

Town of Hempstead

New York



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2007**

**TOWN OF HEMPSTEAD
NEW YORK**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2007**

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

TOWN OF HEMPSTEAD
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2007
TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Transmittal Letters.....	2-7
Principal Officials.....	8
Organizational Chart	9
Map	10
Certificate of Achievement for Excellence in Financial Reporting.....	11

FINANCIAL SECTION

Independent Auditors' Report.....	14-15
-----------------------------------	-------

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis (MD&A).....	18-27
--	-------

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements	
Statement of Net Assets	31
Statement of Activities.....	32-33
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet	34-35
Reconciliation of the Governmental Funds Balance Sheet to The Statement of Net Assets.....	37
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	38-39
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, And Changes in Fund Balances to the Statement of Activities.....	40
Fiduciary Fund Financial Statements	
Statement of Fiduciary Assets and Liabilities.....	41
Notes to Financial Statements	43-71

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	
General Fund	74
Highway Fund.....	75
Park Districts.....	76
Refuse and Garbage Districts.....	77
Post-employment Benefits Healthcare Costs - Schedule of Funding Progress	78

(Continued)

TOWN OF HEMPSTEAD
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2007
TABLE OF CONTENTS

OTHER SUPPLEMENTARY INFORMATION

Combining Fund Statements:	
Nonmajor Governmental Funds	
Combining Balance Sheet.....	80-81
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	82-83
Schedules of Revenues, Expenditures and Changes in Fund Balance—	
Budget and Actual— Nonmajor Special Revenue Funds	
Town Outside Village Fund.....	84
Fire Protection Districts	85
Street Lighting District	86
Public Parking Districts	87
Water Districts	88
Library Funding Districts.....	89
Fiduciary Fund	
Statement of Changes in Agency Assets and Liabilities.....	90
Discretely Presented Component Units	
Combining Statement of Net Assets.....	92-93
Combining Statement of Activities	94-95

STATISTICAL SECTION

Financial Trends

Net Assets by Component – Last Six Years.....	98-99
Changes in Net Assets – Last Six Years.....	100-101
Governmental Activities Tax Revenues by Source – Last Six Years	103
Fund Balances of Government Funds – Last Six Years	104-105
Changes in Fund Balances of Governmental Funds – Last Six Years.....	106-107
General Governmental Tax Revenues by Source - Last Six Years.....	109

Revenue Capacity

Assessed Value, State Equalization Rate, and Estimated Full Value of Real Property – Last Ten Years.....	110-111
Property Tax Rates - Direct and Overlapping Governments- Last Ten Years	112-113
Property Tax Rates Per \$100 Assessed Valuation – Last Ten Years	114-115
Principal Property Taxpayers – Current Year and Nine Years Ago.....	116
Property Tax Levies and Collections – Last Ten Years	117

(Continued)

TOWN OF HEMPSTEAD
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2007
TABLE OF CONTENTS

(Statistical Section Continued)

Debt Capacity

Ratios of Outstanding Debt by Type – Last Ten Years	118
Ratios of General Bonded Debt Outstanding – Last Ten Years	119
Direct and Overlapping Governmental Activities Debt	120
Legal Debt Margin Information - Last Ten Years	121

Demographic and Economic Information

Demographic and Economic Statistics – Last Ten Years	122
Principal Employers – Current Year and Nine Years Ago.....	123

Operating Information

Full –time Equivalent Government Employees by Functions – Last Ten Years.....	124-125
Operating Indicators by Function – Last Ten Years.....	126-127
Capital Asset Statistics by Functions – Last Ten Years.....	128-129

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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 27, 2008

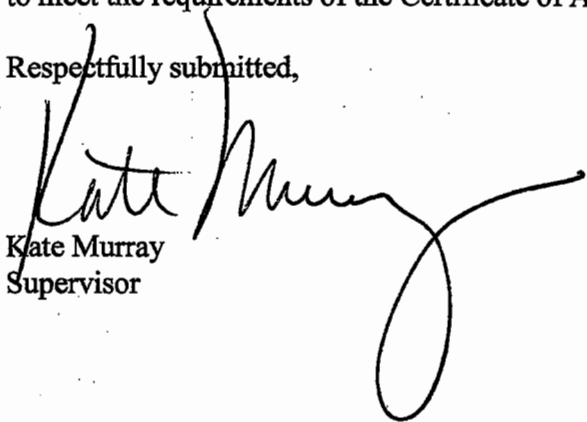
The Honorable Members of the Town Board and Citizens of the Town of Hempstead
Town of Hempstead, New York

Ladies and Gentlemen:

I am pleased to transmit this comprehensive annual financial report (CAFR) of the Town of Hempstead as of and for the year ended December 31, 2007. The accounting firm selected by the Town, Albrecht, Viggiano, Zureck & Company, P.C., has audited the financial statements. The auditors' unqualified opinion is included in the report.

In each of the past four years, the Town has been awarded a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA). Certificates are awarded to those governments whose annual financial reports are judged to conform to generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. It is my belief that the fiscal year 2007 financial report continues to meet the requirements of the Certificate of Achievement Program.

Respectfully submitted,


Kate Murray
Supervisor

**TOWN OF HEMPSTEAD
OFFICE OF THE COMPTROLLER**

350 FRONT STREET
HEMPSTEAD, N.Y. 11550-4040
(516) 489-5000 Fax: (516) 292-7335



**KATE MURRAY
SUPERVISOR**

COUNCIL MEMBERS
ANTHONY J. SANTINO
ANGIE M. CULLIN
DOROTHY L. GOOSBY
GARY HUDES
JAMES DARCY
EDWARD AMBROSINO

**MARK BONILLA
TOWN CLERK**

**DONALD X CLAVIN, JR.
RECEIVER OF TAXES**

**JOHN A. MASTROMARINO, CPA
TOWN COMPTROLLER**

June 27, 2008

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, 2007.

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 statement for the year ended December 31, 2007. 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 analysis 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 119.96 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 765,111 according to the Long Island Power Authority's 2007 population survey. The Town accounts for approximately 57% of the total population of the county and 42% 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 a 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 financial 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 Town 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. This 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 various Town departments.

The Town is responsible for providing many services to its residents. Recreation is provided by 189 public parks and recreational facilities maintained by the Town. The Town maintains inland waterways and marinas and operates 16 senior centers and 112 senior clubs. Additional Town functions include highway construction and maintenance, building inspection, zoning administration, and 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.I).

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

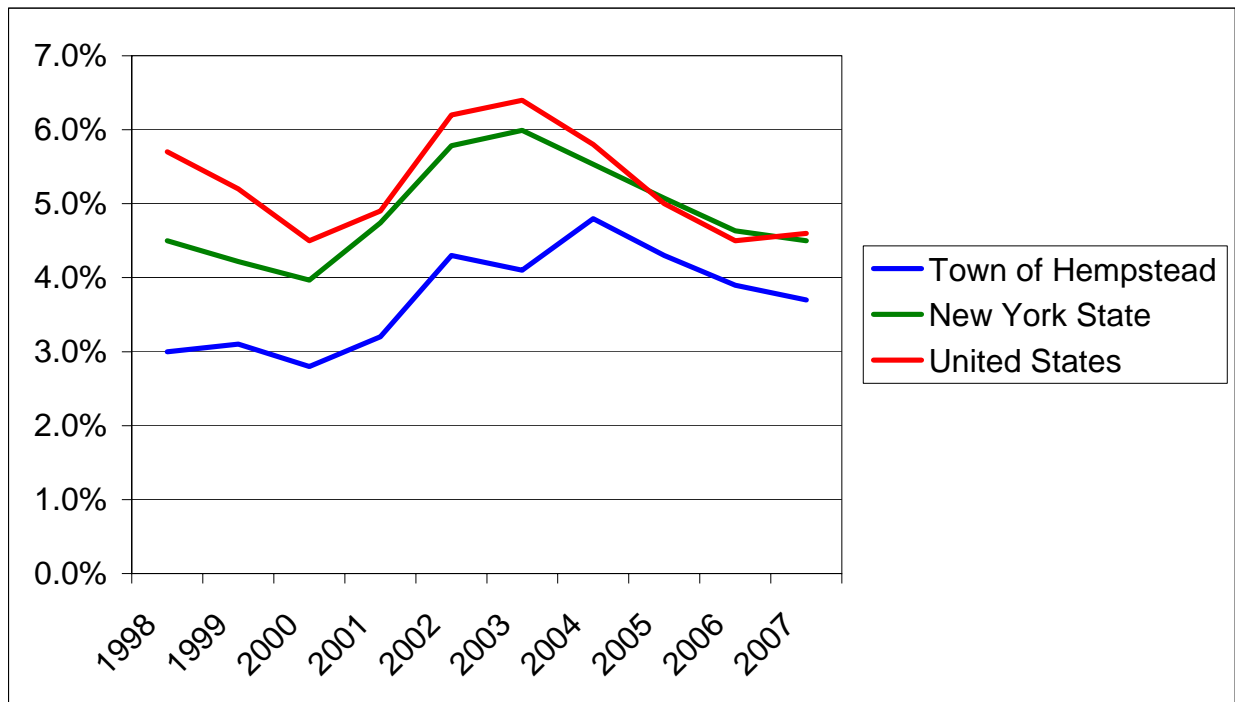
such as operating budgets, capital projects, and bonded debt.

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 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 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 modification 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

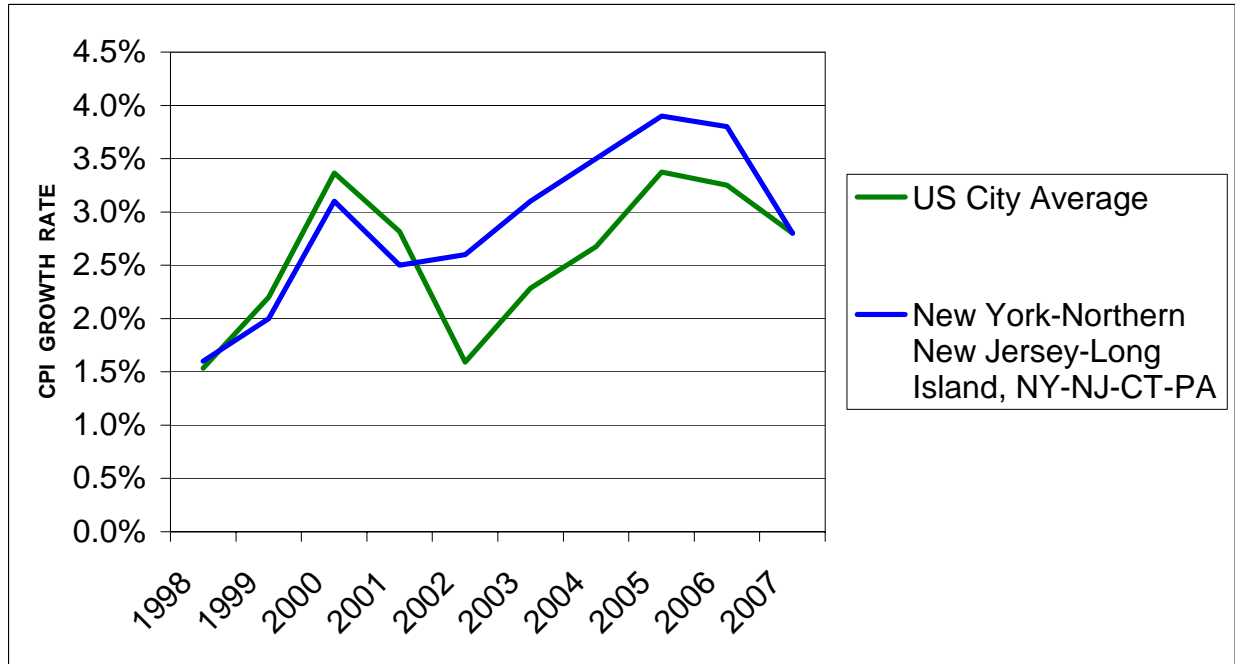
The Town of Hempstead's statistical data shows that its economy is stronger than the country, New York State, or Nassau County. The Town of Hempstead's unemployment rate of 3.7% compares favorably to New York State's 4.5% and the United States' 4.6%. The chart below emphasizes this has been both a five-year and ten-year trend.

Unemployment Rate 1998 – 2007



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 1998 – 2007



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 sales tax.

Long Term Financial Planning

Moody's and Standard and Poors 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. The Town's 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 the Town's implementation of the 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 reserves through revenues 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, such as roads, parks, street lighting, and water systems, that will require major future reconstruction. This avoids adding significant maintenance and repair expenses to the operating 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.

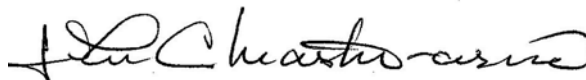
Awards and Acknowledgements

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, 2006. This was the fourth consecutive year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, the Town 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 input from our independent auditors, Albrecht, Viggiano, Zureck & Company, P.C. Their assistance was invaluable, and we commend them on their timely and professional completion of our audit. I would like to express my sincere appreciation to all members of the departments 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,



John A. Mastromarino, CPA
Town Comptroller

TOWN OF HEMPSTEAD

PRINCIPAL OFFICIALS

December 31, 2007

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

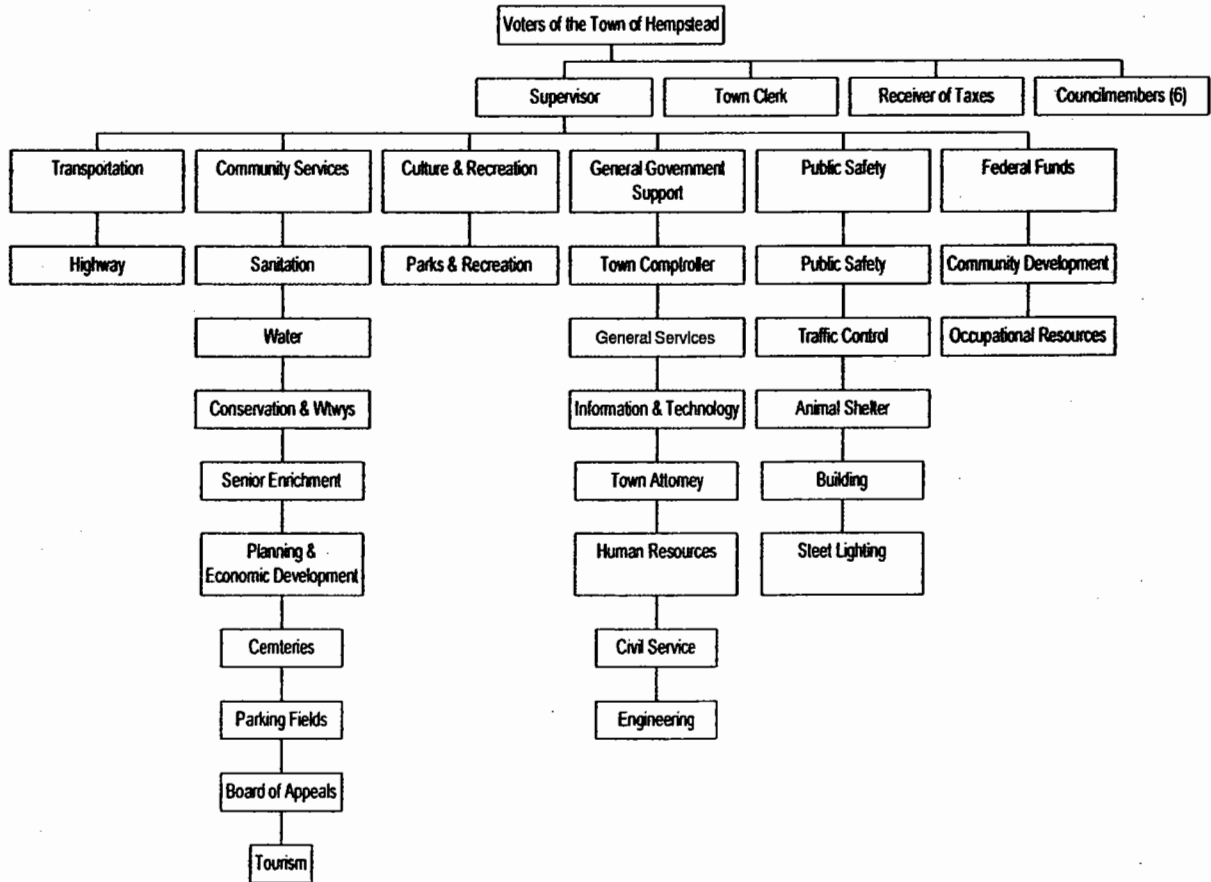
Receiver of Taxes

Town Comptroller

Town Attorney

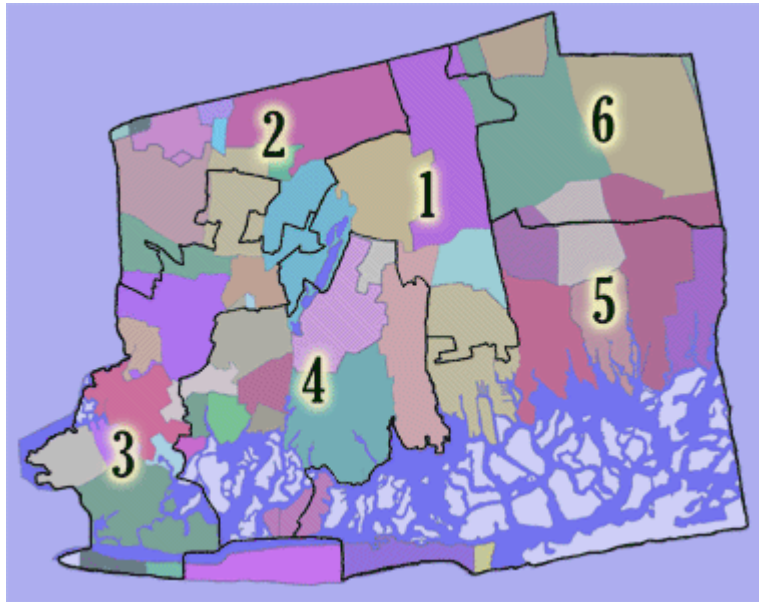
TOWN OF HEMPSTEAD

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, 2006**

**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.**



Cherie S. Cox

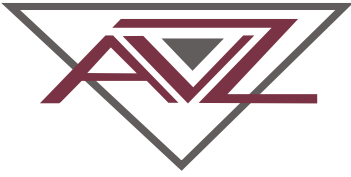
President

Jeffrey R. Egan

Executive Director

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**FINANCIAL
SECTION**



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, 2007 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, 2007, 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.

