

Town of Hempstead

New York



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2010**

**TOWN OF HEMPSTEAD
NEW YORK**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2010**

Prepared by the Office of the Town Comptroller
Kevin R. Conroy, CPA

TOWN OF HEMPSTEAD
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2010
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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 28, 2011


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, 2010. 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 seven 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 2010 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

KEVIN R. CONROY, CPA
TOWN COMPTROLLER

TOWN OF HEMPSTEAD
OFFICE OF THE COMPTROLLER

350 FRONT STREET
HEMPSTEAD, N.Y. 11550-4037
(516) 812-3359 Fax: (516) 292-7335



KATE MURRAY
SUPERVISOR

June 28, 2011

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, 2010.

The Town is required to file a copy of all audit reports with the Office of the New York State Comptroller. As a member of the Nassau County Urban Consortium receiving federal funding the Town is also required to submit an audited financial statement to Nassau County. The submission of an audited financial statement is also a requirement to fulfill obligations connected with the issuance of bonded debt.

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

Albrecht, Viggiano, Zureck, & Company, P.C., Certified Public Accountants, have issued an unqualified ("clean") opinion on the Town of Hempstead's financial statements for the year ended December 31, 2010. The independent auditors' report is located at the front of the financial section of this report.

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

Profile of the Government

The Town Of Hempstead (Town) 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 759,757 according to the U.S. Census Bureau American Fact Finder. 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 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 New York State 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 the Town Law, enabling it to function with a degree of autonomy not accorded to "first-class" towns.

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

The Town Clerk serves as custodian of the Town's legal documents and records, 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. The Town Law prescribes a four-year elected term. There is no limitation as to the number of terms that may be served. The Town Board appoints the Town Comptroller, the Town Attorney, the Town Highway Commissioner, and the heads of 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, refuse collection and disposal, public parking and potable water service. Certain special districts of the Town are separate legal entities and have separately elected boards of commissioners. These special districts are presented as component units of the Town. Additional information on all of these legally separate entities can be found in the notes to the financial statements (See Note A.1).

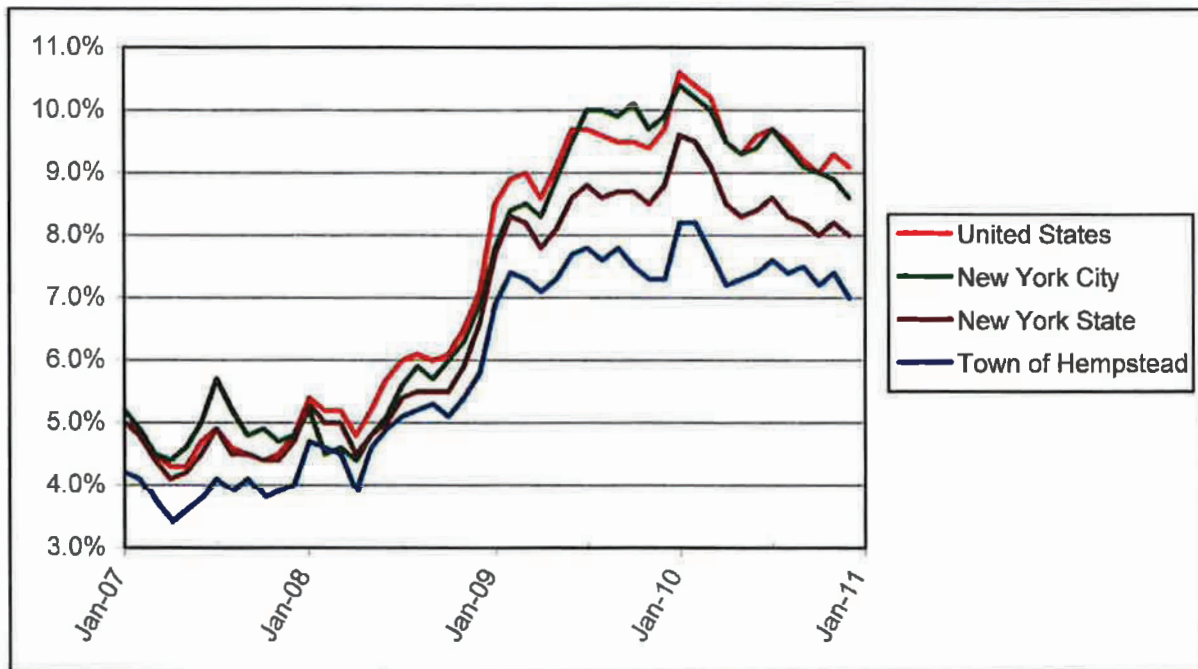
As the Town's chief financial officer, the Supervisor is responsible for the Town's accounting and financial reporting activities. The Town Board, as a whole, serves as the finance board of the Town and is responsible for authorizing, by resolution, all material financial transactions such as operating 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 on or before October 5th. Following review and modification, a preliminary budget hearing is held. At this hearing, members of the public may express opinions that the Town Board may take under advisement. Approval of the budget is not subject to a vote of the electorate and the Town Board may make changes following the hearing process. The Town Board is required to adopt the final annual budget by November 20th. A copy of the Town's annual budget shall be submitted to the County Legislature not later than December 5th. 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

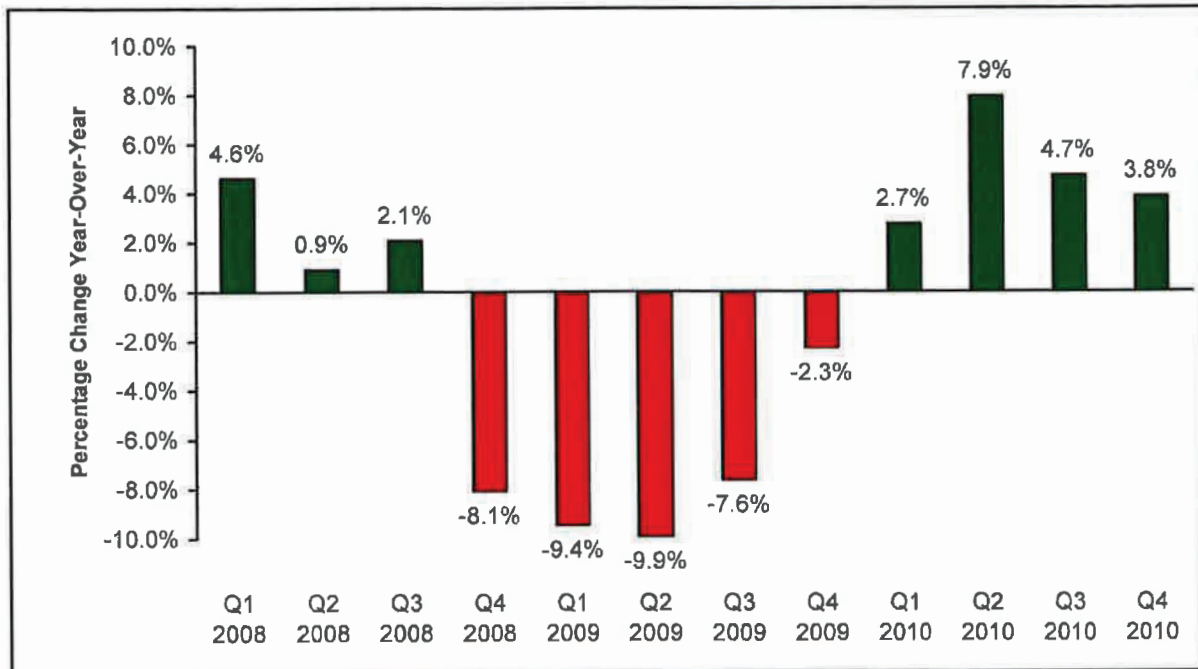
The Town of Hempstead weathered the recession in relatively good shape, having experienced a less severe increase in unemployment than New York State, New York City and the nation. Between April 2007 and February 2010, U.S. unemployment increased from 4.3% to 10.4%, an increase of 6.1%. While the Town's unemployment rate also increased during that period, the increase was a less severe 4.8%, going from 3.4% to 8.2%. The economic recovery started to take hold in March 2010, with unemployment declining to 7.0% by year-end. The Town's unemployment rate was a full 1% lower than the state's and more than 2% lower than the nation's. The chart below illustrates both these points.

Change In Unemployment Rate: 2007 – 2010



In 2010, the Town of Hempstead’s share of local sales tax collections grew by \$1.5 million, or 4.8%, as compared to 2009. All four quarters in 2010 included sales tax collection growth as compared to its comparable quarter of the prior year (2009).

Quarterly Change in Sales Tax Revenue: 2008 – 2010



Long Term Financial Planning

The Town's financial plans continue to garner high praise from financial experts. Both Moody's Investors Service and Standard & Poor's Financial Services have awarded the Town the highest bond ratings available. In fact, Hempstead Town is one of only two municipalities out of Long Island’s two counties, 13 towns and two cities to have earned Moody’s highest rating (Aaa). Moody’s Investors Service has based its top rating of Hempstead’s finances on “the town’s prudent fiscal management characterized by conservative budgeting practices, development of multi-year financial forecasts...” Hempstead’s credit ratings place it in the top 10% of all municipalities in New York State. What’s more, Hempstead’s superlative bond rating has resulted in the town being able to refinance debt at extremely low interest rates. Debt service costs will be reduced by \$2.4 million in 2011 exclusively as a result of the Town’s superior bond rating and fiscally sound budgeting practices.

The Town's infrastructure has been maintained through a well-conceived capital program. Conservative revenue forecasting and aggressive cost control measures have been the principles by which this municipality has achieved its strong success. The Town regularly prepares multi-year projections of revenues and expenditures. These projections of revenues and expenditures are monitored throughout the year and timely adjusted for economic trends that would otherwise result in budget variances. A key component of these projections is the Town's implementation of its five-year capital plan that includes specific identification of capital needs. The condition of the Town's infrastructure and equipment is regularly monitored for reconstruction, upgrade or replacement. Timely implementation and maintenance of our capital plan results in cost effective application of Town resources.

Relevant Financial Policies

The Town's financial policies are designed to maintain adequate reserves through revenue enhancements and expenditure management without reliance on one-time revenue sources. Reserves have been set aside for unfunded future costs such as postemployment benefit funding. These policies are intended to assist the government in maintaining sufficient reserves to protect against unforeseen events.

The Town Board has adopted a formal fund balance policy that requires maintaining a minimum fund balance for emergency purposes equal to one-twelfth of annual operating expenses. Additionally, the policy requires maintenance of unreserved/undesignated fund balance equal to one-fourth of annual operating expenses. In the event of a shortfall, reserves must be restored to policy levels within three to five years. Amounts in excess of policy requirements may be appropriated to fund non-recurring capital needs, long-term employment liabilities or operating expenditures in future years.

Major Initiatives

During an economic downturn, it is particularly important that governments continue to undertake improvement projects and other initiatives to keep communities and their infrastructure vibrant, create job opportunities, and stimulate the local economy. Simultaneously, government leaders must be creative in mitigating the costs associated with municipal projects. Hempstead Town has been uniquely successful in addressing both of these imperatives by securing federal and state grants to fund many governmental priorities.

Hempstead's efforts to keep our environment clean have gotten a major boost as a result of a \$4.6 million federal Department of Energy grant. The funds will be utilized to construct a 100 kilowatt wind generator at the Town's Conservation and Waterways facility, erect solar carports to charge electric vehicles, design and build two state-of-the-art photovoltaic energy systems, convert street lights to energy efficient LED illumination, and implement a light bulb exchange program whereby residents will receive free efficient bulbs in exchange for incandescent lamps.

Hempstead Town is also in the midst of working with developers who are proceeding with major projects. These projects will offer economic stimulation, construction and permanent jobs, while also supporting the local tax base. These projects include:

- A development by AvalonBay Communities, Inc. providing a mix of over 200 rental and owner-occupied homes in East Garden City. This project will include a \$95 million investment in the community, create 360 construction jobs, and 20 permanent positions.
- A project by Mill Creek Residential Trust to replace a blighted hotel with 150 apartments in a newly created transit-oriented housing zone adjacent to the West Hempstead Long Island Railroad Station. The approved plans include over 285,000 square feet of living space and other amenities to serve the needs of workers who will be taking the train to New York City and Brooklyn on a daily basis.
- A 330,000 square foot retail, banking, and restaurant development by Equity One, Inc. on the former Avis property in Westbury. The development features a LEED-certified design and boasts an impressive \$100 million investment into the local economy through direct construction and related expenditures.

The Town has also adopted a new zoning plan for the 77-acres of property surrounding the Nassau Veterans Memorial Coliseum. The new Mitchel Field Mixed-use District will facilitate a vibrant mixed-use development that will be in keeping with the suburban character of the surrounding communities, stimulate the region's economy, and complement a renovated Coliseum, which would help keep the Islanders hockey team on Long Island.

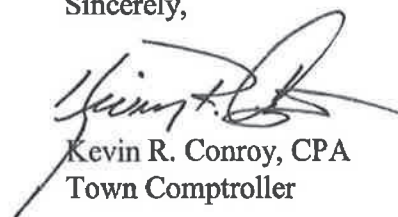
Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its CAFR for the fiscal year ended December 31, 2009. This was the seventh 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. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we will be submitting it to the GFOA in pursuit of this prestigious award again this year.

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. I would like to express my sincere appreciation to all members of the Town departments who assisted and contributed to this report. Credit must also be given to the Supervisor, 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,



Kevin R. Conroy, CPA
Town Comptroller

TOWN OF HEMPSTEAD

PRINCIPAL OFFICIALS

December 31, 2010

Executive

Kate Murray

Supervisor

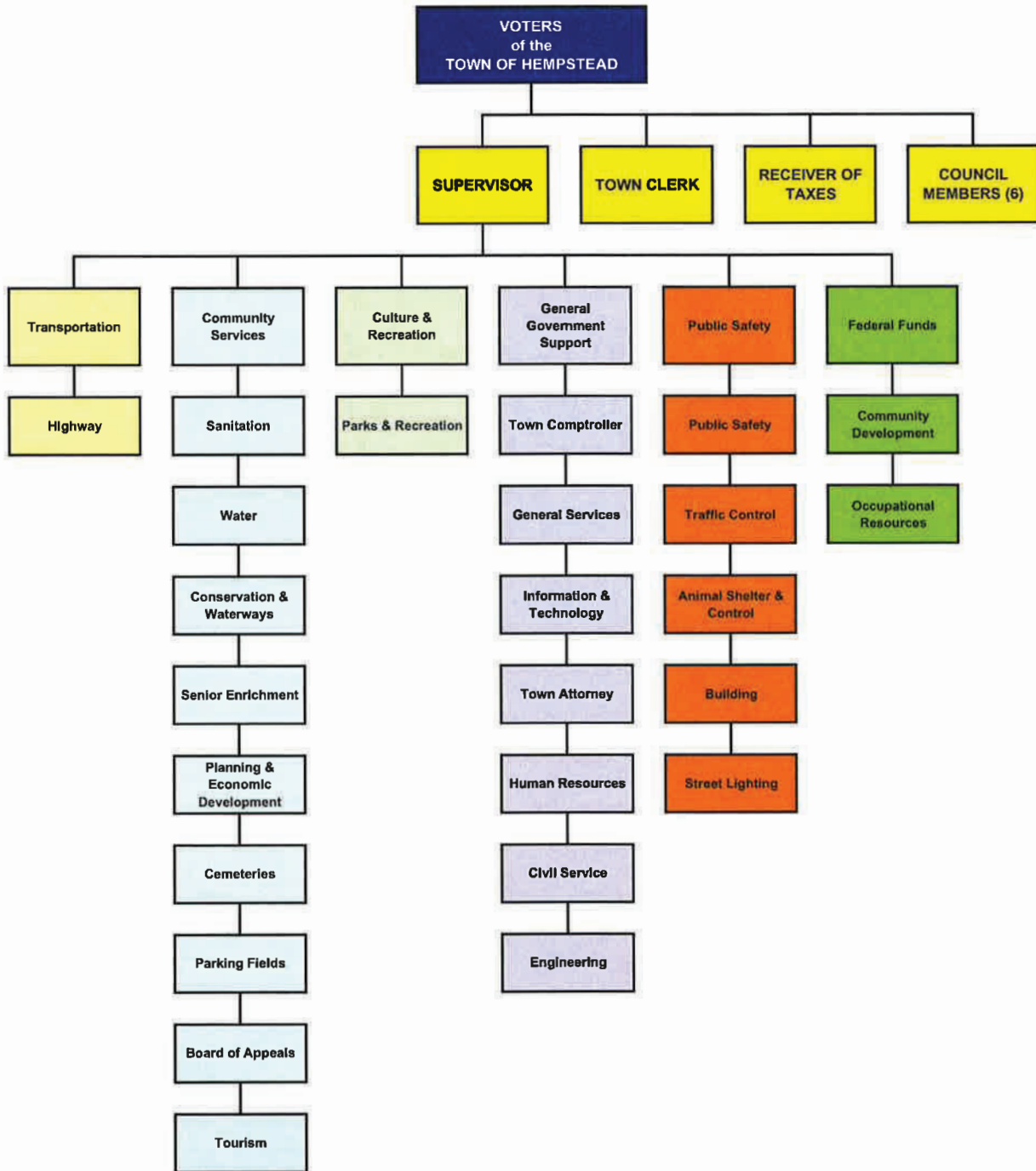
Town Board

Dorothy L. Goosby
Edward A. Ambrosino
James Darcy
Anthony J. Santino
Angie M. Cullin
Gary Hudes
Mark Bonilla
Donald X. Clavin
Kevin R. Conroy
Joseph Ra

1st Councilmatic District
2nd Councilmatic District
3rd Councilmatic District
4th Councilmatic District
5th Councilmatic District
6th Councilmatic District
Town Clerk
Receiver of Taxes
Town Comptroller
Town Attorney

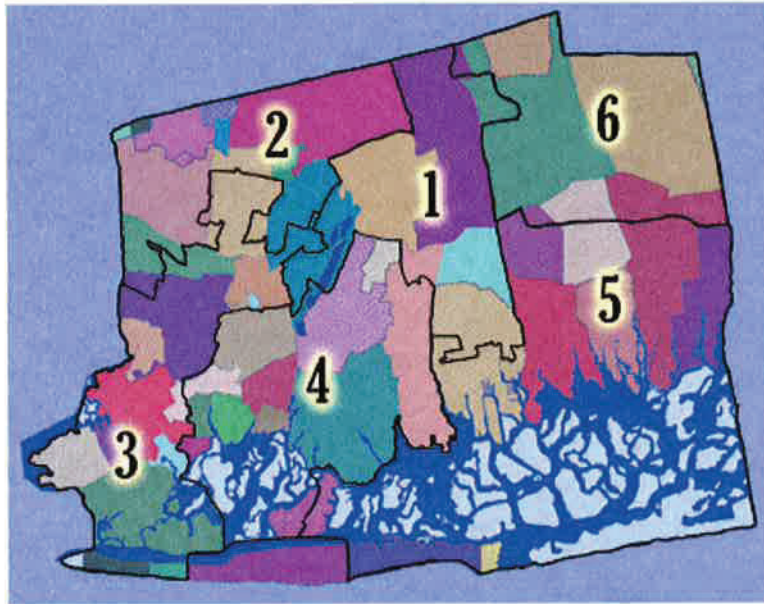


TOWN OF HEMPSTEAD
ORGANIZATIONAL CHART



Town of Hempstead

Councilmatic Districts



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

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

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

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

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

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Town of Hempstead
New York**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

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



President

Executive Director

**FINANCIAL
SECTION**



CERTIFIED PUBLIC ACCOUNTANTS

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, 2010, 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 six of the seven component units, which represent 76.6%, 82.8% and 85.4% respectively, of the assets, net assets and revenues of the aggregate discretely presented component units. 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 six 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 the 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, 2010, 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 No. 51, "Accounting and Financial Reporting fro Intangible Assets" as of and for the year ended December 31, 2010.

PERSONAL SERVICE. TRUSTED ADVICE. 

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

245 PARK AVENUE, 24TH FLOOR
NEW YORK, NY 10167
T: 212.792.4075

25 SUFFOLK COURT
HAUPPAUGE, NY 11788-3715
T: 631.434.9500 F: 631.434.9518

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INDEPENDENT MEMBER OF BKR INTERNATIONAL

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2011, 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 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, schedule of funding progress for the retiree medical program 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 or provide any assurance on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hempstead, New York's basic financial statements as a whole. 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, the information is 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 do not express an opinion or provide assurance on them.



Hauppauge, New York
June 28, 2011

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REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2010

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, 2010. 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 2010 by \$45.0 million (net assets).
- The Town's total net assets decreased by \$17.2 million. The most notable factor contributing to this decrease is the on going recognition of postemployment benefits healthcare costs.
- As of the close of 2010, the Town's governmental funds reported combined ending fund balances of \$153.0 million, of which \$126.9 million is available for spending at the Town's discretion.
- At the end of 2010, unreserved, undesignated fund balance for the General Fund was \$22.7 million, or 17.6 percent of total General Fund expenditures.

