Certain special districts of the Town of Hempstead are separate legal entities and have separately elected boards of commissioners. These are presented as component units. Additional information on all of these legally separate entities can be found in the notes to the financial statements (See Note A.1).

As the town's chief financial officer, 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

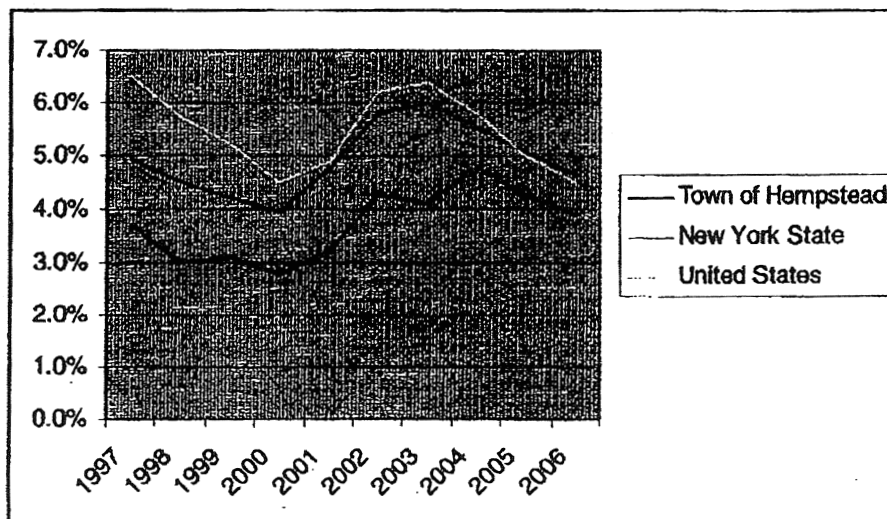
operating budgets, capital projects, and bonded debt.

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. The governmental funds for which budgets are annually appropriated can be found in the notes to the financial statements (Note B.1).

Local Economy

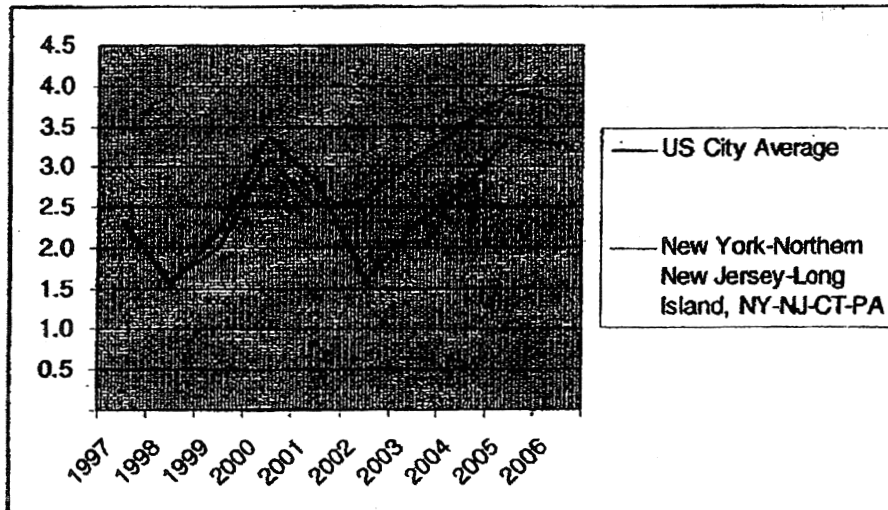
The Town of Hempstead's statistical data shows that its' economy is stronger than the country, New York State, or Nassau County. The Town of Hempstead's unemployment rate of 3.9% compares favorably to New York State's 4.5% and the United States' of 4.5%. The chart below emphasizes this has been both a five year and ten year trend.

Unemployment Rate 1997 – 2006



The trend of the consumer price index for the geographic area that includes the town has been growing faster than that of the U.S. city average.

Consumer Price Index 1997 – 2006



The Town's financial plans continue to garner high praise from financial experts. Regional economic trends indicate a stabilization of revenues including items such as mortgage tax.

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. Our bond rating places us in the top 1% of all towns in New York State. The town regularly prepares multi-year projections of revenues and expenditures. These projections conservatively estimate revenues and also accurately estimate expenditures with an eye to identifying future financial issues that are addressed at an early date. A key component in these future projections is our implementation of a five year capital plan that identifies capital needs such as infrastructure and equipment. These projections are designed to assist the government in maintaining sufficient reserves to protect against unforeseen events.

Relevant Financial Policies

The town's financial policies are designed to maintain adequate reserve thru revenue enhancements and expenditure control without reliance on one-time revenue sources. Revenues are regularly set aside for various unfunded future costs, such as post employment benefit funding.

Major initiatives

The town continually monitors its' infrastructure and identifies major components that will require major future reconstruction. This prevents components from adding significant operating

maintenance expenses to the budget. The town is also working together with the county on a proposed \$ 1.6 Billion re-development plan for the 77 acre Nassau Coliseum site. When completed, the site will incorporate housing, office space, retail stores with sports, entertainment and tourist attractions while providing additions to taxable valuations.

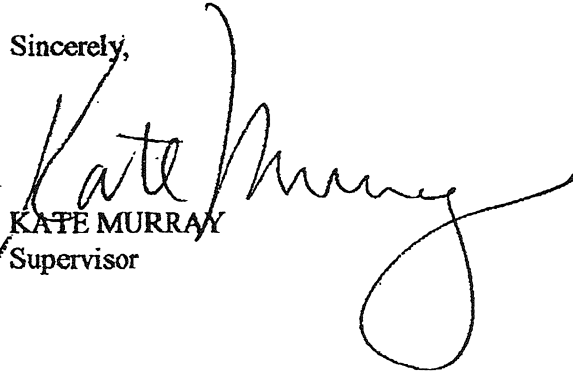
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Hempstead for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2005. This was the third consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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 and the guidance of our independent auditors, Albrecht, Viggiano, Zureck & Company, P.C. 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, 2006

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

Joseph Ra

1st Councilmatic District

2nd Councilmatic District

3rd Councilmatic District

4th Councilmatic District

5th Councilmatic District

6th Councilmatic District

Town Clerk

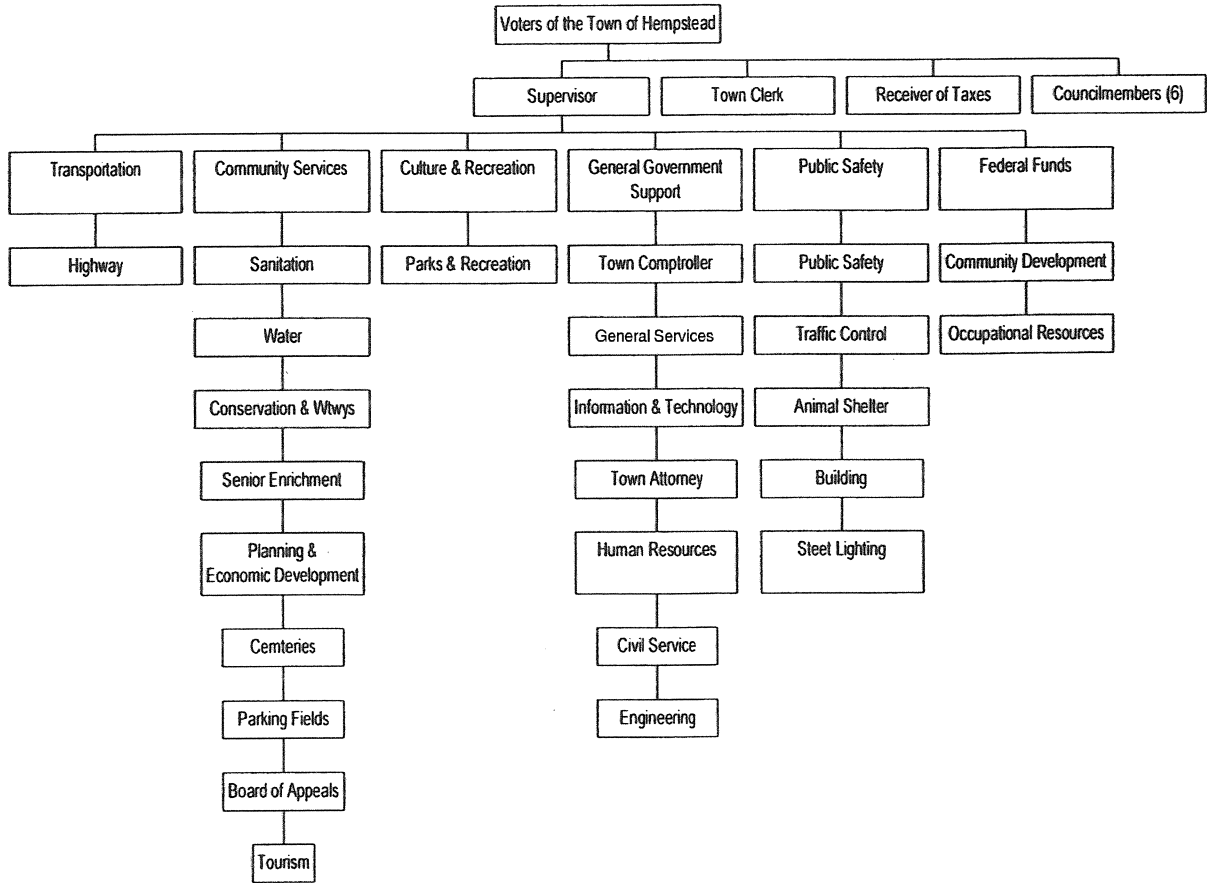
Receiver of Taxes

Town Comptroller

Town Attorney

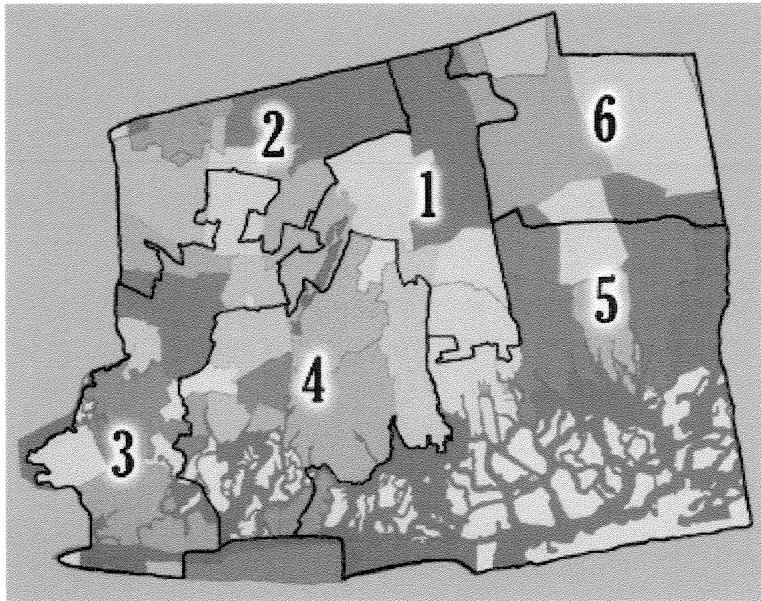
TOWN OF HEMPSTEAD

ORGANIZATIONAL CHART



Town of Hempstead

Councilmatic Districts



Councilmatic District #1: Baldwin (partial), Freeport (partial), Hempstead (partial), Lakeview, Lynbrook (partial), Roosevelt, Uniondale, West Hempstead (partial), Rockville Centre (partial), E. Garden City (partial)

Councilmatic District #2: Bellerose, Elmont (partial), Floral Park, Franklin Square (partial), Garden City (partial), Hempstead (partial), New Hyde Park, N. Valley Stream (partial), West Hempstead (partial)

Councilmatic District #3: Atlantic Beach, Cedarhurst, E. Atlantic Beach, Elmont (partial), Franklin Square (partial), Inwood, Hewlett (partial), Lawrence, Lynbrook (partial), Malverne (partial), N. Valley Stream (partial), N. Woodmere, S. Valley Stream, West Hempstead (partial), Woodmere (partial)

Councilmatic District #4: Baldwin (partial), East Rockaway, Hempstead (partial), Hewlett (partial), Island Park (partial), Lynbrook (partial), Malverne (partial), Oceanside, Rockville Centre (partial), Woodmere (partial)

Councilmatic District #5: Bellmore, Freeport (partial), Island Park (partial), Lido Beach, Merrick (partial), N. Bellmore (partial), N. Merrick (partial), Point Lookout, Seaford, Wantagh (partial)

Councilmatic District #6: Bethpage, East Meadow, Levittown, Merrick (partial), N. Bellmore (partial), N. Merrick (partial), Salisbury (Westbury), Seaford (partial), Wantagh (partial)

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, 2005

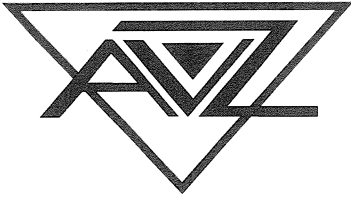
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

**FINANCIAL
SECTION**



CERTIFIED PUBLIC ACCOUNTANTS, BUSINESS ADVISORS AND CONSULTANTS

25 Suffolk Court, Hauppauge, New York 11788

631.434.9500 • Fax 631.434.9518

www.avz.com

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Hempstead, New York, as of December 31, 2006 and for the year then ended, which collectively comprise the Town's basic financial statements 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. Those 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 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Town of Hempstead, as of December 31, 2006, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2007, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

INDEPENDENT MEMBER OF BKR INTERNATIONAL

The Management's Discussion and Analysis and the budgetary comparison information are not required parts 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 required 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's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Alfred V. Vignino, Jr. and Company, P.C.".

Hauppauge, New York
June 29, 2007

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2006

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, 2006. 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.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of 2006 by \$173.5 million. Of this amount \$45.9 million may be used to meet the government's ongoing obligations to citizens and taxpayers.
- The Town's total net assets increased by \$27.2 million.
- As of the close of the 2006, the Town's governmental funds reported combined ending fund balances, exclusive of the Capital Projects Fund, of \$157.2 million, of which \$136.2 million is available for spending at the Town's discretion.
- At the end of 2006, unreserved, undesignated fund balance for the General Fund was \$57.7 million, or 53.8 percent of total General Fund expenditures.
- The Town's total bonded debt decreased by \$0.4 million during 2006.

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 units); 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.

Certain reclassifications have been made to the 2005 financial statements to conform with the 2006 financial statements presentation. Such reclassifications have had no effect on the changes in net assets or total net assets as previously stated.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2006

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Reporting the Town as a Whole (continued)

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.

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).

Information on separately issued financial statements is shown in Note A.1 to the financial statements

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.

Fiduciary Funds

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
December 31, 2006

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,

	2006	2005
Assets		
Current and other assets	\$ 178,979,905	\$ 148,747,166
Capital assets	411,495,346	406,404,315
Other non-current assets	2,645,375	2,814,204
Total assets	593,120,626	557,965,685
Liabilities		
Current and other liabilities	68,059,521	66,069,872
Long-term liabilities	351,580,248	345,586,332
Total liabilities	419,639,769	411,656,204
Net assets		
Invested in capital assets, net of related debt	105,658,200	99,209,298
Restricted	21,883,470	22,983,652
Unrestricted	45,939,187	24,116,531
Total net assets	\$ 173,480,857	\$ 146,309,481

Total assets of the Town of Hempstead as of December 31, 2006 were \$593.1 million, an increase of \$35.2 million. Total liabilities as of December 31, 2006 were \$419.6 million, an increase of \$8.0 million. This results in a net asset balance of \$173.5 million for 2006, an increase of \$27.2 million. Of the Town's net asset balance, \$105.7 million were invested in capital assets, net of related debt; while \$21.9 million were restricted by statute or other specific purposes and \$45.9 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 \$173.5 million at the close of the most recent fiscal year.

By far the largest portion of the Town of Hempstead's net assets (60.9 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 (12.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$45.9 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
December 31, 2006

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)

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

	2006	2005
Program Revenues		
Charges for services	\$ 80,831,598	\$ 73,365,304
Operating grants and contributions	11,290,870	13,614,676
Capital grants and contributions	5,822,901	4,144,798
	97,945,369	91,124,778
General Revenues		
Real property taxes	218,096,202	217,822,376
Other real property tax items	2,955,998	2,794,357
Non-property tax items	39,104,777	37,397,947
Interest earnings and financing income	9,259,116	4,755,005
Mortgage tax	46,148,354	48,094,073
State aid - unrestricted	3,940,166	3,284,444
Other	2,053,680	2,063,791
	321,558,293	316,211,993
Total Revenues	419,503,662	407,336,771
Program Expenses		
General government support	57,219,324	55,220,458
Education	705,527	1,454,823
Public safety	32,147,838	25,569,922
Transportation	47,937,567	45,173,820
Economic assistance and opportunity	8,150,033	7,718,613
Culture and recreation	68,214,244	69,951,397
Home and community services	163,951,829	166,883,500
Interest on debt	14,005,924	14,787,088
	392,332,286	386,759,621
Total Expenses	392,332,286	386,759,621
Change in Net Assets	27,171,376	20,577,150
Net Assets - Beginning	146,309,481	125,732,331
Net Assets - Ending	\$ 173,480,857	\$ 146,309,481

The change in net assets from all government activities was an increase of \$27.2 million.

Other key elements of the governmental activities are:

- Property taxes are relatively unchanged over the prior year. There is no statutory limitation on the taxing authority of the Town of Hempstead.
- Programs revenues and general revenues have increased over the prior year as a result of increases in departmental income, interest earnings, sales tax and franchise tax revenues.