As discussed in Note A.8 to the basic financial statements, for the year ended December 31, 2007, the Town adopted *Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions (OPEB)*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 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.

Honorable Supervisor and Town Board
Town of Hempstead
Page 2

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.

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.



Hauppauge, New York
June 27, 2008

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REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2007

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 year ended December 31, 2007. 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 2007 by \$153.3 million. Of this amount \$15.9 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and taxpayers.
- The Town's total net assets decreased by \$20.2 million, in contrast to the previous two years, when net assets increased by \$27.2 million and \$20.6 million respectively. The most notable factor contributing to this swing is the recognition of \$53.0 million in post-employment benefits healthcare costs.
- As of the close of 2007, the Town's governmental funds reported combined ending fund balances, exclusive of the Capital Projects Fund, of \$176.5 million, of which \$140.7 million is available for spending at the Town's discretion.
- At the end of 2007, unreserved, undesignated fund balance for the General Fund was \$54.1 million, or 48.3 percent of total General Fund expenditures.
- The Town's total bonded debt decreased by \$4.2 million during 2007.

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.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2007

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 fewer 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, 2007

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,

	2007	2006
Assets		
Current and other assets	\$ 196,078,433	\$ 178,979,905
Capital assets	421,696,825	411,495,346
Other non-current assets	2,469,206	2,645,375
Total assets	620,244,464	593,120,626
Liabilities		
Current and other liabilities	90,327,680	68,059,521
Long-term liabilities	376,602,304	351,580,248
Total liabilities	466,929,984	419,639,769
Net assets		
Invested in capital assets, net of related debt	110,890,510	101,298,377
Restricted	26,526,453	21,883,470
Unrestricted	15,897,517	50,299,010
Total net assets	\$ 153,314,480	\$ 173,480,857

Total assets of the Town of Hempstead as of December 31, 2007 were \$620.2 million, an increase of \$27.1 million. Total liabilities as of December 31, 2007 were \$466.9 million, an increase of \$47.3 million. This results in a net asset balance of \$153.3 million for 2007, a decrease of \$20.2 million. This is in contrast to the previous two years, when net assets increased by \$27.2 million and \$20.6 million respectively. Of the Town's net asset balance, \$110.9 million were invested in capital assets, net of related debt; while \$26.5 million were restricted by statute or other specific purposes and \$15.9 million were unrestricted. Net assets were partially decreased in the current year and will decrease in subsequent years due to the recognition of Governmental Accounting Standards Board Statement (GASB) No. 45, *Accounting and Financial Reporting by Employers for Post – employment Benefits Other Than Pensions* (OPEB). The net other post-employment benefits healthcare costs recognized in 2007 were \$53.0 million. Additional information on Post-employment Benefits Healthcare Costs can be found in Note C.6 to the financial statements.

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 \$153.3 million at the close of the most recent year.

By far the largest portion of the Town of Hempstead's net assets (72.3 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 (17.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$15.9 million (10.4 percent), may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current 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 year.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2007

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)

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

	2007	2006
Program Revenues		
Charges for services	\$ 78,597,597	\$ 80,831,598
Operating grants and contributions	13,193,475	11,290,870
Capital grants and contributions	6,237,555	5,822,901
	98,028,627	97,945,369
General Revenues		
Real property taxes	228,683,296	218,096,202
Other real property tax items	3,920,874	2,955,998
Non-property tax items	39,893,890	39,104,777
Interest earnings and financing income	11,421,977	9,259,116
Mortgage tax	42,071,625	46,148,354
State aid - unrestricted	4,058,371	3,940,166
Other	1,455,109	2,053,680
	331,505,142	321,558,293
Total Revenues	429,533,769	419,503,662
Program Expenses		
General government support	69,575,283	55,411,276
Education	1,750,222	705,527
Public safety	33,561,350	31,301,346
Transportation	52,487,790	46,983,899
Economic assistance and opportunity	15,227,083	7,771,851
Culture and recreation	80,539,421	66,022,967
Home and community services	182,918,514	170,129,496
Interest on debt	13,640,483	14,005,924
	449,700,146	392,332,286
Total Expenses	449,700,146	392,332,286
Change in Net Assets	(20,166,377)	27,171,376
Net Assets - Beginning	173,480,857	146,309,481
Net Assets - Ending	\$ 153,314,480	\$ 173,480,857

The change in net assets from all government activities was a decrease of \$20.2 million.

Other key elements of the governmental activities are:

- Property taxes increased by \$10.6 million over the prior year. There is no statutory limitation on the taxing authority of the Town of Hempstead.
- Mortgage tax decreased by \$4.1 million and interest earning increased by \$2.2 million as a result of economic conditions and the availability of cash for investing.
- Recognition of \$53.0 million in, GASB No. 45, other post-employment benefits healthcare costs.

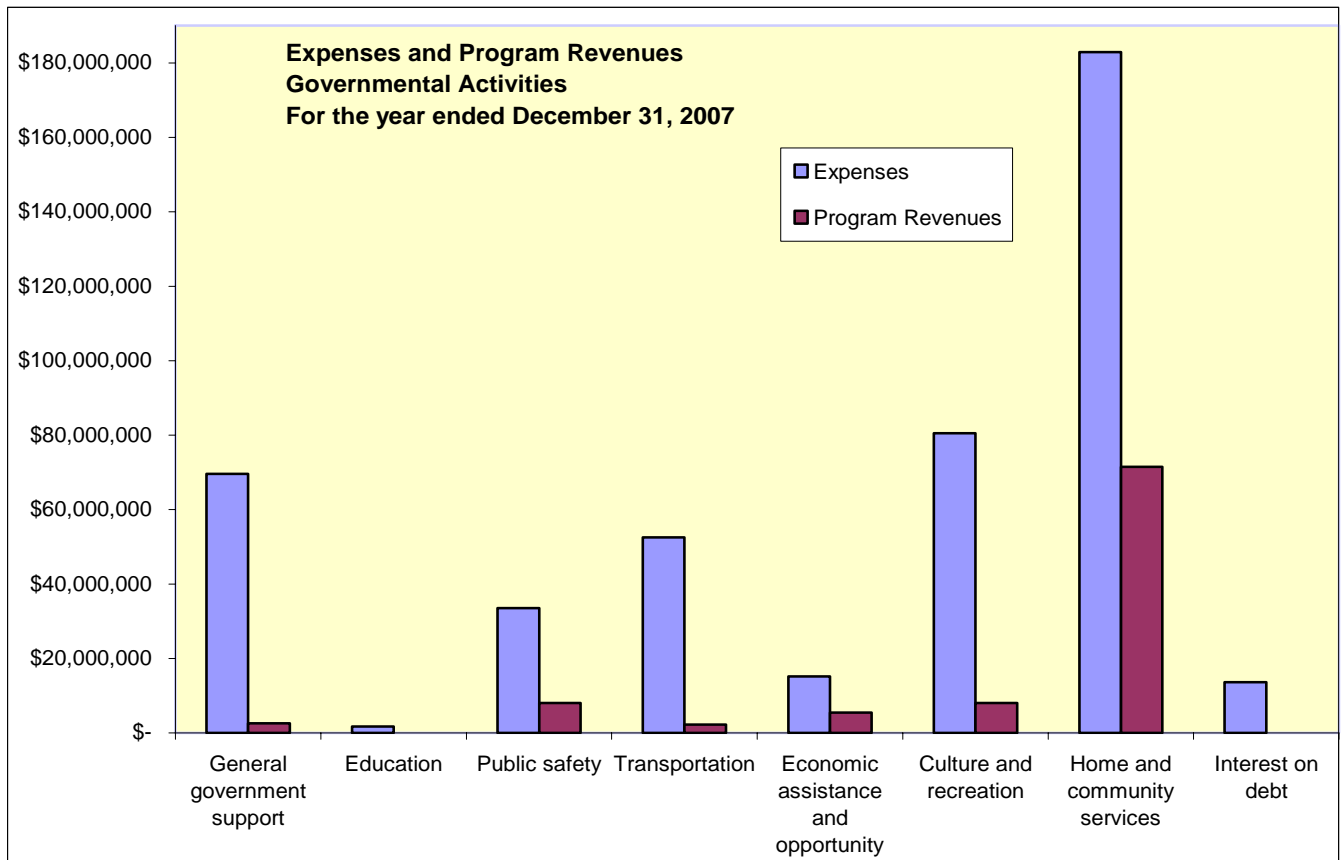
TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2007

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)

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

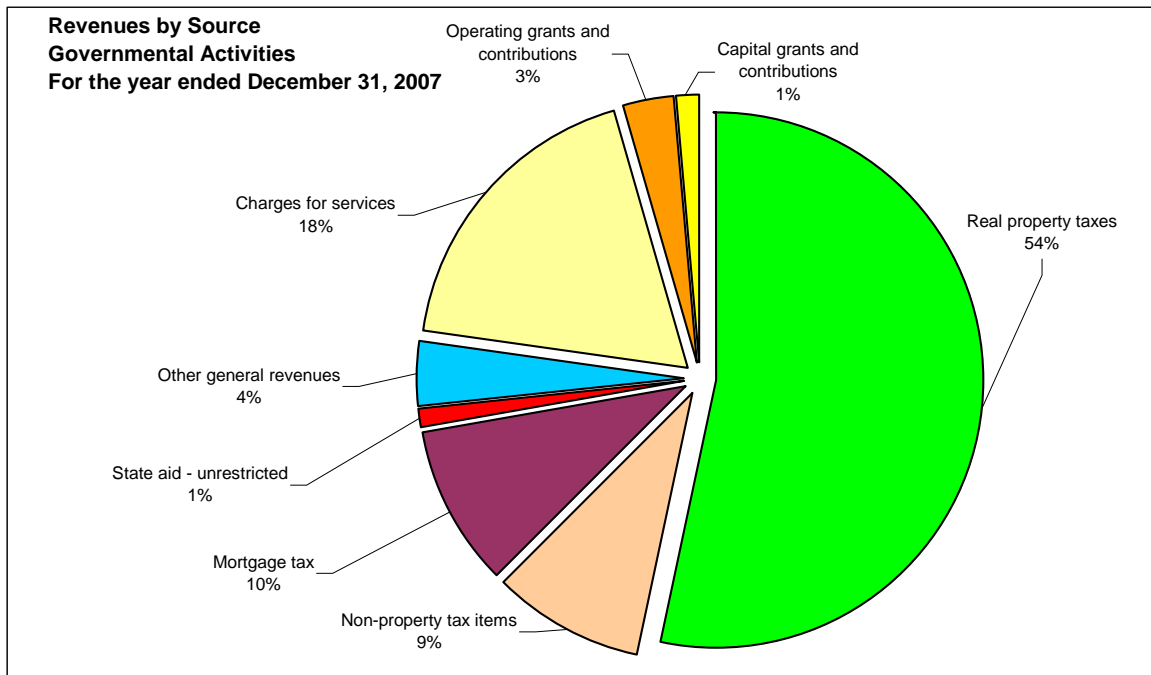
	2007	2006	2007	2006	2007	2006
	Total Cost (Expenses) of Services		Program Revenues		Net Cost (Revenue) of Services	
General government support	\$ 69,575,283	\$ 55,411,276	\$ 2,544,333	\$ 2,841,720	\$ 67,030,950	\$ 52,569,556
Education	1,750,222	705,527			1,750,222	705,527
Public safety	33,561,350	31,301,346	8,098,267	8,897,715	25,463,083	22,403,631
Transportation	52,487,790	46,983,899	2,270,932	2,416,155	50,216,858	44,567,744
Economic assistance and opportunity	15,227,083	7,771,851	5,491,086	4,849,831	9,735,997	2,922,020
Culture and recreation	80,539,421	66,022,967	8,105,494	7,744,177	72,433,927	58,278,790
Home and community services	182,918,514	170,129,496	71,518,515	71,195,771	111,399,999	98,933,725
Interest on debt	13,640,483	14,005,924			13,640,483	14,005,924
	<u>\$ 449,700,146</u>	<u>\$ 392,332,286</u>	<u>\$ 98,028,627</u>	<u>\$ 97,945,369</u>	<u>\$ 351,671,519</u>	<u>\$ 294,386,917</u>

The cost of all governmental activities this year was \$449.7 million. The net cost of these services after being subsidized by program revenues of \$98.0 million, was \$351.7 million.



TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2007

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)



Revenue by Source
 year ended December 31,

	2007	2006
Real property taxes	\$ 228,683,296	\$ 218,096,202
Non-property tax items	39,893,890	39,104,777
Mortgage tax	42,071,625	46,148,354
State aid - unrestricted	4,058,371	3,940,166
Other general revenues	16,797,960	14,268,794
Charges for services	78,597,597	80,831,598
Operating grants and contributions	13,193,475	11,290,870
Capital grants and contributions	6,237,555	5,822,901
	<u>\$ 429,533,769</u>	<u>\$ 419,503,662</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 year, the Town of Hempstead's governmental funds reported combined ending fund balances of \$171.8 million, an increase of \$14.9 million over the prior year. This change in total governmental fund balances was due to a combination of higher than expected revenues from such items as mortgage tax, interest earnings, and franchise fees, as well as significant cost savings as a result of a reduced workforce and aggressive expenditure controls. These items are discussed in greater detail in the individual fund analyses that follow.

Approximately 81.9 percent of the total fund balance (\$140.7 million) constitutes unreserved fund balance. Approximately 11.4 percent of this unreserved fund balance (\$16.1 million) has been designated to reduce property taxes in the subsequent year's budget. The remaining 18.1 percent of fund balance (\$31.1 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, 2007

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 year, unreserved fund balance of the General Fund was \$54.1 million, while total fund balance reached \$66.5 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 48.3 percent of total General Fund expenditures, while total fund balance represents 59.4 percent of the same amount.

The fund balance increased in the General Fund by \$1.0 million during the current year. This was a result of mortgage tax revenue exceeding the budgeted amount by approximately \$4 million, while expenditures for salaries, fringe benefits, and contractual services were under budget by approximately \$4 million. The shortfall in non-property tax items resulted from the Town's reallocation of \$6.7 million in local government assistance (sales tax) revenue among the other Town funds.

Highway Fund

The fund balance increased in the Highway Fund by \$3.4 million during the current year. This was primarily due to the allocation of an additional \$2.0 million in local government assistance (sales tax) revenue, and a shortfall of 0.9 million in franchise fees. The balance of the increase resulted from expenditures from salaries, fringe benefits, and contractual services coming in under budget.

Parks Fund

The fund balance increased in the Parks Fund by \$4.1 million during the current year. The main reasons for this increase were a savings of \$2.7 million in salary, fringe benefit, and contractual expenses, and the allocation of \$1.3 million in additional local government assistance (sales tax) revenue. The balance of the increase was a result of miscellaneous revenues exceeding budgetary estimates.

Refuse and Garbage Fund

The fund balance increased in the Refuse and Garbage Fund by \$7.0 million during the current year. Major factors contributing to this increase included: the allocation of an additional \$2.4 million in local government assistance (sales tax) revenue; \$1.2 million in interest earnings over budgeted amounts; and \$1.1 million from three state grants, the exact timing and amounts of which could not be estimated with enough certainty to be included in the budget. The shortfall in departmental income of \$4.4 million was compensated for by the savings in salary and fringe benefit expenditures of \$6.4 million.

Capital Projects Fund

The fund balance decreased in the Capital Projects Fund by \$4.4 million during the current year. This was due to an accelerated capital project completion schedule, which caused a negative cash flow. This will be offset by a scheduled debt issuance in 2008.

Nonmajor Governmental Funds

The net change in fund balances was an increase of \$3.8 million. This was primarily a result of the allocation of an additional \$1.5 million in local government assistance (sales tax) revenue in the Water Fund and \$1.2 million in new franchise fees in the Part-Town Fund. The balance of the increase was a result of miscellaneous revenues exceeding budgetary estimates, and from expenditures for salaries, fringe benefits, and contractual services coming in under budget.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget were relatively minor and resulted in increases in appropriations of \$0.8 million (.65%). This was not attributable to any individually significant areas. This variance was not expected to significantly affect future services or liquidity.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2007

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town of Hempstead's investment in capital assets for its governmental type activities as of December 31, 2007, amounts to \$421.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and bridge.

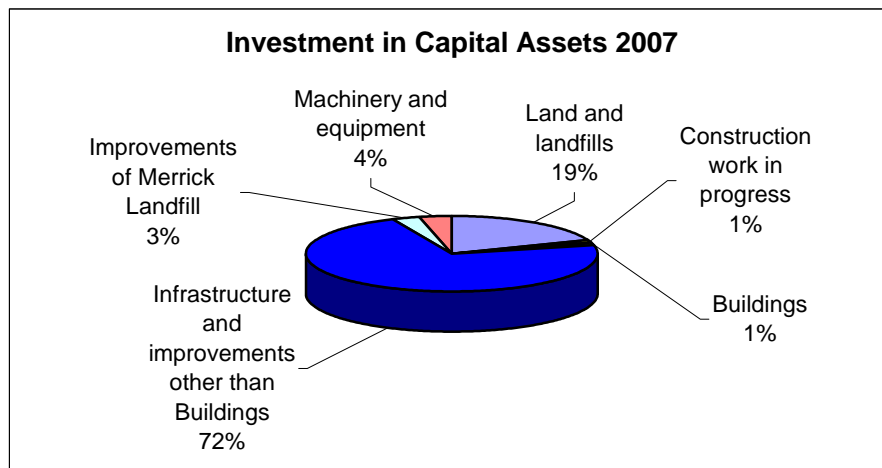
Major Capital asset events during the current year included the following:

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

Capital Assets

Capital Assets - Net of Accumulated Depreciation

	Governmental Activities	
	2007	2006
Land and landfills	\$ 81,246,838	\$ 81,246,838
Construction work in progress	4,227,544	2,233,128
Buildings	5,091,131	4,220,311
Infrastructure and improvements other than building, net	303,230,764	297,323,891
Improvements of Merrick landfill, net	12,946,044	13,470,714
Machinery and equipment and capital leases, net	14,954,504	13,000,464
Total Capital Assets	\$ 421,696,825	\$ 411,495,346



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, 2007

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-Term Debt

At the end of the current year, the Town of Hempstead has total bonded debt outstanding of \$304.0 million. The entire debt is backed by the full faith and credit of the Town of Hempstead.

