

**TOWN OF HEMPSTEAD  
NEW YORK**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2008**

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

**TOWN OF HEMPSTEAD**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2008**  
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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 25, 2009

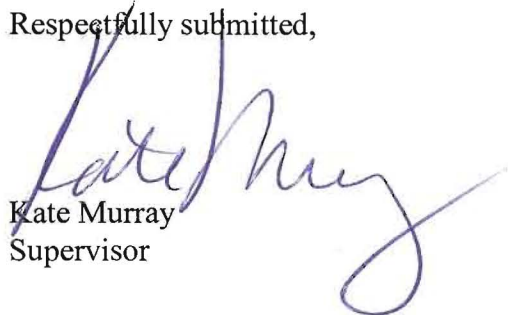
The Honorable Members of the Town Board and Citizens of the Town of Hempstead  
Town of Hempstead, New York

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, 2008. 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 five 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 2008 financial report continues to meet the requirements of the Certificate of Achievement Program.

Respectfully submitted,

  
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

TOWN OF HEMPSTEAD  
OFFICE OF THE COMPTROLLER

350 FRONT STREET  
HEMPSTEAD, N.Y. 11550-4037  
(516) 489-5000 Fax: (516) 292-7335



KATE MURRAY  
SUPERVISOR

June 25, 2009

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, 2008.

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, 2008. 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 most recent survey published by the Long Island Power Authority. 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, who is elected for a two-year term, and six Council Members, who are 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.1).

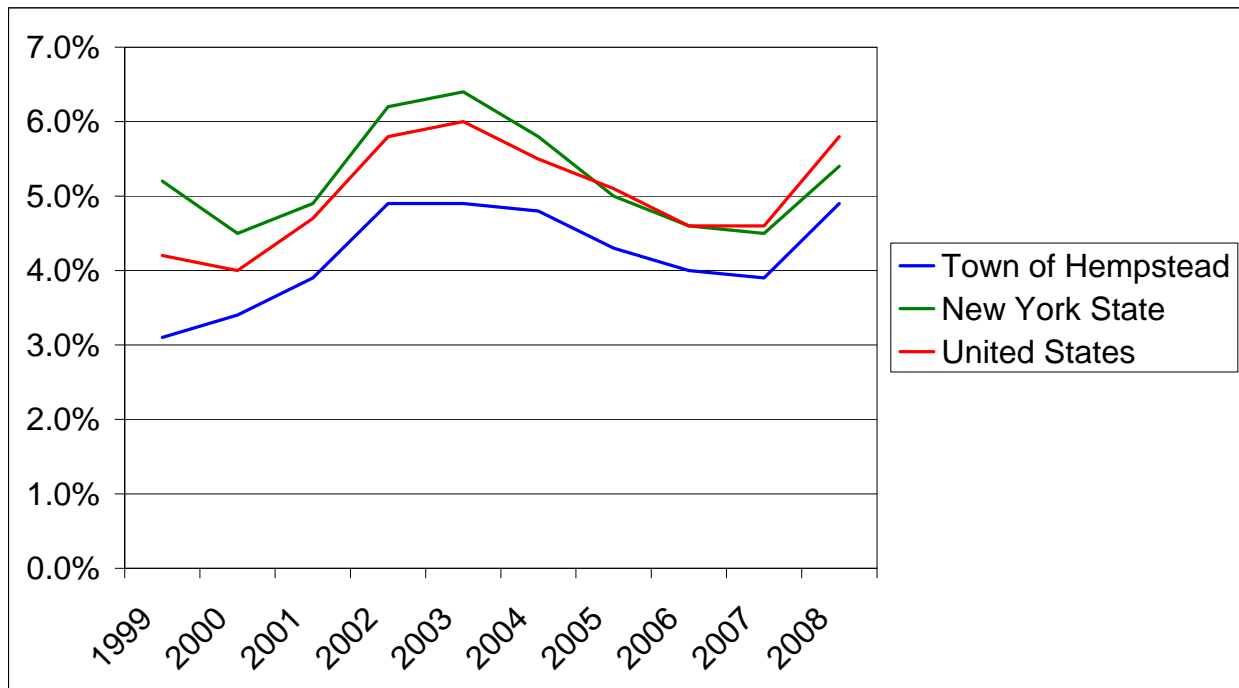
As the Town’s chief financial officer, the Supervisor is responsible for the Town’s accounting and financial reporting activities. The Town Board, as a whole, serves as the finance board of the Town and is responsible for authorizing, by resolution, all material financial transactions such as operating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

The Supervisor is the Town’s budget officer and is required by law to file a tentative budget with the Town Clerk on or before September 30th 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***

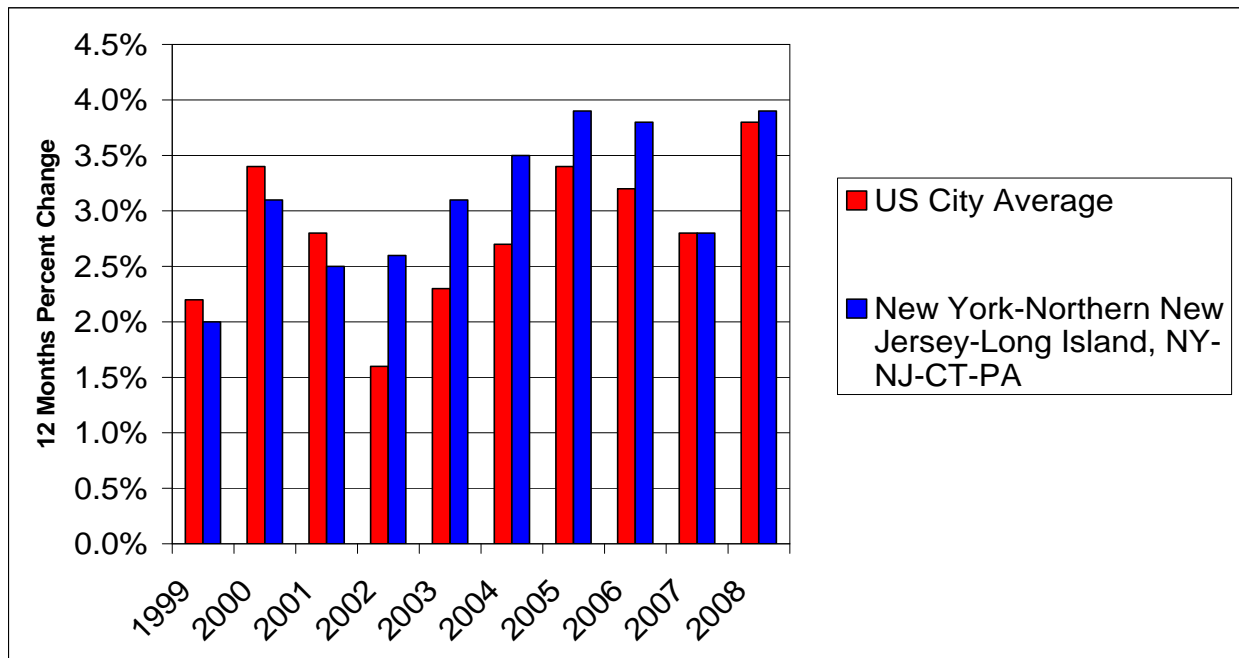
The Town of Hempstead’s statistical data shows that its economy is stronger than both the country’s and New York State’s. The Town of Hempstead’s unemployment rate of 4.9% compares favorably to New York State’s 5.4% and the United States’ 5.8%. The chart below emphasizes this has been both a five-year and ten-year trend.

Annual Average Unemployment Rate 1999 – 2008



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.

## Annual Increase in the Consumer Price Index 1999 – 2008



The Town's financial plans continue to garner high praise from financial experts. In 2008 Standard & Poor's credit rating agency awarded the Town a bond rating of 'AAA'; the highest rating attainable. And in affirming its 'Aa1' credit rating for the recent Town debt refinancing Moody's Investor Services observed Hempstead's, "...conservatively managed financial position..." and "...track record of strong financial operations..."

### ***Long Term Financial Planning***

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 revenue enhancements and expenditure control without reliance on one-time revenue sources. Revenues are regularly set aside for various unfunded future costs, such as post employment benefit funding.

### ***Major Initiatives***

The Town continually monitors its infrastructure and identifies major components, 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. In addition, a new agreement with Covanta Hempstead Company, the entity that converts Hempstead's solid waste into energy, will result in a \$10 million or 15.6% savings on sanitation disposal costs in 2009. Simultaneously, Hempstead will receive enhanced revenues through a new "host fee" that will impact waste from all sources processed at the Covanta facility. 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.

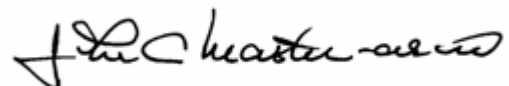
### ***Awards and Acknowledgements***

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, 2007. This was the fifth 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, 2008

### **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

1<sup>st</sup> Councilmatic District

2<sup>nd</sup> Councilmatic District

3<sup>rd</sup> Councilmatic District

4<sup>th</sup> Councilmatic District

5<sup>th</sup> Councilmatic District

6<sup>th</sup> Councilmatic District

Town Clerk

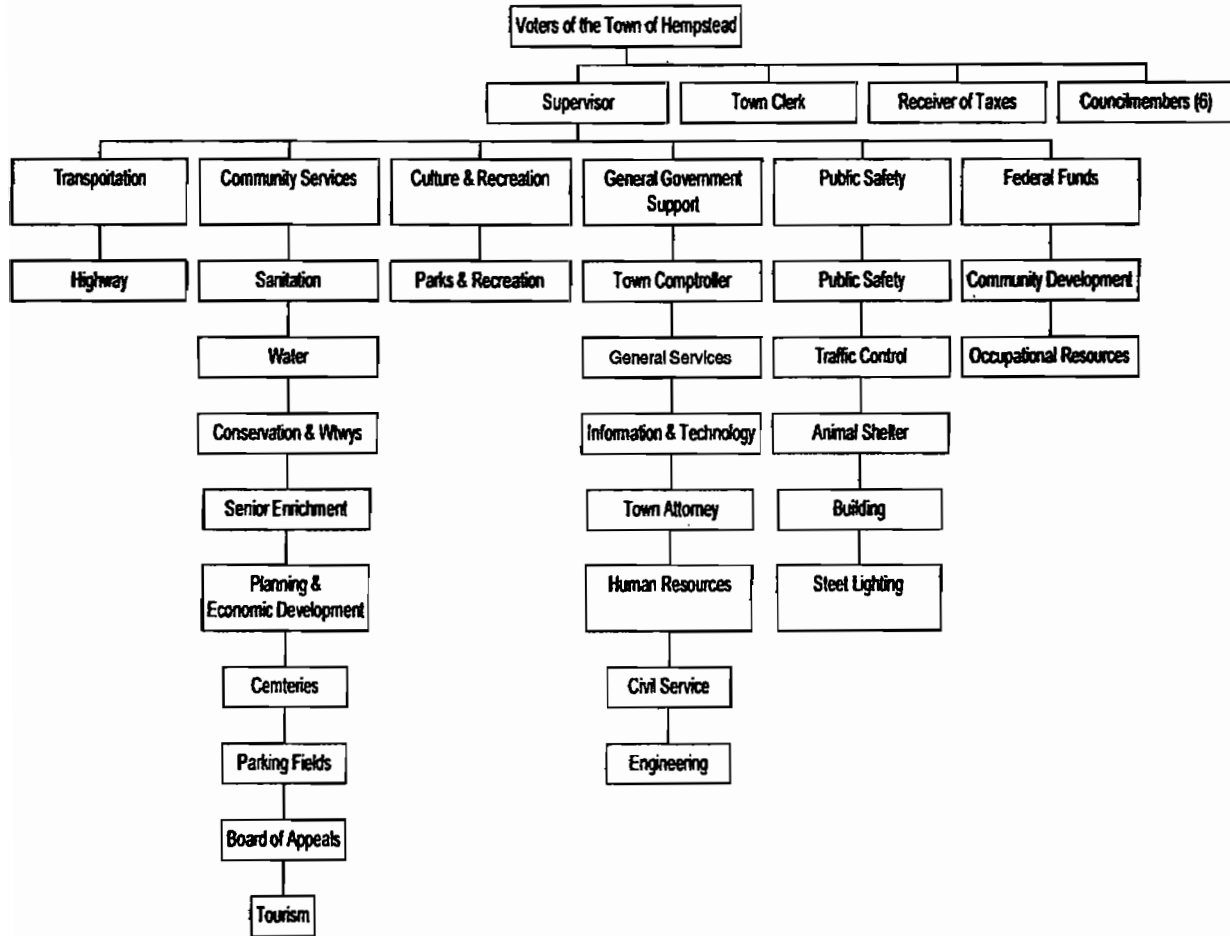
Receiver of Taxes

Town Comptroller

Town Attorney

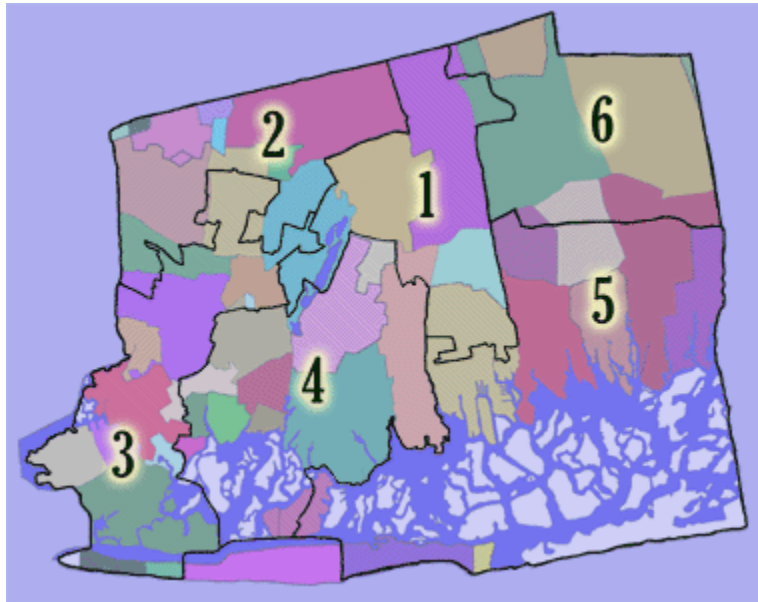
# TOWN OF HEMPSTEAD

## 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, 2007

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



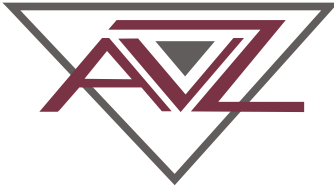
President

Executive Director



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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 and for the year ended December 31, 2008, 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 the 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 opinions.

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, New York as of December 31, 2008, 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 described in Note A.8 to the basic financial statements, the Town of Hempstead, New York adopted the provisions of Governmental Accounting Standards Board Statement No. 49, "*Accounting and Financial Reporting for Pollution Remediation Obligations*" as of and for the year ended December 31, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2009, on our consideration of the Town of Hempstead, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America and the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 25, 2009

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## **REQUIRED SUPPLEMENTARY INFORMATION**

### **Management's Discussion and Analysis**

**TOWN OF HEMPSTEAD**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2008

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, 2008. 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 2008 by \$96.5 million (net assets).
- The Town's total net assets decreased by \$56.8 million. The most notable factor contributing to this decrease is the recognition of \$55.2 million in post-employment benefits healthcare costs for 2008.
- As of the close of 2008, the Town's governmental funds reported combined ending fund balances of \$158.7 million, of which \$130.8 million is available for spending at the Town's discretion.
- At the end of 2008, unreserved, undesignated fund balance for the General Fund was \$51.4 million, or 44.3 percent of total General Fund expenditures.
- The Town's total bonded debt increased by \$1.8 million, or 0.6 percent during 2008.

**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, 2008

**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, 2008

**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,

|  | 2008           | 2007           |
|--|----------------|----------------|
| <b>Assets</b>                                      |                |                |
| Current and other assets                           | \$ 189,537,014 | \$ 196,078,433 |
| Capital assets                                     | 432,628,021    | 421,696,825    |
| Other non-current assets                           | 2,299,304      | 2,469,206      |
| Total assets                                       | 624,464,339    | 620,244,464    |
| <b>Liabilities</b>                                 |                |                |
| Current and other liabilities                      | 82,834,506     | 90,327,680     |
| Long-term liabilities                              | 445,132,182    | 376,602,304    |
| Total liabilities                                  | 527,966,688    | 466,929,984    |
| <b>Net assets</b>                                  |                |                |
| Invested in capital assets,<br>net of related debt | 120,800,611    | 110,890,510    |
| Restricted   | 3,649,027      | 4,554,705      |
| Unrestricted                                       | (27,951,987)   | 37,869,265     |
| Total net assets                                   | \$ 96,497,651  | \$ 153,314,480 |

Components of net assets at December 31, 2007 have been restated as follows: restricted net assets have been decreased and unrestricted net assets increased by approximately \$22.0 million. Total net assets have not changed. Total assets of the Town of Hempstead as of December 31, 2008 were \$624.5 million, an increase of \$4.2 million. Total liabilities as of December 31, 2008 were \$528.0 million, an increase of \$61.0 million. This results in a net asset balance of \$96.5 million for 2008, a decrease of \$56.8 million. Of the Town's net asset balance, \$120.8 million were invested in capital assets, net of related debt; while \$3.7 million were restricted by statute or other specific purposes leaving a \$28.0 million unrestricted deficit. Total net assets were again decreased in the current year and will continue to decrease in subsequent years due to the ongoing 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 2008 were \$55.2 million bringing the total recognized costs for 2007 and 2008 to \$108.2 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 \$96.5 million at the close of the most recent year.

By far the largest portion of the Town of Hempstead's net assets, \$120.8 million, 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, \$3.7 million, represents resources that are subject to external restrictions on how they may be used.

The deficit balance of unrestricted net assets does not necessarily indicate fiscal stress. At the end of the current year, the Town of Hempstead is unable to report a positive balance in unrestricted net assets and in all three categories of net assets for the first time since reporting under GASB Statement No. 34. The change is a direct result of the recognition of GASB Statement No. 45 (OPEB) requiring the recognition of \$108.2 million in OPEB liability since 2007.

**TOWN OF HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2008

**FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)**

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

|  | <u>2008</u>          | <u>2007</u>           |
|--|----------------------|-----------------------|
| Program Revenues                       |                      |                       |
| Charges for services                   | \$ 82,340,213        | \$ 78,597,597         |
| Operating grants and contributions     | 11,603,788           | 13,193,475            |
| Capital grants and contributions       | <u>7,884,671</u>     | <u>6,237,555</u>      |
|  | <u>101,828,672</u>   | <u>98,028,627</u>     |
| General Revenues                       |                      |                       |
| Real property taxes                    | 229,005,071          | 228,683,296           |
| Other real property tax items          | 2,988,553            | 3,920,874             |
| Non-property tax items                 | 41,110,562           | 39,893,890            |
| Interest earnings and financing income | 8,414,882            | 11,421,977            |
| Mortgage tax                           | 24,661,932           | 42,071,625            |
| State aid - unrestricted               | 4,180,122            | 4,058,371             |
| Other                                  | <u>1,865,724</u>     | <u>1,455,109</u>      |
|  | <u>312,226,846</u>   | <u>331,505,142</u>    |
| Total Revenues                         | <u>414,055,518</u>   | <u>429,533,769</u>    |
| Program Expenses                       |                      |                       |
| General government support             | 68,811,156           | 69,575,283            |
| Education                              | 2,458,698            | 1,750,222             |
| Public safety                          | 34,712,889           | 33,561,350            |
| Transportation                         | 55,071,824           | 52,487,790            |
| Economic assistance and opportunity    | 14,035,132           | 15,227,083            |
| Culture and recreation                 | 82,025,927           | 80,539,421            |
| Home and community services            | 200,377,605          | 182,918,514           |
| Interest on debt                       | <u>13,379,116</u>    | <u>13,640,483</u>     |
| Total Expenses                         | <u>470,872,347</u>   | <u>449,700,146</u>    |
| Change in Net Assets                   | (56,816,829)         | (20,166,377)          |
| Net Assets - Beginning                 | <u>153,314,480</u>   | <u>173,480,857</u>    |
| Net Assets - Ending                    | <u>\$ 96,497,651</u> | <u>\$ 153,314,480</u> |

The change in net assets from all government activities was a decrease of \$56.8 million. The change from 2007 was \$36.6 million.

Other key elements of the governmental activities are:

- Mortgage tax and interest earnings decreased by \$17.4 and \$3.0 million respectively as a result of economic conditions while non-property tax items increased by \$1.3 million from franchise fees and program revenues increased by \$3.7 million from user fees.
- Overall expenses increased, by \$21.2 million, primarily from increases in home and community services contractual obligations. Of this amount \$1.3 million was the result of implementing GASB No. 49 pollution remediation, \$2.3 million was the increase in the year over year effect of GASB No. 45 (OPEB) and \$3.0 million was the result of the payment of a legal settlement.

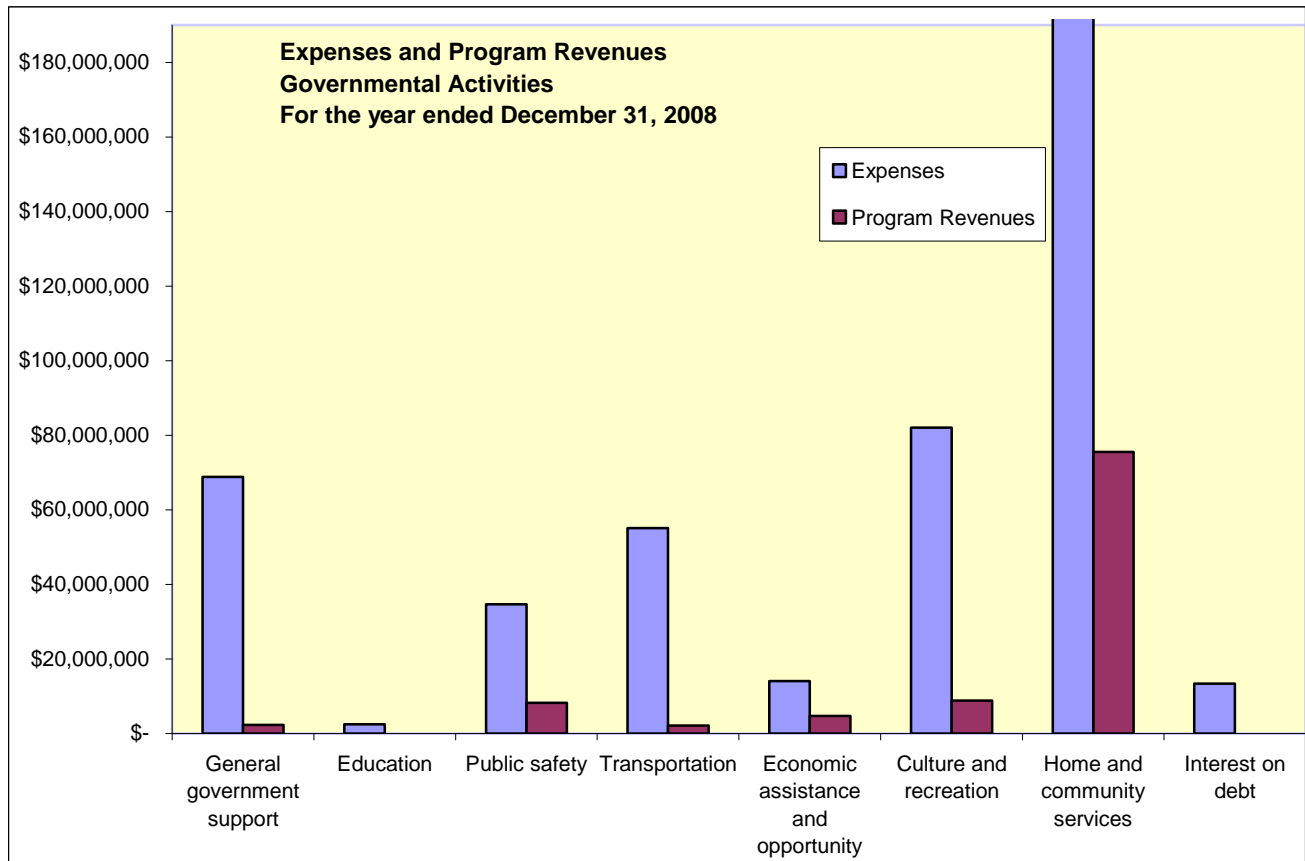
**TOWN OF HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 December 31, 2008

**FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)**

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

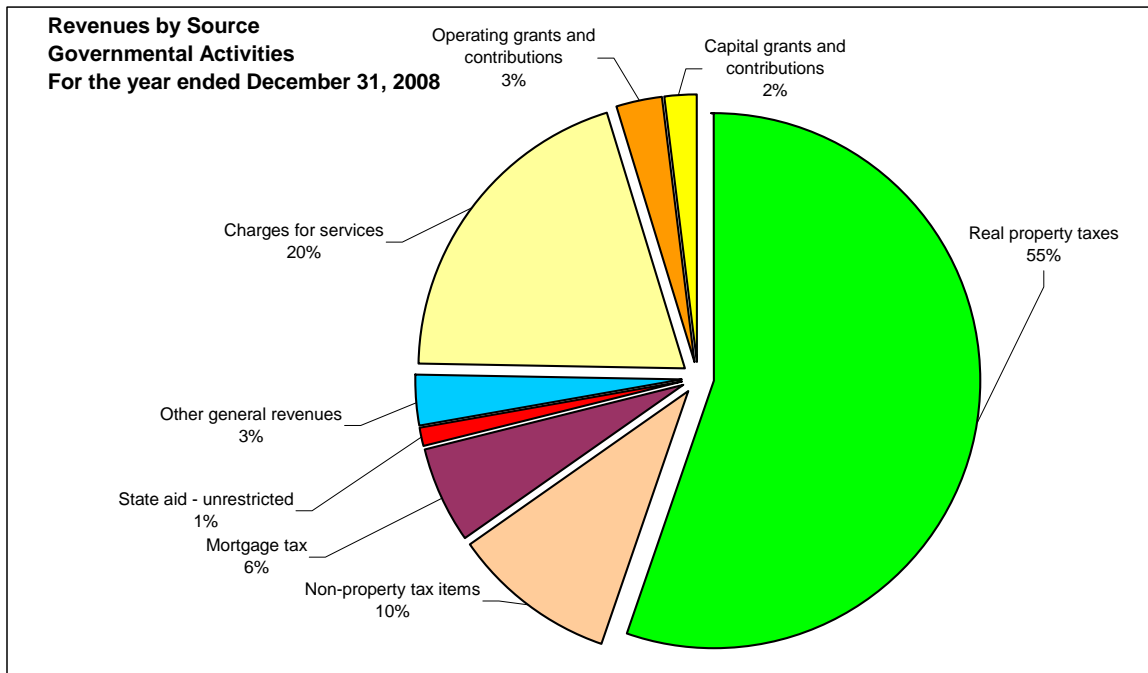
|                                     | 2008                              | 2007                  | 2008                  | 2007                 | 2008                           | 2007                  |
|-------------------------------------|-----------------------------------|-----------------------|-----------------------|----------------------|--------------------------------|-----------------------|
|                                     | Total Cost (Expenses) of Services |                       | Program Revenues      |                      | Net Cost (Revenue) of Services |                       |
| General government support          | \$ 68,811,156                     | \$ 69,575,283         | \$ 2,324,772          | \$ 2,544,333         | \$ 66,486,384                  | \$ 67,030,950         |
| Education                           | 2,458,698                         | 1,750,222             |                       |                      | 2,458,698                      | 1,750,222             |
| Public safety                       | 34,712,889                        | 33,561,350            | 8,245,529             | 8,098,267            | 26,467,360                     | 25,463,083            |
| Transportation                      | 55,071,824                        | 52,487,790            | 2,164,881             | 2,270,932            | 52,906,943                     | 50,216,858            |
| Economic assistance and opportunity | 14,035,132                        | 15,227,083            | 4,748,921             | 5,491,086            | 9,286,211                      | 9,735,997             |
| Culture and recreation              | 82,025,927                        | 80,539,421            | 8,844,324             | 8,105,494            | 73,181,603                     | 72,433,927            |
| Home and community services         | 200,377,605                       | 182,918,514           | 75,500,245            | 71,518,515           | 124,877,360                    | 111,399,999           |
| Interest on debt                    | 13,379,116                        | 13,640,483            |                       |                      | 13,379,116                     | 13,640,483            |
|                                     | <u>\$ 470,872,347</u>             | <u>\$ 449,700,146</u> | <u>\$ 101,828,672</u> | <u>\$ 98,028,627</u> | <u>\$ 369,043,675</u>          | <u>\$ 351,671,519</u> |

The cost of all governmental activities this year was \$470.8 million. The net cost of these services after program revenues of \$101.8 million was \$369.0 million.



**TOWN OF HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 December 31, 2008

**FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)**



**Revenue by Source**

year ended December 31,

|                                    | 2008                  | 2007                  |
|------------------------------------|-----------------------|-----------------------|
| Real property taxes                | \$ 229,005,071        | \$ 228,683,296        |
| Non-property tax items             | 41,110,562            | 39,893,890            |
| Mortgage tax                       | 24,661,932            | 42,071,625            |
| State aid - unrestricted           | 4,180,122             | 4,058,371             |
| Other general revenues             | 13,269,159            | 16,797,960            |
| Charges for services               | 82,340,213            | 78,597,597            |
| Operating grants and contributions | 11,603,788            | 13,193,475            |
| Capital grants and contributions   | 7,884,671             | 6,237,555             |
|                                    | <u>\$ 414,055,518</u> | <u>\$ 429,533,769</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 \$158.7 million, a decrease of \$13.1 million over the prior year. This change in total governmental fund balances was largely due to a continued decline in mortgage tax, \$17.4 million, as a result of economic conditions. Franchise fees had an overall increase of \$1.3 million, and there were 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 82.4 percent of the total fund balance (\$130.8 million) constitutes unreserved fund balance. Approximately 7.7 percent of this unreserved fund balance (\$10.1 million) has been designated to reduce property taxes in the subsequent year's budget. The remaining 17.6 percent of fund balance (\$27.9 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, 2008

**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, the unreserved, undesignated fund balance of the General Fund was \$51.4 million, while total fund balance reached \$63.9 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, undesignated fund balance represents 44.3 percent of total General Fund expenditures, while total fund balance represents 55.0 percent of the same amount.

The fund balance decreased in the General Fund by \$2.7 million during the current year.

- There was an originally planned decrease of \$5.7 million to hold the line on property taxes for 2008.
- The \$11.8 shortfall in mortgage tax revenue, as a result of economic conditions, was partially offset by a \$9.6 million reallocation of local government assistance (sales tax) and \$0.7 million in additional taxes as a result of properties added back to the tax rolls.
- To provide a more favorable outcome it was management's decision not to fill \$0.6 million in vacant positions and \$0.3 million in retired positions; and to cancel software upgrades of \$0.2 million.
- Additional savings of \$0.3 million in employee benefits related to the unfilled positions.
- Additional savings resulted from across the board contractual reductions primarily in general government support.

**Highway Fund**

The fund balance decreased in the Highway Fund by \$0.9 million during the current year.

- There was an originally planned decrease of \$1.3 million to hold the line on property taxes in 2008.
- The \$2.5 million shortfall in local government assistance (sales tax) and \$0.4 million in state aid revenue as a result of a reallocation to the General Fund was partially offset by an additional \$1.5 million in franchise fees.
- Economic conditions also brought about a \$0.8 million shortfall in interest earnings.
- Saving occurred when four retired positions, \$0.3 million, were not filled and \$0.3 was realized in employee benefits related to both the unfilled positions and conservative health insurance budgeting.
- Favorable weather conditions resulted in a \$0.6 million savings in overtime and sand and salt purchases as well as \$0.2 million in disposal fees.
- Additional savings resulted from contractual reductions in transportation.

**Parks Fund**

The fund balance increased in the Parks Fund by \$1.4 million during the current year.

- There had been an originally planned decrease of \$1.1 million to hold the line on property taxes in 2008.
- Removal of PILOT properties and a reallocation of local government assistance (sales tax) resulted in a shortfall of \$1.0 million
- Economic conditions brought about a \$0.5 million shortfall in interest income.
- Management anticipated the unfavorable revenue variances and did not fill \$0.2 million in part-time and seasonal positions and reduced overtime spending by \$0.5 million.
- Employee benefits savings of \$1.2 million were realized as a result of both unfilled positions and conservative health insurance budgeting.
- Anticipated capital spending was reduced by \$0.5 million.
- Additional savings resulted from contractual reductions in culture and recreation.

**Refuse and Garbage Fund**

The fund balance decreased in the Refuse and Garbage Fund by \$4.5 million during the current year.

- There was an originally planned decrease of \$2.0 million to hold the line on property taxes in 2008.
- Favorable marketing conditions and the addition of two new intergovernmental accounts resulted in a positive variance of \$1.7 million and \$1.1 million in departmental income and intergovernmental charges

**TOWN OF HEMPSTEAD**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2008

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS** (continued)

**Refuse and Garbage Fund** (continued)

- Removal of PILOT properties \$0.4 million and a \$7.9 million reallocation of local government assistance (sales tax) resulted in a shortfall of \$8.3 million
- Interest rates drops from economic conditions resulted in a \$0.4 million shortfall in interest income.
- Reduction in the volume of disposed refuse and garbage resulted in savings of \$4.1 million.

**Capital Projects Fund**

The fund balance remained relatively the same in the Capital Projects Fund. The deficit fund balance of \$4.7 million during the current year 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 2009.

**Nonmajor Governmental Funds**

The net change in fund balances was a decrease of \$6.4 million.

- There was an originally planned decrease of \$6.0 million to hold the line on property taxes in 2008.
- The reallocation of franchise fees and state aid in the Part-Town Fund and franchise fees in the Street Lighting District resulted in a \$1.6 million revenue shortfall.
- The Part-Town Fund decline in departmental income and interest income was a direct result of the poor economy and construction decline and the fines and forfeitures increase was a result of a legal decision, netting to a \$1.0 million decrease.
- Removal of PILOT properties and poor economic conditions resulted in shortfalls in real property tax items and interest income across the nonmajor funds, netting to a \$0.5 million decrease (without Part-Town)
- Savings were realized in the Water Districts from unfilled positions, savings in water supply equipment, ground equipments, capital expenditures and ancillary costs amounting to \$1.0 million.
- Savings of \$1.5 million from contractual reductions were seen across the nonmajor funds.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year there was a \$1.1 million (0.88%) increase in the appropriations between the original and final amended budget. Following is the main component of the increase:

- \$1.1 million supplemental appropriation to the education function for Nassau County Community College's 4<sup>th</sup> quarter reimbursement which was at a significantly higher amount than in past years.

**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, 2008, amounts to \$432.6 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

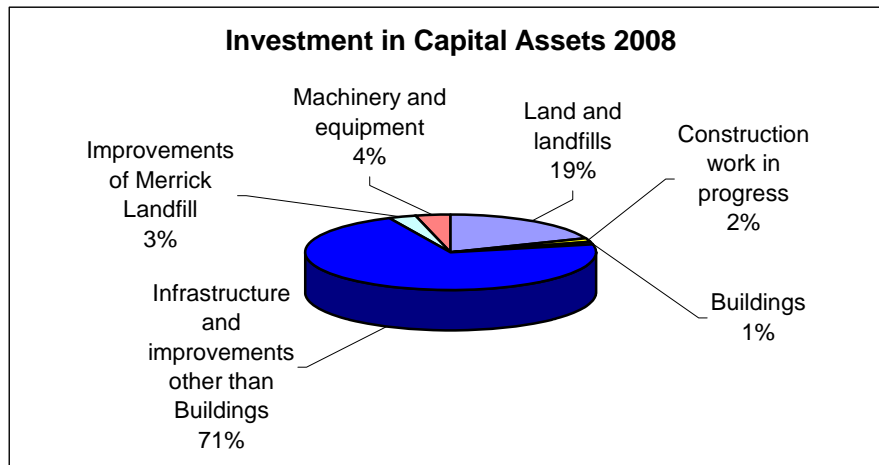
**TOWN OF HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2008

**CAPITAL ASSET AND DEBT ADMINISTRATION** (continued)

**Capital Assets** (continued)

Capital Assets - Net of Accumulated Depreciation

|   | Governmental Activities |                       |
|---|-------------------------|-----------------------|
|   | 2008                    | 2007                  |
| Land and landfills  | \$ 81,246,838           | \$ 81,246,838         |
| Construction work in progress                               | 7,186,535               | 4,227,544             |
| Buildings   | 5,701,529               | 5,091,131             |
| Infrastructure and improvements<br>other than building, net | 308,721,206             | 303,230,764           |
| Improvements<br>of Merrick landfill, net                    | 12,422,754              | 12,946,044            |
| Machinery and equipment<br>and capital leases, net          | 17,349,159              | 14,954,504            |
| <b>Total Capital Assets</b>                                 | <b>\$ 432,628,021</b>   | <b>\$ 421,696,825</b> |



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

**Long-Term Debt**

At the end of the current year, the Town of Hempstead has total bonded debt outstanding of \$305.8 million. The entire debt is backed by the full faith and credit of the Town of Hempstead.

**Outstanding Debt**

|                          | Governmental Activities |                       |
|--------------------------|-------------------------|-----------------------|
|                          | 2008                    | 2007                  |
| General obligation bonds | \$ 305,809,158          | \$ 304,017,994        |
| <b>Total</b>             | <b>\$ 305,809,158</b>   | <b>\$ 304,017,994</b> |

**TOWN OF HEMPSTEAD**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2008

**CAPITAL ASSET AND DEBT ADMINISTRATION** (continued)

**Outstanding Debt** (continued)

In continuance of the Town's policy of rapid amortization of debt, and relative parity between the amount of debt retired and new borrowing, the Town of Hempstead's total bonded debt increased by \$1.8 million.

In 2008 Standard & Poor's awarded the Town of Hempstead a "AAA" rating, the highest rating attainable, and the Town maintained a "Aa1" rating from Moody's.

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 \$6.5 billion. The percentage of debt contracting exhausted at December 31, 2008 was 3.7% of the current debt limitation.

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 preparing the fiscal year 2009 budget. The Town's statistical data continues to compare favorably to New York State and the United States. The Town of Hempstead's 2008 average unemployment rate of 4.9% compares favorably to New York State's 5.4% and the United States' 5.8%. The workforce also compares favorably in composition; 39.1% professional/management compared to the State's 37%. Median income in the Town of Hempstead shows that over 41% of households have annual income of \$100,000 or more, compared to less than 23% statewide. These factors provide a stable tax environment enabling the Town of Hempstead to reliably project tax revenue.
- While the Town of Hempstead has been buffeted by the same economic factors facing all levels of government, multi-year projections have enabled the Town to plan for these downturns. Conservative budgeting practices have mitigated most of the consequences of the recent historic downturn, which included large reductions of non-real property tax revenues. While mortgage tax, sales tax and interest earnings have negatively affected all town funds, these have largely been offset by economies such as reductions in the work force, mid-year budget freezes, and renegotiating multi-year waste disposal contracts.
- The Town anticipates 2009 financial operations to be stable given the economies effected and revenue enhancements built into the 2009 budget. When all these factors are considered the Town of Hempstead's fund balances are expected to remain the same by the close of 2009.

**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, 2008

|  | Primary<br>Governmental<br>Activities | Component<br>Units |
|--|---------------------------------------|--------------------|
| <b>ASSETS</b>  |                                       |                    |
| <b>Current Assets:</b>   |                                       |                    |
| Cash and investments   | \$ 155,281,998                        | \$ 14,200,554      |
| Accounts receivable, net of allowances                                 | 5,932,743                             | 939,605            |
| Accrued interest receivable  | 519,075                               |                    |
| Due from other governments   | 11,377,501                            | 2,103,548          |
| Prepays  | 6,380,997                             | 288,577            |
| Inventory of material and supplies                                     | 7,984,282                             |                    |
| Other assets   | 2,060,418                             |                    |
| Total Current Assets   | 189,537,014                           | 17,532,284         |
| <b>Non-Current Assets:</b>   |                                       |                    |
| Deferred charges, net of accumulated amortization                      | 2,299,304                             | 10,455             |
| Non-depreciable capital assets   | 88,433,373                            | 4,115,624          |
| Depreciable capital assets, net of depreciation                        | 344,194,648                           | 25,205,929         |
| Total Non-Current Assets   | 434,927,325                           | 29,332,008         |
| <b>Total Assets</b>  | 624,464,339                           | 46,864,292         |
| <b>LIABILITIES</b>   |                                       |                    |
| <b>Current Liabilities:</b>  |                                       |                    |
| Accounts payable and accrued liabilities                               | 17,861,716                            | 1,107,907          |
| Accrued interest payable   | 4,961,840                             | 287,776            |
| Due to other governments   | 8,637,073                             | 77,714             |
| <b>Non-current liabilities due within one year</b>                     |                                       |                    |
| General obligation bonds payable                                       | 39,450,456                            | 1,130,121          |
| Compensated absences   | 1,945,297                             | 59,845             |
| Claims and judgments payable   | 9,070,000                             |                    |
| Estimated liability for landfill closure<br>and postclosure care costs | 307,666                               |                    |
| Pollution remediation obligations                                      | 600,458                               |                    |
| Installment purchase debt  |                                       | 1,536              |
| Total Current Liabilities  | 82,834,506                            | 2,664,899          |
| <b>Non-Current Liabilities due in more than one year:</b>              |                                       |                    |
| General obligation bonds payable                                       | 272,922,550                           | 16,349,606         |
| Compensated absences   | 44,513,895                            | 865,908            |
| Claims and judgments payable   | 12,581,267                            |                    |
| Estimated liability for landfill closure<br>and postclosure care costs | 6,170,986                             |                    |
| Pollution remediation obligations                                      | 728,431                               |                    |
| Other post-employment benefits   | 108,215,053                           | 1,218,608          |
| Other debt   |                                       | 55,633             |
| Total Non-Current Liabilities  | 445,132,182                           | 18,489,755         |
| <b>Total Liabilities</b>   | 527,966,688                           | 21,154,654         |
| <b>NET ASSETS</b>  |                                       |                    |
| Investment in capital assets, net of related debt                      | 120,800,611                           | 19,375,029         |
| Restricted for:  |                                       |                    |
| Culture and recreation   |                                       | 191,743            |
| Home and community services and<br>Economic assistance and opportunity | 2,311,160                             | 531,589            |
| Permanent fund:  |                                       |                    |
| Expendable   |                                       |                    |
| Nonexpendable  | 1,337,867                             |                    |
| Unrestricted   | (27,951,987)                          | 5,611,277          |
| <b>Total Net Assets</b>  | \$ 96,497,651                         | \$ 25,709,638      |

**TOWN OF HEMPSTEAD**  
**GOVERNMENT-WIDE FINANCIAL STATEMENT**  
**STATEMENT OF ACTIVITIES**  
Year ended December 31, 2008

| Function/Program                    | Expenses              | Charges for Services | Program Revenues                   |                                  |
|-------------------------------------|-----------------------|----------------------|------------------------------------|----------------------------------|
|                                     |                       |                      | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Primary Government</b>           |                       |                      |                                    |                                  |
| Government Activities:              |                       |                      |                                    |                                  |
| General government support          | \$ 68,811,156         | \$ 2,285,027         | \$ 39,745                          |                                  |
| Education                           | 2,458,698             |                      |                                    |                                  |
| Public safety                       | 34,712,889            | 7,691,619            | 12,000                             | \$ 541,910                       |
| Transportation                      | 55,071,824            | 61,719               |                                    | 2,103,162                        |
| Economic assistance and opportunity | 14,035,132            | 90,677               | 4,658,244                          |                                  |
| Culture and recreation              | 82,025,927            | 8,396,402            | 282,762                            | 165,160                          |
| Home and community services         | 200,377,605           | 63,814,769           | 6,611,037                          | 5,074,439                        |
| Interest on debt                    | 13,379,116            |                      |                                    |                                  |
| <b>Total Primary Government</b>     | <b>\$ 470,872,347</b> | <b>\$ 82,340,213</b> | <b>\$ 11,603,788</b>               | <b>\$ 7,884,671</b>              |
| <b>Component Units</b>              |                       |                      |                                    |                                  |
| Culture and recreation              | \$ 6,331,293          | \$ 111,747           |                                    |                                  |
| Home and community services         | 7,447,544             | 3,214,892            |                                    |                                  |
| <b>Total Component Units</b>        | <b>\$ 13,778,837</b>  | <b>\$ 3,326,639</b>  |                                    |                                  |

**General Revenue**

Real property taxes  
Other real property tax items  
Non-property taxes:  
    Sales tax distribution by county, unrestricted  
    Franchise fees  
Interest earnings - unrestricted  
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<br>Government   | Component<br>Units     |
|-------------------------|------------------------|
| \$ (66,486,384)         |                        |
| (2,458,698)             |                        |
| (26,467,360)            |                        |
| (52,906,943)            |                        |
| (9,286,211)             |                        |
| (73,181,603)            |                        |
| (124,877,360)           |                        |
| (13,379,116)            |                        |
| <u>\$ (369,043,675)</u> |                        |
|                         | \$ (6,219,546)         |
|                         | <u>(4,232,652)</u>     |
|                         | <u>\$ (10,452,198)</u> |
| \$ 229,005,071          | \$ 10,976,073          |
| 2,988,553               | 18,961                 |
| 33,384,582              |                        |
| 7,725,980               |                        |
| 8,414,882               | 670,161                |
| 24,661,932              |                        |
| 4,180,122               | 38,690                 |
| 1,865,724               | 201,324                |
| <u>312,226,846</u>      | <u>11,905,209</u>      |
| (56,816,829)            | 1,453,011              |
| <u>153,314,480</u>      | <u>24,256,627</u>      |
| <u>\$ 96,497,651</u>    | <u>\$ 25,709,638</u>   |

**TOWN OF HEMPSTEAD  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2008**

|  | MAJOR FUNDS          |                      |                      |                       |                     |
|--|----------------------|----------------------|----------------------|-----------------------|---------------------|
|  | General              | Highway              | Parks                | Refuse and<br>Garbage | Capital<br>Projects |
| <b>ASSETS</b>                                  |                      |                      |                      |                       |                     |
| Cash and investments                           | \$ 48,907,597        | \$ 16,433,891        | \$ 19,829,170        | \$ 27,976,383         | \$ 9,933,733        |
| Accounts receivable, net of allowances         | 617                  | 2,286,524            |                      | 1,358,260             |                     |
| Due from other funds                           | 5,517,398            | 184,271              | 55,905               | 474,507               |                     |
| Due from other governments                     | 7,922,932            |                      | 196,831              | 1,581,012             |                     |
| Inventory of material and supplies             | 927,310              | 3,595,912            | 896,380              | 1,170,303             |                     |
| Prepays  | 1,541,991            | 331,773              | 710,811              | 567,906               |                     |
| Other assets                                   | 1,700,540            | 45,000               | 150,000              | 55,000                |                     |
| Total Assets                                   | <u>\$ 66,518,385</u> | <u>\$ 22,877,371</u> | <u>\$ 21,839,097</u> | <u>\$ 33,183,371</u>  | <u>\$ 9,933,733</u> |
| <b>LIABILITIES AND FUND BALANCES</b>           |                      |                      |                      |                       |                     |
| <b>Liabilities:</b>                            |                      |                      |                      |                       |                     |
| Accounts payable and accrued liabilities       | \$ 1,662,303         | \$ 1,140,409         | \$ 971,216           | \$ 8,863,773          | \$ 2,953,292        |
| Due to other funds                             |                      |                      |                      |                       | 4,094,264           |
| Due to other governments                       | 997,188              |                      |                      |                       | 7,639,885           |
| Deferred revenue                               |                      | 925,016              |                      |                       |                     |
| Total Liabilities                              | <u>2,659,491</u>     | <u>2,065,425</u>     | <u>971,216</u>       | <u>8,863,773</u>      | <u>14,687,441</u>   |
| Fund balances (deficits):                      |                      |                      |                      |                       |                     |
| Reserved:                                      |                      |                      |                      |                       |                     |
| Encumbrances                                   | 559,395              | 119,573              | 97,205               | 1,048,623             | 19,074,238          |
| Inventory                                      | 231,828              | 898,978              | 224,095              | 292,576               |                     |
| Prepays  | 1,541,991            | 331,773              | 710,811              | 567,906               |                     |
| Permanent fund                                 |                      |                      |                      |                       |                     |
| Unreserved, designated for:                    |                      |                      |                      |                       |                     |
| Subsequent year's budget                       | 5,097,065            | 275,031              | 123,044              | 3,282,601             |                     |
| Nonmajor special revenue funds                 |                      |                      |                      |                       |                     |
| Other post-employment benefits                 | 5,000,000            |                      |                      |                       |                     |
| Unreserved, undesignated reported in:          |                      |                      |                      |                       |                     |
| General fund                                   | 51,428,615           |                      |                      |                       |                     |
| Special revenue funds                          |                      | 19,186,591           | 19,712,726           | 19,127,892            |                     |
| Capital projects funds                         |                      |                      |                      |                       | (23,827,946)        |
| Total Fund Balances (Deficits)                 | <u>63,858,894</u>    | <u>20,811,946</u>    | <u>20,867,881</u>    | <u>24,319,598</u>     | <u>(4,753,708)</u>  |
| Total Liabilities and Fund Balances (Deficits) | <u>\$ 66,518,385</u> | <u>\$ 22,877,371</u> | <u>\$ 21,839,097</u> | <u>\$ 33,183,371</u>  | <u>\$ 9,933,733</u> |

| Debt Service<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|----------------------|--------------------------------|--------------------------------|
|                      | \$ 32,201,224                  | \$ 155,281,998                 |
|                      | 2,287,342                      | 5,932,743                      |
|                      | 1,676,726                      | 6,232,081                      |
|                      | 1,394,377                      | 11,377,501                     |
|                      | 292,297                        | 7,984,282                      |
|                      | 109,878                        | 3,444,778                      |
|                      |                                |                                |
| \$ -0-               | \$ 37,961,844                  | \$ 192,313,801                 |
|                      | \$ 2,270,723                   | \$ 17,861,716                  |
|                      | 2,137,817                      | 6,232,081                      |
|                      |                                | 8,637,073                      |
|                      |                                | 925,016                        |
|                      |                                |                                |
| -0-                  | 4,408,540                      | 33,655,886                     |
|                      | 215,992                        | 21,115,026                     |
|                      | 348,595                        | 1,996,072                      |
|                      | 292,297                        | 3,444,778                      |
|                      | 1,337,867                      | 1,337,867                      |
|                      |                                | 8,777,741                      |
|                      | 1,275,866                      | 1,275,866                      |
|                      |                                | 5,000,000                      |
|                      |                                | 51,428,615                     |
|                      | 30,082,687                     | 88,109,896                     |
|                      |                                | (23,827,946)                   |
|                      |                                |                                |
|                      | 33,553,304                     | 158,657,915                    |
| \$ -0-               | \$ 37,961,844                  | \$ 192,313,801                 |