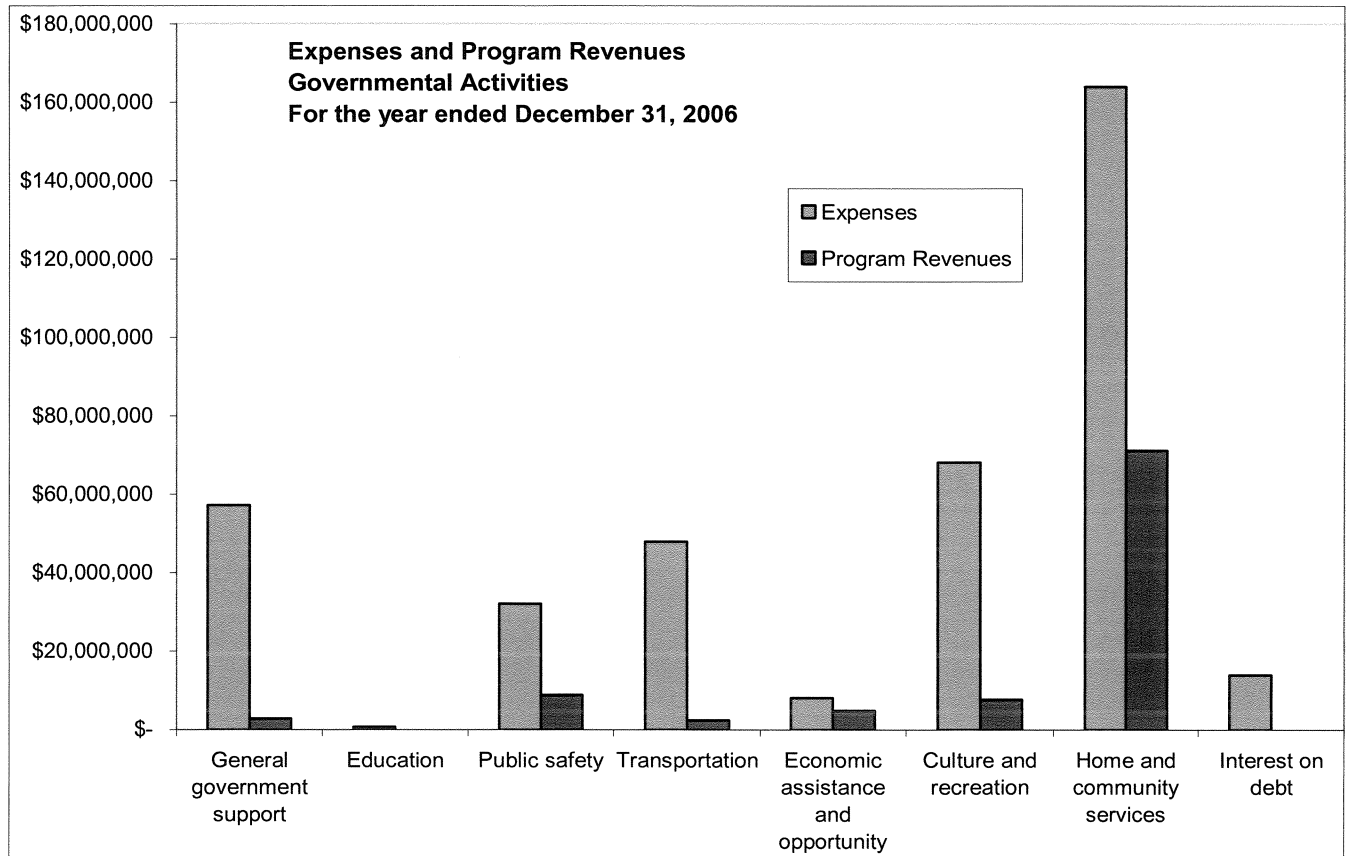
TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2006

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)

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

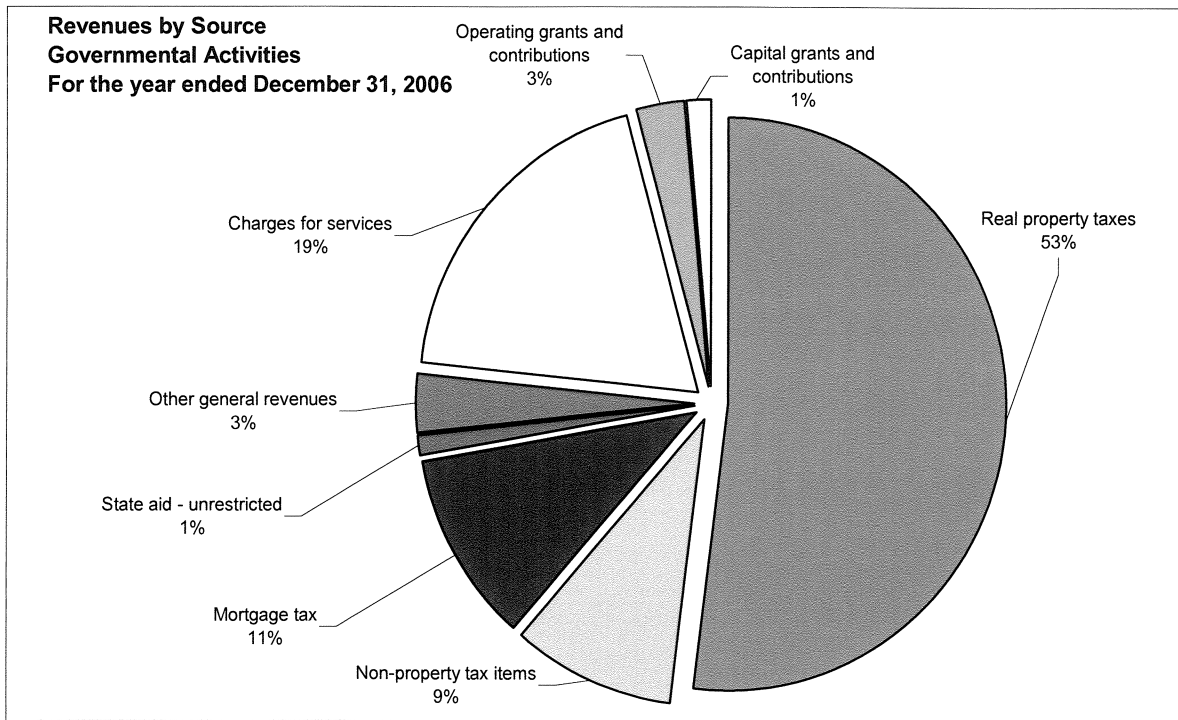
	2006	2005	2006	2005	2006	2005
	Total Cost (Expenses) of Services		Program Revenues		Net Cost (Revenue) of Services	
General government support	\$ 57,219,324	\$ 55,220,458	\$ 2,841,720	\$ 3,092,718	\$ 54,377,604	\$ 52,127,740
Education	705,527	1,454,823			705,527	1,454,823
Public safety	32,147,838	25,569,922	8,897,715	8,727,519	23,250,123	16,842,403
Transportation	47,937,567	45,173,820	2,416,155	2,836,230	45,521,412	42,337,590
Economic assistance and opportunity	8,150,033	7,718,613	4,849,831	5,331,487	3,300,202	2,387,126
Culture and recreation	68,214,244	69,951,397	7,744,177	7,073,308	60,470,067	62,878,089
Home and community services	163,951,829	166,883,500	71,195,771	64,063,516	92,756,058	102,819,984
Interest on debt	14,005,924	14,787,088			14,005,924	14,787,088
	<u>\$ 392,332,286</u>	<u>\$ 386,759,621</u>	<u>\$ 97,945,369</u>	<u>\$ 91,124,778</u>	<u>\$ 294,386,917</u>	<u>\$ 295,634,843</u>

The cost of all governmental activities this year was \$392.3 million. The net cost of these services after being subsidized by program revenues of \$97.9 million, was \$294.4 million.



TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2006

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)



Revenue by Source

year ended December 31,

	2006	2005
Real property taxes	\$ 218,096,202	\$ 217,822,376
Non-property tax items	39,104,777	37,397,947
Mortgage tax	46,148,354	48,094,073
State aid - unrestricted	3,940,166	3,284,444
Other general revenues	14,268,794	9,613,153
Charges for services	80,831,598	73,365,304
Operating grants and contributions	11,290,870	13,614,676
Capital grants and contributions	5,822,901	4,144,798
	<u>\$ 419,503,662</u>	<u>\$ 407,336,771</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 \$156.9 million, an increase of \$29.4 million over the prior year. This change in total governmental fund balances was due to increased non-property tax revenues, increased interest earnings, increased departmental revenues and aggressive expenditure controls.

Approximately 82.8 percent of the total fund balance (\$129.9 million) constitutes unreserved fund balance. Approximately 5 percent of this unreserved fund balance (\$6.5 million) has been designated to reduce property taxes in the subsequent year's budget. The remaining 17.2 percent of fund balance (\$27.0 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
December 31, 2006

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 \$63.5 million, while total fund balance reached \$65.5 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 59.2 percent of total general fund expenditures, while total fund balance represents 61.1 percent of the same amount.

The fund balance increased in the General Fund by \$6.3 million during the current fiscal year. This is due to higher than anticipated mortgage tax collections, increased interest earnings and expenditures coming in under budget, due to aggressive expenditure control.

Highway Fund

The fund balance increased in the Highway Fund by \$2.7 million during the current fiscal year. This is due to expenditures coming in under budget due to aggressive expenditure control.

Parks Fund

The fund balance increased in the Parks Fund by \$3.3 million during the current fiscal year. During the year, revenues exceeded budgetary estimates while expenditures came in under budget due to aggressive budgetary control.

Refuse and Garbage Fund

The fund balance increased in the Refuse and Garbage Fund by \$8.1 million during the current fiscal year. This is due to increased non-property tax revenue from sales tax, interest earnings, intergovernmental charges and expenditures coming in under budget due to aggressive expenditure control.

Capital Projects Fund

The fund balance increased in the Capital Projects Fund by \$1.1 million during the current fiscal year. This is a relatively minor change with revenues and expenditures being approximately equal to last year.

Nonmajor Governmental Funds

The net change in fund balances was \$7.9 million. This was primarily due to increases in departmental income, franchise tax revenue and expenditures coming in under budget due to aggressive expenditure control.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget were relatively minor and resulted in increases in appropriations of \$0.5 million.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2006

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, 2006, amounts to \$411.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and bridge.

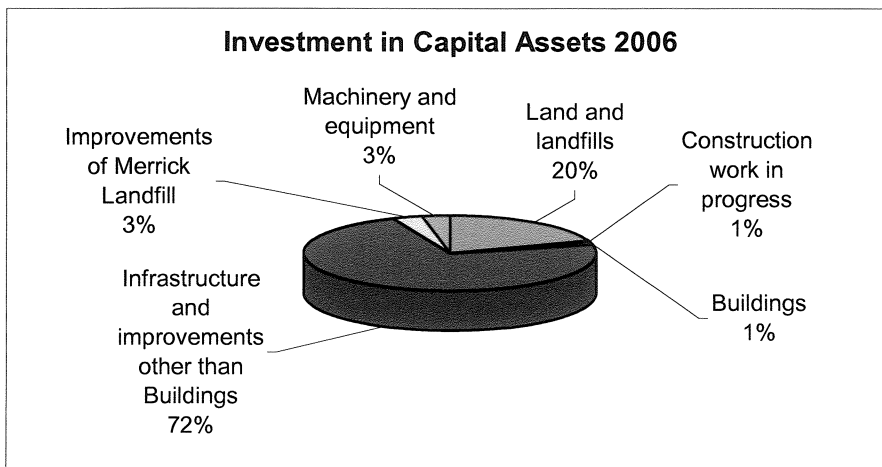
Major Capital asset events during the current fiscal year included the following:

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

Capital Assets

Capital Assets - Net of Accumulated Depreciation

	Governmental Activities	
	2006	2005
Land and landfills	\$ 81,246,838	\$ 80,380,938
Construction work in progress	2,233,128	14,594,191
Buildings	4,220,311	289,408
Infrastructure and improvements other than building, net	297,323,891	286,973,969
Improvements of Merrick landfill, net	13,470,714	11,661,808
Machinery and equipment and capital leases, net	13,000,464	12,504,001
Total Capital Assets	\$ 411,495,346	\$ 406,404,315



Additional information on the Town of Hempstead's capital assets is shown in Note C.3 to the financial statements.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2006

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 \$308.2 million. The entire debt is backed by the full faith and credit of the Town of Hempstead.

Outstanding Debt

	Governmental Activities	
	2006	2005
General obligation bonds	\$ 308,198,217	\$ 308,587,632
Total	\$ 308,198,217	\$ 308,587,632

In continuance of the Town's policy of rapid amortization of debt, the Town of Hempstead's total bonded debt decreased by \$0.4 million.

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.

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 \$5.3 billion, which is significantly in excess of the Town of Hempstead's outstanding general obligation debt.

Additional information on the Town of Hempstead's indebtedness is shown in Note C.4 to the financial statements.

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 2007 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 3.9% compares favorably to New York State's 4.5% and the United States 4.5%. 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
December 31, 2006

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 2007 budget lines.
- Revenues are subject to regional economic trends and are projected to show year-over-year increases for 2007 for items such as mortgage tax.
- When all factors are considered the Town of Hempstead's general fund balance is expected to increase by the close of 2007.

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.

BASIC FINANCIAL STATEMENTS

TOWN OF HEMPSTEAD
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET ASSETS
December 31, 2006

	Primary Governmental Activities	Component Units
ASSETS		
Current Assets:		
Cash and investments	\$ 144,100,607	\$ 6,356,391
Accounts receivable, net of allowances	5,308,096	521,979
Due from other governments	12,819,552	47,244
Prepays	6,369,537	141,605
Inventory of material and supplies	8,379,235	797,698
Other assets	2,002,878	
Total Current Assets	178,979,905	7,864,917
Non-Current Assets:		
Deferred charges, net of accumulated amortization	2,645,375	18,173
Non-depreciable capital assets	83,479,966	407,498
Depreciable capital assets, net of depreciation	328,015,380	24,067,964
Total Non-Current Assets	414,140,721	24,493,635
Total Assets	593,120,626	32,358,552
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	17,895,556	541,579
Accrued interest payable	5,905,208	186,277
Due to other governments		88,392
Non-current liabilities due within one year		
General obligation bonds payable	34,892,192	991,834
Compensated absences	1,627,149	125,584
Claims and judgments payable	7,431,750	
Estimated liability for landfill closure and postclosure care costs	307,666	
Installment purchase debt		2,435
Total Current Liabilities	68,059,521	1,936,101
Non-Current Liabilities due in more than one year:		
General obligation bonds payable	277,665,848	8,711,884
Compensated absences	50,815,221	741,024
Claims and judgments payable	13,115,207	
Estimated liability for landfill closure and postclosure care costs	9,983,972	
Installment purchase debt		4,317
Other debt		64,422
Total Non-Current Liabilities	351,580,248	9,521,647
Total Liabilities	419,639,769	11,457,748
NET ASSETS		
Investment in capital assets, net of related debt	105,658,200	15,150,581
Restricted for:		
Capital projects	17,488,610	
Culture and recreation		332,098
Home and community services and Economic assistance and opportunity	2,819,334	1,664,939
Debt service	237,659	
Permanent fund:		
Nonexpendable	1,337,867	
Unrestricted	45,939,187	3,753,186
Total Net Assets	\$ 173,480,857	\$ 20,900,804

TOWN OF HEMPSTEAD
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF ACTIVITIES
Year ended December 31, 2006

Function/Program	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Government Activities:				
General government support	\$ 57,219,324	\$ 2,736,667	\$ 8,351	\$ 96,702
Education	705,527			
Public safety	32,147,838	7,522,273		1,375,442
Transportation	47,937,567	427,291		1,988,864
Economic assistance and opportunity	8,150,033	15,837	4,833,994	
Culture and recreation	68,214,244	7,526,529	214,148	3,500
Home and community services	163,951,829	62,603,001	6,234,377	2,358,393
Interest on debt	14,005,924			
Total Primary Government	\$ 392,332,286	\$ 80,831,598	\$ 11,290,870	\$ 5,822,901
Component Units				
Culture and recreation	\$ 5,036,278	\$ 94,114		
Home and community services	6,910,470	2,853,472		
Total Component Units	\$ 11,946,748	\$ 2,947,586		

General Revenue

Real property taxes
Other real property tax items
Non-property taxes:
 Tax distribution by county
 Franchise fees
Interest earnings
Mortgage tax
State aid - unrestricted
Other

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

Net (Expense) Revenues and
Changes in Net Assets

Primary Government	Component Units
<p>\$ (54,377,604)</p> <p style="padding-left: 20px;">(705,527)</p> <p style="padding-left: 20px;">(23,250,123)</p> <p style="padding-left: 20px;">(45,521,412)</p> <p style="padding-left: 20px;">(3,300,202)</p> <p style="padding-left: 20px;">(60,470,067)</p> <p style="padding-left: 20px;">(92,756,058)</p> <p style="padding-left: 20px;">(14,005,924)</p> <hr style="border: 0.5px solid black;"/> <p>\$ (294,386,917)</p>	<p>\$ (4,942,164)</p> <p style="padding-left: 20px;">(4,056,998)</p> <hr style="border: 0.5px solid black;"/> <p>\$ (8,999,162)</p>
<p>\$ 218,096,202</p> <p style="padding-left: 20px;">2,955,998</p> <p style="padding-left: 20px;">33,112,727</p> <p style="padding-left: 20px;">5,992,050</p> <p style="padding-left: 20px;">9,259,116</p> <p style="padding-left: 20px;">46,148,354</p> <p style="padding-left: 20px;">3,940,166</p> <p style="padding-left: 20px;">2,053,680</p> <hr style="border: 0.5px solid black;"/> <p>321,558,293</p> <p style="padding-left: 20px;">27,171,376</p> <hr style="border: 0.5px solid black;"/> <p>146,309,481</p> <hr style="border: 0.5px solid black;"/> <p>\$ 173,480,857</p>	<p>\$ 9,477,839</p> <p style="padding-left: 20px;">79,428</p> <p style="padding-left: 20px;">346,107</p> <p style="padding-left: 20px;">35,722</p> <hr style="border: 0.5px solid black;"/> <p>260,899</p> <hr style="border: 0.5px solid black;"/> <p>10,199,995</p> <p style="padding-left: 20px;">1,200,833</p> <hr style="border: 0.5px solid black;"/> <p>19,699,971</p> <hr style="border: 0.5px solid black;"/> <p>\$ 20,900,804</p>