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, 2010

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, Capital Projects Fund and Debt Service 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, 2010

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,

	2010	2009
Assets		
Current and other assets	\$ 180,467,121	\$ 184,527,140
Capital assets	464,818,402	443,002,632
Other non-current assets	2,748,566	2,279,372
Total assets	648,034,089	629,809,144
Liabilities		
Current and other liabilities	83,667,181	122,268,766
Long-term liabilities	519,326,518	445,288,704
Total liabilities	602,993,699	567,557,470
Net assets		
Invested in capital assets, net of related debt	155,336,252	131,722,843
Restricted	4,330,158	3,977,095
Unrestricted	(114,626,020)	(73,448,264)
Total net assets	\$ 45,040,390	\$ 62,251,674

Total assets of the Town of Hempstead as of December 31, 2010 were \$648.0 million, an increase of \$18.2 million. Total liabilities as of December 31, 2010 were \$603.0 million, an increase of \$35.4 million. This results in a net asset balance of \$45.0 million for 2010, an approximate decrease of \$17.2 million. Of the Town's net asset balance, \$155.3 million were invested in capital assets, net of related debt; while \$4.3 million were restricted by statute or other specific purposes leaving a \$114.6 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 Postemployment Benefits Other Than Pensions* (OPEB). The unfunded liability for postemployment benefits healthcare costs increased in 2010 by \$37.8 million bringing the unfunded liability at year-end to \$182.6 million. Additional information on Postemployment 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 \$45.0 million at the close of the most recent year.

By far the largest portion of the Town of Hempstead's net assets, \$155.3 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.

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 able to report a positive balance in the categories of invested in capital assets, net of related debt, and Restricted. The same situation held true for the prior year. The deficit balance in Unrestricted arose primarily due to long-term liabilities which include other postemployment benefits, compensated absences, claims and judgments and landfill closure and postclosure care costs that will be funded through future budgetary appropriations when they become payable in future periods.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2010

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)

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

	2010	2009
Program Revenues		
Charges for services	\$ 44,855,339	\$ 74,066,667
Operating grants and contributions	14,657,658	12,564,027
Capital grants and contributions	5,921,492	7,702,270
	65,434,489	94,332,964
General Revenues		
Real property taxes	254,057,882	254,945,984
Other real property tax items	4,180,078	4,274,266
Non-property tax items	41,223,215	38,886,689
Interest earnings and financing income	2,939,473	3,715,781
Mortgage tax	15,083,671	19,448,034
State aid - unrestricted	3,927,434	4,180,122
Other	1,878,539	1,361,528
	323,290,292	326,812,404
Total Revenues	388,724,781	421,145,368
Program Expenses		
General government support	73,948,510	76,269,137
Education	2,770,168	2,709,765
Public safety	36,874,823	34,327,818
Transportation	49,300,341	54,909,432
Economic assistance and opportunity	15,351,689	15,540,237
Culture and recreation	77,973,281	78,127,120
Home and community services	137,371,811	179,607,597
Interest on debt	12,345,442	13,900,239
	405,936,065	455,391,345
Total Expenses	405,936,065	455,391,345
Change in Net Assets	(17,211,284)	(34,245,977)
Net Assets - Beginning	62,251,674	96,497,651
Net Assets - Ending	\$ 45,040,390	\$ 62,251,674

Net assets, from all government activities, decreased by \$17.2 million in the current year.

Key elements of the governmental activities are:

- Charges for services decreased by \$29.2 million primarily due to the termination of the solid waste intermunicipal agreement with Town of Brookhaven in August 2009. Property taxes decreased by \$0.9 million over the prior year, mortgage tax and interest earnings decreased by \$4.4 million and \$0.8 million respectively as a result of economic conditions while non-property tax items increased by \$2.3 million from sales tax revenues and franchise fees of \$1.5 million and \$.08 million respectively.
- Overall expenses decreased by \$49.5 million, primarily from the new waste disposal contract with Covanta Hempstead Company which saved \$27.0 million as compared to 2009, and the termination of the solid waste intermunicipal agreement with the Town of Brookhaven, which accounted for \$23.1 million.

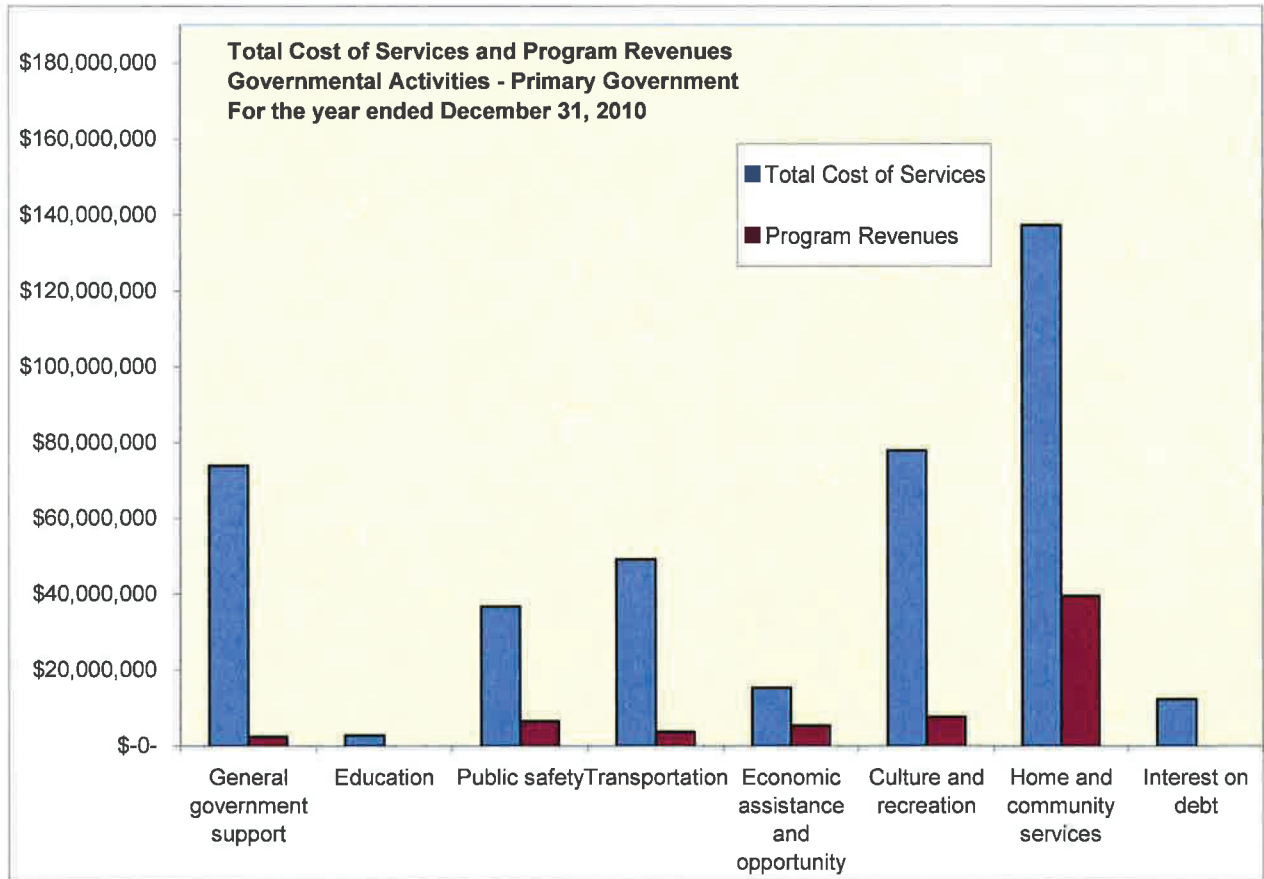
TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2010

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)

Cost of Services and Program Revenues
 Governmental Activities
 For the years ended December 31,

	Total Cost of Services		Program Revenues	
	2010	2009	2010	2009
General government support	\$ 73,948,510	\$ 76,269,137	\$ 2,446,221	\$2,326,674
Education	2,770,168	2,709,765		
Public safety	36,874,823	34,327,818	6,564,526	6,486,772
Transportation	49,300,341	54,909,432	3,703,707	2,309,198
Economic assistance and opportunity	15,351,689	15,540,237	5,397,715	6,393,584
Culture and recreation	77,973,281	78,127,120	7,667,308	6,755,026
Home and community services	137,371,811	179,607,597	39,655,012	70,061,710
Interest on debt	12,345,442	13,900,239		
	<u>\$ 405,936,065</u>	<u>\$ 455,391,345</u>	<u>\$ 65,434,489</u>	<u>\$ 94,332,964</u>

The total cost of all governmental activities this year was \$405.9 million. The cost of these services was subsidized by program revenues of \$65.4 million.



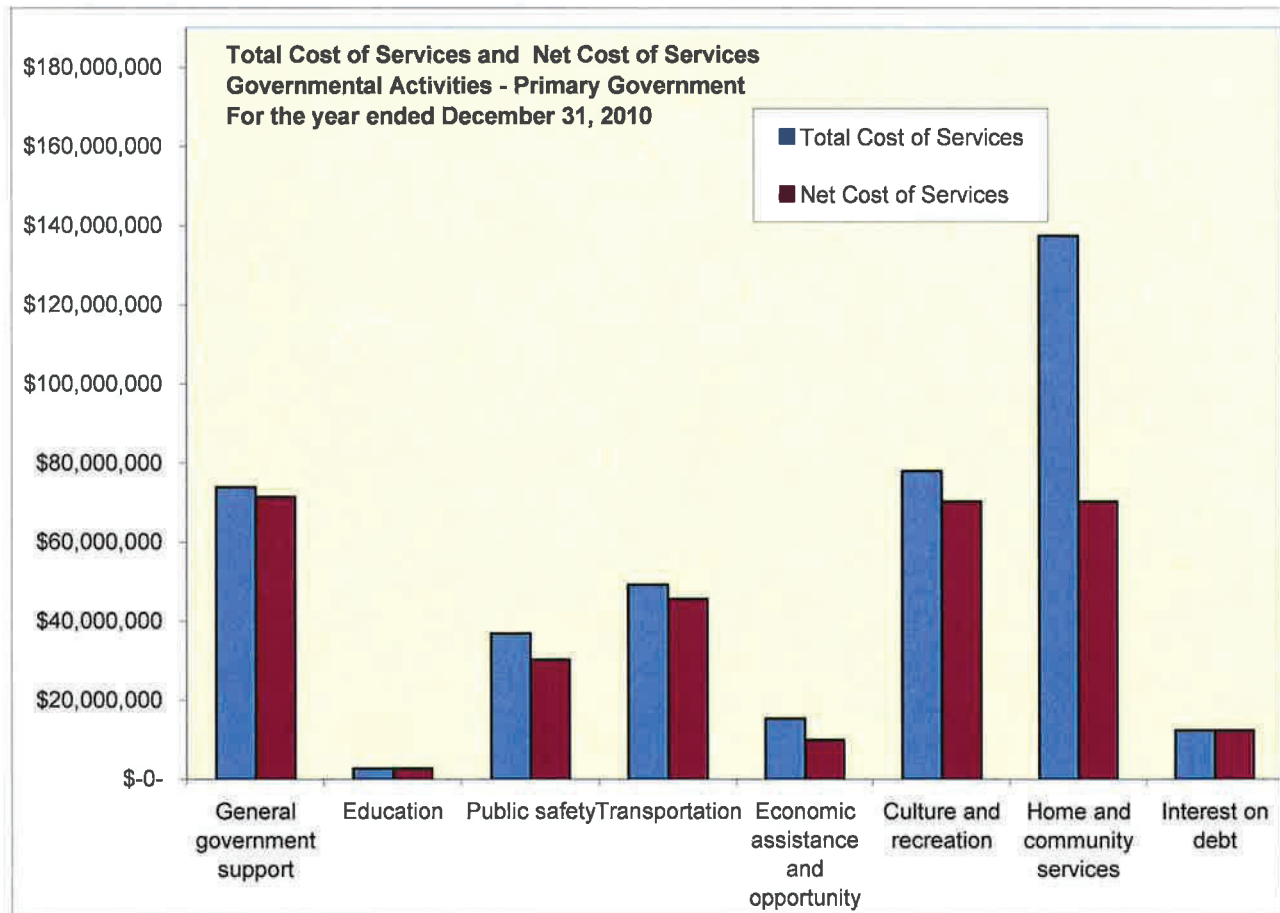
TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2010

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)

Cost of Services and Net Cost of Services
 Governmental Activities
 For the years ended December 31,

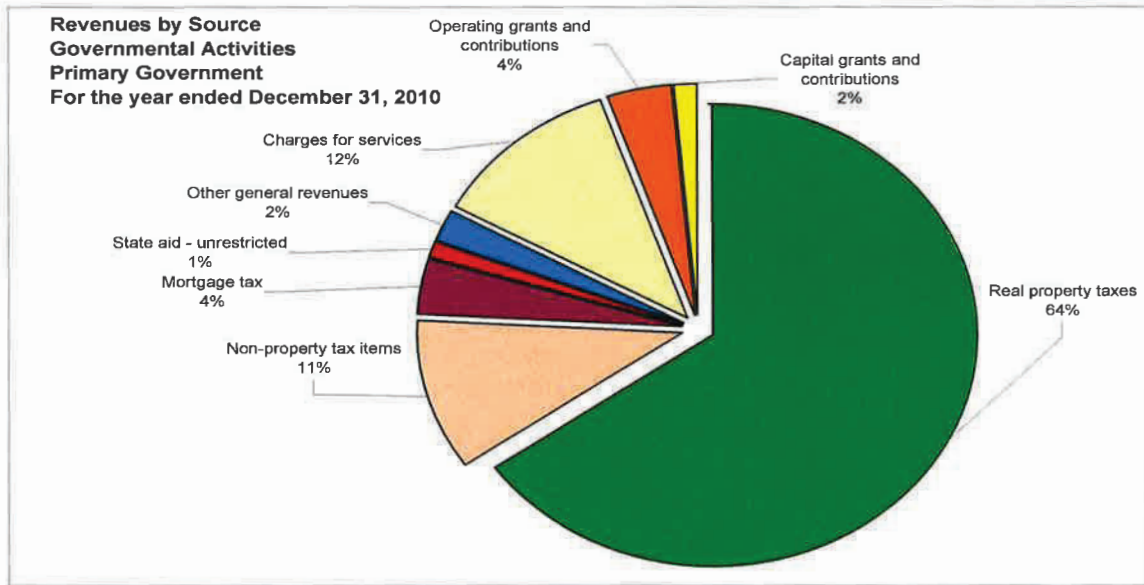
	Total Cost of Services		Net Cost of Services	
	2010	2009	2010	2009
General government support	\$ 73,948,510	\$ 76,269,137	\$ 71,502,289	\$ 73,942,463
Education	2,770,168	2,709,765	2,770,168	2,709,765
Public safety	36,874,823	34,327,818	30,310,297	27,841,046
Transportation	49,300,341	54,909,432	45,596,634	52,600,234
Economic assistance and opportunity	15,351,689	15,540,237	9,953,974	9,146,653
Culture and recreation	77,973,281	78,127,120	70,305,973	71,372,094
Home and community services	137,371,811	179,607,597	97,716,799	109,545,887
Interest on debt	12,345,442	13,900,239	12,345,442	13,900,239
	<u>\$ 405,936,065</u>	<u>\$ 455,391,345</u>	<u>\$ 340,501,576</u>	<u>\$ 361,058,381</u>

The net cost of these services after being subsidized by program revenues of \$65.4 million was \$340.5 million.



TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2010

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)



Revenue by Source
 year ended December 31,

	2010	2009
Real property taxes	\$ 254,057,882	\$ 254,945,984
Non-property tax items	41,223,215	38,886,689
Mortgage tax	15,083,671	19,448,034
State aid - unrestricted	3,927,434	4,180,122
Other general revenues	8,998,090	9,351,575
Charges for services	44,855,339	74,066,667
Operating grants and contributions	14,657,658	12,564,027
Capital grants and contributions	5,921,492	7,702,270
	<u>\$ 388,724,781</u>	<u>\$ 421,145,368</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 \$153.0 million, an increase of \$31.0 million over the prior year. The Town began the year with an anticipated \$28.8 million decrease resulting from the appropriation of fund balance for the 2010 budget. Other changes in total governmental fund balances were primarily due to the issuance of \$72.4 million of serial bonds in the capital fund in April 2010. Mortgage tax and interest earnings continued to decline in 2010 by \$4.4 million and \$0.8 million respectively, as a result of economic conditions. A decrease in real property taxes of \$.09 million was mostly offset by an increase in franchise fees of \$.08 million. There were cost savings as a result of a new agreement for the disposal of solid waste that went into effect in August 2009, and aggressive expenditure controls. These items are discussed in greater detail in the individual fund analyses that follow.

Approximately 82.9 percent of the total fund balance, \$126.9 million, constitutes unreserved fund balance. Approximately 20.1 percent of this unreserved fund balance, \$25.5 million, has been designated to reduce property taxes in the subsequent year's budget, and another \$5.0 million has been designated for other postemployment benefits. The remaining 17.1 percent of fund balance, \$26.1 million, is reserved or accounted for in different funds to indicate that it is not available for new spending because it has already been committed. There is a \$9.9 million deficit in the Capital Projects Fund that will be eliminated with the subsequent issuance of serial bonds.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2010

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 \$22.7 million, while total fund balance was \$43.2 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 17.6 percent of total General Fund expenditures, while total fund balance represents 33.5 percent of the same amount.

The fund balance decreased in the General Fund by \$13.9 million during the current year.

- There was an originally planned decrease of \$13.5 million to hold the line on property taxes for 2010 and an additional appropriation \$1.3 million during 2010.
- Use of money and property revenue was under budget by \$1.8 million as a result of a lower than expected returns on the investment of surplus capital. This was partially offset by a surplus of \$0.3 million in interest and penalties on real property taxes, a \$0.3 million reallocation of local government assistance (sales tax) and a \$0.2 million refund of prior year expenses for workers' compensation benefits. -
- State aid was under budget by \$2.0 million due primarily to a shortfall in mortgage tax revenue resulting from a continuing weak housing market.
- To provide a more favorable outcome it was management's decision not to fill \$1.9 million in vacant positions and retired positions.
- Additional savings in excess of \$1.4 million resulted from across the board reductions in expenditures for equipment and contractual services, primarily in general government support.

Highway Fund

The fund balance increased in the Highway Fund by \$0.6 million during the current year.

- There was an originally planned decrease of \$2.4 million to hold the line on property taxes in 2010 and an additional appropriation \$0.8 million during 2010.
- The \$2.1 million shortfall in non-property tax revenue resulted from the reallocation of \$0.3 million of local government assistance (sales tax) to the General Fund and the reallocation of \$1.8 million in franchise fees to the Part-Town Fund.
- The, above mentioned, shortfall in non-property tax revenue was partially offset by State Aid for transportation projects and storm-related costs totaling \$0.8 million, and Federal Aid for storm-related costs in the amount of \$0.4 million, neither of which were anticipated when the budget was prepared.
- Transportation savings of \$0.9 million were in disposal fees and fuel oil savings.

Parks Fund

The fund balance decreased in the Parks Fund by \$0.1 million during the current year.

- There had been an originally planned decrease of \$2.8 million to hold the line on property taxes in 2010.
- A reallocation of local government assistance (sales tax) resulted in a shortfall of \$0.9 million.
- Lower than expected returns on investments caused \$0.3 million shortfall in interest earnings, which was partially offset by a \$0.2 million surplus in departmental income as a result of fee increases.
- To provide a more favorable outcome it was management's decision not to fill \$2.2 million in vacant positions and retired positions.
- Additional savings of \$0.6 million resulted from contractual reductions in culture and recreation.
- Employee benefits savings of \$0.4 million were realized as a result of the unfilled positions.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2010

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (continued)

Refuse and Garbage Fund

The fund balance increased in the Refuse and Garbage Fund by \$13.0 million during the current year.

- There was an originally planned decrease of \$3.0 million to hold the line on property taxes in 2010
- The new waste disposal contract produced \$6.9 million in unanticipated departmental income from private carters' continued use of the Town's transfer stations.
- A \$0.2 million shortfall in interest income was more than offset by \$3.6 million in new rental income from the land on which the refuse disposal facility is located.
- An insurance recovery was primarily responsible for the \$0.6 million surplus in sale of property and compensation for loss.
- The \$0.3 million shortfall in state aid was a result of reduced aid for the S.T.O.P. (Stop Throwing Out Pollutants) Program but was offset by \$0.4 million from Federal aid for storm-related costs.
- Management's decision not to fill vacant and retired positions produced a savings of \$0.4 million and additional savings of \$1.7 million resulted from across the board reductions in expenditures for equipment.
- \$2.3 million in savings resulted from reduced costs under the new waste disposal contract.

Capital Projects Fund

The fund balance increased in the Capital Projects Fund by \$31.9 million during the current year.

- The increase resulted from differences in timing between project expenditures and encumbrances and the recognition of corresponding permanent financing. The project expenditures were initially financed by the issuance of \$30.0 million in bond anticipation notes, and the proceeds of these short-term borrowings were recorded as fund liabilities rather than as other financing sources in accordance with GAAP, resulting in the deficit. The prior year deficit was partially eliminated with the scheduled long-term bonds debt issuance, in 2010, which redeemed the bond anticipation notes.

Nonmajor Governmental Funds

The net change in fund balances was a decrease of \$0.5 million.