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**TOWN OF HEMPSTEAD**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET ASSETS**  
December 31, 2008

**Total Fund Balances - Governmental Funds** **\$ 158,657,915**

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 | \$ 88,433,373 |             |
| Capital assets - depreciable     | 780,006,396   |             |
| Accumulated depreciation         | (435,811,748) | 432,628,021 |

|   |         |
|---|---------|
| Revenues in the Statement of Net Assets that do not provide current financial resources are not reported in the funds | 519,075 |
|---|---------|

|   |         |
|---|---------|
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds | 925,016 |
|---|---------|

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                                       | (305,809,158) |               |
| Compensated absences   | (46,459,192)  |               |
| Claims and judgments   | (21,651,267)  |               |
| Estimated liability for landfill closure and postclosure costs | (6,478,652)   |               |
| Pollution remediation obligations                              | (1,328,889)   |               |
| Other post-employment benefits                                 | (108,215,053) | (489,942,211) |

|   |           |
|---|-----------|
| Prepaid items included in the Statement of Net Assets | 2,936,219 |
|---|-----------|

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          | 2,299,304   |
| Premiums on debt issuance included in the Statement of Net Assets | (6,563,848) |

|   |             |
|---|-------------|
| 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. | (4,961,840) |
|---|-------------|

**Net Assets of Governmental Activities** **\$ 96,497,651**

**TOWN OF HEMPSTEAD**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
Year Ended December 31, 2008

|  | MAJOR FUNDS          |                      |                      |                       |                       |
|--|----------------------|----------------------|----------------------|-----------------------|-----------------------|
|  | General              | Highway              | Parks                | Refuse and<br>Garbage | Capital<br>Projects   |
| <b>REVENUES</b>  |                      |                      |                      |                       |                       |
| Real property taxes  | \$ 17,588,349        | \$ 54,586,484        | \$ 41,330,009        | \$ 84,018,576         |                       |
| Real property tax items  | 2,211,199            | 370,083              | 78,073               | 152,751               |                       |
| Non-property tax items   | 12,109,582           | 4,475,980            | 10,500,000           | 8,475,000             |                       |
| Departmental income  | 6,908,784            |                      | 2,658,880            | 9,095,020             |                       |
| Intergovernmental charges  | 27,829               |                      | 665,129              | 14,640,219            |                       |
| Use of money and property  | 3,907,089            | 820,296              | 1,040,012            | 1,854,597             |                       |
| Licenses and permits   | 1,070,929            |                      |                      |                       |                       |
| Fines and forfeitures  | 21,000               |                      | 3,000                |                       |                       |
| Sale of property and compensation for loss                           | 251,969              | 37,322               | 91,325               | 1,200,092             | \$ 14,840             |
| Miscellaneous revenue  | 142,324              | 67,537               | 124,559              | 451,642               |                       |
| Interfund revenues   | 47,268,364           |                      | 22,608,442           |                       |                       |
| State aid  | 26,730,162           | 580,122              | 190,295              |                       | 2,593,279             |
| Federal aid  |                      |                      |                      |                       | 456,345               |
| Total Revenues   | <u>118,237,580</u>   | <u>60,937,824</u>    | <u>79,289,724</u>    | <u>119,887,897</u>    | <u>3,064,464</u>      |
| <b>EXPENDITURES</b>  |                      |                      |                      |                       |                       |
| Current:   |                      |                      |                      |                       |                       |
| General government support   | 66,954,322           |                      |                      |                       |                       |
| Education  | 2,458,698            |                      |                      |                       |                       |
| Public safety  | 8,496,468            |                      |                      |                       |                       |
| Transportation   | 1,119,114            | 28,261,448           |                      |                       |                       |
| Economic assistance and opportunity                                  | 4,833,693            |                      |                      |                       |                       |
| Culture and recreation   | 123,223              |                      | 57,447,157           |                       |                       |
| Home and community services  | 9,555,900            |                      |                      | 108,709,118           |                       |
| Employee benefits  | 22,622,797           | 7,633,056            | 15,767,135           | 14,503,913            |                       |
| Capital Outlay:  |                      |                      |                      |                       |                       |
| General government support   |                      |                      |                      |                       | 2,169,990             |
| Public safety  |                      |                      |                      |                       | 145,369               |
| Transportation   |                      |                      |                      |                       | 26,134,356            |
| Culture and recreation   |                      |                      |                      |                       | 3,983,834             |
| Home and community services  |                      |                      |                      |                       | 3,911,643             |
| Debt Service:  |                      |                      |                      |                       |                       |
| Principal  |                      |                      |                      |                       |                       |
| Interest   |                      |                      |                      |                       |                       |
| Bond issuance costs  | 11,051               | 56,692               | 20,546               | 13,151                |                       |
| Total Expenditures   | <u>116,175,266</u>   | <u>35,951,196</u>    | <u>73,234,838</u>    | <u>123,226,182</u>    | <u>36,345,192</u>     |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>2,062,314</u>     | <u>24,986,628</u>    | <u>6,054,886</u>     | <u>(3,338,285)</u>    | <u>(33,280,728)</u>   |
| <b>Other Financing Sources (Uses)</b>                                |                      |                      |                      |                       |                       |
| Transfers in   | 60,459               | 2,530,366            | 460,769              | 69,540                | 506,421               |
| Transfers out  | (5,079,767)          | (29,804,672)         | (5,194,372)          | (4,595,638)           | (3,405,174)           |
| Debt issuance  |                      |                      |                      | 3,000,000             | 36,142,000            |
| Premiums on debt issuance  | 278,306              | 1,427,769            | 64,214               | 331,213               |                       |
| Total Other Financing Sources (Uses)                                 | <u>(4,741,002)</u>   | <u>(25,846,537)</u>  | <u>(4,669,389)</u>   | <u>(1,194,885)</u>    | <u>33,243,247</u>     |
| <b>Net Change in Fund Balances</b>                                   | <u>(2,678,688)</u>   | <u>(859,909)</u>     | <u>1,385,497</u>     | <u>(4,533,170)</u>    | <u>(37,481)</u>       |
| <b>Fund Balance (Deficit) at Beginning of Year</b>                   | <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>    |
| Fund Balance (Deficit) at End of Year                                | <u>\$ 63,858,894</u> | <u>\$ 20,811,946</u> | <u>\$ 20,867,881</u> | <u>\$ 24,319,598</u>  | <u>\$ (4,753,708)</u> |

| Debt Service<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|----------------------|--------------------------------|--------------------------------|
|                      | \$ 31,481,653                  | \$ 229,005,071                 |
|                      | 176,447                        | 2,988,553                      |
|                      | 5,550,000                      | 41,110,562                     |
|                      | 15,206,250                     | 33,868,934                     |
|                      | 229,575                        | 15,562,752                     |
|                      | 1,382,540                      | 9,004,534                      |
|                      | 62,025                         | 1,132,954                      |
|                      | 1,003,742                      | 1,027,742                      |
|                      | 111,076                        | 1,706,624                      |
|                      | 357,129                        | 1,143,191                      |
|                      | 1,122,525                      | 70,999,331                     |
|                      | 1,867,467                      | 31,961,325                     |
|                      | 15,912,843                     | 16,369,188                     |
|                      | <u>74,463,272</u>              | <u>455,880,761</u>             |
|                      | 333,250                        | 67,287,572                     |
|                      | 19,562,495                     | 2,458,698                      |
|                      | 13,446,793                     | 28,058,963                     |
|                      | 4,656,151                      | 42,827,355                     |
|                      | 1,211,549                      | 9,489,844                      |
|                      | 29,173,712                     | 58,781,929                     |
|                      | 6,620,598                      | 147,438,730                    |
|                      |                                | 67,147,499                     |
|                      |                                | 2,169,990                      |
|                      |                                | 145,369                        |
|                      |                                | 26,134,356                     |
|                      |                                | 3,983,834                      |
|                      |                                | 3,911,643                      |
| \$ 37,350,836        |                                | 37,350,836                     |
| 13,270,865           |                                | 13,270,865                     |
|                      | 13,094                         | 114,534                        |
| <u>50,621,701</u>    | <u>75,017,642</u>              | <u>510,572,017</u>             |
| (50,621,701)         | (554,370)                      | (54,691,256)                   |
| 50,621,701           | 318,235                        | 54,567,491                     |
|                      | (6,487,868)                    | (54,567,491)                   |
|                      |                                | 39,142,000                     |
|                      | 329,764                        | 2,431,266                      |
| <u>50,621,701</u>    | <u>(5,839,869)</u>             | <u>41,573,266</u>              |
| -0-                  | (6,394,239)                    | (13,117,990)                   |
| -0-                  | 39,947,543                     | 171,775,905                    |
| <u>\$ -0-</u>        | <u>\$ 33,553,304</u>           | <u>\$ 158,657,915</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, 2008

**Net Change in Fund Balances - Total Governmental Funds** **\$ (13,117,990)**

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       | 37,391,491   |
| Depreciation expense | (26,460,295) |

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  | (219,632) |
| Deferred charges | (169,902) |

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

|                             |             |
|-----------------------------|-------------|
| Accrued interest receivable | 519,075     |
| Deferred revenue            | 101,865     |
| Unearned revenue            | (2,022,548) |

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   | (39,142,000) |
| Repayment of debt principal   | 37,350,836   |
| Compensated absences  | 2,255,146    |
| Claims and judgments  | 2,785,497    |
| Estimated liability for landfill closure and postclosure care costs | 307,666      |
| Pollution remediation obligations                                   | (1,328,889)  |
| Other post-employment benefits                                      | (55,243,334) |
| Accrued interest payable  | 176,185      |

**Change in Net Assets of Governmental Activities** **\$ (56,816,829)**

**TOWN OF HEMPSTEAD**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**December 31, 2008**

|                               | <u><b>Total<br/>Agency Funds</b></u> |
|-------------------------------|--------------------------------------|
| <br><b><u>ASSETS</u></b>      |                                      |
| Cash and investments          | \$ 169,231,152                       |
| <b>Total Assets</b>           | <u><u>\$ 169,231,152</u></u>         |
| <br><b><u>LIABILITIES</u></b> |                                      |
| Due to other governments      | \$ 169,231,152                       |
| <b>Total Liabilities</b>      | <u><u>\$ 169,231,152</u></u>         |

**TOWN OF HEMPSTEAD**  
**INDEX FOR NOTES TO FINANCIAL STATEMENTS**  
December 31, 2008

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**TOWN OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008

**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, 2008

**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 funds 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, 2008

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2. BASIS OF PRESENTATION** (continued)

**Fund Financial Statements** (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<br>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, 2008

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2. BASIS OF PRESENTATION** (continued)

**Fund Financial Statements** (continued)

Additionally, the Town reports the following nonmajor funds:

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             | North Malverne         |
| East Franklin Square | North Valley Stream    |
| Mill Brook           | South Lynbrook/Hewlett |
| North Lynbrook       |                        |

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, 2008

**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, 2008

**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 reappropriated 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, 2008

**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 funds.

**TOWN OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008

**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, pollution remediation, 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 1<sup>st</sup> and July 1<sup>st</sup> until August 31<sup>st</sup>, 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, 2008

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**5. REVENUES AND EXPENDITURES** (continued)

**REAL PROPERTY TAX ASSESSMENT AND COLLECTION PROCEDURES** (continued)

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

Real property taxes become a lien 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.

**OTHER POST-EMPLOYMENT BENEFITS**

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

Health care benefits are currently provided by the New York State Health Insurance Program NYSHIP (Empire Plan) whose premiums are based on the benefits paid throughout the State during the year.

The Town recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. The Town's union contracts and ordinances require that it provide its eligible enrollees with the Empire Plan benefit coverage, or if another provider is utilized, the equivalent coverage. Under the provisions of the Empire Plan, premiums are adjusted on a prospective basis for any losses experienced by the Empire Plan. The Town has the option to terminate its participation in the Empire Plan at any time without liability for its respective share of any previously incurred loss.

**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.



**TOWN OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**6. EQUITY CLASSIFICATIONS**

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

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

In the Fund Statements governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Portions of fund equity are segregated for future use and therefore not available for future appropriation or expenditure. Amounts reserved for encumbrances, inventory, 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**

The Town has adopted all of the current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. Effective with the financial report for the year ended December 31, 2008, the Town has adopted *GASB Statement No. 49, “Accounting and Financial Reporting for Pollution Remediation Obligations”*. This statement provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts.

**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 20<sup>th</sup>, 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 30<sup>th</sup>, the Budget Officer, who is the Supervisor, files with the Town Clerk a tentative budget for the ensuing year.

**TOWN OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008

**B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY** (continued)

**1. BUDGETARY DATA** (continued)

- c) On or before October 5<sup>th</sup>, 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 20<sup>th</sup>, the Town Board meets to adopt the budget now known as the “adopted budget”.
- e) Formal budgetary integration is employed during the year as a management control device for the General and certain Special Revenue Funds. The Town Board adopts the budget and establishes legal level of control of the budget at the object level of expenditures. The object level identifies expenditures by the article purchased or service obtained in order to carry out a function. Appropriations are adopted at the object level. All budgetary amendments and transfers of appropriation require Town Board approval. Appropriations for all governmental funds except the Capital Projects Fund lapse at year end.

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

- 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, 2008 were designated for the subsequent year’s operating budgets as follows:

| Fund                 | Total<br>Fund Balance<br>Unreserved | Fund Balance<br>Unreserved and<br>Designated<br>for Subsequent<br>Year's Budget | Fund Balance<br>Unreserved<br>Undesignated |
|----------------------|-------------------------------------|---|--|
| Nonmajor Funds:      |                                     |   |  |
| Town Outside Village | \$ 7,135,143                        | \$ 482,943  | \$ 6,652,200                               |
| Special Grant        | 2,311,160                           |   | 2,311,160                                  |
| Fire Protection      | 2,273,047                           | 75,429  | 2,197,618                                  |
| Street Lighting      | 3,202,793                           | 40,850  | 3,161,943                                  |
| Public Parking       | 2,961,970                           | 143,302   | 2,818,668                                  |
| Water                | 13,178,725                          | 498,245   | 12,680,480                                 |
| Library Funding      | 295,715                             | 35,097  | 260,618                                    |
|                      | <u>\$ 31,358,553</u>                | <u>\$ 1,275,866</u>   | <u>\$ 30,082,687</u>                       |

**TOWN OF HEMPSTEAD**  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2008

**B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

**2. FUND BALANCES (continued)**

**FUND DEFICITS**

Individual funds with unreserved and/or total fund deficits as of December 31, 2008 were as follows:

| Fund                  | Fund Deficit<br>Unreserved<br>and Undesignated | Total Fund<br>Balance<br>(Deficit) |
|-----------------------|--|------------------------------------|
| Major Funds:          |  |                                    |
| Capital Projects Fund | \$ (23,827,946)                                | \$ (4,753,708)                     |

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.

**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, 2008 the Town's deposits were \$324,503,300. This amount is inclusive of Fiduciary fund deposits of \$169,231,152 and restricted cash of \$1,337,867 but exclusive of petty cash of \$9,850. The bank balance was \$342,290,535. Of the bank balance, \$15,300,777 was covered by Federal deposit insurance, and \$360,001,532 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, 2008 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, 2008

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**2. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

At December 31, 2008, 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>      |
|---------------------------|---------------------|---------------------|
| <b>Primary Government</b> |                     |                     |
| <u>Major Funds:</u>       |                     |                     |
| General Fund              | \$ 5,517,398        |                     |
| Highway                   | 184,271             |                     |
| Parks                     | 55,905              |                     |
| Refuse & Garbage          | 474,507             |                     |
| Capital Projects Fund     |                     | \$ 4,094,264        |
| Debt Service              |                     |                     |
| <u>Nonmajor Funds:</u>    |                     |                     |
| Town Outside Village      |                     | 492,608             |
| Special Grant             |                     | 1,600,000           |
| Street Lighting           |                     | 4,048               |
| Public Parking            |                     | 23,241              |
| Water                     |                     | 17,920              |
|                           | <u>\$ 6,232,081</u> | <u>\$ 6,232,081</u> |

At December 31, 2008 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<br/>In</u> | <u>Transfer<br/>Out</u> |
|---------------------------|------------------------|-------------------------|
| <b>Primary Government</b> |                        |                         |
| <u>Major Funds:</u>       |                        |                         |
| General Fund              | \$ 60,459              | \$ 5,079,767            |
| Highway                   | 2,530,366              | 29,804,672              |
| Parks                     | 460,769                | 5,194,372               |
| Refuse & Garbage          | 69,540                 | 4,595,638               |
| Capital Projects Fund     | 506,421                | 3,405,174               |
| Debt Service              | 50,621,701             |                         |
| <u>Nonmajor Funds:</u>    |                        |                         |
| Town Outside Village      | 460                    | 83,723                  |
| Special Grant             |                        |                         |
| Fire Protection           |                        | 626,494                 |
| Street Lighting           |                        | 1,231,992               |
| Public Parking            | 307,576                | 1,364,251               |
| Water                     | 10,199                 | 3,147,213               |
| Permanent                 |                        | 34,195                  |
|                           | <u>\$ 54,567,491</u>   | <u>\$ 54,567,491</u>    |

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2008

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**3. CAPITAL ASSETS**

|   | Balance<br>1/1/2008   | Additions            | Deletions      | Balance<br>12/31/2008        |
|---|-----------------------|----------------------|----------------|------------------------------|
| <b>Primary government</b>                               |                       |                      |                |                              |
| 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                           | 4,227,544             | \$ 3,261,292         | \$ 302,301     | 7,186,535                    |
| Total capital assets not being depreciated              | <u>85,474,382</u>     | <u>3,261,292</u>     | <u>302,301</u> | <u>88,433,373</u>            |
| Depreciable capital assets                              |                       |                      |                |                              |
| Infrastructure and improvements<br>other than buildings | 574,957,133           | 26,593,899           |                | 601,551,032                  |
| Buildings   | 80,944,462            | 843,356              |                | 81,787,818                   |
| Improvement to park portion of<br>Merrick landfill      | 15,740,104            | 1,380                |                | 15,741,484                   |
| Machinery and equipment                                 | 73,932,197            | 6,993,865            |                | 80,926,062                   |
| Total depreciable capital assets                        | <u>745,573,896</u>    | <u>34,432,500</u>    |                | <u>780,006,396</u>           |
| Less accumulated depreciation                           |                       |                      |                |                              |
| Infrastructure and improvements<br>other than buildings | 271,726,369           | 21,103,457           |                | 292,829,826                  |
| Buildings   | 75,853,331            | 232,958              |                | 76,086,289                   |
| Improvements to park portion of<br>Merrick landfill     | 2,794,060             | 524,670              |                | 3,318,730                    |
| Machinery and equipment                                 | 58,977,693            | 4,599,210            |                | 63,576,903                   |
| Total accumulated depreciation                          | <u>\$ 409,351,453</u> | <u>\$ 26,460,295</u> |                | <u>435,811,748</u>           |
| Total net depreciable capital assets                    |                       |                      |                | <u>344,194,648</u>           |
| Total net capital assets                                |                       |                      |                | <u><u>\$ 432,628,021</u></u> |

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

|  |                             |
|--|-----------------------------|
| General government support                         | \$ 1,658,029                |
| Public safety                                      | 287,117                     |
| Transportation                                     | 17,606,252                  |
| Economic assistance and opportunity                | 17,413                      |
| Culture and recreation                             | 4,165,669                   |
| Home and community services                        | 2,725,815                   |
| Total governmental activities depreciation expense | <u><u>\$ 26,460,295</u></u> |

The Town of Hempstead evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The Town's policy is to record an impairment loss in the period when the Town determines that the carrying amount of the asset will not be recoverable. At December 31, 2008, the Town has not recorded any such impairment losses.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2008

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**3. CAPITAL ASSETS (continued)**

|   | Balance<br>1/1/2008 | Additions    | Deletions | Balance<br>12/31/2008 |
|---|---------------------|--------------|-----------|-----------------------|
| <b>Discretely Presented Component Units</b> |                     |              |           |                       |
| Capital assets not being depreciated        |                     |              |           |                       |
| Land  | \$ 263,098          |              |           | \$ 263,098            |
| Construction in progress                    | 1,377,423           | \$ 2,557,478 | \$ 82,375 | 3,852,526             |
| Total capital assets not being depreciated  | 1,640,521           | 2,557,478    | 82,375    | 4,115,624             |
| Depreciable capital assets                  |                     |              |           |                       |
| Buildings                                   | 23,997,875          | 444,837      | 6,456     | 24,436,256            |
| Improvements other than buildings           | 50,886              |              |           | 50,886                |
| Machinery and equipment                     | 9,358,802           | 347,927      | 101,578   | 9,605,151             |
| Infrastructure                              | 8,391,520           | 404,786      |           | 8,796,306             |
| Total depreciable capital assets            | 41,799,083          | 1,197,550    | 108,034   | 42,888,599            |
| Less total accumulated depreciation         | \$ 16,599,452       | \$ 1,170,391 | \$ 87,173 | 17,682,670            |
| Total net depreciable capital assets        |                     |              |           | 25,205,929            |
| Total net capital assets                    |                     |              |           | \$ 29,321,553         |

**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<br>and Interest |
|---------------------------|----|-------------|---------------|---------------------------------|
| 2009                      | \$ | 38,960,695  | \$ 13,520,036 | \$ 52,480,731                   |
| 2010                      |    | 42,785,576  | 11,787,188    | 54,572,764                      |
| 2011                      |    | 35,933,948  | 10,093,008    | 46,026,956                      |
| 2012                      |    | 29,632,646  | 8,484,056     | 38,116,702                      |
| 2013                      |    | 28,336,550  | 7,155,394     | 35,491,944                      |
| 2014-2018                 |    | 109,969,005 | 17,795,184    | 127,764,189                     |
| 2019-2023                 |    | 16,450,573  | 2,211,425     | 18,661,998                      |
| 2024-2028                 |    | 994,902     | 763,358       | 1,758,260                       |
| 2029-2033                 |    | 1,228,779   | 523,398       | 1,752,177                       |
| 2034-2038                 |    | 1,516,484   | 218,486       | 1,734,970                       |
|                           | \$ | 305,809,158 | \$ 72,551,533 | \$ 378,360,691                  |

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2008

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**4. INDEBTEDNESS (continued)**

**Component Units:**

|                           |           | Principal            | Interest            | Total Principal<br>and Interest |
|---------------------------|-----------|----------------------|---------------------|---------------------------------|
| Years Ending December 31, | 2009      | \$ 1,130,121         | \$ 787,722          | \$ 1,917,843                    |
|                           | 2010      | 1,167,648            | 735,209             | 1,902,857                       |
|                           | 2011      | 1,094,181            | 687,289             | 1,781,470                       |
|                           | 2012      | 1,095,186            | 641,395             | 1,736,581                       |
|                           | 2013      | 805,689              | 593,218             | 1,398,907                       |
|                           | 2014-2018 | 4,377,641            | 2,370,264           | 6,747,905                       |
|                           | 2019-2023 | 1,474,426            | 1,607,103           | 3,081,529                       |
|                           | 2024-2028 | 1,685,098            | 1,292,924           | 2,978,022                       |
|                           | 2029-2033 | 2,081,221            | 886,495             | 2,967,716                       |
|                           | 2034-2038 | 2,568,516            | 370,057             | 2,938,573                       |
|                           |           | <u>\$ 17,479,727</u> | <u>\$ 9,971,676</u> | <u>\$ 27,451,403</u>            |