TOWN OF HEMPSTEAD
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2006

	MAJOR FUNDS				
	General	Highway	Parks	Refuse and Garbage	Capital Projects
ASSETS					
Cash and investments	\$ 57,822,791	\$ 19,611,185	\$ 10,779,620	\$ 18,000,262	\$ 7,729,285
Accounts receivable, net of allowances		991,650		1,380,283	
Due from other funds	5,168,543		3,171,520		
Due from other governments	139,006		570,122	11,054,167	
Inventory of material and supplies	1,017,419	3,449,316	1,069,201	1,483,880	
Prepays	1,316,475	292,320	625,620	489,015	
Other assets	1,707,878	45,000	150,000	55,000	
Total Assets	\$ 67,172,112	\$ 24,389,471	\$ 16,366,083	\$ 32,462,607	\$ 7,729,285
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,640,670	\$ 924,612	\$ 941,709	\$ 9,131,184	\$ 3,500,923
Due to other funds		5,210,542		1,440,469	4,512,666
Deferred revenue					
Total Liabilities	1,640,670	6,135,154	941,709	10,571,653	8,013,589
Fund balances (deficits):					
Reserved:					
Encumbrances	476,350	770,515	85,099	662,517	17,488,610
Inventory	254,355	867,482	267,300	370,970	
Debt service		237,659			
Prepays	1,316,475	292,320	625,620	489,015	
Permanent fund					
Unreserved, designated for:					
Subsequent year's budget	796,625	568,011	942,019	1,679,615	
Nonmajor special revenue funds					
Other post employment benefits	5,000,000				
Unreserved, undesignated reported in:					
General fund	57,687,637				
Special revenue funds		15,518,330	13,504,336	18,688,837	
Capital projects funds					(17,772,914)
Total Fund Balances (Deficits)	65,531,442	18,254,317	15,424,374	21,890,954	(284,304)
Total Liabilities and Fund Balances	\$ 67,172,112	\$ 24,389,471	\$ 16,366,083	\$ 32,462,607	\$ 7,729,285

Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 82	\$ 30,157,382	\$ 144,100,607
	2,936,163	5,308,096
	4,068,073	12,408,136
	1,056,257	12,819,552
	1,359,419	8,379,235
	266,676	2,990,106
	45,000	2,002,878
<u>\$ 82</u>	<u>\$ 39,888,970</u>	<u>\$ 188,008,610</u>
\$ 82	\$ 1,756,458	\$ 17,895,556
	1,244,377	12,408,136
	787,734	787,734
<u>82</u>	<u>3,788,569</u>	<u>31,091,426</u>
	898,932	20,382,023
	339,855	2,099,962
		237,659
	266,676	2,990,106
	1,337,867	1,337,867
		3,986,270
	2,490,439	2,490,439
		5,000,000
		57,687,637
	30,766,632	78,478,135
		(17,772,914)
	<u>36,100,401</u>	<u>156,917,184</u>
<u>\$ 82</u>	<u>\$ 39,888,970</u>	<u>\$ 188,008,610</u>

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TOWN OF HEMPSTEAD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
December 31, 2006

Total Fund Balances - Governmental Funds \$ 156,917,184

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	83,479,966	
Capital assets - depreciable	710,745,935	
Accumulated depreciation	<u>(382,730,555)</u>	411,495,346

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds 787,734

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	(308,198,217)	
Compensated absences	(52,442,370)	
Claims and judgments	(20,546,957)	
Estimated liability for landfill closure and postclosure costs	<u>(10,291,638)</u>	(391,479,182)

Prepaid items included in the Statement of Net Assets 3,379,431

Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities - bond premiums and deferred charges.

Deferred charges included in the Statement of Net Assets	2,645,375	
Premiums on debt issuance included in the Statement of Net Assets	(4,359,823)	

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. (5,905,208)

Net Assets of Governmental Activities \$ 173,480,857

TOWN OF HEMPSTEAD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2006

	MAJOR FUNDS				
	General	Highway	Parks	Refuse and Garbage	Capital Projects
REVENUES					
Real property taxes	\$ 16,903,532	\$ 51,939,271	\$ 39,638,914	\$ 78,946,459	
Real property tax items	1,572,465	307,912	230,848	570,158	
Non-property tax items		6,704,777	8,250,000	17,800,000	
Departmental income	6,548,051		2,520,660	10,796,203	
Intergovernmental charges	21,340	18,949	611,912	13,822,864	
Use of money and property	3,821,614	1,369,707	1,423,611	2,021,961	
Licenses and permits	493,371				
Fines and forfeitures	627,472		893		
Sale of property and compensation for loss	87,358	1,136	194,777	845,732	
Miscellaneous revenue	230,579	112,638	271,983	332,891	\$ 8,008
Interfund revenues	39,481,570		22,121,954		
State aid	46,984,454	1,300,000	157,678		3,464,508
Federal aid	25,798				
Total Revenues	<u>116,797,604</u>	<u>61,754,390</u>	<u>75,423,230</u>	<u>125,136,268</u>	<u>3,472,516</u>
EXPENDITURES					
Current:					
General government support	62,254,788				
Education	705,527				
Public safety	7,384,012				
Transportation	1,018,345	23,805,624			
Economic assistance and opportunity	4,750,730				
Culture and recreation	79,727		52,818,025		
Home and community services	9,084,692			99,018,419	
Employee benefits	21,854,700	7,649,810	15,715,378	13,586,370	
Capital Outlay:					
General government support					1,606,619
Public safety					2,076,492
Transportation					21,375,200
Culture and recreation					4,343,672
Home and community services					3,039,344
Debt Service:					
Principal					
Interest					
Bonds issuance costs	99,027				
Total Expenditures	<u>107,231,548</u>	<u>31,455,434</u>	<u>68,533,403</u>	<u>112,604,789</u>	<u>32,441,327</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,566,056</u>	<u>30,298,956</u>	<u>6,889,827</u>	<u>12,531,479</u>	<u>(28,968,811)</u>
Other Financing Sources (Uses)					
Transfers in	287,341	840,461	352,865	56,154	1,410,768
Transfers out	(4,141,565)	(29,498,812)	(4,291,498)	(4,670,903)	(5,240,764)
Debt proceeds					33,914,230
Premiums on debt issuance	620,664	1,089,297	346,432	143,962	
Total Other Financing Sources (Uses)	<u>(3,233,560)</u>	<u>(27,569,054)</u>	<u>(3,592,201)</u>	<u>(4,470,787)</u>	<u>30,084,234</u>
Net Change in Fund Balances	6,332,496	2,729,902	3,297,626	8,060,692	1,115,423
Fund Balance (Deficit) at Beginning of Year	<u>59,198,946</u>	<u>15,524,415</u>	<u>12,126,748</u>	<u>13,830,262</u>	<u>(1,399,727)</u>
Fund Balance (Deficit) at End of Year	<u>\$ 65,531,442</u>	<u>\$ 18,254,317</u>	<u>\$ 15,424,374</u>	<u>\$ 21,890,954</u>	<u>\$ (284,304)</u>

Debt Service Fund	Other Governmental Funds	Total Governmental Funds
	\$ 30,668,026	\$ 218,096,202
	274,615	2,955,998
	6,350,000	39,104,777
	15,835,098	35,700,012
	236,175	14,711,240
	1,910,266	10,547,159
	35,772	529,143
	288,797	917,162
	39,320	1,168,323
	870,759	1,826,858
	698,498	62,302,022
	2,065,914	53,972,554
	14,307,322	14,333,120
	<u>73,580,562</u>	<u>456,164,570</u>
	223,315	62,478,103
		705,527
	15,629,342	23,013,354
	11,578,763	36,402,732
		4,750,730
	5,854,747	58,752,499
	14,395,932	122,499,043
	15,363,441	74,169,699
		1,606,619
		2,076,492
		21,375,200
		4,343,672
		3,039,344
\$ 34,303,645		34,303,645
13,466,557		13,466,557
		99,027
<u>47,770,202</u>	<u>63,045,540</u>	<u>463,082,243</u>
(47,770,202)	10,535,022	(6,917,673)
47,770,202	3,876,367	54,594,158
	(6,750,616)	(54,594,158)
		33,914,230
	222,115	2,422,470
<u>47,770,202</u>	<u>(2,652,134)</u>	<u>36,336,700</u>
-0-	7,882,888	29,419,027
-0-	28,217,513	127,498,157
<u>\$ -0-</u>	<u>\$ 36,100,401</u>	<u>\$ 156,917,184</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, 2006

Net Change in Fund Balances - Total Governmental Funds **\$ 29,419,027**

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

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	27,832,439
Depreciation expense	(22,741,408)

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	(180,962)
Deferred charges	(168,829)

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

Deferred Revenue	(1,121,761)
Unearned Revenue	(2,261,024)

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.

Debt issued	(33,914,230)
Repayment of debt principal	34,303,645
Compensated absences	(3,028,581)
Claims and judgments	(1,024,957)
Estimated liability for landfill closure and postclosure care costs	307,666
Installment purchase debt	21,862
Accrued interest payable	(271,511)
	(271,511)

Change in Net Assets of Governmental Activities **\$ 27,171,376**

TOWN OF HEMPSTEAD
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2006

	Total Agency Funds
<u>ASSETS</u>	
Cash and investments	\$ 19,797,778
Due from other governments	3,696
Total Assets	\$ 19,801,474
<u>Liabilities</u>	
Due to other governments	\$ 19,801,474
Total Liabilities	\$ 19,801,474

TOWN OF HEMPSTEAD
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December 31, 2006

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TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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 and Chief Fiscal Officer of the Town. 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, 2006

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 report 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).

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Eliminations have been made to prevent distortion of the direct costs and program revenues reported. Sales and purchases of goods and services for a price approximating their external value are not eliminated between the funds in the government-wide financial statements.

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. Nonmajor 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:

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. BASIS OF PRESENTATION (continued)

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 nonmajor 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.

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.

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

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:

Town of Hempstead	Merrick-North Merrick
Lido Beach – Point Lookout	

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

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

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

Town of Hempstead Lighting District

Public Parking Districts as follows:

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

Miscellaneous Recreation Fund – is used to account for donations for free shows and concerts in the parks.

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.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. BASIS OF PRESENTATION (continued)

Fund Financial Statements (continued)

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
Greater Atlantic Beach Water	Water District
Reclamation District	

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.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. BASIS OF ACCOUNTING/MEASUREMENT FOCUS (continued)

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

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.

State statutes govern the Town's investment policies. The Town has a written investment policy stating that Town money must be deposited in FDIC-insured commercial banks located within the State. The Town is authorized to use demand accounts and certificates of deposit. Permissible investments include special time deposit accounts, obligations of the United States Treasury and United States agencies, obligations of New York State or its localities.

Collateral is required for demand deposits and time deposits accounts at 105% of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral include obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. ASSETS, LIABILITIES AND FUND EQUITY (continued)

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).

PREPAIDS

Prepays are accounted for under the consumption method and represent funds spent as of December 31, 2006 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
Landfill improvements	30 years
Machinery and equipment	7 years
Infrastructure	
Roads	30 years
Curbs and sidewalks	20 years
Drainage system	30 years
Street lighting	25 years
Improvements and other	20 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 basis over the life of the issue, and are presented net of accumulated amortization.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. ASSETS, LIABILITIES AND FUND EQUITY (continued)

PREMIUMS ON DEBT ISSUANCE

Premiums related to the issuance of long-term debt are amortized on a straight-line basis over the life of the issue and are presented as part of general obligations in the changes in long-term liabilities Note C.4.

DEFERRED REVENUE /UNEARNED REVENUE

Deferred revenue/unearned revenue 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.

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.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. REVENUES AND EXPENDITURES (continued)

REAL PROPERTY TAX ASSESSMENT AND COLLECTION PROCEDURES (continued)

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, exclusive of interfund services provided and used, have been eliminated from the government-wide financial statements. In the funds statements interfund transactions include:

a) Interfund Revenues

Interfund revenues are for 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. Compensated absence liability and expense are reported in governmental funds only if they have matured, for example, as a result of employee resignations, terminations and retirements.

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

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.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. EQUITY CLASSIFICATIONS (continued)

- 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.

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. BUDGETARY DATA

The Town follows the procedures enumerated below in establishing the budgetary date reflected in the financial statements;

- a) On or before September 20th, each department, officer or district submits to the Town Comptroller, a detailed estimate of the budget known as “departmental estimates” for the amount of revenue to be received and expenditures to be made for the ensuing year.
- b) On or before September 30th, the Budget Officer, who is the Supervisor, files with the Town Clerk a tentative budget for the ensuing year.
- c) On or before October 5th, the Town Board reviews the tentative budget and files with the Town Clerk a preliminary budget.
- d) The Town Board conducts a public hearing on the preliminary budget before the end of October. On or before November 20th, the Town Board meets to adopt the budget now known as the “adopted budget”.
- e) Formal budgetary integration is employed during the year as a management control device for the General and certain Special Revenue Funds. The Town Board adopts the budget and establishes legal level of control of the budget at the object level of expenditures. The object level identifies expenditures by the article purchased or service obtained in order to carry out a function. Appropriations are adopted at the object level. All budgetary amendments and transfers of appropriation require Town Board approval. Appropriations for all governmental funds except the Capital Projects Fund lapse at year end.

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

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

1. BUDGETARY DATA (continued)

- f) Budgets for the General and certain Special Revenue Funds are legally adopted for each year. The budgets are adopted on a basis of accounting consistent with GAAP. In the event that actual revenues received exceed budgeted amounts, additional budgetary appropriations are made.
- g) Annual budgets are not prepared for the Capital Projects Fund, Debt Service, Special Grant Fund, Miscellaneous Recreation Fund and Permanent 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.

2. FUND BALANCES

DESIGNATION OF FUND BALANCE

Portions of the unreserved balances at December 31, 2006 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
Nonmajor Funds:			
Town Outside Village	\$ 7,157,567	\$ 428,436	\$ 6,729,131
Special Grant	2,819,334		2,819,334
Fire Protection	1,762,630	110,404	1,652,226
Street Lighting	3,363,153	327,448	3,035,705
Public Parking	3,846,236	8,394	3,837,842
Water	14,210,798	1,614,675	12,596,123
Library Funding	97,353	1,082	96,271
	<u>\$ 33,257,071</u>	<u>\$ 2,490,439</u>	<u>\$ 30,766,632</u>

FUND DEFICITS

Individual funds with unreserved and/or total fund deficits as of December 31, 2006 were as follows:

Fund	Fund Deficit Unreserved and Undesignated	Total Fund Balance (Deficit)
Major Funds:		
Capital Projects Fund	<u>\$ (17,772,914)</u>	<u>\$ (284,304)</u>

The Capital Projects Fund deficit resulted from differences in timing between project expenditures and encumbrances and the recognition of corresponding permanent financing sources. This deficit will be eliminated in the subsequent year with the issuance of long-term bonds.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

C. DETAILED NOTES ON ALL FUNDS

1. CASH AND INVESTMENTS

Custodial Credit Risk – Deposits / Investments – Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, a government may be unable to recover deposits, or recover collateral securities that are in possession of an outside agency. Custodial credit risk for investments exists when, in the event of the failure of the counterparty, a government will not be unable to recover the value of its investments or collateral securities that are in possession of an outside party. The Town does not participate in a multi-municipal cooperation investment pool.

Governmental Accounting Standards Board Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either:

- Uncollateralized
- Collateralized with securities held by the pledging financial institution, or
- Collateralized with securities held by the pledging financial institution's trust department or agent but not in the Town's name

At December 31, 2006 the Town's deposits were \$163,890,286. This amount is inclusive of Fiduciary fund deposits of \$19,797,778 and restricted cash of \$1,337,867 but exclusive of petty cash of \$8,100. The bank balance was \$175,619,640. Of the bank balance, \$1,984,025 was covered by Federal deposit insurance, and \$263,516,667 was covered by collateral held by the Town's agent, a third-party financial institution, in the Town's name.

Credit Risk – State law and Town law limit investments to those authorized by State statutes. The Town has a written investment policy.

Interest-Rate Risk – Interest-rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. Accordingly, such investments would have to be held to maturity to avoid a potential loss.

Concentration of Credit Risk – Credit risk can arise as a result of failure to adequately diversify investments. Concentration risk disclosure is required for positions of 5 percent or more in securities of a single issuer.

As of December 31, 2006 the Town of Hempstead did not have any investments subject to credit risk, interest-rate risk or concentration of credit risk

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

C. DETAILED NOTES ON ALL FUNDS (continued)

2. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At December 31, 2006, 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:

	Receivable	Payable
Primary Government		
<u>Major Funds:</u>		
General Fund	\$ 5,168,543	
Highway		\$ 5,210,542
Parks	3,171,520	
Refuse & Garbage		1,440,469
Capital Projects Fund		4,512,666
Debt Service		82
<u>Nonmajor Funds:</u>		
Town Outside Village	968,073	
Street Lighting	3,100,000	
Water		1,244,377
	\$ 12,408,136	\$ 12,408,136

At December 31, 2006 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.

