

Town of Hempstead

New York



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2011**

**TOWN OF HEMPSTEAD
NEW YORK**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2011**

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

TOWN OF HEMPSTEAD
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2011
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**INTRODUCTORY
SECTION**

KATE MURRAY
Supervisor



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

June 29, 2012

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, 2011. 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 eight 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 2011 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

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HEMPSTEAD, N.Y. 11550-4037
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KATE MURRAY
SUPERVISOR

June 29, 2012

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, 2011.

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, 2011. 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 769,040 according to the 2010 edition of the Long Island Power Authority's annual population survey. The Town accounts for approximately 56% 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 193 public parks, nature preserves and recreational facilities maintained by the Town. The Town maintains inland waterways and marinas, and operates 16 senior centers and 120 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 1.A).

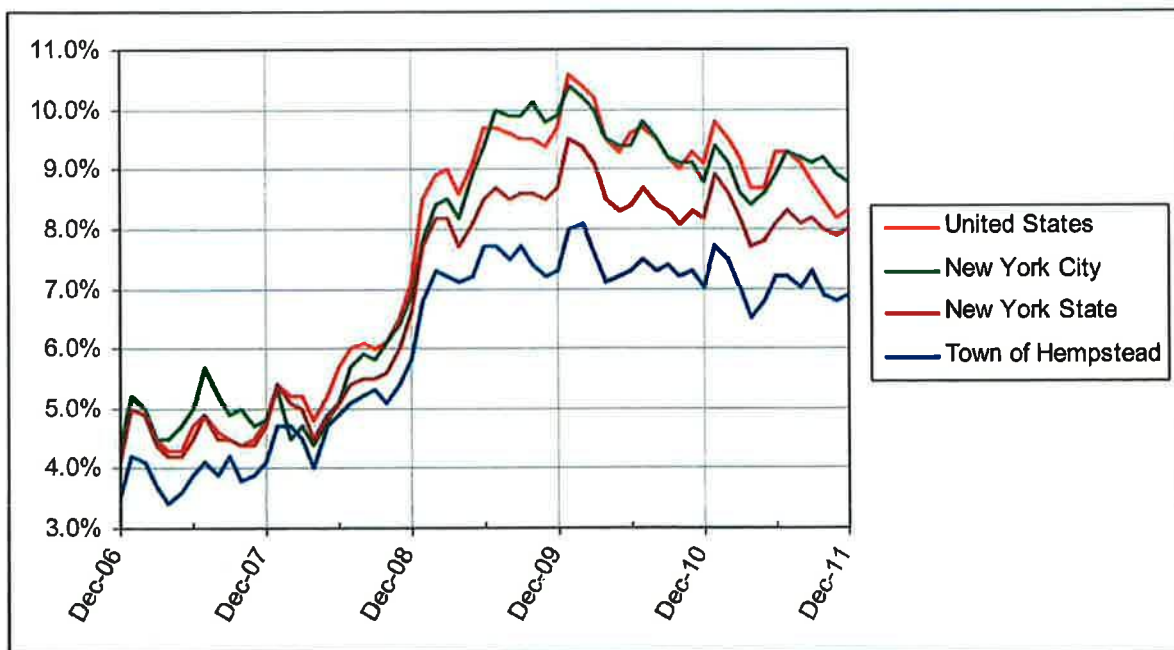
As the Town's chief financial officer, the Supervisor is responsible for the Town's accounting and financial reporting activities. The Town Board, as a whole, serves as the finance board of the Town and is responsible for authorizing, by resolution, all material financial transactions such as operating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

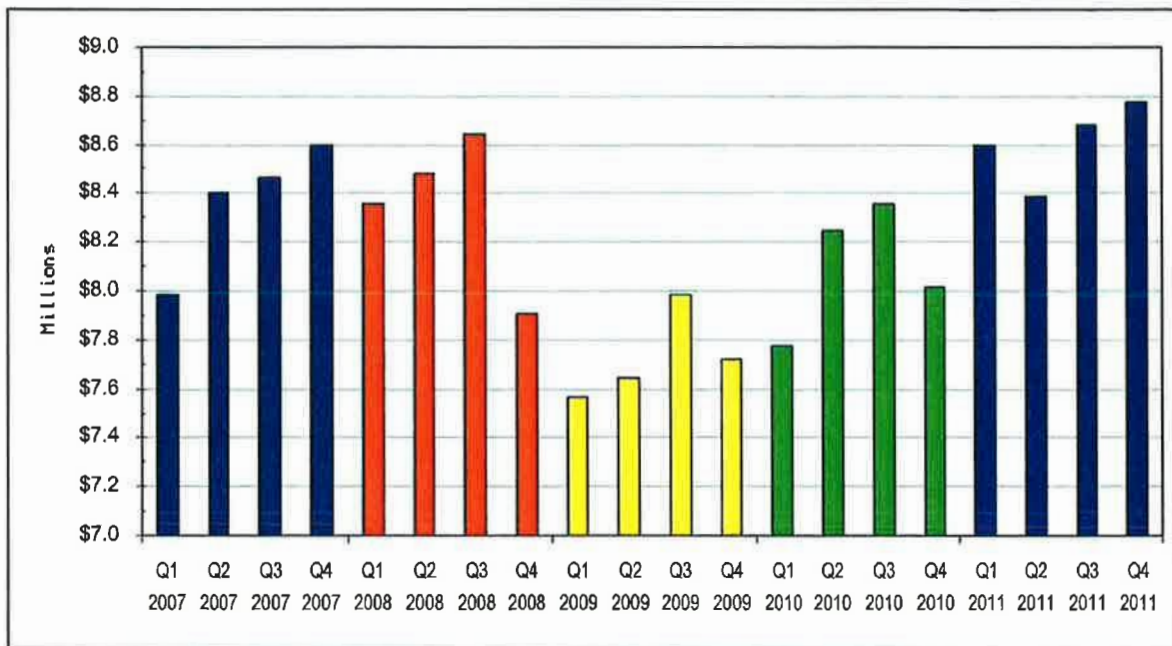
Like the rest of America, the Town of Hempstead was adversely impacted by the global economic decline that began in 2007. But the Town came through the recession in relatively good shape, having experienced a less severe rise in unemployment than New York State, New York City and the nation. Between April 2007 and January 2010, U.S. unemployment increased from 4.3% to 10.6%, an increase of 6.3%. While the Town's unemployment rate also increased during that period, the increase was a less severe 4.7%, going from 3.4% in April 2007 to 8.1% in February 2010. The economic recovery has been sluggish and uneven. Nevertheless, between February 2010 and December 2011 the economy in the Town of Hempstead added 5,378 jobs, with unemployment declining to 6.9%. At year's end the Town's unemployment rate was more than 1% lower than the State's and nearly 2% lower than New York City's. The chart below illustrates these points.

Change In Unemployment Rate: 2007 – 2011



Another promising sign of continuing economic recovery is the increase in consumer spending evidenced by a relatively steady growth in sales tax collections. The Town of Hempstead's share of local sales tax collections grew by \$2 million, or 6.2%, from 2010 to 2011. Except for the second quarter, sales tax collections in each quarter of 2011 increased over the immediate preceding quarter. Additionally, for the second consecutive year, each quarter in 2011 experienced sales tax collections grow as compared to the same period in 2010. Fourth quarter 2011 sales tax collections posted a year-over-year increase of 9.4%.

Quarterly Sales Tax Revenue: 2007 – 2011



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 and formal fund balance policy...." 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 commensurately low interest rates.

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 a portion of 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 unrestricted fund balance for emergency purposes equal to one-twelfth of annual operating expenses. Additionally, the policy requires maintenance of unrestricted 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

The Town has entered into an energy performance contract with Johnson Controls Inc., an accredited Energy Service Company (ESCO), for improved energy efficiency initiatives at its Hempstead Campus (Old and New Town Halls). The scope of work details a comprehensive energy management system including: HVAC Upgrades, Heat Reclamation, Buildings Weatherization, Demand Control Ventilation and Computer Power Management. The energy performance contract includes a guarantee of approximately \$9.4 million in utility and maintenance costs avoidance over its 15-year term.

The approximately \$5 million in energy efficiency upgrades will be financed by utilizing a portion of the Town's \$7.7 million allotment of Federal Qualified Energy Conservation Bonds (QECBs). These taxable issues include a Federal Tax Credit Subsidy. Based on current market conditions, the net cost of capital to the Town is 0.6% (60 basis points). As an illustration of the financing benefits of QECBs, comparing the federally subsidized QECB rate of 0.6% with the tax exempt lease rate of 2.29% from a recent request for proposals yields a \$700,000 savings over the term of the agreement. Accordingly, total lease payments utilizing QECB financing will be \$5.2 million, versus \$5.9 million under a tax exempt capital lease.

While other local governments' finances have been hindered by the prolonged economic downturn, the Town of Hempstead has forged ahead with sound and sensible measures to fund important projects and initiatives while minimizing any direct impact on taxpayers. Specifically, the pursuit of grant funding is helping facilitate a one-of-a-kind green energy park, the construction of affordable homes, and downtown revitalization projects.

Drawing upon a \$4.6 million Department of Energy grant Hempstead Town is home to Long Island's first fully solar powered municipal building as well as Long Island's first and only renewable energy park, which features solar, wind, hydrogen and geothermal energy. The energy park is home to a solar and wind-powered shellfish nursery, a self-reliant solar office acquired from the New York Institute of Technology, a 60-kilowatt solar field, solar trackers (two solar panels that track the sun's path), Long Island's first hydrogen fueling station and a 100-kilowatt wind turbine. In addition, the Town of Hempstead is completing a 20-kilowatt solar panel system at its Conservation and Waterways facility with a hydroponics garden in the filtered light of the bi-facial panels. Two solar carports are also being added to our first solar-electric car charging station.

Six new homeowners have just moved into new single-family homes with a price tag of \$160,000, thanks to Hempstead Town's affordable homes program. Construction of these houses, which join over 200 other affordable units built by Hempstead, was made possible with the assistance of approximately \$1.3 million in federal and state aid. Furthermore, the Town is beautifying local commercial districts, helping to keep downtowns vibrant and attractive. Brick paved walkways, Victorian street lighting and attractive benches are being installed in community business districts across the Town utilizing federal Community Development Block Grant funds.

During an economic downturn it is particularly important that governments continue to undertake improvement projects and other initiatives to improve infrastructure, create job opportunities, and stimulate the local economy. While other governments have curtailed capital improvements, the Town of Hempstead is moving forward with a robust capital agenda that will help supplant private sector jobs lost to economic hardship while improving roadways, infrastructure and municipal buildings. In fact, the Town's 2012 \$50 million capital program for infrastructure and equipment will keep our town streets and facilities in tip-top shape and even fund the construction of a \$6 million state-of-the-art recreation center for children with special needs.

Hempstead's Town Board has approved three major development projects that will restore luster to downtowns, remove blight and provide needed housing options for young workers, families and mature residents. The former Avis property on Old Country Road in Garden City is currently being developed with a \$100 million investment by the private sector. Five hundred construction jobs and over 600 permanent jobs are projected as a result of this project. Town officials have also removed blight in West Hempstead, approving 150 commuter-friendly homes near the Long Island Railroad station to replace the unsightly and blighted Courtesy Hotel. The 285,000 square foot project anticipates the creation of 360 construction jobs. Finally, Avalon Bay is creating a diverse rental apartment townhouse and single-family collection of 200 housing units in East Garden City, drawing upon a \$95 million private sector investment. The private sector is investing hundreds of millions of dollars in the Town of Hempstead and creating hundreds of jobs.