**Outstanding Bond Issues**

| Issue  | Average<br>Rate | Amount                | Final Maturity    |
|--|-----------------|-----------------------|-------------------|
| General Obligation Serial Bonds-1991, Series A | 6.11000%        | \$ 849,000            | February 15, 2011 |
| General Obligation Serial Bonds-1991, Series B | 6.31560%        | 680,000               | January 1, 2016   |
| General Obligation Serial Bonds-1991, Series C | 4.40630%        | 550,000               | February 15, 2012 |
| General Obligation Serial Bonds-1995, Series B | 5.42240%        | 8,590,000             | February 1, 2015  |
| General Obligation Serial Bonds-1997, Series A | 3.13120%        | 3,460,000             | February 15, 2015 |
| General Obligation Serial Bonds-1998, Series A | 3.66590%        | 2,580,000             | January 15, 2017  |
| General Obligation Serial Bonds-1998, Series B | 3.98680%        | 15,017,885            | August 15, 2011   |
| New York State EFC Bonds-2000 Series A         | 3.85000%        | 1,110,000             | June 15, 2019     |
| General Obligation Serial Bonds-2000, Series B | 4.65100%        | 16,910,000            | December 15, 2013 |
| General Obligation Serial Bonds-2001, Series A | 4.40630%        | 25,225,000            | January 15, 2015  |
| General Obligation Serial Bonds-2003, Series A | 3.41200%        | 9,035,000             | August 1, 2012    |
| General Obligation Serial Bonds-2004, Series A | 3.41190%        | 40,015,000            | February 1, 2018  |
| General Obligation Serial Bonds-2004, Series B | 3.98640%        | 65,920,000            | July 15, 2018     |
| General Obligation Serial Bonds-2005, Series A | 3.11727%        | 16,250,000            | February 15, 2010 |
| General Obligation Serial Bonds-2005, Series B | 3.11727%        | 8,325,000             | November 15, 2018 |
| General Obligation Serial Bonds-2006, Series A | 3.76550%        | 31,400,000            | March 1, 2018     |
| General Obligation Serial Bonds-2007, Series A | 4.13760%        | 28,530,000            | September 1, 2020 |
| General Obligation Serial Bonds-2008, Series A | 3.52974%        | 33,415,000            | August 15, 2021   |
| General Obligation Serial Bonds-2008, Series B | 4.52663%        | 15,427,000            | August 15, 2038   |
|  |                 | <u>\$ 323,288,885</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, 2008 \$35,570,000 of outstanding bonds are considered defeased.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2008

**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, 2008 is as follows:

|   | Beginning<br>Balance<br>1/1/2008 | New Issues/<br>Additions | Maturities/<br>Reductions | Ending<br>Balance<br>12/31/2008 | Non-current<br>liabilities due<br>within one year | Non-current<br>liabilities |
|---|----------------------------------|--------------------------|---------------------------|---------------------------------|---|----------------------------|
| <b>Primary Government:</b>  |                                  |                          |                           |                                 |   |                            |
| Bonds Payable   |                                  |                          |                           |                                 |   |                            |
| General obligation bonds  | \$ 304,017,994                   | \$ 39,142,000            | \$ 37,350,836             | \$ 305,809,158                  | \$ 38,960,695                                     | \$ 266,848,463             |
| Plus premiums on issuance   | 4,541,300                        | 2,431,266                | 408,718                   | 6,563,848                       | 489,761   | 6,074,087                  |
| Total Bonds Payable   | 308,559,294                      | 41,573,266               | 37,759,554                | 312,373,006                     | 39,450,456  | 272,922,550                |
| Compensated absences  | 48,714,338                       | 29,217,366               | 31,472,512                | 46,459,192                      | 1,945,297   | 44,513,895                 |
| Claims and judgments  | 24,436,764                       | 300,000                  | 3,085,497                 | 21,651,267                      | 9,070,000   | 12,581,267                 |
| Estimated liability for landfill<br>closure and postclosure<br>care costs | 6,786,318                        |                          | 307,666                   | 6,478,652                       | 307,666   | 6,170,986                  |
| Pollution remediation   |                                  | 1,328,889                |                           | 1,328,889                       | 600,458   | 728,431                    |
| Other post-employment benefits  | 52,971,719                       | 68,604,767               | 13,361,433                | 108,215,053                     |   | 108,215,053                |
| Total non-current liabilities   | <u>\$ 441,468,433</u>            | <u>\$ 141,024,288</u>    | <u>\$ 85,986,662</u>      | <u>\$ 496,506,059</u>           | <u>\$ 51,373,877</u>                              | <u>\$ 445,132,182</u>      |
| <b>Component Units:</b>   |                                  |                          |                           |                                 |   |                            |
| General obligation bonds  | \$ 8,711,884                     | \$ 9,700,000             | \$ 932,157                | \$ 17,479,727                   | \$ 1,130,121                                      | \$ 16,349,606              |
| Compensated absences  | 848,097                          | 110,308                  | 32,652                    | 925,753                         | 59,845  | 865,908                    |
| Other post-employment benefits  | 669,442                          | 883,806                  | 334,640                   | 1,218,608                       |   | 1,218,608                  |
| Installment purchase debt   | 4,317                            |                          | 2,781                     | 1,536                           | 1,536   | -                          |
| Total non-current liabilities   | <u>\$ 10,233,740</u>             | <u>\$ 10,694,114</u>     | <u>\$ 1,302,230</u>       | <u>\$ 19,625,624</u>            | <u>\$ 1,191,502</u>                               | <u>\$ 18,434,122</u>       |

Liabilities for claims and judgments and landfill closure and post closure costs are liquidated through future budgetary appropriations in the General Fund. The majority of the liabilities for pollution remediation will be paid through authorized capital projects and a small portion through the water fund operating budget. 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, 110 State Street, Albany, NY 12244-0001.



**TOWN OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008

**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 for the first ten years of membership. Under the authority of the NYSRSSL, the Comptroller annually certifies the rates, expressed as proportions of payroll of members, used in computing the employers' contributions.

Chapter 49 of the Laws of 2003 of the State of New York was enacted which made the following changes to the system:

- Requires minimum contributions by employers of 4.5 percent of payroll every year, including years in which the investment performance would make a lower contribution possible.
- Changes the cycle of annual billing such that the contribution for a given year will be based on the value of the pension fund on the prior April 1<sup>st</sup>.

Contributions consist of a group term life insurance portion (GTLI) and a regular pension contribution. Contribution rates for the plan year ended March 31, 2008 are as follows:

| Tier/Plan/Option | Rate  |
|------------------|-------|
| 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:

| Annual Required Contribution - ERS |                            |                                     |               |
|------------------------------------|----------------------------|-------------------------------------|---------------|
| Amount                             | Early Retirement Incentive | Credits & Miscellaneous Adjustments | Total Payment |
| 2008                               | \$ 11,708,183              | \$ -0-                              | \$ 36,693     |
| 2007                               | 12,588,514                 | -0-                                 | 34,891        |
| 2006                               | 13,517,723                 | -0-                                 | (104,703)     |
|                                    |                            |                                     | \$ 11,744,876 |
|                                    |                            |                                     | 12,623,405    |
|                                    |                            |                                     | 13,413,020    |

**TOWN OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008

**C. DETAILED NOTES ON ALL FUNDS** (continued)

**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.

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                                  | <u><u>3,437</u></u> |

There have been no significant changes in the number of employees or the type of coverage since that date.

**TOWN OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008

**C. DETAILED NOTES ON ALL FUNDS** (continued)

**6. POST-EMPLOYMENT BENEFITS HEALTHCARE COSTS** (continued)

Funding Policy

The Town currently pays for post-employment health care benefits on a pay-as-you-go basis. As of December 31, 2008 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, 2008, the Town's annual other post-employment benefits cost (expenses) of \$68,604,767 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 \$13,361,433 for retirees and their beneficiaries, the result was an increase in the other post-employment benefits liability of \$55,243,344 for the year ended December 31, 2008. The ARC for the component units for the year ended December 31, 2008 amounted to \$883,806. Considering health insurance payments totaling \$334,640, the increase in the other post-employment benefits liability for the component units for the year ended December 31, 2008 amounted to \$549,166.

Benefit Obligations and Normal Cost

|  | Medical, Dental and<br>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                         | \$ 159,659,433                    |
| UAAL as a percentage of covered payroll        | 507.58%                           |

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, 2008 amounted to \$810,403,300. The unfunded actuarial accrued liability for the components units for the year ended December 31, 2008 amounted to \$9,995,507.

**TOWN OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008

**C. DETAILED NOTES ON ALL FUNDS** (continued)

**6. POST-EMPLOYMENT BENEFITS HEALTHCARE COSTS** (continued)

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  | \$ | 22,302,700   |
| Amortization of unfunded actuarial liability (UAAL)<br>over 30 years |    | 47,131,500   |
| Annual required contribution (ARC)                                   |    | 69,434,200   |
| Interest on net OPEB obligation                                      |    | 2,125,867    |
| Adjustment to ARC  |    | (2,955,300)  |
| Annual OPEB Cost   |    | 68,604,767   |
| Less: Contribution for year ended<br>December 31, 2008               |    | (13,361,433) |
| Increase in other post-employment benefits<br>liability              |    | 55,243,334   |
| Other post-employment benefits liability at<br>December 31, 2007     |    | 52,971,719   |
| Other post-employment benefits liability at<br>December 31, 2008     | \$ | 108,215,053  |
| Percentage of annual OPEB cost contributed                           |    | 19.5%        |

Funded Status and Funding Progress

The percentage contributed for the current year and preceding year were:

|      | Annual<br>OPEB<br>Cost | Annual<br>Contribution<br>Made | Percentage<br>Contributed | Net OPEB<br>Obligation |
|------|------------------------|--------------------------------|---------------------------|------------------------|
| 2008 | 68,604,767             | 13,361,433                     | 19.5%                     | 108,215,053            |
| 2007 | 66,508,100             | 13,536,381                     | 20.4%                     | 52,971,719             |

The schedule of funding progress 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.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2008

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**6. POST-EMPLOYMENT BENEFITS HEALTHCARE COSTS (continued)**

The funded status of the plan as of December 31, 2007 is as follows:

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL) -<br>Projected Unit<br>Credit Cost Method<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b - a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((b - a) / c) |
|--------------------------------|--|---|--------------------------------------|--------------------------|---------------------------|---|
| 12/31/2007                     | \$ -0-                                 | \$ 810,403,000  | \$ 810,403,000                       | 0%                       | \$ 159,659,433            | 507.58%   |

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.

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, level debt amortization method, and an open 30 year amortization period 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 2008, reduced by decrements to a rate of 5.0% after eight years for pre-65 medical benefits and ten years for post-65 medical benefits. The valuation assumes a 5% cost trend for dental and medicare part B benefits for the year ended 2008. The remaining amortization period at December 31, 2008 was twenty-eight 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.

**TOWN OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008

**C. DETAILED NOTES ON ALL FUNDS** (continued)

**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, 2008 the value of the accumulated vacation time and sick leave was \$46,459,192 for the primary government. The liability for compensated absences for the component units amounted to \$925,753.

**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, 2008 is \$34,195. The amount of total net assets restricted as nonexpendable, in the Permanent Fund, for the Greenfield Cemetery at December 31, 2008 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 \$21,651,267. 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 OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008

**D. COMMITMENTS AND CONTINGENCIES** (continued)

**1. RISK RETENTION** (continued)

The 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.

|   | Workers'<br>Compensation |                      | General<br>Liability |                     |
|---|--------------------------|----------------------|----------------------|---------------------|
|   | 2008                     | 2007                 | 2008                 | 2007                |
| Unpaid claims and claim adjustment expenditures at the beginning of the year                                      | \$ 19,746,000            | \$ 18,816,000        | \$ 4,690,764         | \$ 1,730,957        |
| Insured claims and claim adjustment Expenditures:   |                          |                      |                      |                     |
| Provision for the insured events of the current year and increases in provision for insured events of prior years | <u>7,219,318</u>         | <u>7,086,921</u>     | <u>1,873,411</u>     | <u>3,901,351</u>    |
| Total incurred claims and claim adjustment expenditures   | <u>7,219,318</u>         | <u>7,086,921</u>     | <u>1,873,411</u>     | <u>3,901,351</u>    |
| Payments  |                          |                      |                      |                     |
| Claim and claim adjustment expenditures attributable to insured events of the current and prior years.            | <u>6,919,318</u>         | <u>6,156,921</u>     | <u>4,958,908</u>     | <u>941,544</u>      |
| Total unpaid claims and claim adjustment expenditures at the end of the year.                                     | <u>\$ 20,046,000</u>     | <u>\$ 19,746,000</u> | <u>\$ 1,605,267</u>  | <u>\$ 4,690,764</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 \$25,000,000. 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.

The lawsuit against the Town is in the motion stages and is most likely several years from resolution. As of December 31, 2008, no liability has been recorded in the financial statements on this matter.

**TOWN OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008

**D. COMMITMENTS AND CONTINGENCIES** (continued)

**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.

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.



**TOWN OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008

**D. COMMITMENTS AND CONTINGENCIES** (continued)

**3. RESOURCE RECOVERY FACILITY** (continued)

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.

**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, 2008 the Town has recorded a liability of \$6,478,652, 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, 2008 has funds restricted for capital acquisitions and improvements of \$19,074,238 in the Capital Projects Fund.

**6. POLLUTION REMEDIATION OBLIGATIONS**

The Town's policy is to estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired. Obligating events include the following:

The Town:

- Is compelled to take remediation action because of imminent endangerment
- Violates a pollution related permit or license
- Is named or will be named as a responsible party or potentially responsible party for a remediation
- Is named, or will be named in a lawsuit to compel pollution remediation
- Commences or obligates itself to remediate pollution

Pollution remediation activities include the removal and disposal of sediment and soil from dry wells contaminated by automotive lubricants, and from spills related to removal and replacement of underground storage tanks for waste oil, heating oil, and automotive fuels. At December 31, 2008, the Town has recorded pollution remediation obligations of \$1,328,889 of which \$600,458 will be due within one year. Estimates are based on known liabilities from existing NYSDEC Spill cases and a USEPA Consent Order, and on the assumed course of action that the NYSDEC/USEPA would require based on the professional judgment and experience of the Town's consulting engineers in dealing with these agencies and projects. Estimates are based on current environmental regulations, which are periodically subject to change by the NYSDEC/USEPA. During the course of any of the Town's pollution remediation projects, additional information found through soil/water sampling could adversely affect duration and costs if additional contaminants are found, or decrease duration and costs if clean

**TOWN OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008

**D. COMMITMENTS AND CONTINGENCIES** (continued)

**6. POLLUTION REMEDIATION OBLIGATIONS** (continued)

samples are also found. Actual costs may vary due to inflation or deflation, changes in technology, or changes in regulations or applicable laws. The Town does not anticipate any recoveries from insurance or other parties in connection with its pollution remediation activities. There were no material amounts to be restated.

**7. 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 thirty years. Except in the case of disability or death, benefits are payable when a participant reaches entitlement age.

**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.

**TOWN OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008

**D. COMMITMENTS AND CONTINGENCIES** (continued)

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

**Fiduciary Investment and Control** (continued)

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 2009.

**Program Financial Condition**

Assets and Liabilities

|  |      |              |
|--|------|--------------|
| Actuarial Present Value of Benefits at December 31, 2008 | \$   | 2,135,415    |
| Less: Assets Available for Benefits                      |      |              |
| Annuities  | 100% | \$ 2,137,798 |
| Less: Liabilities  |      | -0-          |
| Total Net Assets Available for Benefits                  |      | 2,137,798    |
| Total Unfunded Benefits/Surplus                          |      | (2,383)      |
| Less: Unfunded Liability/Surplus for Prior Service       |      | 2,383        |
| 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, 2008

**D. COMMITMENTS AND CONTINGENCIES** (continued)

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

|   |            |              |
|---|------------|--------------|
| Plan Net Assets, beginning of year                |            | \$ 1,922,101 |
| Changes during the year:                          |            |              |
| (+) Plan contributions                            | \$ 140,561 |              |
| (+) Investment income earned                      | 82,594     |              |
| (+/-) Changes in fair market value of investments | N/A        |              |
| (-) Plan benefit withdrawals                      | 5,484      |              |
| (-) Administrative and other fees/charges         | 1,974      |              |
|   |            | 215,697      |
| Plan Net Assets, end of year                      |            | \$ 2,137,798 |

Contributions

|  |         |            |
|--|---------|------------|
| Amount of sponsor's required contribution: | Minimum | \$ 9,948   |
|  | Maximum | \$ 78,744  |
| Amount of sponsor's actual contribution:   |         | \$ 140,561 |

Administration Fees

|  |          |
|--|----------|
| Fees paid to designated program administrator: | \$ 1,974 |
|--|----------|

**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      5.25%

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, 2008

**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, 2008:

**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        |
| Lakeview Public Library District                  | \$ 946,267               | \$ 2,368,764                       | \$ 164,262          | \$ 795,030                            | \$ 1,506,482                                     | \$ 1,000          | \$ 848,257          |
| Roosevelt Public Library District                 | 7,396,073                | 3,177,077                          | 414,704             | 5,869,467                             | 3,092,304  | 168,753           | 1,027,922           |
| Uniondale Public Library District                 | 1,028,863                | 6,800,772                          | 544,740             | 4,127,215                             | 2,618,301  | 21,990            | 517,389             |
| Cathedral Gardens Water District                  | 436,040                  |                                    | 7,625               |                                       |  | 235,717           | 192,698             |
| Franklin Square Water District                    | 5,394,751                | 3,603,701                          | 520,700             | 4,768,277                             | 1,002,106  | 295,872           | 2,411,497           |
| West Hempstead - Hempstead Gardens Water District | 1,541,355                | 10,744,832                         | 761,296             | 1,550,286                             | 9,799,429  |                   | 175,176             |
| Greater Atlantic Beach Water Reclamation District | 799,390                  | 2,626,407                          | 251,572             | 1,379,480                             | 1,356,407  |                   | 438,338             |
|   | <u>\$ 17,542,739</u>     | <u>\$ 29,321,553</u>               | <u>\$ 2,664,899</u> | <u>\$ 18,489,755</u>                  | <u>\$ 19,375,029</u>                             | <u>\$ 723,332</u> | <u>\$ 5,611,277</u> |

**Condensed Statement of Activities:**

|   | Program              |                      |                                    | General Revenue       |                      | Net Assets        |                     |                      |                      |
|---|----------------------|----------------------|------------------------------------|-----------------------|----------------------|-------------------|---------------------|----------------------|----------------------|
|   | Expenses             | Charges for Services | Operating Grants and Contributions | Net Expense (Revenue) | Property Taxes       | Other             | Change              | 1/1/2008             | 12/31/2008           |
| Lakeview Public Library District                  | \$ 881,053           | \$ 15,629            |                                    | \$ 865,424            | \$ 1,000,727         | \$ 60,325         | \$ 195,628          | \$ 2,160,111         | \$ 2,355,739         |
| Roosevelt Public Library District                 | 2,337,980            | 73,142               | \$ 55,872                          | 2,208,966             | 2,680,626            | 60,417            | 532,077             | 3,756,902            | 4,288,979            |
| Uniondale Public Library District                 | 3,112,260            | 28,917               |                                    | 3,083,343             | 3,145,392            | 43,033            | 105,082             | 3,052,598            | 3,157,680            |
| Cathedral Gardens Water District                  | 48,728               |                      |                                    | 48,728                | 36,394               | 10,180            | (2,154)             | 430,569              | 428,415              |
| Franklin Square Water District                    | 2,235,683            | 1,259,633            |                                    | 976,050               | 937,038              | 226,840           | 187,828             | 3,521,647            | 3,709,475            |
| West Hempstead - Hempstead Gardens Water District | 3,508,425            | 1,893,446            |                                    | 1,614,979             | 1,468,647            | 495,582           | 349,250             | 9,625,355            | 9,974,605            |
| Greater Atlantic Beach Water Reclamation District | 1,654,708            |                      |                                    | 1,654,708             | 1,726,210            | 13,798            | 85,300              | 1,709,445            | 1,794,745            |
|   | <u>\$ 13,778,837</u> | <u>\$ 3,270,767</u>  | <u>\$ 55,872</u>                   | <u>\$ 10,452,198</u>  | <u>\$ 10,995,034</u> | <u>\$ 910,175</u> | <u>\$ 1,453,011</u> | <u>\$ 24,256,627</u> | <u>\$ 25,709,638</u> |

**TOWN OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008

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

**F. SUBSEQUENT EVENTS**

In January 2009, the Town issued \$31,860,000 in public improvement refunding bonds (serial) bonds series A and \$7,350,000 in public improvement refunding (serial) bonds series B at interest rates from 2.00% to 4.00% and 3.00% to 4.00% maturing in installments from 2009 through 2014 and 2010 through 2015 respectively.

In December 2008, the last Civil Service Employees Association (CSEA) union contract expired. The Town has reached a tentative agreement on a four-year contract with its' 2,000 member employees' union. Subject to ratification by a majority of the union members and approval by the Supervisor and Town Board, the new collective bargaining agreement will replace the one that expired.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 51 "*Accounting and Financial Reporting for Intangible Assets*". This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of the new statement become effective for fiscal periods beginning after June 15, 2009. New pronouncements are implemented when effective.