	Transfer In	Transfer Out
Primary Government		
<u>Major Funds:</u>		
General Fund	\$ 287,341	\$ 4,141,565
Highway	840,461	29,498,812
Parks	352,865	4,291,498
Refuse & Garbage	56,154	4,670,903
Capital Projects Fund	1,410,768	5,240,764
Debt Service	47,770,202	
<u>Nonmajor Funds:</u>		
Town Outside Village		36,737
Special Grant		
Fire Protection		713,516
Street Lighting	505,222	1,117,929
Public Parking	130,579	916,232
Water	3,240,566	3,678,017
Library		
Miscellaneous		218,599
Permanent		69,586
	\$ 54,594,158	\$ 54,594,158

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

C. DETAILED NOTES ON ALL FUNDS (continued)

3. CAPITAL ASSETS

	Balance 1/1/2006	Additions	Deletions	Balance 12/31/2006
Primary government				
Capital assts not being depreciated				
Land - other than landfills	\$ 49,712,153	\$ 865,900		\$ 50,578,053
Landfills	30,668,785			30,668,785
Construction work in progress	14,594,191	1,241,393	\$ 13,602,456	2,233,128
Total capital assets not being depreciated	<u>94,975,129</u>	<u>2,107,293</u>	<u>13,602,456</u>	<u>\$ 83,479,966</u>
Depreciable capital assets				
Infrastructure and improvements other than buildings	518,247,401	29,683,056		547,930,457
Buildings	75,964,504	3,943,486		79,907,990
Improvement to park portion of Merrick landfill	13,406,528	2,333,576		15,740,104
Machinery and equipment	63,799,900	3,367,484		67,167,384
Total depreciable capital assets	<u>671,418,333</u>	<u>39,327,602</u>		<u>710,745,935</u>
Less accumulated depreciation				
Infrastructure and improvements other than buildings	231,273,432	19,333,134		250,606,566
Buildings	75,675,096	12,583		75,687,679
Improvements to park portion of Merrick landfill	1,744,720	524,670		2,269,390
Machinery and equipment	51,295,899	2,871,021		54,166,920
Total accumulated depreciation	<u>\$ 359,989,147</u>	<u>\$ 22,741,408</u>		<u>382,730,555</u>
Total net depreciable capital assets				<u>328,015,380</u>
Total net capital assets				<u>\$ 411,495,346</u>

Depreciation expense was charged to the functions of the primary government as follows:

General government support	\$ 1,371,689
Public safety	38,208
Transportation	16,989,837
Economic assistance and opportunity	6,656
Culture and recreation	3,882,115
Home and community services	<u>452,903</u>
Total governmental activities depreciation expense	<u>\$ 22,741,408</u>

The Town of Hempstead evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The Town's policy is to record an impairment loss in the period when the Town determines that the carrying amount of the asset will not be recoverable. At December 31, 2006, the Town has not recorded any such impairment losses.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

C. DETAILED NOTES ON ALL FUNDS (continued)

3. CAPITAL ASSETS (continued)

	Balance 1/1/2006	Additions	Deletions	Balance 12/31/2006
Discretely Presented Component Units				
Capital assets not being depreciated				
Land	\$ 263,098			\$ 263,098
Construction in progress	6,152,469	\$ 21,850	\$ 6,029,919	144,400
Total capital assets not being depreciated	6,415,567	21,850	6,029,919	407,498
Depreciable capital assets				
Buildings	12,186,511	6,479,988		18,666,499
Improvements other than buildings	220,041	6,636		226,677
Machinery and equipment	6,917,397	577,319	197,715	7,297,001
Infrastructure	13,759,691	3		13,759,694
Total depreciable capital assets	33,083,640	7,063,946	197,715	39,949,871
Less total accumulated depreciation	\$ 15,006,979	\$ 886,353	\$ 11,425	15,881,907
Total net depreciable capital assets				24,067,964
Total net capital assets				<u>\$ 24,475,462</u>

4. INDEBTEDNESS

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 for tax revenues of the areas benefited. Interest rates of these bonds vary from 3.13% to 6.32%.

Future principal and interest payments to maturity are as follows:

Primary Government:

Years Ending December 31,				Total Principal and Interest
		Principal	Interest	
2007	\$	34,528,873	\$ 14,315,904	\$ 48,844,777
2008		35,532,186	12,087,742	47,619,928
2009		36,973,432	10,521,348	47,494,780
2010		38,493,486	8,878,900	47,372,386
2011		31,463,147	7,362,847	38,825,994
2012-2016		103,512,491	18,502,992	122,015,483
2017-2018		27,694,602	1,485,437	29,180,039
		<u>\$ 308,198,217</u>	<u>\$ 73,155,170</u>	<u>\$ 381,353,387</u>

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

C. DETAILED NOTES ON ALL FUNDS (continued)

4. INDEBTEDNESS (continued)

Component Units:

Years Ending December 31,		Principal		Interest		Total Principal and Interest
2007		\$ 991,834		\$ 417,295		\$ 1,409,129
2008		932,157		381,956		1,314,113
2009		965,384		342,387		1,307,771
2010		994,737		298,934		1,293,671
2011		914,982		260,524		1,175,506
2012-2016		3,419,226		797,571		4,216,797
2017-2018		1,485,398		108,114		1,593,512
		<u>\$ 9,703,718</u>		<u>\$ 2,606,781</u>		<u>\$ 12,310,499</u>

Prior-Year Defeasance of Debt

In prior years the Town of Hempstead defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payment on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At December 31, 2006, \$61,265,000 of outstanding bonds are considered defeased.

Changes in Long-term Liabilities

Long term liability activity for the year ended December 31, 2006 is as follows:

	Beginning Balance 1/1/2006	Additions	Reductions	Ending Balance 12/31/2006	Non-current liabilities due within one year	Non-current liabilities
Primary Government:						
Bonds Payable						
General obligation bonds	\$ 308,587,632	\$ 33,914,230	\$ 34,303,645	\$ 308,198,217	\$ 34,528,873	\$ 273,669,344
Plus premiums on issuance	2,098,799	2,422,470	161,446	4,359,823	363,319	3,996,504
Total Bonds Payable	310,686,431	36,336,700	34,465,091	312,558,040	34,892,192	277,665,848
Compensated absences	49,413,789	18,954,243	15,925,662	52,442,370	1,627,149	50,815,221
Claims and judgments	19,522,000	1,098,000	73,043	20,546,957	7,431,750	13,115,207
Estimated liability for landfill closure and postclosure care costs	10,599,304		307,666	10,291,638	307,666	9,983,972
Installment purchase debt	21,862		21,862			
Total non-current liabilities	<u>\$ 390,243,386</u>	<u>\$ 56,388,943</u>	<u>\$ 50,793,324</u>	<u>\$ 395,839,005</u>	<u>\$ 44,258,757</u>	<u>\$ 351,580,248</u>
Component Units:						
General obligation bonds	\$ 10,656,196		\$ 952,478	\$ 9,703,718	\$ 991,834	\$ 8,711,884
Compensated absences	872,695		6,087	866,608	125,584	741,024
Installment purchase debt		\$ 6,752		6,752	2,435	4,317
Total non-current liabilities	<u>\$ 11,528,891</u>	<u>\$ 6,752</u>	<u>\$ 958,565</u>	<u>\$ 10,577,078</u>	<u>\$ 1,119,853</u>	<u>\$ 9,457,225</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, 2006

C. DETAILED NOTES ON ALL FUNDS (continued)

5. 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.

Contributions consist of a group term life insurance portion (GTLI) and a regular pension contribution. Contribution rates for the plan year ended March 31, 2006 are as follows:

<u>Tier/Plan/Option</u>	<u>Rate</u>
1 75I/41J	13.3%
2 75I/41J	12.2%
3 A14/41J	9.8%
4 A15/41J	9.8%

The Town is required to contribute at an actuarially determined rate. The actual contributions were equal to 100 percent of 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.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

C. DETAILED NOTES ON ALL FUNDS (continued)

5. RETIREMENT SYSTEM (continued)

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

Annual Required Contribution - ERS				
Amount	% of Covered Payroll	Early Retirement Incentive	Credits & Miscellaneous Adjustments	Total Payment
2006 \$ 13,517,723	10.42%		\$ (104,703)	\$ 13,413,020
2005 14,241,571	11.18%		232,183	14,473,754
2004 15,548,679	12.66%	\$ 311,243	10,258	15,870,180

6. 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 \$3,331,476 for 1,273 retirees and \$206,040 for 256 survivors for the 2006 year) as expenditure in the year paid.

7. 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 statement 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, 2006 the value of the accumulated vacation time and sick leave was \$52,442,370 for the primary government. The liability for compensated absences for the component units amounted to \$866,608.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

C. DETAILED NOTES ON ALL FUNDS (continued)

8. PERMANENT FUND

The Town of Hempstead maintains the Greenfield Cemetery pursuant to Chapter 663 of the Laws of New York 1964 amending the Chapter 273 of the Laws of New York 1939. Pursuant to Article 3 § 276.0 the trustees of the Greenfield cemetery transferred to the Town of Hempstead all funds, securities and other items of personal and real property. The Town of Hempstead maintains Greenfield Cemetery in accordance with Article 3 § 278.0 and § 279.0. Interest earnings are transferred to the General Fund for the sole use of maintaining the Greenfield Cemetery. The amount of interest earnings transferred to the General Fund at December 31, 2006 is \$69,586. The amount of total net assets restricted as nonexpendable, in the Permanent Fund, for the Greenfield Cemetery at December 31, 2006 is \$1,337,867.

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 \$20,546,957. 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, 2006

D. COMMITMENTS AND CONTINGENCIES (continued)

1. RISK RETENTION (continued)

	Workers' Compensation		General Liability	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Unpaid claims and claim adjustment expenditures at the beginning of the year	\$ 17,718,000	\$ 16,389,000	\$ 1,804,000	\$ 1,868,266
Insured 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>7,979,260</u>	<u>8,796,867</u>	<u>985,786</u>	<u>1,161,957</u>
Total incurred claims and claim adjustment expenditures	<u>7,979,260</u>	<u>8,796,867</u>	<u>985,786</u>	<u>1,161,957</u>
Payments				
Claim and claim adjustment expenditures attributable to insured events of the current and prior years.	<u>6,881,260</u>	<u>7,467,867</u>	<u>1,058,829</u>	<u>1,226,223</u>
Total unpaid Claims and Claim adjustment expenditures at the end of the year.	<u>\$ 18,816,000</u>	<u>\$ 17,718,000</u>	<u>\$ 1,730,957</u>	<u>\$ 1,804,000</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 regarding utility garbage taxes for approximately \$15,000,000. The New York State Court of Appeals recently ruled against a neighboring Town on a similar case. It should be noted that there are legal issues in the Town of Hempstead suit not litigated in the other Town that could lead to a more favorable result.

In addition, the municipalities involved in these lawsuits are pursuing legislation in Albany that could substantially reduce the Town's liability. The lawsuit against the Town is in the discovery stages and is most likely several years from resolution. As of December 31, 2006, no liability has been recorded in the financial statements on this matter.

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, 2006

D. COMMITMENTS AND CONTINGENCIES (continued)

3. RESOURCE RECOVERY FACILITY (continued)

Refuse Disposal District

Pursuant to the Service Agreement among the Town, the Town of Hempstead Refuse Disposal District, and American Ref-Fuel Company of Hempstead the Town has incurred several contingent liabilities with respect to the operation of the resource recovery facility,

The Town has obligated itself to deliver acceptable solid waste to the facility of not less than 540,000 tons per year as well as 200,000 tons per year of Brookhaven Waste. In the event the guaranteed tonnage is not delivered to the Facility, the Town is obligated to pay the Guaranteed Tonnage shortfall Delivery Adjustment.

The Town has entered into an Intergovernmental Municipal Agreement (IMA) with the Town of Brookhaven to provide 200,000 tons of Brookhaven waste a year to the Hempstead resource recovery facility. The Town of Hempstead does not budget for this in the fund financial statements. Under certain conditions the Town of Brookhaven retains the right to terminate the IMA. The government-wide statements reflect the effect of this agreement, recorded net.

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, 2006 the Town has recorded a liability of \$10,291,638, 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, 2006 has funds restricted for capital acquisitions and improvements of \$17,488,610 in the Capital Projects Fund.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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, 2006:

Condensed Statement of Net Assets:

	Assets		Liabilities		Net Assets		
	Current and Other Assets	Capital Assets Net of Depreciation	Current Liabilities	Bonds and Other Long-Term Liabilities	Investment in Capital Assets Net of related debt	Restricted	Unrestricted
Lakeville Public Library District	\$ 531,018	\$ 2,397,201	\$ 164,363	\$ 941,554	\$ 1,346,241	\$ 1,000	\$ 475,061
Roosevelt Public Library District	619,574	2,956,848	170,279	360,583	2,551,848	309,509	184,203
Uniondale Public Library District	1,392,862	6,617,332	557,929	4,723,028	1,787,873	21,589	919,775
Cathedral Gardens Water District	451,043		13,045			235,717	202,281
Franklin Square Water District	2,505,907	1,195,402	215,764	673,377	1,060,357	12,899	1,738,912
West Hempstead - Hempstead Gardens Water District	1,888,635	8,350,202	546,281	1,300,448	6,975,785	1,416,323	
Greater Atlantic Beach Water Reclamation District	494,051	2,958,477	268,440	1,522,657	1,428,477		232,954
	<u>\$ 7,883,090</u>	<u>\$ 24,475,462</u>	<u>\$ 1,936,101</u>	<u>\$ 9,521,647</u>	<u>\$ 15,150,581</u>	<u>\$ 1,997,037</u>	<u>\$ 3,753,186</u>

Condensed Statement of Activities:

	Program		General Revenue			Net Assets		
	Expenses	Charges for Services	Net Expense (Revenue)	Property Tax	Other	Change	1/1/2006	12/31/2006
Lakeville Public Library District	\$ 686,262	\$ 4,300	\$ 681,962	\$ 931,495	\$ 24,565	\$ 274,098	\$ 1,548,204	\$ 1,822,302
Roosevelt Public Library District	1,594,726	66,125	1,528,601	1,935,258	18,267	424,924	2,620,636	3,045,560
Uniondale Public Library District	2,755,290	23,689	2,731,601	2,954,672	95,652	318,723	2,410,514	2,729,237
Cathedral Gardens Water District	80,130		80,130	36,400	22,684	(21,046)	459,044	437,998
Franklin Square Water District	1,958,229	1,214,425	743,804	944,576	169,833	370,605	2,441,563	2,812,168
West Hempstead - Hempstead Gardens Water District	3,390,226	1,639,047	1,751,179	1,338,556	294,702	(117,921)	8,510,029	8,392,108
Greater Atlantic Beach Water Reclamation District	1,481,885		1,481,885	1,416,310	17,025	(48,550)	1,709,981	1,661,431
	<u>\$ 11,946,748</u>	<u>\$ 2,947,586</u>	<u>\$ 8,999,162</u>	<u>\$ 9,557,267</u>	<u>\$ 642,728</u>	<u>\$ 1,200,833</u>	<u>\$ 19,699,971</u>	<u>\$ 20,900,804</u>

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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 Westminster Road
West Hempstead, NY 11552 |
| 5. Franklin Square Water District
P.O. Box 177
Franklin Square, NY 11570 | 6. West Hempstead - Hempstead Gardens
Water District
575 Birch Street
W. Hempstead, NY 11552 |
| 7. Greater Atlantic Beach Water
Reclamation District
2150 Bay Blvd.
Atlantic Beach, NY 11509 | |

F. SUBSEQUENT EVENTS

New Pronouncements:

The GASB issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, which provides guidance on all aspects of Other Postemployment Benefits (OPEB) reporting by employers. The requirements of this statement are effective for fiscal periods beginning after December 15, 2006 for governments with annual revenues of \$100 million or more. The Town of Hempstead will implement the new pronouncements when effective. The effects of Statement No. 45 on the financial statements have not been determined.

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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. 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 revenues, expenditures and changes in fund balances – 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, 2006

	Budgeted Amounts		Actual	Encum- brances	Variance with Final Budget
	Original	Final			
REVENUES					
Real property taxes	\$ 16,895,353	\$ 16,895,353	\$ 16,903,532		\$ 8,179
Real property tax items	2,550,000	2,550,000	1,572,465		(977,535)
Departmental income	6,003,150	6,003,150	6,548,051		544,901
Intergovernmental charges	41,000	41,000	21,340		(19,660)
Use of money and property	2,152,000	2,152,000	3,821,614		1,669,614
Licenses and permits	456,200	456,200	493,371		37,171
Fines and forfeitures	475,000	475,000	627,472		152,472
Sale of property and compensation for loss	60,000	60,000	87,358		27,358
Miscellaneous revenue	300,000	310,000	230,579		(79,421)
Interfund revenues	39,480,646	39,480,646	39,481,570		924
State aid	40,350,000	40,350,000	46,984,454		6,634,454
Federal aid			25,798		25,798
Total Revenues	<u>108,763,349</u>	<u>108,773,349</u>	<u>116,797,604</u>		<u>8,024,255</u>
EXPENDITURES					
Current:					
General government support	63,738,733	64,131,325	62,254,788	\$ 419,760	1,456,777
Education	1,000,000	1,000,000	705,527		294,473
Public safety	7,588,928	7,588,928	7,384,012	16,603	188,313
Transportation	977,687	1,019,114	1,018,345	488	281
Economic assistance and opportunity	5,034,583	5,034,583	4,750,730	12,511	271,342
Culture and recreation	95,000	95,000	79,727		15,273
Home and community services	9,458,381	9,458,381	9,084,692	26,988	346,701
Employee benefits	23,002,329	23,075,629	21,854,700		1,220,929
Debt service:					
Bond issuance costs			99,027		(99,027)
Total Expenditures	<u>110,895,641</u>	<u>111,402,960</u>	<u>107,231,548</u>	<u>476,350</u>	<u>3,695,062</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>(2,132,292)</u>	<u>(2,629,611)</u>	<u>9,566,056</u>	<u>(476,350)</u>	<u>11,719,317</u>
Other Financing Sources (Uses)					
Transfers in			287,341		287,341
Transfers out	(4,098,692)	(4,105,862)	(4,141,565)		(35,703)
Premiums of debt issuance			620,664		620,664
Total Other Financing Sources (Uses)	<u>(4,098,692)</u>	<u>(4,105,862)</u>	<u>(3,233,560)</u>		<u>872,302</u>
Net Change in Fund Balances	<u>\$ (6,230,984)</u>	<u>\$ (6,735,473)</u>	<u>6,332,496</u>	<u>\$ (476,350)</u>	<u>\$ 12,591,619</u>
Fund Balances at Beginning of Year			<u>59,198,946</u>		
Fund Balances at End of Year			<u>\$ 65,531,442</u>		

TOWN OF HEMPSTEAD
HIGHWAY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2006

	Budgeted Amounts		Actual	Encumbrances	Variance with Final Budget
	Original	Final			
REVENUES					
Real property taxes	\$ 51,939,271	\$ 51,939,271	\$ 51,939,271		\$ -0-
Real property tax items	205,000	205,000	307,912		102,912
Non-property tax items	9,350,000	9,350,000	6,704,777		(2,645,223)
Intergovernmental charges	6,500	6,500	18,949		12,449
Use of money and property	543,750	543,750	1,369,707		825,957
Sale of property and compensation for loss			1,136		1,136
Miscellaneous revenue	325,000	325,000	112,638		(212,362)
State aid	265,729	265,729	1,300,000		1,034,271
Total Revenues	<u>62,635,250</u>	<u>62,635,250</u>	<u>61,754,390</u>		<u>(880,860)</u>
EXPENDITURES					
Current:					
Transportation	26,603,333	26,603,333	23,805,624	\$ 770,515	2,027,194
Employee benefits	8,342,960	8,342,960	7,649,810		693,150
Total Expenditures	<u>34,946,293</u>	<u>34,946,293</u>	<u>31,455,434</u>	<u>770,515</u>	<u>2,720,344</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>27,688,957</u>	<u>27,688,957</u>	<u>30,298,956</u>	<u>(770,515)</u>	<u>1,839,484</u>
Other Financing Sources (Uses)					
Transfers in	1,600,000	1,600,000	840,461		(759,539)
Transfers out	(29,498,814)	(29,498,814)	(29,498,812)		2
Premiums of debt issuance			1,089,297		1,089,297
Total Other Financing Sources (Uses)	<u>(27,898,814)</u>	<u>(27,898,814)</u>	<u>(27,569,054)</u>		<u>329,760</u>
Net Change in Fund Balances	<u>\$ (209,857)</u>	<u>\$ (209,857)</u>	<u>2,729,902</u>	<u>\$ (770,515)</u>	<u>\$ 2,169,244</u>
Fund Balances at Beginning of Year			<u>15,524,415</u>		
Fund Balances at End of Year			<u>\$ 18,254,317</u>		