Outstanding Debt

	Governmental Activities	
	2007	2006
General obligation bonds	\$ 304,017,994	\$ 308,198,217
Total	\$ 304,017,994	\$ 308,198,217

In continuance of the Town's policy of rapid amortization of debt, and parity between the amount of debt retired and new borrowing, the Town of Hempstead's total bonded debt decreased by \$4.2 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 \$6.0 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 2008 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 of 3.7% compares favorably to New York State's 4.5% and the United States' 4.6%. The workforce also compares favorably in composition; 39.1% professional/management compared to the State's 36.7%. Median income in the Town of Hempstead shows that over 38% of households have annual income of \$100,000 or more, compared to less than 22% statewide. 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, 2007

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 2008 budget lines.
- Revenues are subject to regional economic trends and are projected to show year-over-year decreases for 2008 for items such as mortgage tax.
- When all factors are considered the Town of Hempstead's general fund balance is expected to decrease by the close of 2008.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

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TOWN OF HEMPSTEAD
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET ASSETS
December 31, 2007

	Primary Governmental Activities	Component Units
ASSETS		
Current Assets:		
Cash and investments	\$ 161,592,817	\$ 7,301,772
Accounts receivable, net of allowances	5,009,124	891,502
Due from other governments	13,068,277	978
Prepays	6,246,403	238,904
Inventory of material and supplies	8,925,617	
Other assets	1,236,195	
Total Current Assets	196,078,433	8,433,156
Non-Current Assets:		
Deferred charges, net of accumulated amortization	2,469,206	14,314
Non-depreciable capital assets	85,474,382	1,640,521
Depreciable capital assets, net of depreciation	336,222,443	25,199,630
Total Non-Current Assets	424,166,031	26,854,465
Total Assets	620,244,464	35,287,621
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	20,323,526	534,245
Accrued interest payable	5,138,025	136,913
Due to other governments		65,983
Non-current liabilities due within one year		
General obligation bonds payable	37,759,555	932,157
Compensated absences	1,791,303	55,297
Claims and judgments payable	10,350,000	
Estimated liability for landfill closure and postclosure care costs	307,666	
Other post-employment benefits	14,657,605	293,332
Installment purchase debt		2,781
Total Current Liabilities	90,327,680	2,020,708
Non-Current Liabilities due in more than one year:		
General obligation bonds payable	270,799,739	7,779,727
Compensated absences	46,923,035	792,800
Claims and judgments payable	14,086,764	
Estimated liability for landfill closure and postclosure care costs	6,478,652	
Other post-employment benefits	38,314,114	376,112
Installment purchase debt		1,536
Other debt		60,111
Total Non-Current Liabilities	376,602,304	9,010,286
Total Liabilities	466,929,984	11,030,994
NET ASSETS		
Investment in capital assets, net of related debt	110,890,510	18,470,497
Restricted for:		
Capital projects	21,971,748	
Culture and recreation		344,429
Home and community services and Economic assistance and opportunity	3,216,838	604,810
Permanent fund:		
Nonexpendable	1,337,867	
Unrestricted	15,897,517	4,836,891
Total Net Assets	\$ 153,314,480	\$ 24,256,627

See notes to financial statements

TOWN OF HEMPSTEAD
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF ACTIVITIES
Year ended December 31, 2007

Function/Program	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Government Activities:				
General government support	\$ 69,575,283	\$ 2,345,134	\$ 8,153	\$ 191,046
Education	1,750,222			
Public safety	33,561,350	7,503,777		594,490
Transportation	52,487,790	191,443		2,079,489
Economic assistance and opportunity	15,227,083	24,748	5,466,338	
Culture and recreation	80,539,421	7,868,389	227,106	9,999
Home and community services	182,918,514	60,664,106	7,491,878	3,362,531
Interest on debt	13,640,483			
Total Primary Government	\$ 449,700,146	\$ 78,597,597	\$ 13,193,475	\$ 6,237,555
Component Units				
Culture and recreation	\$ 5,608,613	\$ 111,747		
Home and community services	7,327,912	4,203,012		
Total Component Units	\$ 12,936,525	\$ 4,314,759		

General Revenue

Real property taxes
Other real property tax items
Non-property taxes:
 Sales tax distribution by county, unrestricted
 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
\$ (67,030,950)	
(1,750,222)	
(25,463,083)	
(50,216,858)	
(9,735,997)	
(72,433,927)	
(111,399,999)	
<u>(13,640,483)</u>	
<u>\$ (351,671,519)</u>	
	\$ (5,496,866)
	<u>(3,124,900)</u>
	<u>\$ (8,621,766)</u>
\$ 228,683,296	\$ 10,467,866
3,920,874	171,826
33,457,368	
6,436,522	
11,421,977	768,315
42,071,625	
4,058,371	57,657
1,455,109	511,925
<u>331,505,142</u>	<u>11,977,589</u>
(20,166,377)	3,355,823
<u>173,480,857</u>	<u>20,900,804</u>
<u>\$ 153,314,480</u>	<u>\$ 24,256,627</u>

TOWN OF HEMPSTEAD
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2007

	MAJOR FUNDS				
	General	Highway	Parks	Refuse and Garbage	Capital Projects
ASSETS					
Cash and investments	\$ 58,244,778	\$ 19,334,536	\$ 15,183,623	\$ 30,192,069	\$ 5,582,373
Accounts receivable, net of allowances		2,316,310		935,298	
Due from other funds	3,725,002		659,833	985,269	
Due from other governments	3,239,556	1,900,000	2,779,316	2,844,175	
Inventory of material and supplies	932,816	3,720,332	1,009,653	1,802,944	
Prepays	1,290,418	313,647	673,329	536,320	
Other assets	941,195	45,000	150,000	55,000	
Total Assets	<u>\$ 68,373,765</u>	<u>\$ 27,629,825</u>	<u>\$ 20,455,754</u>	<u>\$ 37,351,075</u>	<u>\$ 5,582,373</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,836,183	\$ 942,733	\$ 973,370	\$ 8,498,307	\$ 5,603,035
Due to other funds		4,192,086			4,695,565
Deferred revenue		823,151			
Total Liabilities	<u>1,836,183</u>	<u>5,957,970</u>	<u>973,370</u>	<u>8,498,307</u>	<u>10,298,600</u>
Fund balances (deficits):					
Reserved:					
Encumbrances	250,422	776,208	97,846	581,962	21,971,748
Inventory	233,204	930,082	252,413	450,736	
Prepays	1,290,418	313,647	673,328	536,320	
Permanent fund					
Unreserved, designated for:					
Subsequent year's budget	5,698,790	1,318,315	1,129,995	1,982,945	
Nonmajor special revenue funds					
Other post-employment benefits	5,000,000				
Unreserved, undesignated reported in:					
General fund	54,064,748				
Special revenue funds		18,333,603	17,328,802	25,300,805	
Capital projects funds					(26,687,975)
Total Fund Balances (Deficits)	<u>66,537,582</u>	<u>21,671,855</u>	<u>19,482,384</u>	<u>28,852,768</u>	<u>(4,716,227)</u>
Total Liabilities and Fund Balances	<u>\$ 68,373,765</u>	<u>\$ 27,629,825</u>	<u>\$ 20,455,754</u>	<u>\$ 37,351,075</u>	<u>\$ 5,582,373</u>

Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 304	\$ 33,055,134	\$ 161,592,817
	1,757,516	5,009,124
	4,086,573	9,456,677
	2,305,230	13,068,277
	1,459,872	8,925,617
	276,838	3,090,552
	45,000	1,236,195
<u>\$ 304</u>	<u>\$ 42,986,163</u>	<u>\$ 202,379,259</u>
\$ 304	\$ 2,469,898	\$ 20,323,526
	568,722	9,456,677
		823,151
<u>304</u>	<u>3,038,620</u>	<u>30,603,354</u>
	743,115	24,421,301
	364,967	2,231,402
	276,838	3,090,551
	1,337,867	1,337,867
		10,130,045
	5,958,066	5,958,066
		5,000,000
		54,064,748
	31,266,690	92,229,900
		(26,687,975)
	<u>39,947,543</u>	<u>171,775,905</u>
<u>\$ 304</u>	<u>\$ 42,986,163</u>	<u>\$ 202,379,259</u>

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TOWN OF HEMPSTEAD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
December 31, 2007

Total Fund Balances - Governmental Funds \$ 171,775,905

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	\$ 85,474,382	
Capital assets - depreciable	745,573,896	
Accumulated depreciation	(409,351,453)	421,696,825

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds 823,151

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	(304,017,994)	
Compensated absences	(48,714,338)	
Claims and judgments	(24,436,764)	
Estimated liability for landfill closure and postclosure costs	(6,786,318)	
Other post-employment benefits	(52,971,719)	(436,927,133)

Prepaid items included in the Statement of Net Assets 3,155,851

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		2,469,206
Premiums on debt issuance included in the Statement of Net Assets		(4,541,300)

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. (5,138,025)

Net Assets of Governmental Activities **\$ 153,314,480**

TOWN OF HEMPSTEAD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2007

	MAJOR FUNDS				
	General	Highway	Parks	Refuse and Garbage	Capital Projects
REVENUES					
Real property taxes	\$ 17,318,805	\$ 54,592,267	\$ 41,331,111	\$ 84,031,274	
Real property tax items	1,907,867	420,206	329,623	857,255	
Non-property tax items	3,207,368	5,586,522	9,550,000	13,750,000	
Departmental income	6,771,774		2,493,514	7,202,545	
Intergovernmental charges	21,824	85	752,215	13,597,227	
Use of money and property	3,598,316	1,522,757	1,983,880	3,112,672	
Licenses and permits	806,003				
Fines and forfeitures	36,025		5,750		
Sale of property and compensation for loss	105,199	21,306	81,116	1,223,934	
Miscellaneous revenue	179,230	319,094	178,384	338,918	\$ 138,767
Interfund revenues	39,689,233		22,754,706		
State aid	43,967,889	835,600	203,230	1,137,125	2,304,013
Federal aid					435,411
Total Revenues	<u>117,609,533</u>	<u>63,297,837</u>	<u>79,663,529</u>	<u>125,250,950</u>	<u>2,878,191</u>
EXPENDITURES					
Current:					
General government support	64,656,248				
Education	1,750,222				
Public safety	8,311,758				
Transportation	964,637	25,238,632			
Economic assistance and opportunity	4,903,039				
Culture and recreation	79,235		55,306,042		
Home and community services	9,090,231			100,264,032	
Employee benefits	22,177,378	7,642,883	15,774,670	13,668,423	
Capital Outlay:					
General government support					3,203,663
Public safety					1,249,961
Transportation					24,054,152
Culture and recreation					4,118,752
Home and community services					3,802,783
Debt Service:					
Principal					
Interest					
Bonds issuance costs	99,939				
Total Expenditures	<u>112,032,687</u>	<u>32,881,515</u>	<u>71,080,712</u>	<u>113,932,455</u>	<u>36,429,311</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,576,846</u>	<u>30,416,322</u>	<u>8,582,817</u>	<u>11,318,495</u>	<u>(33,551,120)</u>
Other Financing Sources (Uses)					
Transfers in	313,839	1,605,310	69,759	914,968	1,697,964
Transfers out	(4,923,230)	(28,958,095)	(4,655,869)	(5,281,245)	(2,927,417)
Debt issuance					30,348,650
Premiums on debt issuance	38,685	354,001	61,303	9,596	
Total Other Financing Sources (Uses)	<u>(4,570,706)</u>	<u>(26,998,784)</u>	<u>(4,524,807)</u>	<u>(4,356,681)</u>	<u>29,119,197</u>
Net Change in Fund Balances	1,006,140	3,417,538	4,058,010	6,961,814	(4,431,923)
Fund Balance (Deficit) at Beginning 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>
Fund Balance (Deficit) at End of Year	<u>\$ 66,537,582</u>	<u>\$ 21,671,855</u>	<u>\$ 19,482,384</u>	<u>\$ 28,852,768</u>	<u>\$ (4,716,227)</u>

Debt Service Fund	Other Governmental Funds	Total Governmental Funds
	\$ 31,409,839	\$ 228,683,296
	405,923	3,920,874
	7,800,000	39,893,890
	15,276,470	31,744,303
	230,275	14,601,626
	2,304,196	12,521,821
	14,125	820,128
	744,629	786,404
	20,388	1,451,943
	517,628	1,672,021
	701,863	63,145,802
	1,648,876	50,096,733
	15,028,882	15,464,293
	<u>76,103,094</u>	<u>464,803,134</u>
	136,784	64,793,032
		1,750,222
	16,099,559	24,411,317
	11,207,936	37,411,205
	5,466,097	10,369,136
	1,024,204	56,409,481
	25,346,416	134,700,679
	6,539,752	65,803,106
		3,203,663
		1,249,961
		24,054,152
		4,118,752
		3,802,783
\$ 34,528,873		34,528,873
14,131,558		14,131,558
		99,939
<u>48,660,431</u>	<u>65,820,748</u>	<u>480,837,859</u>
(48,660,431)	10,282,346	(16,034,725)
48,660,431	104,515	53,366,786
	(6,620,930)	(53,366,786)
		30,348,650
	81,211	544,796
<u>48,660,431</u>	<u>(6,435,204)</u>	<u>30,893,446</u>
-0-	3,847,142	14,858,721
-0-	36,100,401	156,917,184
<u>\$ -0-</u>	<u>\$ 39,947,543</u>	<u>\$ 171,775,905</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, 2007

Net Change in Fund Balances - Total Governmental Funds **\$ 14,858,721**

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	36,960,535
Depreciation expense	(26,759,056)

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	(223,580)
Deferred charges	(176,169)

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

Deferred Revenue	35,417
Unearned Revenue	(181,477)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets.

Debt issued	(30,348,650)
Repayment of debt principal	34,528,873
Compensated absences	3,728,032
Claims and judgments	(3,889,807)
Estimated liability for landfill closure and postclosure care costs	3,505,320
Other post-employment benefits	(52,971,719)
Accrued interest payable	<u>767,183</u>

Change in Net Assets of Governmental Activities **\$ (20,166,377)**

TOWN OF HEMPSTEAD
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2007

		<u>Total Agency Funds</u>
<u>ASSETS</u>		
Cash and investments		\$ 70,138,108
	Total Assets	<u>\$ 70,138,108</u>
 <u>Liabilities</u>		
Due to other governments		\$ 70,138,108
	Total Liabilities	<u>\$ 70,138,108</u>

TOWN OF HEMPSTEAD
INDEX FOR NOTES TO FINANCIAL STATEMENTS
December 31, 2007

Note A – Summary of Significant Accounting Policies	
A.1 Reporting Entity	43
A.2 Basis of Presentation	44-47
A.3 Basis of Accounting/Measurement Focus	47-48
A.4 Assets, Liabilities and Fund Equity	48-50
A.5 Revenues and Expenditures	50-51
A.6 Equity Classifications	51-52
A.7 Use of Estimates	52
A.8 New Accounting Principles	52
Note B – Stewardship, Compliance and Accountability	
B.1 Budgetary Data	52-53
B.2 Fund Balances	53
Note C – Detailed Notes on All Funds	
C.1 Cash and Investments	54
C.2 Interfund Receivables, Payables and Transfers	55
C.3 Capital Assets	56-57
C.4 Indebtedness	57-59
C.5 Retirement System	59-60
C.6 Post Employment Benefits Healthcare Costs	60-63
C.7 Compensated Absences	63
C.8 Permanent Fund	64
Note D – Commitments and Contingencies	
D.1 Risk Retention	64-65
D.2 Litigation	65
D.3 Resource Recovery Facility	65-66
D.4 Landfill Closure and Post-Closure Care Costs	67
D.5 Construction and Other Capital Acquisition Commitments	67
D.6 Merrick Fire Department Service Award Program (LOSAP)	67-69
Note E – Condensed Financial Statements for the Discretely Presented Component Units	
Presented Component Units	70-71
Note F – Subsequent Events	71

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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, 2007

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, 2007

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.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. BASIS OF PRESENTATION (continued)

Fund Financial Statements (continued)

Additionally, the Town reports the following nonmajor funds:

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

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

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

Fire Protection Districts as follows:

Angle Sea	Merrick	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, 2007

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, 2007

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 (sales tax) 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.

RECEIVABLES

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

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. ASSETS, LIABILITIES AND FUND EQUITY (continued)

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 in the government-wide statements represent retirement benefits that will benefit future periods.

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, in the government-wide financial statements. Bond issuance costs that are immaterial are charged as a general fund operating expense.

In the fund financial statements bond issuance costs are recognized, during the current period, as debt service expenditures in the general fund.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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.

In the fund financial statements premiums are recognized, during the current period, and reported as other financial sources.

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, liability for landfill closure and post closure costs, and other post-employment benefits 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, 2007

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. REVENUES AND EXPENDITURES (continued)

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

Real property taxes become a lien on the respective days when they become due and payable..

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 liabilities and expenses 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.
- 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.”