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## **REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION & ANALYSIS**

|   |
|---|
| <p><b>Statements of Revenues, Expenditures and<br/>Changes in Fund Balance – Budget and Actual<br/>Major Governmental Funds and Schedules</b></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, 2008**

|  | Budgeted Amounts      |                       | Actual               | Variance with<br>Final Budget |
|--|-----------------------|-----------------------|----------------------|-------------------------------|
|  | Original              | Final                 |                      |                               |
| <b>REVENUES</b>  |                       |                       |                      |                               |
| Real property taxes  | \$ 16,890,490         | \$ 16,890,490         | \$ 17,588,349        | \$ 697,859                    |
| Real property tax items  | 1,880,000             | 1,880,000             | 2,211,199            | 331,199                       |
| Non-property tax items   | 2,500,000             | 2,500,000             | 12,109,582           | 9,609,582                     |
| Departmental income  | 6,725,275             | 6,725,275             | 6,908,784            | 183,509                       |
| Intergovernmental charges  | 22,100                | 22,100                | 27,829               | 5,729                         |
| Use of money and property  | 4,292,500             | 4,292,500             | 3,907,089            | (385,411)                     |
| Licenses and permits   | 620,000               | 620,000               | 1,070,929            | 450,929                       |
| Fines and forfeitures  | 25,000                | 25,000                | 21,000               | (4,000)                       |
| Sale of property and compensation for loss                           | 58,000                | 58,000                | 251,969              | 193,969                       |
| Miscellaneous revenue  | 240,000               | 240,000               | 142,324              | (97,676)                      |
| Interfund revenues   | 47,259,000            | 47,259,000            | 47,268,364           | 9,364                         |
| State aid  | 36,747,500            | 36,747,500            | 26,730,162           | (10,017,338)                  |
| Total Revenues   | <u>117,259,865</u>    | <u>117,259,865</u>    | <u>118,237,580</u>   | <u>977,715</u>                |
| <b>EXPENDITURES</b>  |                       |                       |                      |                               |
| Current:   |                       |                       |                      |                               |
| General government support   | 68,311,443            | 69,041,305            | 66,954,322           | 2,086,983                     |
| Education  | 1,400,000             | 2,458,710             | 2,458,698            | 12                            |
| Public safety  | 8,709,477             | 8,709,477             | 8,496,468            | 213,009                       |
| Transportation   | 1,118,822             | 1,119,280             | 1,119,114            | 166                           |
| Economic assistance and opportunity                                  | 5,325,419             | 5,323,219             | 4,833,693            | 489,526                       |
| Culture and recreation   | 100,000               | 123,224               | 123,223              | 1                             |
| Home and community services  | 9,842,789             | 9,865,487             | 9,555,900            | 309,587                       |
| Employee benefits  | 23,625,202            | 22,885,692            | 22,622,797           | 262,895                       |
| Debt service:  |                       |                       |                      |                               |
| Bond issuance costs  | 11,051                | 11,051                | 11,051               | -0-                           |
| Total Expenditures   | <u>118,444,203</u>    | <u>119,537,445</u>    | <u>116,175,266</u>   | <u>3,362,179</u>              |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> |                       |                       |                      |                               |
|  | <u>(1,184,338)</u>    | <u>(2,277,580)</u>    | <u>2,062,314</u>     | <u>4,339,894</u>              |
| <b>Other Financing Sources (Uses)</b>                                |                       |                       |                      |                               |
| Transfers in   |                       | 22,698                | 60,459               | 37,761                        |
| Transfers out  | (5,264,874)           | (5,264,874)           | (5,079,767)          | 185,107                       |
| Premiums of debt issuance  | 500,000               | 500,000               | 278,306              | (221,694)                     |
| Total Other Financing Sources (Uses)                                 | <u>(4,764,874)</u>    | <u>(4,742,176)</u>    | <u>(4,741,002)</u>   | <u>1,174</u>                  |
| <b>Net Change in Fund Balances</b>                                   |                       |                       |                      |                               |
|  | <u>\$ (5,949,212)</u> | <u>\$ (7,019,756)</u> | <u>(2,678,688)</u>   | <u>\$ 4,341,068</u>           |
| <b>Fund Balances at Beginning of Year</b>                            |                       |                       | <u>66,537,582</u>    |                               |
| <b>Fund Balances at End of Year</b>                                  |                       |                       | <u>\$ 63,858,894</u> |                               |

**TOWN OF HEMPSTEAD**  
**HIGHWAY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2008**

|  | Budgeted Amounts      |                       | Actual               | Variance with<br>Final Budget |
|--|-----------------------|-----------------------|----------------------|-------------------------------|
|  | Original              | Final                 |                      |                               |
| <b>REVENUES</b>  |                       |                       |                      |                               |
| Real property taxes  | \$ 54,593,719         | \$ 54,593,719         | \$ 54,586,484        | \$ (7,235)                    |
| Real property tax items  | 350,000               | 350,000               | 370,083              | 20,083                        |
| Non-property tax items   | 5,500,000             | 5,500,000             | 4,475,980            | (1,024,020)                   |
| Intergovernmental charges  | 18,000                | 18,000                |                      | (18,000)                      |
| Use of money and property  | 1,596,000             | 1,596,000             | 820,296              | (775,704)                     |
| Sale of property and compensation for loss                           |                       |                       | 37,322               | 37,322                        |
| Miscellaneous revenue  | 100,000               | 100,000               | 67,537               | (32,463)                      |
| State aid  | 1,000,000             | 1,000,000             | 580,122              | (419,878)                     |
| Total Revenues   | <u>63,157,719</u>     | <u>63,157,719</u>     | <u>60,937,824</u>    | <u>(2,219,895)</u>            |
| <b>EXPENDITURES</b>  |                       |                       |                      |                               |
| Current:   |                       |                       |                      |                               |
| Transportation   | 29,802,539            | 30,064,615            | 28,261,448           | 1,803,167                     |
| Employee benefits  | 8,038,332             | 7,965,079             | 7,633,056            | 332,023                       |
| Debt service:  |                       |                       |                      |                               |
| Bond issuance costs  | 56,692                | 56,692                | 56,692               | -0-                           |
| Total Expenditures   | <u>37,897,563</u>     | <u>38,086,386</u>     | <u>35,951,196</u>    | <u>2,135,190</u>              |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>25,260,156</u>     | <u>25,071,333</u>     | <u>24,986,628</u>    | <u>(84,705)</u>               |
| <b>Other Financing Sources (Uses)</b>                                |                       |                       |                      |                               |
| Transfers in   | 1,700,000             | 1,700,000             | 2,530,366            | 830,366                       |
| Transfers out  | (29,804,679)          | (29,804,679)          | (29,804,672)         | 7                             |
| Premiums of debt issuance  | 750,000               | 750,000               | 1,427,769            | 677,769                       |
| Total Other Financing Sources (Uses)                                 | <u>(27,354,679)</u>   | <u>(27,354,679)</u>   | <u>(25,846,537)</u>  | <u>1,508,142</u>              |
| <b>Net Change in Fund Balances</b>                                   | <u>\$ (2,094,523)</u> | <u>\$ (2,283,346)</u> | <u>(859,909)</u>     | <u>\$ 1,423,437</u>           |
| <b>Fund Balances at Beginning of Year</b>                            |                       |                       | <u>21,671,855</u>    |                               |
| <b>Fund Balances at End of Year</b>                                  |                       |                       | <u>\$ 20,811,946</u> |                               |

**TOWN OF HEMPSTEAD**  
**PARK DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2008**

|  | Budgeted Amounts      |                       | Actual               | Variance with<br>Final Budget |
|--|-----------------------|-----------------------|----------------------|-------------------------------|
|  | Original              | Final                 |                      |                               |
| <b>REVENUES</b>  |                       |                       |                      |                               |
| Real property taxes  | \$ 41,330,009         | \$ 41,330,009         | \$ 41,330,009        | \$ -0-                        |
| Real property tax items  | 301,500               | 301,500               | 78,073               | (223,427)                     |
| Non-property tax items   | 11,325,000            | 11,325,000            | 10,500,000           | (825,000)                     |
| Departmental income  | 2,567,975             | 2,567,975             | 2,658,880            | 90,905                        |
| Intergovernmental charges  | 608,298               | 608,298               | 665,129              | 56,831                        |
| Use of money and property  | 1,566,670             | 1,566,670             | 1,040,012            | (526,658)                     |
| Fines and forfeitures  |                       |                       | 3,000                | 3,000                         |
| Sale of property and compensation for loss                           | 8,500                 | 86,650                | 91,325               | 4,675                         |
| Miscellaneous revenue  | 221,000               | 221,000               | 124,559              | (96,441)                      |
| Interfund revenues   | 22,608,442            | 22,608,442            | 22,608,442           | -0-                           |
| State aid  | 150,000               | 150,000               | 190,295              | 40,295                        |
| Total Revenues   | <u>80,687,394</u>     | <u>80,765,544</u>     | <u>79,289,724</u>    | <u>(1,475,820)</u>            |
| <b>EXPENDITURES</b>  |                       |                       |                      |                               |
| Current:   |                       |                       |                      |                               |
| Culture and recreation   | 59,733,642            | 59,863,152            | 57,447,157           | 2,415,995                     |
| Employee benefits  | 17,016,670            | 16,974,578            | 15,767,135           | 1,207,443                     |
| Debt service:  |                       |                       |                      |                               |
| Bond issuance costs  | 20,546                | 20,546                | 20,546               | -0-                           |
| Total Expenditures   | <u>76,770,858</u>     | <u>76,858,276</u>     | <u>73,234,838</u>    | <u>3,623,438</u>              |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>3,916,536</u>      | <u>3,907,268</u>      | <u>6,054,886</u>     | <u>2,147,618</u>              |
| <b>Other Financing Sources (Uses)</b>                                |                       |                       |                      |                               |
| Transfers in   |                       |                       | 460,769              | 460,769                       |
| Transfers out  | (5,194,377)           | (5,194,378)           | (5,194,372)          | 6                             |
| Premiums of debt issuance  | 50,000                | 50,000                | 64,214               | 14,214                        |
| Total Other Financing Sources (Uses)                                 | <u>(5,144,377)</u>    | <u>(5,144,378)</u>    | <u>(4,669,389)</u>   | <u>474,989</u>                |
| <b>Net Change in Fund Balances</b>                                   | <u>\$ (1,227,841)</u> | <u>\$ (1,237,110)</u> | <u>1,385,497</u>     | <u>\$ 2,622,607</u>           |
| <b>Fund Balances at Beginning of Year</b>                            |                       |                       | <u>19,482,384</u>    |                               |
| <b>Fund Balances at End of Year</b>                                  |                       |                       | <u>\$ 20,867,881</u> |                               |

**TOWN OF HEMPSTEAD**  
**REFUSE AND GARBAGE DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2008**

|  | Budgeted Amounts      |                       | Actual               | Variance with<br>Final Budget |
|--|-----------------------|-----------------------|----------------------|-------------------------------|
|  | Original              | Final                 |                      |                               |
| <b>REVENUES</b>  |                       |                       |                      |                               |
| Real property taxes  | \$ 84,006,439         | \$ 84,006,439         | \$ 84,018,576        | \$ 12,137                     |
| Real property tax items  | 945,000               | 570,000               | 152,751              | (417,249)                     |
| Non-property tax items   | 16,000,000            | 16,375,000            | 8,475,000            | (7,900,000)                   |
| Departmental income  | 7,375,000             | 7,375,000             | 9,095,020            | 1,720,020                     |
| Intergovernmental charges  | 13,500,000            | 13,500,000            | 14,640,219           | 1,140,219                     |
| Use of money and property  | 2,231,700             | 2,231,700             | 1,854,597            | (377,103)                     |
| Sale of property and compensation for loss                           | 1,351,000             | 1,351,000             | 1,200,092            | (150,908)                     |
| Miscellaneous revenue  | 300,000               | 300,000               | 451,642              | 151,642                       |
| Total Revenues   | <u>125,709,139</u>    | <u>125,709,139</u>    | <u>119,887,897</u>   | <u>(5,821,242)</u>            |
| <b>EXPENDITURES</b>  |                       |                       |                      |                               |
| Current:   |                       |                       |                      |                               |
| Home and community services  | 108,777,615           | 112,850,752           | 108,709,118          | 4,141,634                     |
| Employee benefits  | 14,798,117            | 14,503,915            | 14,503,913           | 2                             |
| Debt service:  |                       |                       |                      |                               |
| Bond issuance costs  | 13,151                | 13,151                | 13,151               | -0-                           |
| Total Expenditures   | <u>123,588,883</u>    | <u>127,367,818</u>    | <u>123,226,182</u>   | <u>4,141,636</u>              |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> |                       |                       |                      |                               |
|  | <u>2,120,256</u>      | <u>(1,658,679)</u>    | <u>(3,338,285)</u>   | <u>(1,679,606)</u>            |
| <b>Other Financing Sources (Uses)</b>                                |                       |                       |                      |                               |
| Transfers in   |                       |                       | 69,540               | 69,540                        |
| Transfers out  | (4,760,163)           | (4,760,163)           | (4,595,638)          | 164,525                       |
| Debt issuance  |                       | 3,000,000             | 3,000,000            |                               |
| Premiums of debt issuance  | 75,000                | 75,000                | 331,213              | 256,213                       |
| Total Other Financing Sources (Uses)                                 | <u>(4,685,163)</u>    | <u>(1,685,163)</u>    | <u>(1,194,885)</u>   | <u>490,278</u>                |
| <b>Net Change in Fund Balances</b>                                   |                       |                       |                      |                               |
|  | <u>\$ (2,564,907)</u> | <u>\$ (3,343,842)</u> | <u>(4,533,170)</u>   | <u>\$ (1,189,328)</u>         |
| <b>Fund Balances at Beginning of Year</b>                            |                       |                       | <u>28,852,768</u>    |                               |
| <b>Fund Balances at End of Year</b>                                  |                       |                       | <u>\$ 24,319,598</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<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL) -<br>Projected Unit<br>Credit Cost Method<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b - a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((b - a) / c) |
|--------------------------------|--|---|--------------------------------------|--------------------------|---------------------------|---|
| 12/31/2007                     | \$ -0-                                 | \$ 810,403,000  | \$ 810,403,000                       | 0%                       | \$ 159,659,433            | 507.58%   |

## **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, 2008

|  | Special Revenue Funds   |                     |                     |                     |
|--|-------------------------|---------------------|---------------------|---------------------|
|  | Town Outside<br>Village | Special Grant       | Fire Protection     | Street Lighting     |
| <b>ASSETS</b>                            |                         |                     |                     |                     |
| Cash and investments                     | \$ 7,818,958            | \$ 2,978,475        | \$ 2,314,371        | \$ 3,324,472        |
| Accounts receivable                      |                         |                     | 50,816              |                     |
| Due from other governments               | 163,075                 | 1,513,651           |                     |                     |
| Inventory                                | 24,653                  |                     |                     | 787,122             |
| Prepays                                  | 176,754                 |                     |                     |                     |
| Other assets                             | 25,000                  |                     | 64,878              |                     |
| Total Assets                             | <u>\$ 8,208,440</u>     | <u>\$ 4,492,126</u> | <u>\$ 2,430,065</u> | <u>\$ 4,111,594</u> |
| <b>LIABILITIES</b>                       |                         |                     |                     |                     |
| Accounts payable and accrued liabilities | \$ 270,789              | \$ 580,966          | \$ 157,018          | \$ 651,514          |
| Due to other funds                       | 492,608                 | 1,600,000           |                     | 4,048               |
| Total Liabilities                        | <u>763,397</u>          | <u>2,180,966</u>    | <u>157,018</u>      | <u>655,562</u>      |
| <b>FUND BALANCES</b>                     |                         |                     |                     |                     |
| Reserved:                                |                         |                     |                     |                     |
| Inventory                                | 6,163                   |                     |                     | 196,781             |
| Prepays                                  | 176,754                 |                     |                     |                     |
| Permanent Fund                           |                         |                     |                     |                     |
| Unreserved, designated for:              |                         |                     |                     |                     |
| Encumbrances                             | 126,983                 |                     |                     | 56,458              |
| Subsequent year's budget                 | 482,943                 |                     | 75,429              | 40,850              |
| Unreserved, undesignated                 | 6,652,200               | 2,311,160           | 2,197,618           | 3,161,943           |
| Total Fund Balances                      | <u>7,445,043</u>        | <u>2,311,160</u>    | <u>2,273,047</u>    | <u>3,456,032</u>    |
| Total Liabilities and Fund Balances      | <u>\$ 8,208,440</u>     | <u>\$ 4,492,126</u> | <u>\$ 2,430,065</u> | <u>\$ 4,111,594</u> |

|                               |                                 |                   | Permanent Fund      | Total Nonmajor<br>Governmental<br>Funds                                    |
|-------------------------------|---------------------------------|-------------------|---------------------|--|
| Public Parking                | Water                           | Library Funding   | Permanent Fund      |  |
| \$ 3,267,624                  | \$ 10,795,450<br>2,236,526      | \$ 364,007        | \$ 1,337,867        | \$ 32,201,224<br>2,287,342<br>1,676,726<br>1,394,377<br>292,297<br>109,878 |
| 3,863                         | 582,602<br>111,680<br>20,000    |                   |                     |  |
| <u>\$ 3,271,487</u>           | <u>\$ 13,746,258</u>            | <u>\$ 364,007</u> | <u>\$ 1,337,867</u> | <u>\$ 37,961,844</u>   |
| \$ 280,383<br>23,241          | \$ 261,761<br>17,920            | \$ 68,292         |                     | \$ 2,270,723<br>2,137,817  |
| <u>303,624</u>                | <u>279,681</u>                  | <u>68,292</u>     |                     | <u>4,408,540</u>   |
| 3,863                         | 145,651<br>111,680              |                   | \$ 1,337,867        | 348,595<br>292,297<br>1,337,867  |
| 2,030<br>143,302<br>2,818,668 | 30,521<br>498,245<br>12,680,480 | 35,097<br>260,618 |                     | 215,992<br>1,275,866<br>30,082,687   |
| <u>2,967,863</u>              | <u>13,466,577</u>               | <u>295,715</u>    | <u>1,337,867</u>    | <u>33,553,304</u>  |
| <u>\$ 3,271,487</u>           | <u>\$ 13,746,258</u>            | <u>\$ 364,007</u> | <u>\$ 1,337,867</u> | <u>\$ 37,961,844</u>   |



**TOWN OF HEMPSTEAD**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
Year ended December 31, 2008

|  | Special Revenue Funds   |                     |                     |                     |
|--|-------------------------|---------------------|---------------------|---------------------|
|  | Town Outside<br>Village | Special Grant       | Fire Protection     | Street Lighting     |
| <b>Revenues</b>  |                         |                     |                     |                     |
| Real property taxes  | \$ 9,190,535            |                     | \$ 5,478,021        | \$ 9,021,677        |
| Real property tax items  | 61,734                  |                     | 2,159               | 18,593              |
| Non-property tax items   | 2,250,000               |                     |                     | 1,500,000           |
| Departmental income  | 7,160,622               | \$ 41,060           |                     |                     |
| Intergovernmental charges  |                         |                     |                     |                     |
| Use of money and property  | 238,405                 | 76,483              |                     | 50,000              |
| Licenses and permits   |                         |                     |                     |                     |
| Fines and forfeitures  | 1,001,342               | 2,400               |                     |                     |
| Sale of property and compensation for loss                           |                         | 76,597              |                     | 3,126               |
| Miscellaneous revenue  | 33,286                  | 323,284             |                     |                     |
| Interfund revenues   |                         |                     |                     |                     |
| State aid  | 1,867,467               |                     |                     |                     |
| Federal aid  |                         | 15,912,843          |                     |                     |
| Total Revenues   | <u>21,803,391</u>       | <u>16,432,667</u>   | <u>5,480,180</u>    | <u>10,593,396</u>   |
| <b>Expenditures</b>  |                         |                     |                     |                     |
| Current:   |                         |                     |                     |                     |
| General government support   | 333,250                 |                     |                     |                     |
| Public safety  | 15,300,365              |                     | 4,262,130           |                     |
| Transportation   |                         |                     |                     | 10,317,439          |
| Economic assistance and opportunity                                  |                         | 4,656,151           |                     |                     |
| Culture and recreation   | 1,084                   |                     |                     |                     |
| Home and community services  | 4,283,466               | 12,682,194          |                     |                     |
| Employee benefits  | 3,965,132               |                     | 315,480             |                     |
| Debt Service:  |                         |                     |                     |                     |
| Bonds issuance costs   | 345                     |                     |                     | 5,655               |
| Total Expenditures   | <u>23,883,642</u>       | <u>17,338,345</u>   | <u>4,577,610</u>    | <u>10,323,094</u>   |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>(2,080,251)</u>      | <u>(905,678)</u>    | <u>902,570</u>      | <u>270,302</u>      |
| <b>Other Financing Sources (Uses)</b>                                |                         |                     |                     |                     |
| Transfers in   | 460                     |                     |                     |                     |
| Transfers out  | (83,723)                |                     | (626,494)           | (1,231,992)         |
| Premiums on debt issuance  | 8,697                   |                     |                     | 142,415             |
| Total Other Financing Sources (Uses)                                 | <u>(74,566)</u>         |                     | <u>(626,494)</u>    | <u>(1,089,577)</u>  |
| <b>Net Change in Fund Balances</b>                                   | (2,154,817)             | (905,678)           | 276,076             | (819,275)           |
| <b>Fund Balances at Beginning of Year</b>                            | 9,599,860               | 3,216,838           | 1,996,971           | 4,275,307           |
| <b>Fund Balances at End of Year</b>                                  | <u>\$ 7,445,043</u>     | <u>\$ 2,311,160</u> | <u>\$ 2,273,047</u> | <u>\$ 3,456,032</u> |

|                     |                      |                   | Permanent Fund      | Total Nonmajor<br>Governmental<br>Funds |
|---------------------|----------------------|-------------------|---------------------|---|
| Public Parking      | Water                | Library Funding   | Permanent Fund      |   |
| \$ 1,874,254        | \$ 4,700,802         | \$ 1,216,364      |                     | \$ 31,481,653                           |
| 6,530               | 87,431               |                   |                     | 176,447                                 |
|                     | 1,800,000            |                   |                     | 5,550,000                               |
| 13,574              | 7,990,994            |                   |                     | 15,206,250                              |
|                     | 229,575              |                   |                     | 229,575                                 |
| 94,924              | 888,533              |                   | \$ 34,195           | 1,382,540                               |
|                     | 62,025               |                   |                     | 62,025                                  |
|                     | 31,353               |                   |                     | 1,003,742                               |
|                     | 559                  |                   |                     | 111,076                                 |
| 1,076,400           | 46,125               |                   |                     | 357,129                                 |
|                     |                      |                   |                     | 1,122,525                               |
|                     |                      |                   |                     | 1,867,467                               |
|                     |                      |                   |                     | 15,912,843                              |
| <u>3,065,682</u>    | <u>15,837,397</u>    | <u>1,216,364</u>  | <u>34,195</u>       | <u>74,463,272</u>                       |
|                     |                      |                   |                     | 333,250                                 |
|                     |                      |                   |                     | 19,562,495                              |
| 3,129,354           |                      |                   |                     | 13,446,793                              |
|                     |                      | 1,210,465         |                     | 4,656,151                               |
|                     | 12,208,052           |                   |                     | 1,211,549                               |
| 96,703              | 2,243,283            |                   |                     | 29,173,712                              |
|                     |                      |                   |                     | 6,620,598                               |
| 360                 | 6,734                |                   |                     | 13,094                                  |
| <u>3,226,417</u>    | <u>14,458,069</u>    | <u>1,210,465</u>  | <u>-0-</u>          | <u>75,017,642</u>                       |
|                     |                      |                   |                     |   |
| (160,735)           | 1,379,328            | 5,899             | 34,195              | (554,370)                               |
|                     |                      |                   |                     |   |
| 307,576             | 10,199               |                   |                     | 318,235                                 |
| (1,364,251)         | (3,147,213)          |                   | (34,195)            | (6,487,868)                             |
| 9,059               | 169,593              |                   |                     | 329,764                                 |
| <u>(1,047,616)</u>  | <u>(2,967,421)</u>   |                   | <u>(34,195)</u>     | <u>(5,839,869)</u>                      |
|                     |                      |                   |                     |   |
| (1,208,351)         | (1,588,093)          | 5,899             | -0-                 | (6,394,239)                             |
|                     |                      |                   |                     |   |
| 4,176,214           | 15,054,670           | 289,816           | 1,337,867           | 39,947,543                              |
|                     |                      |                   |                     |   |
| <u>\$ 2,967,863</u> | <u>\$ 13,466,577</u> | <u>\$ 295,715</u> | <u>\$ 1,337,867</u> | <u>\$ 33,553,304</u>                    |

**TOWN OF HEMPSTEAD**  
**TOWN OUTSIDE VILLAGE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2008**

|  | Budgeted Amounts      |                       | Actual              | Variance with<br>Final Budget |
|--|-----------------------|-----------------------|---------------------|-------------------------------|
|  | Original              | Final                 |                     |                               |
| <b>REVENUES</b>  |                       |                       |                     |                               |
| Real property taxes  | \$ 9,167,830          | \$ 9,167,830          | \$ 9,190,535        | \$ 22,705                     |
| Real property tax items  | 53,000                | 53,000                | 61,734              | 8,734                         |
| Non-property tax items   | 2,500,000             | 2,500,000             | 2,250,000           | (250,000)                     |
| Departmental income  | 7,555,000             | 7,555,000             | 7,160,622           | (394,378)                     |
| Use of money and property  | 401,200               | 401,200               | 238,405             | (162,795)                     |
| Fines and forfeitures  | 500,000               | 500,000               | 1,001,342           | 501,342                       |
| Miscellaneous revenue  | 60,000                | 60,000                | 33,286              | (26,714)                      |
| State aid  | 2,725,000             | 2,725,000             | 1,867,467           | (857,533)                     |
| Total Revenues   | <u>22,962,030</u>     | <u>22,962,030</u>     | <u>21,803,391</u>   | <u>(1,158,639)</u>            |
| <b>EXPENDITURES</b>  |                       |                       |                     |                               |
| Current:   |                       |                       |                     |                               |
| General government support   | 200,000               | 333,251               | 333,250             | 1                             |
| Public safety  | 15,734,021            | 15,734,021            | 15,300,365          | 433,656                       |
| Culture and recreation   | 4,000                 | 4,000                 | 1,084               | 2,916                         |
| Home and community services  | 4,386,786             | 4,406,219             | 4,283,466           | 122,753                       |
| Employee benefits  | 4,059,628             | 3,965,135             | 3,965,132           | 3                             |
| Debt service:  |                       |                       |                     |                               |
| Bond issuance costs  | 345                   | 345                   | 345                 | -0-                           |
| Total Expenditures   | <u>24,384,780</u>     | <u>24,442,971</u>     | <u>23,883,642</u>   | <u>559,329</u>                |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> |                       |                       |                     |                               |
|  | <u>(1,422,750)</u>    | <u>(1,480,941)</u>    | <u>(2,080,251)</u>  | <u>(599,310)</u>              |
| <b>Other Financing Sources (Uses)</b>                                |                       |                       |                     |                               |
| Transfers in   |                       |                       | 460                 | 460                           |
| Transfers out  | (83,726)              | (83,726)              | (83,723)            | 3                             |
| Premiums of debt issuance  |                       |                       | 8,697               | 8,697                         |
| Total Other Financing Sources (Uses)                                 | <u>(83,726)</u>       | <u>(83,726)</u>       | <u>(74,566)</u>     | <u>9,160</u>                  |
| <b>Net Change in Fund Balances</b>                                   |                       |                       |                     |                               |
|  | <u>\$ (1,506,476)</u> | <u>\$ (1,564,667)</u> | <u>(2,154,817)</u>  | <u>\$ (590,150)</u>           |
| <b>Fund Balances at Beginning of Year</b>                            |                       |                       | <u>9,599,860</u>    |                               |
| <b>Fund Balances at End of Year</b>                                  |                       |                       | <u>\$ 7,445,043</u> |                               |