TOWN OF HEMPSTEAD
PARKS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2006

	Budgeted Amounts		Actual	Encum- brances	Variance with Final Budget
	Original	Final			
REVENUES					
Real property taxes	\$ 39,638,914	\$ 39,638,914	\$ 39,638,914		\$ -0-
Real property tax items	153,505	153,505	230,848		77,343
Non-property tax items	7,750,000	7,750,000	8,250,000		500,000
Departmental income	2,351,250	2,351,250	2,520,660		169,410
Intergovernmental charges	722,811	722,811	611,912		(110,899)
Use of money and property	720,351	720,351	1,423,611		703,260
Fines and forfeitures			893		893
Sale of property and compensation for loss	9,500	28,676	194,777		166,101
Miscellaneous revenue	150,000	150,000	271,983		121,983
Interfund revenues	22,121,954	22,121,954	22,121,954		-0-
State aid	225,000	225,000	157,678		(67,322)
Total Revenues	<u>73,843,285</u>	<u>73,862,461</u>	<u>75,423,230</u>		<u>1,560,769</u>
EXPENDITURES					
Current:					
Culture and recreation	53,804,613	53,917,640	52,818,025	\$ 85,099	1,014,516
Employee benefits	16,785,415	16,692,815	15,715,378		977,437
Total Expenditures	<u>70,590,028</u>	<u>70,610,455</u>	<u>68,533,403</u>	<u>85,099</u>	<u>1,991,953</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,253,257</u>	<u>3,252,006</u>	<u>6,889,827</u>	<u>(85,099)</u>	<u>3,552,722</u>
Other Financing Sources (Uses)					
Transfers in			352,865		352,865
Transfers out	(4,291,503)	(4,291,503)	(4,291,498)		5
Premiums of debt issuance			346,432		346,432
Total Other Financing Sources (Uses)	<u>(4,291,503)</u>	<u>(4,291,503)</u>	<u>(3,592,201)</u>		<u>699,302</u>
Net Change in Fund Balances	<u>\$ (1,038,246)</u>	<u>\$ (1,039,497)</u>	<u>3,297,626</u>	<u>\$ (85,099)</u>	<u>\$ 4,252,024</u>
Fund Balances at Beginning of Year			<u>12,126,748</u>		
Fund Balances at End of Year			<u>\$ 15,424,374</u>		

TOWN OF HEMPSTEAD
REFUSE AND GARBAGE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2006

	Budgeted Amounts		Actual	Encum- brances	Variance with Final Budget
	Original	Final			
REVENUES					
Real property taxes	\$ 78,998,459	\$ 78,998,459	\$ 78,946,459		\$ (52,000)
Real property tax items	347,750	347,750	570,158		222,408
Non-property tax items	16,325,000	16,325,000	17,800,000		1,475,000
Departmental income	14,025,000	14,025,000	10,796,203		(3,228,797)
Intergovernmental charges	12,200,000	12,200,000	13,822,864		1,622,864
Use of money and property	749,500	749,500	2,021,961		1,272,461
Sale of property and compensation for loss	1,131,500	1,131,500	845,732		(285,768)
Miscellaneous revenue	490,000	490,000	332,891		(157,109)
Total Revenues	<u>124,267,209</u>	<u>124,267,209</u>	<u>125,136,268</u>		<u>869,059</u>
EXPENDITURES					
Current:					
Home and community services	106,202,692	106,202,692	99,018,419	\$ 662,517	6,521,756
Employee benefits	14,151,493	14,151,493	13,586,370		565,123
Total Expenditures	<u>120,354,185</u>	<u>120,354,185</u>	<u>112,604,789</u>	<u>662,517</u>	<u>7,086,879</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>3,913,024</u>	<u>3,913,024</u>	<u>12,531,479</u>	<u>(662,517)</u>	<u>7,955,938</u>
Other Financing Sources (Uses)					
Transfers in			56,154		56,154
Transfers out	(4,873,614)	(4,873,614)	(4,670,903)		202,711
Premiums of debt issuance			143,962		143,962
Total Other Financing Sources (Uses)	<u>(4,873,614)</u>	<u>(4,873,614)</u>	<u>(4,470,787)</u>		<u>402,827</u>
Net Change in Fund Balances	<u>\$ (960,590)</u>	<u>\$ (960,590)</u>	<u>8,060,692</u>	<u>\$ (662,517)</u>	<u>\$ 8,358,765</u>
Fund Balances at Beginning of Year			<u>13,830,262</u>		
Fund Balances at End of Year			<u>\$ 21,890,954</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
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2006

	Town Outside Village	Special Grant	Fire Protection
ASSETS			
Cash and investments	\$ 6,483,271	\$ 2,209,768	\$ 1,784,684
Accounts receivable	787,735		74,354
Due from other funds	968,073		
Due from other governments	63,070	993,187	
Inventory	20,611		
Prepays	155,722		
Other assets	25,000		
Total Assets	<u>\$ 8,503,482</u>	<u>\$ 3,202,955</u>	<u>\$ 1,859,038</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 233,973	\$ 383,621	\$ 96,408
Due to other funds			
Deferred revenue	<u>787,734</u>		
Total Liabilities	<u>1,021,707</u>	<u>383,621</u>	<u>96,408</u>
FUND BALANCES			
Reserved:			
Encumbrances	163,333		
Inventory	5,153		
Prepays	155,722		
Permanent Fund			
Unreserved, designated for:			
Subsequent year's budget	428,436		110,404
Unreserved, undesignated	<u>6,729,131</u>	<u>2,819,334</u>	<u>1,652,226</u>
Total Fund Balances	<u>7,481,775</u>	<u>2,819,334</u>	<u>1,762,630</u>
Total Liabilities and Fund Balances	<u>\$ 8,503,482</u>	<u>\$ 3,202,955</u>	<u>\$ 1,859,038</u>

Special Revenue Funds					Permanent Fund	Total Nonmajor Governmental Funds
Street Lighting	Public Parking	Water	Library Funding	Miscellaneous Recreation	Permanent Fund	
\$ 434,117	\$ 4,135,891	\$ 13,369,206	\$ 402,578		\$ 1,337,867	\$ 30,157,382
3,100,000		2,074,074				2,936,163
727,165		611,643				4,068,073
	2,732	108,222				1,056,257
		20,000				1,359,419
						266,676
						45,000
<u>\$ 4,261,282</u>	<u>\$ 4,138,623</u>	<u>\$ 16,183,145</u>	<u>\$ 402,578</u>	<u>\$ -0-</u>	<u>\$ 1,337,867</u>	<u>\$ 39,888,970</u>
\$ 461,327	\$ 19,730	\$ 256,174	\$ 305,225			\$ 1,756,458
		1,244,377				1,244,377
						787,734
<u>461,327</u>	<u>19,730</u>	<u>1,500,551</u>	<u>305,225</u>			<u>3,788,569</u>
255,011	269,925	210,663				898,932
181,791		152,911				339,855
	2,732	108,222				266,676
					1,337,867	1,337,867
327,448	8,394	1,614,675	1,082			2,490,439
3,035,705	3,837,842	12,596,123	96,271			30,766,632
<u>3,799,955</u>	<u>4,118,893</u>	<u>14,682,594</u>	<u>97,353</u>		<u>1,337,867</u>	<u>36,100,401</u>
<u>\$ 4,261,282</u>	<u>\$ 4,138,623</u>	<u>\$ 16,183,145</u>	<u>\$ 402,578</u>	<u>\$ -0-</u>	<u>\$ 1,337,867</u>	<u>\$ 39,888,970</u>

TOWN OF HEMPSTEAD
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
Year ended December 31, 2006

	Town Outside Village	Special Grant	Fire Protection
Revenues			
Real property taxes	\$ 9,567,865		\$ 5,288,976
Real property tax items	53,080		31,385
Non-property tax items	1,000,000		
Departmental income	7,703,875	\$ 35,664	
Intergovernmental charges			
Use of money and property	375,610	101,318	5,426
Licenses and permits			
Fines and forfeitures	287,097	1,700	
Sale of property and compensation for loss	100	27,030	
Miscellaneous revenue	79,367	578,834	209,312
Interfund revenues			
State aid	2,065,914		
Federal aid		14,307,322	
Total Revenues	<u>21,132,908</u>	<u>15,051,868</u>	<u>5,535,099</u>
Expenditures			
Current:			
General government support	223,315		
Public safety	11,443,901		4,185,441
Transportation	332,569		
Culture and recreation	1,931	4,836,679	
Home and community services	3,527,253		
Employee benefits	3,876,779	8,691,609	438,008
Total Expenditures	<u>19,405,748</u>	<u>13,528,288</u>	<u>4,623,449</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,727,160</u>	<u>1,523,580</u>	<u>911,650</u>
Other Financing Sources (Uses)			
Transfers in			
Transfers out	(36,737)		(713,516)
Premiums on debt issuance	10,185		
Total Other Financing Sources (Uses)	<u>(26,552)</u>		<u>(713,516)</u>
Net Change in Fund Balances	1,700,608	1,523,580	198,134
Fund Balances at Beginning of Year	5,781,167	1,295,754	1,564,496
Fund Balances at End of Year	<u>\$ 7,481,775</u>	<u>\$ 2,819,334</u>	<u>\$ 1,762,630</u>

Special Revenue Funds					Permanent Fund	Total Nonmajor Governmental Funds
Street Lighting	Public Parking	Water	Library Funding	Miscellaneous Recreation	Permanent Fund	
\$ 8,654,978	\$ 1,577,419	\$ 4,607,044	\$ 971,744			\$ 30,668,026
54,082	22,519	113,549				274,615
3,100,000		2,250,000				6,350,000
	12,749	8,082,810				15,835,098
		236,175				236,175
66,800	175,997	1,115,529			\$ 69,586	1,910,266
		35,772				35,772
		12,190				288,797
	30	3,216				39,320
	655,023	43,475				870,759
						698,498
						2,065,914
						14,307,322
<u>11,875,860</u>	<u>2,443,737</u>	<u>16,499,760</u>	<u>971,744</u>		<u>69,586</u>	<u>73,580,562</u>
						223,315
						15,629,342
9,742,917	1,503,277		1,016,137			11,578,763
		10,868,679				5,854,747
	91,466	2,265,579				14,395,932
<u>9,742,917</u>	<u>1,594,743</u>	<u>13,134,258</u>	<u>1,016,137</u>			<u>15,363,441</u>
						63,045,540
<u>2,132,943</u>	<u>848,994</u>	<u>3,365,502</u>	<u>(44,393)</u>		<u>69,586</u>	<u>10,535,022</u>
						3,876,367
505,222	130,579	3,240,566				(6,750,616)
(1,117,929)	(916,232)	(3,678,017)		\$ (218,599)	(69,586)	222,115
	169,787	42,143				(2,652,134)
<u>(612,707)</u>	<u>(615,866)</u>	<u>(395,308)</u>		<u>(218,599)</u>	<u>(69,586)</u>	
1,520,236	233,128	2,970,194	(44,393)	(218,599)	-0-	7,882,888
2,279,719	3,885,765	11,712,400	141,746	218,599	1,337,867	28,217,513
<u>\$ 3,799,955</u>	<u>\$ 4,118,893</u>	<u>\$ 14,682,594</u>	<u>\$ 97,353</u>	<u>\$ -0-</u>	<u>\$ 1,337,867</u>	<u>\$ 36,100,401</u>

TOWN OF HEMPSTEAD
GENERAL TOWN OUTSIDE VILLAGE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2006

	Budgeted Amounts		Actual	Encum- brances	Variance with Final Budget
	Original	Final			
REVENUES					
Real property taxes	\$ 9,569,805	\$ 9,569,805	\$ 9,567,865		\$ (1,940)
Real property tax items	35,500	35,500	53,080		17,580
Non-property tax items	1,000,000	1,000,000	1,000,000		-0-
Departmental income	6,550,000	6,551,500	7,703,875		1,152,375
Use of money and property	85,900	85,900	375,610		289,710
Fines & forfeitures	314,000	314,000	287,097		(26,903)
Sale of property and compensation for loss	750	750	100		(650)
Miscellaneous revenue	50,000	66,550	79,367		12,817
State aid	2,600,000	2,600,000	2,065,914		(534,086)
Total Revenues	<u>20,205,955</u>	<u>20,224,005</u>	<u>21,132,908</u>		<u>908,903</u>
EXPENDITURES					
Current:					
General government support	455,264	455,264	223,315		231,949
Public safety	11,691,484	11,923,054	11,443,901	\$ 95,363	383,790
Transportation	400,000	400,000	332,569		67,431
Culture and recreation	4,000	4,000	1,931		2,069
Home and community services	3,620,097	3,698,159	3,527,253	67,970	102,936
Employee benefits	4,112,141	4,057,091	3,876,779		180,312
Total Expenditures	<u>20,282,986</u>	<u>20,537,568</u>	<u>19,405,748</u>	<u>163,333</u>	<u>968,487</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(77,031)</u>	<u>(313,563)</u>	<u>1,727,160</u>	<u>(163,333)</u>	<u>1,877,390</u>
Other Financing Sources (Uses)					
Transfers out	(36,738)	(36,738)	(36,737)		1
Premiums of debt issuance			10,185		10,185
Total Other Financing Sources (Uses)	<u>(36,738)</u>	<u>(36,738)</u>	<u>(26,552)</u>		<u>10,186</u>
Net Change in Fund Balances	<u>\$ (113,769)</u>	<u>\$ (350,301)</u>	<u>1,700,608</u>	<u>\$ (163,333)</u>	<u>\$ 1,887,576</u>
Fund Balances at Beginning of Year			<u>5,781,167</u>		
Fund Balances at End of Year			<u>\$ 7,481,775</u>		

TOWN OF HEMPSTEAD
FIRE PROTECTION DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 5,288,976	\$ 5,288,976	\$ 5,288,976	\$ -0-
Real property tax items	23,465	23,465	31,385	7,920
Use of money and property			5,426	5,426
Miscellaneous revenue			209,312	209,312
Total Revenues	<u>5,312,441</u>	<u>5,312,441</u>	<u>5,535,099</u>	<u>222,658</u>
EXPENDITURES				
Current:				
Public safety	4,163,068	4,232,431	4,185,441	46,990
Employee benefits	626,000	559,544	438,008	121,536
Total Expenditures	<u>4,789,068</u>	<u>4,791,975</u>	<u>4,623,449</u>	<u>168,526</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>523,373</u>	<u>520,466</u>	<u>911,650</u>	<u>391,184</u>
Other Financing Sources (Uses)				
Transfers out	(713,516)	(713,516)	(713,516)	-0-
Total Other Financing Sources (Uses)	<u>(713,516)</u>	<u>(713,516)</u>	<u>(713,516)</u>	<u>-0-</u>
Net Change in Fund Balances	<u>\$ (190,143)</u>	<u>\$ (193,050)</u>	198,134	<u>\$ 391,184</u>
Fund Balances at Beginning of Year			<u>1,564,496</u>	
Fund Balances at End of Year			<u>\$ 1,762,630</u>	

TOWN OF HEMPSTEAD
STREET LIGHTING DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2006

	Budgeted Amounts		Actual	Encum- brances	Variance with Final Budget
	Original	Final			
REVENUES					
Real property taxes	\$ 8,654,978	\$ 8,654,978	\$ 8,654,978		\$ -0-
Real property tax items	34,500	34,500	54,082		19,582
Non-property tax items	1,000,000	1,000,000	3,100,000		2,100,000
Use of money and property	44,250	44,250	66,800		22,550
Total Revenues	<u>9,733,728</u>	<u>9,733,728</u>	<u>11,875,860</u>		<u>2,142,132</u>
EXPENDITURES					
Current:					
Transportation	9,552,671	10,036,004	9,742,917	\$ 255,011	38,076
Total Expenditures	<u>9,552,671</u>	<u>10,036,004</u>	<u>9,742,917</u>	<u>255,011</u>	<u>38,076</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>181,057</u>	<u>(302,276)</u>	<u>2,132,943</u>	<u>(255,011)</u>	<u>2,180,208</u>
Other Financing Sources (Uses)					
Transfers in			505,222		505,222
Transfers out	(1,117,929)	(1,117,929)	(1,117,929)		-0-
Total Other Financing Sources (Uses)	<u>(1,117,929)</u>	<u>(1,117,929)</u>	<u>(612,707)</u>		<u>505,222</u>
Net Change in Fund Balances	<u>\$ (936,872)</u>	<u>\$ (1,420,205)</u>	<u>1,520,236</u>	<u>\$ (255,011)</u>	<u>\$ 2,685,430</u>
Fund Balances at Beginning of Year			<u>2,279,719</u>		
Fund Balances at End of Year			<u>\$ 3,799,955</u>		

TOWN OF HEMPSTEAD
PUBLIC PARKING DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2006

	Budgeted Amounts		Actual	Encum- brances	Variance with Final Budget
	Original	Final			
REVENUES					
Real property taxes	\$ 1,577,419	\$ 1,577,419	\$ 1,577,419		\$ -0-
Real property tax items	4,040	4,040	22,519		18,479
Departmental income	12,500	12,500	12,749		249
Use of money and property	63,465	63,465	175,997		112,532
Miscellaneous revenue			30		30
Interfund revenues	655,023	655,023	655,023		-0-
Total Revenues	<u>2,312,447</u>	<u>2,312,447</u>	<u>2,443,737</u>		<u>131,290</u>
EXPENDITURES					
Current:					
Transportation	1,588,620	1,801,526	1,503,277	\$ 269,925	28,324
Employee benefits	101,898	91,467	91,466		1
Total Expenditures	<u>1,690,518</u>	<u>1,892,993</u>	<u>1,594,743</u>	<u>269,925</u>	<u>28,325</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	<u>621,929</u>	<u>419,454</u>	<u>848,994</u>	<u>(269,925)</u>	<u>159,615</u>
Other Financing Sources (Uses)					
Transfers in			130,579		130,579
Transfers out	(915,907)	(916,237)	(916,232)		5
Premiums of debt issuance			169,787		169,787
Total Other Financing Sources (Uses)	<u>(915,907)</u>	<u>(916,237)</u>	<u>(615,866)</u>		<u>300,371</u>
Net Change in Fund Balances	<u>\$ (293,978)</u>	<u>\$ (496,783)</u>	233,128	<u>\$ (269,925)</u>	<u>\$ 459,986</u>
Fund Balances at Beginning of Year			<u>3,885,765</u>		
Fund Balances at End of Year			<u>\$ 4,118,893</u>		