In addition, the Town Board has also adopted a new "smart-growth" zoning plan for the Hempstead Turnpike corridor in Elmont. The plan has the stated goal of beautifying Elmont's downtown, encouraging economic investment, invigorating the business community and offering progressive "mixed-use" development. The new zoning plan includes five distinct sub-districts, allowing unique business types in each, ranging from big-box stores to small retail shops. A compelling feature of the zone is the mixed-use component, which provides for retail stores with rental apartments above. Testament to the forward-looking design of the zone lies in the fact that it received a 2012 "smart growth" award from the planning experts of Vision Long Island, an independent organization that promotes more livable, economically sustainable and environmentally responsible growth on Long Island.

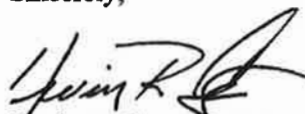
Awards and Acknowledgments

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, 2010. This was the eighth 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 are confident that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we will timely submit 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 professional input of 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, 2011

Executive

Kate Murray

Supervisor

Town Board

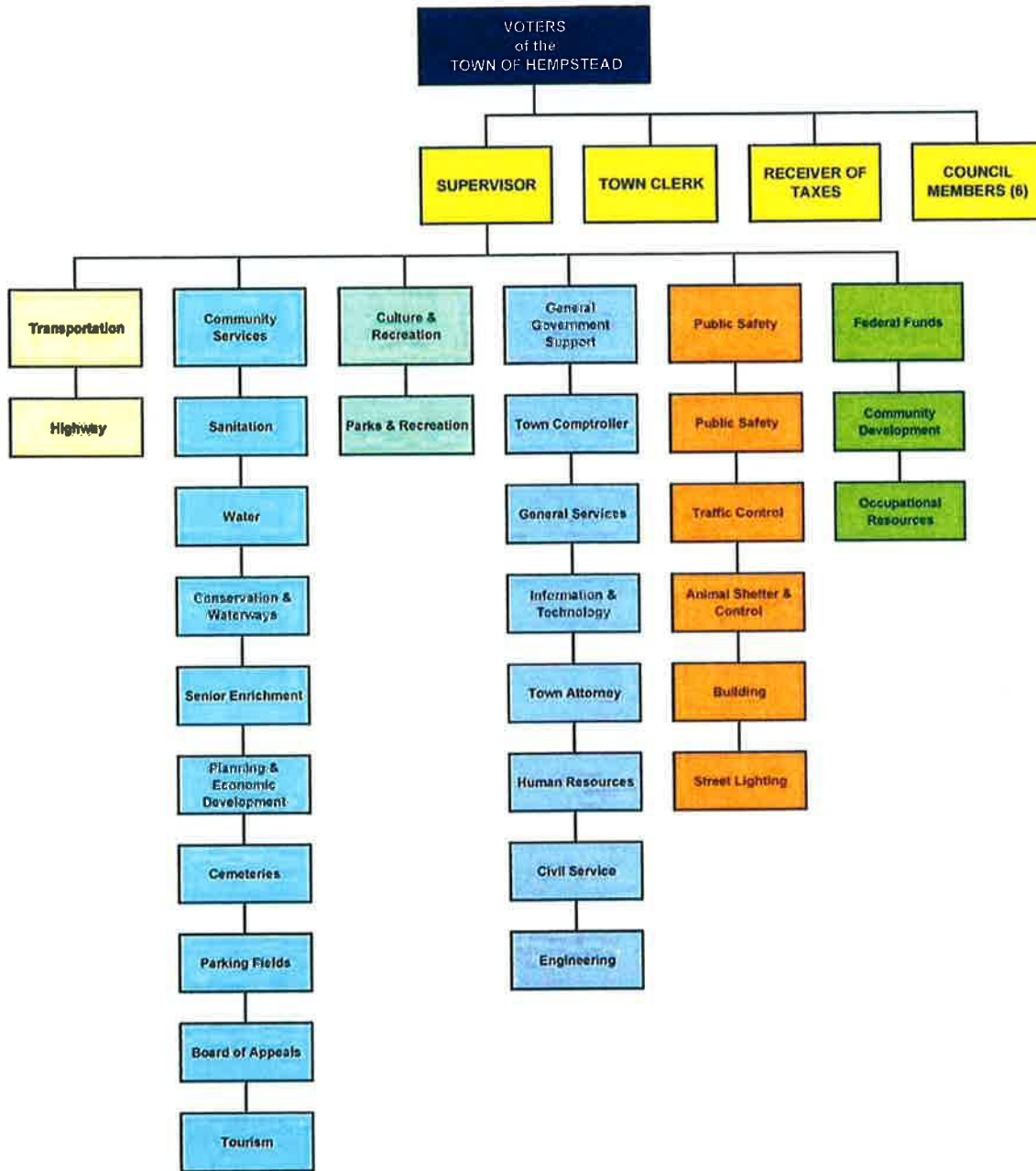
Dorothy L. Goosby
Edward A. Ambrosino
James Darcy
Anthony J. Santino
Angie M. Cullin
Gary Hudes
Mark Bonilla
Donald X. Clavin
Kevin R. Conroy
Joseph Ra

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



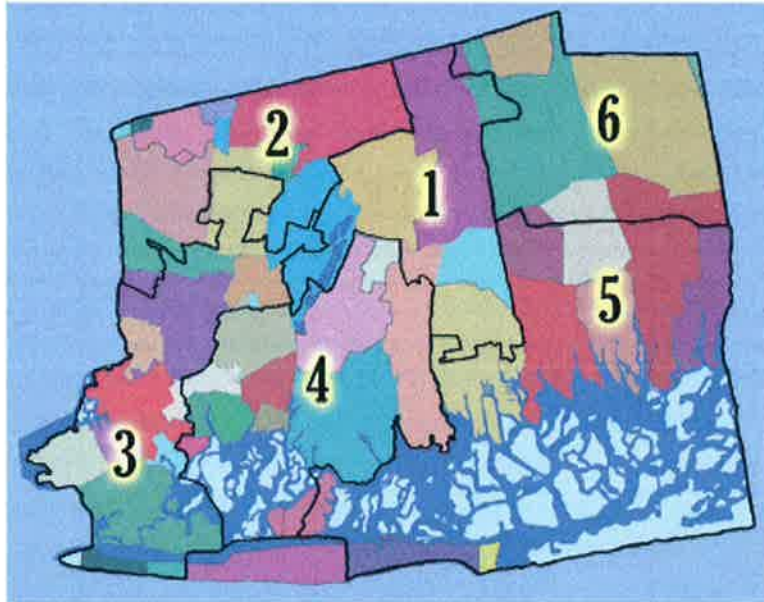
TOWN OF HEMPSTEAD

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, 2010

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.



Linda C. Davison

President

Jeffrey R. Egan

Executive Director

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**FINANCIAL
SECTION**



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Hempstead, New York, as of and for the year ended December 31, 2011, 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 73.7%, 81.1% and 81.6% 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Town of Hempstead, New York as of December 31, 2011, 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 1.H to the basic financial statements, the Town of Hempstead, New York adopted the provisions of Governmental Accounting Standards Board No. 54, "*Fund Balance Reporting and Governmental Fund Definitions*" as of and for the year ended December 31, 2011.

PERSONAL SERVICE. TRUSTED ADVICE.

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

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NEW YORK, NY 10167
T: 212.792.4075

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, scheduling of funding progress for the retiree medical program and the budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Hempstead, New York's basic financial statements 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 financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, 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 any assurance on them.



Hauppauge, New York
June 29, 2012

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REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2011

As management of the Town of Hempstead (the "Town"), we offer readers of the financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2011. 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.

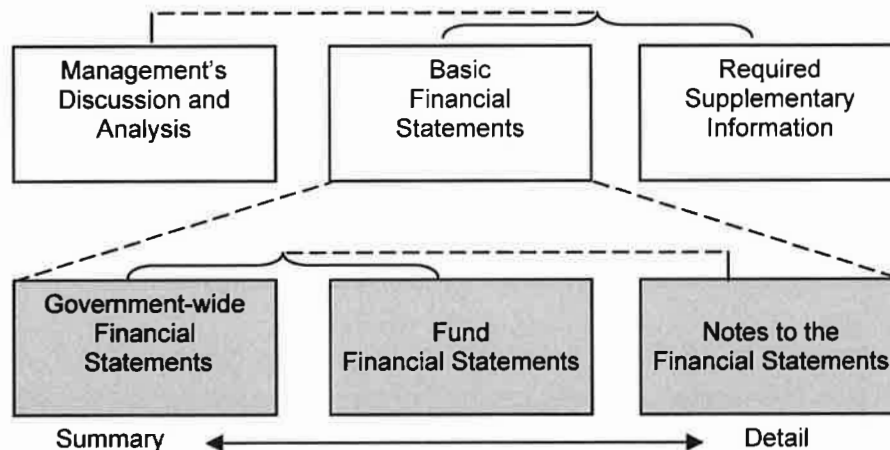
FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of 2011 by \$7,251,886 (net assets).
- The Town's total net assets decreased by \$37,788,504. The most notable factor contributing to this decrease is the ongoing recognition of postemployment benefits healthcare costs.
- As of the close of 2011, the Town's governmental funds reported combined ending fund balances of \$157,309,540. Of this amount, \$42,470,935 is not in spendable form or is required to remain intact. The remaining \$116,793,734 or approximately 74.2% of total fund balances, exclusive of the Capital Projects deficit of \$1,955,129, is in spendable form with various levels of spending constraint: restricted, assigned, or unassigned making them available for spending at the Town's discretion (in compliance with *Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions* see Note 3.H).
- At the end of 2011, the Town's total fund balance for the General Fund was \$30,757,206, a decrease of 28.8% from the prior year. The assigned and unassigned (GASB Statement No. 54) fund balance for the General Fund was \$27,512,685, or 19.8% of total General Fund expenditures and other uses.
- The Town's total bonded debt was \$306,159,855 for an increase of 3.4% from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves

**COMPONENTS OF
 THE ANNUAL FINANCIAL REPORT**



TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The intent of the government-wide financial statements is to give the reader a long-term view of the Town's financial condition.

The Statement of Net Assets presents financial information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. This combines and consolidates the Town's current financial resources with capital assets and long-term obligations. The purpose of this statement is to give the reader an understanding of the Town's total net worth. 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 presents information showing how the Town's net assets changed during the most recent year. Revenues and expenses are reported by activity to give the reader an understanding of how each of the Town's activities is being supported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods. This method is known as the accrual basis of accounting and is different from the modified accrual basis of accounting used in the Town's fund financial statements.

The Town's government-wide financial statements includes both the governmental activities of the Town itself (known as the primary government) and of its legally separate component units for which the Town is financially accountable. Financial information for these component units is reported separately (discretely presented) from the financial information presented for the primary government

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 1.A to the financial statements.

Fund Financial Statements

The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as an accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restriction or limitations. The Town, like other governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

Governmental Funds

The Town's activities are reported in governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the Town's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains fourteen (14) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the six (6) major funds. The General Fund, Highway Fund, Parks Fund, Refuse and Garbage Fund, Capital Projects Fund and Debt Service Fund are reported as major funds. Data from the eight (8) other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the other supplementary information section in this report.