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. EQUITY CLASSIFICATIONS (continued)

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, prepaids, permanent funds 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 indicate the utilization of these resources in the subsequent year's budget or tentative plans for future use.

7. USE OF ESTIMATES

The preparation of general purpose financial statements, in conformity with accounting principles generally accepted in the United State of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

8. NEW ACCOUNTING PRINCIPLES

Effective with the financial report for the fiscal year ending December 31, 2007, the Town has adopted *Governmental Accounting standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions (OPEB)*. This statement establishes standards for reporting the liability for non-pension post-employment benefits, chiefly the health care premiums for retirees.

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.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

1. BUDGETARY DATA (continued)

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.

- 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 Fund 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, 2007 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	\$ 9,333,809	\$ 1,411,926	\$ 7,921,883
Special Grant	3,216,838		3,216,838
Fire Protection	1,996,971		1,996,971
Street Lighting	3,813,306	253,236	3,560,070
Public Parking	3,808,385	1,367,424	2,440,961
Water	14,765,631	2,925,480	11,840,151
Library Funding	289,816		289,816
	<u>\$ 37,224,756</u>	<u>\$ 5,958,066</u>	<u>\$ 31,266,690</u>

FUND DEFICITS

Individual funds with unreserved and/or total fund deficits as of December 31, 2007 were as follows:

Fund	Fund Deficit Unreserved and Undesignated	Total Fund Balance (Deficit)
Major Funds:		
Capital Projects Fund	<u>\$ (26,687,975)</u>	<u>\$ (4,716,227)</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, 2007

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, 2007 the Town's deposits were \$231,730,925. This amount is inclusive of Fiduciary fund deposits of \$70,138,108 and restricted cash of \$1,337,867 but exclusive of petty cash of \$9,700. The bank balance was \$252,386,059. Of the bank balance, \$2,050,000 was covered by Federal deposit insurance, and \$339,291,204 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, 2007 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, 2007

C. DETAILED NOTES ON ALL FUNDS (continued)

2. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At December 31, 2007, individual fund interfund receivable and payable balances for the primary government are expected to be paid currently. These balances represent various temporary loans, recharges and reimbursements between funds and are stated as follows:

	<u>Receivable</u>	<u>Payable</u>
Primary Government		
<u>Major Funds:</u>		
General Fund	\$ 3,725,002	
Highway		\$ 4,192,086
Parks	659,833	
Refuse & Garbage	985,269	
Capital Projects Fund		4,695,565
Debt Service		304
<u>Nonmajor Funds:</u>		
Town Outside Village	2,221,472	
Special Grant		554,394
Street Lighting	1,865,101	
Public Parking		13,564
Water		764
	<u>\$ 9,456,677</u>	<u>\$ 9,456,677</u>

At December 31, 2007 individual fund interfund transfers balances for the primary government primarily represent receipt and payment of debt service and capital projects expenditures, and are stated as follows.

	<u>Transfer In</u>	<u>Transfer Out</u>
Primary Government		
<u>Major Funds:</u>		
General Fund	\$ 313,839	\$ 4,923,230
Highway	1,605,310	28,958,095
Parks	69,759	4,655,869
Refuse & Garbage	914,968	5,281,245
Capital Projects Fund	1,697,964	2,927,417
Debt Service	48,660,431	
<u>Nonmajor Funds:</u>		
Town Outside Village	68	48,065
Special Grant		
Fire Protection		716,969
Street Lighting		1,115,541
Public Parking		1,087,044
Water	104,447	3,572,337
Library		
Permanent		80,974
	<u>\$ 53,366,786</u>	<u>\$ 53,366,786</u>

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

C. DETAILED NOTES ON ALL FUNDS (continued)

3. CAPITAL ASSETS

	Balance 1/1/2007	Additions	Deletions	Balance 12/31/2007
Primary government				
Capital assets not being depreciated				
Land - other than landfills	\$ 50,578,053			\$ 50,578,053
Landfills	30,668,785			30,668,785
Construction work in progress	2,233,128	\$ 1,994,416		4,227,544
Total capital assets not being depreciated	83,479,966	1,994,416		85,474,382
Depreciable capital assets				
Infrastructure and improvements other than buildings	547,930,457	27,026,676		574,957,133
Buildings	79,907,990	1,036,472		80,944,462
Improvement to park portion of Merrick landfill	15,740,104			15,740,104
Machinery and equipment	67,167,384	6,902,971	\$ 138,158	73,932,197
Total depreciable capital assets	710,745,935	34,966,119	138,158	745,573,896
Less accumulated depreciation				
Infrastructure and improvements other than buildings	250,606,566	21,119,803		271,726,369
Buildings	75,687,679	165,652		75,853,331
Improvements to park portion of Merrick landfill	2,269,390	524,670		2,794,060
Machinery and equipment	54,166,920	4,948,931	138,158	58,977,693
Total accumulated depreciation	\$ 382,730,555	\$ 26,759,056	\$ 138,158	409,351,453
Total net depreciable capital assets				336,222,443
Total net capital assets				\$ 421,696,825

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

General government support	\$ 1,669,941
Public safety	293,987
Transportation	17,806,031
Economic assistance and opportunity	18,330
Culture and recreation	4,283,793
Home and community services	2,686,974
Total governmental activities depreciation expense	\$ 26,759,056

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, 2007, the Town has not recorded any such impairment losses.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

C. DETAILED NOTES ON ALL FUNDS (continued)

3. CAPITAL ASSETS (continued)

	Balance 1/1/2007	Additions	Deletions	Balance 12/31/2007
Discretely Presented Component Units				
Capital assets not being depreciated				
Land	\$ 263,098			\$ 263,098
Construction in progress	144,400	\$ 2,633,212	\$ 1,400,189	1,377,423
Total capital assets not being depreciated	407,498	2,633,212	1,400,189	1,640,521
Depreciable capital assets				
Buildings	22,723,028	1,275,167	320	23,997,875
Improvements other than buildings	50,886			50,886
Machinery and equipment	8,813,644	671,596	126,438	9,358,802
Infrastructure	8,368,313	304,151	280,944	8,391,520
Total depreciable capital assets	39,955,871	2,250,914	407,702	41,799,083
Less total accumulated depreciation	\$ 15,887,907	\$ 1,074,818	\$ 363,272	16,599,453
Total net depreciable capital assets				25,199,630
Total net capital assets				\$ 26,840,151

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 3.12% to 6.32%.

Future principal and interest payments to maturity are as follows:

Primary Government:

Years Ending December 31,		Principal	Interest	Total Principal and Interest
2008	\$	37,350,836	\$ 13,435,388	\$ 50,786,224
2009		38,863,432	11,787,154	50,650,586
2010		40,458,486	10,059,656	50,518,142
2011		33,513,147	8,460,091	41,973,238
2012		27,123,133	6,926,408	34,049,541
2013-2017		104,276,303	17,106,289	121,382,592
2018-2020		22,432,657	1,151,619	23,584,276
		\$ 304,017,994	\$ 68,926,605	\$ 372,944,599

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

C. DETAILED NOTES ON ALL FUNDS (continued)

4. INDEBTEDNESS (continued)

Component Units:

		Principal	Interest	Total Principal and Interest
Years Ending December 31,	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	909,699	224,487	1,134,186
	2013-2017	3,182,582	641,453	3,824,035
	2018-2019	812,343	39,745	852,088
		<u>\$ 8,711,884</u>	<u>\$ 2,189,486</u>	<u>\$ 10,901,370</u>

Outstanding Bond Issues

Issue	Average Rate	Amount	Final Maturity
General Obligation Serial Bonds-1991, Series A	6.11000%	\$ 1,148,500	February 15, 2011
General Obligation Serial Bonds-1991, Series B	6.31560%	820,000	January 1, 2016
General Obligation Serial Bonds-1991, Series C	4.40630%	700,000	February 15, 2012
General Obligation Serial Bonds-1995, Series B	5.42240%	9,585,000	February 1, 2015
General Obligation Serial Bonds-1997, Series A	3.13120%	3,975,000	February 15, 2015
General Obligation Serial Bonds-1998, Series A	3.66590%	2,840,000	January 15, 2017
General Obligation Serial Bonds-1998, Series B	3.98680%	19,407,498	August 15, 2011
New York State EFC Bonds-2000 Series A	3.85000%	1,200,000	June 15, 2019
General Obligation Serial Bonds-2000, Series B	4.65100%	19,810,000	December 15, 2013
General Obligation Serial Bonds-2001, Series A	4.40630%	28,300,000	January 15, 2015
General Obligation Serial Bonds-2003, Series A	3.41200%	11,211,000	August 1, 2012
General Obligation Serial Bonds-2004, Series A	3.41190%	43,280,000	February 1, 2018
General Obligation Serial Bonds-2004, Series B	3.98640%	71,855,000	July 15, 2018
General Obligation Serial Bonds-2005, Series A	3.11727%	23,800,000	February 15, 2010
General Obligation Serial Bonds-2005, Series B	3.11727%	10,535,000	November 15, 2018
General Obligation Serial Bonds-2006, Series A	3.76550%	33,914,230	March 1, 2018
General Obligation Serial Bonds-2006, Series B	4.13760%	30,348,650	September 1, 2020
		<u>\$ 312,729,878</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, 2007 \$47,210,000 of outstanding bonds are considered defeased.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

C. DETAILED NOTES ON ALL FUNDS (continued)

4. INDEBTEDNESS (continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2007 is as follows:

	Beginning Balance 1/1/2007	New Issues/ Additions	Maturities/ Reductions	Ending Balance 12/31/2007	Non-current liabilities due within one year	Non-current liabilities
Primary Government:						
Bonds Payable						
General obligation bonds	\$ 308,198,217	\$ 30,348,650	\$ 34,528,873	\$ 304,017,994	\$ 37,350,836	\$ 266,667,158
Plus premiums on issuance	4,359,823	544,796	363,319	4,541,300	408,719	4,132,581
Total Bonds Payable	312,558,040	30,893,446	34,892,192	308,559,294	37,759,555	270,799,739
Compensated absences	52,442,370	23,786,122	27,514,154	48,714,338	1,791,303	46,923,035
Claims and judgments	20,546,957	3,889,807		24,436,764	10,350,000	14,086,764
Estimated liability for landfill closure and postclosure care costs	10,291,638		3,505,320	6,786,318	307,666	6,478,652
Other post-employment benefits	-0-	66,508,100	13,536,381	52,971,719	14,657,605	38,314,114
Total non-current liabilities	<u>\$ 395,839,005</u>	<u>\$ 125,077,475</u>	<u>\$ 79,448,047</u>	<u>\$ 441,468,433</u>	<u>\$ 64,866,129</u>	<u>\$ 376,602,304</u>
Component Units:						
General obligation bonds	\$ 9,703,718		\$ 991,834	\$ 8,711,884	\$ 932,157	\$ 7,779,727
Compensated absences	866,608	\$ 67,986	86,497	848,097	55,297	792,800
Other post-employment benefits	-0-	933,993	264,549	669,444	379,897	289,547
Installment purchase debt	6,752		2,435	4,317	2,781	1,536
Total non-current liabilities	<u>\$ 10,577,078</u>	<u>\$ 1,001,979</u>	<u>\$ 1,345,315</u>	<u>\$ 10,233,742</u>	<u>\$ 1,370,132</u>	<u>\$ 8,863,610</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, post-employment health care benefits and due to Employees' Retirement System are liquidated through future budgetary appropriation in the funds that gave rise to the liability.

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.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

C. DETAILED NOTES ON ALL FUNDS (continued)

5. RETIREMENT SYSTEM (continued)

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, 2007 are as follows:

<u>Tier/Plan/Option</u>	<u>Rate</u>
1 75I/41J	12.1%
2 75I/41J	11.1%
3 A14/41J	8.9%
4 A15/41J	8.9%

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.

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

<u>Annual Required Contribution - ERS</u>					
<u>Amount</u>	<u>% of Covered Payroll</u>	<u>Early Retirement Incentive</u>	<u>Credits & Miscellaneous Adjustments</u>	<u>Total Payment</u>	
2007 \$ 12,588,514	8.21%	\$ -0-	\$ 34,891	\$ 12,623,405	
2006 13,517,723	10.42%	-0-	(104,703)	13,413,020	
2005 14,241,571	11.18%	-0-	232,183	14,473,754	

6. POST-EMPLOYMENT BENEFITS HEALTHCARE COSTS

In the government-wide financial statements, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended December 31, 2007, the Town recognizes the costs of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provide information useful in assessing potential demands on the Town's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2007 liability.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

C. DETAILED NOTES ON ALL FUNDS (continued)

6. POST-EMPLOYMENT BENEFITS HEALTHCARE COSTS (continued)

Plan Description

The Town, as a single-employer defined benefit plan, per its contracts with employees, will pay the full premium costs for the medical benefits, currently provided by the New York State Health Insurance Program NYSHIP. Active and retired employees of the Town have the Empire PPO plan (Core Plus Enhancements). The Empire plan has separate pre-Medicare and Medicare rates. Since the plans are community rated, the retiree claim costs are based on the actual rates without adjustment for age. Substantially all of the Town's employees may be eligible for these benefits if they reach normal retirement age while working for the Town. Benefits are provided to the employee who retires with at least ten full years of service with any public employer in the State of New York, provided the employee has at least five full years of service in the Town, prior to the date of retirement at age fifty-five or later. The Town provides dental coverage on a self-insured basis through Healthplex. Retiree claim costs were based upon claim and administrative data provided by Healthplex. The retiree is also eligible for Medicare Part B reimbursement in the amount of \$1,157 per year, if they are over the age of sixty-five. As of 2007 the Medicare Part B premium that is charged varies by income level. Medicare Part B reimbursement valuation was assumed at the basic level. Upon death of a retiree the Town ceases to pay the healthcare costs for the un-remarried survivor after three months. The survivor can continue the insurance through the Town at their own cost. The survivor does continue to receive the medicare reimbursement. These contracts may be renegotiated at various times in the future.

The number of participants as of January 1, 2008, the effective date of the OPEB valuation, follows. There have been no significant changes in the number or the type of coverage since that date.

Active employees	1,894
Retired Employees and spouses	1,293
Surviving spouses of deceased retirees	250
Total	3,437

Funding Policy

The Town currently pays for post-employment health care benefits on a pay-as-you-go basis. As of December 31, 2007 the Town has designated \$5,000,000 of fund balance for post-employment benefits.

Annual Other Post-employment Benefit Cost

For the year ended December 31, 2007, the Town's annual other post-employment benefits cost (expenses) of \$66,508,100 was equal to the Annual Required Contribution (ARC). Considering the annual expense as well as the payment of current health insurance premiums and medicare reimbursements, which totaled \$13,536,381 for retirees and their beneficiaries, the result was an increase in the other post-employment benefits liability of \$52,971,719 for the year ended December 31, 2007. The ARC for the component units for the year ended December 31, 2007 amounted to \$933,993. Considering health insurance payments totaling \$264,549, the increase in the other post-employment benefits liability for the component units for the year ended December 31, 2007 amounted to \$669,444.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

C. DETAILED NOTES ON ALL FUNDS (continued)

6. POST-EMPLOYMENT BENEFITS HEALTHCARE COSTS (continued)

Benefit Obligations and Normal Cost

	Medical, Dental and Medicare B
Actuarial Accrued Liability (AAL)	
Active employees	\$ 472,291,500
Retired employees	338,111,800
Total Actuarial Accrued Liability (AAL)	810,403,300
Actuarial value of plan assets	-0-
Unfunded actuarial accrued liability (UAAL)	\$ 810,403,300
Funded ratio	0%
Normal cost at the beginning of the year	\$ 21,444,900
Amortization cost at the beginning of the year	\$ 45,063,200
Annual covered payroll	\$ 153,742,724
UAAL as a percentage of covered payroll	527.12%

The Town's annual other post-employment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The unfunded actuarial accrued liability for the Town for the year ended December 31, 2007 amounted to \$810,403,300. The unfunded actuarial accrued liability for the components units for the year ended December 31, 2007 amounted to \$10,311,287.

The following table shows the components of the Town's other post-employment benefits liability:

Level Dollar Amortization

Calculation of ARC under the Projected Unit Credit Cost Method

Normal cost	\$ 21,444,900
Amortization of unfunded actuarial liability (UAAL) over 30 years	45,063,200
Interest	-0-
Annual required contribution (ARC)	66,508,100
Less: Contribution for year ended December 31, 2007	13,536,381
Increase in other post-employment benefits liability	52,971,719
Other post-employment benefits liability at December 31, 2006	-0-
Other post-employment benefits liability at December 31, 2007	\$ 52,971,719
Percentage of annual OPEB cost contributed	20.4%

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

C. DETAILED NOTES ON ALL FUNDS (continued)

6. POST-EMPLOYMENT BENEFITS HEALTHCARE COSTS (continued)

Actuarial Methods and Assumptions

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the employer's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The required schedule of funding progress can be found immediately following the notes, in required supplementary information, and presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term liability in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the December 31, 2007 actuarial valuation, the liabilities were computed using the projected unit credit method and level debt amortization method to amortize the initial unfunded liability. The actuarial assumptions utilized a 4.0% discount rate and assume that the benefits are not prefunded. GASB 45 requires the discount rate to be set based on the expected earnings of the Town's general fund. The valuation assumes a 9.5-10.5% healthcare cost trend increase for the year ended 2007, reduced by decrements to a rate of 5.0% after nine years for pre-65 medical benefits and eleven years for post-65 medical benefits. The valuation assumes a 5% cost trend for dental and medicare part B benefits for the year ended 2007. The remaining amortization period at December 31, 2007 was twenty nine years.

A copy of the Town of Hempstead Retiree Medical Program, December 31, 2007 Valuation is available by contacting the Town of Hempstead, Office of the Comptroller, Hempstead, New York.