- There was an originally planned decrease of \$7.0 million to hold the line on property taxes in 2010.
- The \$2.3 million surplus in non-property tax revenue in the Part-Town Fund was a result of the reallocation of \$1.8 million of franchise fees from the Highway Fund and an additional \$0.5 million in unanticipated franchise fees.
- Departmental income in the Part-Town fund was under budget by \$0.8 million due to continued weak construction activity as a result of economic conditions.
- Low interest rates resulted in a \$0.1 million shortfall in interest income in the Part-Town Fund, but was offset by \$0.1 million surplus in fines and forfeitures.
- The \$0.1 million surplus in state aid in the Part-Town Fund was primarily a result of higher than anticipated state aid for housing assistance.
- Among all of the non-major funds management's decision not to fill vacant and retired positions produced a savings of \$0.5 million and additional savings of \$1.7 million resulted from across the board reductions in expenditures for equipment.
- The \$2.6 million surplus in Water Fund revenues resulted from \$1.1 million in overall higher than expected sales tax revenues, a \$0.9 million reallocation of sales tax from the Parks Fund, and \$0.7 million from higher than expected metered water sales.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there was a \$1.3 million (1.0%) increase in the appropriations between the original and final amended budget. There are no variances that are expected to have a significant effect on future services or liquidity. Please see the General Fund section on page 25 for more details on the comparison of final budgets and actual amounts. The following is the main component of the increase in appropriations:

- \$1.0 million supplemental appropriation to the education function for Nassau County Community College's 4th quarter reimbursement which was at a significantly higher amount than in past years.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2010

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

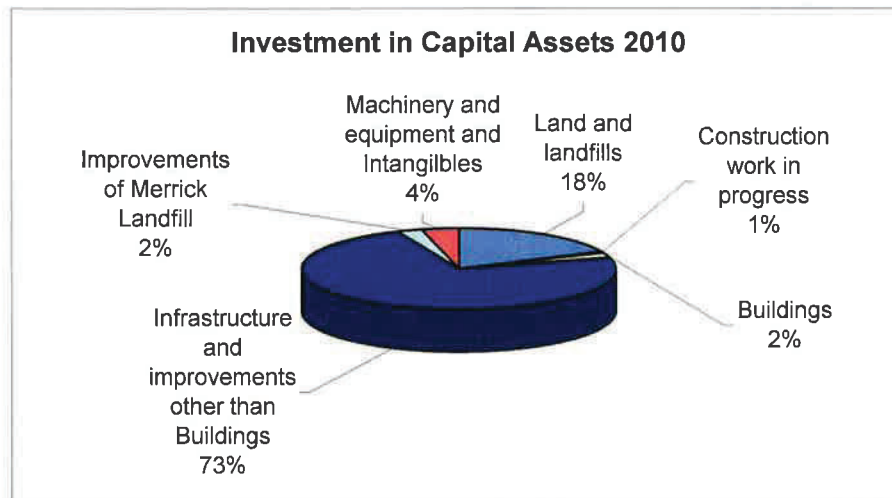
The Town of Hempstead's investment in capital assets for its governmental type activities as of December 31, 2010, amounts to \$464.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and bridge.

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

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

Capital Assets - Net of Accumulated Depreciation

	Governmental Activities	
	2010	2009
Land and landfills	\$ 83,413,613	\$ 83,413,613
Construction work in progress	2,742,242	9,533,364
Buildings	8,821,923	7,119,488
Infrastructure and improvements other than building, net	339,991,877	314,677,532
Improvements of Merrick landfill, net	11,341,644	11,882,199
Machinery and equipment and capital leases, net	17,767,636	16,376,436
Intangibles- Software	739,467	
Total Capital Assets	\$ 464,818,402	\$ 443,002,632



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 long-term bonded debt outstanding of \$296.1 million. The entire debt is backed by the full faith and credit of the Town of Hempstead.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2010

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

The Town Board has authorized the issuance of \$49,275,450 in serial bonds to finance the Town's 2011 capital plan, and \$3,300,000 in serial bonds on behalf of the Greater Atlantic Beach Water Reclamation District, a component unit of the Town. A date for a bond sale has not been set.

Outstanding Debt

	Governmental Activities	
	2010	2009
General obligation bonds	\$ 296,090,507	\$ 266,994,653
Bond anticipation notes		30,000,000
Total	\$ 296,090,507	\$ 296,994,653

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 debt decreased by \$0.9 million

In 2010 Moody's Investors Service, Inc. upgraded the Town's underlying rating to "Aaa" and Standard and Poor's Corporation affirmed the Town's underlying rating of "AAA".

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 \$7.8 billion. The percentage of debt contracting exhausted at December 31, 2010 was 2.7% 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 2011 budget. The Town's statistical data continues to compare favorably to New York State and the United States. The Town of Hempstead's 2010 average unemployment rate of 7.5% compares favorably to New York State's 8.6% and the United States' 9.6%. The workforce also compares favorably in composition; 39.3% professional/management compared to the State's 37.7%. Median income in the Town of Hempstead shows that nearly 44% of households have annual income of \$100,000 or more, compared to less than 25% 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 the implementation of a new waste disposal contract. These factors form the basis of estimating the 2011 budget lines.
- When all these factors are considered the Town of Hempstead's combined fund balances are expected to decline by approximately 8% by the close of 2011.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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TOWN OF HEMPSTEAD
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET ASSETS
December 31, 2010

	Primary Governmental Activities	Component Units
ASSETS		
Current Assets:		
Cash and investments	\$ 139,931,443	\$ 14,886,887
Cash - restricted	1,337,867	
Accounts receivable, net of allowances	7,060,453	1,054,245
Due from other governments	14,956,275	486,337
Prepays	8,314,767	221,891
Inventory of material and supplies	8,366,316	
Other assets	500,000	
Total Current Assets	180,467,121	16,649,360
Non-Current Assets:		
Deferred charges, net of accumulated amortization	2,748,566	3,509
Non-depreciable capital assets	86,155,855	8,999,526
Depreciable capital assets, net of depreciation	378,662,547	29,241,726
Total Non-Current Assets	467,566,968	38,244,761
Total Assets	648,034,089	54,894,121
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	21,209,498	1,917,724
Accrued interest payable	5,037,134	279,306
Due to other governments	454,560	122,883
Other liabilities	416,396	
Non-current liabilities due within one year:		
General obligation bonds payable	40,999,635	1,094,181
Compensated absences	2,002,920	37,743
Claims and judgments payable	9,640,000	
Estimated liability for landfill closure and postclosure care costs	50,000	
Pollution remediation obligations	3,857,038	
Other debt		1,800
Total Current Liabilities	83,667,181	3,453,637
Non-Current Liabilities due in more than one year:		
General obligation bonds payable	267,962,468	15,087,777
Compensated absences	49,486,600	720,957
Claims and judgments payable	14,423,388	
Estimated liability for landfill closure and postclosure care costs	1,360,671	
Pollution remediation obligations	3,478,240	
Other postemployment benefits	182,615,151	2,476,226
Other debt		114,144
Total Non-Current Liabilities	519,326,518	18,399,104
Total Liabilities	602,993,699	21,852,741
NET ASSETS		
Investment in capital assets, net of related debt	155,336,252	21,287,280
Restricted for:		
Culture and recreation		14,000
Home and community services and Economic assistance and opportunity	2,992,291	497,430
Permanent fund:		
Nonexpendable	1,337,867	
Unrestricted	(114,626,020)	11,242,670
Total Net Assets	\$ 45,040,390	\$ 33,041,380

TOWN OF HEMPSTEAD
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF ACTIVITIES
Year ended December 31, 2010

Function/Program	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Government Activities:				
General government support	\$ 73,948,510	\$ 2,322,586	\$ 104,754	\$ 18,881
Education	2,770,168			
Public safety	36,874,823	6,542,706	21,820	
Transportation	49,300,341	266,830	1,110,898	2,325,979
Economic assistance and opportunity	15,351,689	10,681	5,387,034	
Culture and recreation	77,973,281	7,295,483	371,825	
Home and community services	137,371,811	28,417,053	7,661,327	3,576,632
Interest on debt	12,345,442			
Total Primary Government	\$ 405,936,065	\$ 44,855,339	\$ 14,657,658	\$ 5,921,492
Component Units				
Culture and recreation	\$ 6,579,308	\$ 111,747		
Home and community services	8,288,885	3,454,823		
Total Component Units	\$ 14,868,193	\$ 3,566,570		

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

See notes to financial statements

Net (Expense) Revenues and
Changes in Net Assets

Primary Government	Component Units
\$ (71,502,289)	
(2,770,168)	
(30,310,297)	
(45,596,634)	
(9,953,974)	
(70,305,973)	
(97,716,799)	
(12,345,442)	
<u>\$ (340,501,576)</u>	
	\$ (6,467,561)
	<u>(4,834,062)</u>
	<u>\$ (11,301,623)</u>
\$ 254,057,882	\$ 11,739,940
4,180,078	164,756
32,400,000	
8,823,215	
2,939,473	625,500
15,083,671	
3,927,434	125,924
1,878,539	4,547,281
<u>323,290,292</u>	<u>17,203,401</u>
(17,211,284)	5,901,778
<u>62,251,674</u>	<u>27,139,602</u>
<u>\$ 45,040,390</u>	<u>\$ 33,041,380</u>

TOWN OF HEMPSTEAD
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2010

	MAJOR FUNDS				
	General	Highway	Parks	Refuse and Garbage	Capital Projects
ASSETS					
Cash and investments	\$ 39,027,437	\$ 16,113,632	\$ 17,142,890	\$ 37,722,428	\$ 3,565,452
Cash - restricted					
Accounts receivable, net of allowances	407,504	1,130,593	34,498	1,608,634	
Due from other funds	560,758		2,632,321	4,012,651	
Due from other governments	3,318,393	1,410,898	260,625	5,768,680	1,064,194
Inventory of material and supplies	1,309,917	4,023,992	902,514	784,072	
Prepays	1,575,192	356,315	774,773	910,846	
Other assets	205,000	45,000	150,000	55,000	
Total Assets	\$ 46,404,201	\$ 23,080,430	\$ 21,897,621	\$ 50,862,311	\$ 4,629,646
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 3,206,040	\$ 1,056,856	\$ 1,094,596	\$ 7,265,449	\$ 6,068,852
Due to other funds		320,808			8,008,251
Due to other governments					454,560
Deferred revenue		1,130,593			
Other liabilities					
Total Liabilities	3,206,040	2,508,257	1,094,596	7,265,449	14,531,663
Fund balances (deficits):					
Reserved:					
Encumbrances	180,607	475,050	18,423	2,648,005	15,218,879
Inventory	327,479	1,005,998	225,629	196,018	
Prepays	1,575,192	356,315	774,773	910,846	
Permanent fund					
Unreserved, designated for:					
Subsequent year's budget	13,398,971	2,390,700	6,010,233	756,343	
Nonmajor special revenue funds					
Judgments and Claims					
Other postemployment benefits	5,000,000				
Unreserved, undesignated reported in:					
General fund	22,715,912				
Special revenue funds		16,344,110	13,773,967	39,085,650	
Capital projects funds					(25,120,896)
Total Fund Balances (Deficits)	43,198,161	20,572,173	20,803,025	43,596,862	(9,902,017)
Total Liabilities and Fund Balances	\$ 46,404,201	\$ 23,080,430	\$ 21,897,621	\$ 50,862,311	\$ 4,629,646

Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 416,396	\$ 25,943,208	\$ 139,931,443
	1,337,867	1,337,867
	3,879,224	7,060,453
	1,605,504	8,811,234
	3,133,485	14,956,275
	1,345,821	8,366,316
	426,379	4,043,505
	45,000	500,000
<u>\$ 416,396</u>	<u>\$ 37,716,488</u>	<u>\$ 185,007,093</u>
	\$ 2,517,705	\$ 21,209,498
	482,175	8,811,234
		454,560
		1,130,593
\$ 416,396		416,396
<u>416,396</u>	<u>2,999,880</u>	<u>32,022,281</u>
	112,083	18,653,047
	336,454	2,091,578
	426,379	4,043,505
	1,337,867	1,337,867
		22,556,247
	2,897,944	2,897,944
		-0-
		5,000,000
		22,715,912
	29,605,881	98,809,608
		(25,120,896)
<u>-0-</u>	<u>34,716,608</u>	<u>152,984,812</u>
<u>\$ 416,396</u>	<u>\$ 37,716,488</u>	<u>\$ 185,007,093</u>

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TOWN OF HEMPSTEAD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
December 31, 2010

Total Fund Balances - Governmental Funds \$ 152,984,812

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	\$	86,155,855	
Capital assets - depreciable		860,949,102	
Accumulated depreciation		<u>(482,286,555)</u>	464,818,402

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds 1,130,593

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		(296,090,507)	
Compensated absences		(51,489,520)	
Claims and judgments		(24,063,388)	
Estimated liability for landfill closure and postclosure costs		(1,410,671)	
Pollution remediation obligations		(7,335,278)	
Other postemployment benefits		<u>(182,615,151)</u>	(563,004,515)

Prepaid items included in the Statement of Net Assets 4,271,262

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		2,748,566	
Premiums on debt issuance included in the Statement of Net Assets		(12,871,596)	

Interest payable applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported in the funds. However these liabilities are included in the Statement of Net Assets. (5,037,134)

Net Assets of Governmental Activities \$ 45,040,390

TOWN OF HEMPSTEAD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2010

	MAJOR FUNDS				
	General	Highway	Parks	Refuse and Garbage	Capital Projects
REVENUES					
Real property taxes	\$ 17,999,067	\$ 60,490,106	\$ 46,588,718	\$ 93,412,304	
Real property tax items	2,177,277	389,949	336,812	843,691	
Non-property tax items	19,775,000	1,500,000	2,600,000	6,300,000	
Departmental income	5,398,259		2,917,049	8,696,003	
Intergovernmental charges	1,203		744,252	2,801,230	
Use of money and property	1,393,824	302,135	354,541	3,964,543	
Licenses and permits	1,097,959				
Fines and forfeitures	23,890		2,900		
Sale of property and compensation for loss	192,490	24,061	7,670	1,027,284	\$ 24,287
Miscellaneous revenue	393,253	68,056	203,730	277,134	280,648
Interfund revenues	53,586,032		26,669,024		
State aid	17,957,228	1,358,759	272,691	408,648	3,131,405
Federal aid	60,784	352,139	99,135	372,421	393,004
Total Revenues	<u>120,056,266</u>	<u>64,485,205</u>	<u>80,796,522</u>	<u>118,103,258</u>	<u>3,829,344</u>
EXPENDITURES					
Current:					
General government support	74,363,808				
Education	2,770,168				
Public safety	9,054,524				
Transportation	1,339,840	29,557,163			
Economic assistance and opportunity	5,271,682				
Culture and recreation	133,422		58,639,806		
Home and community services	10,270,663			83,210,324	
Employee benefits	25,555,087	8,163,782	16,933,709	16,905,170	
Capital Outlay:					
General government support					2,902,307
Public safety					529,487
Transportation					27,821,298
Culture and recreation					2,930,217
Home and community services					8,970,369
Debt Service:					
Principal					
Interest		225,000			
Bond issuance costs	159,845				
Total Expenditures	<u>128,919,039</u>	<u>37,945,945</u>	<u>75,573,515</u>	<u>100,115,494</u>	<u>43,153,678</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,862,773)</u>	<u>26,539,260</u>	<u>5,223,007</u>	<u>17,987,764</u>	<u>(39,324,334)</u>
Other Financing Sources (Uses)					
Transfers in	1,528	2,173,570		2,580	943,398
Transfers out	(5,571,310)	(31,563,261)	(5,606,421)	(5,038,897)	(2,176,494)
Payments to refunded bond escrow agent					
Debt issuance					72,377,025
Refunding bonds issued					
Premiums on debt issuance	552,713	3,468,236	256,623	63,682	
Total Other Financing Sources (Uses)	<u>(5,017,069)</u>	<u>(25,921,455)</u>	<u>(5,349,798)</u>	<u>(4,972,635)</u>	<u>71,143,929</u>
Net Change in Fund Balances	<u>(13,879,842)</u>	<u>617,805</u>	<u>(126,791)</u>	<u>13,015,129</u>	<u>31,819,595</u>
Fund Balance (Deficit) at Beginning of Year	<u>57,078,003</u>	<u>19,954,368</u>	<u>20,929,816</u>	<u>30,581,733</u>	<u>(41,721,612)</u>
Fund Balance (Deficit) at End of Year	<u>\$ 43,198,161</u>	<u>\$ 20,572,173</u>	<u>\$ 20,803,025</u>	<u>\$ 43,596,862</u>	<u>\$ (9,902,017)</u>

Debt Service Fund	Other Governmental Funds	Total	Governmental Funds
	\$ 35,567,687	\$	254,057,882
	432,349		4,180,078
	11,048,215		41,223,215
	14,983,552		31,994,863
	246,955		3,793,640
	847,503		6,862,546
	8,175		1,106,134
	1,094,754		1,121,544
	326,776		1,602,568
	548,020		1,770,841
	1,695,423		81,950,479
	888,949		24,017,680
	14,295,094		15,572,577
	<u>81,983,452</u>		<u>469,254,047</u>
			1,234,606
			75,598,414
			2,770,168
	21,982,115		31,036,639
	11,110,778		42,007,781
	5,354,384		10,626,066
	1,351,630		60,124,858
	27,298,260		120,779,247
	7,506,092		75,063,840
			2,902,307
			529,487
			27,821,298
			2,930,217
			8,970,369
\$ 42,816,171			42,816,171
11,014,489			11,239,489
111,800			271,645
<u>53,942,460</u>	<u>75,837,865</u>		<u>515,487,996</u>
(53,942,460)	<u>6,145,587</u>		(46,233,949)
53,830,660	154		56,951,890
(16,203,247)	(6,995,507)		(56,951,890)
			(16,203,247)
			72,377,025
14,785,000			14,785,000
1,530,047	386,062		6,257,363
<u>53,942,460</u>	<u>(6,609,291)</u>		<u>77,216,141</u>
-0-	(463,704)		30,982,192
-0-	<u>35,180,312</u>		<u>122,002,620</u>
<u>\$ -0-</u>	<u>\$ 34,716,608</u>	<u>\$</u>	<u>152,984,812</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, 2010

Net Change in Fund Balances - Total Governmental Funds **\$ 30,982,192**

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	41,618,987
Depreciation expense	(19,803,217)

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	1,755,859
Deferred charges	469,194

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

Deferred revenue	192,454
Unearned revenue	(5,028,700)

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	(87,162,025)
Repayment of debt principal	58,066,171
Compensated absences	(2,939,716)
Claims and judgments	(580,488)
Estimated liability for landfill closure and postclosure care costs	4,760,315
Pollution remediation obligations	(1,382,278)
Other postemployment benefits	(37,809,873)
Accrued interest payable	(350,159)

Change in Net Assets of Governmental Activities **\$ (17,211,284)**

TOWN OF HEMPSTEAD
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
 December 31, 2010

	Total Agency Funds
<u>ASSETS</u>	
Cash and investments	\$ 99,066,228
Total Assets	\$ 99,066,228
 <u>LIABILITIES</u>	
Due to other governments	\$ 99,066,228
Total Liabilities	\$ 99,066,228

TOWN OF HEMPSTEAD
INDEX FOR NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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, 2010

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.). Gross expenses are direct expenses that are specifically associated with a service, program or department and, are therefore clearly identifiable to a particular function. 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, 2010

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. The Special District Funds are as follows:

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	Town of Hempstead
Park	

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, 2010

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, 2010

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, 2010

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 generally 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, mortgage tax, 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) principal and interest on indebtedness are recognized as expenditures when due; (b) 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, 2010

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/amortization 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
Intangibles	10 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, 2010

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 bonds, compensated absences, due to employee retirement system, judgments and claims, liability for landfill closure and postclosure care costs, pollution remediation, and other postemployment benefits are recognized in the government-wide financial statements.

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

5. REVENUES AND EXPENDITURES

REAL PROPERTY TAX ASSESSMENT AND COLLECTION PROCEDURES

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

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

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

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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 POSTEMPLOYMENT 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. The liability for postemployment benefits payable is recorded as a non-current liability in the government-wide statements. The current year increase in the liability is based on the most recent actuarial valuation in accordance with parameters of GASB Statement No. 45.

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, 2010

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. Accounts payable in the Capital Projects Fund are capital related debt and are used in the calculation of invested in capital assets, net of related debt.
- 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.”

When both restricted and unrestricted resources are available for use, it is the Town’s practice to use restricted resources first, and then unrestricted resources as they are needed.