**TOWN OF HEMPSTEAD**  
**FIRE PROTECTION DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2008**

|  | Budgeted Amounts |                    | Actual              | Variance with<br>Final Budget |
|--|------------------|--------------------|---------------------|-------------------------------|
|  | Original         | Final              |                     |                               |
| <b>REVENUES</b>  |                  |                    |                     |                               |
| Real property taxes  | \$ 5,478,021     | \$ 5,478,021       | \$ 5,478,021        | \$ -0-                        |
| Real property tax items  | 31,025           | 31,025             | 2,159               | (28,866)                      |
| Total Revenues   | <u>5,509,046</u> | <u>5,509,046</u>   | <u>5,480,180</u>    | <u>(28,866)</u>               |
| <b>EXPENDITURES</b>  |                  |                    |                     |                               |
| Current:   |                  |                    |                     |                               |
| Public safety  | 4,284,521        | 4,335,934          | 4,262,130           | 73,804                        |
| Employee benefits  | 591,700          | 588,954            | 315,480             | 273,474                       |
| Total Expenditures   | <u>4,876,221</u> | <u>4,924,888</u>   | <u>4,577,610</u>    | <u>347,278</u>                |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>632,825</u>   | <u>584,158</u>     | <u>902,570</u>      | <u>318,412</u>                |
| <b>Other Financing Sources (Uses)</b>                                |                  |                    |                     |                               |
| Transfers out  | (626,494)        | (626,494)          | (626,494)           | -0-                           |
| Total Other Financing Sources (Uses)                                 | <u>(626,494)</u> | <u>(626,494)</u>   | <u>(626,494)</u>    | <u>-0-</u>                    |
| <b>Net Change in Fund Balances</b>                                   | <u>\$ 6,331</u>  | <u>\$ (42,336)</u> | <u>276,076</u>      | <u>\$ 318,412</u>             |
| <b>Fund Balances at Beginning of Year</b>                            |                  |                    | <u>1,996,971</u>    |                               |
| <b>Fund Balances at End of Year</b>                                  |                  |                    | <u>\$ 2,273,047</u> |                               |

**TOWN OF HEMPSTEAD**  
**STREET LIGHTING DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2008**

|  | Budgeted Amounts    |                     | Actual              | Variance with<br>Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
|  | Original            | Final               |                     |                               |
| <b>REVENUES</b>                            |                     |                     |                     |                               |
| Real property taxes                        | \$ 9,021,677        | \$ 9,021,677        | \$ 9,021,677        | \$ -0-                        |
| Real property tax items                    | 54,080              | 54,080              | 18,593              | (35,487)                      |
| Non-property tax items                     | 2,000,000           | 2,000,000           | 1,500,000           | (500,000)                     |
| Use of money and property                  | 80,000              | 80,000              | 50,000              | (30,000)                      |
| Sale of property and compensation for loss |                     |                     | 3,126               | 3,126                         |
| Total Revenues                             | <u>11,155,757</u>   | <u>11,155,757</u>   | <u>10,593,396</u>   | <u>(562,361)</u>              |
| <b>EXPENDITURES</b>                        |                     |                     |                     |                               |
| Current:                                   |                     |                     |                     |                               |
| Transportation                             | 10,424,334          | 10,424,334          | 10,317,439          | 106,895                       |
| Debt service:                              |                     |                     |                     |                               |
| Bond issuance costs                        | 5,655               | 5,655               | 5,655               | -0-                           |
| Total Expenditures                         | <u>10,429,989</u>   | <u>10,429,989</u>   | <u>10,323,094</u>   | <u>106,895</u>                |
| <b>Excess (Deficiency) of Revenues</b>     |                     |                     |                     |                               |
| <b>Over (Under) Expenditures</b>           | <u>725,768</u>      | <u>725,768</u>      | <u>270,302</u>      | <u>(455,466)</u>              |
| <b>Other Financing Sources (Uses)</b>      |                     |                     |                     |                               |
| Transfers out                              | (1,231,993)         | (1,231,993)         | (1,231,992)         | 1                             |
| Premiums of debt issuance                  |                     |                     | 142,415             | 142,415                       |
| Total Other Financing Sources (Uses)       | <u>(1,231,993)</u>  | <u>(1,231,993)</u>  | <u>(1,089,577)</u>  | <u>142,416</u>                |
| <b>Net Change in Fund Balances</b>         | <u>\$ (506,225)</u> | <u>\$ (506,225)</u> | <u>(819,275)</u>    | <u>\$ (313,050)</u>           |
| <b>Fund Balances at Beginning of Year</b>  |                     |                     | <u>4,275,307</u>    |                               |
| <b>Fund Balances at End of Year</b>        |                     |                     | <u>\$ 3,456,032</u> |                               |

**TOWN OF HEMPSTEAD**  
**PUBLIC PARKING DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2008**

|  | Budgeted Amounts      |                       | Actual              | Variance with<br>Final Budget |
|--|-----------------------|-----------------------|---------------------|-------------------------------|
|  | Original              | Final                 |                     |                               |
| <b>REVENUES</b>  |                       |                       |                     |                               |
| Real property taxes  | \$ 1,874,253          | \$ 1,874,253          | \$ 1,874,254        | \$ 1                          |
| Real property tax items  | 23,089                | 23,089                | 6,530               | (16,559)                      |
| Departmental income  | 13,000                | 13,000                | 13,574              | 574                           |
| Use of money and property  | 165,000               | 165,000               | 94,924              | (70,076)                      |
| Interfund revenues   | 1,076,400             | 1,076,400             | 1,076,400           | -0-                           |
| Total Revenues   | <u>3,151,742</u>      | <u>3,151,742</u>      | <u>3,065,682</u>    | <u>(86,060)</u>               |
| <b>EXPENDITURES</b>  |                       |                       |                     |                               |
| Current:   |                       |                       |                     |                               |
| Transportation   | 3,438,048             | 3,454,720             | 3,129,354           | 325,366                       |
| Employee benefits  | 95,277                | 96,706                | 96,703              | 3                             |
| Debt service:  |                       |                       |                     |                               |
| Bond issuance costs  | 360                   | 360                   | 360                 | -0-                           |
| Total Expenditures   | <u>3,533,685</u>      | <u>3,551,786</u>      | <u>3,226,417</u>    | <u>325,369</u>                |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> |                       |                       |                     |                               |
|  | <u>(381,943)</u>      | <u>(400,044)</u>      | <u>(160,735)</u>    | <u>239,309</u>                |
| <b>Other Financing Sources (Uses)</b>                                |                       |                       |                     |                               |
| Transfers in   |                       |                       | 307,576             | 307,576                       |
| Transfers out  | (1,364,257)           | (1,364,257)           | (1,364,251)         | 6                             |
| Premiums of debt issuance  | 15,000                | 15,000                | 9,059               | (5,941)                       |
| Total Other Financing Sources (Uses)                                 | <u>(1,349,257)</u>    | <u>(1,349,257)</u>    | <u>(1,047,616)</u>  | <u>301,641</u>                |
| <b>Net Change in Fund Balances</b>                                   |                       |                       |                     |                               |
|  | <u>\$ (1,731,200)</u> | <u>\$ (1,749,301)</u> | <u>(1,208,351)</u>  | <u>\$ 540,950</u>             |
| <b>Fund Balances at Beginning of Year</b>                            |                       |                       | <u>4,176,214</u>    |                               |
| <b>Fund Balances at End of Year</b>                                  |                       |                       | <u>\$ 2,967,863</u> |                               |

**TOWN OF HEMPSTEAD**  
**WATER DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2008**

|  | Budgeted Amounts      |                       | Actual               | Variance with<br>Final Budget |
|--|-----------------------|-----------------------|----------------------|-------------------------------|
|  | Original              | Final                 |                      |                               |
| <b>REVENUES</b>                            |                       |                       |                      |                               |
| Real property taxes                        | \$ 4,700,802          | \$ 4,700,802          | \$ 4,700,802         | \$ -0-                        |
| Real property tax items                    | 214,305               | 214,305               | 87,431               | (126,874)                     |
| Non-property tax items                     | 1,800,000             | 1,800,000             | 1,800,000            | -0-                           |
| Departmental income                        | 8,037,120             | 8,037,120             | 7,990,994            | (46,126)                      |
| Intergovernmental charges                  | 228,425               | 228,425               | 229,575              | 1,150                         |
| Use of money and property                  | 1,040,100             | 1,040,100             | 888,533              | (151,567)                     |
| Licenses and permits                       | 12,300                | 12,300                | 62,025               | 49,725                        |
| Sale of property and compensation for loss | 6,000                 | 6,000                 | 31,353               | 25,353                        |
| Miscellaneous revenue                      |                       |                       | 559                  | 559                           |
| Interfund revenues                         | 46,500                | 46,500                | 46,125               | (375)                         |
| Total Revenues                             | <u>16,085,552</u>     | <u>16,085,552</u>     | <u>15,837,397</u>    | <u>(248,155)</u>              |
| <b>EXPENDITURES</b>                        |                       |                       |                      |                               |
| Current:                                   |                       |                       |                      |                               |
| Home and community services                | 13,219,397            | 13,224,118            | 12,208,052           | 1,016,066                     |
| Employee benefits                          | 2,423,506             | 2,423,506             | 2,243,283            | 180,223                       |
| Debt service:                              |                       |                       |                      |                               |
| Bond issuance costs                        | 6,734                 | 6,734                 | 6,734                | -0-                           |
| Total Expenditures                         | <u>15,649,637</u>     | <u>15,654,358</u>     | <u>14,458,069</u>    | <u>1,196,289</u>              |
| <b>Excess (Deficiency) of Revenues</b>     |                       |                       |                      |                               |
| <b>Over (Under) Expenditures</b>           | <u>435,915</u>        | <u>431,194</u>        | <u>1,379,328</u>     | <u>948,134</u>                |
| <b>Other Financing Sources (Uses)</b>      |                       |                       |                      |                               |
| Transfers in                               |                       |                       | 10,199               | 10,199                        |
| Transfers out                              | (3,403,195)           | (3,400,374)           | (3,147,213)          | 253,161                       |
| Premiums of debt issuance                  | 10,000                | 10,000                | 169,593              | 159,593                       |
| Total Other Financing Sources (Uses)       | <u>(3,393,195)</u>    | <u>(3,390,374)</u>    | <u>(2,967,421)</u>   | <u>422,953</u>                |
| <b>Net Change in Fund Balances</b>         | <u>\$ (2,957,280)</u> | <u>\$ (2,959,180)</u> | <u>(1,588,093)</u>   | <u>\$ 1,371,087</u>           |
| <b>Fund Balances at Beginning of Year</b>  |                       |                       | <u>15,054,670</u>    |                               |
| <b>Fund Balances at End of Year</b>        |                       |                       | <u>\$ 13,466,577</u> |                               |

**TOWN OF HEMPSTEAD**  
**LIBRARY FUNDING DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2008**

|  | Budgeted Amounts |                   | Actual            | Variance with<br>Final Budget |
|--|------------------|-------------------|-------------------|-------------------------------|
|  | Original         | Final             |                   |                               |
| <b>REVENUES</b>  |                  |                   |                   |                               |
| Real property taxes  | \$ 1,216,364     | \$ 1,216,364      | \$ 1,216,364      | \$ -0-                        |
| Total Revenues   | <u>1,216,364</u> | <u>1,216,364</u>  | <u>1,216,364</u>  | <u>-0-</u>                    |
| <b>EXPENDITURES</b>  |                  |                   |                   |                               |
| Current:   |                  |                   |                   |                               |
| Culture and recreation   | 1,208,111        | 1,222,837         | 1,210,465         | 12,372                        |
| Total Expenditures   | <u>1,208,111</u> | <u>1,222,837</u>  | <u>1,210,465</u>  | <u>12,372</u>                 |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>8,253</u>     | <u>(6,473)</u>    | <u>5,899</u>      | <u>12,372</u>                 |
| <b>Net Change in Fund Balances</b>                                   | <u>\$ 8,253</u>  | <u>\$ (6,473)</u> | <u>5,899</u>      | <u>\$ 12,372</u>              |
| <b>Fund Balances at Beginning of Year</b>                            |                  |                   | <u>289,816</u>    |                               |
| <b>Fund Balances at End of Year</b>                                  |                  |                   | <u>\$ 295,715</u> |                               |



**TOWN OF HEMPSTEAD**  
**STATEMENT OF CHANGES IN AGENCY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
Year ended December 31, 2008

|  | <u>Balance<br/>January 1, 2008</u> | <u>Additions</u>        | <u>Deductions</u>       | <u>Balance<br/>December 31, 2008</u> |
|--|------------------------------------|-------------------------|-------------------------|--------------------------------------|
| <b>ASSETS</b>  |                                    |                         |                         |                                      |
| Town Agency  |                                    |                         |                         |                                      |
| Cash and investments                                 | \$ 6,591,538                       | \$ 423,343,790          | \$ 425,359,830          | \$ 4,575,498                         |
| Other Assets   |                                    | 794,043                 | 794,043                 | -0-                                  |
| <b>Total Assets - Town Agency Fund</b>               | <u>6,591,538</u>                   | <u>424,137,833</u>      | <u>426,153,873</u>      | <u>4,575,498</u>                     |
| Town Clerk   |                                    |                         |                         |                                      |
| Cash and investments                                 | 78,769                             | 1,193,716               | 1,207,530               | 64,955                               |
| <b>Total Assets - Town Clerk</b>                     | <u>78,769</u>                      | <u>1,193,716</u>        | <u>1,207,530</u>        | <u>64,955</u>                        |
| Town Receiver of Taxes                               |                                    |                         |                         |                                      |
| Cash and investments                                 | 63,467,801                         | 1,273,793,291           | 1,172,670,393           | 164,590,699                          |
| <b>Total Assets - Town Receiver of Taxes</b>         | <u>63,467,801</u>                  | <u>1,273,793,291</u>    | <u>1,172,670,393</u>    | <u>164,590,699</u>                   |
| <b>Total Assets</b>                                  | <u>\$ 70,138,108</u>               | <u>\$ 1,699,124,840</u> | <u>\$ 1,600,031,796</u> | <u>\$ 169,231,152</u>                |
| <b>LIABILITIES</b>                                   |                                    |                         |                         |                                      |
| Town Agency Fund                                     |                                    |                         |                         |                                      |
| Other liabilities                                    | \$ 6,591,538                       | \$ 424,133,637          | \$ 426,149,677          | \$ 4,575,498                         |
| Due to other governments                             |                                    | 1,246                   | 1,246                   | -0-                                  |
| Due to other funds                                   |                                    | 2,950                   | 2,950                   | -0-                                  |
| <b>Total Liabilities - Town Agency Fund</b>          | <u>6,591,538</u>                   | <u>424,137,833</u>      | <u>426,153,873</u>      | <u>4,575,498</u>                     |
| Town Clerk Agency Funds                              | 78,769                             | 1,193,716               | 1,207,530               | 64,955                               |
| <b>Total Liabilities - Town Clerk Agency Fund</b>    | <u>78,769</u>                      | <u>1,193,716</u>        | <u>1,207,530</u>        | <u>64,955</u>                        |
| Town Receiver of Taxes Agency Funds                  | 63,467,801                         | 1,273,793,291           | 1,172,670,393           | 164,590,699                          |
| <b>Total Liabilities - Town Receiver Agency fund</b> | <u>63,467,801</u>                  | <u>1,273,793,291</u>    | <u>1,172,670,393</u>    | <u>164,590,699</u>                   |
| <b>Total Liabilities</b>                             | <u>\$ 70,138,108</u>               | <u>\$ 1,699,124,840</u> | <u>\$ 1,600,031,796</u> | <u>\$ 169,231,152</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, 2008

|  | Lakeview<br>Public Library<br>District | Roosevelt<br>Public Library<br>District | Uniondale<br>Public Library<br>District |
|--|--|---|---|
| <b>ASSETS</b>  |  |   |   |
| <b>Current Assets:</b>   |  |   |   |
| Cash and investments   | \$ 932,353                             | \$ 7,300,429                            | \$ 1,017,083                            |
| Accounts receivable, net of allowance<br>for doubtful accounts | 4,308                                  | 55,154                                  | 846                                     |
| Due from other governments                                     | 4,447                                  |   |   |
| Prepaid items  | 5,159                                  | 40,490                                  | 10,934                                  |
| Total Current Assets   | <u>946,267</u>                         | <u>7,396,073</u>                        | <u>1,028,863</u>                        |
| <b>Non-current Assets:</b>                                     |  |   |   |
| Deferred charges, net of accumulated amortization              |  |   |   |
| Capital assets, net of depreciation                            | 2,368,764                              | 3,177,077                               | 6,800,772                               |
| Total Non-Current Assets                                       | <u>2,368,764</u>                       | <u>3,177,077</u>                        | <u>6,800,772</u>                        |
| Total Assets   | <u>3,315,031</u>                       | <u>10,573,150</u>                       | <u>7,829,635</u>                        |
| <b>LIABILITIES</b>   |  |   |   |
| <b>Current Liabilities:</b>                                    |  |   |   |
| Accounts payable and accrued liabilities                       | 76,078                                 | 97,147                                  | 41,721                                  |
| Accrued interest payable                                       | 15,436                                 | 100,013                                 | 79,738                                  |
| Retainage payable  |  |   |   |
| Other accrued liabilities                                      |  |   |   |
| Due to other governments                                       |  |   | 77,714                                  |
| Non-current liabilities due within one year                    |  |   |   |
| General obligations bonds payable                              | 72,748                                 | 174,408                                 | 345,567                                 |
| Compensated absences payable                                   |  | 43,136                                  |   |
| Installment purchase debt                                      |  |   |   |
| <b>Non-current Liabilities:</b>                                |  |   |   |
| General obligation bonds payable                               | 780,078                                | 5,570,592                               | 3,797,129                               |
| Compensated absences payable                                   | 5,496                                  | 43,137                                  | 172,349                                 |
| Other post-employment benefits payable                         |  | 255,738                                 | 111,560                                 |
| Unamortized bond premium                                       | 9,456                                  |   | 46,177                                  |
| Total Liabilities  | <u>959,292</u>                         | <u>6,284,171</u>                        | <u>4,671,955</u>                        |
| <b>Net Assets:</b>   |  |   |   |
| Invested in capital assets, net of related debt                | 1,506,482                              | 3,092,304                               | 2,618,301                               |
| Restricted   | 1,000                                  | 168,753                                 | 21,990                                  |
| Unrestricted   | 848,257                                | 1,027,922                               | 517,389                                 |
| Total Net Assets   | <u>\$ 2,355,739</u>                    | <u>\$ 4,288,979</u>                     | <u>\$ 3,157,680</u>                     |

| Cathedral<br>Gardens<br>Water District | Franklin<br>Square<br>Water District | West<br>Hempstead -<br>Hempstead<br>Gardens<br>Water District | Greater<br>Atlantic<br>Beach Water<br>Reclamation<br>District | TOTALS               |
|--|--------------------------------------|---|---|----------------------|
| \$ 436,040                             | \$ 2,959,245                         | \$ 874,404  | \$ 681,000  | \$ 14,200,554        |
|  | 293,807                              | 585,490   |   | 939,605              |
|  | 2,099,101                            |   |   | 2,103,548            |
|  | 32,143                               | 81,461  | 118,390   | 288,577              |
| <u>436,040</u>                         | <u>5,384,296</u>                     | <u>1,541,355</u>  | <u>799,390</u>  | <u>17,532,284</u>    |
|  | 10,455                               |   |   | 10,455               |
|  | 3,603,701                            | 10,744,832  | 2,626,407   | 29,321,553           |
|  | <u>3,614,156</u>                     | <u>10,744,832</u>   | <u>2,626,407</u>  | <u>29,332,008</u>    |
| <u>436,040</u>                         | <u>8,998,452</u>                     | <u>12,286,187</u>   | <u>3,425,797</u>  | <u>46,864,292</u>    |
| 7,625                                  | 149,345                              | 432,496   | 116,572   | 920,984              |
|  | 77,175                               | 15,414  |   | 287,776              |
|  | 108,626                              | 14,152  |   | 122,778              |
|  | 5,545                                | 58,600  |   | 64,145               |
|  |                                      |   |   | 77,714               |
|  | 178,473                              | 223,925   | 135,000   | 1,130,121            |
|  |                                      | 16,709  |   | 59,845               |
|  | 1,536                                |   |   | 1,536                |
|  | 4,305,329                            | 721,478   | 1,175,000   | 16,349,606           |
|  | 316,135                              | 244,455   | 84,336  | 865,908              |
|  | 146,813                              | 584,353   | 120,144   | 1,218,608            |
|  |                                      |   |   | 55,633               |
| <u>7,625</u>                           | <u>5,288,977</u>                     | <u>2,311,582</u>  | <u>1,631,052</u>  | <u>21,154,654</u>    |
|  | 1,002,106                            | 9,799,429   | 1,356,407   | 19,375,029           |
| 235,717                                | 295,872                              |   |   | 723,332              |
| 192,698                                | 2,411,497                            | 175,176   | 438,338   | 5,611,277            |
| <u>\$ 428,415</u>                      | <u>\$ 3,709,475</u>                  | <u>\$ 9,974,605</u>   | <u>\$ 1,794,745</u>   | <u>\$ 25,709,638</u> |

**TOWN OF HEMPSTEAD**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**COMBINING STATEMENT OF ACTIVITIES**  
Year ended December 31, 2008

|   | <u>Lakeview<br/>Public Library<br/>District</u> | <u>Roosevelt<br/>Public Library<br/>District</u> | <u>Uniondale<br/>Public Library<br/>District</u> |
|---|---|--|--|
| <b>REVENUES</b>                                   |   |  |  |
| Program revenues                                  |   |  |  |
| Charges for services                              | \$ 15,629                                       | \$ 73,142  | \$ 28,917  |
| Operating grants and contributions                |   | 55,872   |  |
| Real property taxes                               | 1,000,727                                       | 2,680,626  | 3,137,538  |
| Other real property tax items                     |   |  | 7,854  |
| Use of money and property - interest and earnings | 18,695  | 60,417   | 21,412   |
| Sale of property and compensation for loss        |   |  |  |
| Miscellaneous local sources                       | 12,401  |  | 12,160   |
| State aid   | 29,229  |  | 9,461  |
| Total Revenues                                    | <u>1,076,681</u>                                | <u>2,870,057</u>                                 | <u>3,217,342</u>                                 |
| <b>EXPENDITURES</b>                               |   |  |  |
| Current:  |   |  |  |
| Culture and recreation                            | 881,053   | 2,337,980  | 3,112,260  |
| Home and community services                       |   |  |  |
| Total Expenditures                                | <u>881,053</u>                                  | <u>2,337,980</u>                                 | <u>3,112,260</u>                                 |
| <b>Change in Net Assets</b>                       | 195,628   | 532,077  | 105,082  |
| <b>Net Assets at Beginning of Year</b>            | <u>2,160,111</u>                                | <u>3,756,902</u>                                 | <u>3,052,598</u>                                 |
| <b>Net Assets - End of Year</b>                   | <u>\$ 2,355,739</u>                             | <u>\$ 4,288,979</u>                              | <u>\$ 3,157,680</u>                              |

| <u>Cathedral<br/>Gardens<br/>Water District</u> | <u>Franklin<br/>Square<br/>Water District</u> | <u>West<br/>Hempstead -<br/>Hempstead<br/>Gardens<br/>Water District</u> | <u>Greater<br/>Atlantic Beach<br/>Water<br/>Reclamation<br/>District</u> | <u>TOTALS</u>        |
|---|---|--|--|----------------------|
|   | \$ 1,259,633                                  | \$ 1,893,446   |  | \$ 3,270,767         |
| \$ 36,394                                       | 936,957                                       | 1,457,621  | \$ 1,726,210   | 10,976,073           |
|   | 81  | 11,026   |  | 18,961               |
| 7,372   | 214,199                                       | 334,343  | 13,723   | 670,161              |
|   | 5,397   |  |  | 5,397                |
| 2,808   | 7,244   | 161,239  | 75   | 195,927              |
|   |   |  |  | 38,690               |
| <u>46,574</u>                                   | <u>2,423,511</u>                              | <u>3,857,675</u>   | <u>1,740,008</u>   | <u>15,231,848</u>    |
|   |   |  |  | 6,331,293            |
| 48,728  | 2,235,683                                     | 3,508,425  | 1,654,708  | 7,447,544            |
| <u>48,728</u>                                   | <u>2,235,683</u>                              | <u>3,508,425</u>   | <u>1,654,708</u>   | <u>13,778,837</u>    |
| (2,154)   | 187,828                                       | 349,250  | 85,300   | 1,453,011            |
| <u>430,569</u>                                  | <u>3,521,647</u>                              | <u>9,625,355</u>   | <u>1,709,445</u>   | <u>24,256,627</u>    |
| <u>\$ 428,415</u>                               | <u>\$ 3,709,475</u>                           | <u>\$ 9,974,605</u>  | <u>\$ 1,794,745</u>  | <u>\$ 25,709,638</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.