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, 2007 the value of the accumulated vacation time and sick leave was \$48,714,338 for the primary government. The liability for compensated absences for the component units amounted to \$848,097.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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 as of the year ended December 31, 2007 is \$80,974. 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 \$24,436,764. 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, 2007

D. COMMITMENTS AND CONTINGENCIES

1. RISK RETENTION (continued)

	Workers' Compensation		General Liability	
	2007	2006	2007	2006
Unpaid claims and claim adjustment expenditures at the beginning of the year	\$ 18,816,000	\$ 17,718,000	\$ 1,730,957	\$ 1,804,000
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	7,086,921	7,979,260	3,901,351	985,786
Total incurred claims and claim adjustment expenditures	<u>7,086,921</u>	<u>7,979,260</u>	<u>3,901,351</u>	<u>985,786</u>
Payments				
Claim and claim adjustment expenditures attributable to insured events of the current and prior years.	6,156,921	6,881,260	941,544	1,058,829
Total unpaid Claims and Claim adjustment expenditures at the end of the year.	<u>\$ 19,746,000</u>	<u>\$ 18,816,000</u>	<u>\$ 4,690,764</u>	<u>\$ 1,730,957</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 motion stages and is most likely several years from resolution. As of December 31, 2007, no liability has been recorded in the financial statements on this matter.

3. RESOURCE RECOVERY FACILITY

The Town and the Town on behalf of the Town of Hempstead Refuse Disposal District ("District") have entered into a new service agreement, dated as of December 11, 2007, with an independent company, Covanta Hempstead Company (formerly American Ref-Fuel Company of Hempstead) (the "Company") that owns and operates a resource recovery facility in the Town. An existing service agreement among the Town, District and the Company is scheduled to expire on August 19, 2009, at which time the term of the new service agreement will commence.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

D. COMMITMENTS AND CONTINGENCIES (continued)

3. RESOURCE RECOVERY FACILITY (continued)

Under the existing and new service agreements, the Town has committed to deliver certain tonnages of municipal solid waste to the Company, which will use it to generate electricity at the resource recover facility. The resource recovery facility is located on a parcel of land owned by the District. The District leased the parcel to the Hempstead Industrial Development Agency ("IDA"), which subleased it to the Company to facilitate the construction, development and operation of the facility.

In conjunction with the new service agreement, the Town, District, IDA and Company, as applicable, executed certain amendments to several agreements so that the respective term of each agreement corresponds with or extends beyond the anticipated term of the new service agreement – *i.e.*, August 19, 2034. Those amended agreements include: (1) Second Amendment to District Site Lease between the Town on behalf of the District and the IDA; (2) Second Amendment to Site Lease Agreement between the IDA and the Company; (3) Third Amendment to [Facility] Lease Agreement between the IDA and the Company; and (4) Payment In Lieu Of Taxes Agreement between the IDA and the Company.

The Town may, under certain circumstances, terminate the existing service agreement; however, it could be liable for the unpaid balance of the Bonds issued by the IDA on December 31, 1985 and refinanced in 1997, as well as certain lease obligations of the Company. The outstanding amount of the Bonds is \$82.0 Million.

The Town also may, under certain circumstances, terminate the new service agreement; however, if the Town terminates the agreement because the cost to the Town of uncontrollable circumstances ("UCCs") under the service agreement exceeds a specified amount, the Town is obligated to make a termination payment corresponding to 25% of the Town's pro rata share (as defined in the new agreement) of the any outstanding indebtedness incurred by the Company to finance the cost of prior UCCs.

Under the existing service agreement, the Town has incurred several contingent liabilities with respect to the resource recovery facility. The Town has obligated itself to deliver acceptable 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 a minimum tonnage shortfall delivery adjustment. The Town has entered into an intermunicipal agreement with the Town of Brookhaven (the "Brookhaven IMA") to provide 200,000 tons of acceptable waste per year to the resource recovery facility. Although the Town does not budget for this in the fund financial statements, the government-wide statements reflect the effect of this agreement, recorded net. The Town has also entered into an IMA with certain villages and one sanitary district (the "Village IMA") to provide specified quantities of additional acceptable waste per year to the facility. The Brookhaven IMA and Village IMA will expire at the end of the existing service agreement. Under certain conditions, the Town may terminate the Brookhaven IMA or the Village IMA.

Under the new service agreement, the Town also has incurred certain contingent liabilities with respect to the resource recovery facility. The Town has obligated itself to deliver acceptable waste to the facility of not less than 420,000 tons per year, commencing August 20, 2009. In the event the guaranteed tonnage is not delivered to the facility, the Town is obligated to pay a minimum tonnage shortfall delivery adjustment. The Town may exercise certain capacity options to increase this minimum tonnage subject to certain conditions, but has not done so.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

D. COMMITMENTS AND CONTINGENCIES (continued)

4. LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

State and federal laws and regulations require the Town to place a final cover on its landfill sites and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. The Oceanside Landfill stopped receiving waste in July, 1989 and the Merrick Landfill stopped receiving waste in March, 1984. Accordingly, as of December 31, 2007 the Town has recorded a liability of \$6,786,318, 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, 2007 has funds restricted for capital acquisitions and improvements of \$21,971,748 in the Capital Projects Fund.

6. MERRICK FIRE DEPARTMENT SERVICE AWARD PROGRAM (LOSAP)

The Town of Hempstead sponsored a defined contribution LOSAP for the active volunteer firefighters of the Merrick Fire Department. The program took effect on January 1, 1991. The program was established pursuant to Article 11-A of the General Municipal Law. The program provides municipally funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Town of Hempstead is the sponsor of the program.

Program Description

Participation, vesting and service credit

Active volunteer firefighters who have reached the age of 18 and who have completed 1 year of firefighting service are eligible to participate in the program. Participants acquire a non-forfeitable right to a service award after being credited with 5 years of firefighting service or upon attaining the program's entitlement age. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates the required number of points in accordance with the system adopted by the program sponsor. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. The program's entitlement age is age 60. A participant may also receive credit for 5 years of firefighting service rendered prior to the establishment of the program.

Benefits

A participant's benefit under the program is life Annuity with 10 years certain equal to \$ 20 multiplied by the person's total number of years firefighting experience. The maximum number of years of firefighting service for which a participant may receive a contribution is forty years. Except in the case of disability or death, benefits are payable when a participant reaches entitlement age.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

D. COMMITMENTS AND CONTINGENCIES (continued)

6. MERRICK FIRE DEPARTMENT SERVICE AWARD PROGRAM (LOSAP) (continued)

Fiduciary Investment and Control

Service credit is determined by the governing board of the sponsor, based on information certified to the governing board by each fire company having members who participate in the program. Each fire company must maintain all required records on forms prescribed by the governing board.

The governing board of the sponsor has retained Hometown Firefighters Services to assist in the administration of the program. The designated program administrator's functions include obtaining benefit calculations, processing entitlement and disability payouts, administering death claims, handling census changes, updating information, and responding to inquiries from Fire District personnel and members. Disbursements of program assets for the payment of the benefits or administrative expenses must be approved by the Board of Fire Commissioners.

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. The trust agreement is dated May 7, 1991, and the trustees are the current Board of Fire Commissioners.

Authority to invest program assets is vested in the trustees who are the current Board of Fire Commissioners. Subject to restrictions in the program document, program assets are invested in accordance with a statutory "prudent person" rule.

The sponsor is required to retain an actuary to determine the amount of the sponsor's contributions to the plan. The actuary retained by the sponsor for this purpose is Harbridge Consulting Group, LLC. Portions of the following information are derived from a report prepared by the actuary dated May 2008.

Program Financial Condition

Assets and Liabilities

Actuarial Present Value of Benefits at December 31, 2007	\$	1,843,409
Less: Assets Available for Benefits		
Insurance Contracts	100%	\$ 1,922,101
Less: Liabilities		-0-
Total Net Assets Available for Benefits		1,922,101
Total Unfunded Benefits/Surplus		(78,692)
Less: Unfunded Liability/Surplus for Prior Service		78,692
Unfunded Normal benefits	\$	-0-

Prior Service Costs

Prior service costs are being amortized over 10 years at a discount rate of 5.50%.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

D. COMMITMENTS AND CONTINGENCIES (continued)

7. MERRICK FIRE DEPARTMENT SERVICE AWARD PROGRAM (LOSAP) (continued)

Plan Net Assets, beginning of year		\$	1,789,204
Changes during the year:			
Plan contributions	\$		142,510
Investment income earned			76,716
Changes in fair market value of investments			N/A
Plan Benefit Withdrawals			(84,318)
Administrative and Other Fees/Charges			(2,011)
			132,897
Plan Net Assets, end of year		\$	1,922,101

Contributions

Amount of sponsor's required contribution:		\$	
	Minimum		64,679
	Maximum	\$	82,037
Amount of sponsor's actual contribution:		\$	142,510

Administration Fees

Fees paid to designated program administrator:		\$	2,011
--	--	----	-------

Funding Methodology and Actuarial Assumptions

Normal Costs

The actuarial valuation methodology used by the actuary to determine the sponsor's contribution is the "Unit Credit" Cost Method. The assumptions used by the actuary to determine the sponsor's contribution and the actuarial present value of benefits are:

Assumed rate of return on investment 5.50%

Mortality Tables used for

Withdrawal	None	
Disability	None	
Retirement	Based on Standard Security L.I.C.'s Current Annuity Rates	
Death (Actives)	None	
Death (Inactives)	None	
Other	None	

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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, 2007:

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	\$ 868,776	\$ 2,321,663	\$ 154,102	\$ 876,226	\$ 1,388,744	\$ 1,000	\$ 770,367
Roosevelt Public Library District	1,295,302	3,119,317	346,211	311,506	2,794,317	321,840	640,745
Uniondale Public Library District	1,124,684	6,847,323	542,903	4,376,506	2,332,860	21,589	698,149
Cathedral Gardens Water District	437,180		6,811			235,717	194,852
Franklin Square Water District	3,049,977	1,288,927	168,466	648,791	1,254,705	369,093	1,897,849
West Hempstead - Hempstead Gardens Water District	1,013,553	10,484,518	562,868	1,309,848	9,321,468		303,887
Greater Atlantic Beach Water Reclamation District	657,998	2,778,403	239,547	1,487,409	1,378,403		331,042
	<u>\$ 8,447,470</u>	<u>\$ 26,840,151</u>	<u>\$ 2,020,708</u>	<u>\$ 9,010,286</u>	<u>\$ 18,470,497</u>	<u>\$ 949,239</u>	<u>\$ 4,836,891</u>

Condensed Statement of Activities:

	Program				General Revenue			Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Expense (Revenue)	Property Tax	Other	Change	1/1/2007	12/31/2007
Lakeville Public Library District	\$ 739,713	\$ 7,537			\$ 732,176	\$ 1,000,709	\$ 69,276	\$ 337,809	\$ 1,822,302	\$ 2,160,111
Roosevelt Public Library District	1,896,809	73,662	\$ 5,250		1,817,897	2,516,907	12,332	711,342	3,045,560	3,756,902
Uniondale Public Library District	2,972,091	25,298			2,946,793	3,155,952	114,202	323,361	2,729,237	3,052,598
Cathedral Gardens Water District	67,258				67,258	37,070	22,759	(7,429)	437,998	430,569
Franklin Square Water District	2,124,469	1,289,195			835,274	951,098	593,655	709,479	2,812,168	3,521,647
West Hempstead - Hempstead Gardens Water District	3,534,357	1,692,650	121,167	\$ 1,100,000	620,540	1,351,888	501,899	1,233,247	8,392,108	9,625,355
Greater Atlantic Beach Water Reclamation District	1,601,828				1,601,828	1,626,068	23,774	48,014	1,661,431	1,709,445
	<u>\$ 12,936,525</u>	<u>\$ 3,088,342</u>	<u>\$ 126,417</u>	<u>\$ 1,100,000</u>	<u>\$ 8,621,766</u>	<u>\$ 10,639,692</u>	<u>\$ 1,337,897</u>	<u>\$ 3,355,823</u>	<u>\$ 20,900,804</u>	<u>\$ 24,256,627</u>

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

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

- | | |
|---|---|
| 1. Lakeview Public Library District
P.O. Box 177
Franklin Square, NY 11570 | 2. Roosevelt Public Library District
27 West Fulton Street
Roosevelt, NY 11575 |
| 3. Uniondale Public Library District
400 Uniondale Avenue
Uniondale, NY 11553 | 4. Cathedral Gardens Water District
150 Westminister Road
West Hempstead, NY 11552 |
| 5. Franklin Square Water District
P.O. Box 177
Franklin Square, NY 11570 | 6. 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

The Governmental Accounting Standards Board (GASB) has issued Statement No. 49 "*Accounting and Financial Reporting for Pollution Remediation Obligations*" which provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. The requirements of the new statement become effective for fiscal periods beginning after December 15, 2007. New pronouncements are implemented when effective.

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REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION & ANALYSIS

<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, 2007

	Budgeted Amounts		Actual	Encum- brances	Variance with Final Budget
	Original	Final			
REVENUES					
Real property taxes	\$ 16,891,792	\$ 16,891,792	\$ 17,318,805		\$ 427,013
Real property tax items	1,680,000	1,680,000	1,907,867		227,867
Non-property tax items	9,900,000	9,900,000	3,207,368		(6,692,632)
Departmental income	6,112,750	6,112,750	6,771,774		659,024
Intergovernmental charges	30,600	30,600	21,824		(8,776)
Use of money and property	3,867,000	3,867,000	3,598,316		(268,684)
Licenses and permits	501,200	501,200	806,003		304,803
Fines and forfeitures	480,000	480,000	36,025		(443,975)
Sale of property and compensation for loss	60,000	60,000	105,199		45,199
Miscellaneous revenue	485,000	495,000	179,230		(315,770)
Interfund revenues	39,685,446	39,685,446	39,689,233		3,787
State aid	39,500,000	39,538,675	43,967,889		4,429,214
Total Revenues	<u>119,193,788</u>	<u>119,242,463</u>	<u>117,609,533</u>		<u>(1,632,930)</u>
EXPENDITURES					
Current:					
General government support	66,436,110	66,763,171	64,656,248	\$ 185,136	1,921,787
Education	1,400,000	1,750,226	1,750,222		4
Public safety	8,025,808	8,334,052	8,311,758	17,467	4,827
Transportation	1,041,525	1,041,525	964,637	1,385	75,503
Economic assistance and opportunity	5,250,396	5,248,796	4,903,039	7,560	338,197
Culture and recreation	107,500	79,236	79,235		1
Home and community services	9,558,253	9,596,928	9,090,231	38,874	467,823
Employee benefits	23,918,322	23,412,078	22,177,378		1,234,700
Debt service:					
Bond issuance costs		99,939	99,939		-0-
Total Expenditures	<u>115,737,914</u>	<u>116,325,951</u>	<u>112,032,687</u>	<u>250,422</u>	<u>4,042,842</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,455,874</u>	<u>2,916,512</u>	<u>5,576,846</u>	<u>(250,422)</u>	<u>2,409,912</u>
Other Financing Sources (Uses)					
Transfers in			313,839		313,839
Transfers out	(4,728,849)	(4,923,230)	(4,923,230)		-0-
Premiums of debt issuance			38,685		38,685
Total Other Financing Sources (Uses)	<u>(4,728,849)</u>	<u>(4,923,230)</u>	<u>(4,570,706)</u>		<u>352,524</u>
Net Change in Fund Balances	<u>\$ (1,272,975)</u>	<u>\$ (2,006,718)</u>	<u>1,006,140</u>	<u>\$ (250,422)</u>	<u>\$ 2,762,436</u>
Fund Balances at Beginning of Year			<u>65,531,442</u>		
Fund Balances at End of Year			<u>\$ 66,537,582</u>		

TOWN OF HEMPSTEAD
HIGHWAY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2007

	Budgeted Amounts		Actual	Encum- brances	Variance with Final Budget
	Original	Final			
REVENUES					
Real property taxes	\$ 54,595,411	\$ 54,595,411	\$ 54,592,267		\$ (3,144)
Real property tax items	310,000	310,000	420,206		110,206
Non-property tax items	4,500,000	4,500,000	5,586,522		1,086,522
Intergovernmental charges	15,000	15,000	85		(14,915)
Use of money and property	1,494,950	1,494,950	1,522,757		27,807
Sale of property and compensation for loss			21,306		21,306
Miscellaneous revenue	600,000	600,000	319,094		(280,906)
State aid	940,000	940,000	835,600		(104,400)
Total Revenues	62,455,361	62,455,361	63,297,837		842,476
EXPENDITURES					
Current:					
Transportation	28,201,307	28,201,307	25,238,632	\$ 776,208	2,186,467
Employee benefits	8,334,481	8,334,481	7,642,883		691,598
Total Expenditures	36,535,788	36,535,788	32,881,515	776,208	2,878,065
Excess (Deficiency) of Revenues Over (Under) Expenditures	25,919,573	25,919,573	30,416,322	(776,208)	3,720,541
Other Financing Sources (Uses)					
Transfers in	1,700,000	1,700,000	1,605,310		(94,690)
Transfers out	(28,958,099)	(28,958,099)	(28,958,095)		4
Premiums of debt issuance			354,001		354,001
Total Other Financing Sources (Uses)	(27,258,099)	(27,258,099)	(26,998,784)		259,315
Net Change in Fund Balances	\$ (1,338,526)	\$ (1,338,526)	3,417,538	\$ (776,208)	\$ 3,979,856
Fund Balances at Beginning of Year			18,254,317		
Fund Balances at End of Year			\$ 21,671,855		