The Town adopts an annual appropriated budget for its General and Special Revenue Funds, except for the following funds: Capital Projects Fund, Debt Service Fund, Special Grant Fund and Permanent Fund. A budgetary comparison schedule for the General Fund can be found in the section labeled "Required Supplementary Information Other Than Management's Discussion and Analysis".

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.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statements.

Other information

In addition to the basic financial statements this report contains supplementary information immediately following the notes to the financial statements.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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, assets exceeded liabilities by \$7,251,886 at the close of the most recent year.

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

Condensed Statement of Net Assets
Governmental Activities
as of December 31,

	2011	2010
Assets		
Current and other assets	\$ 208,080,341	\$ 180,467,121
Capital assets	483,087,426	464,818,402
Other non-current assets	1,898,266	2,748,566
Total assets	693,066,033	648,034,089
Liabilities		
Current and other liabilities	107,357,099	83,667,181
Long-term liabilities	578,457,048	519,326,518
Total liabilities	685,814,147	602,993,699
Net assets		
Invested in capital assets, net of related debt	162,523,562	155,336,252
Restricted	4,244,543	4,330,158
Unrestricted	(159,516,219)	(114,626,020)
Total net assets	\$ 7,251,886	\$ 45,040,390

Total assets of the Town as of December 31, 2011 were \$693,066,033, an increase of \$45,031,944. Total liabilities as of December 31, 2011 were \$685,814,147, an increase of \$82,820,448. This results in a net asset balance of \$7,251,886 for 2011, a decrease of \$37,788,504. Of the Town's net asset balance, \$162,523,562 were invested in capital assets, net of related debt; while \$4,244,543 were restricted by statute or other specific purposes leaving a \$159,516,219 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 2011 by \$40,565,896 bringing the unfunded liability at year-end to \$223,181,047. Additional information on Postemployment Benefits Healthcare Costs can be found in Note 3.F to the financial statements.

By far the largest portion of the Town's net assets, \$162,523,562, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment, intangibles and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town'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 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, 2011

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

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

	<u>2011</u>	<u>2010</u>
Program Revenues		
Charges for services	\$ 46,258,475	\$ 44,855,339
Operating grants and contributions	17,016,697	14,657,658
Capital grants and contributions	7,846,074	5,921,492
	<u>71,121,246</u>	<u>65,434,489</u>
General Revenues		
Real property taxes	265,119,352	254,057,882
Other real property tax items	3,253,081	4,180,078
Non-property tax items	43,633,364	41,223,215
Interest earnings and financing income	2,397,079	2,939,473
Mortgage tax	13,706,680	15,083,671
State aid - unrestricted	3,848,885	3,927,434
Other	1,589,860	1,878,539
	<u>333,548,301</u>	<u>323,290,292</u>
Total Revenues	<u>404,669,547</u>	<u>388,724,781</u>
Program Expenses		
General government support	79,461,372	73,948,510
Education	1,511,951	2,770,168
Public safety	42,029,158	36,874,823
Transportation	56,283,105	49,300,341
Economic assistance and opportunity	16,201,988	15,351,689
Culture and recreation	84,036,887	77,973,281
Home and community services	149,663,854	137,371,811
Interest on debt	13,269,736	12,345,442
	<u>442,458,051</u>	<u>405,936,065</u>
Total Expenses	<u>442,458,051</u>	<u>405,936,065</u>
Change in Net Assets	(37,788,504)	(17,211,284)
Net Assets - Beginning	45,040,390	62,251,674
Net Assets - Ending	<u>\$ 7,251,886</u>	<u>\$ 45,040,390</u>

Net assets, from all government activities, decreased by \$37,788,504 in the current year.

Key elements of the governmental activities are:

- Program revenues increased by \$5,686,757, primarily due to an increase of approximately: \$1,300,000 in building safety inspections fees, \$2,700,000 in Federal and State disaster aid for storm clean-up costs related to Hurricane Irene, and \$2,300,000 from an energy efficiency grant from the U.S. Department of Energy. Real property taxes increased by \$11,061,470 over the prior year as a result of the Town Board approved budget, mortgage tax and interest earnings decreased by \$1,376,991 and \$542,394 respectively as a result of economic conditions while non-property tax items increased by \$2,410,149 from sales tax revenues and franchise fees of \$2,038,681 and \$371,468 respectively.
- Overall expenses increased by \$36,521,983. Ongoing recognition of the OPEB costs accounted for the majority of the increase. Contractual increases in salaries and wages and related employee benefits accounted for approximately \$6,775,000 and \$6,780,000, respectively.

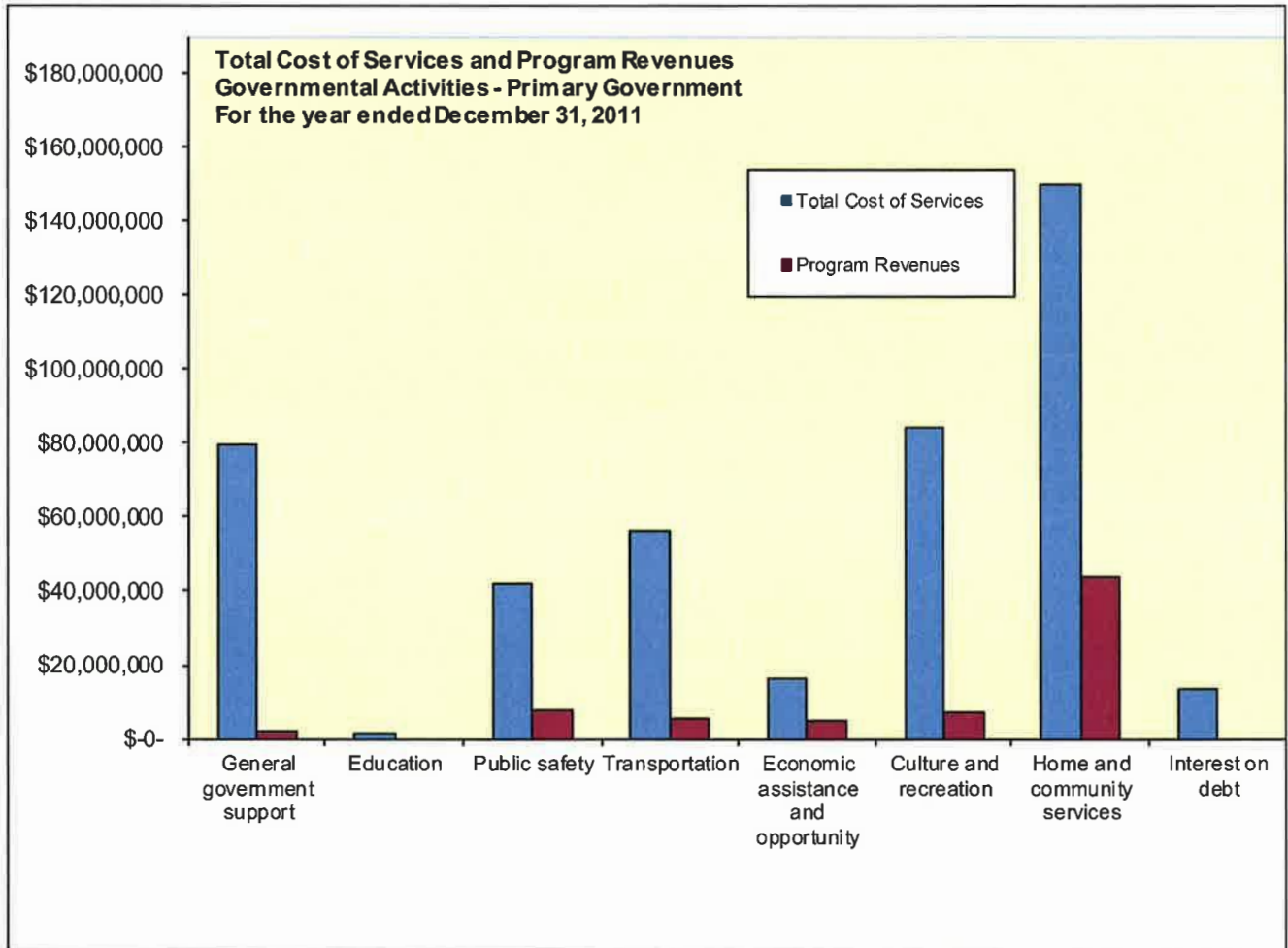
TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2011

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

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

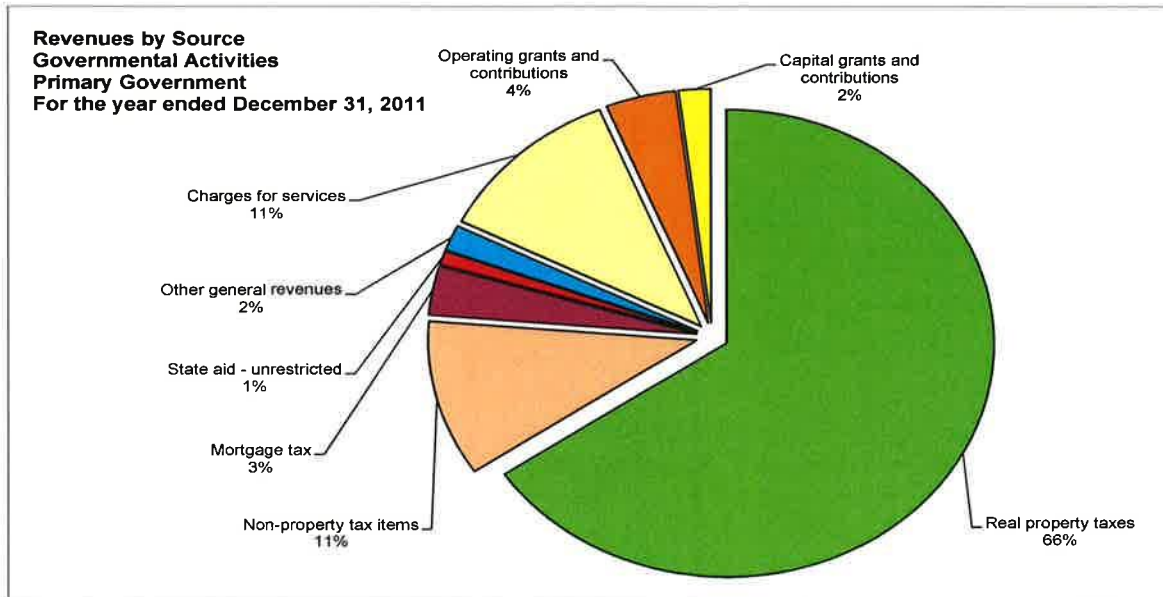
	Total Cost of Services		Program Revenues		Net Cost of Services	
	2011	2010	2011	2010	2011	2010
General government support	\$ 79,461,372	\$ 73,948,510	\$ 2,141,824	\$ 2,446,221	\$ 77,319,548	\$ 71,502,289
Education	1,511,951	2,770,168			1,511,951	2,770,168
Public safety	42,029,158	36,874,823	7,831,431	6,564,526	34,197,727	30,310,297
Transportation	58,283,105	49,300,341	5,286,758	3,703,707	50,996,347	45,596,634
Economic assistance and opportunity	16,201,988	15,351,689	5,069,012	5,397,715	11,132,976	9,953,974
Culture and recreation	84,036,887	77,973,281	7,360,221	7,667,308	76,676,666	70,305,973
Home and community services	149,663,854	137,371,811	43,432,000	39,655,012	106,231,854	97,716,799
Interest on debt	13,269,736	12,345,442			13,269,736	12,345,442
	<u>\$ 442,458,051</u>	<u>\$ 405,936,065</u>	<u>\$ 71,121,246</u>	<u>\$ 65,434,489</u>	<u>\$ 371,336,805</u>	<u>\$ 340,501,576</u>

The total cost of all governmental activities this year was \$442,458,051. The net cost of these services after being subsidized by program revenues of \$71,121,246 was \$371,336,805.



TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2011

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)



Revenue by Source

year ended December 31,

	2011	2010
Real property taxes	\$ 265,119,352	\$ 254,057,882
Non-property tax items	43,633,364	41,223,215
Mortgage tax	13,706,680	15,083,671
State aid - unrestricted	3,848,885	3,927,434
Other general revenues	7,240,020	8,998,090
Charges for services	46,258,475	44,855,339
Operating grants and contributions	17,016,697	14,657,658
Capital grants and contributions	7,846,074	5,921,492
	\$ 404,669,547	\$ 388,724,781

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental Funds

The focus of the Town'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's financing requirements. In particular, spendable fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

The Town has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. As a result of this implementation, the fund balance section of the balance sheets of the governmental funds has been modified. The change has been made in order for the Town's new fund balance components to focus on "the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent". Previously, the fund balance section focused on whether these resources were available for appropriation. It also distinguished the unreserved fund balance from the reserved fund balance. In order to show compliance with GASB Statement No. 54, however, the components of the new fund balance include the following line items:

- **Nonspendable fund balance** - \$42,470,935 (inherently non spendable) includes the portion of net resources that cannot be spent because they must be maintained intact.
- **Restricted fund balance** - \$2,906,676 (externally enforceable limitations on use) include amounts subject to limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (continued)

Governmental Funds (continued)

- **Assigned fund balance** - \$111,559,236 (limitation resulting from intended use) consists of amounts where the intended use is established by the highest level of decision making.
- **Unassigned fund balance** – \$372,693 (residual net resources) is the total fund balance in the General Fund in excess of nonspendable, restricted, and assigned fund balance, of \$2,327,822 and the negative \$1,955,129 in the Capital Projects Fund in excess of restricted fund balance.

The implementation of these new components is intended to increase clarity and help service the need of the financial statement users. See Note 2.B for more information.

At December 31, 2011, the Town's governmental funds reported total ending fund balances of \$157,309,540, an increase of \$4,324,728 in comparison with the prior year.

The Town began the year with an anticipated \$18,638,261 decrease resulting from the appropriation of fund balance for the 2011 budget in the governmental funds. Other changes in total governmental fund balances were primarily due to the an increase in real property taxes of \$11,061,4710 and the issuance of \$49,065,320 of serial bonds in the capital fund in July 2011. Management's decision not to fill many vacant positions and retired positions produced a savings of more than \$6,000,000. A decrease in tonnage delivered to the waste disposal plant produced a savings of over \$3,300,000 in waste disposal fees. Mortgage tax and interest earnings continued to decline in 2011 by \$1,376,991 and \$542,394 respectively, as a result of economic conditions.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current year, the total fund balance of the General Fund was \$30,757,206, decreasing \$12,440,955, or 28.8%, from the prior year. Of this amount, \$3,244,521 is not in spendable form (long-term receivable, inventory and prepaid items). The remaining \$27,512,685 of the fund balance is in spendable form as follows: \$19,800,563 has been assigned by the Town Board for the subsequent year's budget and \$5,000,000 has been assigned for other postemployment benefits; \$384,300 has been assigned for purchase orders by the Town Comptroller, and the remaining \$2,327,822 represents spendable, unassigned fund balance.

As a measure of the General Fund's liquidity, it may be useful to compare spendable fund balance and total fund balance to total fund expenditures and other financing uses. Spendable fund balance represents 19.8% of total General Fund expenditures and other financing uses, while total fund balance represents 22.1% of the same amount.

The key elements of the fund balance decrease of \$12,440,955 are as follows:

- There was an originally planned decrease of \$13,398,971 to hold the line on property taxes for 2011 and an additional appropriation \$1,705,835 million during 2011.
- Real property taxes were under budget by \$405,327 due to restored taxes (taxes restored when there is a transfer of ownership from a person entitled to an exemption to a person not entitled to an exemption) being lower than in previous years.
- Interest and penalties on real property taxes were under budget by \$431,998; also lower than the historic trend.
- The shortfalls in real property taxes and real property tax items were more than offset by surpluses of \$488,681 in local government assistance (sales tax) and \$412,766 in departmental income.
- Use of money and property revenue was under budget by \$1,483,643 as a result of continuing historically low interest rates on invested surplus capital.
- State aid was under budget by \$225,287 due primarily to a continued decline in mortgage tax revenue resulting from a persistently weak housing market.
- To provide a more favorable outcome it was management's decision not to fill approximately \$2,500,000 in vacant positions and retired positions, primarily in general government support.
- Additional savings of approximately \$1,900,000 resulted from across the board reductions in expenditures for contractual services.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (continued)

Governmental Funds (continued)

Highway Fund

At the end of the current year, the total fund balance of the Highway Fund was \$21,012,851, increasing \$440,678, or 2.1%, from the prior year. Of this amount, \$7,472,665 is not in spendable form (long-term receivable, inventory and prepaid items). The remaining \$13,540,186 of the fund balance is in spendable form as follows: \$735,136 has been assigned by the Town Board for the subsequent year's budget, \$141,753 has been assigned for purchase orders by the Town Comptroller and the remaining \$12,663,297 is assigned for highway purposes.

The key elements of the fund balance increase of \$440,678 are as follows:

- There was an originally planned decrease of \$2,390,700 to hold the line on property taxes in 2011 and an additional appropriation \$1,405,562 during 2011.
- The \$518,399 surplus in sale of property and compensation for loss resulted primarily from the sale of a portion of highway lands.
- The \$1,701,537 surplus in Federal Aid resulted almost entirely from a FEMA reimbursement for storm clean-up costs related to Hurricane Irene in late August of 2011.
- Transportation savings of \$2,287,123 resulted from lower than normal snow removal costs due to an exceptionally mild winter.
- The \$503,666 surplus in transfers in was a result of surplus funds from completed capital projects being greater than estimated at the time the budget was prepared.

Parks Fund

At the end of the current year, the total fund balance of the Parks Fund was \$21,484,076, increasing \$681,051, or 3.3%, from the prior year. Of this amount, \$1,723,340 is not in spendable form (inventory and prepaid items). The remaining \$19,760,736 of the fund balance is in spendable form as follows \$4,010,528 has been assigned by the Town Board for the subsequent year's budget, \$102,067 has been assigned for purchase orders by the Town Comptroller and the remaining \$15,648,141 is assigned for park fund purposes.

The key elements of the fund balance increase of \$681,051 are as follows:

- There had been an originally planned decrease of \$2,607,268 to hold the line on property taxes in 2011.
- A surplus of \$162,404 in Federal Aid resulted from a reimbursement for storm-related costs that were not anticipated when the budget was prepared.
- Savings of \$2,668,976 in culture and recreation resulted from management's decision not to fill vacant and retired positions and from reductions in expenditures for capital outlay and contractual services.
- The \$425,008 surplus in transfers in was a result of surplus funds from completed capital projects being greater than estimated at the time the budget was prepared.

Refuse and Garbage Fund

At the end of the current year, the total fund balance of the Refuse and Garbage Fund was \$51,113,656, increasing \$7,516,794, or 17.2%, from the prior year. Of this amount, \$25,258,560 is not in spendable form (long-term receivable, inventory and prepaid items). The remaining \$25,855,096 of the fund balance is in spendable form as follows, \$58,968 has been assigned for purchase orders by the Town Comptroller and the remaining \$25,796,128 is assigned for sanitation purposes.

The key elements of the fund balance increase of \$7,516,794 are as follows:

- The, \$1,183,401 surplus in Federal Aid resulted almost entirely from a FEMA reimbursement for storm clean-up costs related to Hurricane Irene in late August of 2011.
- Savings of \$5,915,087 in Home and Community Services resulted primarily from management's decision not to fill approximately \$1,100,000 in vacant and retired positions, a reduction of over \$3,300,000 in waste disposal fees due to a decrease in tonnage delivered to the waste disposal plant, and approximately \$1,300,000 from reductions in other contractual services.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (continued)

Governmental Funds (continued)

Capital Projects Fund

At the end of the current year, the Capital Projects Fund had a total fund balance deficit of \$1,955,129. The deficit will be eliminated with the issuance of long-term bonds in subsequent periods.

The fund balance increased in the Capital Projects Fund by \$7,946,888 from the prior year.

- The increase resulted from differences in timing between project expenditures and encumbrances and the recognition of corresponding permanent financing. The prior year deficit was partially eliminated with the scheduled long-term bonds debt issuance, in 2011.

Nonmajor Governmental Funds

The net change in fund balances was an increase of \$180,272.

- There was an originally planned decrease of \$2,897,944 to hold the line on property taxes in 2011.
- The \$294,683 surplus in non-property tax revenue in the Part-Town Fund was a result of unanticipated franchise fees.
- The \$1,536,098 surplus in departmental income in the Part-Town Fund was a result of increased building permit fees and an increase commercial building activity.
- Among all of the non-major funds savings of approximately \$1,300,000 resulted from across the board reductions in expenditures for contractual services.

GENERAL FUND BUDGETARY HIGHLIGHTS

The differences between the 2011 original budget and the final amended budget are adopted by Town Board resolution throughout the year. During the year there was a \$1,705,835 or 1.3% 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 for more details on the comparison of final budgets and actual amounts. The following is the main component of the increase in appropriations:

- \$1,464,477 supplemental appropriation to employee benefits function for health insurance and workers' compensation benefits.

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TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2011

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

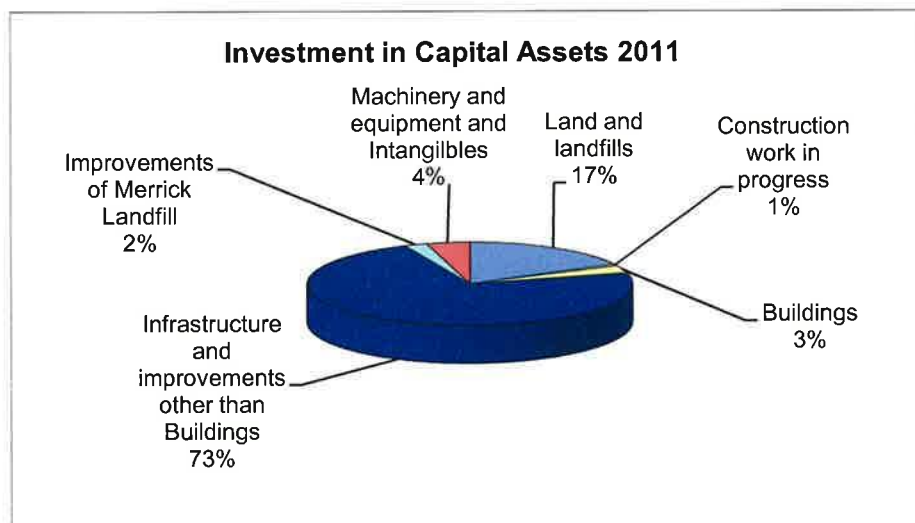
The Town investment in capital assets for its governmental type activities as of December 31, 2011, amounts to \$483,087,426 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and bridge.