TOWN OF HEMPSTEAD
WATER DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2006

	Budgeted Amounts		Actual	Encum- brances	Variance with Final Budget
	Original	Final			
REVENUES					
Real property taxes	\$ 4,607,044	\$ 4,607,044	\$ 4,607,044		\$ -0-
Real property tax items	84,350	84,350	113,549		29,199
Non-property tax items	3,000,000	3,000,000	2,250,000		(750,000)
Departmental income	7,833,150	7,833,150	8,082,810		249,660
Intergovernmental charges	233,200	233,200	236,175		2,975
Use of money and property	721,625	721,625	1,115,529		393,904
Licenses and permits	61,500	61,500	35,772		(25,728)
Sale of property and compensation for loss	17,000	17,000	12,190		(4,810)
Miscellaneous revenue			3,216		3,216
Interfund revenues	25,350	25,350	43,475		18,125
Total Revenues	<u>16,583,219</u>	<u>16,583,219</u>	<u>16,499,760</u>		<u>(83,459)</u>
EXPENDITURES					
Current:					
Home and community services	11,950,336	12,122,472	10,868,679	\$ 210,663	1,043,130
Employee benefits	2,457,091	2,359,691	2,265,579		94,112
Total Expenditures	<u>14,407,427</u>	<u>14,482,163</u>	<u>13,134,258</u>	<u>210,663</u>	<u>1,137,242</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,175,792</u>	<u>2,101,056</u>	<u>3,365,502</u>	<u>(210,663)</u>	<u>1,053,783</u>
Other Financing Sources (Uses)					
Transfers in			3,240,566		3,240,566
Transfers out	(3,678,020)	(3,678,020)	(3,678,017)		3
Premiums of debt issuance			42,143		42,143
Total Other Financing Sources (Uses)	<u>(3,678,020)</u>	<u>(3,678,020)</u>	<u>(395,308)</u>		<u>3,282,712</u>
Net Change in Fund Balances	<u>\$ (1,502,228)</u>	<u>\$ (1,576,964)</u>	<u>2,970,194</u>	<u>\$ (210,663)</u>	<u>\$ 4,336,495</u>
Fund Balances at Beginning of Year			<u>11,712,400</u>		
Fund Balances at End of Year			<u>\$ 14,682,594</u>		

TOWN OF HEMPSTEAD
LIBRARY FUNDING DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 971,744	\$ 971,744	\$ 971,744	\$ -0-
Total Revenues	<u>971,744</u>	<u>971,744</u>	<u>971,744</u>	<u>-0-</u>
EXPENDITURES				
Current:				
Culture and recreation	971,880	1,038,375	1,016,137	22,238
Total Expenditures	<u>971,880</u>	<u>1,038,375</u>	<u>1,016,137</u>	<u>22,238</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(136)</u>	<u>(66,631)</u>	<u>(44,393)</u>	<u>22,238</u>
Net Change in Fund Balances	<u>\$ (136)</u>	<u>\$ (66,631)</u>	<u>(44,393)</u>	<u>\$ 22,238</u>
Fund Balances at Beginning of Year			<u>141,746</u>	
Fund Balances at End of Year			<u>\$ 97,353</u>	

TOWN OF HEMPSTEAD
STATEMENT OF CHANGES IN AGENCY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
Year ended December 31, 2006

	<u>Balance</u> <u>January 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2006</u>
ASSETS				
<i>Town Agency</i>				
Cash and investments	\$ 5,730,650	\$ 408,493,136	\$ 408,152,377	\$ 6,071,409
Due from other funds		688,676	688,676	-0-
Due from other governments	51,375	3,696	51,375	3,696
Total Assets - Town Agency Fund	<u>5,782,025</u>	<u>409,185,508</u>	<u>408,892,428</u>	<u>6,075,105</u>
<i>Town Clerk</i>				
Cash and investments	103,626	1,215,468	1,214,892	104,202
Total Assets-Town Clerk	<u>103,626</u>	<u>1,215,468</u>	<u>1,214,892</u>	<u>104,202</u>
<i>Town Receiver of Taxes</i>				
Cash and investments	28,325,968	2,296,968,484	2,311,672,285	13,622,167
Total Assets Town Receiver of Taxes	<u>28,325,968</u>	<u>2,296,968,484</u>	<u>2,311,672,285</u>	<u>13,622,167</u>
Total Assets	<u>\$ 34,211,619</u>	<u>\$ 2,707,369,460</u>	<u>\$ 2,721,779,605</u>	<u>\$ 19,801,474</u>
Liabilities				
<i>Town Agency Fund</i>				
Other liabilities	\$ 5,782,025	\$409,146,665.00	\$ 408,853,585	\$ 6,075,105
Due to other funds		38,843	38,843	-0-
Total Liabilities - Town Agency Fund	<u>5,782,025</u>	<u>409,185,508</u>	<u>408,892,428</u>	<u>6,075,105</u>
<i>Town Clerk Agency Funds</i>				
Total Liabilities - Town Clerk Agency Fund	<u>103,626</u>	<u>1,215,468</u>	<u>1,214,892</u>	<u>104,202</u>
<i>Town Receiver of Taxes Agency Funds</i>				
Total Liabilities - Town Receiver Agency fund	<u>28,325,968</u>	<u>2,296,968,484</u>	<u>2,311,672,285</u>	<u>13,622,167</u>
Total Liabilities	<u>\$ 34,211,619</u>	<u>\$ 2,707,369,460</u>	<u>\$ 2,721,779,605</u>	<u>\$ 19,801,474</u>

**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, 2006

	Lakeview Public Library District	Roosevelt Public Library District	Uniondale Public Library District
ASSETS			
Current Assets:			
Cash and investments	\$ 502,042	\$ 619,574	\$ 1,369,233
Accounts receivable, net of allowance for doubtful accounts	494		4,901
Due from other governments			
Prepaid items	28,482		18,728
Inventory of materials and supplies			
Total Current Assets	531,018	619,574	1,392,862
Non-current Assets:			
Deferred charges, net of accumulated amortization			
Capital assets, net of depreciation	2,397,201	2,956,848	6,617,332
Total Non-Current Assets	2,397,201	2,956,848	6,617,332
Total Assets	2,928,219	3,576,422	8,010,194
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	28,337	44,449	38,543
Accrued interest payable	18,720	10,246	90,807
Other accrued expenses			
Due to other governments			73,808
General obligations bonds payable	117,306	80,000	354,771
Compensated absences payable		35,584	
Installment purchase debt			
Non-current Liabilities:			
General obligation bonds payable	922,701	325,000	4,474,688
Compensated absences payable	7,900	35,583	194,871
Unamortized bond premium	10,953		53,469
Installment purchase debt			
Total Liabilities	1,105,917	530,862	5,280,957
Net Assets:			
Invested in capital assets, net of related debt	1,346,241	2,551,848	1,787,873
Restricted	1,000	309,509	21,589
Unrestricted	475,061	184,203	919,775
Total Net Assets	\$ 1,822,302	\$ 3,045,560	\$ 2,729,237

<u>Cathedral Gardens Water District</u>	<u>Franklin Square Water District</u>	<u>West Hempstead - Hempstead Gardens Water District</u>	<u>Greater Atlantic Beach Water Reclamation District</u>	<u>TOTALS</u>
\$ 451,043	\$ 2,187,004	\$ 806,756	\$ 420,739	\$ 6,356,391
	278,162	238,422		521,979
	1,485	45,759		47,244
	21,083		73,312	141,605
		797,698		797,698
<u>451,043</u>	<u>2,487,734</u>	<u>1,888,635</u>	<u>494,051</u>	<u>7,864,917</u>
	18,173			18,173
	1,195,402	8,350,202	2,958,477	24,475,462
	<u>1,213,575</u>	<u>8,350,202</u>	<u>2,958,477</u>	<u>24,493,635</u>
<u>451,043</u>	<u>3,701,309</u>	<u>10,238,837</u>	<u>3,452,528</u>	<u>32,358,552</u>
13,045	80,572	186,312	138,440	529,698
	7,904	58,600		186,277
	11,881			11,881
	14,584			88,392
	98,388	211,369	130,000	991,834
		90,000		125,584
	2,435			2,435
	386,445	1,163,050	1,440,000	8,711,884
	282,615	137,398	82,657	741,024
				64,422
	4,317			4,317
<u>13,045</u>	<u>889,141</u>	<u>1,846,729</u>	<u>1,791,097</u>	<u>11,457,748</u>
	1,060,357	6,975,785	1,428,477	15,150,581
235,717	12,899	1,416,323		1,997,037
<u>202,281</u>	<u>1,738,912</u>		<u>232,954</u>	<u>3,753,186</u>
<u>\$ 437,998</u>	<u>\$ 2,812,168</u>	<u>\$ 8,392,108</u>	<u>\$ 1,661,431</u>	<u>\$ 20,900,804</u>

TOWN OF HEMPSTEAD
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
Year ended December 31, 2006

	Lakeview Public Library District	Roosevelt Public Library District	Uniondale Public Library District
REVENUES			
Program revenues - Charges for Services	\$ 4,300	\$ 66,125	\$ 23,689
Real property taxes	931,495	1,935,258	2,882,693
Other real property tax items			71,979
Use of money and property - interest and earnings	16,550	12,801	63,312
Sale of property and compensation for loss			
Miscellaneous local sources	6,358		3,741
State aid	1,657	5,466	28,599
Total Revenues	<u>960,360</u>	<u>2,019,650</u>	<u>3,074,013</u>
EXPENSES			
Current:			
Culture and recreation	686,262	1,594,726	2,755,290
Home and community services			
Total Expenditures	<u>686,262</u>	<u>1,594,726</u>	<u>2,755,290</u>
Change in Net Assets over Expenditures	274,098	424,924	318,723
Net Assets at Beginning of Year	<u>1,548,204</u>	<u>2,620,636</u>	<u>2,410,514</u>
Net Assets - End of Year	<u><u>\$ 1,822,302</u></u>	<u><u>\$ 3,045,560</u></u>	<u><u>\$ 2,729,237</u></u>

\$ 36,400	937,127	1,338,556	\$ 1,416,310	9,477,839
	7,449			79,428
19,876	162,385	54,758	16,425	346,107
	3,810			3,810
2,808	3,638	239,944	600	257,089
				35,722
<u>59,084</u>	<u>2,328,834</u>	<u>3,272,305</u>	<u>1,433,335</u>	<u>13,147,581</u>
				5,036,278
<u>80,130</u>	<u>1,958,229</u>	<u>3,390,226</u>	<u>1,481,885</u>	<u>6,910,470</u>
<u>80,130</u>	<u>1,958,229</u>	<u>3,390,226</u>	<u>1,481,885</u>	<u>11,946,748</u>
(21,046)	370,605	(117,921)	(48,550)	1,200,833
<u>459,044</u>	<u>2,441,563</u>	<u>8,510,029</u>	<u>1,709,981</u>	<u>19,699,971</u>
<u>\$ 437,998</u>	<u>\$ 2,812,168</u>	<u>\$ 8,392,108</u>	<u>\$ 1,661,431</u>	<u>\$ 20,900,804</u>

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STATISTICAL SECTION

This part of the Town of Hempstead's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<u>Contents</u>	Page
Financial Trends	87-92
<i>These schedules contain information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	93-100
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	101-104
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	105-106
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	107-112
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Town implemented Statement 34 in 2002 schedules presenting government-wide information include information beginning in that year.

TOWN OF HEMPSTEAD
Net Assets by Component
Last Five Years
(accrual basis of accounting)

	as of December 31,				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 105,658,200	\$ 99,209,298	\$ 90,032,156	\$ 107,687,774	\$ 112,834,502
Restricted	21,883,470	22,983,652	32,447,783	1,977,819	8,711,578
Unrestricted	<u>45,939,187</u>	<u>24,116,531</u>	<u>3,252,392</u>	<u>24,222,979</u>	<u>1,075,773</u>
Total primary government net assets	<u>\$ 173,480,857</u>	<u>\$ 146,309,481</u>	<u>\$ 125,732,331</u>	<u>\$ 133,888,572</u>	<u>\$ 122,621,853</u>

Note: Data not available prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

Source: Town of Hempstead Audited Financial Statements
Statement of Net Assets

TOWN OF HEMPSTEAD
Changes in Net Assets
Last Five Years
(accrual basis of accounting)

	Year Ended December 31,				
	2006	2005	2004	2003	2002
Expenses					
Governmental activities:					
General government support	\$ 57,219,324	\$ 55,220,458	\$ 56,268,692	\$ 51,059,557	\$ 44,658,537
Education	705,527	1,454,823	986,775		
Public safety	32,147,838	25,569,922	23,767,138	22,033,537	18,701,223
Transportation	47,937,567	45,173,820	40,301,761	37,794,243	46,307,297
Economic assistance and opportunity	8,150,033	7,718,613	13,331,191	12,218,604	13,679,287
Culture and recreation	68,214,244	69,951,397	59,595,580	53,552,703	48,206,258
Home and community service	163,951,829	166,883,500	163,616,827	131,732,145	116,592,868
Interest on long-term debt	14,005,924	14,787,088	14,341,532	12,211,366	13,124,231
Total primary government expenses	<u>\$ 392,332,286</u>	<u>\$ 386,759,621</u>	<u>\$ 372,209,496</u>	<u>\$ 320,602,155</u>	<u>\$ 301,269,701</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government support	\$ 2,736,667	\$ 2,737,686	\$ 2,401,272	\$ 2,509,139	\$ 1,941,640
Public safety	7,522,273	8,175,454	6,084,178	5,283,424	5,276,493
Transportation	427,291	132,270	140,908	6,218,669	1,943,498
Economic assistance and opportunity	15,837	16,320	136	1,914,614	12,914
Culture and recreation	7,526,529	6,820,774	6,717,598	13,794	6,382,910
Home and community service	62,603,001	55,482,800	34,928,217	30,385,366	35,398,875
Operating grants and contributions	11,290,870	13,614,676	12,333,998	22,374,250	16,553,415
Capital grants and contributions	5,822,901	4,144,798	7,174,552	5,316,605	12,032,815
Total primary government program revenues	<u>97,945,369</u>	<u>\$ 91,124,778</u>	<u>\$ 69,780,859</u>	<u>\$ 74,015,861</u>	<u>79,542,560</u>
Net (Expense)/Revenue					
Total primary government net expense	<u>\$ (294,386,917)</u>	<u>\$ (295,634,843)</u>	<u>\$ (302,428,637)</u>	<u>\$ (246,586,294)</u>	<u>\$ (221,727,141)</u>
General Revenues and Other Changes in Net Assets					
Governmental Activities					
Property taxes	218,096,202	\$ 217,822,376	\$ 193,363,827	\$ 182,528,258	174,268,533
Other real property tax items	2,955,998	2,794,357	3,496,200	2,744,236	2,634,630
Non-property tax items	39,104,777	37,397,947	36,432,949	34,806,516	33,847,387
Interest earnings	9,259,116	4,755,005	7,623,689		
Mortgage Tax	46,148,354	48,094,073	48,922,330	34,370,158	26,909,216
State aid-unrestricted	3,940,166	3,284,444	3,165,729		
Other	2,053,680	2,063,791	1,267,672	3,403,845	510,974
Total primary government	<u>321,558,293</u>	<u>\$ 316,211,993</u>	<u>\$ 294,272,396</u>	<u>\$ 257,853,013</u>	<u>238,170,740</u>
Change in Net Assets					
Total primary government	<u>\$ 27,171,376</u>	<u>\$ 20,577,150</u>	<u>\$ (8,156,241)</u>	<u>\$ 11,266,719</u>	<u>\$ 16,443,599</u>

Note: Data not available prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

Source: Town of Hempstead Audited Financial Statements
Statement of Activities

TOWN OF HEMPSTEAD
Governmental Activities Tax Revenues By Source
Last Five Years
(accrual basis of accounting)

<u>Year Ended December 31,</u>	<u>Real Property Tax</u>	<u>Other Real Property Tax</u>	<u>Non-Property Tax Items</u>	<u>Total</u>
2006	\$ 218,096,202	\$ 2,955,998	\$ 39,104,777	\$ 260,156,977
2005	217,822,376	2,794,357	37,397,947	258,014,680
2004	193,363,827	3,496,200	36,432,949	233,292,976
2003	182,528,258	2,744,236	34,806,516	220,079,010
2002	174,268,533	2,634,630	33,847,387	210,750,550

Note: Data not available prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

Source: Town of Hempstead Audited Financial Statements
Statement of Activities

TOWN OF HEMPSTEAD
Fund Balances of Governmental Funds
Last Five Years
(modified accrual basis of accounting)

	as of December 31,				
	2006	2005	2004	2003	2002
General Fund					
Reserved	\$ 2,047,180	\$ 2,420,022	\$ 2,083,610	\$ 1,858,293	\$ 2,811,701
Unreserved	63,484,262	56,778,924	53,557,213	42,852,608	33,653,897
Total General Fund	<u>\$ 65,531,442</u>	<u>\$ 59,198,946</u>	<u>\$ 55,640,823</u>	<u>\$ 44,710,901</u>	<u>\$ 36,465,598</u>
All other governmental funds					
Reserved	\$ 25,000,437	\$ 26,462,712	\$ 37,313,563	\$ 7,343,230	\$ 9,710,243
Unreserved, reported in:					
Special revenue funds	84,158,219	62,923,459	48,354,099	49,372,046	53,182,621
Capital projects funds	(17,772,914)	(21,086,960)	422,399	(55,586,874)	(13,076,241)
Total all other governmental funds	<u>\$ 91,385,742</u>	<u>\$ 68,299,211</u>	<u>\$ 86,090,061</u>	<u>\$ 1,128,402</u>	<u>\$ 49,816,623</u>