TOWN OF HEMPSTEAD
PARK DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Encumbrances</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>			
REVENUES					
Real property taxes	\$ 41,331,111	\$ 41,331,111	\$ 41,331,111		\$ -0-
Real property tax items	232,586	232,586	329,623		97,037
Non-property tax items	8,250,000	8,250,000	9,550,000		1,300,000
Departmental income	2,341,000	2,341,000	2,493,514		152,514
Intergovernmental charges	647,488	647,488	752,215		104,727
Use of money and property	1,483,549	1,483,549	1,983,880		500,331
Fines and forfeitures			5,750		5,750
Sale of property and compensation for loss	4,500	25,722	81,116		55,394
Miscellaneous revenue	175,000	175,000	178,384		3,384
Interfund revenues	22,754,706	22,754,706	22,754,706		-0-
State aid	225,000	225,000	203,230		(21,770)
Total Revenues	<u>77,444,940</u>	<u>77,466,162</u>	<u>79,663,529</u>		<u>2,197,367</u>
EXPENDITURES					
Current:					
Culture and recreation	56,665,890	56,699,541	55,306,042	\$ 97,846	1,295,653
Employee benefits	17,150,295	17,150,295	15,774,670		1,375,625
Total Expenditures	<u>73,816,185</u>	<u>73,849,836</u>	<u>71,080,712</u>	<u>97,846</u>	<u>2,671,278</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,628,755</u>	<u>3,616,326</u>	<u>8,582,817</u>	<u>(97,846)</u>	<u>4,868,645</u>
Other Financing Sources (Uses)					
Transfers in			69,759		69,759
Transfers out	(4,655,872)	(4,655,872)	(4,655,869)		3
Premiums of debt issuance			61,303		61,303
Total Other Financing Sources (Uses)	<u>(4,655,872)</u>	<u>(4,655,872)</u>	<u>(4,524,807)</u>		<u>131,065</u>
Net Change in Fund Balances	<u>\$ (1,027,117)</u>	<u>\$ (1,039,546)</u>	4,058,010	<u>\$ (97,846)</u>	<u>\$ 4,999,710</u>
Fund Balances at Beginning of Year			15,424,374		
Fund Balances at End of Year			<u>\$ 19,482,384</u>		

TOWN OF HEMPSTEAD
 REFUSE AND GARBAGE DISTRICTS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 Year ended December 31, 2007

	Budgeted Amounts		Actual	Encumbrances	Variance with Final Budget
	Original	Final			
REVENUES					
Real property taxes	\$ 84,043,673	\$ 84,043,673	\$ 84,031,274		\$ (12,399)
Real property tax items	570,000	570,000	857,255		287,255
Non-property tax items	11,350,000	11,350,000	13,750,000		2,400,000
Departmental income	11,625,000	11,625,000	7,202,545		(4,422,455)
Intergovernmental charges	13,575,000	13,575,000	13,597,227		22,227
Use of money and property	1,779,200	1,779,200	3,112,672		1,333,472
Fines & forfeitures					
Sale of property and compensation for loss	807,000	807,000	1,223,934		416,934
Miscellaneous revenue	305,000	305,000	338,918		33,918
State aid			1,137,125		1,137,125
Total Revenues	<u>124,054,873</u>	<u>124,054,873</u>	<u>125,250,950</u>		<u>1,196,077</u>
EXPENDITURES					
Current:					
Home and community services	106,496,027	106,496,027	100,264,032	\$ 581,962	5,650,033
Employee benefits	14,435,386	14,435,386	13,668,423		766,963
Total Expenditures	<u>120,931,413</u>	<u>120,931,413</u>	<u>113,932,455</u>	<u>581,962</u>	<u>6,416,996</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,123,460</u>	<u>3,123,460</u>	<u>11,318,495</u>	<u>(581,962)</u>	<u>7,613,073</u>
Other Financing Sources (Uses)					
Transfers in			914,968		914,968
Transfers out	(5,465,592)	(5,465,592)	(5,281,245)		184,347
Premiums of debt issuance			9,596		9,596
Total Other Financing Sources (Uses)	<u>(5,465,592)</u>	<u>(5,465,592)</u>	<u>(4,356,681)</u>		<u>1,108,911</u>
Net Change in Fund Balances	<u>\$ (2,342,132)</u>	<u>\$ (2,342,132)</u>	<u>6,961,814</u>	<u>\$ (581,962)</u>	<u>\$ 8,721,984</u>
Fund Balances at Beginning of Year			<u>21,890,954</u>		
Fund Balances at End of Year			<u>\$ 28,852,768</u>		

TOWN OF HEMPSTEAD
TOWN OF HEMPSTEAD RETIREE MEDICAL PROGRAM
POST-EMPLOYMENT BENEFITS HEALTHCARE COSTS
SCHEDULE OF FUNDING PROGRESS FOR THE DECEMBER 31, 2007 VALUATION

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit Cost Method (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
12/31/2007	\$ -0-	\$ 810,403,000	\$ 810,403,000	0%	\$ 153,742,724	527.12%

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, 2007

	Special Revenue Funds			
	Town Outside Village	Special Grant	Fire Protection	Street Lighting
ASSETS				
Cash and investments	\$ 7,276,131	\$ 2,793,217	\$ 2,203,471	\$ 2,198,110
Accounts receivable			20,945	
Due from other funds	2,221,472			1,865,101
Due from other governments	188,687	1,866,543		
Inventory	18,403			836,048
Prepays	166,901			
Other assets	25,000			
Total Assets	\$ 9,896,594	\$ 4,659,760	\$ 2,224,416	\$ 4,899,259
LIABILITIES				
Accounts payable and accrued liabilities	\$ 296,734	\$ 888,528	\$ 227,445	\$ 623,952
Due to other funds		554,394		
Total Liabilities	296,734	1,442,922	227,445	623,952
FUND BALANCES				
Reserved:				
Encumbrances	94,550			252,989
Inventory	4,600			209,012
Prepays	166,901			
Permanent Fund				
Unreserved, designated for:				
Subsequent year's budget	1,411,926			253,236
Unreserved, undesignated	7,921,883	3,216,838	1,996,971	3,560,070
Total Fund Balances	9,599,860	3,216,838	1,996,971	4,275,307
Total Liabilities and Fund Balances	\$ 9,896,594	\$ 4,659,760	\$ 2,224,416	\$ 4,899,259

			Permanent Fund	Total Nonmajor Governmental Funds
Public Parking	Water	Library Funding	Permanent Fund	
\$ 4,206,930	\$ 12,749,592 1,736,571	\$ 289,816	\$ 1,337,867	\$ 33,055,134 1,757,516 4,086,573 2,305,230 1,459,872 276,838 45,000
4,054	250,000 605,421 105,883 20,000			
<u>\$ 4,210,984</u>	<u>\$ 15,467,467</u>	<u>\$ 289,816</u>	<u>\$ 1,337,867</u>	<u>\$ 42,986,163</u>
\$ 21,206 13,564	\$ 412,033 764			\$ 2,469,898 568,722
<u>34,770</u>	<u>412,797</u>			<u>3,038,620</u>
363,775 4,054	31,801 151,355 105,883		\$ 1,337,867	743,115 364,967 276,838 1,337,867
1,367,424 2,440,961	2,925,480 11,840,151	\$ 289,816		5,958,066 31,266,690
<u>4,176,214</u>	<u>15,054,670</u>	<u>289,816</u>	<u>1,337,867</u>	<u>39,947,543</u>
<u>\$ 4,210,984</u>	<u>\$ 15,467,467</u>	<u>\$ 289,816</u>	<u>\$ 1,337,867</u>	<u>\$ 42,986,163</u>

TOWN OF HEMPSTEAD
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
Year ended December 31, 2007

	Special Revenue Funds			
	Town Outside Village	Special Grant	Fire Protection	Street Lighting
Revenues				
Real property taxes	\$ 9,167,883		\$ 5,436,873	\$ 9,022,594
Real property tax items	69,871		40,318	77,146
Non-property tax items	2,500,000			1,850,000
Departmental income	7,192,016	\$ 30,988		
Intergovernmental charges				
Use of money and property	746,688	107,303	41,375	118,333
Licenses and permits				
Fines and forfeitures	741,126	3,503		
Sale of property and compensation for loss	1,302	1,446		3,805
Miscellaneous revenue	34,066	482,007		
Interfund revenues	38,665			
State aid	1,648,876			
Federal aid		15,028,882		
Total Revenues	<u>22,140,493</u>	<u>15,654,129</u>	<u>5,518,566</u>	<u>11,071,878</u>
Expenditures				
Current:				
General government support	136,784			
Public safety	11,896,229		4,203,330	
Transportation	211,697			9,513,997
Economic assistance and opportunity		5,466,097		
Culture and recreation	1,553			
Home and community services	3,889,530	9,790,528		
Employee benefits	3,843,554		363,926	
Debt service principal and interest				
Total Expenditures	<u>19,979,347</u>	<u>15,256,625</u>	<u>4,567,256</u>	<u>9,513,997</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,161,146</u>	<u>397,504</u>	<u>951,310</u>	<u>1,557,881</u>
Other Financing Sources (Uses)				
Transfers in	68			
Transfers out	(48,065)		(716,969)	(1,115,541)
Debt issuance				
Premiums on debt issuance	4,936			33,012
Total Other Financing Sources (Uses)	<u>(43,061)</u>		<u>(716,969)</u>	<u>(1,082,529)</u>
Net Change in Fund Balances	2,118,085	397,504	234,341	475,352
Fund Balances at Beginning of Year	7,481,775	2,819,334	1,762,630	3,799,955
Fund Balances at End of Year	<u>\$ 9,599,860</u>	<u>\$ 3,216,838</u>	<u>\$ 1,996,971</u>	<u>\$ 4,275,307</u>

			Permanent Fund	Total Nonmajor Governmental Funds
Public Parking	Water	Library Funding	Permanent Fund	
\$ 1,874,849	\$ 4,701,165	\$ 1,206,475		\$ 31,409,839
15,744	202,844			405,923
	3,450,000			7,800,000
13,099	8,040,367			15,276,470
	230,275			230,275
171,635	1,029,249	8,639	\$ 80,974	2,304,196
	14,125			14,125
				744,629
750	13,085			20,388
22	1,533			517,628
615,398	47,800			701,863
				1,648,876
				15,028,882
<u>2,691,497</u>	<u>17,730,443</u>	<u>1,215,114</u>	<u>80,974</u>	<u>76,103,094</u>
				136,784
				16,099,559
1,482,242				11,207,936
		1,022,651		5,466,097
	11,666,358			1,024,204
94,061	2,238,211			25,346,416
				6,539,752
<u>1,576,303</u>	<u>13,904,569</u>	<u>1,022,651</u>		<u>65,820,748</u>
<u>1,115,194</u>	<u>3,825,874</u>	<u>192,463</u>	<u>80,974</u>	<u>10,282,346</u>
	104,447			104,515
(1,087,044)	(3,572,337)		(80,974)	(6,620,930)
29,171	14,092			81,211
<u>(1,057,873)</u>	<u>(3,453,798)</u>		<u>(80,974)</u>	<u>(6,435,204)</u>
57,321	372,076	192,463	-0-	3,847,142
4,118,893	14,682,594	97,353	1,337,867	36,100,401
<u>\$ 4,176,214</u>	<u>\$ 15,054,670</u>	<u>\$ 289,816</u>	<u>\$ 1,337,867</u>	<u>\$ 39,947,543</u>

TOWN OF HEMPSTEAD
GENERAL TOWN OUTSIDE VILLAGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2007

	Budgeted Amounts		Actual	Encum- brances	Variance with Final Budget
	Original	Final			
REVENUES					
Real property taxes	\$ 9,167,883	\$ 9,167,883	\$ 9,167,883		\$ -0-
Real property tax items	55,000	55,000	69,871		14,871
Non-property tax items	1,250,000	1,250,000	2,500,000		1,250,000
Departmental income	7,550,000	7,550,000	7,192,016		(357,984)
Use of money and property	326,250	326,250	746,688		420,438
Fines & forfeitures	250,000	250,000	741,126		491,126
Sale of property and compensation for loss			1,302		1,302
Miscellaneous revenue	60,000	60,000	34,066		(25,934)
Interfund revenues			38,665		38,665
State aid	1,525,000	1,525,000	1,648,876		123,876
Total Revenues	<u>20,184,133</u>	<u>20,184,133</u>	<u>22,140,493</u>		<u>1,956,360</u>
EXPENDITURES					
Current:					
General government support	275,000	275,000	136,784		138,216
Public safety	12,437,746	12,437,746	11,896,229	\$ 62,800	478,717
Transportation		211,698	211,697		1
Culture and recreation	4,000	4,000	1,553		2,447
Home and community services	3,915,503	4,128,508	3,889,530	31,750	207,228
Employee benefits	4,095,587	3,883,889	3,843,554		40,335
Total Expenditures	<u>20,727,836</u>	<u>20,940,841</u>	<u>19,979,347</u>	<u>94,550</u>	<u>866,944</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(543,703)</u>	<u>(756,708)</u>	<u>2,161,146</u>	<u>(94,550)</u>	<u>2,823,304</u>
Other Financing Sources (Uses)					
Transfers in			68		68
Transfers out	(48,067)	(48,067)	(48,065)		2
Premiums of debt issuance			4,936		4,936
Total Other Financing Sources (Uses)	<u>(48,067)</u>	<u>(48,067)</u>	<u>(43,061)</u>		<u>5,006</u>
Net Change in Fund Balances	<u>\$ (591,770)</u>	<u>\$ (804,775)</u>	<u>2,118,085</u>	<u>\$ (94,550)</u>	<u>\$ 2,828,310</u>
Fund Balances at Beginning of Year			<u>7,481,775</u>		
Fund Balances at End of Year			<u>\$ 9,599,860</u>		

TOWN OF HEMPSTEAD
FIRE PROTECTION DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 5,436,873	\$ 5,436,873	\$ 5,436,873	\$ -0-
Real property tax items	29,525	29,525	40,318	10,793
Use of money and property			41,375	41,375
Total Revenues	<u>5,466,398</u>	<u>5,466,398</u>	<u>5,518,566</u>	<u>52,168</u>
EXPENDITURES				
Current:				
Public safety	4,261,583	4,266,366	4,203,330	63,036
Employee benefits	598,250	595,766	363,926	231,840
Total Expenditures	<u>4,859,833</u>	<u>4,862,132</u>	<u>4,567,256</u>	<u>294,876</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>606,565</u>	<u>604,266</u>	<u>951,310</u>	<u>347,044</u>
Other Financing Sources (Uses)				
Transfers out	(716,969)	(716,969)	(716,969)	-0-
Total Other Financing Sources (Uses)	<u>(716,969)</u>	<u>(716,969)</u>	<u>(716,969)</u>	<u>-0-</u>
Net Change in Fund Balances	<u>\$ (110,404)</u>	<u>\$ (112,703)</u>	234,341	<u>\$ 347,044</u>
Fund Balances at Beginning of Year			<u>1,762,630</u>	
Fund Balances at End of Year			<u>\$ 1,996,971</u>	

TOWN OF HEMPSTEAD
STREET LIGHTING DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2007

	Budgeted Amounts		Actual	Encum- brances	Variance with Final Budget
	Original	Final			
REVENUES					
Real property taxes	\$ 9,022,594	\$ 9,022,594	\$ 9,022,594		\$ -0-
Real property tax items	54,000	54,000	77,146		23,146
Non-property tax items	1,850,000	1,850,000	1,850,000		-0-
Use of money and property	80,000	80,000	118,333		38,333
Sale of property and compensation for loss			3,805		3,805
Total Revenues	11,006,594	11,006,594	11,071,878		65,284
EXPENDITURES					
Current:					
Transportation	10,473,511	10,473,511	9,513,997	\$ 252,989	706,525
Total Expenditures	10,473,511	10,473,511	9,513,997	252,989	706,525
Excess (Deficiency) of Revenues Over (Under) Expenditures	533,083	533,083	1,557,881	(252,989)	771,809
Other Financing Sources (Uses)					
Transfers out	(1,115,542)	(1,115,542)	(1,115,541)		1
Premiums of debt issuance			33,012		33,012
Total Other Financing Sources (Uses)	(1,115,542)	(1,115,542)	(1,082,529)		33,013
Net Change in Fund Balances	\$ (582,459)	\$ (582,459)	475,352	\$ (252,989)	\$ 804,822
Fund Balances at Beginning of Year			3,799,955		
Fund Balances at End of Year			\$ 4,275,307		

TOWN OF HEMPSTEAD
PUBLIC PARKING DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2007

	Budgeted Amounts		Actual	Encumbrances	Variance with Final Budget
	Original	Final			
REVENUES					
Real property taxes	\$ 1,874,849	\$ 1,874,849	\$ 1,874,849		\$ -0-
Real property tax items	22,906	22,906	15,744		(7,162)
Departmental income	13,000	13,000	13,099		99
Use of money and property	223,500	223,500	171,635		(51,865)
Sale of property and compensation for loss			750		750
Miscellaneous revenue	45,000	45,000	22		(44,978)
Interfund revenues	615,398	615,398	615,398		-0-
Total Revenues	<u>2,794,653</u>	<u>2,794,653</u>	<u>2,691,497</u>		<u>(103,156)</u>
EXPENDITURES					
Current:					
Transportation	1,882,313	1,943,881	1,482,242	\$ 363,775	97,864
Employee benefits	103,613	94,062	94,061		1
Total Expenditures	<u>1,985,926</u>	<u>2,037,943</u>	<u>1,576,303</u>	<u>363,775</u>	<u>97,865</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>808,727</u>	<u>756,710</u>	<u>1,115,194</u>	<u>(363,775)</u>	<u>(5,291)</u>
Other Financing Sources (Uses)					
Transfers out	(1,087,047)	(1,087,048)	(1,087,044)		4
Premiums of debt issuance			29,171		29,171
Total Other Financing Sources (Uses)	<u>(1,087,047)</u>	<u>(1,087,048)</u>	<u>(1,057,873)</u>		<u>29,175</u>
Net Change in Fund Balances	<u>\$ (278,320)</u>	<u>\$ (330,338)</u>	<u>57,321</u>	<u>\$ (363,775)</u>	<u>\$ 23,884</u>
Fund Balances at Beginning of Year			<u>4,118,893</u>		
Fund Balances at End of Year			<u>\$ 4,176,214</u>		

TOWN OF HEMPSTEAD
WATER DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2007