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	
	2011	2010
Land and landfills	\$ 83,688,613	\$ 83,413,613
Construction work in progress	3,461,672	2,742,242
Buildings	13,663,975	8,821,923
Infrastructure and improvements other than building, net	350,637,518	339,991,877
Improvements of Merrick landfill, net	10,801,089	11,341,644
Machinery and equipment, and capital leases, net	18,239,400	17,767,636
Intangibles- Software	2,595,159	739,467
Total Capital Assets	\$ 483,087,426	\$ 464,818,402



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

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2011

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-Term Debt

At the end of the current year, the Town has total long-term bonded debt outstanding of \$306,159,855. The entire debt is backed by the full faith and credit of the Town.

Outstanding Debt

	Governmental Activities	
	2011	2010
General obligation bonds	\$ 306,159,855	\$ 296,090,507

In 2011 the Town's total debt increased by \$10,069,348 or 3.4%.

In 2011, Moody's Investors Service, Inc. reaffirmed the Town's credit rating as "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 is \$7,780,633,900. The percentage of debt contracting exhausted at December 31, 2011 was 3.2% of the current debt limitation.

Additional information on the Town's indebtedness is shown in Note 3.D to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The Town's elected and appointed officials considered many factors when preparing the fiscal year 2012 budget. The Town's statistical data continues to compare favorably to New York State and the United States. The Town's 2011 average unemployment rate of 7.1% compares favorably to New York State's 8.2 % and the United States' 8.9%. The workforce also compares favorably in composition; 39.3% professional/management compared to the State's 37.7%. Median income in the Town shows that more than 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 to reliably project tax revenue.
- While the Town 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 and interest earnings have negatively affected all Town funds, these have been offset to some extent 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 2012 budget lines.
- When all these factors are considered the Town's combined fund balances are expected to decline by approximately 19% by the close of 2012.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

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

- Chapter 97 of the Laws of 2011 (the "Tax Cap Law") was enacted on June 24, 2011. The Tax Cap Law limits annual increases of the Town's overall real property tax to no more than the lesser of 2% or the rate of inflation. The Tax Cap law takes effect with the 2012 budget year. Certain increases to the tax levy are excluded from the limitations imposed by the Tax Cap Law including exclusions for certain expenditures for retirement system contributions and tort judgments payable by the Town. In addition, the Town Board may override the limitations if the Town Board enacts, by vote of at least sixty percent of the voting power of the Town Board, a local law to override such limit for the upcoming budget year. The Tax Cap Law does not provide exclusion for debt service on general obligations issued by the Town.

- The adopted budget for the fiscal year beginning January 1, 2012 did not include a tax increase.

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, 2011

	Primary Governmental Activities	Component Units
ASSETS		
Current Assets:		
Cash and investments	\$ 134,004,089	\$ 13,823,898
Cash - restricted	3,720,680	1,500,260
Accounts receivable	7,163,002	1,000,204
Due from other governments	43,526,679	680,827
Prepaid items	9,152,453	3,586,040
Inventory of material and supplies	9,760,879	
Other assets	752,559	
Total Current Assets	208,080,341	20,591,229
Non-Current Assets:		
Deferred charges, net of accumulated amortization	1,898,266	1,502
Non-depreciable capital assets	87,150,285	12,970,020
Depreciable capital assets, net of depreciation	395,937,141	28,702,834
Total Non-Current Assets	484,985,692	41,674,356
Total Assets	693,066,033	62,265,585
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	22,966,915	1,873,099
Accrued interest payable	3,823,720	243,815
Due to other governments	3,416,273	
Other liabilities	19,039,717	
Non-current liabilities due within one year:		
General obligation bonds payable	38,658,445	1,400,186
Due to Employees Retirement System	522,420	2,046
Compensated absences	3,312,802	41,883
Claims and judgments payable	10,351,282	
Estimated liability for landfill closure and postclosure care costs	51,500	
Pollution remediation obligations	5,214,025	
Other debt		1,800
Total Current Liabilities	107,357,099	3,562,829
Non-Current Liabilities due in more than one year:		
General obligation bonds payable	279,973,377	19,987,591
Due to Employees Retirement System	5,677,580	6,772
Compensated absences	48,876,348	858,985
Claims and judgments payable	14,723,526	
Estimated liability for landfill closure and postclosure care costs	1,309,171	
Pollution remediation obligations	4,715,999	
Other postemployment benefits	223,181,047	3,071,293
Other debt		104,717
Total Non-Current Liabilities	578,457,048	24,029,358
Total Liabilities	685,814,147	27,592,187
NET ASSETS		
Investment in capital assets, net of related debt	162,523,562	23,419,832
Restricted for:		
Culture and recreation		16,758
Home and community services and Economic assistance and opportunity	2,906,676	6,263,339
Permanent fund:		
Nonexpendable	1,337,867	
Unrestricted	(159,516,219)	4,973,469
Total Net Assets	\$ 7,251,886	\$ 34,673,398

TOWN OF HEMPSTEAD
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF ACTIVITIES
Year ended December 31, 2011

Function/Program	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Government Activities:				
General government support	\$ 79,461,372	\$ 2,058,160	\$ 83,664	
Education	1,511,951			
Public safety	42,029,158	7,792,758	37,088	\$ 1,585
Transportation	56,283,105	416,435	2,757,695	2,112,628
Economic assistance and opportunity	16,201,988	32,503	5,036,509	
Culture and recreation	84,036,887	6,986,001	374,220	
Home and community services	149,663,854	28,972,618	8,727,521	5,731,861
Interest on debt	13,269,736			
Total Primary Government	\$ 442,458,051	\$ 46,258,475	\$ 17,016,697	\$ 7,846,074
Component Units				
Culture and recreation	\$ 6,515,481	\$ 71,208	\$ 2,833	\$ 25,248
Home and community services	8,296,254	3,091,496		
Total Component Units	\$ 14,811,735	\$ 3,162,704	\$ 2,833	\$ 25,248

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
\$ (77,319,548) (1,511,951) (34,197,727) (50,996,347) (11,132,976) (76,676,666) (106,231,854) <u>(13,269,736)</u>	
<u>\$ (371,336,805)</u>	
	\$ (6,416,192) <u>(5,204,758)</u> <u>\$ (11,620,950)</u>
\$ 265,119,352 3,253,081 34,438,681 9,194,683 2,397,079 13,706,680 3,848,885 <u>1,589,860</u>	\$ 11,857,736 148,727 616,852 277,137 <u>352,516</u>
<u>333,548,301</u>	<u>13,252,968</u>
(37,788,504)	1,632,018
<u>45,040,390</u>	<u>33,041,380</u>
<u>\$ 7,251,886</u>	<u>\$ 34,673,398</u>

TOWN OF HEMPSTEAD
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2011

	MAJOR FUNDS				
	General	Highway	Parks	Refuse and Garbage	Capital Projects
ASSETS					
Cash and investments	\$ 7,240,540	\$ 12,525,370	\$ 26,662,322	\$ 47,375,947	\$ 15,485,002
Cash - restricted					
Accounts receivable	4,000	1,475,605	82,870	1,003,675	161,130
Due from other funds	11,851,653	388,714	128,094	1,677,589	
Due from other governments	11,912,105	2,680,369	160,225	24,846,511	302,488
Inventory of material and supplies	876,326	6,037,120	873,590	833,441	
Prepaid items	1,981,251	435,545	849,750	1,042,393	
Other assets	457,559	45,000	150,000	55,000	
Total Assets	<u>\$ 34,323,434</u>	<u>\$ 23,587,723</u>	<u>\$ 28,906,851</u>	<u>\$ 76,834,556</u>	<u>\$ 15,948,620</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 2,334,778	\$ 1,329,149	\$ 1,164,169	\$ 7,066,192	\$ 8,864,257
Due to other funds	1,231,450	261,452	6,258,606	14,821	5,623,219
Due to other governments					3,416,273
Deferred revenue		984,271			
Other liabilities				18,639,887	
Total Liabilities	<u>3,566,228</u>	<u>2,574,872</u>	<u>7,422,775</u>	<u>25,720,900</u>	<u>17,903,749</u>
Fund balances (deficits):					
Nonspendable	3,244,521	7,472,665	1,723,340	25,258,560	
Restricted					
Assigned	25,184,863	13,540,186	19,760,736	25,855,096	
Unassigned	2,327,822				(1,955,129)
Total Fund Balances (Deficits)	<u>30,757,206</u>	<u>21,012,851</u>	<u>21,484,076</u>	<u>51,113,656</u>	<u>(1,955,129)</u>
Total Liabilities and Fund Balances	<u>\$ 34,323,434</u>	<u>\$ 23,587,723</u>	<u>\$ 28,906,851</u>	<u>\$ 76,834,556</u>	<u>\$ 15,948,620</u>

See notes to financial statements

Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 399,830	\$ 24,315,078	\$ 134,004,089
	3,720,680	3,720,680
	4,435,722	7,163,002
	386,308	14,432,358
	3,624,981	43,526,679
	1,140,402	9,760,879
	479,889	4,788,828
	45,000	752,559
<u>\$ 399,830</u>	<u>\$ 38,148,060</u>	<u>\$ 218,149,074</u>
	\$ 2,208,370	\$ 22,966,915
	1,042,810	14,432,358
		3,416,273
		984,271
<u>\$ 399,830</u>		<u>19,039,717</u>
399,830	3,251,180	60,839,534
	4,771,849	42,470,935
	2,906,676	2,906,676
	27,218,355	111,559,236
		372,693
<u>-0-</u>	<u>34,896,880</u>	<u>157,309,540</u>
<u>\$ 399,830</u>	<u>\$ 38,148,060</u>	<u>\$ 218,149,074</u>

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TOWN OF HEMPSTEAD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
December 31, 2011

Total Fund Balances - Governmental Funds \$ 157,309,540

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	\$ 87,150,285	
Capital assets - depreciable	904,664,243	
Accumulated depreciation	<u>(508,727,102)</u>	483,087,426

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds 984,271

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	(306,159,855)	
Due to Employees Retirement System	(6,200,000)	
Compensated absences	(52,189,150)	
Claims and judgments	(25,074,808)	
Estimated liability for landfill closure and postclosure costs	(1,360,671)	
Pollution remediation obligations	(9,930,024)	
Other postemployment benefits	<u>(223,181,047)</u>	(624,095,555)

Prepaid items included in the Statement of Net Assets 4,363,625

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		1,898,266
Premiums on debt issuance included in the Statement of Net Assets		<u>(12,471,967)</u>

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. (3,823,720)