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. During the year ended December 31, 2010, the Town adopted GASB Statement No. 51 (GASB 51), *Accounting and Financial Reporting for Intangible Assets*, which establishes requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software and GASB Statement No. 53 (GASB 53), *Accounting and Financial Reporting for Derivative Instruments*, which establishes accounting and financial reporting requirements for derivative instruments. Implementation of GASB 51 required a reclass from infrastructure to intangible assets, and as the Town does not engage in derivative instruments GASB 53 had no effect on the financial statements.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. BUDGETARY DATA

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

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

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

- 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.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

2. FUND BALANCES

DESIGNATION OF FUND BALANCE

Portions of the unreserved balances at December 31, 2010 were designated for the subsequent year's operating budgets as follows:

Fund	Total Fund Balance Unreserved	Fund Balance Unreserved and Designated for Subsequent Year's Budget	Fund Balance Unreserved Undesignated
Nonmajor Funds:			
Town Outside Village	\$ 6,185,984	\$ 1,291,989	\$ 4,893,995
Special Grant	2,992,291		2,992,291
Fire Protection	2,875,086	73,046	2,802,040
Street Lighting	4,135,235	1,346	4,133,889
Public Parking	3,845,947	157,476	3,688,471
Water	12,328,794	1,364,310	10,964,484
Library Funding	140,488	9,777	130,711
	<u>\$ 32,503,825</u>	<u>\$ 2,897,944</u>	<u>\$ 29,605,881</u>

FUND DEFICITS

Individual funds with unreserved and/or total fund deficits as of December 31, 2010 were as follows:

Fund	Fund Deficit Unreserved and Undesignated	Total Fund Balance (Deficit)
Major Funds:		
Capital Projects Fund	<u>\$ (25,120,896)</u>	<u>\$ (9,902,017)</u>

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

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.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

C. DETAILED NOTES ON ALL FUNDS (continued)

1. CASH AND INVESTMENTS (continued)

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, 2010 the Town's deposits were \$240,324,388. This amount is inclusive of Fiduciary fund deposits of \$99,066,228 and restricted cash of \$1,337,867 but exclusive of petty cash of \$11,150. The bank balance was \$251,201,467. Of the bank balance, \$10,409,079 was covered by Federal deposit insurance, and \$252,518,985 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, 2010 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, 2010

C. DETAILED NOTES ON ALL FUNDS (continued)

2. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At December 31, 2010 individual fund interfund receivable and payable balances for the primary government are expected to be paid currently. These balances represent various temporary loans, recharges and reimbursements between funds and are stated as follows:

	<u>Receivable</u>	<u>Payable</u>
Primary Government		
<u>Major Funds:</u>		
General Fund	\$ 560,758	
Highway		\$ 320,808
Parks	2,632,321	
Refuse & Garbage	4,012,651	
Capital Projects Fund		8,008,251
<u>Nonmajor Funds:</u>		
Town Outside Village		25,112
Special Grant		400,000
Street Lighting		6,000
Public Parking		51,063
Water	1,605,504	
	<u>\$ 8,811,234</u>	<u>\$ 8,811,234</u>

The Capital Projects Fund payable is expected to be repaid upon the issuance of permanent financing, with bonds proceeds, and with the collection of grant money. The Special Grant Fund payable is expected to be repaid upon the collection of grant receivables.

At December 31, 2010 individual fund interfund transfers balances for the primary government primarily represent receipt and payment of debt service and capital projects expenditures, and are stated as follows.

	<u>Transfer In</u>	<u>Transfer Out</u>
Primary Government		
<u>Major Funds:</u>		
General Fund	\$ 1,528	\$ 5,571,310
Highway	2,173,570	31,563,261
Parks		5,606,421
Refuse & Garbage	2,580	5,038,897
Capital Projects Fund	943,398	2,176,494
Debt Service	53,830,660	
<u>Nonmajor Funds:</u>		
Town Outside Village		96,625
Special Grant		6,700
Fire Protection		614,498
Street Lighting		1,399,459
Public Parking		1,370,377
Water	154	3,506,510
Permanent		1,338
	<u>\$ 56,951,890</u>	<u>\$ 56,951,890</u>

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

C. DETAILED NOTES ON ALL FUNDS (continued)

3. CAPITAL ASSETS

	Balance 1/1/2010	Additions	Deletions	Balance 12/31/2010
Primary government				
Capital assts not being depreciated				
Land - other than landfills	\$ 52,744,828			\$ 52,744,828
Landfills	30,668,785			30,668,785
Construction work in progress	9,533,364	\$ 938,248	\$ 7,729,370	2,742,242
Total capital assets not being depreciated	<u>92,946,977</u>	<u>938,248</u>	<u>7,729,370</u>	<u>86,155,855</u>
Depreciable capital assets				
Infrastructure and improvements other than buildings	628,160,786	39,942,027		668,102,813
Buildings	83,834,788	2,133,613		85,968,401
Improvement to park portion of Merrick landfill	15,741,484			15,741,484
Machinery and equipment	84,647,974	5,996,833	351,988	90,292,819
Intangibles - Software	505,949	337,636		843,585
Total depreciable capital assets	<u>812,890,981</u>	<u>48,410,109</u>	<u>351,988</u>	<u>860,949,102</u>
Less accumulated depreciation/amortization				
Infrastructure and improvements other than buildings	313,986,275	14,124,661		328,110,936
Buildings	76,715,300	431,178		77,146,478
Improvements to park portion of Merrick landfill	3,859,285	540,555		4,399,840
Machinery and equipment	68,271,538	4,605,633	351,988	72,525,183
Intangibles - Software	2,928	101,190		104,118
Total accumulated depreciation/amortization	<u>\$ 462,835,326</u>	<u>\$ 19,803,217</u>	<u>\$ 351,988</u>	<u>482,286,555</u>
Total net depreciable/amortizable capital assets				<u>378,662,547</u>
Total net capital assets				<u>\$ 464,818,402</u>

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

General government support	\$ 1,650,546
Public safety	407,905
Transportation	10,813,168
Economic assistance and opportunity	15,374
Culture and recreation	3,994,878
Home and community services	2,921,346
Total governmental activities depreciation/amortization expense	<u>\$ 19,803,217</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, 2010, the Town has not recorded any such impairment losses.

Governmental Accounting Standards Board Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* has been implemented. Implementation required a reclass of opening balances from infrastructure to intangibles. There were no prior year amounts to restate.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

C. DETAILED NOTES ON ALL FUNDS (continued)

3. CAPITAL ASSETS (continued)

	Balance 1/1/2010	Additions	Deletions	Balance 12/31/2010
Discretely Presented Component Units				
Capital assets not being depreciated				
Land	\$ 263,098			\$ 263,098
Construction in progress	4,433,745	\$ 5,737,682	\$ 1,434,999	8,736,428
Total capital assets not being depreciated	4,696,843	5,737,682	1,434,999	8,999,526
Depreciable/amortizable capital assets				
Buildings	25,993,961	39,514		26,033,475
Improvements other than buildings	62,585			62,585
Machinery and equipment	12,055,757	2,164,119	560,424	13,659,452
Software		1,347		1,347
Infrastructure	8,857,518	416,711		9,274,229
Total depreciable/amortizable capital assets	46,969,821	2,621,691	560,424	49,031,088
Less total accumulated depreciation	\$ 18,877,698	\$ 1,469,039	\$ 557,375	19,789,362
Total net depreciable/amortizable capital assets				29,241,726
Total net capital assets				\$ 38,241,252

4. INDEBTEDNESS

SHORT-TERM DEBT

Bond Anticipation Notes (BANs) – Bond anticipation notes (BANs) are used as a temporary means of financing capital expenditures in the Capital Projects Fund. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. The notes or renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two years and within each 12 month period thereafter. Liabilities for BANs are generally accounted for in the capital projects fund. BANs are expected to be paid from the proceeds of future bond issues or renewal of the notes.

Proceeds of notes which have been refinanced by the issuance of serial bonds subsequent to the end of the year but prior to dating of this financial statement are reported as a financing source in the appropriate fund.

At December 31, 2010, the Town had no BANs outstanding.

These bond anticipation notes are summarized as follows:

	Balance 1/1/2010	Issued	Redeemed	Balance 12/31/2010
Primary government:				
Capital Projects Fund				
Highway	\$ 30,000,000	\$ -0-	\$ 30,000,000	\$ -0-
Total bond anticipation notes	\$ 30,000,000	\$ -0-	\$ 30,000,000	\$ -0-

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

C. DETAILED NOTES ON ALL FUNDS (continued)

4. INDEBTEDNESS (continued)

LONG-TERM DEBT

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 1.49% to 6.32%.

A summary of these bonds is as follows:

	Balance 1/1/2010	Issued	Redeemed	Refunded	Balance 12/31/2010
Primary government:					
Capital Projects Fund					
General	\$ 28,984,843	\$ 10,942,679	\$ 4,156,571	\$ 2,558,442	\$ 33,212,509
Part-town	571,103	864,088	70,980	19,688	1,344,523
Highway	139,516,189	60,980,810	25,855,921	8,128,664	166,512,414
Fire Districts	3,645,094	204,922	465,626	211,366	3,173,024
Lighting District	7,498,118	1,509,003	1,083,721	9,286	7,914,114
Parking Districts	9,547,024	2,113,126	948,519	1,394	10,710,237
Refuse and Garbage Districts	29,215,225	3,260,099	3,921,502	2,356,967	26,196,855
Park Districts	31,116,811	4,723,724	4,262,144	819,720	30,758,671
Water District	16,900,246	2,563,574	2,051,187	1,144,473	16,268,160
Total primary government	<u>\$ 266,994,653</u>	<u>\$ 87,162,025</u>	<u>\$ 42,816,171</u>	<u>\$ 15,250,000</u>	<u>\$ 296,090,507</u>
Component units:					
Library Districts	\$ 10,147,799		\$ 613,317		\$ 9,534,482
Water Districts	6,201,807	\$ 1,000,000	554,331		6,647,476
	<u>16,349,606</u>	<u>1,000,000</u>	<u>1,167,648</u>	<u>\$ -0-</u>	<u>16,181,958</u>
Total general obligation bonds	<u>\$ 283,344,259</u>	<u>\$ 88,162,025</u>	<u>\$ 43,983,819</u>	<u>\$ 15,250,000</u>	<u>\$ 312,272,465</u>

Future principal and interest payments to maturity are as follows:

Primary Government:

Years Ending December 31,				Total Principal and Interest
		Principal	Interest	
2011	\$ 39,770,972	\$ 13,586,610	\$ 53,357,582	
2012	34,657,648	10,645,846	45,303,494	
2013	33,361,550	9,275,350	42,636,900	
2014	30,602,293	7,873,759	38,476,052	
2015	31,453,938	6,493,846	37,947,784	
2016-2020	98,995,922	15,817,064	114,812,986	
2021-2025	23,881,107	2,210,391	26,091,498	
2026-2030	1,082,142	674,820	1,756,962	
2031-2035	1,336,437	410,037	1,746,474	
2036-2038	948,498	90,263	1,038,761	
	<u>\$ 296,090,507</u>	<u>\$ 67,077,986</u>	<u>\$ 363,168,493</u>	

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

C. DETAILED NOTES ON ALL FUNDS (continued)

4. INDEBTEDNESS (continued)

LONG-TERM DEBT (continued)

Component Units:

Years Ending December 31,		Principal		Interest		Total Principal and Interest
2011		\$ 1,094,181		\$ 745,489		\$ 1,839,670
2012		1,125,186		679,745		1,804,931
2013		835,689		630,668		1,466,357
2014		844,947		591,543		1,436,490
2015		871,062		551,618		1,422,680
2016-2020		3,504,078		2,136,693		5,640,771
2021-2025		1,673,892		1,615,054		3,288,946
2026-2030		2,067,858		1,226,062		3,293,920
2031-2035		2,558,563		724,993		3,283,556
2036-2038		1,606,502		152,881		1,759,383
		<u>\$ 16,181,958</u>		<u>\$ 9,054,746</u>		<u>\$ 25,236,704</u>

Outstanding Bond Issues

Issue	Average Rate	Original Amount	Outstanding Amount	Final Maturity
General Obligation Serial Bonds-1991, Series A	6.11000%	\$ 32,240,000	\$ 250,000	February 15, 2011
General Obligation Serial Bonds-1991, Series B	6.31560%	8,492,000	430,000	January 1, 2016
General Obligation Serial Bonds-1991, Series C	4.40630%	18,789,000	250,000	February 15, 2012
General Obligation Serial Bonds-1995, Series B	5.42240%	29,946,000	64,503	February 1, 2015
General Obligation Serial Bonds-1997, Series A	3.13120%	81,677,000	2,380,000	February 15, 2015
General Obligation Serial Bonds-1998, Series A	3.66590%	48,965,000	2,045,000	January 15, 2017
General Obligation Serial Bonds-2000, Series A	3.85000%	1,870,000	920,000	December 15, 2013
General Obligation Serial Bonds-2001, Series A	4.40630%	41,053,264	3,450,000	January 15, 2015
General Obligation Serial Bonds-2003, Series A	3.41200%	33,600,000	4,675,000	August 1, 2012
General Obligation Serial Bonds-2004, Series A	3.41190%	51,490,000	33,120,000	February 1, 2018
General Obligation Serial Bonds-2004, Series B	3.98640%	84,764,508	53,335,000	July 15, 2018
General Obligation Serial Bonds-2005, Series B	3.11727%	16,600,000	3,610,000	November 15, 2018
General Obligation Serial Bonds-2006, Series A	3.76550%	33,914,230	26,050,000	March 1, 2018
General Obligation Serial Bonds-2007, Series A	4.13760%	30,348,650	24,675,000	September 1, 2020
General Obligation Serial Bonds-2008, Series A	3.52974%	33,415,000	31,189,999	August 15, 2021
General Obligation Serial Bonds-2008, Series B	4.52663%	15,427,000	14,890,000	August 15, 2038
General Obligation Serial Bonds-2009, Series A	1.69702%	31,860,000	15,665,001	August 15, 2014
General Obligation Serial Bonds-2009, Series B	1.69702%	7,350,000	7,110,937	February 1, 2015
General Obligation Serial Bonds-2010, Series A	2.99083%	73,377,025	73,377,025	April 15, 2035
General Obligation Serial Bonds-2009, Series B	1.48920%	14,785,000	14,785,000	January 15, 2015
		<u>\$ 689,963,677</u>	<u>\$ 312,272,465</u>	

ADVANCE REFUNDING OF BONDS

On May 11, 2010 the Town issued \$14,785,000 in Public Improvement Refunding (Serial) Bonds, for the primary government, with an average rate of 4.67% issued as Series B, to advance refund \$15,250,000 of 2001 Series A Serial Bonds with a an average rate of 5.59% through the years 2015 .

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

C. DETAILED NOTES ON ALL FUNDS (continued)

4. INDEBTEDNESS (continued)

ADVANCE REFUNDING OF BONDS (continued)

The net proceeds of \$16,203,247 (the par amount of the bonds plus a premium of \$1,530,047 less underwriters fees, insurance and other issuance costs of \$111,800) were used to buy U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2001 Serial Bonds. As a result, the 2001 bonds are considered to be defeased and the liability for those bonds removed from the non-current government liabilities.

The reacquisition price was equal to the net carrying amount of the old debt.

The Town advance refunding refunded the 2001 Serial Bonds to reduce its total debt service payments over the next five years by \$1,237,553 and to obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$1,201,736.

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, 2010 there are \$15,250,000 outstanding bonds considered defeased.

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2010 is as follows:

	Beginning Balance 1/1/2010	New Issues/ Additions	Maturities/ Reductions	Ending Balance 12/31/2010	Non-current liabilities due within one year	Non-current liabilities
Primary Government:						
Bonds Payable						
General obligation bonds	\$ 266,994,653	\$ 87,162,025	\$ 58,066,171	\$ 296,090,507	\$ 39,770,972	\$ 256,319,535
Plus premiums on issuance	7,842,896	6,257,363	1,228,663	12,871,596	1,228,663	11,642,933
Total Bonds Payable	274,837,549	93,419,388	59,294,834	308,962,103	40,999,635	267,962,468
Compensated absences	48,549,804	31,941,647	29,001,931	51,489,520	2,002,920	49,486,600
Claims and judgments	23,482,900	10,293,357	9,712,869	24,063,388	9,640,000	14,423,388
Estimated liability for landfill closure and postclosure care costs	6,170,986		4,760,315	1,410,671	50,000	1,360,671
Pollution remediation	5,953,000	1,867,475	485,197	7,335,278	3,857,038	3,478,240
Other postemployment benefits	144,805,278	53,008,211	15,198,338	182,615,151		182,615,151
Total non-current liabilities	<u>\$ 503,799,517</u>	<u>\$ 190,530,078</u>	<u>\$ 118,453,484</u>	<u>\$ 575,876,111</u>	<u>\$ 56,549,593</u>	<u>\$ 519,326,518</u>
Component Units:						
General obligation bonds	\$ 16,349,606	\$ 1,000,000	\$ 1,167,648	\$ 16,181,958	\$ 1,094,181	\$ 15,087,777
Compensated absences	900,820	67,448	209,568	758,700	37,743	720,957
Other postemployment benefits	1,815,523	865,516	204,813	2,476,226		2,476,226
Total non-current liabilities	<u>\$ 19,065,949</u>	<u>\$ 1,932,964</u>	<u>\$ 1,582,029</u>	<u>\$ 19,416,884</u>	<u>\$ 1,131,924</u>	<u>\$ 18,284,960</u>

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

C. DETAILED NOTES ON ALL FUNDS (continued)

4. INDEBTEDNESS (continued)

CHANGES IN LONG-TERM LIABILITIES (continued)

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, postemployment 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.

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 and employees who joined on or after January 1, 2010 who generally contribute 3% of their salary for the entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

Chapter 57 of the Laws of 2010 of the State of New York was enacted that allows local employers to amortize a portion of their retirement bill for 10 years in accordance with the following stipulations:

- For State fiscal year 2010-11, the amount in excess of the graded rate of 9.5 percent of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the amortization was instituted.
- For subsequent State fiscal years, the graded rate will increase or decrease by up to one percent depending on the gap between the increase or decrease in the System's average rate and the previous graded rate.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

C. DETAILED NOTES ON ALL FUNDS (continued)

5. RETIREMENT SYSTEM (continued)

Funding Policy (continued)

- For subsequent State fiscal years in which the Systems' average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

The law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years when the local employer opts to participate in the program. Town of Hempstead did not participate in this program and therefore has no outstanding liability at December 31, 2010.

Contributions consist of a group term life insurance portion (GTLI) and a regular pension contribution. Contribution rates for the plan year ended March 31, 2010 and 2011 are as follows:

Contribution rates		
<u>Tier/Plan/Option</u>	<u>3/31/2010 Rate</u>	<u>3/31/2011 Rate</u>
1 75I/41J	9.3%	15.3%
2 75I/41J	8.6%	14.0%
3 A14/41J	7.0%	11.3%
4 A15/41J	7.0%	11.3%
5 A15/41J	0.0%	9.1%

The Town is required to contribute at an actuarially determined rate. The actual contributions were equal to 100 percent of the actuarially required amounts. There are no contributions related to an early retirement incentive for 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				
	<u>Amount</u>	<u>Credits & Miscellaneous Adjustments</u>	<u>Prepayment Discount</u>	<u>Total Payment</u>
2010	\$ 17,072,109	\$ 178,101	\$ 165,161	\$ 17,085,049
2009	10,357,655	(198,776)	97,266	10,061,613
2008	11,708,183	150,231	113,538	11,744,876

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

C. DETAILED NOTES ON ALL FUNDS (continued)

6. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS

In the government-wide financial statements, the cost of postemployment 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. The Town recognizes the costs of postemployment 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 Town, as administrator of the plan, does not issue a separate report.

GASB 45 allows plan sponsors to utilize the results of an actuarial valuation for multiple years if no significant changes have occurred since the prior valuation was performed. Accordingly, the Town's OPEB valuation for the fiscal year ending December 31, 2010 is based on the employee data, plan provisions, methods and assumptions described in the actuarial valuation for the year ending December 31, 2009 with the exception of an adjustment to reflect an increase in the NYSHIP premiums as of January 1, 2011.

The number of participants as of January 1, 2009, the effective date of the OPEB valuation, follows. There have been no significant changes in the number or employees or the type of coverage since that date.

Active employees	1,878
Retired Employees and spouses	2,023
Surviving spouses of deceased retirees	257
Total	4,158

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

C. DETAILED NOTES ON ALL FUNDS (continued)

6. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS (continued)

Funding Policy

The Town currently pays for postemployment health care benefits on a pay-as-you-go basis. As of December 31, 2010, the Town has designated \$5,000,000 of fund balance for postemployment benefits.

Annual Other Postemployment Benefit Cost

For the year ended December 31, 2009, the Town's annual other postemployment benefits cost (expenses) were \$53,008,211. Considering the annual expense as well as the payment of current health insurance premiums and medicare reimbursements, which totaled \$15,198,338 for retirees and their beneficiaries, the result was an increase in the other postemployment benefits liability of \$37,809,873 for the year ended December 31, 2010. For the year ended December 31, 2010 the Town's component units annual postemployment benefits cost (expenses) were \$1,019,074. Considering health insurance payments totaling \$358,371, the increase in the other postemployment benefits liability for the component units for the year ended December 31, 2010 amounted to \$660,703.

Benefit Obligations and Normal Cost

	Medical, Dental and Medicare B
Actuarial Accrued Liability (AAL)	
Active employees	\$ 219,321,000
Retired employees	422,816,000
Total Actuarial Accrued Liability (AAL)	642,137,000
Actuarial value of plan assets	-0-
Unfunded actuarial accrued liability (UAAL)	\$ 642,137,000
Funded ratio	0%
Normal cost at the beginning of the year	\$ 18,408,000
Amortization cost at the beginning of the year	\$ 33,474,000
Annual covered payroll	\$ 148,013,505
UAAL as a percentage of covered payroll	433.84%

The Town's annual other postemployment 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, 2010 amounted to \$642,137,000. The unfunded actuarial accrued liability for the components units for the year ended December 31, 2010 amounted to \$12,050,935.