| <b><u>Contents</u></b>  | <b>Page</b> |
|---|-------------|
| <b>Financial Trends</b><br><i>These schedules contain information to help the reader understand how the government's financial performance and well-being have changed over time.</i>   | 100-111     |
| <b>Revenue Capacity</b><br><i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>   | 112-119     |
| <b>Debt Capacity</b><br><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>                            | 120-123     |
| <b>Demographic and Economic Information</b><br><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>  | 124-125     |
| <b>Operating Information</b><br><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> | 126-131     |

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 Seven Years**  
**(accrual basis of accounting)**

| <u>As of December 31,</u>                          | <u>2008</u>          | <u>2007</u>           | <u>2006</u>           | <u>2005</u>           |
|--|----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities                            |                      |                       |                       |                       |
| Invested in capital assets,<br>net of related debt | \$ 120,800,611       | \$ 110,890,510        | \$ 101,298,377        | \$ 97,110,499         |
| Restricted   | 3,649,027            | 4,554,705             | 4,394,860             | 3,296,419             |
| Unrestricted                                       | <u>(27,951,987)</u>  | <u>37,869,265</u>     | <u>67,787,620</u>     | <u>45,902,563</u>     |
| Total primary government net assets                | <u>\$ 96,497,651</u> | <u>\$ 153,314,480</u> | <u>\$ 173,480,857</u> | <u>\$ 146,309,481</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 2008 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>2004</u>           | <u>2003</u>           | <u>2002</u>           |
|-----------------------|-----------------------|-----------------------|
| \$ 90,032,156         | \$ 107,687,774        | \$ 112,834,502        |
| 3,363,982             | 1,977,819             | 8,711,578             |
| <u>32,336,193</u>     | <u>24,222,979</u>     | <u>1,075,773</u>      |
| <u>\$ 125,732,331</u> | <u>\$ 133,888,572</u> | <u>\$ 122,621,853</u> |

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

| Year ended December 31,                                 | 2008                    | 2007                    | 2006                    | 2005                    |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Expenses</b>   |                         |                         |                         |                         |
| Governmental activities:                                |                         |                         |                         |                         |
| General government support                              | \$ 68,811,156           | \$ 69,575,283           | \$ 57,219,324           | \$ 55,220,458           |
| Education   | 2,458,698               | 1,750,222               | 705,527                 | 1,454,823               |
| Public safety   | 34,712,889              | 33,561,350              | 32,147,838              | 25,569,922              |
| Transportation  | 55,071,824              | 52,487,790              | 47,937,567              | 45,173,820              |
| Economic assistance and opportunity                     | 14,035,132              | 15,227,083              | 8,150,033               | 7,718,613               |
| Culture and recreation                                  | 82,025,927              | 80,539,421              | 68,214,244              | 69,951,397              |
| Home and community service                              | 200,377,605             | 182,918,514             | 163,951,829             | 166,883,500             |
| Interest on long-term debt                              | 13,379,116              | 13,640,483              | 14,005,924              | 14,787,088              |
| Total primary government expenses                       | <u>\$ 470,872,347</u>   | <u>\$ 449,700,146</u>   | <u>\$ 392,332,286</u>   | <u>\$ 386,759,621</u>   |
| <b>Program Revenues</b>                                 |                         |                         |                         |                         |
| Governmental activities:                                |                         |                         |                         |                         |
| Charges for services:                                   |                         |                         |                         |                         |
| General government support                              | \$ 2,285,027            | \$ 2,345,134            | \$ 2,736,667            | \$ 2,737,686            |
| Public safety   | 7,691,619               | 7,503,777               | 7,522,273               | 8,175,454               |
| Transportation  | 61,719                  | 191,443                 | 427,291                 | 132,270                 |
| Economic assistance and opportunity                     | 90,677                  | 24,748                  | 15,837                  | 16,320                  |
| Culture and recreation                                  | 8,396,402               | 7,868,389               | 7,526,529               | 6,820,774               |
| Home and community service                              | 63,814,769              | 60,664,106              | 62,603,001              | 55,482,800              |
| Operating grants and contributions                      | 11,603,788              | 13,193,475              | 11,290,870              | 13,614,676              |
| Capital grants and contributions                        | 7,884,671               | 6,237,555               | 5,822,901               | 4,144,798               |
| Total primary government program revenues               | <u>\$ 101,828,672</u>   | <u>\$ 98,028,627</u>    | <u>\$ 97,945,369</u>    | <u>\$ 91,124,778</u>    |
| <b>Net (Expense)/Revenue</b>                            |                         |                         |                         |                         |
| Total primary government net expense                    | <u>\$ (369,043,675)</u> | <u>\$ (351,671,519)</u> | <u>\$ (294,386,917)</u> | <u>\$ (295,634,843)</u> |
| <b>General Revenues and Other Changes in Net Assets</b> |                         |                         |                         |                         |
| Governmental Activities                                 |                         |                         |                         |                         |
| Property taxes  | \$ 229,005,071          | \$ 228,683,296          | \$ 218,096,202          | \$ 217,822,376          |
| Other real property tax items                           | 2,988,553               | 3,920,874               | 2,955,998               | 2,794,357               |
| Non-property tax items                                  | 41,110,562              | 39,893,890              | 39,104,777              | 37,397,947              |
| Interest earnings - unrestricted                        | 8,414,882               | 11,421,977              | 9,259,116               | 4,755,005               |
| Mortgage Tax  | 24,661,932              | 42,071,625              | 46,148,354              | 48,094,073              |
| State aid-unrestricted                                  | 4,180,122               | 4,058,371               | 3,940,166               | 3,284,444               |
| Other   | 1,865,724               | 1,455,109               | 2,053,680               | 2,063,791               |
| Total primary government                                | <u>\$ 312,226,846</u>   | <u>\$ 331,505,142</u>   | <u>\$ 321,558,293</u>   | <u>\$ 316,211,993</u>   |
| <b>Change in Net Assets</b>                             |                         |                         |                         |                         |
| Total primary government                                | <u>\$ (56,816,829)</u>  | <u>\$ (20,166,377)</u>  | <u>\$ 27,171,376</u>    | <u>\$ 20,577,150</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 2008 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>2004</u>           | <u>2003</u>           | <u>2002</u>           |
|-----------------------|-----------------------|-----------------------|
| \$ 56,268,692         | \$ 51,059,557         | \$ 44,658,537         |
| 986,775               |                       |                       |
| 23,767,138            | 22,033,537            | 18,701,223            |
| 40,301,761            | 37,794,243            | 46,307,297            |
| 13,331,191            | 12,218,604            | 13,679,287            |
| 59,595,580            | 53,552,703            | 48,206,258            |
| 163,616,827           | 131,732,145           | 116,592,868           |
| 14,341,532            | 12,211,366            | 13,124,231            |
| <u>\$ 372,209,496</u> | <u>\$ 320,602,155</u> | <u>\$ 301,269,701</u> |

|                      |                      |                      |
|----------------------|----------------------|----------------------|
| \$ 2,401,272         | \$ 2,509,139         | \$ 1,941,640         |
| 6,084,178            | 5,283,424            | 5,276,493            |
| 140,908              | 6,218,669            | 1,943,498            |
| 136                  | 1,914,614            | 12,914               |
| 6,717,598            | 13,794               | 6,382,910            |
| 34,928,217           | 30,385,366           | 35,398,875           |
| 12,333,998           | 22,374,250           | 16,553,415           |
| 7,174,552            | 5,316,605            | 12,032,815           |
| <u>\$ 69,780,859</u> | <u>\$ 74,015,861</u> | <u>\$ 79,542,560</u> |

|                         |                         |                         |
|-------------------------|-------------------------|-------------------------|
| <u>\$ (302,428,637)</u> | <u>\$ (246,586,294)</u> | <u>\$ (221,727,141)</u> |
|-------------------------|-------------------------|-------------------------|

|                       |                       |                       |
|-----------------------|-----------------------|-----------------------|
| \$ 193,363,827        | \$ 182,528,258        | \$ 174,268,533        |
| 3,496,200             | 2,744,236             | 2,634,630             |
| 36,432,949            | 34,806,516            | 33,847,387            |
| 7,623,689             |                       |                       |
| 48,922,330            | 34,370,158            | 26,909,216            |
| 3,165,729             |                       |                       |
| 1,267,672             | 3,403,845             | 510,974               |
| <u>\$ 294,272,396</u> | <u>\$ 257,853,013</u> | <u>\$ 238,170,740</u> |

|                       |                      |                      |
|-----------------------|----------------------|----------------------|
| <u>\$ (8,156,241)</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 Seven Years**  
**(accrual basis of accounting)**

| <b>Year Ended<br/>December 31,</b> | <b>Real Property<br/>Tax</b> | <b>Other Real<br/>Property Tax</b> | <b>Non-Property<br/>Tax Items</b> | <b>Total</b>   |
|------------------------------------|------------------------------|------------------------------------|-----------------------------------|----------------|
| 2008                               | \$ 229,005,071               | \$ 2,988,553                       | \$ 41,110,562                     | \$ 273,104,186 |
| 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 Seven Years**  
**(modified accrual basis of accounting)**

| <u>As of December 31,</u>          | <u>2008</u>          | <u>2007</u>           | <u>2006</u>          | <u>2005</u>          |
|------------------------------------|----------------------|-----------------------|----------------------|----------------------|
| General Fund                       |                      |                       |                      |                      |
| Reserved                           | \$ 2,333,214         | \$ 1,774,044          | \$ 2,047,180         | \$ 2,420,022         |
| Unreserved                         | <u>61,525,680</u>    | <u>64,763,538</u>     | <u>63,484,262</u>    | <u>56,778,924</u>    |
| Total General Fund                 | <u>\$ 63,858,894</u> | <u>\$ 66,537,582</u>  | <u>\$ 65,531,442</u> | <u>\$ 59,198,946</u> |
| <br>                               |                      |                       |                      |                      |
| All other governmental funds       |                      |                       |                      |                      |
| Reserved                           | \$ 25,560,529        | \$ 29,307,077         | \$ 25,000,437        | \$ 26,462,712        |
| Unreserved, reported in:           |                      |                       |                      |                      |
| Special revenue funds              | 93,066,438           | 102,619,221           | 84,158,219           | 62,923,459           |
| Capital projects funds             | <u>(23,827,946)</u>  | <u>(26,687,975)</u>   | <u>(17,772,914)</u>  | <u>(21,086,960)</u>  |
| Total all other governmental funds | <u>\$ 94,799,021</u> | <u>\$ 105,238,323</u> | <u>\$ 91,385,742</u> | <u>\$ 68,299,211</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>2004</u>          | <u>2003</u>          | <u>2002</u>          |
|----------------------|----------------------|----------------------|
| \$ 2,083,610         | \$ 1,858,293         | \$ 2,811,701         |
| <u>53,557,213</u>    | <u>42,852,608</u>    | <u>33,653,897</u>    |
| <u>\$ 55,640,823</u> | <u>\$ 44,710,901</u> | <u>\$ 36,465,598</u> |
| <br>                 |                      |                      |
| \$ 37,313,563        | \$ 7,343,230         | \$ 9,710,243         |
| 48,354,099           | 49,372,046           | 53,182,621           |
| <u>422,399</u>       | <u>(55,586,874)</u>  | <u>(13,076,241)</u>  |
| <u>\$ 86,090,061</u> | <u>\$ 1,128,402</u>  | <u>\$ 49,816,623</u> |



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

| Year ended December 31,                                    | 2008                   | 2007                 | 2006                 | 2005                   |
|--|------------------------|----------------------|----------------------|------------------------|
| <b>Revenues</b>  |                        |                      |                      |                        |
| Real property taxes  | \$ 229,005,071         | \$ 228,683,296       | \$ 218,096,202       | \$ 217,822,376         |
| Other real property tax items                              | 2,988,553              | 3,920,874            | 2,955,998            | 2,794,357              |
| Non-property taxes   | 41,110,562             | 39,893,890           | 39,104,777           | 37,397,947             |
| Charges for services                                       | 33,868,934             | 31,744,303           | 35,700,012           | 34,618,491             |
| Intergovernmental  | 15,562,752             | 14,601,626           | 14,711,240           | 8,685,822              |
| Use of money and property                                  | 9,004,534              | 12,521,821           | 10,547,159           | 6,056,541              |
| License and permits  | 1,132,954              | 820,128              | 529,143              | 651,593                |
| Fines and forfeitures                                      | 1,027,742              | 786,404              | 917,162              | 787,928                |
| Sale of property and<br>compensation for loss              | 1,706,624              | 1,451,943            | 1,168,323            | 2,512,080              |
| Miscellaneous and local sources                            | 1,143,191              | 1,672,021            | 1,826,858            | 1,465,852              |
| Interfund revenues   | 70,999,331             | 63,145,802           | 62,302,022           | 60,183,483             |
| State aid  | 31,961,325             | 50,096,733           | 53,972,554           | 55,358,831             |
| Federal aid  | 16,369,188             | 15,464,293           | 14,333,120           | 13,779,159             |
| <b>Total revenues</b>                                      | <b>455,880,761</b>     | <b>464,803,134</b>   | <b>456,164,570</b>   | <b>442,114,460</b>     |
| <b>Expenditures</b>  |                        |                      |                      |                        |
| General government support                                 | 67,287,572             | 64,793,032           | 62,478,103           | 61,993,033             |
| Education  | 2,458,698              | 1,750,222            | 705,527              | 1,454,823              |
| Public safety  | 28,058,963             | 24,411,317           | 23,013,354           | 21,919,275             |
| Transportation   | 42,827,355             | 37,411,205           | 36,402,732           | 35,411,560             |
| Economic assistance and<br>opportunity                     | 9,489,844              | 10,369,136           | 4,750,730            | 4,710,480              |
| Culture and recreation                                     | 58,781,929             | 56,409,481           | 58,752,499           | 56,598,201             |
| Home and community service                                 | 147,438,730            | 134,700,679          | 122,499,043          | 128,135,894            |
| Employee benefits  | 67,147,499             | 65,803,106           | 74,169,699           | 66,551,298             |
| Capital outlay   | 36,345,192             | 36,429,311           | 32,441,327           | 32,895,670             |
| Debt Service   |                        |                      |                      |                        |
| Principal  | 37,350,836             | 34,528,873           | 34,303,645           | 30,795,673             |
| Interest   | 13,270,865             | 14,131,558           | 13,466,557           | 15,881,280             |
| Bond Issuance Costs  | 114,534                | 99,939               | 99,027               | 1,745,528              |
| <b>Total Expenditures</b>                                  | <b>510,572,017</b>     | <b>480,837,859</b>   | <b>463,082,243</b>   | <b>458,092,715</b>     |
| Excess of revenues<br>over (under) expenditures            | (54,691,256)           | (16,034,725)         | (6,917,673)          | (15,978,255)           |
| <b>Other financing sources (uses)</b>                      |                        |                      |                      |                        |
| Transfers in   | 54,567,491             | 53,366,786           | 54,594,158           | 48,917,502             |
| Transfers out  | (54,567,491)           | (53,366,786)         | (54,594,158)         | (48,917,502)           |
| Refunding bonds issued                                     |                        |                      |                      | 53,436,428             |
| Debt issuance  | 39,142,000             | 30,348,650           | 33,914,230           |                        |
| Premiums on debt issuance                                  | 2,431,266              | 544,796              | 1,422,470            | 2,098,799              |
| Payments to refund bond escrow agent                       |                        |                      |                      | (53,789,699)           |
| <b>Total other financing sources (uses)</b>                | <b>41,573,266</b>      | <b>30,893,446</b>    | <b>35,336,700</b>    | <b>1,745,528</b>       |
| <b>Net change in fund balances</b>                         | <b>\$ (13,117,990)</b> | <b>\$ 14,858,721</b> | <b>\$ 28,419,027</b> | <b>\$ (14,232,727)</b> |
| Debt service as a percentage<br>of noncapital expenditures | 10.7%                  | 11.0%                | 11.0%                | 11.4%                  |

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>2004</u>          | <u>2003</u>            | <u>2002</u>            |
|----------------------|------------------------|------------------------|
| \$ 193,363,827       | \$ 182,528,258         | \$ 174,268,533         |
| 3,496,200            | 2,744,236              | 2,634,630              |
| 36,432,949           | 34,806,516             | 33,847,387             |
| 33,865,802           | 32,523,184             | 32,058,572             |
| 12,638,256           | 11,335,150             | 12,900,768             |
| 3,383,487            | 3,003,859              | 3,957,523              |
| 411,727              | 482,923                | 339,927                |
| 728,846              | 565,236                | 735,023                |
| 1,122,233            | 3,036,317              | 1,655,405              |
| 7,168,749            | 1,985,056              | 1,087,589              |
| 56,856,527           | 49,832,421             | 46,710,984             |
| 55,174,698           | 41,069,168             | 32,552,495             |
| 16,171,143           | 14,359,096             | 22,275,257             |
| <u>420,814,444</u>   | <u>378,271,420</u>     | <u>365,024,093</u>     |
| 59,952,807           | 53,605,468             | 50,782,196             |
| 986,775              |                        |                        |
| 20,937,795           | 20,276,687             | 18,322,284             |
| 33,650,993           | 32,981,538             | 29,521,264             |
| 10,526,888           | 10,150,031             | 11,546,525             |
| 50,026,564           | 48,847,806             | 47,525,445             |
| 129,056,486          | 121,609,194            | 122,335,368            |
| 63,488,286           | 51,660,363             | 42,267,836             |
| 40,830,013           | 43,065,989             | 29,104,232             |
| 33,970,648           | 28,554,192             | 25,707,185             |
| 11,605,116           | 13,372,578             | 11,940,713             |
| <u>455,032,371</u>   | <u>424,123,846</u>     | <u>389,053,048</u>     |
| (34,217,927)         | (45,852,426)           | (24,028,955)           |
| 41,793,540           | 42,783,129             | 42,087,592             |
| (41,793,540)         | (42,783,129)           | (42,087,592)           |
|                      | 31,021,996             |                        |
| 130,109,508          | 5,409,508              |                        |
|                      | (31,021,996)           |                        |
| <u>130,109,508</u>   | <u>5,409,508</u>       | <u>-0-</u>             |
| <u>\$ 95,891,581</u> | <u>\$ (40,442,918)</u> | <u>\$ (24,028,955)</u> |
| 11.0%                | 11.2%                  | 10.7%                  |

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

| <b>Year Ended<br/>December 31,</b> | <b>Real Property<br/>Tax<sup>1</sup></b> | <b>Sales Tax<sup>2</sup></b> | <b>Mortgage Tax<sup>3</sup></b> | <b>Franchise Tax</b> | <b>Total</b>   |
|------------------------------------|--|------------------------------|---------------------------------|----------------------|----------------|
| 2008                               | \$ 229,005,071                           | \$ 33,384,582                | \$ 24,661,932                   | \$ 7,725,980         | \$ 294,777,565 |
| 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

- <sup>1</sup> Primary government
- <sup>2</sup> Nassau County local assistance
- <sup>3</sup> State Aid

**TOWN OF HEMPSTEAD**

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

| <b>Year<br/>Ended<br/>December 31,</b> | <b>Residential<br/>Property<br/>1 to 3 Family<br/>Homes</b> | <b>Residential<br/>Property<br/>Apts, Condos<br/>&amp; Cooperatives</b> | <b>Utility<br/>Property</b> | <b>All Other<br/>Property</b> | <b>Total<br/>Taxable<br/>Assessed<br/>Value</b> |
|--|---|---|-----------------------------|-------------------------------|---|
| 2008                                   | \$ 234,396,818  | \$ 14,267,892   | \$ 16,084,891               | \$ 87,373,901                 | \$ 352,123,502                                  |
| 2007                                   | 221,002,843   | 13,474,402  | 14,688,769                  | 79,671,826                    | 328,837,840 <sup>1</sup>                        |
| 2006                                   | 370,900,972   | 12,870,249  | 13,002,253                  | 81,170,030                    | 477,943,504 <sup>1</sup>                        |
| 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 <sup>2</sup>                        |
| 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                                   |

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

<sup>1</sup> 2006 and 2007 rate increases are due to decreases in assessed valuations by Nassau County.

<sup>2</sup> 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.

<sup>3</sup> Per \$1,000 of assessed value. See page 114 for more detail.

<sup>4</sup> Per \$100 of assessed value. See page 114 for more detail.

| <b>State<br/>Equalization<br/>Rate</b> | <b>Estimated<br/>Full<br/>Valuation</b> | <b>Total<br/>Full Value<br/>Direct<br/>Tax<br/>Rate<sup>3</sup></b> | <b>Total<br/>Taxable<br/>Assessed<br/>Value<br/>Direct Tax<br/>Rate<sup>4</sup></b> |
|--|---|---|---|
| 0.32%                                  | \$ 110,038,594,375                      | \$ 3.19   | \$ 99.64  |
| 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   |

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

**Full Value Town Direct Rates**

| <b>Year Ended December 31,</b> | <b>Total Taxable Assessed Value</b> | <b>State Equalization Rate</b> | <b>Estimated Full Valuation</b> | <b>Tax Levy For Town<sup>1</sup></b> | <b>Total Town Direct Tax Rate<sup>4</sup></b> |
|--------------------------------|-------------------------------------|--------------------------------|---------------------------------|--------------------------------------|---|
| 2008                           | \$ 352,123,502                      | 0.32%                          | \$ 110,038,594,375              | \$ 350,848,760                       | \$ 3.19                                       |
| 2007                           | 328,837,840                         | 0.30%                          | 109,612,613,333                 | 347,279,817                          | 3.17  |
| 2006                           | 477,943,504                         | 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                         | 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  |

**Assessed Value Town Direct Rates**

| <b>Year Ended December 31,</b> | <b>Total Taxable Assessed Value</b> | <b>State Equalization Rate</b> | <b>Estimated Full Valuation</b> | <b>Tax Levy For Town<sup>1</sup></b> | <b>Total Town Direct Tax Rate<sup>5</sup></b> |
|--------------------------------|-------------------------------------|--------------------------------|---------------------------------|--------------------------------------|---|
| 2008                           | \$ 352,123,502                      | 0.32%                          | \$ 110,038,594,375              | \$ 350,848,760                       | \$ 99.64                                      |
| 2007                           | 328,837,840                         | 0.30%                          | 109,612,613,333                 | 347,279,817                          | 105.61  |
| 2006                           | 477,943,504                         | 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                         | 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   |

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

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

<sup>2</sup> 2007 and 2006 rate increases are due to decreases in assessed valuations by Nassau County.

<sup>3</sup> 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.