	Budgeted Amounts		Actual	Encum- brances	Variance with Final Budget
	Original	Final			
REVENUES					
Real property taxes	\$ 4,701,165	\$ 4,701,165	\$ 4,701,165		\$ -0-
Real property tax items	128,005	128,005	202,844		74,839
Non-property tax items	2,000,000	2,000,000	3,450,000		1,450,000
Departmental income	8,258,292	8,258,292	8,040,367		(217,925)
Intergovernmental charges	230,200	230,200	230,275		75
Use of money and property	1,025,098	1,025,098	1,029,249		4,151
Licenses and permits			14,125		14,125
Sale of property and compensation for loss	9,500	9,500	13,085		3,585
Miscellaneous revenue	47,200	47,200	1,533		(45,667)
Interfund revenues	46,500	46,500	47,800		1,300
Total Revenues	<u>16,445,960</u>	<u>16,445,960</u>	<u>17,730,443</u>		<u>1,284,483</u>
EXPENDITURES					
Current:					
Home and community services	12,138,424	12,304,017	11,666,358	\$ 31,801	605,858
Employee benefits	2,517,405	2,442,637	2,238,211		204,426
Total Expenditures	<u>14,655,829</u>	<u>14,746,654</u>	<u>13,904,569</u>	<u>31,801</u>	<u>810,284</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,790,131</u>	<u>1,699,306</u>	<u>3,825,874</u>	<u>(31,801)</u>	<u>2,094,767</u>
Other Financing Sources (Uses)					
Transfers in			104,447		104,447
Transfers out	(3,615,469)	(3,614,469)	(3,572,337)		42,132
Premiums of debt issuance			14,092		14,092
Total Other Financing Sources (Uses)	<u>(3,615,469)</u>	<u>(3,614,469)</u>	<u>(3,453,798)</u>		<u>160,671</u>
Net Change in Fund Balances	<u>\$ (1,825,338)</u>	<u>\$ (1,915,163)</u>	<u>372,076</u>	<u>\$ (31,801)</u>	<u>\$ 2,255,438</u>
Fund Balances at Beginning of Year			<u>14,682,594</u>		
Fund Balances at End of Year			<u>\$ 15,054,670</u>		

TOWN OF HEMPSTEAD
LIBRARY FUNDING DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 1,206,475	\$ 1,206,475	\$ 1,206,475	\$ -0-
Use of money and property			8,639	8,639
Total Revenues	<u>1,206,475</u>	<u>1,206,475</u>	<u>1,215,114</u>	<u>8,639</u>
EXPENDITURES				
Current:				
Culture and recreation	1,207,557	1,207,557	1,022,651	184,906
Total Expenditures	<u>1,207,557</u>	<u>1,207,557</u>	<u>1,022,651</u>	<u>184,906</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,082)</u>	<u>(1,082)</u>	192,463	193,545
Net Change in Fund Balances	<u>\$ (1,082)</u>	<u>\$ (1,082)</u>	192,463	<u>\$ 193,545</u>
Fund Balances at Beginning of Year			<u>97,353</u>	
Fund Balances at End of Year			<u>\$ 289,816</u>	

TOWN OF HEMPSTEAD
STATEMENT OF CHANGES IN AGENCY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
Year ended December 31, 2007

	<u>Balance January 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2007</u>
ASSETS				
<i>Town Agency</i>				
Cash and investments	\$ 6,071,409	\$ 417,543,415	\$ 417,023,286	\$ 6,591,538
Other Assets		743,804	743,804	-0-
Due from other governments	3,696	23,580	27,276	-0-
Total Assets - Town Agency Fund	<u>6,075,105</u>	<u>418,310,799</u>	<u>417,794,366</u>	<u>6,591,538</u>
<i>Town Clerk</i>				
Cash and investments	104,202	1,425,928	1,451,361	78,769
Total Assets-Town Clerk	<u>104,202</u>	<u>1,425,928</u>	<u>1,451,361</u>	<u>78,769</u>
<i>Town Receiver of Taxes</i>				
Cash and investments	13,622,167	1,819,709,806	1,769,864,172	63,467,801
Total Assets Town Receiver of Taxes	<u>13,622,167</u>	<u>1,819,709,806</u>	<u>1,769,864,172</u>	<u>63,467,801</u>
Total Assets	<u>\$ 19,801,474</u>	<u>\$ 2,239,446,533</u>	<u>\$ 2,189,109,899</u>	<u>\$ 70,138,108</u>
Liabilities				
<i>Town Agency Fund</i>				
Other liabilities	\$ 6,075,105	\$ 418,307,849	\$ 417,791,416	\$ 6,591,538
Due to other funds		2,950	2,950	-0-
Total Liabilities - Town Agency Fund	<u>6,075,105</u>	<u>418,310,799</u>	<u>417,794,366</u>	<u>6,591,538</u>
<i>Town Clerk Agency Funds</i>				
Total Liabilities - Town Clerk Agency Fund	<u>104,202</u>	<u>1,425,928</u>	<u>1,451,361</u>	<u>78,769</u>
<i>Town Receiver of Taxes Agency Funds</i>				
Total Liabilities - Town Receiver Agency fund	<u>13,622,167</u>	<u>1,819,709,806</u>	<u>1,769,864,172</u>	<u>63,467,801</u>
Total Liabilities	<u>\$ 19,801,474</u>	<u>\$ 2,239,446,533</u>	<u>\$ 2,189,109,899</u>	<u>\$ 70,138,108</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, 2007

	Lakeview Public Library District	Roosevelt Public Library District	Uniondale Public Library District
ASSETS			
Current Assets:			
Cash and investments	\$ 827,591	\$ 1,274,559	\$ 1,101,176
Accounts receivable, net of allowance for doubtful accounts	166		1,109
Due from other governments			
Prepaid items	41,019	20,743	22,399
Total Current Assets	<u>868,776</u>	<u>1,295,302</u>	<u>1,124,684</u>
Non-current Assets:			
Deferred charges, net of accumulated amortization			
Capital assets, net of depreciation	2,321,663	3,119,317	6,847,323
Total Non-Current Assets	<u>2,321,663</u>	<u>3,119,317</u>	<u>6,847,323</u>
Total Assets	<u>3,190,439</u>	<u>4,414,619</u>	<u>7,972,007</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	48,932	96,967	31,230
Accrued interest payable	16,691	9,647	85,952
Other accrued liabilities	18,604		944
Due to other governments			65,983
Non-current liabilities due within one year			
General obligations bonds payable	69,875	80,000	331,992
Compensated absences payable		36,839	
Other post-employment benefits payable		122,758	26,802
Installment purchase debt			
Non-current Liabilities:			
General obligation bonds payable	852,826	245,000	4,142,696
Compensated absences payable	13,182	36,839	145,552
Other post-employment benefits payable		29,667	38,365
Unamortized bond premium	10,218		49,893
Installment purchase debt			
Total Liabilities	<u>1,030,328</u>	<u>657,717</u>	<u>4,919,409</u>
Net Assets:			
Invested in capital assets, net of related debt	1,388,744	2,794,317	2,332,860
Restricted	1,000	321,840	21,589
Unrestricted	770,367	640,745	698,149
Total Net Assets	<u>\$ 2,160,111</u>	<u>\$ 3,756,902</u>	<u>\$ 3,052,598</u>

Cathedral Gardens Water District	Franklin Square Water District	West Hempstead - Hempstead Gardens Water District	Greater Atlantic Beach Water Reclamation District	TOTALS
\$ 437,180	\$ 2,590,922	\$ 483,525	\$ 586,819	\$ 7,301,772
	425,979	464,248		891,502
	978			978
	17,784	65,780	71,179	238,904
<u>437,180</u>	<u>3,035,663</u>	<u>1,013,553</u>	<u>657,998</u>	<u>8,433,156</u>
	14,314			14,314
	1,288,927	10,484,518	2,778,403	26,840,151
	<u>1,303,241</u>	<u>10,484,518</u>	<u>2,778,403</u>	<u>26,854,465</u>
<u>437,180</u>	<u>4,338,904</u>	<u>11,498,071</u>	<u>3,436,401</u>	<u>35,287,621</u>
6,611	47,841	106,256	109,547	447,384
	6,488	18,135		136,913
	8,713	58,600		86,861
				65,983
	102,643	217,647	130,000	932,157
		18,458		55,297
		143,772		293,332
	2,781			2,781
	283,802	945,403	1,310,000	7,779,727
	291,497	214,886	90,844	792,800
	71,956	149,559	86,565	376,112
				60,111
	1,536			1,536
<u>6,611</u>	<u>817,257</u>	<u>1,872,716</u>	<u>1,726,956</u>	<u>11,030,994</u>
235,717	1,254,705	9,321,468	1,378,403	18,470,497
194,852	369,093			949,239
	1,897,849	303,887	331,042	4,836,891
<u>\$ 430,569</u>	<u>\$ 3,521,647</u>	<u>\$ 9,625,355</u>	<u>\$ 1,709,445</u>	<u>\$ 24,256,627</u>

TOWN OF HEMPSTEAD
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
Year ended December 31, 2007

	<u>Lakeview Public Library District</u>	<u>Roosevelt Public Library District</u>	<u>Uniondale Public Library District</u>
REVENUES			
Program revenues			
Charges for services	\$ 7,537	\$ 73,662	\$ 25,298
Operating grants and contributions		5,250	
Capital grants and contributions			
Real property taxes	1,000,709	2,516,907	3,002,808
Other real property tax items			153,144
Use of money and property - interest and earnings	39,834	12,332	73,135
Sale of property and compensation for loss			
Miscellaneous local sources	5,285		7,567
State aid	24,157		33,500
Total Revenues	<u>1,077,522</u>	<u>2,608,151</u>	<u>3,295,452</u>
EXPENDITURES			
Current:			
Culture and recreation	739,713	1,896,809	2,972,091
Home and community services			
Total Expenditures	<u>739,713</u>	<u>1,896,809</u>	<u>2,972,091</u>
Change in Net Assets	337,809	711,342	323,361
Net Assets at Beginning of Year	<u>1,822,302</u>	<u>3,045,560</u>	<u>2,729,237</u>
Net Assets - End of Year	<u>\$ 2,160,111</u>	<u>\$ 3,756,902</u>	<u>\$ 3,052,598</u>

<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>
	\$ 1,289,195	\$ 1,692,650		\$ 3,088,342
		121,167		126,417
		1,100,000		1,100,000
\$ 37,070	936,992	1,347,312	\$ 1,626,068	10,467,866
	14,106	4,576		171,826
19,951	238,234	363,023	21,806	768,315
	144,072			144,072
2,808	211,349	138,876	1,968	367,853
				57,657
<u>59,829</u>	<u>2,833,948</u>	<u>4,767,604</u>	<u>1,649,842</u>	<u>16,292,348</u>
				5,608,613
<u>67,258</u>	<u>2,124,469</u>	<u>3,534,357</u>	<u>1,601,828</u>	<u>7,327,912</u>
<u>67,258</u>	<u>2,124,469</u>	<u>3,534,357</u>	<u>1,601,828</u>	<u>12,936,525</u>
(7,429)	709,479	1,233,247	48,014	3,355,823
<u>437,998</u>	<u>2,812,168</u>	<u>8,392,108</u>	<u>1,661,431</u>	<u>20,900,804</u>
<u>\$ 430,569</u>	<u>\$ 3,521,647</u>	<u>\$ 9,625,355</u>	<u>\$ 1,709,445</u>	<u>\$ 24,256,627</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	98-109
<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	110-117
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	118-121
<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	122-123
<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	124-129
<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 Six Years
(accrual basis of accounting)

<u>As of December 31,</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 110,890,510	\$ 101,298,377	\$ 97,110,499	\$ 90,032,156
Restricted	26,526,453	21,883,470	22,983,652	32,447,783
Unrestricted	15,897,517	50,299,010	26,215,330	3,252,392
Total primary government net assets	<u>\$ 153,314,480</u>	<u>\$ 173,480,857</u>	<u>\$ 146,309,481</u>	<u>\$ 125,732,331</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*.

Net assets were partially decreased in 2007 and will decrease in subsequent years due to the recognition of Governmental Accounting Standards Board Statement (GASB) No. 45, *Accounting and Financial Reporting by Employers for Post –employment Benefits Other Than Pensions (OPEB)*.

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

<u>2003</u>	<u>2002</u>
\$ 107,687,774	\$ 112,834,502
1,977,819	8,711,578
<u>24,222,979</u>	<u>1,075,773</u>
<u>\$ 133,888,572</u>	<u>\$ 122,621,853</u>

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

Year ended December 31,	2007	2006	2005	2004
Expenses				
Governmental activities:				
General government support	\$ 69,575,283	\$ 57,219,324	\$ 55,220,458	\$ 56,268,692
Education	1,750,222	705,527	1,454,823	986,775
Public safety	33,561,350	32,147,838	25,569,922	23,767,138
Transportation	52,487,790	47,937,567	45,173,820	40,301,761
Economic assistance and opportunity	15,227,083	8,150,033	7,718,613	13,331,191
Culture and recreation	80,539,421	68,214,244	69,951,397	59,595,580
Home and community service	182,918,514	163,951,829	166,883,500	163,616,827
Interest on long-term debt	13,640,483	14,005,924	14,787,088	14,341,532
Total primary government expenses	<u>\$ 449,700,146</u>	<u>\$ 392,332,286</u>	<u>\$ 386,759,621</u>	<u>\$ 372,209,496</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government support	\$ 2,345,134	\$ 2,736,667	\$ 2,737,686	\$ 2,401,272
Public safety	7,503,777	7,522,273	8,175,454	6,084,178
Transportation	191,443	427,291	132,270	140,908
Economic assistance and opportunity	24,748	15,837	16,320	136
Culture and recreation	7,868,389	7,526,529	6,820,774	6,717,598
Home and community service	60,664,106	62,603,001	55,482,800	34,928,217
Operating grants and contributions	13,193,475	11,290,870	13,614,676	12,333,998
Capital grants and contributions	6,237,555	5,822,901	4,144,798	7,174,552
Total primary government program revenues	<u>98,028,627</u>	<u>97,945,369</u>	<u>\$ 91,124,778</u>	<u>\$ 69,780,859</u>
Net (Expense)/Revenue				
Total primary government net expense	<u>\$ (351,671,519)</u>	<u>\$ (294,386,917)</u>	<u>\$ (295,634,843)</u>	<u>\$ (302,428,637)</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities				
Property taxes	228,683,296	218,096,202	\$ 217,822,376	\$ 193,363,827
Other real property tax items	3,920,874	2,955,998	2,794,357	3,496,200
Non-property tax items	39,893,890	39,104,777	37,397,947	36,432,949
Interest earnings	11,421,977	9,259,116	4,755,005	7,623,689
Mortgage Tax	42,071,625	46,148,354	48,094,073	48,922,330
State aid-unrestricted	4,058,371	3,940,166	3,284,444	3,165,729
Other	1,455,109	2,053,680	2,063,791	1,267,672
Total primary government	<u>331,505,142</u>	<u>321,558,293</u>	<u>\$ 316,211,993</u>	<u>\$ 294,272,396</u>
Change in Net Assets				
Total primary government	<u>\$ (20,166,377)</u>	<u>\$ 27,171,376</u>	<u>\$ 20,577,150</u>	<u>\$ (8,156,241)</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*.

Net assets were partially decreased in 2007 and will decrease in subsequent years due to the recognition of Governmental Accounting Standards Board Statement (GASB) No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions (OPEB).