Note: Data not being presented prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

Source: Town of Hempstead Audited Financial Statements
Balance Sheet

TOWN OF HEMPSTEAD
Changes in Fund Balances of Governmental Funds
Last Five Years
(modified accrual basis of accounting)

	Year Ended December 31,				
	2006	2005	2004	2003	2002
Revenues					
Real property taxes	\$ 218,096,202	\$ 217,822,376	\$ 193,363,827	\$ 182,528,258	174,268,533
Other real property tax items	2,955,998	2,794,357	3,496,200	2,744,236	2,634,630
Non-property taxes	39,104,777	37,397,947	36,432,949	34,806,516	33,847,387
Charges for services	35,700,012	34,618,491	33,865,802	32,523,184	32,058,572
Intergovernmental	14,711,240	8,685,822	12,638,256	11,335,150	12,900,768
Use of money and property	10,547,159	6,056,541	3,383,487	3,003,859	3,957,523
License and permits	529,143	651,593	411,727	482,923	339,927
Fines and forfeitures	917,162	787,928	728,846	565,236	735,023
Sale of property and compensation for loss	1,168,323	2,512,080	1,122,233	3,036,317	1,655,405
Miscellaneous and local sources	1,826,858	1,465,852	7,168,749	1,985,056	1,087,589
Interfund revenues	62,302,022	60,183,483	56,856,527	49,832,421	46,710,984
State aid	53,972,554	55,358,831	55,174,698	41,069,168	32,552,495
Federal aid	14,333,120	13,779,159	16,171,143	14,359,096	22,275,257
Total revenues	456,164,570	442,114,460	420,814,444	378,271,420	365,024,093
Expenditures					
General government support	62,478,103	61,993,033	59,952,807	53,605,468	50,782,196
Education	705,527	1,454,823	986,775		
Public safety	23,013,354	21,919,275	20,937,795	20,276,687	18,322,284
Transportation	36,402,732	35,411,560	33,650,993	32,981,538	29,521,264
Economic assistance and opportunity	4,750,730	4,710,480	10,526,888	10,150,031	11,546,525
Culture and recreation	58,752,499	56,598,201	50,026,564	48,847,806	47,525,445
Home and community service	122,499,043	128,135,894	129,056,486	121,609,194	122,335,368
Employee benefits	74,169,699	66,551,298	63,488,286	51,660,363	42,267,836
Capital outlay	32,441,327	32,895,670	40,830,013	43,065,989	29,104,232
Debt Service					
Principal	34,303,645	30,795,673	33,970,648	28,554,192	25,707,185
Interest	13,466,557	15,881,280	11,605,116	13,372,578	11,940,713
Other charges	99,027	1,745,528			
Total Expenditures	463,082,243	458,092,715	455,032,371	424,123,846	389,053,048
Excess of revenues over (under) expenditures	(6,917,673)	(15,978,255)	(34,217,927)	(45,852,426)	(24,028,955)
Other financing sources (uses)					
Transfers in	54,594,158	48,917,502	41,793,540	42,783,129	42,087,592
Transfers out	(54,594,158)	(48,917,502)	(41,793,540)	(42,783,129)	(42,087,592)
Refunding bonds issued		53,436,428		31,021,996	
Bonds issued	33,914,230		130,109,508	5,409,508	
Premium on bonds issued	2,422,470	2,098,799			
Payments to refund bond escrow agent		(53,789,699)		(31,021,996)	
Total other financing sources (uses)	36,336,700	1,745,528	130,109,508	5,409,508	-0-
Net change in fund balances	\$ 29,419,027	\$ (14,232,727)	\$ 95,891,581	\$ (40,442,918)	\$ (24,028,955)
Debt service as a percentage of noncapital expenditures	11.1%	11.4%	11.0%	11.0%	10.5%

Note: Data not being presented prior to fiscal 2002 implementation of Governmental Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

Source: Town of Hempstead Audited Financial Statements
Statement of Revenues, Expenditure, and Changes in Fund Balance

TOWN OF HEMPSTEAD
General Governmental Tax Revenues By Source
Last Five Years
(modified accrual basis of accounting)

Year Ended December 31,	Real Property Tax¹	Sales Tax²	Mortgage Tax³	Franchise Tax	Total
2006	\$ 218,096,202	\$ 33,112,727	\$ 46,148,354	\$ 5,992,050	\$ 303,349,333
2005	217,822,376	31,677,812	48,094,073	5,720,135	303,314,396
2004	193,363,827	31,012,848	48,922,330	5,420,101	278,719,106
2003	182,528,258	29,608,693	34,370,158	5,197,823	251,704,932
2002	174,268,533	28,883,729	26,909,216	4,963,658	235,025,136

Note: Data not being presented prior to fiscal 2002 implementation of Governmental Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

Source: Town of Hempstead Audited Financial Statements
Statement of Revenues, Expenditure, and Changes in Fund Balance

- ¹ Primary government
- ² Nassau County local assistance
- ³ State Aid

TOWN OF HEMPSTEAD

**Assessed Value, State Equalization Rate, and Estimated Full Value of Real Property
Last Ten Years**

Year Ended December 31,	Residential Property 1 to 3 Family Homes	Residential Property Apts, Condos & Cooperatives	Utility Property	All Other Property	Total Taxable Assessed Value
2006	\$ 370,900,972	\$ 12,870,249	\$ 13,002,253	\$ 81,170,030	\$ 477,943,504 ¹
2005	606,456,152	12,843,625	13,265,955	81,107,215	713,672,947
2004	617,627,940	13,351,891	13,030,883	83,480,148	727,490,862 ²
2003	1,121,310,141	67,495,955	242,618,217	488,056,838	1,919,481,151
2002	1,120,161,083	70,199,970	233,528,134	496,492,709	1,920,381,896
2001	1,120,202,205	70,578,793	214,898,614	499,692,563	1,905,372,175
2000	1,122,089,203	71,154,443	193,018,190	500,969,831	1,887,231,667
1999	1,126,251,127	71,026,953	177,372,140	503,109,970	1,877,760,190
1998	1,136,450,695	71,870,363	171,968,153	507,484,157	1,887,773,367
1997	1,150,959,294	72,356,660	156,349,268	507,922,492	1,887,587,714

Source: Town of Hempstead Official Statements and Town of Hempstead Receiver of Taxes

- ¹ 2006 rate increases are due to decreases in assessed valuations by Nassau County.
- ² Nassau County completed a county-wide reassessment in 2004 wherein it reassessed all properties within the County by utilizing one percent of market value applicable to each of the four property classes.
- ³ Per \$1,000 of assessed value. See page 94 for more detail.
- ⁴ Per \$100 of assessed value. See page 94 for more detail.

State Equalization Rate	Estimated Full Valuation	Total Full Value Direct Tax Rate³	Total Taxable Assessed Value Direct Tax Rate⁴
0.50%	\$ 95,588,700,800	\$ 3.49	\$ 69.89
0.82%	87,033,286,220	3.77	45.97
0.91%	79,944,050,769	3.70	40.67
2.68%	71,622,431,007	3.90	14.54
3.04%	63,170,457,105	4.21	13.84
3.35%	56,876,781,340	4.61	13.77
3.66%	51,563,706,748	5.04	13.77
4.10%	45,799,029,016	5.56	13.56
4.17%	45,270,344,526	5.60	13.42
4.28%	44,102,516,680	5.70	13.31

TOWN OF HEMPSTEAD
Property Tax Rates
Direct and Overlapping Governments
Last Ten Years

Full Value Town Direct Rates

Year Ended December 31,	Total Taxable Assessed Value	State Equalization Rate	Estimated Full Valuation	Tax Levy For Town¹	Total Town Direct Tax Rate⁴
2006	\$ 477,943,504 ²	0.50%	\$ 95,588,700,800	\$ 334,019,769	\$ 3.49
2005	713,672,947	0.82%	87,033,286,220	328,053,240	3.77
2004	727,490,862 ³	0.91%	79,944,050,769	295,842,220	3.70
2003	1,919,481,151	2.68%	71,622,431,007	279,062,505	3.90
2002	1,920,381,896	3.04%	63,170,457,105	265,764,533	4.21
2001	1,905,372,175	3.35%	56,876,781,340	262,447,834	4.61
2000	1,887,231,667	3.66%	51,563,706,748	259,833,901	5.04
1999	1,877,760,190	4.10%	45,799,029,016	254,692,218	5.56
1998	1,887,773,367	4.17%	45,270,344,526	253,382,273	5.60
1997	1,887,587,714	4.28%	44,102,516,680	251,196,449	5.70

Assessed Value Town Direct Rates

Year Ended December 31,	Total Taxable Assessed Value	State Equalization Rate	Estimated Full Valuation	Tax Levy For Town¹	Total Town Direct Tax Rate⁵
2006	\$ 477,943,504 ²	0.50%	\$ 95,588,700,800	\$ 334,019,769	\$ 69.89
2005	713,672,947	0.82%	87,033,286,220	328,053,240	45.97
2004	727,490,862 ³	0.91%	79,944,050,769	295,842,220	40.67
2003	1,919,481,151	2.68%	71,622,431,007	279,062,505	14.54
2002	1,920,381,896	3.04%	63,170,457,105	265,764,533	13.84
2001	1,905,372,175	3.35%	56,876,781,340	262,447,834	13.77
2000	1,887,231,667	3.66%	51,563,706,748	259,833,901	13.77
1999	1,877,760,190	4.10%	45,799,029,016	254,692,218	13.56
1998	1,887,773,367	4.17%	45,270,344,526	253,382,273	13.42
1997	1,887,587,714	4.28%	44,102,516,680	251,196,449	13.31

Source: Town of Hempstead Official Statements and Town of Hempstead Receiver of Taxes

¹ Total tax levy for Town includes all Town controlled funds, Commissioner operated funds, Fire Districts and Library Districts.

² 2006 rate increases are due to decreases in assessed valuations by Nassau County.

³ Nassau County completed a county-wide reassessment in 2004 wherein it reassessed all properties within the County by utilizing one percent of market value applicable to each of the four property classes.

⁴ Per \$1,000 of assessed value

⁵ Per \$100 of assessed value

Full Value Overlapping Rates

County Tax Levy For Town	Total County Direct Rate⁴	School Levy	Total School Direct Rate⁴	Total Full Value Direct and Overlapping Rates⁴
\$ 440,985,028	\$ 4.61	\$ 1,525,782,223	\$ 15.96	\$ 24.07
441,901,556	5.08	1,437,875,822	16.52	25.37
444,128,564	5.56	1,328,204,511	16.61	25.87
448,981,644	6.27	1,232,257,707	17.20	27.37
389,026,279	6.16	1,128,341,009	17.86	28.23
366,467,486	6.44	1,077,746,645	18.95	30.01
329,221,055	6.38	1,035,405,391	20.08	31.50
306,271,143	6.69	1,032,502,968	22.54	34.79
291,098,787	6.43	1,040,944,406	22.99	35.02
293,934,979	6.66	1,012,454,286	22.96	35.32

Assessed Value Overlapping Rates

County Tax Levy For Town	Total County Direct Rate⁵	School Levy	Total School Direct Rate⁵	Total Taxable Assessed Value Direct and Overlapping Rates⁵
\$ 440,985,028	\$ 92.27	\$ 1,525,782,223	\$ 319.24	\$ 481.39
441,901,556	61.92	1,437,875,822	201.48	309.36
444,128,564	61.05	1,328,204,511	182.57	284.29
448,981,644	23.39	1,232,257,707	64.20	102.13
389,026,279	20.26	1,128,341,009	58.76	92.85
366,467,486	19.23	1,077,746,645	56.56	89.57
329,221,055	17.44	1,035,405,391	54.86	86.08
306,271,143	16.31	1,032,502,968	54.99	84.86
291,098,787	15.42	1,040,944,406	55.14	83.98
293,934,979	15.57	1,012,454,286	53.64	82.52

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	
			Low	High	Low	High		Low	High		Low	High
2006												
Class 1	3.068	15.457	4.083	22.038	11.575	15.923	2.729	3.294	14.577	2.079	0.061	13.140
Class 2	4.913	20.572	6.785	31.129	19.839	34.726	3.632	3.281	27.959	3.681	0.158	17.788
Class 3	5.788	25.529	25.096	76.702	70.677	117.886	4.459	9.696	110.971	12.715	0.373	47.927
Class 4	4.720	21.503	8.863	69.901	20.639	31.180	3.796	2.403	29.157	3.684	0.086	26.269
All Classes												
2005												
Class 1	1.832	9.326	2.609	15.207	7.157	9.667	1.647	1.614	10.460	1.276	0.040	8.100
Class 2	5.255	23.249	7.437	31.785	19.837	35.176	4.105	15.480	26.506	3.739	0.160	17.741
Class 3	6.586	28.933	25.996	57.402	69.455	113.953	5.109	8.144	85.940	12.462	0.361	33.502
Class 4	4.854	21.946	8.957	71.260	20.521	31.628	3.875	2.399	31.474	3.675	0.088	17.949
All Classes												
2004												
Class 1	1.693	8.044	2.333	13.529	6.026	9.084	1.411	1.368	9.908	1.113	0.024	7.113
Class 2	4.856	21.932	6.307	28.553	16.092	33.485	3.847	15.473	22.008	3.172	0.086	17.161
Class 3	5.975	27.383	24.022	57.631	60.374	110.538	4.803	8.486	75.137	11.204	0.225	33.572
Class 4	4.789	19.745	7.726	64.015	17.064	29.840	3.463	2.320	28.437	3.173	0.051	22.073
All Classes												
2003												
Class 1	0.914	3.853	1.178	7.106	2.950	4.192	0.689	0.889	4.868	0.535	0.010	3.119
Class 2	0.990	3.711	1.295	7.094	3.153	4.292	0.663	2.562	5.561	0.556	0.009	3.857
Class 3	0.337	1.425	1.173	2.815	2.931	4.175	0.254	0.482	4.188	0.531	0.009	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
All Classes												
2002												
Class 1	0.914	3.555	1.112	5.922	2.891	4.192	0.655	0.889	4.868	0.535	0.010	3.119
Class 2	1.012	3.433	1.112	5.921	2.890	4.191	0.632	1.998	4.211	0.534	0.009	3.119
Class 3	0.377	1.474	1.112	2.742	2.890	4.192	0.271	0.410	4.209	0.534	0.009	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
All Classes												
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
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
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
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
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

Sources: Office of the Comptroller of the Town of Hempstead, Adopted Budget
Town of Hempstead Receiver of Taxes

¹ Nassau County completed a county-wide reassessment in 2004 wherein it reassessed all properties within the County based on approximately 1% of full value.

Commissioner Operated Districts

Water		Library Funding		Fire		Sanitation		Library		Water		School		County	
Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
1.668	19.700	2.767	9.935	2.956	26.911	8.969	30.878	7.071	36.023	3.637	9.100	196.443	390.346	0.709	31.552
4.007	16.768	4.747	15.118	5.359	56.428	11.579	56.694	18.318	54.235	2.168	19.470	257.884	781.232	1.247	66.866
9.657	56.924	2.022	19.048	16.849	505.368	76.341	192.983	43.287	228.440	26.136	143.566	288.817	1,105.345	2.692	211.492
2.783	12.637	4.257	20.796	5.780	50.760	20.966	59.407	10.066	57.933	6.975	19.116	268.389	823.284	1.258	61.735
1.047	4.447	1.794	6.744	1.991	19.437	5.957	18.901	4.322	16.803	3.403	5.875	196.443	409.127	0.621	17.691
4.029	16.986	3.739	15.582	5.542	52.092	12.640	57.012	17.354	39.916	2.060	18.486		781.232	2.002	53.867
9.328	55.027	1.892	16.843	13.653	164.418	60.729	183.254	39.039	143.903	31.947	95.964	288.817	1,106.345	2.933	175.221
2.736	12.172	4.048	19.527	6.292	52.874	23.043	58.335	9.581	44.089	10.741	17.851	268.389	823.284	2.049	57.307
1.040	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
3.345	14.337	2.015	17.462	5.446	43.818	13.380	48.160	11.174	29.684	1.652	13.942		730.881	2.339	38.073
9.749	47.328	15.882	15.882	13.543	152.861	64.288	162.540	29.228	113.614	32.002	90.346	257.738	1,109.495	2.933	47.74
2.641	11.489	2.015	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
0.504	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		
0.498	2.439	0.855	3.322	0.918	6.344	3.565	8.413	1.085	5.783	0.289	2.671		616.981		
0.498	2.439	0.855	0.855	0.918	6.954	3.565	7.693	1.082	5.783	1.907	4.622	254.685	623.093		
0.509	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
0.504	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		
0.503	2.448		1.498	0.830	6.142	3.589	7.299	1.047	6.010	1.670	2.150		118.093		
0.503	2.449			0.831	6.142	3.589	7.299	1.047	6.010	1.670	2.150	14.672	55.265		
0.503	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
												48.221	92.733		
													102.841		
												15.664	52.705		
0.504	2.449	0.877	0.877	0.796	7.049	3.278	6.710	0.993	6.020	1.518	2.150	44.387	101.091	12.540	30.1
												43.724	87.881		
													93.876		
												14.152	50.804		
												39.004	91.905		
0.504	2.449	0.738	0.738	0.817	7.049	4.340	6.390	0.982	6.066	1.460	2.150			12.751	21.749
												43.288	81.718		
													82.728		
												17.223	47.294		
												33.792	79.151		
0.504	2.449	N/A	N/A	0.734	6.962	2.140	5.990	0.964	6.110	1.370	2.150			11.800	21.980
												39.923	74.202		
													73.257		
												18.754	46.195		
												30.531	69.966		
0.504	2.449	N/A	N/A	0.687	6.512	1.980	5.990	0.964	6.280	1.260	2.150			11.800	21.980
												37.400	69.165		
													69.189		
												16.877	40.431		
												31.906	65.573		
0.504	2.449	N/A	N/A	0.742	6.512	1.980	5.990	0.963	5.980	1.208	2.127			11.800	21.980

TOWN OF HEMPSTEAD
Principal Property Taxpayers
Current Year and Nine Years Ago
December 31, 2006 and 1997

2006

Rank	Taxpayer	Nature of Business	Assessed Valuation	Percent of Total Assessed Valuation ⁽¹⁾
1	LIPA	Utility	\$ 6,895,166	1.44%
2	Simon Properties	Shopping Center	3,895,391	0.82%
3	Verizon	Utility	3,125,067	0.65%
4	Keyspan Energy Corp.	Utility	2,718,267	0.57%
5	Green Acres Mall	Shopping Center	2,031,459	0.43%
6	Galaxy LI Associates (Coliseum Plaza)	Office Buildings	1,753,523	0.37%
7	Reckson Associates	Office Buildings	1,656,924	0.35%
8	Greater N.Y. Racing Association	Belmont race Track	1,213,079	0.25%
9	Long Island Water Co.	Utility	1,107,930	0.23%
10	W & S Associates	Shopping Center	816,303	0.17%
Total			<u>\$ 25,213,109</u>	<u>3.53%</u>

1997

Rank	Taxpayer	Nature of Business	Assessed Valuation	Percent of Total Assessed Valuation ⁽¹⁾
1	LILCO	Utility	\$ 109,724,634	5.81%
2	NYNEX	Utility	26,639,717	1.41%
3	Corporate Property Investors	Shopping Center	18,510,650	0.98%
4	Long Island Water Co.	Utility	16,617,745	0.88%
5	County of Nassau	Commercial R.E.	14,379,810	0.76%
6	MCS Realty Partners	Commercial R.E.	11,934,210	0.63%
7	Greater N.Y. Racing Association	Belmont Race Track	10,895,000	0.58%
8	Reckson Associates	Office Buildings	6,597,030	0.35%
9	Jamaica Water Co.	Utility	6,112,067	0.32%
10	New York Water	Utility	5,926,890	0.31%
Total			<u>\$ 227,337,753</u>	<u>12.05%</u>

Source: Town of Hempstead 2006 and 1997 Official Statements

¹ See Assessed Valuation, State Equalization Rate and Estimated Full Value of Real Property page 93 for total net assessed value.