The significant change in the December 31, 2009 valuation as compared to the December 31, 2007 valuation is primarily the result of changes in plan assumptions and claims experience. The prior valuation reflected surviving spouse medical coverage as being completely paid for by the Town instead of for Medicare Part B reimbursements amounts only. Claims costs were lower than expected generating an actuarial gain.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

C. DETAILED NOTES ON ALL FUNDS (continued)

6. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS (continued)

The following table shows the components of the Town's other postemployment benefits liability:

Level Dollar Amortization

Calculation of ARC under the Projected Unit Credit Cost Method

Normal cost	\$	19,561,000
Amortization of unfunded actuarial liability (UAAL) over 30 years		35,707,000
Annual required contribution (ARC)		55,268,000
Interest on net OPEB obligation		5,792,211
Adjustment to ARC		(8,052,000)
Annual OPEB Cost		53,008,211
Less: Contribution for year ended December 31, 2009		15,198,338
Increase in other postemployment benefits liability		37,809,873
Other postemployment benefits liability at December 31, 2009		144,805,278
Other postemployment benefits liability at December 31, 2010	\$	182,615,151
Percentage of annual OPEB cost contributed		28.7%

Funded Status and Funding Progress

The percentage contributed, for the primary government, for the current year and preceding two years were:

	Annual OPEB Cost	Annual Contribution Made	Percentage Contributed	Net OPEB Obligation
2010	\$ 53,008,211	\$ 15,198,338	28.7%	\$ 182,615,151
2009	50,190,500	13,600,275	27.1%	144,805,278
2008	68,604,767	13,361,433	19.5%	108,215,053

The funded status of the plan as of December 31, 2010 is as follows:

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
Town	\$ -0-	\$ 642,137,000	\$ 642,137,000	0%	\$ 148,013,505	433.84%
Component Units	-0-	12,050,935	12,050,935	0%	3,920,732	307.36%

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

C. DETAILED NOTES ON ALL FUNDS (continued)

6. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS (continued)

Funded Status and Funding Progress (continued)

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

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, 2009 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 2.3%-8.3% healthcare cost trend increase for the year ended 2009, reduced by decrements to a rate of 5.9% after eight years for pre-65 and post-65 medical benefits. For medical benefits, the assumed valuation reaches 5.0% in 2043 and 4.7% in 2062. The valuation assumes a 5% cost trend for dental and a 0.0% cost trend for medicare part B benefits for the year ended 2009.

A copy of the Town of Hempstead Retiree Medical Program, December 31, 2009 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, 2010

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, 2010 the value of the compensated absences was \$51,489,520 for the primary government. The liability for compensated absences for the component units amounted to \$758,700.

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, 2010 is \$1,338. The amount of total net assets restricted as nonexpendable, in the Permanent Fund, for the Greenfield Cemetery at December 31, 2010 is \$1,337,867.

D. COMMITMENTS AND CONTINGENCIES

1. RISK RETENTION

In common with other municipalities, the Town receives numerous notices of claims. The Town is self-insured for claims under this coverage. Although the eventual outcome of these claims cannot presently be determined, the Town Attorney has estimated unsettled claims and litigation to be \$24,063,388. 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, 2010

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' Compensation		General Liability	
	2010	2009	2010	2009
Unpaid claims and claim adjustment expenditures at the beginning of the year	\$ 21,378,000	\$ 20,046,000	\$ 2,104,900	\$ 1,605,267
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	8,488,013	9,537,467	1,805,344	2,650,462
Total incurred claims and claim adjustment expenditures	8,488,013	9,537,467	1,805,344	2,650,462
Payments				
Claim and claim adjustment expenditures attributable to insured events of the current and prior years.	8,104,013	8,205,467	1,608,856	2,150,829
Total unpaid claims and claim adjustment expenditures at the end of the year.	<u>\$ 21,762,000</u>	<u>\$ 21,378,000</u>	<u>\$ 2,301,388</u>	<u>\$ 2,104,900</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 are currently five (5) cases against the Town regarding garbage taxes and local utilities. One by Long Island Water has resulted in a judgment of \$1,454,824. The second by New York Telephone has resulted in a judgment of \$4,908,904. The remaining cases are in various stages of litigation. It is estimated that the maximum liability of the remaining cases could be approximately \$65,000,000. It has been the Town's position that all of these matters are covered by the County Guarantee under Nassau County Administrative Code Section 6-26.00 requiring an eventual payment or reimbursement of any judgments by the County of Nassau.

This County Guarantee has been recently affirmed on August 3, 2010 in the matter of New York Telephone Company v. Supervisor of the Town of North Hempstead. The County motion for leave to appeal this finding was denied by the Court of Appeals. Subsequently, on January 11, 2011, the Appellate Division Second Department in the matter of New York Telephone v. Supervisor of the Town of Hempstead found the County Guarantee under Nassau County Administrative Code to be a viable recourse for the Town citing the above-mentioned Town of North Hempstead case. Actions have been or are being initiated against the County of Nassau to enforce the Town's right of indemnification under the County Guarantee.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

D. COMMITMENTS AND CONTINGENCIES (continued)

2. LITIGATION (continued)

In addition to the above referenced cases, the Town is involved in other lawsuits with claims ranging from one to five million dollars. These cases are in various stages of litigation and their outcome cannot presently be determined.

As of December 31, 2010, no liability has been recorded in the financial statements on these matters.

In 2010, Nassau County (County) commenced a charge back to the cities and towns within the County for amounts paid for its cost of educating County residents at the Fashion Institute of Technology (FIT) under the community college reimbursement provisions of the New York State Education Law. The Town of Hempstead is of the legal position that FIT is not a community college as defined by the Education Law and, accordingly, the County has erroneously charged back to the cities and towns amounts paid by it for educating County residents at FIT.

The FIT tuition charge back to the Town of Hempstead amounts to \$3,200,635.

As of December 31, 2010, no liability has been recorded in the financial statements for this matter.

3. RESOURCE RECOVERY FACILITY

The Town of Hempstead (the "Town") and the Town on behalf of the Town of Hempstead Refuse Disposal District (the "District") entered into a new service agreement, dated as of December 11, 2007, with the independent company, Covanta Hempstead Company (formerly American Ref-Fuel Company of Hempstead) (the "Company") that owns and operates a resource recovery facility (the "Facility") in the Town. The 25-year term of the new agreement commenced upon termination of the prior service agreement in August 2009. Under the new service agreement, the Town has committed to deliver certain tonnages of municipal solid waste to the Company, which will use it to generate electricity at the Facility.

The Facility site is owned by the Town of Hempstead Refuse Disposal District (the "District") and has been leased to the Hempstead Industrial Development Agency (the "IDA") and, in turn, sub-leased to the Company. The Facility was financed through the issuance of tax-exempt industrial development revenue bonds (the "IDBs") by the Agency IDA and equity contributions from the Company. The IDBs were special limited obligations of the Agency IDA payable from lease revenues of the Agency and such bonds did not constitute a general obligation of the Town or the Agency. The bonds were redeemed in 2009.

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 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.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

D. COMMITMENTS AND CONTINGENCIES (continued)

3. RESOURCE RECOVERY FACILITY (continued)

Under the new service agreement, the Town has incurred certain contingent liabilities with respect to the resource recovery facility. The Town has obligated itself to pay service fees for the processing of a minimum of 420,000 tons (the "annual tonnage") of Town Waste (as defined in the service agreement) each year, whether or not such tonnage is actually delivered to the Facility. The Annual Tonnage is subject to adjustment in accordance with the terms of the new service agreement. In the event the Annual Tonnage is not provided, the Town must pay service fees as if the Annual Tonnage had been delivered, although any shortfall payment obligation is subject to reduction through mitigation.

4. LANDFILL CLOSURE AND POSTCLOSURE 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. During 2010 the Town reanalyzed the postclosure care maintenance and monitoring costs at its landfills and changed the estimated costs, lowering them by \$4,760,315. Accordingly, as of December 31, 2010 the Town has recorded a liability of \$1,410,671, which represents the provision to be made in future budgets for unfunded closure and postclosure 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, 2010 has funds restricted for capital acquisitions and improvements of \$15,218,879 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. Estimates are based on known liabilities from existing NYSDEC Spill cases and the 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. 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 samples are also found.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

D. COMMITMENTS AND CONTINGENCIES (continued)

6. POLLUTION REMEDIATION OBLIGATIONS (continued)

Other pollution remediation obligations include asbestos abatement and removal.

At December 31, 2010, the Town has estimated pollution remediation obligations amounts at \$7,335,278 of which \$3,857,038 is payable within one year.

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. Estimates are based on current environmental regulations, which are periodically subject to change by the NYSDEC/USEPA.

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, 2010

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 March 5, 2010.

Program Financial Condition

Assets and Liabilities

Actuarial Present Value of Benefits at December 31, 2009	\$	2,119,532
Less: Assets Available for Benefits		
Annuities	100%	\$ 2,133,510
Less: Liabilities		-0-
Total Net Assets Available for Benefits		2,133,510
Total Unfunded Benefits/Surplus		(13,978)
Less: Unfunded Liability/Surplus for Prior Service		13,978
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, 2010

D. COMMITMENTS AND CONTINGENCIES (continued)

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

Plan Net Assets, beginning of year		\$ 2,137,798
Changes during the year:		
(+) Plan contributions	\$ 1,917	
(+) Investment income earned	83,666	
(+/-) Changes in fair market value of investments	-0-	
(-) Plan benefit withdrawals	87,954	
(-) Administrative and other fees/charges	1,917	
		(4,288)
Plan Net Assets, end of year		\$ 2,133,510

Contributions

Amount of sponsor's required contribution:	Minimum	\$ 87,932
	Maximum	No Maximum 100.1% Funded
Amount of sponsor's actual contribution:		\$ -0-

Administration Fees

Fees paid to designated program administrator:	\$ 1,917
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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 4.75%

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, 2010

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, 2010:

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	\$ 1,174,253	\$ 2,273,679	\$ 151,021	\$ 656,273	\$ 1,561,303	\$ 1,000	\$ 1,078,335
Roosevelt Public Library District	2,942,621	9,922,066	1,405,637	5,789,317	3,742,686		1,927,047
Uniondale Public Library District	1,599,464	6,437,813	584,945	3,471,397	2,961,113	13,000	1,006,822
Cathedral Gardens Water District	409,479		6,281				403,198
Franklin Square Water District	2,783,545	6,510,625	598,818	5,583,436	1,460,891	154,118	1,496,907
West Hempstead - Hempstead Gardens Water District	6,681,550	10,734,867	527,778	1,788,126	10,245,685		4,854,828
Greater Atlantic Beach Water Reclamation District	1,061,957	2,362,202	179,157	1,110,555	1,315,602	343,312	475,533
	<u>\$ 16,652,869</u>	<u>\$ 38,241,252</u>	<u>\$ 3,453,637</u>	<u>\$ 18,399,104</u>	<u>\$ 21,287,280</u>	<u>\$ 511,430</u>	<u>\$ 11,242,670</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	1/1/2010	12/31/2010
Lakeview Public Library District	\$ 993,787	\$ 7,970		\$ 985,817	\$ 1,084,265	\$ 16,557	\$ 115,005	\$ 2,525,633	\$ 2,640,638
Roosevelt Public Library District	2,233,839	22,619	\$ 104,223	2,106,997	2,851,922	48,597	793,522	4,876,211	5,669,733
Uniondale Public Library District	3,351,682	26,932		3,324,750	3,659,520	139,246	474,016	3,506,919	3,980,935
Cathedral Gardens Water District	55,767			55,767	31,498	3,723	(20,546)	423,744	403,198
Franklin Square Water District	2,996,599	1,506,721		1,489,878	936,959	189,454	(363,465)	3,475,381	3,111,916
West Hempstead - Hempstead Gardens Water District	3,620,035	1,898,105		1,721,930	1,706,305	4,898,683	4,883,058	10,217,455	15,100,513
Greater Atlantic Beach Water Reclamation District	1,616,484			1,616,484	1,634,227	2,445	20,188	2,114,259	2,134,447
	<u>\$ 14,868,193</u>	<u>\$ 3,462,347</u>	<u>\$ 104,223</u>	<u>\$ 11,301,623</u>	<u>\$ 11,904,696</u>	<u>\$ 5,298,705</u>	<u>\$ 5,901,778</u>	<u>\$ 27,139,602</u>	<u>\$ 33,041,380</u>

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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

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

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

F. SUBSEQUENT EVENTS

The Town Board has authorized the issuance of \$48,500,450 in serial bonds to finance the Town's 2011 capital plan, \$3,300,000 in serial bonds on behalf of the Greater Atlantic Beach Water Reclamation District, a component unit of the Town, and \$775,000 to finance a personal injury settlement. A date for a bond sale has not been set.

G. NEW PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*". This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of the new statement become effective for fiscal periods beginning after June 15, 2010.

The Town is currently evaluating the impact of the above pronouncements.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION & ANALYSIS

<p>Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Major Governmental Funds and Schedules</p>
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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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 18,131,761	\$ 18,131,761	\$ 17,999,067	\$ (132,694)
Real property tax items	1,850,000	1,850,000	2,177,277	327,277
Non-property tax items	19,450,000	19,450,000	19,775,000	325,000
Departmental income	5,285,350	5,285,350	5,398,259	112,909
Intergovernmental charges	25,000	25,000	1,203	(23,797)
Use of money and property	3,227,000	3,227,000	1,393,824	(1,833,176)
Licenses and permits	984,850	984,850	1,097,959	113,109
Fines and forfeitures	25,000	25,000	23,890	(1,110)
Sale of property and compensation for loss	160,000	160,000	192,490	32,490
Miscellaneous revenue	147,500	147,500	393,253	245,753
Interfund revenues	53,584,903	53,584,903	53,586,032	1,129
State aid	19,950,000	19,950,000	17,957,228	(1,992,772)
Federal aid			60,784	60,784
Total Revenues	<u>122,821,364</u>	<u>122,821,364</u>	<u>120,056,266</u>	<u>(2,765,098)</u>
EXPENDITURES				
Current:				
General government support	75,981,517	76,603,432	74,363,808	2,239,624
Education	1,750,000	2,770,169	2,770,168	1
Public safety	9,514,509	9,514,509	9,054,524	459,985
Transportation	1,248,807	1,339,841	1,339,840	1
Economic assistance and opportunity	5,554,325	5,552,625	5,271,682	280,943
Culture and recreation	130,000	133,422	133,422	
Home and community services	10,551,486	10,551,486	10,270,663	280,823
Employee benefits	25,983,604	25,555,090	25,555,087	3
Debt service:				
Bond issuance costs	159,845	159,845	159,845	
Total Expenditures	<u>130,874,093</u>	<u>132,180,419</u>	<u>128,919,039</u>	<u>3,261,380</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(8,052,729)</u>	<u>(9,359,055)</u>	<u>(8,862,773)</u>	<u>496,282</u>
Other Financing Sources (Uses)				
Transfers in			1,528	1,528
Transfers out	(5,881,908)	(5,881,908)	(5,571,310)	310,598
Premiums of debt issuance	100,000	100,000	552,713	452,713
Total Other Financing Sources (Uses)	<u>(5,781,908)</u>	<u>(5,781,908)</u>	<u>(5,017,069)</u>	<u>764,839</u>
Net Change in Fund Balances	<u>\$ (13,834,637)</u>	<u>\$ (15,140,963)</u>	<u>(13,879,842)</u>	<u>\$ 1,261,121</u>
Fund Balances at Beginning of Year			<u>57,078,003</u>	
Fund Balances at End of Year			<u>\$ 43,198,161</u>	

TOWN OF HEMPSTEAD
HIGHWAY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 60,497,687	\$ 60,497,687	\$ 60,490,106	\$ (7,581)
Real property tax items	420,000	420,000	389,949	(30,051)
Non-property tax items	3,550,000	3,550,000	1,500,000	(2,050,000)
Use of money and property	371,000	371,000	302,135	(68,865)
Licenses & permits	14,500	14,500		(14,500)
Sale of property and compensation for loss			24,061	24,061
Miscellaneous revenue	100,000	100,000	68,056	(31,944)
State aid	600,000	600,000	1,358,759	758,759
Federal aid			352,139	352,139
Total Revenues	<u>65,553,187</u>	<u>65,553,187</u>	<u>64,485,205</u>	<u>(1,067,982)</u>
EXPENDITURES				
Current:				
Transportation	29,964,032	30,503,219	29,557,163	946,056
Employee benefits	8,194,375	8,212,640	8,163,782	48,858
Debt service:				
Interest - bond anticipation notes		225,000	225,000	-0-
Total Expenditures	<u>38,158,407</u>	<u>38,940,859</u>	<u>37,945,945</u>	<u>994,914</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>27,394,780</u>	<u>26,612,328</u>	<u>26,539,260</u>	<u>(73,068)</u>
Other Financing Sources (Uses)				
Transfers in	2,000,000	2,000,000	2,173,570	173,570
Transfers out	(32,578,473)	(32,572,870)	(31,563,261)	1,009,609
Premiums of debt issuance	500,000	500,000	3,468,236	2,968,236
Total Other Financing Sources (Uses)	<u>(30,078,473)</u>	<u>(30,072,870)</u>	<u>(25,921,455)</u>	<u>4,151,415</u>
Net Change in Fund Balances	<u>\$ (2,683,693)</u>	<u>\$ (3,460,542)</u>	617,805	<u>\$ 4,078,347</u>
Fund Balances at Beginning of Year			<u>19,954,368</u>	
Fund Balances at End of Year			<u>\$ 20,572,173</u>	

TOWN OF HEMPSTEAD
PARK DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 46,588,718	\$ 46,588,718	\$ 46,588,718	\$ -0-
Real property tax items	302,309	302,309	336,812	34,503
Non-property tax items	3,500,000	3,500,000	2,600,000	(900,000)
Departmental income	2,715,500	2,715,500	2,917,049	201,549
Intergovernmental charges	720,836	720,836	744,252	23,416
Use of money and property	682,350	682,350	354,541	(327,809)
Fines and forfeitures	3,000	3,000	2,900	(100)
Sale of property and compensation for loss	10,000	10,000	7,670	(2,330)
Miscellaneous revenue	125,000	125,000	203,730	78,730
Interfund revenues	26,669,024	26,669,024	26,669,024	-0-
State aid	200,000	200,000	272,691	72,691
Federal aid			99,135	99,135
Total Revenues	<u>81,516,737</u>	<u>81,516,737</u>	<u>80,796,522</u>	<u>(720,215)</u>
EXPENDITURES				
Current:				
Culture and recreation	61,517,787	61,519,787	58,639,806	2,879,981
Employee benefits	17,291,535	17,291,535	16,933,709	357,826
Total Expenditures	<u>78,809,322</u>	<u>78,811,322</u>	<u>75,573,515</u>	<u>3,237,807</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,707,415</u>	<u>2,705,415</u>	<u>5,223,007</u>	<u>2,517,592</u>
Other Financing Sources (Uses)				
Transfers out	(5,760,800)	(5,760,800)	(5,606,421)	154,379
Premiums of debt issuance	25,000	25,000	256,623	231,623
Total Other Financing Sources (Uses)	<u>(5,735,800)</u>	<u>(5,735,800)</u>	<u>(5,349,798)</u>	<u>386,002</u>
Net Change in Fund Balances	<u>\$ (3,028,385)</u>	<u>\$ (3,030,385)</u>	<u>(126,791)</u>	<u>\$ 2,903,594</u>
Fund Balances at Beginning of Year			<u>20,929,816</u>	
Fund Balances at End of Year			<u>\$ 20,803,025</u>	

TOWN OF HEMPSTEAD
REFUSE AND GARBAGE DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 93,270,083	\$ 93,270,083	\$ 93,412,304	\$ 142,221
Real property tax items	806,325	806,325	843,691	37,366
Non-property tax items	6,300,000	6,300,000	6,300,000	
Departmental income	1,750,000	1,750,000	8,696,003	6,946,003
Intergovernmental charges	2,600,000	2,600,000	2,801,230	201,230
Use of money and property	607,500	607,500	3,964,543	3,357,043
Sale of property and compensation for loss	473,000	473,000	1,027,284	554,284
Miscellaneous revenue	200,000	200,000	277,134	77,134
State aid	725,000	725,000	408,648	(316,352)
Federal aid			372,421	372,421
Total Revenues	<u>106,731,908</u>	<u>106,731,908</u>	<u>118,103,258</u>	<u>11,371,350</u>
EXPENDITURES				
Current:				
Home and community services	87,950,082	87,559,892	83,210,324	4,349,568
Employee benefits	16,514,983	16,905,173	16,905,170	3
Total Expenditures	<u>104,465,065</u>	<u>104,465,065</u>	<u>100,115,494</u>	<u>4,349,571</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	<u>2,266,843</u>	<u>2,266,843</u>	<u>17,987,764</u>	<u>15,720,921</u>
Other Financing Sources (Uses)				
Transfers in			2,580	2,580
Transfers out	(5,385,322)	(5,385,322)	(5,038,897)	346,425
Premiums of debt issuance			63,682	63,682
Total Other Financing Sources (Uses)	<u>(5,385,322)</u>	<u>(5,385,322)</u>	<u>(4,972,635)</u>	<u>412,687</u>
Net Change in Fund Balances	<u>\$ (3,118,479)</u>	<u>\$ (3,118,479)</u>	13,015,129	<u>\$ 16,133,608</u>
Fund Balances at Beginning of Year			<u>30,581,733</u>	
Fund Balances at End of Year			<u>\$ 43,596,862</u>	

TOWN OF HEMPSTEAD
SCHEDULE OF FUNDING PROGRESS
TOWN OF HEMPSTEAD RETIREE MEDICAL PROGRAM
POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS
December 31, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit Cost Method (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
12/31/2010	\$ -0-	\$ 642,137,000 *	\$ 642,137,000	0%	\$ 148,013,505	433.84%
12/31/2009	-0-	601,990,000	601,990,000	0%	143,602,609	419.21%
12/31/2008	-0-	847,598,800 *	847,598,800	0%	141,843,937	597.56%
12/31/2007	-0-	810,403,000	810,403,000	0%	138,138,869	586.66%

*Roll forward projection

The significant change in the December 31, 2009 valuation as compared to the December 31, 2007 valuation and the December 31, 2008 roll forward projection is primarily the result of changes in plan assumptions and claims experience. The prior valuation reflected surviving spouse medical coverage as being completely paid for by the Town instead of for Medicare Part B reimbursements amount only (15.0%). Claims costs were also significantly lower (12.8%) than expected generating an actual gain.