Net Assets of Governmental Activities \$ 7,251,886

TOWN OF HEMPSTEAD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2011

	MAJOR FUNDS				
	General	Highway	Parks	Refuse and Garbage	Capital Projects
REVENUES					
Real property taxes	\$ 17,546,259	\$ 64,427,828	\$ 50,932,839	\$ 93,525,771	
Real property tax items	1,393,002	362,744	312,388	773,059	
Non-property tax items	28,988,681		1,550,000	2,400,000	
Departmental income	5,413,616		2,706,944	9,505,988	
Intergovernmental charges	18,594	3,000	726,485	3,063,326	
Use of money and property	826,357	195,073	456,763	3,889,888	
Licenses and permits	906,873			21,784	
Fines and forfeitures	48,725		2,700		
Sale of property and compensation for loss	23,449	521,899	17,050	739,354	
Miscellaneous revenue	356,095	182,222	194,495	312,747	\$ 361,139
Interfund revenues	53,126,598		26,547,272		
State aid	16,774,713	556,158	211,816	29,806	2,114,213
Federal aid	71,713	2,601,537	162,404	1,183,401	2,896,055
Total Revenues	<u>125,494,675</u>	<u>68,850,461</u>	<u>83,821,156</u>	<u>115,445,124</u>	<u>5,371,407</u>
EXPENDITURES					
Current:					
General government support	75,420,166				
Education	1,511,951				
Public safety	10,289,575				
Transportation	1,395,297	30,303,233			
Economic assistance and opportunity	5,502,212				
Culture and recreation	128,217		60,207,521		
Home and community services	10,798,049			85,168,856	
Employee benefits	28,049,246	9,228,090	18,050,416	17,877,388	
Capital Outlay					44,802,407
Debt Service:					
Principal					
Interest					
Bond issuance costs	34,000	57,918	8,837	13,876	
Total Expenditures	<u>133,128,713</u>	<u>39,589,241</u>	<u>78,266,774</u>	<u>103,060,120</u>	<u>44,802,407</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,634,038)</u>	<u>29,261,220</u>	<u>5,554,382</u>	<u>12,385,004</u>	<u>(39,431,000)</u>
Other Financing Sources (Uses)					
Transfers in	6,157	2,503,666	425,008	22	1,574,801
Transfers out	(5,781,097)	(31,653,012)	(5,348,506)	(4,947,004)	(3,262,233)
Debt issuance	775,000				49,065,320
Premiums on debt issuance	193,023	328,804	50,167	78,772	
Total Other Financing Sources (Uses)	<u>(4,806,917)</u>	<u>(28,820,542)</u>	<u>(4,873,331)</u>	<u>(4,868,210)</u>	<u>47,377,888</u>
Net Change in Fund Balances	<u>(12,440,955)</u>	<u>440,678</u>	<u>681,051</u>	<u>7,516,794</u>	<u>7,946,888</u>
Fund Balance (Deficit) at Beginning 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>
Fund Balance (Deficit) at End of Year	<u>\$ 30,757,206</u>	<u>\$ 21,012,851</u>	<u>\$ 21,484,076</u>	<u>\$ 51,113,656</u>	<u>\$ (1,955,129)</u>

See notes to financial statements

Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
	\$ 38,686,655	\$ 265,119,352
	411,886	3,253,081
	10,694,683	43,633,364
	15,950,899	33,577,447
	231,600	4,043,005
	850,844	6,218,925
	28,275	956,932
	1,067,525	1,118,950
	41,672	1,343,424
	467,538	1,874,236
	1,548,793	81,222,663
	683,913	20,370,619
	<u>15,132,608</u>	<u>22,047,718</u>
	<u>85,796,893</u>	<u>484,779,716</u>
	456,556	75,876,722
		1,511,951
	23,058,328	33,347,903
	11,624,769	43,323,299
	4,890,611	10,392,823
	1,287,962	61,623,700
	29,060,711	125,027,616
	8,639,112	81,844,252
		44,802,407
\$ 39,770,972		39,770,972
13,456,662		13,456,662
	31,400	146,031
<u>53,227,634</u>	<u>79,049,449</u>	<u>531,124,338</u>
(53,227,634)	<u>6,747,444</u>	<u>(46,344,622)</u>
53,227,634	332,094	58,069,382
	(7,077,530)	(58,069,382)
		49,840,320
	178,264	829,030
<u>53,227,634</u>	<u>(6,567,172)</u>	<u>50,669,350</u>
-0-	180,272	4,324,728
-0-	<u>34,716,608</u>	<u>152,984,812</u>
<u>\$ -0-</u>	<u>\$ 34,896,880</u>	<u>\$ 157,309,540</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, 2011

Net Change in Fund Balances - Total Governmental Funds **\$ 4,324,728**

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 expense in the current period is:

Capital outlay	44,762,172
Depreciation expense	(26,493,148)

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	92,363
Deferred charges	(850,300)

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

Deferred revenue	(146,322)
Unearned revenue	399,629

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	(49,840,320)
Repayment of debt principal	39,770,972
Due to Employees Retirement System	(6,200,000)
Compensated absences	(699,630)
Claims and judgments	(1,011,420)
Estimated liability for landfill closure and postclosure care costs	50,000
Pollution remediation obligations	(2,594,746)
Other postemployment benefits	(40,565,896)
Accrued interest payable	<u>1,213,414</u>

Change in Net Assets of Governmental Activities **\$ (37,788,504)**

TOWN OF HEMPSTEAD
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2011

	<u>Total Agency Funds</u>
<u>ASSETS</u>	
Cash and investments	\$ 111,629,083
Total Assets	<u>\$ 111,629,083</u>
 <u>LIABILITIES</u>	
Due to other governments	\$ 111,629,083
Total Liabilities	<u>\$ 111,629,083</u>

TOWN OF HEMPSTEAD
INDEX FOR NOTES TO FINANCIAL STATEMENTS
December 31, 2011

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TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

1. 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 basic financial statements of the Town 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.

A. REPORTING ENTITY

The financial reporting entity consists of: (a) the primary government, which is the Town; (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, as amended by GASB Statement No. 39.

The decision to include a potential component unit in the Town's reporting entity is based on several criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, 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's reporting entity.

Certain special districts of the Town 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 5.

B. GOVERNMENT-WIDE AND FUND FINANCIALS STATEMENTS

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 (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Town as a whole with separate columns for the primary governmental activities as well as the discretely presented component units. For the most part, the effect of interfund activity has been eliminated from the government-wide financial statements, except for interfund services provided and used.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. GOVERNMENT-WIDE AND FUND FINANCIALS STATEMENTS (continued)

Government-wide Financial Statements (continued)

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function, and 3) interest earned on grants or capital projects that is required to be used to support a particular program or project. Taxes and other items not properly included among program revenues are reported as general revenues. The Town does not allocate indirect expenses to specific functions in the Statement of Activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

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. The focus of the governmental funds financial statements is on the major funds. Accordingly, the Town maintains the following fund types:

Governmental Funds - Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position. Government funds are further classified as major and 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 not accounted for and reported in another fund.

Special Revenue Funds - are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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	

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
 December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. GOVERNMENT-WIDE AND FUND FINANCIALS STATEMENTS (continued)

Fund Financial Statements (continued)

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 and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Fund – is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest and for financial resources that are being accumulated for principal and interest in future years.

Additionally, the Town accounts for and reports the following nonmajor funds:

Town - Outside Village - is used to account 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	

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. GOVERNMENT-WIDE AND FUND FINANCIALS STATEMENTS (continued)

Fund Financial Statements (continued)

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

Permanent Fund – is used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town's programs for the benefit of the Town or its citizenry.

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 and 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	

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town generally considers revenues to be available if they are collected within 60 days of the end of the current period. However, certain revenues maybe considered available if received within one year after the end of the current year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, landfill closure and postclosure care costs, pollution remediation obligations and other postemployment benefits are recorded when payment is due.

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.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements' governmental column, reconciliation is presented that briefly explains the adjustments necessary to reconcile ending net assets and the change in net assets.

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. CASH AND INVESTMENTS

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

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.

2. RECEIVABLES AND PAYABLES

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.

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:

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (continued)

2. RECEIVABLES AND PAYABLES (continued)

a) **Interfund Revenues**

Interfund revenues are for interfund services (provided and used) in the General Fund and 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.

3. INVENTORY AND PREPAID ITEMS

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).

Certain payments to vendors reflect costs applicable to future accounting periods and are reports as prepaid items in both the government-wide and fund financial statements.

In governmental funds, amounts reported as inventories and prepaid items are equally offset by nonspendable fund balance amounts, indicating that they do not constitute "available spendable resources" even though they are a component of net current assets.

4. 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. Donated capital assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	40 years
Landfill improvements	30 years
Machinery and equipment	7 years
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.

Intangible assets lack physical substance, are nonfinancial in nature, and have an estimated useful life extending beyond a single reporting period. The term depreciation, as used in these footnotes, includes amortization of intangible assets.

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

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (continued)

5. 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.

6. LONG-TERM OBLIGATIONS

In the government-wide financial statements, liabilities for long-term obligations consisting of general obligation bonds, compensated absences, claims and judgments, liability for landfill closure and postclosure care costs, pollution remediation, and other postemployment benefits are recognized in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Bond issuance costs that are immaterial are charged as a General Fund operating expense.

In the fund financial statements governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

7. NET ASSETS AND FUND EQUITY CLASSIFICATIONS

In the government-wide financial statements, net assets are reported in three categories:

- 1) 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.
- 2) 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. Permanent fund principal amounts are displayed as expendable and/or nonexpendable. Nonexpendable net assets are required to be retained in perpetuity.
- 3) Unrestricted net assets—All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Definitions* (GASB 54) has been implemented. GASB-54 changed the terminology and classification of fund balance to reflect spending constraints on resources rather than availability for appropriation. The fund balance section of the governmental funds balance sheets have been modified accordingly. Not all of the Town's funds will necessarily have all of the components of fund balance available to that fund. The implementation of these new components is intended to increase clarity and help serve the needs of the financial statements users.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (continued)

7. NET ASSETS AND FUND EQUITY CLASSIFICATIONS (continued)

In the fund financials statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources; they are 1) nonspendable, 2) restricted 3) committed, 4) assigned, or 5) unassigned.

- 1) Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form (i.e. prepaid items or inventories), or (b) will not convert to cash within the current period (i.e. long-term receivables and financial assets held for resale), or (b) legally or contractually required to be maintained intact (i.e. the principal of a permanent fund).

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

- 2) Restricted fund balance reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- 3) Committed fund balance reflects amounts that can only be used for specific purposes by a government using its highest and most binding level of decision making authority. The Town's highest decision making authority is the Town Board, who by adoption of a Town ordinance prior to year end, can commit fund balance. Those committed amounts cannot be used for any other purpose unless the Town Board removes or changes the specified use by taking the same type of action imposing the commitment.
- 4) Assigned fund balance reflects the amounts constrained by the Town's "intent" to be used for specific purposes, but are neither restricted nor committed. The Town Board has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.
- 5) Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Town's default policy to use restricted resources first, and then unrestricted resources - committed, assigned and unassigned - in order as needed.

The Town has, by resolution, adopted a fund balance policy that states the Town must maintain a minimum unrestricted (the total of committed, assigned, and unassigned) fund balance of one-twelfth of the annual operating expenses as presented in the most recent audit of the financial statements of the Town. In addition to the one-twelfth of annual expenses the Town will maintain an unrestricted fund balance equal to one-fourth of the annual operating expenses as presented in the most recent audited financial statements. Unrestricted fund balance below the minimum should be replenished through the budgetary process over a period of three to five years.

E. REVENUE AND EXPENDITURES

1. 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 OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. REVENUES AND EXPENDITURES (continued)

1. REAL PROPERTY TAX ASSESSMENT AND COLLECTION PROCEDURES (continued)

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 amounts collected, and forwards the remaining balance collected to the County which assumes collection responsibility. The Town and Town's Special Districts therefore realize annually the 100% collection of real property taxes.