TOWN OF HEMPSTEAD
Property Tax Levies and Collections
Last Ten Years

Year Ended December 31,	Tax Levy For Town¹	Total Tax Levy²	Amount Collected³	Percent of Total Tax Levy Collected⁴	Amount Uncollected	Percent of Total Tax Levy Uncollected
2006	\$ 334,019,769	\$ 775,004,797	\$ 752,955,884	97.15%	\$ 22,048,913	2.85%
2005	328,053,240	769,954,796	748,073,017	97.16%	21,881,779	2.84%
2004	295,842,220	739,970,784	718,228,738	97.06%	21,742,046	2.94%
2003	279,062,505	728,044,149	702,743,046	96.52%	25,301,103	3.48%
2002	265,764,533	654,790,812	635,197,580	97.01%	19,593,232	2.99%
2001	262,447,834	628,915,320	604,134,203	96.06%	24,781,117	3.94%
2000	259,833,901	589,054,956	565,911,328	96.07%	23,143,628	3.93%
1999	254,692,218	560,963,361	541,094,015	96.46%	19,869,346	3.54%
1998	253,382,273	544,481,060	524,045,514	96.25%	20,435,546	3.75%
1997	251,196,449	545,131,428	526,208,091	96.53%	18,923,337	3.47%

Source: Town of Hempstead Official Statements

- ¹ Total tax levy for Town includes all Town controlled funds, Commissioner operated funds, Fire Districts and Library Districts.
- ² Includes all Town and County taxes.
- ³ During year of levy.
- ⁴ The Town retains 100% of the amount levied for Town and Commissioner operated funds; taxes uncollected at the expiration of the warrant are returned to the County for collection and enforcement. As a result there are no Town taxes collected in subsequent years.

TOWN OF HEMPSTEAD
Ratios of Outstanding Debt by Type
Last Ten Years

Year Ended	Governmental Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Bond Anticipation Notes Payable	Installment Purchase Debt			
2006	\$ 308,198,217			\$ 308,198,217	0.42%	\$ 403
2005	308,587,632		\$ 21,862	308,609,494	0.42%	405
2004	339,736,576		66,706	339,803,282	0.48%	447
2003	238,618,208	\$ 58,899,508	114,919	297,632,635	0.44%	392
2002	265,406,554	13,680,000		279,086,554	0.42%	368
2001	291,113,739	48,748,264		339,862,003	0.51%	449
2000	276,111,302	22,355,000		298,466,302	0.47%	410
1999	264,412,556	15,903,000		280,315,556	0.47%	385
1998	265,069,647	27,848,000		292,917,647	0.51%	403
1997	223,842,428	26,434,000		250,276,428	0.46%	345

Note: Details regarding the outstanding debt may be found in the notes to the financial statements

¹ See the schedule of Demographic and Economic Statistics on page 105 for personal income and population.

TOWN OF HEMPSTEAD
Ratios of General Bonded Debt Outstanding
Last Ten Years

Year Ended	General Obligation Bonds	Percentage of Total Taxable Assessed Valuation¹	Percentage of Estimated Full Value¹ of Property	Per Capita²
2006	\$ 308,198,217	64.48% ³	0.32%	\$ 403
2005	308,587,632	43.24%	0.35%	405
2004	339,736,576	46.70% ⁴	0.42%	447
2003	238,618,208	12.43%	0.33%	314
2002	265,406,554	13.82%	0.42%	350
2001	291,113,739	15.28%	0.51%	384
2000	276,111,302	14.63%	0.54%	379
1999	264,412,556	14.08%	0.58%	363
1998	265,069,647	14.04%	0.59%	365
1997	223,842,428	11.86%	0.51%	308

Note: Details regarding outstanding debt can be found in the notes to the financial statements.

¹ See the Schedule of Assessed Value, Equalization Rate and Estimated Full Value of Real Property on page 93 for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics on page 105.

³ 2006 rate increases are due to decreases in assessed valuations by Nassau County.

⁴ Nassau County completed a county-wide reassessment in 2004 wherein it reassessed all properties within the County based on approximately 1% of full value.

TOWN OF HEMPSTEAD
Direct and Overlapping Governmental Activities Debt
As of December 31, 2006

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
Town of Hempstead	\$ 308,198,217	100.00%	<u>\$ 308,198,217</u>
Overlapping:			
Nassau County	\$ 3,162,325,000 (a)	38.44%	\$ 1,215,597,730
Incorporated Villages	192,864,645 (b)	100.00%	192,864,645
School Districts	324,456,593 (c)	100.00%	324,456,593
Fire Districts	19,830,978 (d)	100.00%	<u>19,830,978</u>
Total overlapping debt			<u>1,752,749,946</u>
Total direct and overlapping debt			<u><u>\$ 2,060,948,163</u></u>

Source : The most recent Official Statement of the Town of Hempstead

- (a) Excludes cash and investments - Capital Projects Fund
- (b) Excludes water and excludable sewer indebtedness
- (c) Excludes estimated State School building aid.
- (d) No Exclusions

TOWN OF HEMPSTEAD
Legal Debt Margin Information
December 31, 2006

Year Ended December 31,	Taxable Assessed Valuation	State Equalization Rate	Full Valuation
2006	\$ 477,943,504	0.50%	\$ 95,588,700,800
2005	713,672,947	0.82%	87,033,286,220
2004	727,490,862 *	0.91%	79,944,050,769
2003	1,919,481,151	2.68%	71,622,431,007
2002	1,920,381,896	3.04%	<u>63,170,457,105</u>
Total Five Year Full Valuation			<u>\$ 397,358,925,901</u>
Five Year Average Full Valuation of Taxable Real Property			<u>\$ 79,471,785,180</u>
Constitutional Debt Limit (7% of Average Full Valuation)			<u>\$ 5,563,024,963</u>
Outstanding Indebtedness at December 31st			\$ 308,198,217
Less: 2007 Appropriations for Debt Principal			34,528,873
Less: Exclusions			<u>19,199,393</u>
Net Indebtedness Subject to Debt Limit			<u>\$ 254,469,951</u>
Net Debt Contracting Margin			<u>\$ 5,308,555,012</u>
Percentage of Net Debt Contracting Margin Available			95.43%
Percentage of Net Debt Contracting Power Exhausted			4.57%

Last Ten Years					
Year	Constitutional Debt Limit	Total Net Debt Subject to Limit	Net Debt Contracting Margin	Percentage of Debt Contracting Power Exhausted	Percentage of Net Debt Contracting Margin Available
2006	\$ 5,563,024,963	\$ 254,469,951	\$ 5,308,555,012	4.57%	95.43%
2005	5,021,196,248	288,340,654	4,732,855,594	5.74%	94.26%
2004	4,524,622,136	318,324,377	4,206,297,759	7.04%	92.96%
2003	4,046,591,831	324,878,846	3,721,712,985	8.03%	91.97%
2002	3,677,662,620	274,375,095	3,403,287,525	7.46%	92.54%
2001	3,410,573,297	249,114,897	3,161,458,400	7.30%	92.70%
2000	3,196,578,498	257,271,337	2,939,307,161	8.05%	91.95%
1999	3,082,378,410	254,416,841	2,827,961,569	8.25%	91.75%
1998	3,074,976,827	253,890,806	2,821,086,021	8.26%	91.74%
1997	3,224,282,495	211,823,111	3,012,459,384	6.57%	93.43%

Source: Town of Hempstead Official Statements.

* Nassau County completed a county-wide reassessment in 2004 wherein it reassessed all properties within the County by utilizing one percent of market value applicable to each of the four property classes

TOWN OF HEMPSTEAD
Demographic and Economic Statistics
Last Ten Years

Year Ended December 31,	Population¹	Personal Income² (billions of dollars)	Per Capita Income¹²⁴	Median Age³	Unemployment Rate³	Number of Households Estimate¹	Average Household Size Estimates¹	Population Density Per Square Mile⁴
2006	763,822	\$ 73,161	\$ 33,831	38.5	3.9%	247,756	3.02	6,339
2005	761,944	73,161	33,831	38.5	4.3%	247,756	3.02	6,350
2004	760,675	70,643	32,576	38.5	4.8%	247,656	3.02	6,339
2003	759,535	67,050	31,461	37.9	4.1%	247,694	3.02	6,329
2002	758,942	65,912	30,495	37.8	4.3%	247,533	3.02	6,325
2001	757,228	66,352	29,751	37.7	3.2%	247,126	3.02	6,310
2000	728,680	63,409	29,026	37.6	2.8%	246,722	3.01	6,072
1999	727,997	59,526	28,153	37.4	3.1%	246,244	3.01	6,067
1998	726,578	57,655	27,435	37.2	3.0%	244,569	3.00	6,055
1997	725,988	54,187	26,715	37.0	3.7%	244,090	2.99	6,050

Sources:

- ¹ Long Island Regional Planning Board and LIPA; latest data available is for 2005.
- ² Bureau of Economic Analysis (Nassau County)
Personal Income and per capita figures are for Nassau County - 2005 and 2006 are not available
- ³ State of New York, Department of Labor - Division of Statistics - www.workforcenewyork.org/li
(Note: Percentages are not seasonally adjusted).
Due to a change in computational methodology, percentages for 1995 through 1999 may not be comparable to 2000 through 2004.
- ⁴ Long Island Business News - Doing Business on Long Island

TOWN OF HEMPSTEAD
Principal Employers
Current Year and Nine Years Ago

2006⁽¹⁾

Rank	Name	Type of Business	Number of Employees
1	North Shore - Long Island Jewish Health System	Hospital	32,000
2	Cablevision Systems	Entertainment	20,000
3	Waldbaums' (A&P Stores)	Food Retailing	10,000
4	Winthrop - South Nassau University Health System	Hospital	5,700
5	Verizon	Communications	5,600
6	Home Depot	Home Improvement	5,500
7	Pathmark Stores	Food Retailing	5,000
8	King Kullen Grocery	Food Retailing	4,800
9	Hofstra University	Institutional	2,538
10	Belmont Raceway	Race Track	2,138

1997⁽¹⁾

Rank	Name	Type of Business	Number of Employees
1	Nassau County ^(a)	Government	16,000
2	NYNEX ^(b)	Communications	6,865
3	LILCO ^(b)	Gas/ Electric	6,526
4	Nassau County Medical Center	Medical Care	3,074
5	All Metro Health Care	Nursing Care Facility	2,600
6	Foodtown	Supermarket	2,500
7	Fleet Bank N.A. ^(b)	Finance	2,414
8	Town of Hempstead	Government	2,050
9	A&P ^(b)	Supermarket	2,344
10	Hofstra University	Education	2,000

Sources: Town of Hempstead Official Statements
 Compiled by the County from: Long Island Business News "2006 Book of Lists".

* Company headquarters are located in the County, number may include employees who work outside the County.

⁽¹⁾ Numbers are for Nassau County. Percentage of total Town employment is not available.

^(a) Includes Nassau County Community College employees.

^(b) Number of employees in Nassau and Suffolk combined.

TOWN OF HEMPSTEAD
Full-time Equivalent Government Employees by Function
Last Ten Years

Function	Full Time Equivalent			
	2006	2005	2004	2003
General government	420	424	424	432
Public safety	195	195	202	204
Transportation	221	226	231	237
Economic assistance and opportunity	27	29	29	32
Culture & recreation	458	448	466	481
Home and community service	644	662	683	685
Total	1,965	1,984	2,035	2,071

Source: Town of Hempstead Human Resource Department records

These are full time budgeted positions

Employees as of December 31

<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
422	416	396	393	392	417
203	202	192	185	195	208
249	250	235	234	241	256
32	30	32	31	32	34
505	492	482	489	497	521
<u>707</u>	<u>686</u>	<u>677</u>	<u>674</u>	<u>667</u>	<u>730</u>
<u>2,118</u>	<u>2,076</u>	<u>2,014</u>	<u>2,006</u>	<u>2,024</u>	<u>2,166</u>

TOWN OF HEMPSTEAD
Operating Indicators by Function
Last Ten Years

Year Ended December 31,	2006	2005	2004	2003
Function				
Town Clerk				
Vital statistic documents	37,245	36,150	36,412	35,844
Dog licenses	7,230	7,253	7,707	8,017
Marriage licenses	5,188	5,459	5,605	5,491
Building				
Residential building permits issued	4120	4,692	4,519	7,781
Estimated value of residential building construction	\$ 201,102,700	\$ 220,786,460	\$ 177,749,409	\$ 172,463,021
Industrial and commercial building permits issued	7,748	7,262	977	1,330
Estimated value of industrial and commercial building construction	\$ 112,098,935	\$ 113,393,437	\$ 83,861,795	\$ 60,315,744
Public Safety				
Dogs adopted or reclaimed by owners	1553	1,583	1,486	1,442
Citations issued	269	244	280	382
Fire				
Number of fire protection districts	17	17	17	17
Parking				
Number of parking permits issued	13,364	13,168	12,926	12,848
Parking permit revenue	\$ 38,209	\$ 37,663	\$ 36,984	\$ 36,794
Highways and streets				
Street resurfacing (lane miles)	16	-0-	14	12
Number of trees planted	1,711	1,644	1,770	5,738
Number of trees removed	1,972	504	1,507	1,506
Road opening permits issued	1,741	1,547	1,509	1,285
Abandoned vehicles removed	103	136	77	89
Signs installed	17,816	20,960	20,960	20,960
Sanitation (tons per annum)				
Residential and commercial waste collected	630,893	635,382	666,761	655,297
Recyclables collected	87,726	87,735	90,733	99,326
Yardwaste	79,976	73,741	75,750	87,557
Bulky waste and other items	1,624	3,058	20,508	40,536
Culture and recreation				
Pool permits issued	4,330	4,309	4,572	4,890
Registration for adult programs	11,996	11,915	11,514	13,016

Source: Various government departments

Data not available for all ten years is noted as not available (N/A)

2002	2001	2000	1999	1998	1997
35,260	33,235	32,825	31,528	31,575	32,060
8,406	8,427	8,840	9,055	9,162	9,510
6,040	7,537	5,299	5,595	5,586	9,768
3,802	4,704	3,547	4,351	4,167	4,337
\$ 133,027,250	\$ 165,772,771	\$ 87,218,150	\$ 91,051,556	\$ 66,951,289	\$ 72,668,038
1,137	1,048	826	563	617	686
\$ 78,589,300	\$ 81,641,725	\$ 82,949,000	\$ 56,549,436	\$ 375,466,876	\$ 80,976,770
1,381	1,347	1,248	1,279	1,121	1,280
309	272	N/A	N/A	N/A	N/A
17	17	17	17	17	16
12,090	12,991	12,319	12,090	12,149	11,742
\$ 35,346	\$ 37,054	\$ 36,036	\$ 34,686	\$ 23,709	\$ 23,011
15	25	20	21	17	33
3,920	2,456	1,605	1,882	1,466	811
1,091	1,090	1,072	1,376	1,737	1,028
1,173	1,224	1,096	608	1,102	227
105	94	74	N/A	N/A	N/A
26,200	28,820	32,750	32,750	47,160	47,160
605,249	612,163	581,824	547,132	531,762	491,789
83,227	87,961	82,702	133,774	83,736	111,846
95,256	85,852	77,824	73,054	86,106	106,174
79,093	58,510	26,062	54,810	72,012	103,637
5,311	5,110	5,067	5,314	5,606	5,749
12,316	10,608	11,704	13,286	13,096	12,844

TOWN OF HEMPSTEAD
Capital Asset Statistics by Function
Last Ten Years

<u>Year Ended December 31,</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Function					
General Government					
New Town Hall and Old Town Hall	2	2	2	2	2
Sanitation					
Transfer station	2	2	2	2	2
Annual tonnage processed	250,792	287,768	297,983	277,385	249,224
Highways and streets					
Streets (miles)	1,162	1,162	1,162	1,162	1,162
Culture and recreation					
Parks acreage	1404	1404	1404	1404	1404
Parks	189	189	189	189	189
Docks	4	4	4	4	4
Boat ramps	4	4	4	4	4
Swimming pools	22	22	22	22	22
Golf courses (18 hole)	1	1	1	1	1
Golf courses (9 hole)	1	1	1	1	1
Driving range	1	1	1	1	1
Tennis courts	77	77	77	77	77
Community centers	16	16	16	16	16

Source: Various government departments

2	2	2	2	2
249,629	249,423	268,742	264,996	258,028
1,162	1,162	1,162	1,162	1,162
1404	1404	1404	1404	1404
189	189	189	189	189
4	4	4	4	4
4	4	4	4	4
22	22	22	22	22
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
77	77	77	77	77
16	16	16	16	16