OTHER SUPPLEMENTARY INFORMATION

Combining and Individual Fund Statements 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, 2010

Special Revenue Funds

	<u>Town Outside Village</u>	<u>Special Grant</u>	<u>Fire Protection</u>	<u>Street Lighting</u>
ASSETS				
Cash and investments	\$ 5,251,597	\$ 2,740,838	\$ 3,006,604	\$ 4,112,163
Cash - restricted				
Accounts receivable	1,729,321			
Due from other funds				
Due from other governments	1,820	1,280,157		
Inventory	9,256			888,502
Prepays	211,972			
Other assets	25,000			
Total Assets	<u>\$ 7,228,966</u>	<u>\$ 4,020,995</u>	<u>\$ 3,006,604</u>	<u>\$ 5,000,665</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 714,247	\$ 628,704	\$ 131,518	\$ 631,628
Due to other funds	25,112	400,000		6,000
Total Liabilities	<u>739,359</u>	<u>1,028,704</u>	<u>131,518</u>	<u>637,628</u>
FUND BALANCES				
Reserved:				
Encumbrances	89,337			5,677
Inventory	2,314			222,125
Prepays	211,972			
Permanent Fund				
Unreserved, designated for:				
Subsequent year's budget	1,291,989		73,046	1,346
Unreserved, undesignated	4,893,995	2,992,291	2,802,040	4,133,889
Total Fund Balances	<u>6,489,607</u>	<u>2,992,291</u>	<u>2,875,086</u>	<u>4,363,037</u>
Total Liabilities and Fund Balances	<u>\$ 7,228,966</u>	<u>\$ 4,020,995</u>	<u>\$ 3,006,604</u>	<u>\$ 5,000,665</u>

			Permanent Fund	Total Nonmajor Governmental Funds
Public Parking	Water	Library Funding	Permanent Fund	
\$ 3,946,047	\$ 6,655,136	\$ 230,823	\$ 1,337,867	\$ 25,943,208
	2,149,903			1,337,867
	1,605,504			3,879,224
	1,851,508			1,605,504
	448,063			3,133,485
1,152	213,255			1,345,821
	20,000			426,379
				45,000
<u>\$ 3,947,199</u>	<u>\$ 12,943,369</u>	<u>\$ 230,823</u>	<u>\$ 1,337,867</u>	<u>\$ 37,716,488</u>
\$ 45,708	\$ 275,565	\$ 90,335		\$ 2,517,705
51,063				482,175
96,771	275,565	90,335		2,999,880
3,329	13,740			112,083
1,152	112,015			336,454
	213,255		\$ 1,337,867	426,379
				1,337,867
157,476	1,364,310	9,777		2,897,944
3,688,471	10,964,484	130,711		29,605,881
3,850,428	12,667,804	140,488	1,337,867	34,716,608
<u>\$ 3,947,199</u>	<u>\$ 12,943,369</u>	<u>\$ 230,823</u>	<u>\$ 1,337,867</u>	<u>\$ 37,716,488</u>

TOWN OF HEMPSTEAD
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year ended December 31, 2010

	Special Revenue Funds			
	Town Outside Village	Special Grant	Fire Protection	Street Lighting
Revenues				
Real property taxes	\$ 10,286,255		\$ 5,617,316	\$ 9,853,436
Real property tax items	66,339		47,765	78,113
Non-property tax items	8,823,215			
Departmental income	5,802,547	\$ 34,899		
Intergovernmental charges				16,555
Use of money and property	36,891	10,652		15,349
Licenses and permits				
Fines and forfeitures	1,093,854	900		
Sale of property and compensation for loss	8,652	286,909		20,294
Miscellaneous revenue	54,550	486,562		
Interfund revenues	23,294			
State aid	856,430	32,519		
Federal aid	1,560	14,293,534		
Total Revenues	<u>27,053,587</u>	<u>15,145,975</u>	<u>5,665,081</u>	<u>9,983,747</u>
Expenditures				
Current:				
General government support	1,234,606			
Public safety	17,449,302		4,532,813	
Transportation				8,589,679
Economic assistance and opportunity		5,354,384		
Culture and recreation	1,224			
Home and community services	4,541,875	9,431,828		
Employee benefits	4,658,318		274,128	
Total Expenditures	<u>27,885,325</u>	<u>14,786,212</u>	<u>4,806,941</u>	<u>8,589,679</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(831,738)</u>	<u>359,763</u>	<u>858,140</u>	<u>1,394,068</u>
Other Financing Sources (Uses)				
Transfers in				
Transfers out	(96,625)	(6,700)	(614,498)	(1,399,459)
Premiums on debt issuance	55,191			97,972
Total Other Financing Sources (Uses)	<u>(41,434)</u>	<u>(6,700)</u>	<u>(614,498)</u>	<u>(1,301,487)</u>
Net Change in Fund Balances	(873,172)	353,063	243,642	92,581
Fund Balances at Beginning of Year	7,362,779	2,639,228	2,631,444	4,270,456
Fund Balances at End of Year	<u>\$ 6,489,607</u>	<u>\$ 2,992,291</u>	<u>\$ 2,875,086</u>	<u>\$ 4,363,037</u>

			Permanent Fund	Total Nonmajor Governmental Funds
Public Parking	Water	Library Funding	Permanent Fund	
\$ 2,632,985	\$ 5,894,632	\$ 1,283,063		\$ 35,567,687
15,000	225,132			432,349
	2,225,000			11,048,215
13,411	9,132,695			14,983,552
	230,400			246,955
22,806	760,467		\$ 1,338	847,503
	8,175			8,175
	10,921			1,094,754
	6,908			326,776
1,625,479	46,650			548,020
				1,695,423
				888,949
				14,295,094
<u>4,309,681</u>	<u>18,540,980</u>	<u>1,283,063</u>	<u>1,338</u>	<u>81,983,452</u>
				1,234,606
2,521,099				21,982,115
				11,110,778
		1,350,406		5,354,384
	13,324,557			1,351,630
70,267	2,503,379			27,298,260
<u>2,591,366</u>	<u>15,827,936</u>	<u>1,350,406</u>		<u>75,506,092</u>
<u>1,718,315</u>	<u>2,713,044</u>	<u>(67,343)</u>	<u>1,338</u>	<u>6,145,587</u>
	154			154
(1,370,377)	(3,506,510)		(1,338)	(6,995,507)
137,931	94,968			386,062
<u>(1,232,446)</u>	<u>(3,411,388)</u>		<u>(1,338)</u>	<u>(6,609,291)</u>
485,869	(698,344)	(67,343)	-0-	(463,704)
3,364,559	13,366,148	207,831	1,337,867	35,180,312
<u>\$ 3,850,428</u>	<u>\$ 12,667,804</u>	<u>\$ 140,488</u>	<u>\$ 1,337,867</u>	<u>\$ 34,716,608</u>

TOWN OF HEMPSTEAD
TOWN OUTSIDE VILLAGE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 10,185,810	\$ 10,185,810	\$ 10,286,255	\$ 100,445
Real property tax items	70,000	70,000	66,339	(3,661)
Non-property tax items	6,500,000	6,500,000	8,823,215	2,323,215
Departmental income	6,620,000	6,620,000	5,802,547	(817,453)
Use of money and property	128,000	128,000	36,891	(91,109)
Fines and forfeitures	1,000,000	1,000,000	1,093,854	93,854
Sale of property and compensation for loss			8,652	8,652
Miscellaneous revenue	7,500	7,500	54,550	47,050
Interfund revenues			23,294	23,294
State aid	675,000	765,000	856,430	91,430
Federal aid			1,560	1,560
Total Revenues	<u>25,186,310</u>	<u>25,276,310</u>	<u>27,053,587</u>	<u>1,777,277</u>
EXPENDITURES				
Current:				
General government support	375,000	1,234,679	1,234,606	73
Public safety	17,912,080	17,994,221	17,449,302	544,919
Culture and recreation	4,000	4,000	1,224	2,776
Home and community services	4,889,923	4,979,924	4,541,875	438,049
Employee benefits	4,814,731	4,658,321	4,658,318	3
Total Expenditures	<u>27,995,734</u>	<u>28,871,145</u>	<u>27,885,325</u>	<u>985,820</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,809,424)</u>	<u>(3,594,835)</u>	<u>(831,738)</u>	<u>2,763,097</u>
Other Financing Sources (Uses)				
Transfers in				
Transfers out	(99,409)	(96,626)	(96,625)	1
Premiums of debt issuance	5,000	5,000	55,191	50,191
Total Other Financing Sources (Uses)	<u>(94,409)</u>	<u>(91,626)</u>	<u>(41,434)</u>	<u>50,192</u>
Net Change in Fund Balances	<u>\$ (2,903,833)</u>	<u>\$ (3,686,461)</u>	<u>(873,172)</u>	<u>\$ 2,813,289</u>
Fund Balances at Beginning of Year			<u>7,362,779</u>	
Fund Balances at End of Year			<u>\$ 6,489,607</u>	

TOWN OF HEMPSTEAD
FIRE PROTECTION DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 5,617,317	\$ 5,617,317	\$ 5,617,316	\$ (1)
Real property tax items	20,950	20,950	47,765	26,815
Total Revenues	<u>5,638,267</u>	<u>5,638,267</u>	<u>5,665,081</u>	<u>26,814</u>
EXPENDITURES				
Current:				
Public safety	4,623,081	4,633,284	4,532,813	100,471
Employee benefits	546,000	561,943	274,128	287,815
Total Expenditures	<u>5,169,081</u>	<u>5,195,227</u>	<u>4,806,941</u>	<u>388,286</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>469,186</u>	<u>443,040</u>	<u>858,140</u>	<u>415,100</u>
Other Financing Sources (Uses)				
Transfers out	(618,613)	(618,613)	(614,498)	4,115
Total Other Financing Sources (Uses)	<u>(618,613)</u>	<u>(618,613)</u>	<u>(614,498)</u>	<u>4,115</u>
Net Change in Fund Balances	<u>\$ (149,427)</u>	<u>\$ (175,573)</u>	<u>243,642</u>	<u>\$ 419,215</u>
Fund Balances at Beginning of Year			<u>2,631,444</u>	
Fund Balances at End of Year			<u>\$ 2,875,086</u>	

TOWN OF HEMPSTEAD
STREET LIGHTING DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 9,853,436	\$ 9,853,436	\$ 9,853,436	\$ -0-
Real property tax items	67,150	67,150	78,113	10,963
Intergovernmental charges			16,555	16,555
Use of money and property			15,349	15,349
Sale of property and compensation for loss	3,000	3,000	20,294	17,294
Total Revenues	<u>9,923,586</u>	<u>9,923,586</u>	<u>9,983,747</u>	<u>60,161</u>
EXPENDITURES				
Current:				
Transportation	8,960,744	8,960,744	8,589,679	371,065
Total Expenditures	<u>8,960,744</u>	<u>8,960,744</u>	<u>8,589,679</u>	<u>371,065</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>962,842</u>	<u>962,842</u>	<u>1,394,068</u>	<u>431,226</u>
Other Financing Sources (Uses)				
Transfers out	(1,457,760)	(1,457,760)	(1,399,459)	58,301
Premiums of debt issuance	100,000	100,000	97,972	(2,028)
Total Other Financing Sources (Uses)	<u>(1,357,760)</u>	<u>(1,357,760)</u>	<u>(1,301,487)</u>	<u>56,273</u>
Net Change in Fund Balances	<u>\$ (394,918)</u>	<u>\$ (394,918)</u>	<u>92,581</u>	<u>\$ 487,499</u>
Fund Balances at Beginning of Year			<u>4,270,456</u>	
Fund Balances at End of Year			<u>\$ 4,363,037</u>	

TOWN OF HEMPSTEAD
PUBLIC PARKING DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 2,632,985	\$ 2,632,985	\$ 2,632,985	\$ -0-
Real property tax items	9,767	9,767	15,000	5,233
Departmental income	14,000	14,000	13,411	(589)
Use of money and property	35,750	35,750	22,806	(12,944)
Interfund revenues	1,625,479	1,625,479	1,625,479	-0-
Total Revenues	<u>4,317,981</u>	<u>4,317,981</u>	<u>4,309,681</u>	<u>(8,300)</u>
EXPENDITURES				
Current:				
Transportation	3,015,522	2,994,303	2,521,099	473,204
Employee benefits	44,344	70,269	70,267	2
Total Expenditures	<u>3,059,866</u>	<u>3,064,572</u>	<u>2,591,366</u>	<u>473,206</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>1,258,115</u>	<u>1,253,409</u>	<u>1,718,315</u>	<u>464,906</u>
Other Financing Sources (Uses)				
Transfers out	(1,516,585)	(1,512,814)	(1,370,377)	142,437
Premiums of debt issuance	3,000	3,000	137,931	134,931
Total Other Financing Sources (Uses)	<u>(1,513,585)</u>	<u>(1,509,814)</u>	<u>(1,232,446)</u>	<u>277,368</u>
Net Change in Fund Balances	<u>\$ (255,470)</u>	<u>\$ (256,405)</u>	485,869	<u>\$ 742,274</u>
Fund Balances at Beginning of Year			<u>3,364,559</u>	
Fund Balances at End of Year			<u>\$ 3,850,428</u>	

TOWN OF HEMPSTEAD
WATER DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 5,894,632	\$ 5,894,632	\$ 5,894,632	\$ -0-
Real property tax items	208,403	208,403	225,132	16,729
Non-property tax items	250,000	250,000	2,225,000	1,975,000
Departmental income	8,420,810	8,420,810	9,132,695	711,885
Intergovernmental charges	231,300	231,300	230,400	(900)
Use of money and property	820,780	820,780	760,467	(60,313)
Licenses and permits	15,500	15,500	8,175	(7,325)
Sale of property and compensation for loss	10,800	10,800	10,921	121
Miscellaneous revenue	1,000	1,000	6,908	5,908
Interfund revenues	46,650	46,650	46,650	
Total Revenues	<u>15,899,875</u>	<u>15,899,875</u>	<u>18,540,980</u>	<u>2,641,105</u>
EXPENDITURES				
Current:				
Home and community services	13,397,795	13,576,595	13,324,557	252,038
Employee benefits	2,522,916	2,522,916	2,503,379	19,537
Total Expenditures	<u>15,920,711</u>	<u>16,099,511</u>	<u>15,827,936</u>	<u>271,575</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(20,836)</u>	<u>(199,636)</u>	<u>2,713,044</u>	<u>2,912,680</u>
Other Financing Sources (Uses)				
Transfers in			154	154
Transfers out	(3,576,988)	(3,576,988)	(3,506,510)	70,478
Premiums of debt issuance	10,000	10,000	94,968	84,968
Total Other Financing Sources (Uses)	<u>(3,566,988)</u>	<u>(3,566,988)</u>	<u>(3,411,388)</u>	<u>155,600</u>
Net Change in Fund Balances	<u>\$ (3,587,824)</u>	<u>\$ (3,766,624)</u>	<u>(698,344)</u>	<u>\$ 3,068,280</u>
Fund Balances at Beginning of Year			<u>13,366,148</u>	
Fund Balances at End of Year			<u>\$ 12,667,804</u>	

TOWN OF HEMPSTEAD
LIBRARY FUNDING DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 1,283,063	\$ 1,283,063	\$ 1,283,063	\$ -0-
Total Revenues	<u>1,283,063</u>	<u>1,283,063</u>	<u>1,283,063</u>	<u>-0-</u>
EXPENDITURES				
Current:				
Culture and recreation	1,338,463	1,353,035	1,350,406	2,629
Total Expenditures	<u>1,338,463</u>	<u>1,353,035</u>	<u>1,350,406</u>	<u>2,629</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(55,400)</u>	<u>(69,972)</u>	<u>(67,343)</u>	<u>2,629</u>
Net Change in Fund Balances	<u>\$ (55,400)</u>	<u>\$ (69,972)</u>	<u>(67,343)</u>	<u>\$ 2,629</u>
Fund Balances at Beginning of Year			<u>207,831</u>	
Fund Balances at End of Year			<u>\$ 140,488</u>	

TOWN OF HEMPSTEAD
STATEMENT OF CHANGES IN AGENCY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
Year ended December 31, 2010

	<u>Balance January 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2010</u>
<u>ASSETS</u>				
Town Agency				
Cash and investments	\$ 2,888,932	\$ 360,488,627	\$ 360,252,354	\$ 3,125,205
Total Assets - Town	<u>2,888,932</u>	<u>360,488,627</u>	<u>360,252,354</u>	<u>3,125,205</u>
Town Clerk Agency Fund				
Cash and investments	75,260	1,143,573	1,144,594	74,239
Total Assets - Town Clerk	<u>75,260</u>	<u>1,143,573</u>	<u>1,144,594</u>	<u>74,239</u>
Town Receiver of Taxes Agency Fund				
Cash and investments	130,095,617	4,491,751,482	4,525,980,315	95,866,784
Total Assets - Town Receiver of Taxes	<u>130,095,617</u>	<u>4,491,751,482</u>	<u>4,525,980,315</u>	<u>95,866,784</u>
Total Assets	<u>\$ 133,059,809</u>	<u>\$ 4,853,383,682</u>	<u>\$ 4,887,377,263</u>	<u>\$ 99,066,228</u>
<u>LIABILITIES</u>				
Town Agency Fund				
Other liabilities	\$ 2,888,932	\$ 360,488,627	\$ 360,252,354	\$ 3,125,205
Total Liabilities - Town	<u>2,888,932</u>	<u>360,488,627</u>	<u>360,252,354</u>	<u>3,125,205</u>
Town Clerk Agency Funds	75,260	1,143,573	1,144,594	74,239
Total Liabilities - Town Clerk	<u>75,260</u>	<u>1,143,573</u>	<u>1,144,594</u>	<u>74,239</u>
Town Receiver of Taxes Agency Funds	130,095,617	4,491,751,482	4,525,980,315	95,866,784
Total Liabilities - Town Receiver	<u>130,095,617</u>	<u>4,491,751,482</u>	<u>4,525,980,315</u>	<u>95,866,784</u>
Total Liabilities	<u>\$ 133,059,809</u>	<u>\$ 4,853,383,682</u>	<u>\$ 4,887,377,263</u>	<u>\$ 99,066,228</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, 2010

	Lakeview Public Library District	Roosevelt Public Library District	Uniondale Public Library District
ASSETS			
Current Assets:			
Cash and investments	\$ 1,157,174	\$ 2,625,089	\$ 1,577,934
Accounts receivable, net of allowance for doubtful accounts	1,057		
Due from other governments		275,727	
Prepaid items	16,022	41,805	21,530
Total Current Assets	1,174,253	2,942,621	1,599,464
Non-current Assets:			
Deferred charges, net of accumulated amortization			
Capital assets, net of depreciation	2,273,679	9,922,066	6,437,813
Total Non-Current Assets	2,273,679	9,922,066	6,437,813
Total Assets	3,447,932	12,864,687	8,037,277
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	61,793	1,124,677	32,048
Accrued interest payable	12,773	92,718	67,650
Retainage payable			
Other accrued liabilities			
Due to other governments		10,767	112,116
Non-current liabilities due within one year			
General obligations bonds payable	76,455	159,608	373,131
Compensated absences payable		17,867	
Other debt			
Non-current Liabilities:			
General obligation bonds payable	628,080	5,231,942	3,065,266
Compensated absences payable	20,352	71,467	176,034
Other postemployment benefits payable		485,908	191,794
Unamortized bond premium	7,841		38,303
Other debt			
Total Liabilities	807,294	7,194,954	4,056,342
Net Assets:			
Invested in capital assets, net of related debt	1,561,303	3,742,686	2,961,113
Restricted	1,000		13,000
Unrestricted	1,078,335	1,927,047	1,006,822
Total Net Assets	\$ 2,640,638	\$ 5,669,733	\$ 3,980,935

Cathedral Gardens Water District	Franklin Square Water District	West Hempstead - Hempstead Gardens Water District	Greater Atlantic Beach Water Reclamation District	Totals
\$ 409,479	\$ 2,177,708	\$ 5,878,405	\$ 1,061,098	\$ 14,886,887
	362,306	690,882		1,054,245
	210,610			486,337
	29,412	112,263	859	221,891
<u>409,479</u>	<u>2,780,036</u>	<u>6,681,550</u>	<u>1,061,957</u>	<u>16,649,360</u>
	3,509			3,509
	6,510,625	10,734,867	2,362,202	38,241,252
	<u>6,514,134</u>	<u>10,734,867</u>	<u>2,362,202</u>	<u>38,244,761</u>
<u>409,479</u>	<u>9,294,170</u>	<u>17,416,417</u>	<u>3,424,159</u>	<u>54,894,121</u>
6,281	256,294	189,391	42,357	1,712,841
	97,871	8,294		279,306
	135,333			135,333
		69,550		69,550
				122,883
	109,320	240,667	135,000	1,094,181
		19,876		37,743
			1,800	1,800
	5,008,974	248,515	905,000	15,087,777
	172,350	280,754		720,957
	338,912	1,258,857	200,755	2,476,226
	63,200			109,344
			4,800	4,800
<u>6,281</u>	<u>6,182,254</u>	<u>2,315,904</u>	<u>1,289,712</u>	<u>21,852,741</u>
	1,460,891	10,245,685	1,315,602	21,287,280
	154,118		343,312	511,430
<u>403,198</u>	<u>1,496,907</u>	<u>4,854,828</u>	<u>475,533</u>	<u>11,242,670</u>
<u>\$ 403,198</u>	<u>\$ 3,111,916</u>	<u>\$ 15,100,513</u>	<u>\$ 2,134,447</u>	<u>\$ 33,041,380</u>