Source: Town of Hempstead Audited Financial Statements
Statement of Activities

<u>2003</u>	<u>2002</u>
\$ 51,059,557	\$ 44,658,537
22,033,537	18,701,223
37,794,243	46,307,297
12,218,604	13,679,287
53,552,703	48,206,258
131,732,145	116,592,868
12,211,366	13,124,231
<u>\$ 320,602,155</u>	<u>\$ 301,269,701</u>

\$ 2,509,139	\$ 1,941,640
5,283,424	5,276,493
6,218,669	1,943,498
1,914,614	12,914
13,794	6,382,910
30,385,366	35,398,875
22,374,250	16,553,415
5,316,605	12,032,815
<u>\$ 74,015,861</u>	<u>79,542,560</u>

<u>\$ (246,586,294)</u>	<u>\$ (221,727,141)</u>
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\$ 182,528,258	174,268,533
2,744,236	2,634,630
34,806,516	33,847,387
34,370,158	26,909,216
3,403,845	510,974
<u>\$ 257,853,013</u>	<u>238,170,740</u>

<u>\$ 11,266,719</u>	<u>\$ 16,443,599</u>
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TOWN OF HEMPSTEAD
Governmental Activities Tax Revenues By Source
Last Six 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>
2007	\$ 228,683,296	\$ 3,920,874	\$ 39,893,890	\$ 272,498,060
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 Six Years
(modified accrual basis of accounting)

<u>As of December 31,</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund				
Reserved	\$ 1,774,044	\$ 2,047,180	\$ 2,420,022	\$ 2,083,610
Unreserved	64,763,538	63,484,262	56,778,924	53,557,213
Total General Fund	<u>\$ 66,537,582</u>	<u>\$ 65,531,442</u>	<u>\$ 59,198,946</u>	<u>\$ 55,640,823</u>
All other governmental funds				
Reserved	\$ 29,307,077	\$ 25,000,437	\$ 26,462,712	\$ 37,313,563
Unreserved, reported in:				
Special revenue funds	102,619,221	84,158,219	62,923,459	48,354,099
Capital projects funds	(26,687,975)	(17,772,914)	(21,086,960)	422,399
Total all other governmental funds	<u>\$ 105,238,323</u>	<u>\$ 91,385,742</u>	<u>\$ 68,299,211</u>	<u>\$ 86,090,061</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

<u>2003</u>	<u>2002</u>
\$ 1,858,293	\$ 2,811,701
<u>42,852,608</u>	<u>33,653,897</u>
<u>\$ 44,710,901</u>	<u>\$ 36,465,598</u>
\$ 7,343,230	\$ 9,710,243
49,372,046	53,182,621
<u>(55,586,874)</u>	<u>(13,076,241)</u>
<u>\$ 1,128,402</u>	<u>\$ 49,816,623</u>

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

<u>Year ended December 31,</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Revenues				
Real property taxes	\$ 228,683,296	\$ 218,096,202	\$ 217,822,376	\$ 193,363,827
Other real property tax items	3,920,874	2,955,998	2,794,357	3,496,200
Non-property taxes	39,893,890	39,104,777	37,397,947	36,432,949
Charges for services	31,744,303	35,700,012	34,618,491	33,865,802
Intergovernmental	14,601,626	14,711,240	8,685,822	12,638,256
Use of money and property	12,521,821	10,547,159	6,056,541	3,383,487
License and permits	820,128	529,143	651,593	411,727
Fines and forfeitures	786,404	917,162	787,928	728,846
Sale of property and compensation for loss	1,451,943	1,168,323	2,512,080	1,122,233
Miscellaneous and local sources	1,672,021	1,826,858	1,465,852	7,168,749
Interfund revenues	63,145,802	62,302,022	60,183,483	56,856,527
State aid	50,096,733	53,972,554	55,358,831	55,174,698
Federal aid	15,464,293	14,333,120	13,779,159	16,171,143
Total revenues	<u>464,803,134</u>	<u>456,164,570</u>	<u>442,114,460</u>	<u>420,814,444</u>
Expenditures				
General government support	64,793,032	62,478,103	61,993,033	59,952,807
Education	1,750,222	705,527	1,454,823	986,775
Public safety	24,411,317	23,013,354	21,919,275	20,937,795
Transportation	37,411,205	36,402,732	35,411,560	33,650,993
Economic assistance and opportunity	10,369,136	4,750,730	4,710,480	10,526,888
Culture and recreation	56,409,481	58,752,499	56,598,201	50,026,564
Home and community service	134,700,679	122,499,043	128,135,894	129,056,486
Employee benefits	65,803,106	74,169,699	66,551,298	63,488,286
Capital outlay	36,429,311	32,441,327	32,895,670	40,830,013
Debt Service				
Principal	34,528,873	34,303,645	30,795,673	33,970,648
Interest	14,131,558	13,466,557	15,881,280	11,605,116
Bond Issuance Costs	99,939	99,027	1,745,528	
Total Expenditures	<u>480,837,859</u>	<u>463,082,243</u>	<u>458,092,715</u>	<u>455,032,371</u>
Excess of revenues over (under) expenditures	(16,034,725)	(6,917,673)	(15,978,255)	(34,217,927)
Other financing sources (uses)				
Transfers in	53,366,786	54,594,158	48,917,502	41,793,540
Transfers out	(53,366,786)	(54,594,158)	(48,917,502)	(41,793,540)
Refunding bonds issued			53,436,428	
Bonds issued	30,348,650	33,914,230		130,109,508
Premium on bonds issued	544,796	1,422,470	2,098,799	
Payments to refund bond escrow agent			(53,789,699)	
Total other financing sources (uses)	<u>30,893,446</u>	<u>35,336,700</u>	<u>1,745,528</u>	<u>130,109,508</u>
Net change in fund balances	<u>\$ 14,858,721</u>	<u>\$ 28,419,027</u>	<u>\$ (14,232,727)</u>	<u>\$ 95,891,581</u>
Debt service as a percentage of noncapital expenditures	11.0%	11.0%	11.4%	11.0%

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

<u>2003</u>	<u>2002</u>
\$ 182,528,258	174,268,533
2,744,236	2,634,630
34,806,516	33,847,387
32,523,184	32,058,572
11,335,150	12,900,768
3,003,859	3,957,523
482,923	339,927
565,236	735,023
3,036,317	1,655,405
1,985,056	1,087,589
49,832,421	46,710,984
41,069,168	32,552,495
14,359,096	22,275,257
<u>378,271,420</u>	<u>365,024,093</u>
53,605,468	50,782,196
20,276,687	18,322,284
32,981,538	29,521,264
10,150,031	11,546,525
48,847,806	47,525,445
121,609,194	122,335,368
51,660,363	42,267,836
43,065,989	29,104,232
28,554,192	25,707,185
13,372,578	11,940,713
<u>424,123,846</u>	<u>389,053,048</u>
(45,852,426)	(24,028,955)
42,783,129	42,087,592
(42,783,129)	(42,087,592)
31,021,996	
5,409,508	
<u>(31,021,996)</u>	
<u>5,409,508</u>	<u>-0-</u>
<u>\$ (40,442,918)</u>	<u>\$ (24,028,955)</u>

11.2%

10.7%

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

Year Ended December 31,	Real Property Tax¹	Sales Tax²	Mortgage Tax³	Franchise Tax	Total
2007	\$ 228,683,296	\$ 33,457,368	\$ 42,071,625	\$ 6,436,522	\$ 310,648,811
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
2007	\$ 221,002,843	\$ 13,474,402	\$ 14,688,769	\$ 79,671,826	\$ 328,837,840 ¹
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

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

- ¹ 2006 and 2007 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
0.30%	109,612,613,333	\$ 3.17	\$ 105.61
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

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
2007	\$ 328,837,840 ²	0.30%	\$ 109,612,613,333	\$347,279,817	\$ 3.17
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

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
2007	\$ 328,837,840	0.30%	\$ 109,612,613,333	\$347,279,817	\$ 105.61
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

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 2007 and 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
\$ 442,341,091	4.04	\$ 1,590,975,572	\$ 14.51	\$ 21.72
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

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
\$ 442,341,091	\$ 134.52	\$ 1,590,975,572	\$ 483.82	\$ 723.94
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

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
2007												
Class 1	5.239	27.232	7.981	36.091	20.621	28.107	4.611	4.237	25.293	3.653	0.108	28.994
Class 2	4.824	22.610	8.502	29.993	20.321	38.529	3.828	4.185	27.781	3.753	0.171	26.854
Class 3	5.336	23.919	29.228	78.395	64.545	116.023	4.050	12.197	122.990	11.541	0.364	48.750
Class 4	4.493	21.570	10.549	71.106	21.925	31.979	3.652	2.880	40.187	3.884	0.009	29.361
All Classes												
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

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
2.814	33.340	4.529	17.030	4.365	49.514	15.675	52.636	13.211	80.741	6.158	13.759	354.004	734.371	1.040	49.520
3.624	19.622	4.340	13.848	5.148	65.325	10.814	57.384	21.028	77.772	2.179	19.660	244.985	723.765	0.920	50.480
8.730	62.324	2.790	17.569	10.470	421.747	78.005	179.008	44.538	257.736	24.761	154.171	247.474	980.365	1.090	146.550
2.747	14.470	4.544	22.207	4.952	61.464	20.335	60.260	11.435	65.477	6.874	19.573	225.944	793.619	0.810	55.630
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	30.10
												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		
0.504	2.449	N/A	N/A	0.734	6.962	2.140	5.990	0.964	6.110	1.370	2.150	33.792	79.151	11.800	21.980
												39.923	74.202		
													73.257		
												18.754	46.195		
0.504	2.449	N/A	N/A	0.687	6.512	1.980	5.990	0.964	6.280	1.260	2.150	30.531	69.966	11.800	21.980

TOWN OF HEMPSTEAD
Principal Property Taxpayers
Current Year and Nine Years Ago
December 31, 2007 and 1998

2007

Rank	Taxpayer	Nature of Business	Assessed Valuation	Percent of Total Assessed Valuation ⁽¹⁾
1	LIPA	Utility	\$ 8,031,443	2.44%
2	Simon Properties	Shopping Center	4,659,762	1.42%
3	Keyspan Energy Corp.	Utility	3,161,343	0.96%
4	Verizon	Utility	3,113,152	0.95%
5	Green Acres Mall	Shopping Center	2,158,294	0.66%
6	Reckson Associates	Office Buildings	1,826,983	0.56%
7	Greater N.Y. Racing Association	Belmont Race Track	1,186,557	0.36%
8	W & S Associates	Shopping Center	1,007,425	0.31%
9	Omni Partners	Office Buildings	900,148	0.27%
10	Beechwood Benedict	Gated Community	900,000	0.27%
Total			<u>\$ 26,945,107</u>	<u>8.19%</u>

1998

Rank	Taxpayer	Nature of Business	Assessed Valuation	Percent of Total Assessed Valuation ⁽¹⁾
1	LILCO	Utility	\$ 109,724,634	5.81%
2	Bell Atlantic	Utility	26,639,717	1.41%
3	Corporate Property Investors	Shopping Center	21,490,420	1.14%
4	Long Island Water Co.	Utility	16,617,745	0.88%
5	MCS Realty Partners	Commercial R.E.	11,934,210	0.63%
6	Greater N.Y. Racing Association	Belmont Race Track	11,158,080	0.59%
7	Coliseum Plaza Associates	Office Buildings	8,170,530	0.43%
8	Reckson Associates	Office Buildings	6,597,030	0.35%
9	New York Water	Utility	5,926,890	0.31%
10	Sunrise Mall Associates	Utility	5,812,040	0.31%
Total			<u>\$ 224,071,296</u>	<u>11.87%</u>

Source: Town of Hempstead 2007 and 1998 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
2007	\$347,279,817	\$ 789,620,908	\$ 766,782,493	97.11%	22,838,415	2.89%
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%

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			
2007	\$ 304,017,994			\$ 304,017,994	0.37%	\$ 397
2006	308,198,217			308,198,217	0.38%	403
2005	308,587,632		\$ 21,862	308,609,494	0.40%	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

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 122 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
2007	\$ 304,017,994	92.45%	0.28%	\$ 397
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

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 122.

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, 2007

<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	\$ 304,017,994	100.00%	<u>\$ 304,017,994</u>
Overlapping:			
Nassau County	\$ 3,140,574,000 (a)	44.88%	\$ 1,409,465,975
Incorporated Villages	202,309,028 (b)	100.00%	202,309,028
School Districts	327,066,189 (c)	100.00%	327,066,189
Fire Districts	17,947,168 (d)	100.00%	<u>17,947,168</u>
Total overlapping debt			<u>1,956,788,360</u>
Total direct and overlapping debt			<u><u>\$ 2,260,806,354</u></u>

Source : NYS Office of the State Comptroller, "Financial Data for Local Governments", fiscal years ended in 2006.

- (a) Excludes \$200,000,000 tax and revenue anticipation notes and \$32,339,000 cash on hand.
- (b) Excludes water, sewer and other debt excludable for debt limit purposes.
- (c) Excludes estimated State school building aid.
- (d) No exclusions

TOWN OF HEMPSTEAD
Legal Debt Margin Information
December 31, 2007

Year Ended December 31,	Taxable Assessed Valuation	State Equalization Rate	Full Valuation
2007	\$ 328,837,840	0.30%	\$ 109,612,613,333
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
Total Five Year Full Valuation			<u>\$ 443,801,082,129</u>
Five Year Average Full Valuation of Taxable Real Property			<u>\$ 88,760,216,426</u>
Constitutional Debt Limit (7% of Average Full Valuation)			<u>\$ 6,213,215,150</u>
Outstanding Indebtedness at December 31st			\$ 304,017,994
Less: 2007 Appropriations for Debt Principal			37,350,836
Less: Exclusions			<u>18,268,428</u>
Net Indebtedness Subject to Debt Limit			<u>\$ 248,398,730</u>
Net Debt Contracting Margin			<u>\$ 5,964,816,420</u>
Percentage of Net Debt Contracting Margin Available			96.00%
Percentage of Net Debt Contracting Power Exhausted			4.00%

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
2007	\$ 6,213,215,150	\$ 248,398,730	\$ 5,964,816,420	4.00%	96.00%
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%

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,	Population ¹	Personal Income ² (billions of dollars)	Per Capita Income ³	Median Age ³	Unemployment Rate ⁴	Number of Households Estimate ¹	Average Household Size Estimates ¹	Population Density Per Square Mile ⁵
2007	765,111	\$ 81,756	\$ 35,104	38.8	3.7%	248,272	3.03	6,378
2006	763,822	81,755	33,831	38.5	3.9%	247,756	3.02	6,339
2005	761,944	76,200	33,831	38.5	4.3%	247,756	3.02	6,350
2004	760,675	70,528	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

Sources:

- ¹ Long Island Popwer Authority (LIPA); Population Survey 2007
- ² Bureau of Economic Analysis (Nassau County)
Personal Income and per capita figures are for Nassau County - 2007 is not available
- ³ U.S. Census Bureau, 2006 American Community Survey
- ⁴ 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
- ⁵ Calculated: Population divided by land area (119.96 sq. mi.)

TOWN OF HEMPSTEAD
Principal Employers
Current Year and Nine Years Ago

2007⁽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

1998⁽¹⁾

Rank	Name	Type of Business	Number of Employees
1	Nassau County ^(a)	Government	16,000
2	Diocese of Rockville Center	Religious Institution	12,500
3	NYNEX ^(b)	Communications	6,865
4	LILCO ^(b)	Gas/ Electric	6,526
5	Nassau County Medical Center	Medical Care	3,074
6	All Metro Health Care	Nursing Care Facility	2,600
7	Fortunoff ^(b)	Department Store	2,500
8	Foodtown	Supermarket	2,500
9	Fleet Bank N.A. ^(b)	Finance	2,414
10	A&P ^(b)	Supermarket	2,344

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				
	2007	2006	2005	2004	2003
General government	419	420	424	424	432
Public safety	200	195	195	202	204
Transportation	220	221	226	231	237
Economic assistance and opportunity	26	27	29	29	32
Culture & recreation	449	458	448	466	481
Home and community service	625	644	662	683	685
Total	1,939	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>
422	416	396	393	392
203	202	192	185	195
249	250	235	234	241
32	30	32	31	32
505	492	482	489	497
<u>707</u>	<u>686</u>	<u>677</u>	<u>674</u>	<u>667</u>
<u>2,118</u>	<u>2,076</u>	<u>2,014</u>	<u>2,006</u>	<u>2,024</u>

TOWN OF HEMPSTEAD
Operating Indicators by Function
Last Ten Years

Year Ended December 31,	2007	2006	2005	2004
Function				
Town Clerk				
Vital statistic documents	37,098	37,245	36,150	36,412
Dog licenses	6,927	7,230	7,253	7,707
Marriage licenses	5,088	5,188	5,459	5,605
Building				
Residential building permits issued	4,186	4,120	4,692	4,519
Estimated value of residential building construction	\$ 172,519,163	\$ 201,102,700	\$ 220,786,460	\$ 177,749,409
Industrial and commercial building permits issued	6,415	7,748	7,262	977
Estimated value of industrial and commercial building construction	\$ 81,800,006	\$ 112,098,935	\$ 113,393,437	\$ 83,861,795
Public Safety				
Dogs adopted or reclaimed by owners	699	1,553	1,583	1,486
Citations issued	283	269	244	280
Fire				
Number of fire protection districts	17	17	17	17
Parking				
Number of parking permits issued	13,382	13,364	13,168	12,926
Parking permit revenue	\$ 38,519	\$ 38,209	\$ 37,663	\$ 36,984
Highways and streets				
Street resurfacing (lane miles)	12	16	-0-	14
Number of trees planted	729	1,711	1,644	1,770
Number of trees removed	740	1,972	504	1,507
Road opening permits issued	110	1,741	1,547	1,509
Abandoned vehicles removed	270	103	136	77
Signs installed	18,000	17,816	20,960	20,960
Sanitation (tons per annum)				
Residential and commercial waste collected	549,217	630,893	635,382	666,761
Recyclables collected	86,435	87,726	87,735	90,733
Yardwaste	68,735	79,976	73,741	75,750
Bulky waste and other items	2,126	1,624	3,058	20,508
Culture and recreation				
Pool permits issued	4,631	4,330	4,309	4,572
Registration for adult programs	12,007	11,996	11,915	11,514

Source: Various government departments

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

2003	2002	2001	2000	1999	1998
35,844	35,260	33,235	32,825	31,528	31,575
8,017	8,406	8,427	8,840	9,055	9,162
5,491	6,040	7,537	5,299	5,595	5,586
7,781	3,802	4,704	3,547	4,351	4,167
\$ 172,463,021	\$ 133,027,250	\$ 165,772,771	\$ 87,218,150	\$ 91,051,556	\$ 66,951,289
1,330	1,137	1,048	826	563	617
\$ 60,315,744	\$ 78,589,300	\$ 81,641,725	\$ 82,949,000	\$ 56,549,436	\$ 375,466,876
1,442	1,381	1,347	1,248	1,279	1,121
382	309	272	N/A	N/A	N/A
17	17	17	17	17	17
12,848	12,090	12,991	12,319	12,090	12,149
\$ 36,794	\$ 35,346	\$ 37,054	\$ 36,036	\$ 34,686	\$ 23,709
12	15	25	20	21	17
5,738	3,920	2,456	1,605	1,882	1,466
1,506	1,091	1,090	1,072	1,376	1,737
1,285	1,173	1,224	1,096	608	1,102
89	105	94	74	N/A	N/A
20,960	26,200	28,820	32,750	32,750	47,160
655,297	605,249	612,163	581,824	547,132	531,762
99,326	83,227	87,961	82,702	133,774	83,736
87,557	95,256	85,852	77,824	73,054	86,106
40,536	79,093	58,510	26,062	54,810	72,012
4,890	5,311	5,110	5,067	5,314	5,606
13,016	12,316	10,608	11,704	13,286	13,096

TOWN OF HEMPSTEAD
Capital Asset Statistics by Function
Last Ten Years

Year Ended December 31,	2007	2006	2005	2004	2003
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	199,959	250,792	287,768	297,983	277,385
Highways and streets					
Streets (miles)	1,162	1,162	1,162	1,162	1,162
Culture and recreation					
Parks acreage	1,404	1,404	1,404	1,404	1,404
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

<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
2	2	2	2	2
2	2	2	2	2
249,224	249,629	249,423	268,742	264,996
1,162	1,162	1,162	1,162	1,162
1,404	1,404	1,404	1,404	1,404
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