<sup>4</sup> Per \$1,000 of assessed value

<sup>5</sup> Per \$100 of assessed value

**Full Value Overlapping Rates**

| <b>County Tax Levy For Town</b> | <b>Total County Direct Rate<sup>4</sup></b> | <b>School Levy</b> | <b>Total School Direct Rate<sup>4</sup></b> | <b>Total Full Value Direct and Overlapping Rates<sup>4</sup></b> |
|---------------------------------|---|--------------------|---|--|
| \$ 445,366,774                  | 4.05  | \$ 1,646,925,751   | \$ 14.97                                    | \$ 22.20   |
| 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  |

**Assessed Value Overlapping Rates**

| <b>County Tax Levy For Town</b> | <b>Total County Direct Rate<sup>5</sup></b> | <b>School Levy</b> | <b>Total School Direct Rate<sup>5</sup></b> | <b>Total Taxable Assessed Value Direct and Overlapping Rates<sup>5</sup></b> |
|---------------------------------|---|--------------------|---|--|
| \$ 445,366,774                  | \$ 126.48                                   | \$ 1,646,925,751   | \$ 467.71                                   | \$ 693.83  |
| 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  |



**TOWN OF HEMPSTEAD**  
**PROPERTY TAX RATES PER \$100 ASSESSED VALUATION**  
**ALL DIRECT AND OVERLAPPING GOVERNMENTS**  
 Last Ten Years

| Year Ended<br>December 31, | Governmental Funds |         |        |        |                  |         |                            |                 |         |                    |                |        |
|----------------------------|--------------------|---------|--------|--------|------------------|---------|----------------------------|-----------------|---------|--------------------|----------------|--------|
|                            | General            | Highway | Parks  |        | Refuse & Garbage |         | Town<br>Outside<br>Village | Fire Protection |         | Street<br>Lighting | Public Parking |        |
|                            |                    |         | Low    | High   | Low              | High    |                            | Low             | High    |                    | Low            | High   |
| <b>2008</b>                |                    |         |        |        |                  |         |                            |                 |         |                    |                |        |
| Class 1                    | 4.959              | 25.690  | 7.543  | 34.090 | 19.269           | 26.657  | 4.350                      | 2.383           | 24.892  | 3.425              | 0.092          | 26.850 |
| Class 2                    | 4.499              | 21.239  | 7.937  | 26.360 | 18.314           | 34.699  | 3.596                      | 3.429           | 26.237  | 3.483              | 0.152          | 25.348 |
| Class 3                    | 4.991              | 21.741  | 27.567 | 69.181 | 56.164           | 86.277  | 3.681                      | 9.221           | 108.288 | 10.099             | 0.333          | 43.179 |
| Class 4                    | 4.031              | 19.419  | 9.979  | 67.365 | 19.458           | 29.827  | 3.288                      | 2.429           | 41.020  | 3.476              | 0.075          | 24.347 |
| All Classes                |                    |         |        |        |                  |         |                            |                 |         |                    |                |        |
| <b>2007</b>                |                    |         |        |        |                  |         |                            |                 |         |                    |                |        |
| 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                |                    |         |        |        |                  |         |                            |                 |         |                    |                |        |
| <b>2006</b>                |                    |         |        |        |                  |         |                            |                 |         |                    |                |        |
| 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                |                    |         |        |        |                  |         |                            |                 |         |                    |                |        |
| <b>2005</b>                |                    |         |        |        |                  |         |                            |                 |         |                    |                |        |
| 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                |                    |         |        |        |                  |         |                            |                 |         |                    |                |        |
| <b>2004</b>                |                    |         |        |        |                  |         |                            |                 |         |                    |                |        |
| 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                |                    |         |        |        |                  |         |                            |                 |         |                    |                |        |
| <b>2003</b>                |                    |         |        |        |                  |         |                            |                 |         |                    |                |        |
| 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                |                    |         |        |        |                  |         |                            |                 |         |                    |                |        |
| <b>2002</b>                |                    |         |        |        |                  |         |                            |                 |         |                    |                |        |
| 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                |                    |         |        |        |                  |         |                            |                 |         |                    |                |        |
| <b>2001</b>                |                    |         |        |        |                  |         |                            |                 |         |                    |                |        |
| 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  |
| <b>2000</b>                |                    |         |        |        |                  |         |                            |                 |         |                    |                |        |
| 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  |
| <b>1999</b>                |                    |         |        |        |                  |         |                            |                 |         |                    |                |        |
| 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  |

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

<sup>1</sup> 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    |
| 2.597 | 19.433 | 4.447           | 17.136 | 3.932  | 35.549  | 15.659     | 51.098  | 11.825  | 81.270  | 5.790  | 13.573  | 342.248 | 734.812   | 1.042  | 49.521  |
| 3.551 | 18.638 | 4.239           | 12.211 | 4.632  | 61.449  | 10.012     | 57.634  | 19.550  | 84.021  | 2.114  | 18.536  | 217.640 | 693.535   | 0.918  | 50.476  |
| 8.845 | 42.083 | 2.782           | 15.721 | 8.003  | 450.517 | 72.178     | 176.337 | 42.847  | 272.426 | 25.580 | 88.515  | 224.899 | 893.762   | 1.085  | 146.549 |
| 2.609 | 13.058 | 4.462           | 20.445 | 4.427  | 57.290  | 19.601     | 57.162  | 9.689   | 64.512  | 6.247  | 19.466  | 208.962 | 755.384   | 0.811  | 55.636  |
| 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    |        |         |
|       |        |                 |        |        |         |            |         |         |         |        |         | 33.792  | 79.151    |        |         |
| 0.504 | 2.449  | N/A             | N/A    | 0.734  | 6.962   | 2.140      | 5.990   | 0.964   | 6.110   | 1.370  | 2.150   |         |           | 11.800 | 21.980  |

**TOWN OF HEMPSTEAD**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**  
**December 31, 2008 and 1999**

2008

| Rank  | Taxpayer                                | Nature of Business    | Assessed Valuation   | Percent of Total Assessed Valuation <sup>(1)</sup> |
|-------|---|-----------------------|----------------------|--|
| 1     | LIPA                                    | Utility               | \$ 9,515,286         | 2.70%  |
| 2     | Keyspan Energy Corp.                    | Utility               | 4,107,827            | 1.17%  |
| 3     | Verizon                                 | Utility               | 2,594,273            | 0.74%  |
| 4     | Retail Property Trust (Roosevelt Field) | Shopping Center       | 2,484,115            | 0.71%  |
| 5     | EQK Green Acres LP                      | Shopping Mall         | 2,315,620            | 0.66%  |
| 6     | Reckson Associates                      | Office Buildings      | 2,040,713            | 0.58%  |
| 7     | Galaxy LI Associates (Coliseum Plaza)   | Office Buildings      | 1,593,812            | 0.45%  |
| 8     | We're Associates                        | Real Estate Developer | 1,272,301            | 0.36%  |
| 9     | Long Island Water Co.                   | Utility               | 1,182,003            | 0.34%  |
| 10    | Sunrise Mall LLC                        | Shopping Center       | 1,086,672            | 0.31%  |
| Total |   |                       | <u>\$ 28,192,622</u> | <u>8.02%</u>                                       |

1999

| Rank  | Taxpayer                        | Nature of Business | Assessed Valuation    | Percent of Total Assessed Valuation <sup>(1)</sup> |
|-------|---------------------------------|--------------------|-----------------------|--|
| 1     | LILCO/LIPA                      | Utility            | \$ 107,726,592        | 5.74%  |
| 2     | Bell Atlantic                   | Utility            | 35,167,174            | 1.87%  |
| 3     | Keyspan Energy Corp.            | Utility            | 30,214,103            | 1.61%  |
| 4     | Corporate Property Investors    | Shopping Center    | 21,755,180            | 1.16%  |
| 5     | Long Island Water Co.           | Utility            | 19,670,814            | 1.05%  |
| 6     | MCS Realty Partners             | Commercial R.E.    | 11,934,210            | 0.64%  |
| 7     | Greater N.Y. Racing Association | Belmont Race Track | 11,156,060            | 0.59%  |
| 8     | Coliseum Plaza Associates       | Office Buildings   | 8,165,570             | 0.43%  |
| 9     | New York Water                  | Utility            | 6,724,185             | 0.36%  |
| 10    | Reckson Associates              | Office Buildings   | 6,597,030             | 0.35%  |
| Total |                                 |                    | <u>\$ 259,110,918</u> | <u>13.80%</u>                                      |

Source: Town of Hempstead 2008 and 1999 Official Statements

<sup>1</sup> See Assessed Valuation, State Equalization Rate and Estimated Full Value of Real Property page 112 for total net assessed value.

**TOWN OF HEMPSTEAD**  
**Property Tax Levies and Collections**  
**Last Ten Years**

| <b>Year Ended<br/>December 31,</b> | <b>Tax Levy<br/>For Town<sup>1</sup></b> | <b>Total<br/>Tax Levy<sup>2</sup></b> | <b>Amount<br/>Collected<sup>3</sup></b> | <b>Percent of<br/>Total Tax Levy<br/>Collected<sup>4</sup></b> | <b>Amount<br/>Uncollected</b> | <b>Percent of<br/>Total Tax Levy<br/>Uncollected</b> |
|------------------------------------|--|---------------------------------------|---|--|-------------------------------|--|
| 2008                               | \$350,848,760                            | \$ 796,215,534                        | \$ 773,623,112                          | 97.16%   | \$ 22,592,422                 | 2.84%  |
| 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%  |

Source: Town of Hempstead Official Statements

- <sup>1</sup> Total tax levy for Town includes all Town controlled funds, Commissioner operated funds, Fire Districts and Library Districts.
- <sup>2</sup> Includes all Town and County taxes.
- <sup>3</sup> During year of levy.
- <sup>4</sup> 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 <sup>1</sup> | Per Capita <sup>1</sup> |
|------------|--------------------------|---------------------------------|---------------------------|--------------------------|--|-------------------------|
|            | General Obligation Bonds | Bond Anticipation Notes Payable | Installment Purchase Debt |                          |  |                         |
| 2008       | \$ 305,809,158           |                                 |                           | \$ 305,809,158           | 0.36%                                      | \$ 400                  |
| 2007       | 304,017,994              |                                 |                           | 304,017,994              | 0.36%                                      | 397                     |
| 2006       | 308,198,217              |                                 |                           | 308,198,217              | 0.38%                                      | 403                     |
| 2005       | 308,587,632              |                                 | \$ 21,862                 | 308,609,494              | 0.41%                                      | 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                     |

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

<sup>1</sup> See the schedule of Demographic and Economic Statistics on page 124 for personal income and population.

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

| <b>Year Ended</b> | <b>General Obligation Bonds</b> | <b>Percentage of Total Taxable Assessed Valuation<sup>1</sup></b> | <b>Percentage of Estimated Full Value<sup>1</sup> of Property</b> | <b>Per Capita<sup>2</sup></b> |
|-------------------|---------------------------------|---|---|-------------------------------|
| 2008              | \$ 305,809,158                  | 86.85%  | 0.28%   | \$ 400                        |
| 2007              | 304,017,994                     | 92.45%  | 0.28%   | 397                           |
| 2006              | 308,198,217                     | 64.48% <sup>3</sup>   | 0.32%   | 403                           |
| 2005              | 308,587,632                     | 43.24%  | 0.35%   | 405                           |
| 2004              | 339,736,576                     | 46.70% <sup>4</sup>   | 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                           |

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

<sup>1</sup> See the Schedule of Assessed Value, Equalization Rate and Estimated Full Value of Real Property on page 112 for property value data.

<sup>2</sup> Population data can be found in the Schedule of Demographic and Economic Statistics on page 124.

<sup>3</sup> 2006 rate increases are due to decreases in assessed valuations by Nassau County.

<sup>4</sup> 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, 2008**

| <u>Governmental Unit</u>                 | <u>Net Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Overlapping Debt</u> |
|--|-----------------------------|--|--|
| <b>Direct:</b>                           |                             |  |  |
| Town of Hempstead                        | \$ 305,809,158              | 100.00%                                | <u>\$ 305,809,158</u>                      |
| <b>Overlapping:</b>                      |                             |  |  |
| Nassau County                            | \$ 3,135,311,000 (a)        | 44.88%                                 | \$ 1,407,127,577                           |
| Incorporated Villages                    | 192,864,645 (b)             | 100.00%                                | 192,864,645                                |
| School Districts                         | 324,456,593 (c)             | 100.00%                                | 324,456,593                                |
| Fire Districts                           | 19,830,978 (d)              | 100.00%                                | <u>19,830,978</u>                          |
| <b>Total overlapping debt</b>            |                             |  | <u>1,944,279,793</u>                       |
| <b>Total direct and overlapping debt</b> |                             |  | <u><u>\$ 2,250,088,951</u></u>             |

Source : August 19, 2008 and January 15, 2009 Official Statements.  
 NYS Office of the State Comptroller, "Financial Data for Local Governments", fiscal years ended in 2007.

- (a) Includes debt issued by the Nassau Interim Finance Authority. Excludes \$23,820,000 cash on hand.
- (b) Excludes exempt water and/or sewer debt.
- (c) Excludes estimated State school building aid.
- (d) No exclusions

**TOWN OF HEMPSTEAD**  
**Legal Debt Margin Information**  
**Last Ten Years**

| Year Ended<br>December 31,                                | Taxable<br>Assessed<br>Valuation | State<br>Equalization<br>Rate | Full<br>Valuation  |
|---|----------------------------------|-------------------------------|--------------------|
| 2008  | \$ 352,123,502                   | 0.32%                         | \$ 110,038,594,375 |
| 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     |
| Total Five Year Full Valuation                            |                                  |                               | \$ 482,217,245,497 |
| Five Year Average Full Valuation of Taxable Real Property |                                  |                               | \$ 96,443,449,099  |
| Constitutional Debt Limit (7% of Average Full Valuation)  |                                  |                               | \$ 6,751,041,437   |
| Outstanding Indebtedness at December 31st                 |                                  |                               | \$ 305,809,158     |
| Less: 2009 Appropriations for Debt Principal              |                                  |                               | 38,960,695         |
| Less: Exclusions  |                                  |                               | 18,737,166         |
| Net Indebtedness Subject to Debt Limit                    |                                  |                               | \$ 248,111,297     |
| Net Debt Contracting Margin                               |                                  |                               | \$ 6,502,930,140   |
| Percentage of Net Debt Contracting Margin Available       |                                  |                               | 96.32%             |
| Percentage of Net Debt Contracting Power Exhausted        |                                  |                               | 3.68%              |

| Last Ten Years |                              |  |                                   |   |   |
|----------------|------------------------------|--|-----------------------------------|---|---|
| Year           | Constitutional<br>Debt Limit | Total<br>Net Debt<br>Subject to<br>Limit | Net Debt<br>Contracting<br>Margin | Percentage of<br>Debt Contracting<br>Power<br>Exhausted | Percentage<br>of Net Debt<br>Contracting<br>Margin<br>Available |
| 2008           | \$ 6,751,041,437             | \$ 248,111,297                           | \$ 6,502,930,140                  | 3.68%   | 96.32%  |
| 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%  |

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**

| <b>Year Ended<br/>December 31,</b> | <b>Population<sup>1</sup></b> | <b>Personal<br/>Income<sup>2</sup></b><br>(billions<br>of dollars) | <b>Per Capita<br/>Income<sup>3</sup></b> | <b>Median<br/>Age<sup>3</sup></b> | <b>Unemployment<br/>Rate<sup>4</sup></b> | <b>Number of<br/>Households<br/>Estimate<sup>1</sup></b> | <b>Average<br/>Household<br/>Size Estimates<sup>1</sup></b> | <b>Population<br/>Density<br/>Per Square<br/>Mile<sup>5</sup></b> |
|------------------------------------|-------------------------------|--|--|-----------------------------------|--|--|---|---|
| 2008                               | 765,111                       | \$ 85,217  | \$ 35,104                                | 38.8                              | 4.9%                                     | 248,272  | 3.03  | 6,378   |
| 2007                               | 765,111                       | 85,217   | 35,104                                   | 38.8                              | 3.7%                                     | 248,272  | 3.03  | 6,378   |
| 2006                               | 763,822                       | 80,609   | 33,831                                   | 38.5                              | 3.9%                                     | 247,756  | 3.02  | 6,339   |
| 2005                               | 761,944                       | 76,013   | 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   |

Sources:

- <sup>1</sup> Latest Long Island Power Authority (LIPA); Population Survey 2007
- <sup>2</sup> Bureau of Economic Analysis (Nassau County)  
Personal Income and per capita figures are for Nassau County - 2008 is not available
- <sup>3</sup> U.S. Census Bureau, 2006 American Community Survey
- <sup>4</sup> State of New York, Department of Labor - Division of Statistics - [www.workforcenewyork.org/li](http://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.
- <sup>4</sup> Long Island Business News - Doing Business on Long Island
- <sup>5</sup> Calculated: Population divided by land area (119.96 sq. mi.)

**TOWN OF HEMPSTEAD**  
**Principal Employers**  
**Current Year and Nine Years Ago**

2008<sup>(1)</sup>

| Rank | Name   | Type of Business | Number of Employees | Percentage of Total Town Employment |
|------|--|------------------|---------------------|-------------------------------------|
| 1    | North Shore - Long Island Jewish Health System   | Hospital         | 32,000 *            | 8.55%                               |
| 2    | Cablevision Systems                              | Entertainment    | 20,000              | 5.34%                               |
| 3    | Waldbaums' (A&P Stores)                          | Food Retailing   | 10,000              | 2.67%                               |
| 4    | Winthrop - South Nassau University Health System | Hospital         | 5,700               | 1.52%                               |
| 5    | Verizon  | Communications   | 5,600 *             | 1.50%                               |
| 6    | Home Depot                                       | Home Improvement | 5,500               | 1.47%                               |
| 7    | Pathmark Stores                                  | Food Retailing   | 5,000               | 1.34%                               |
| 8    | King Kullen Grocery                              | Food Retailing   | 4,800               | 1.28%                               |
| 9    | Hofstra University                               | Institutional    | 2,538               | 0.68%                               |
| 10   | Belmont Raceway                                  | Race Track       | 2,138               | 0.57%                               |

1999<sup>(1)</sup>

| Rank | Name                           | Type of Business      | Number of Employees |
|------|--------------------------------|-----------------------|---------------------|
| 1    | Nassau County <sup>(a)</sup>   | Government            | 16,000              |
| 2    | Diocese of Rockville Center    | Religious Institution | 12,500              |
| 3    | NYNEX <sup>(b)</sup>           | Communications        | 6,865               |
| 4    | LIPA <sup>(b)</sup>            | 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 <sup>(b)</sup>       | Department Store      | 2,500               |
| 8    | Foodtown                       | Supermarket           | 2,500               |
| 9    | Fleet Bank N.A. <sup>(b)</sup> | Finance               | 2,414               |
| 10   | A&P <sup>(b)</sup>             | Supermarket           | 2,344               |

Sources: Town of Hempstead Official Statements  
 Compiled by the County from: Long Island Business News "2006 Book of Lists".  
 There is no later information available.

\* 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 before 2008.

(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**

| <b>Function</b>                        | <b>Full Time Equivalent</b> |              |              |              |              |
|--|-----------------------------|--------------|--------------|--------------|--------------|
|  | <b>2008</b>                 | <b>2007</b>  | <b>2006</b>  | <b>2005</b>  | <b>2004</b>  |
| General government                     | 425                         | 419          | 420          | 424          | 424          |
| Public safety                          | 205                         | 200          | 195          | 195          | 202          |
| Transportation                         | 216                         | 220          | 221          | 226          | 231          |
| Economic assistance and<br>opportunity | 25                          | 26           | 27           | 29           | 29           |
| Culture & recreation                   | 441                         | 449          | 458          | 448          | 466          |
| Home and community<br>service          | 624                         | 625          | 644          | 662          | 683          |
| <b>Total</b>                           | <b>1,936</b>                | <b>1,939</b> | <b>1,965</b> | <b>1,984</b> | <b>2,035</b> |

Source: Town of Hempstead Human Resource Department records

These are full time budgeted positions

**Employees as of December 31**

| <u>2003</u>  | <u>2002</u>  | <u>2001</u>  | <u>2000</u>  | <u>1999</u>  |
|--------------|--------------|--------------|--------------|--------------|
| 432          | 422          | 416          | 396          | 393          |
| 204          | 203          | 202          | 192          | 185          |
| 237          | 249          | 250          | 235          | 234          |
| 32           | 32           | 30           | 32           | 31           |
| 481          | 505          | 492          | 482          | 489          |
| <u>685</u>   | <u>707</u>   | <u>686</u>   | <u>677</u>   | <u>674</u>   |
| <u>2,071</u> | <u>2,118</u> | <u>2,076</u> | <u>2,014</u> | <u>2,006</u> |

**TOWN OF HEMPSTEAD**  
**Operating Indicators by Function**  
**Last Ten Years**

| Year Ended December 31,  | 2008           | 2007           | 2006           | 2005           |
|--|----------------|----------------|----------------|----------------|
| <b>Function</b>  |                |                |                |                |
| <b>Town Clerk</b>  |                |                |                |                |
| Vital statistic documents  | 36,110         | 37,098         | 37,245         | 36,150         |
| Dog licenses   | 6,652          | 6,927          | 7,230          | 7,253          |
| Marriage licenses  | 4,905          | 5,088          | 5,188          | 5,459          |
| <b>Building</b>  |                |                |                |                |
| Residential building permits issued                                | 4,189          | 4,186          | 4,120          | 4,692          |
| Estimated value of residential building construction               | \$ 221,639,432 | \$ 172,519,163 | \$ 201,102,700 | \$ 220,786,460 |
| Industrial and commercial building permits issued                  | 6,541          | 6,415          | 7,748          | 7,262          |
| Estimated value of industrial and commercial building construction | \$ 67,085,202  | \$ 81,800,006  | \$ 112,098,935 | \$ 113,393,437 |
| <b>Public Safety</b>   |                |                |                |                |
| Dogs adopted or reclaimed by owners                                | 1,315          | 699            | 1,553          | 1,583          |
| Citations issued   | 323            | 283            | 269            | 244            |
| <b>Fire</b>  |                |                |                |                |
| Number of fire protection districts                                | 17             | 17             | 17             | 17             |
| <b>Parking</b>   |                |                |                |                |
| Number of parking permits issued                                   | 14,053         | 13,382         | 13,364         | 13,168         |
| Parking permit revenue   | \$ 40,391      | \$ 38,519      | \$ 38,209      | \$ 37,663      |
| <b>Highways and streets</b>  |                |                |                |                |
| Street resurfacing (lane miles)                                    | 10             | 12             | 16             |                |
| Number of trees planted  | 847            | 729            | 1,711          | 1,644          |
| Number of trees removed  | 850            | 1,193          | 1,972          | 504            |
| Road opening permits issued  | 2,971          | 2,744          | 1,741          | 1,547          |
| Abandoned vehicles removed   | 50             | 43             | 103            | 136            |
| Signs installed  | 18,795         | 18,000         | 17,816         | 20,960         |
| <b>Sanitation (tons per annum)</b>                                 |                |                |                |                |
| Residential and commercial waste collected                         | 573,469        | 549,217        | 630,893        | 635,382        |
| Recyclables collected  | 89,998         | 86,435         | 87,726         | 87,735         |
| Yardwaste  | 71,810         | 68,735         | 79,976         | 73,741         |
| Bulky waste and other items  | 1,510          | 2,126          | 1,624          | 3,058          |
| <b>Culture and recreation</b>                                      |                |                |                |                |
| Pool passes issued   | 4,339          | 4,631          | 4,330          | 4,309          |
| Registration for adult programs                                    | 17,809         | 12,007         | 11,996         | 11,915         |

Source: Various government departments

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

| <b>2004</b>    | <b>2003</b>    | <b>2002</b>    | <b>2001</b>    | <b>2000</b>   | <b>1999</b>   |
|----------------|----------------|----------------|----------------|---------------|---------------|
| 36,412         | 35,844         | 35,260         | 33,235         | 32,825        | 31,528        |
| 7,707          | 8,017          | 8,406          | 8,427          | 8,840         | 9,055         |
| 5,605          | 5,491          | 6,040          | 7,537          | 5,299         | 5,595         |
| 4,519          | 7,781          | 3,802          | 4,704          | 3,547         | 4,351         |
| \$ 177,749,409 | \$ 172,463,021 | \$ 133,027,250 | \$ 165,772,771 | \$ 87,218,150 | \$ 91,051,556 |
| 977            | 1,330          | 1,137          | 1,048          | 826           | 563           |
| \$ 83,861,795  | \$ 60,315,744  | \$ 78,589,300  | \$ 81,641,725  | \$ 82,949,000 | \$ 56,549,436 |
| 1,486          | 1,442          | 1,381          | 1,347          | 1,248         | 1,279         |
| 280            | 382            | 309            | 272            | N/A           | N/A           |
| 17             | 17             | 17             | 17             | 17            | 17            |
| 12,926         | 12,848         | 12,090         | 12,991         | 12,319        | 12,090        |
| \$ 36,984      | \$ 36,794      | \$ 35,346      | \$ 37,054      | \$ 36,036     | \$ 34,686     |
| 14             | 12             | 15             | 25             | 20            | 21            |
| 1,770          | 5,738          | 3,920          | 2,456          | 1,605         | 1,882         |
| 1,507          | 1,506          | 1,091          | 1,090          | 1,072         | 1,376         |
| 1,509          | 1,285          | 1,173          | 1,224          | 1,096         | 608           |
| 77             | 89             | 105            | 94             | 74            | N/A           |
| 20,960         | 20,960         | 26,200         | 28,820         | 32,750        | 32,750        |
| 666,761        | 655,297        | 605,249        | 612,163        | 581,824       | 547,132       |
| 90,733         | 99,326         | 83,227         | 87,961         | 82,702        | 133,774       |
| 75,750         | 87,557         | 95,256         | 85,852         | 77,824        | 73,054        |
| 20,508         | 40,536         | 79,093         | 58,510         | 26,062        | 54,810        |
| 4,572          | 4,890          | 5,311          | 5,110          | 5,067         | 5,314         |
| 11,514         | 13,016         | 12,316         | 10,608         | 11,704        | 13,286        |

**TOWN OF HEMPSTEAD**  
**Capital Asset Statistics by Function**  
**Last Ten Years**

| <b>Year Ended December 31,</b>  | <b>2008</b> | <b>2007</b> | <b>2006</b> | <b>2005</b> | <b>2004</b> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Function</b>                 |             |             |             |             |             |
| 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        | 194,894     | 199,959     | 250,792     | 287,768     | 297,983     |
| 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

| <b>2003</b> | <b>2002</b> | <b>2001</b> | <b>2000</b> | <b>1999</b> |
|-------------|-------------|-------------|-------------|-------------|
| 2           | 2           | 2           | 2           | 2           |
| 2           | 2           | 2           | 2           | 2           |
| 277,385     | 249,224     | 249,629     | 249,423     | 268,742     |
| 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          |