TOWN OF HEMPSTEAD
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
Year ended December 31, 2010

	<u>Lakeview Public Library District</u>	<u>Roosevelt Public Library District</u>	<u>Uniondale Public Library District</u>
REVENUES			
Program revenues			
Charges for services	\$ 7,970	\$ 22,619	\$ 26,932
Operating grants and contributions		104,223	
Real property taxes	1,084,265	2,845,810	3,517,473
Other real property tax items		6,112	142,047
Use of money and property - interest and earnings	6,343	48,347	6,447
Sale of property and compensation for loss			
Miscellaneous local sources	9,714		7,625
State aid	500	250	125,174
Total Revenues	<u>1,108,792</u>	<u>3,027,361</u>	<u>3,825,698</u>
EXPENDITURES			
Current:			
Culture and recreation	993,787	2,233,839	3,351,682
Home and community services			
Total Expenditures	<u>993,787</u>	<u>2,233,839</u>	<u>3,351,682</u>
Change in Net Assets	115,005	793,522	474,016
Net Assets at Beginning of Year	<u>2,525,633</u>	<u>4,876,211</u>	<u>3,506,919</u>
Net Assets - End of Year	<u>\$ 2,640,638</u>	<u>\$ 5,669,733</u>	<u>\$ 3,980,935</u>

Cathedral Gardens Water District	Franklin Square Water District	West Hempstead - Hempstead Gardens Water District	Greater Atlantic Beach Water Reclamation District	Totals
	\$ 1,506,721	\$ 1,898,105		\$ 3,462,347
				104,223
\$ 31,498	936,959	1,689,708	\$ 1,634,227	11,739,940
		16,597		164,756
3,723	161,560	397,346	1,734	625,500
	20,345	4,395,200		4,415,545
	7,549	106,137	711	131,736
				125,924
<u>35,221</u>	<u>2,633,134</u>	<u>8,503,093</u>	<u>1,636,672</u>	<u>20,769,971</u>
				6,579,308
55,767	2,996,599	3,620,035	1,616,484	8,288,885
<u>55,767</u>	<u>2,996,599</u>	<u>3,620,035</u>	<u>1,616,484</u>	<u>14,868,193</u>
(20,546)	(363,465)	4,883,058	20,188	5,901,778
<u>423,744</u>	<u>3,475,381</u>	<u>10,217,455</u>	<u>2,114,259</u>	<u>27,139,602</u>
<u>\$ 403,198</u>	<u>\$ 3,111,916</u>	<u>\$ 15,100,513</u>	<u>\$ 2,134,447</u>	<u>\$ 33,041,380</u>

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STATISTICAL SECTION

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

<u>Contents</u>	Page
Financial Trends	102-113
<i>These schedules contain information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	114-121
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	122-125
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	126-127
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	128-133
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

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

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

<u>As of December 31,</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 155,336,252	\$ 131,722,843	\$ 120,800,611	\$ 110,890,510	\$ 101,298,377
Restricted	4,330,158	3,977,095	3,649,027	4,554,705	4,394,860
Unrestricted	<u>(114,626,020)</u>	<u>(73,448,264)</u>	<u>(27,951,987)</u>	37,869,265	67,787,620
Total primary government net assets	<u>\$ 45,040,390</u>	<u>\$ 62,251,674</u>	<u>\$ 96,497,651</u>	<u>\$ 153,314,480</u>	<u>\$ 173,480,857</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 beginning in 2007 and will decrease in subsequent years due to the recognition of Governmental Accounting Standards Board Statement (GASB) No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (OPEB).

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

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 97,110,499	\$ 90,032,156	\$ 107,687,774	\$ 112,834,502
3,296,419	3,363,982	1,977,819	8,711,578
<u>45,902,563</u>	<u>32,336,193</u>	<u>24,222,979</u>	<u>1,075,773</u>
<u>\$ 146,309,481</u>	<u>\$ 125,732,331</u>	<u>\$ 133,888,572</u>	<u>\$ 122,621,853</u>

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

Year ended December 31,	2010	2009	2008	2007	2006
Expenses					
Governmental activities:					
General government support	\$ 73,948,510	\$ 76,269,137	\$ 68,811,156	\$ 69,575,283	\$ 57,219,324
Education	2,770,168	2,709,765	2,458,698	1,750,222	705,527
Public safety	36,874,823	34,327,818	34,712,889	33,561,350	32,147,838
Transportation	49,300,341	54,909,432	55,071,824	52,487,790	47,937,567
Economic assistance and opportunity	15,351,689	15,540,237	14,035,132	15,227,083	8,150,033
Culture and recreation	77,973,281	78,127,120	82,025,927	80,539,421	68,214,244
Home and community service	137,371,811	179,607,597	200,377,605	182,918,514	163,951,829
Interest on long-term debt	12,345,442	13,900,239	13,379,116	13,640,483	14,005,924
Total primary government expenses	<u>\$ 405,936,065</u>	<u>\$ 455,391,345</u>	<u>\$ 470,872,347</u>	<u>\$ 449,700,146</u>	<u>\$ 392,332,286</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government support	\$ 2,322,586	\$ 2,305,557	\$ 2,285,027	\$ 2,345,134	\$ 2,736,667
Public safety	6,542,706	6,445,311	7,691,619	7,503,777	7,522,273
Transportation	266,830	105,199	61,719	191,443	427,291
Economic assistance and opportunity	10,681	13,762	90,677	24,748	15,837
Culture and recreation	7,295,483	6,438,213	8,396,402	7,868,389	7,526,529
Home and community service	28,417,053	58,758,625	63,814,769	60,664,106	62,603,001
Operating grants and contributions	14,657,658	12,564,027	11,603,788	13,193,475	11,290,870
Capital grants and contributions	5,921,492	7,702,270	7,884,671	6,237,555	5,822,901
Total primary government program revenues	<u>\$ 65,434,489</u>	<u>\$ 94,332,964</u>	<u>\$ 101,828,672</u>	<u>\$ 98,028,627</u>	<u>\$ 97,945,369</u>
Net (Expense)/Revenue					
Total primary government net expense	<u>\$ (340,501,576)</u>	<u>\$ (361,058,381)</u>	<u>\$ (369,043,675)</u>	<u>\$ (351,671,519)</u>	<u>\$ (294,386,917)</u>
General Revenues and Other Changes in Net Assets					
Governmental Activities					
Property taxes	\$ 254,057,882	\$ 254,945,984	\$ 229,005,071	\$ 228,683,296	\$ 218,096,202
Other real property tax items	4,180,078	4,274,266	2,988,553	3,920,874	2,955,998
Non-property tax items	41,223,215	38,886,689	41,110,562	39,893,890	39,104,777
Interest earnings - unrestricted	2,939,473	3,715,781	8,414,882	11,421,977	9,259,116
Mortgage tax	15,083,671	19,448,034	24,661,932	42,071,625	46,148,354
State aid-unrestricted	3,927,434	4,180,122	4,180,122	4,058,371	3,940,166
Other	1,878,539	1,361,528	1,865,724	1,455,109	2,053,680
Total primary government	<u>\$ 323,290,292</u>	<u>\$ 326,812,404</u>	<u>\$ 312,226,846</u>	<u>\$ 331,505,142</u>	<u>\$ 321,558,293</u>
Change in Net Assets					
Total primary government	<u>\$ (17,211,284)</u>	<u>\$ (34,245,977)</u>	<u>\$ (56,816,829)</u>	<u>\$ (20,166,377)</u>	<u>\$ 27,171,376</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 2007-2010 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 Postemployment Benefits Other Than Pensions* (OPEB).

Source: Town of Hempstead Audited Financial Statements
Statement of Activities

	2005	2004	2003	2002
\$	55,220,458	\$ 56,268,692	\$ 51,059,557	\$ 44,658,537
	1,454,823	986,775		
	25,569,922	23,767,138	22,033,537	18,701,223
	45,173,820	40,301,761	37,794,243	46,307,297
	7,718,613	13,331,191	12,218,604	13,679,287
	69,951,397	59,595,580	53,552,703	48,206,258
	166,883,500	163,616,827	131,732,145	116,592,868
	14,787,088	14,341,532	12,211,366	13,124,231
	<u>\$ 386,759,621</u>	<u>\$ 372,209,496</u>	<u>\$ 320,602,155</u>	<u>\$ 301,269,701</u>

\$	2,737,686	\$ 2,401,272	\$ 2,509,139	\$ 1,941,640
	8,175,454	6,084,178	5,283,424	5,276,493
	132,270	140,908	6,218,669	1,943,498
	16,320	136	1,914,614	12,914
	6,820,774	6,717,598	13,794	6,382,910
	55,482,800	34,928,217	30,385,366	35,398,875
	13,614,676	12,333,998	22,374,250	16,553,415
	4,144,798	7,174,552	5,316,605	12,032,815
	<u>\$ 91,124,778</u>	<u>\$ 69,780,859</u>	<u>\$ 74,015,861</u>	<u>\$ 79,542,560</u>

\$ (295,634,843) \$ (302,428,637) \$ (246,586,294) \$ (221,727,141)

\$	217,822,376	\$ 193,363,827	\$ 182,528,258	\$ 174,268,533
	2,794,357	3,496,200	2,744,236	2,634,630
	37,397,947	36,432,949	34,806,516	33,847,387
	4,755,005	7,623,689		
	48,094,073	48,922,330	34,370,158	26,909,216
	3,284,444	3,165,729		
	2,063,791	1,267,672	3,403,845	510,974
	<u>\$ 316,211,993</u>	<u>\$ 294,272,396</u>	<u>\$ 257,853,013</u>	<u>\$ 238,170,740</u>

\$ 20,577,150 \$ (8,156,241) \$ 11,266,719 \$ 16,443,599

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

<u>Year Ended December 31,</u>	<u>Real Property Tax</u>	<u>Other Real Property Tax</u>	<u>Non-Property Tax Items</u>	<u>Total</u>
2010	\$ 254,057,882	\$ 4,180,078	\$ 41,223,215	\$ 299,461,175
2009	254,945,984	4,274,266	38,886,689	298,106,939
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 Nine Years
(modified accrual basis of accounting)

<u>As of December 31,</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund					
Reserved	\$ 2,083,278	\$ 2,007,552	\$ 2,333,214	\$ 1,774,044	\$ 2,047,180
Unreserved	41,114,883	55,070,451	61,525,680	64,763,538	63,484,262
Total General Fund	<u>\$ 43,198,161</u>	<u>\$ 57,078,003</u>	<u>\$ 63,858,894</u>	<u>\$ 66,537,582</u>	<u>\$ 65,531,442</u>
All other governmental funds					
Reserved	\$ 24,042,719	\$ 24,055,634	\$ 25,560,529	\$ 29,307,077	\$ 25,000,437
Unreserved, reported in:					
Special revenue funds	110,864,828	100,895,970	93,066,438	102,619,221	84,158,219
Capital projects funds	(25,120,896)	(60,026,987)	(23,827,946)	(26,687,975)	(17,772,914)
Total all other governmental funds	<u>\$ 109,786,651</u>	<u>\$ 64,924,617</u>	<u>\$ 94,799,021</u>	<u>\$ 105,238,323</u>	<u>\$ 91,385,742</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>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 2,420,022	\$ 2,083,610	\$ 1,858,293	\$ 2,811,701
<u>56,778,924</u>	<u>53,557,213</u>	<u>42,852,608</u>	<u>33,653,897</u>
<u>\$ 59,198,946</u>	<u>\$ 55,640,823</u>	<u>\$ 44,710,901</u>	<u>\$ 36,465,598</u>
\$ 26,462,712	\$ 37,313,563	\$ 7,343,230	\$ 9,710,243
62,923,459	48,354,099	49,372,046	53,182,621
<u>(21,086,960)</u>	<u>422,399</u>	<u>(55,586,874)</u>	<u>(13,076,241)</u>
<u>\$ 68,299,211</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 Nine Years
(modified accrual basis of accounting)

<u>Year ended December 31,</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Revenues					
Real property taxes	\$ 254,057,882	\$ 254,945,984	\$ 229,005,071	\$ 228,683,296	\$ 218,096,202
Other real property tax items	4,180,078	4,274,266	2,988,553	3,920,874	2,955,998
Non-property taxes	41,223,215	38,886,689	41,110,562	39,893,890	39,104,777
Charges for services	31,994,863	29,718,300	33,868,934	31,744,303	35,700,012
Intergovernmental	3,793,640	11,591,199	15,562,752	14,601,626	14,711,240
Use of money and property	6,862,546	6,313,500	9,004,534	12,521,821	10,547,159
License and permits	1,106,134	994,785	1,132,954	820,128	529,143
Fines and forfeitures	1,121,544	1,027,347	1,027,742	786,404	917,162
Sale of property and compensation for loss	1,602,568	1,476,176	1,706,624	1,451,943	1,168,323
Miscellaneous and local sources	1,770,841	7,981,614	1,143,191	1,672,021	1,826,858
Interfund revenues	81,950,479	77,663,962	70,999,331	63,145,802	62,302,022
State aid	24,017,680	27,605,874	31,961,325	50,096,733	53,972,554
Federal aid	15,572,577	16,320,079	16,369,188	15,464,293	14,333,120
Total revenues	469,254,047	478,799,775	455,880,761	464,803,134	456,164,570
Expenditures					
General government support	75,598,414	72,807,661	67,287,572	64,793,032	62,478,103
Education	2,770,168	2,709,765	2,458,698	1,750,222	705,527
Public safety	31,036,639	29,123,839	28,058,963	24,411,317	23,013,354
Transportation	42,007,781	42,029,778	42,827,355	37,411,205	36,402,732
Economic assistance and opportunity	10,626,066	11,229,679	9,489,844	10,369,136	4,750,730
Culture and recreation	60,124,858	59,475,456	58,781,929	56,409,481	58,752,499
Home and community service	120,779,247	140,923,242	147,438,730	134,700,679	122,499,043
Employee benefits	75,063,840	67,644,682	67,147,499	65,803,106	74,169,699
Capital outlay	43,153,678	38,604,901	36,345,192	36,429,311	32,441,327
Debt Service					
Principal	42,816,171	38,482,474	37,350,836	34,528,873	34,303,645
Interest	11,239,489	13,848,441	13,270,865	14,131,558	13,466,557
Bond Issuance Costs	271,645	306,731	114,534	99,939	99,027
Total Expenditures	515,487,996	517,186,649	510,572,017	480,837,859	463,082,243
Excess of revenues over (under) expenditures	(46,233,949)	(38,386,874)	(54,691,256)	(16,034,725)	(6,917,673)
Other financing sources (uses)					
Transfers in	56,951,890	55,730,815	54,567,491	53,366,786	54,594,158
Transfers out	(56,951,890)	(55,730,815)	(54,567,491)	(53,366,786)	(54,594,158)
Refunding bonds issued	14,785,000	39,140,854			
Debt issuance	72,377,025		39,142,000	30,348,650	33,914,230
Premiums on debt issuance	6,257,363	2,063,610	2,431,266	544,796	1,422,470
Payments to refund bond escrow agent	(16,203,247)	(39,472,885)			
Total other financing sources (uses)	77,216,141	1,731,579	41,573,266	30,893,446	35,336,700
Net change in fund balances	\$ 30,982,192	\$ (36,655,295)	\$ (13,117,990)	\$ 14,858,721	\$ 28,419,027
Debt service as a percentage of noncapital expenditures	11.4%	10.9%	10.7%	11.0%	11.0%

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

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

2005	2004	2003	2002
\$ 217,822,376	\$ 193,363,827	\$ 182,528,258	\$ 174,268,533
2,794,357	3,496,200	2,744,236	2,634,630
37,397,947	36,432,949	34,806,516	33,847,387
34,618,491	33,865,802	32,523,184	32,058,572
8,685,822	12,638,256	11,335,150	12,900,768
6,056,541	3,383,487	3,003,859	3,957,523
651,593	411,727	482,923	339,927
787,928	728,846	565,236	735,023
2,512,080	1,122,233	3,036,317	1,655,405
1,465,852	7,168,749	1,985,056	1,087,589
60,183,483	56,856,527	49,832,421	46,710,984
55,358,831	55,174,698	41,069,168	32,552,495
13,779,159	16,171,143	14,359,096	22,275,257
442,114,460	420,814,444	378,271,420	365,024,093
61,993,033	59,952,807	53,605,468	50,782,196
1,454,823	986,775		
21,919,275	20,937,795	20,276,687	18,322,284
35,411,560	33,650,993	32,981,538	29,521,264
4,710,480	10,526,888	10,150,031	11,546,525
56,598,201	50,026,564	48,847,806	47,525,445
128,135,894	129,056,486	121,609,194	122,335,368
66,551,298	63,488,286	51,660,363	42,267,836
32,895,670	40,830,013	43,065,989	29,104,232
30,795,673	33,970,648	28,554,192	25,707,185
15,881,280	11,605,116	13,372,578	11,940,713
1,745,528			
458,092,715	455,032,371	424,123,846	389,053,048
(15,978,255)	(34,217,927)	(45,852,426)	(24,028,955)
48,917,502	41,793,540	42,783,129	42,087,592
(48,917,502)	(41,793,540)	(42,783,129)	(42,087,592)
53,436,428		31,021,996	
	130,109,508	5,409,508	
2,098,799			
(53,789,699)		(31,021,996)	
1,745,528	130,109,508	5,409,508	-0-
\$ (14,232,727)	\$ 95,891,581	\$ (40,442,918)	\$ (24,028,955)
11.4%	11.0%	11.2%	10.7%

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

Year Ended December 31,	Real Property Tax¹	Sales Tax²	Mortgage Tax³	Franchise Tax	Total
2010	\$ 254,057,882	\$ 32,400,000	\$ 15,083,671	\$ 8,823,215	\$ 310,364,768
2009	254,945,984	30,914,315	19,448,034	7,972,374	313,280,707
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

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

TOWN OF HEMPSTEAD

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

Year Ended December 31,	Residential Property 1 to 3 Family Homes	Residential Property Apts, Condos & Cooperatives	Utility Property	All Other Property	Total Taxable Assessed Value
2010	\$ 245,206,950	\$ 15,755,810	\$ 20,598,789	\$ 99,922,060	\$ 381,483,609
2009	244,057,339	15,436,766	18,141,946	92,812,877	370,448,928
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 ¹
2006	370,900,972	12,870,249	13,002,253	81,170,030	477,943,504 ¹
2005	606,456,152	12,843,625	13,265,955	81,107,215	713,672,947
2004	617,627,940	13,351,891	13,030,883	83,480,148	727,490,862 ²
2003	1,121,310,141	67,495,955	242,618,217	488,056,838	1,919,481,151
2002	1,120,161,083	70,199,970	233,528,134	496,492,709	1,920,381,896
2001	1,120,202,205	70,578,793	214,898,614	499,692,563	1,905,372,175

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

- ¹ 2006 and 2007 rate increases are due to decreases in assessed valuations by Nassau County.
- ² Nassau County completed a county-wide reassessment in 2004 wherein it reassessed all properties within the County by utilizing one percent of market value applicable to each of the four property classes.
- ³ Per \$1,000 of assessed value. See page 116 for more detail.
- ⁴ Per \$100 of assessed value. See page 116 for more detail.

State Equalization Rate	Estimated Full Valuation	Total Full Value Direct Tax Rate³	Total Taxable Assessed Value Direct Tax Rate⁴
0.33%	\$ 115,601,093,636	\$ 3.31	\$ 100.22
0.32%	115,765,290,000	3.29	102.71
0.30%	117,374,500,667	2.99	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
0.90%	80,832,318,000	3.66	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

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

Full Value Town Direct Rates

Year Ended December 31,	Total Taxable Assessed Value	State Equalization Rate	Estimated Full Valuation	Tax Levy For Town¹	Total Town Direct Tax Rate⁴
2010	\$ 381,483,609	0.33%	\$ 115,601,093,636	\$ 382,321,007	\$ 3.31
2009	370,448,928	0.32%	115,765,290,000	380,485,152	3.29
2008	352,123,502	0.30%	117,374,500,667	350,848,760	2.99
2007	328,837,840 ²	0.30%	109,612,613,333	347,279,817	3.17
2006	477,943,504 ²	0.50%	95,588,700,800	334,019,769	3.49
2005	713,672,947	0.82%	87,033,286,220	328,053,240	3.77
2004	727,490,862 ³	0.90%	80,832,318,000	295,842,220	3.66
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

Assessed Value Town Direct Rates

Year Ended December 31,	Total Taxable Assessed Value	State Equalization Rate	Estimated Full Valuation	Tax Levy For Town¹	Total Town Direct Tax Rate⁵
2010	\$ 381,483,609	0.33%	\$ 115,601,093,636	\$ 382,321,007	\$ 100.22
2009	370,448,928	0.32%	115,765,290,000	380,485,152	102.71
2008	352,123,502	0.30%	117,374,500,667	350,848,760	99.64
2007	328,837,840	0.30%	109,612,613,333	347,279,817	105.61
2006	477,943,504 ²	0.50%	95,588,700,800	334,019,769	69.89
2005	713,672,947	0.82%	87,033,286,220	328,053,240	45.97
2004	727,490,862 ³	0.90%	80,832,318,000	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

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

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

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

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

⁴ Per \$1,000 of assessed value

⁵ Per \$100 of assessed value

Full Value Overlapping Rates

County Tax Levy For Town	Total County Direct Rate⁴	School Levy	Total School Direct Rate⁴	Total Full Value Direct and Overlapping Rates⁴
\$ 470,435,391	\$ 4.07	\$ 1,778,140,823	\$ 15.38	\$ 22.76
472,271,246	4.08	1,726,603,811	14.91	22.28
445,366,774	3.79	1,646,925,751	14.03	20.81
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	5.49	1,328,204,511	16.43	25.59
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

Assessed Value Overlapping Rates

County Tax Levy For Town	Total County Direct Rate⁵	School Levy	Total School Direct Rate⁵	Total Taxable Assessed Value Direct and Overlapping Rates⁵
\$ 470,435,391	\$ 123.32	\$ 1,778,140,823	\$ 466.11	\$ 689.65
472,271,246	127.49	1,726,603,811	466.08	696.28
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

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

Year Ended December 31,	Governmental Funds											
	General	Highway	Parks		Refuse & Garbage		Town Outside Village	Fire Protection		Street Lighting	Public Parking	
			Low	High	Low	High	Low	High	Low	High		
2010												
Class 1	4.959	27.743	8.146	52.280	20.545	28.578	4.697	1.676	24.892	3.610	0.092	36.100
Class 2	3.829	18.835	7.613	23.799	19.734	33.729	3.188	3.686	22.961	3.432	0.164	26.996
Class 3	4.337	21.381	25.307	213.279	44.857	70.191	3.620	3.821	119.040	8.637	0.245	34.993
Class 4	3.478	17.659	10.449	65.887	19.803	27.292	2.989	2.402	35.490	3.494	0.083	29.506
All Classes												
2009												
Class 1	4.959	27.743	8.146	52.280	20.545	28.578	4.697	1.676	23.966	3.610	0.092	36.100
Class 2	4.024	20.548	8.615	26.769	19.561	35.368	3.478	3.541	23.639	3.547	0.161	30.357
Class 3	4.969	23.279	28.198	222.961	56.291	79.156	3.941	5.734	105.267	10.017	0.267	31.688
Class 4	3.818	19.786	10.795	70.061	21.292	30.564	3.349	2.349	38.497	3.754	0.086	31.646
All Classes												
2008												
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												
2007												
Class 1	5.239	27.232	7.981	36.091	20.621	28.107	4.611	4.237	25.293	3.653	0.108	28.994
Class 2	4.824	22.610	8.502	29.993	20.321	38.529	3.828	4.185	27.781	3.753	0.171	26.854
Class 3	5.336	23.919	29.228	78.395	64.545	116.023	4.050	12.197	122.990	11.541	0.364	48.750
Class 4	4.493	21.570	10.549	71.106	21.925	31.979	3.652	2.880	40.187	3.884	0.009	29.361
All Classes												
2006												
Class 1	3.068	15.457	4.083	22.038	11.575	15.923	2.729	3.294	14.577	2.079	0.061	13.140
Class 2	4.913	20.572	6.785	31.129	19.839	34.726	3.632	3.281	27.959	3.681	0.158	17.788
Class 3	5.788	25.529	25.096	76.702	70.677	117.886	4.459	9.696	110.971	12.715	0.373	47.927
Class 4	4.720	21.503	8.863	69.901	20.639	31.180	3.796	2.403	29.157	3.684	0.086	26.269
All Classes												
2005												
Class 1	1.832	9.326	2.609	15.207	7.157	9.667	1.647	1.614	10.460	1.276	0.040	8.100
Class 2	5.255	23.249	7.437	31.785	19.837	35.176	4.105	15.480	26.506	3.739	0.160	17.741
Class 3	6.586	28.933	25.996	57.402	69.455	113.953	5.109	8.144	85.940	12.462	0.361	33.502
Class 4	4.854	21.946	8.957	71.260	20.521	31.628	3.875	2.399	31.474	3.675	0.088	17.949
All Classes												
2004												
Class 1	1.693	8.044	2.333	13.529	6.026	9.084	1.411	1.368	9.908	1.113	0.024	7.113
Class 2	4.856	21.932	6.307	28.553	16.092	33.485	3.847	15.473	22.008	3.172	0.086	17.161
Class 3	5.975	27.383	24.022	57.631	60.374	110.538	4.803	8.486	75.137	11.204	0.225	33.572
Class 4	4.789	19.745	7.726	64.015	17.064	29.840	3.463	2.320	28.437	3.173	0.051	22.073
All Classes												
2003												
Class 1	0.914	3.853	1.178	7.106	2.950	4.192	0.689	0.889	4.868	0.535	0.010	3.119
Class 2	0.990	3.711	1.295	7.094	3.153	4.292	0.663	2.562	5.561	0.556	0.009	3.857
Class 3	0.337	1.425	1.173	2.815	2.931	4.175	0.254	0.482	4.188	0.531	0.009	1.036
Class 4	0.850	3.537	1.229	7.111	3.021	4.179	0.632	0.415	4.906	0.547	0.010	3.242
All Classes												
2002												
Class 1	0.914	3.555	1.112	5.922	2.891	4.192	0.655	0.889	4.868	0.535	0.010	3.119
Class 2	1.012	3.433	1.112	5.921	2.890	4.191	0.632	1.998	4.211	0.534	0.009	3.119
Class 3	0.377	1.474	1.112	2.742	2.890	4.192	0.271	0.410	4.209	0.534	0.009	1.041
Class 4	0.880	3.371	1.112	5.922	2.891	4.191	0.621	0.481	4.209	0.534	0.009	3.119
All Classes												
2001												
Class 1	0.914	3.555					0.655					
Class 2	0.974	3.315					0.610					
Class 3	0.433	1.688					0.311					
Class 4	0.907	3.481					0.641					
All Classes			1.112	8.878	2.891	4.192		0.410	6.740	0.535	0.010	3.119

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

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

TOWN OF HEMPSTEAD
Principal Property Taxpayers
Current Year and Nine Years Ago
December 31, 2010 and 2001

2010

Rank	Taxpayer	Nature of Business	Assessed Valuation	Percent of Total Assessed Valuation ⁽¹⁾
1	National Grid	Energy System Operator	\$ 9,374,081	2.46%
2	Long Island Power Authority	Electric Utility	7,403,399	1.94%
3	Simon Property Group	Shopping Center	5,616,484	1.47%
4	Verizon	Telephone/Cable TV	3,566,470	0.93%
5	Green Acres Mall	Shopping Center	2,587,438	0.68%
6	625 Rexcorp Plaza Land SPE LLC	Office Building	1,643,893	0.43%
7	NY Racing Association	Belmont Race Track	1,294,962	0.34%
8	Long Island American Water	Water Utility	1,199,376	0.31%
9	Treeline Franklin Avenue Plaza	Office Building	843,390	0.22%
10	333 Earl Ovington Blvd. SPE LLC	Office Building	837,187	0.22%
Total			<u>\$ 34,366,680</u>	<u>9.01%</u>

2001

Rank	Taxpayer	Nature of Business	Assessed Valuation	Percent of Total Assessed Valuation ⁽¹⁾
1	LILCO/LIPA	Utility	\$ 65,939,155	3.46%
2	LIPA	Utility	41,787,437	2.19%
3	Verizon	Utility	35,167,174	1.85%
4	Keyspan Energy Corp.	Utility	30,214,103	1.59%
5	Corporate Property Investors	Shopping Center	21,755,180	1.14%
6	Long Island Water Co.	Utility	19,670,814	1.03%
7	MCS Realty Partners	Commercial R.E.	11,934,210	0.63%
8	Greater N.Y. Racing Association	Belmont Race Track	11,156,060	0.59%
9	Coliseum Plaza Associates	Office Buildings	8,165,570	0.43%
10	New York Water	Utility	6,724,185	0.35%
Total			<u>\$ 252,513,888</u>	<u>13.36%</u>

Source: Town of Hempstead Receiver of Taxes
Town of Hempstead 2001 Official Statement

¹ See Assessed Valuation, State Equalization Rate and Estimated Full Value of Real Property page 114 for total taxable assessed value.

TOWN OF HEMPSTEAD
Property Tax Levies and Collections
Last Ten Years

Year Ended December 31,	Tax Levy For Town¹	Total Tax Levy²	Amount Collected³	Percent of Total Tax Levy Collected⁴	Amount Uncollected	Percent of Total Tax Levy Uncollected
2010	\$382,321,007	\$852,756,398	\$ 826,113,726	96.88%	\$ 26,642,672	3.12%
2009	380,485,152	852,756,398	815,167,159	95.59%	37,589,239	4.41%
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%

Source: Town of Hempstead Official Statements

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

² Includes all Town and County taxes.

³ During year of levy.

⁴ The Town retains 100% of the amount levied for Town and Commissioner operated funds; taxes uncollected at the expiration of the warrant are returned to the County for collection and enforcement. As a result there are no Town taxes collected in subsequent years.

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

Year Ended	Governmental Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Bond Anticipation Notes Payable	Installment Purchase Debt			
2010	\$ 296,090,507			\$ 296,090,507	0.35%	\$ 390
2009	266,994,653	\$ 30,000,000		296,994,653	0.35%	387
2008	305,809,158			305,809,158	0.35%	400
2007	304,017,994			304,017,994	0.35%	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

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

¹ See the schedule of Demographic and Economic Statistics on page 126 for personal income and population.

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

Year Ended	General Obligation Bonds	Percentage of Total Taxable Assessed Valuation¹	Percentage of Estimated Full Value¹ of Property	Per Capita²
2010	\$ 296,090,507	77.62%	0.26%	\$ 390
2009	266,994,653	72.07%	0.23%	348
2008	305,809,158	86.85%	0.26%	400
2007	304,017,994	92.45%	0.28%	397
2006	308,198,217	64.48% ³	0.32%	403
2005	308,587,632	43.24%	0.35%	405
2004	339,736,576	46.70% ⁴	0.42%	447
2003	238,618,208	12.43%	0.33%	314
2002	265,406,554	13.82%	0.42%	350
2001	291,113,739	15.28%	0.51%	384

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

¹ See the Schedule of Assessed Value, Equalization Rate and Estimated Full Value of Real Property on page 114 for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics on page 126.

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

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

TOWN OF HEMPSTEAD
Direct and Overlapping Governmental Activities Debt
As of December 31, 2010

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
Town of Hempstead	\$ 312,272,465	100.00%	<u>\$ 312,272,465</u>
Overlapping:			
Nassau County	\$ 3,621,132,667	44.85%	\$ 1,624,078,001
Incorporated Villages	224,171,571	100.00%	224,171,571
School Districts	685,882,208	100.00%	685,882,208
Fire Districts	10,365,000	100.00%	<u>10,365,000</u>
Total overlapping debt			<u>2,544,496,780</u>
Total direct and overlapping debt			<u><u>\$ 2,856,769,245</u></u>

Source : Office of the State Comptroller

TOWN OF HEMPSTEAD
Legal Debt Margin Information
Last Ten Years

Year Ended December 31,	Taxable Assessed Valuation	State Equalization Rate	Full Valuation
2010	\$ 381,483,609	0.33%	\$ 115,601,093,636
2009	370,448,928	0.32%	115,765,290,000
2008	352,123,502	0.30%	117,374,500,667
2007	328,837,840	0.30%	109,612,613,333
2006	477,943,504	0.50%	95,588,700,800
Total Five Year Full Valuation			<u>\$ 553,942,198,436</u>
Five Year Average Full Valuation of Taxable Real Property			<u>\$ 110,788,439,687</u>
Constitutional Debt Limit (7% of Average Full Valuation)			<u>\$ 7,755,190,778</u>
Outstanding Indebtedness at December 31st			\$ 266,994,653
Less: 2011 Appropriations for Debt Principal			39,770,972
Less: Exclusions			<u>16,268,160</u>
Net Indebtedness Subject to Debt Limit			<u>\$ 210,955,521</u>
Net Debt Contracting Margin			<u>\$ 7,544,235,257</u>
Percentage of Net Debt Contracting Margin Available			97.28%
Percentage of Net Debt Contracting Power Exhausted			2.72%

Last Ten Years

Year	Constitutional Debt Limit	Total Net Debt Subject to Limit	Net Debt Contracting Margin	Percentage of Debt Contracting Power Exhausted	Percentage of Net Debt Contracting Margin Available
2010	\$ 7,755,190,778	\$ 210,955,521	\$ 7,544,235,257	2.72%	97.28%
2009	7,355,241,474	207,278,235	7,147,963,239	2.82%	97.18%
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%

Source: Town of Hempstead Official Statements.

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

TOWN OF HEMPSTEAD
Demographic and Economic Statistics
Last Ten Years

Year Ended December 31,	Population¹	Personal Income² (billions of dollars)	Per Capita Income³	Median Age³	Unemployment Rate⁴	Number of Households Estimate¹	Average Household Size Estimates¹	Population Density Per Square Mile⁵
2010	759,757	\$ 83,985	\$ 35,374	39.4	7.5%	246,456	3.03	6,333
2009	766,878	83,985	35,374	39.4	7.4%	248,787	3.03	6,393
2008	765,234	88,078	36,488	40.7	4.9%	248,010	2.86	6,379
2007	765,111	87,168	35,292	39.8	3.7%	248,272	3.03	6,378
2006	763,822	80,873	32,738	38.8	3.9%	247,756	3.02	6,339
2005	761,944	76,013	32,247	38.5	4.3%	247,756	3.02	6,350
2004	760,675	70,528	32,666	38.5	4.8%	247,656	3.02	6,339
2003	759,535	67,050	30,951	37.9	4.1%	247,694	3.02	6,329
2002	758,942	65,912	30,623	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

Sources:

- ¹ 2010 data from U.S. Census Bureau - American Fact Finder
Prior years from Long Island Power Authority (LIPA) annual surveys
- ² U.S. Department of Commerce - Bureau of Economic Analysis
Personal Income figures are for Nassau County - 2010 is not available.
- ³ U.S. Census Bureau, 2005-2009 American Community Survey - 2010 is not available.
- ⁴ United States Department of Labor - Bureau of Labor Statistics
(Note: Percentages are not seasonally adjusted).
- ⁵ Calculated: Population divided by land area (119.96 sq. mi.)

TOWN OF HEMPSTEAD
Principal Employers
Current Year and Nine Years Ago

2010 ⁽¹⁾				
Rank	Name	Type of Business	Number of Employees	Percentage of Total Town Employment
1	Roman Catholic Diocese of Rockville Centre	Religious Organization	17,000 *	4.75%
2	Hofstra University	Higher Education	5,579	1.56%
3	Nassau Health Care Corp.	Hospital, Nursing Home and Community Health Centers	4,410 *	1.23%
4	Boces - Nassau	Educations Supports Svcs.	3,900 *	1.09%
5	Nassau Community College	Higher Education	3,200	0.89%
6	All Metro Health	Home Health Care	3,000 *	0.84%
7	South Nassau Community Hospital	Hospital	2,800	0.78%
8	Adelphi University	Higher Education	1,945	0.54%
9	Mercy Medical Center	Hospital	1,700	0.48%
10	Summit Security Services	Security and investigations	1,355	0.38%

2001 ⁽²⁾				
Rank	Name	Type of Business	Number of Employees	
1	North Shore Long Island Jewish Health System	Medical Care	20,289	
2	Diocese of Rockville Center	Religious Institution	12,500	
3	JP Morgan Chase	Commercial Bank	7,815	
4	Waldbaums	Supermarket Chain	6,500	
5	Long Island Railroad	Commuter Railroad	5,900	
6	Verizon	Communications	5,700	
7	Keyspan Energy	Utility	5,000	
8	Long Island University	Education	4,686	
9	King Kullen Grocery	Supermarket Chain	4,500	
10	Northrop Grumman	Aerospace	3,882	

Sources:

(1) Long Island Business News "100 + Employee Companies"

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

(2) Numbers are for Nassau County. Percentage of total Town employment is not available before 2008.

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

Function	Full-Time Equivalent				
	2010	2009	2008	2007	2006
General government	419	417	425	419	420
Public safety	216	210	205	200	195
Transportation	206	205	216	220	221
Economic assistance and opportunity	30	26	25	26	27
Culture & recreation	413	423	441	449	458
Home and community service	644	627	624	625	644
Total	1,928	1,908	1,936	1,939	1,965

Source: Town of Hempstead Human Resource Department records

These are full time budgeted positions

Employees as of December 31,

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
424	424	432	422	416
195	202	204	203	202
226	231	237	249	250
29	29	32	32	30
448	466	481	505	492
<u>662</u>	<u>683</u>	<u>685</u>	<u>707</u>	<u>686</u>
<u>1,984</u>	<u>2,035</u>	<u>2,071</u>	<u>2,118</u>	<u>2,076</u>

TOWN OF HEMPSTEAD
Operating Indicators by Function
Last Ten Years

Year Ended December 31,	2010	2009	2008	2007
Function				
Town Clerk				
Vital statistic documents	36,020	34,979	36,110	37,098
Dog licenses	7,396	6,620	6,652	6,927
Marriage licenses	3,927	3,817	4,905	5,088
Building				
Residential building permits issued	9,310	3,582	4,189	4,186
Estimated value of residential building construction	\$ 123,629,344	\$ 115,938,628	\$ 221,639,432	\$ 172,519,163
Industrial and commercial building permits issued	765	6,066	6,541	6,415
Estimated value of industrial and commercial building construction	\$ 56,113,065	\$ 82,495,362	\$ 67,085,202	\$ 81,800,006
Public Safety				
Dogs adopted or reclaimed by owners	1,264	1,216	1,315	699
Citations issued	447	433	323	283
Fire				
Number of fire protection districts	17	17	17	17
Parking				
Number of parking permits issued	13,974	14,238	14,053	13,382
Parking permit revenue	\$ 40,038	\$ 40,203	\$ 40,391	\$ 38,519
Highways and streets				
Street resurfacing (lane miles)	9	10	10	12
Number of trees planted	653	656	847	729
Number of trees removed	1,052	987	850	1,193
Road opening permits issued	1,582	2,875	2,971	2,744
Abandoned vehicles removed	125	40	50	43
Signs installed	24,840	23,580	18,795	18,000
Sanitation (tons per annum)				
Residential and commercial waste collected	511,424	479,102	573,469	549,217
Recyclables collected	62,868	93,214	89,998	86,435
Yardwaste	54,952	66,602	71,810	68,735
Bulky waste and other items	17,580	5,716	1,510	2,126
Culture and recreation				
Pool passes issued	4,090	3,832	4,339	4,631
Registration for adult programs	9,350	9,350	17,809	12,007

Source: Various government departments

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
37,245	36,150	36,412	35,844	35,260	33,235
7,230	7,253	7,707	8,017	8,406	8,427
5,188	5,459	5,605	5,491	6,040	7,537
4,120	4,692	4,519	7,781	3,802	4,704
\$ 201,102,700	\$ 220,786,460	\$ 177,749,409	\$ 172,463,021	\$ 133,027,250	\$ 165,772,771
7,748	7,262	977	1,330	1,137	1,048
\$ 112,098,935	\$ 113,393,437	\$ 83,861,795	\$ 60,315,744	\$ 78,589,300	\$ 81,641,725
1,553	1,583	1,486	1,442	1,381	1,347
269	244	280	382	309	272
17	17	17	17	17	17
13,364	13,168	12,926	12,848	12,090	12,991
\$ 38,209	\$ 37,663	\$ 36,984	\$ 36,794	\$ 35,346	\$ 37,054
16		14	12	15	25
1,711	1,644	1,770	5,738	3,920	2,456
1,972	504	1,507	1,506	1,091	1,090
1,741	1,547	1,509	1,285	1,173	1,224
103	136	77	89	105	94
17,816	20,960	20,960	20,960	26,200	28,820
630,893	635,382	666,761	655,297	605,249	612,163
87,726	87,735	90,733	99,326	83,227	87,961
79,976	73,741	75,750	87,557	95,256	85,852
1,624	3,058	20,508	40,536	79,093	58,510
4,330	4,309	4,572	4,890	5,311	5,110
11,996	11,915	11,514	13,016	12,316	10,608

TOWN OF HEMPSTEAD
Capital Asset Statistics by Function
Last Ten Years

Year Ended December 31,	2010	2009	2008	2007
Function				
General Government				
New Town Hall and Old Town Hall	2	2	2	2
Sanitation				
Transfer station	2	2	2	2
Annual tonnage processed	131,379	204,977	194,894	199,959
Highways and streets				
Streets (miles)	1,162	1,162	1,162	1,162
Culture and recreation				
Parks acreage	1,404	1,404	1,404	1,404
Parks	189	189	189	189
Docks	4	4	4	4
Boat ramps	4	4	4	4
Swimming pools	22	22	22	22
Golf courses (18 hole)	1	1	1	1
Golf courses (9 hole)	1	1	1	1
Driving range	1	1	1	1
Tennis courts	77	77	77	77
Community centers	16	16	16	16

Source: Various government departments

2006	2005	2004	2003	2002	2001
2	2	2	2	2	2
2	2	2	2	2	2
250,792	287,768	297,983	277,385	249,224	249,629
1,162	1,162	1,162	1,162	1,162	1,162
1,404	1,404	1,404	1,404	1,404	1,404
189	189	189	189	189	189
4	4	4	4	4	4
4	4	4	4	4	4
22	22	22	22	22	22
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
77	77	77	77	77	77
16	16	16	16	16	16