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

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

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

2. 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.

3. 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.

F. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purpose, is employed in the governmental funds. Encumbrances are reported as restrictions, commitments, or assignments 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.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. USE OF ESTIMATES

The preparation of 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.

H. 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, 2011, the Town adopted:

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

I. SUBSEQUENT EVENTS

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date of the financial statements.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

The Town follows the procedures enumerated below in establishing the budgetary data 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, except that outstanding encumbrances are re-appropriated in the subsequent year. 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, 2011

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

A. BUDGETARY INFORMATION (continued)

h) In June 2011, New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which includes a 2% property tax cap for municipalities. Beginning in 2012 and lasting through at least June 15, 2016, no local government is authorized to increase its property tax levy by more than 2% or the rate of inflation (whichever is less); however local governments can exceed the tax levy limit by a 60% vote of the governing body and annually adopting a local law. There was no tax increase in 2012.

B. FUND EQUITY

FUND BALANCE

In order to comply with the Governmental Accounting Standard Board's (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the fund balance section of the balance sheets of the governmental funds has been modified. The change has been made in order for the Town's new fund balance components to focus on "the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent" (GASB-54 paragraph 54). Previously, the fund balance section focused on whether these resources were available for appropriation. It also distinguished the unreserved fund balance from the reserved fund balance. In order to show compliance with GASB-54 however, the components of the new fund balance include the following items, as needed: 1) nonspendable, 2) restricted 3) committed, 4) assigned, or 5) unassigned.

The following table provides the detail regarding fund balance categories and classifications for the governmental funds which show components of nonspendable fund balances, as well as the purposes for restricted, and assigned fund balance. The unassigned fund balance is also shown.

	General Fund	Highway Fund	Parks Funds	Refuse and Garbage Funds	Capital Projects Funds	Debt Service Fund	Other Governmental Funds	Total
Fund Balances:								
Nonspendable:								
Long-term receivables	\$ 386,944	\$ 1,000,000		\$ 23,382,726			\$ 1,813,691	\$ 26,563,361
Inventory	876,326	6,037,120	\$ 873,590	833,441			1,140,402	9,760,879
Prepaid items	1,981,251	435,545	849,750	1,042,393			479,889	4,788,828
Permanent fund principal							1,337,867	1,337,867
Total Nonspendable	3,244,521	7,472,665	1,723,340	25,258,560			4,771,849	42,470,935
Restricted for:								
Grantors and donor restrictions							2,906,676	2,906,676
Total Restricted	-0-	-0-	-0-	-0-			2,906,676	2,906,676
Assigned to:								
Subsequent year's budget	19,800,563	735,136	4,010,528				5,258,080	29,804,307
Other postemployment benefits	5,000,000							5,000,000
Purchases on order or contractual obligations	384,300	141,753	102,067	58,968			319,806	1,006,894
Special revenue funds		12,663,297	15,648,141	25,796,128			21,640,469	75,748,035
Total Assigned	25,184,863	13,540,186	19,760,736	25,855,096			27,218,355	111,559,236
Unassigned, reported in								
General Fund	2,327,822							2,327,822
Capital Projects					\$ (1,955,129)			(1,955,129)
	<u>2,327,822</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(1,955,129)</u>	<u>\$ -0-</u>	<u>-0-</u>	<u>372,693</u>
Total Fund Balances	\$ 30,757,206	\$ 21,012,851	\$ 21,484,076	\$ 51,113,656	\$ (1,955,129)	\$ -0-	\$ 34,896,880	\$ 157,309,540

DEFICIT FUND EQUITY

The Capital Projects Fund deficit, in unassigned fund balance and total fund balance of \$1,955,129, at December 31, 2011 resulted from differences in timing between project expenditures and encumbrances and the recognition of corresponding permanent financing sources. This deficit will be eliminated in the subsequent year with the issuance of long-term bonds.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

3. DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

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

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

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

At December 31, 2011 the Town's deposits were \$249,338,402. This amount is inclusive of Fiduciary fund deposits of \$111,629,083 and restricted cash of \$1,337,867 but exclusive of petty cash of \$15,450. The bank balance was \$266,792,783. Of the bank balance, \$15,687,674 was covered by Federal deposit insurance, and \$267,742,271 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, 2011 the Town did not have any investments subject to credit risk, interest-rate risk or concentration of credit risk.

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TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

3. DETAILED NOTES ON ALL FUNDS (continued)

B. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At December 31, 2011 individual fund interfund receivable and payable balances for the primary government are generally expected to be paid currently. These balances represent various temporary loans, recharges and reimbursements between funds and are stated as follows:

	Receivable	Payable
Primary Government		
<u>Major Funds:</u>		
General Fund	\$ 11,851,653	\$ 1,231,450
Highway	388,714	261,452
Parks	128,094	6,258,606
Refuse & Garbage	1,677,589	14,821
Capital Projects Fund		5,623,219
<u>Nonmajor Funds:</u>		
Town Outside Village	2,670	278,869
Special Grant		700,014
Street Lighting	51,615	14,267
Public Parking	237,537	33,280
Water	94,486	16,380
	\$ 14,432,358	\$ 14,432,358

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, 2011 individual fund interfund transfers balances for the primary government primarily represent receipt and payment of debt service and capital projects expenditures, and are stated as follows.

	Transfer In	Transfer Out
Primary Government		
<u>Major Funds:</u>		
General Fund	\$ 6,157	\$ 5,781,097
Highway	2,503,666	31,653,012
Parks	425,008	5,348,506
Refuse & Garbage	22	4,947,004
Capital Projects Fund	1,574,801	3,262,233
Debt Service	53,227,634	
<u>Nonmajor Funds:</u>		
Town Outside Village	7	188,038
Special Grant		6,379
Fire Protection		533,350
Street Lighting	2	1,291,669
Public Parking	324,628	1,551,950
Water	7,457	3,501,432
Permanent		4,712
	\$ 58,069,382	\$ 58,069,382

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

3. DETAILED NOTES ON ALL FUNDS (continued)

C. CAPITAL ASSETS

Capital asset activities for the year ended December 31, 2011 are as follows:

	Balance 1/1/2011	Additions	Deletions	Balance 12/31/2011
Primary government				
Capital assts not being depreciated				
Land - other than landfills	\$ 52,744,828	\$ 275,000		\$ 53,019,828
Landfills	30,668,785			30,668,785
Construction work in progress	2,742,242	719,430		3,461,672
Total capital assets not being depreciated	<u>86,155,855</u>	<u>994,430</u>		<u>87,150,285</u>
Depreciable capital assets				
Infrastructure and improvements other than buildings	668,102,813	30,715,493		698,818,306
Buildings	85,968,401	5,611,629		91,580,030
Improvement to park portion of Merrick landfill	15,741,484			15,741,484
Machinery and equipment	90,292,819	5,468,117	\$ 52,601	95,708,335
Intangibles - Software	843,585	1,972,503		2,816,088
Total depreciable capital assets	<u>860,949,102</u>	<u>43,767,742</u>	<u>52,601</u>	<u>904,664,243</u>
Less accumulated depreciation				
Infrastructure and improvements other than buildings	328,110,936	20,069,852		348,180,788
Buildings	77,146,478	769,577		77,916,055
Improvements to park portion of Merrick landfill	4,399,840	540,555		4,940,395
Machinery and equipment	72,525,183	4,996,353	52,601	77,468,935
Intangibles - Software	104,118	116,811		220,929
Total accumulated depreciation	<u>\$ 482,286,555</u>	<u>\$ 26,493,148</u>	<u>\$ 52,601</u>	<u>508,727,102</u>
Total net depreciable capital assets				<u>395,937,141</u>
Total net capital assets				<u>\$ 483,087,426</u>

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

General government support	\$ 1,988,638
Public safety	502,084
Transportation	15,757,822
Economic assistance and opportunity	53,330
Culture and recreation	4,549,101
Home and community services	3,642,173
Total governmental activities depreciation expense	<u>\$ 26,493,148</u>

The Town 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, 2011, the Town has not recorded any such impairment losses.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

3. DETAILED NOTES ON ALL FUNDS (continued)

C. CAPITAL ASSETS (continued)

	Balance 1/1/2011	Additions	Deletions	Transfers	Balance 12/31/2011
Discretely Presented Component Units					
Capital assets not being depreciated					
Land	\$ 263,098				\$ 263,098
Construction in progress	<u>8,736,428</u>	<u>\$ 4,278,435</u>	<u>\$ 307,941</u>		<u>12,706,922</u>
Total capital assets not being depreciated	<u>8,999,526</u>	<u>4,278,435</u>	<u>307,941</u>		<u>12,970,020</u>
Depreciable capital assets					
Buildings	26,033,475	313,823		\$ 1,323,737	27,671,035
Improvements other than buildings	62,585	11,000	11,850	(38,255)	23,480
Machinery and equipment	13,659,451	353,800	72,906	(1,366,111)	12,574,234
Software	1,347				1,347
Infrastructure	<u>9,274,230</u>	<u>307,942</u>		<u>80,629</u>	<u>9,662,801</u>
Total depreciable capital assets	<u>49,031,088</u>	<u>986,565</u>	<u>84,756</u>	<u>-0-</u>	<u>49,932,897</u>
Less total accumulated depreciation	<u>\$ 19,789,362</u>	<u>\$ 1,517,997</u>	<u>\$ 77,296</u>		<u>21,230,063</u>
Total net depreciable capital assets					<u>28,702,834</u>
Total net capital assets					<u>\$ 41,672,854</u>

Franklin Square Water District had significant transfers between depreciable capital asset categories that had no effect on their overall fixed assets in 2011.

D. 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, 2011, the Town had no BANs outstanding.

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TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

3. DETAILED NOTES ON ALL FUNDS (continued)

D. 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 6.35%.

A summary of these bonds are as follows:

	Balance 1/1/2011	Issued	Redeemed	Balance 12/31/2011
Primary government:				
Capital Projects Fund				
General	\$ 33,212,509	\$ 11,604,325	\$ 3,674,488	\$ 41,142,346
Part-town	1,344,523	158,150	120,162	1,382,511
Highway	166,512,414	19,767,300	23,862,518	162,417,196
Fire Districts	3,173,024		398,419	2,774,605
Lighting District	7,914,114	2,997,800	934,243	9,977,671
Parking Districts	10,710,237	2,251,065	1,056,810	11,904,492
Refuse and Garbage Districts	26,196,855	4,735,680	3,922,383	27,010,152
Park Districts	30,758,671	3,016,000	3,808,157	29,966,514
Water District	16,268,160	5,310,000	1,993,792	19,584,368
Total primary government	<u>\$ 296,090,507</u>	<u>\$ 49,840,320</u>	<u>\$ 39,770,972</u>	<u>\$ 306,159,855</u>
Component units:				
Library Districts	\$ 9,534,482	\$ 3,000,000	\$ 609,194	\$ 11,925,288
Water Districts	6,647,476	3,300,000	484,987	9,462,489
	<u>16,181,958</u>	<u>6,300,000</u>	<u>1,094,181</u>	<u>21,387,777</u>
Total general obligation bonds	<u>\$ 312,272,465</u>	<u>\$ 56,140,320</u>	<u>\$ 40,865,153</u>	<u>\$ 327,547,632</u>

Future principal and interest payments to maturity are as follows:

Primary Government:

Years Ending December 31,				Total Principal and Interest
		Principal	Interest	
2012	\$ 37,377,968	\$ 12,018,537	\$ 49,396,505	
2013	36,096,550	10,655,581	46,752,131	
2014	33,357,293	9,217,110	42,574,403	
2015	34,238,938	7,785,775	42,024,713	
2016	26,917,198	6,417,428	33,334,626	
2017-2021	99,725,209	16,544,870	116,270,079	
2022-2026	31,453,231	3,889,457	35,342,688	
2027-2031	4,953,546	770,317	5,723,863	
2032-2036	1,393,978	349,187	1,743,165	
2037-2038	645,944	45,982	691,926	
	<u>\$ 306,159,855</u>	<u>\$ 67,694,244</u>	<u>\$ 373,854,099</u>	

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

3. DETAILED NOTES ON ALL FUNDS (continued)

D. INDEBTEDNESS (continued)

LONG-TERM DEBT (continued)

Component Units:

Years Ending December 31,		Principal		Interest		Total Principal and Interest
		\$		\$		\$
2012		\$ 1,400,186		\$ 835,361		\$ 2,235,547
2013		1,110,689		788,567		1,899,256
2014		1,124,947		747,406		1,872,353
2015		1,151,062		705,176		1,856,238
2016		1,192,802		661,352		1,854,154
2017-2021		4,419,790		2,682,169		7,101,959
2022-2026		3,496,769		2,040,381		5,537,150
2027-2031		3,796,454		1,296,070		5,092,524
2032-2036		2,601,022		611,231		3,212,253
2037-2038		1,094,056		77,881		1,171,937
		<u>\$ 21,387,777</u>		<u>\$ 10,445,594</u>		<u>\$ 31,833,371</u>

Outstanding Bond Issues

Issue	Average Rate	Original Amount	Outstanding Amount	Final Maturity
General Obligation Serial Bonds-1991, Series B	6.31560%	\$ 8,492,000	\$ 330,000	January 1, 2016
General Obligation Serial Bonds-1991, Series C	4.40630%	18,789,000	100,000	February 15, 2012
General Obligation Serial Bonds-2003, Series A	3.41200%	33,600,000	2,375,000	August 1, 2012
General Obligation Serial Bonds-2004, Series A	3.41190%	51,490,000	29,480,000	February 1, 2018
General Obligation Serial Bonds-2004, Series B	3.98640%	84,764,508	46,665,000	July 15, 2018
General Obligation Serial Bonds-2005, Series B	3.11727%	16,600,000	1,090,000	November 15, 2018
General Obligation Serial Bonds-2006, Series A	3.76550%	33,914,230	23,225,000	March 1, 2018
General Obligation Serial Bonds-2007, Series A	4.13760%	30,348,650	22,625,000	September 1, 2020
General Obligation Serial Bonds-2008, Series A	3.52974%	33,415,000	28,874,999	August 15, 2021
General Obligation Serial Bonds-2008, Series B	4.52663%	15,427,000	14,605,000	August 15, 2038
General Obligation Serial Bonds-2009, Series A	1.69702%	31,860,000	8,041,816	December 15, 2013
General Obligation Serial Bonds-2009, Series B	1.69702%	7,350,000	5,365,497	February 1, 2015
General Obligation Serial Bonds-2010, Series A	2.99083%	73,377,025	69,430,000	April 15, 2038
General Obligation Serial Bonds-2010, Series B	1.48920%	14,785,000	14,785,000	April 15, 2015
General Obligation Serial Bonds-2011, Series A	3.02130%	49,840,320	49,840,320	August 1, 2027
General Obligation Serial Bonds-2011, Series B	3.32884%	6,300,000	6,300,000	August 1, 2030
NYS EFC Refunding Bonds - Series A	1.80556%	2,005,000	1,820,000	February 15, 2015
NYS EFC Refunding Bonds - Series A	2.40364%	1,770,000	1,770,000	January 15, 2017
NYS EFC Refunding Bonds - Series A	2.81598%	920,000	825,000	June 15, 2019
		<u>\$ 515,047,733</u>	<u>\$ 327,547,632</u>	

The New York State Environmental Facilities Corporation (NYSEFC) completed a refinancing, of the EFC's bonds, which will reduce the Town's future interest cost for the Clean Water and Drinking Water State Revolving funds (SRF). The net present value of the savings is \$236,655. There was no change to the principal amounts of the bonds.

PRIOR-YEAR DEFEASANCE OF DEBT

In prior years, the Town 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, 2011 there are no outstanding bonds considered defeased.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

3. DETAILED NOTES ON ALL FUNDS (continued)

D. INDEBTEDNESS (continued)

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2011 is as follows:

	Beginning Balance 1/1/2011	New Issues/ Additions	Maturities/ Reductions	Ending Balance 12/31/2011	Non-current liabilities due within one year	Non-current liabilities
Primary Government:						
Bonds Payable						
General obligation bonds	\$ 296,090,507	\$ 49,840,320	\$ 39,770,972	\$ 306,159,855	\$ 37,377,968	\$ 268,781,887
Plus premiums on issuance	12,871,596	829,030	1,228,659	12,471,967	1,280,477	11,191,490
Total Bonds Payable	308,962,103	50,669,350	40,999,631	318,631,822	38,658,445	279,973,377
Employees retirement system		6,200,000		6,200,000	522,420	5,677,580
Compensated absences	51,489,520	32,725,877	32,026,247	52,189,150	3,312,802	48,876,348
Claims and judgments	24,063,388	12,829,175	11,817,755	25,074,808	10,351,282	14,723,526
Estimated liability for landfill closure and postclosure care costs	1,410,671		50,000	1,360,671	51,500	1,309,171
Pollution remediation	7,335,278	3,281,959	687,213	9,930,024	5,214,025	4,715,999
Other postemployment benefits	182,615,151	55,700,106	15,134,210	223,181,047		223,181,047
Total non-current liabilities	<u>\$ 575,876,111</u>	<u>\$ 161,406,467</u>	<u>\$ 100,715,056</u>	<u>\$ 636,567,522</u>	<u>\$ 58,110,474</u>	<u>\$ 578,457,048</u>
Component Units:						
General obligation bonds	\$ 16,181,958	\$ 6,300,000	\$ 1,094,181	\$ 21,387,777	\$ 1,400,186	\$ 19,987,591
Compensated absences	758,700	225,540	83,372	900,868	41,883	858,985
Other postemployment benefits	2,476,226	997,289	402,222	3,071,293		3,071,293
Total non-current liabilities	<u>\$ 19,416,884</u>	<u>\$ 7,522,829</u>	<u>\$ 1,579,775</u>	<u>\$ 25,359,938</u>	<u>\$ 1,442,069</u>	<u>\$ 23,917,869</u>

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

E. RETIREMENT SYSTEM

Plan Description

The Town participates in the New York State and Local Employees' Retirement System (NYSERS), a cost sharing multiple public employer retirement system. The System provides retirement benefits as well as death and disability benefits.

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 found at <http://www.osc.state.ny.us/retire/publications/index.php> or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244-0001.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

3. DETAILED NOTES ON ALL FUNDS (continued)

E. RETIREMENT SYSTEM (continued)

Funding Policy

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary for the first ten years of membership 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.

Contributions consist of a group term life insurance portion (GTLI) and a regular pension contribution. Contribution rates for the plan year ended March 31, 2011 and 2012 are as follows:

Contribution rates		
Tier/Plan/Option	3/31/2011 Rate	3/31/2012 Rate
1 75I/41J	15.3%	21.5%
2 75I/41J	14.0%	19.7%
3 A14/41J	11.3%	15.8%
4 A15/41J	11.3%	15.8%
5 A15/41J	9.1%	12.7%

The Town is required to contribute at an actuarially determined rate. The actual contributions were equal to 100% 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				
Amount	Credits & Miscellaneous Adjustments	Prepayment Discount	2011 Amortization Amount	Total Payment
2011	\$ 23,629,499	\$ 239,879	\$ (214,878)	\$ (6,200,000)
2010	17,072,109	178,101	(165,161)	17,085,049
2009	10,357,655	(198,776)	(97,266)	10,061,613

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.
- 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.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

3. DETAILED NOTES ON ALL FUNDS (continued)

E. RETIREMENT SYSTEM (continued)

Funding Policy (continued)

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. The total unpaid liability for the Town for the 2011 amortization year is \$6,200,000. Amortization contributions will be paid in ten equal installments, one per year, but may be prepaid at any time. The Town has, for now, opted to amortize over the ten-year period. The interest rate will be established annually for each year's amortization and paid out of current resources. Future principal and interest payments to maturity for the amortization installments are as follows:

2011 Chapter 57, laws of 2010 - \$6,200,000

	Principal	Interest	Total Principal and Interest
Year Ending December 31, 2012	\$ 522,420	\$ 232,500	\$ 754,920
2013	542,011	212,909	754,920
2014	562,336	192,584	754,920
2015	583,424	171,496	754,920
2016	605,302	149,618	754,920
2017-2020	3,384,507	390,096	3,774,603
	\$ 6,200,000	\$ 1,349,203	\$ 7,549,203

F. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS

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 for those who were Medicare enrollees prior to January 1, 2010, \$1,326 per year for those enrolling on January 1, 2010 through December 31, 2010, and \$1,385 per year for those who will enroll January 1, 2011 and after, if they are over the age of sixty-five. The Medicare Part B premium that is charged varies by income level. Medicare Part B reimbursement valuation was assumed at the basic level. The retiree is also eligible for Medicare Part B reimbursement in the 2012 weighted amount of \$1,199 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.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

3. DETAILED NOTES ON ALL FUNDS (continued)

F. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS (continued)

The number of participants as of December 31, 2011, 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	1,877
Retired Employees and spouses	1,994
Surviving spouses of deceased retirees	237
Total	4,108

Funding Policy

The Town currently pays for postemployment health care benefits on a pay-as-you-go basis. As of December 31, 2011, the Town has assigned \$5,000,000 of fund balance for postemployment benefits.

Annual Other Postemployment Benefit Cost

For the year ended December 31, 2011, the Town's annual other postemployment benefits cost (expenses) were \$55,700,106. Considering the annual expense as well as the payment of current health insurance premiums and medicare reimbursements, which totaled \$15,134,210 for retirees and their beneficiaries, the result was an increase in the other postemployment benefits liability of \$40,565,896 for the year ended December 31, 2011. For the year ended December 31, 2011 the Town's component units annual postemployment benefits cost (expenses) were \$997,289. Considering health insurance payments totaling \$402,222, the increase in the other postemployment benefits liability for the component units for the year ended December 31, 2011 amounted to \$595,067.

Benefit Obligations and Normal Cost

	Medical, Dental and Medicare Part B
Actuarial Accrued Liability (AAL)	
Active employees	\$ 430,761,000
Retired employees	248,475,000
Total Actuarial Accrued Liability (AAL)	679,236,000
Actuarial value of plan assets	-0-
Unfunded actuarial accrued liability (UAAL)	\$ 679,236,000
Funded ratio	0%
Normal cost at the beginning of the year	\$ 19,561,000
Amortization cost at the beginning of the year	\$ 35,707,000
Annual covered payroll	\$ 152,660,786
UAAL as a percentage of covered payroll	444.93%

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

3. DETAILED NOTES ON ALL FUNDS (continued)

F. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS (continued)

Benefit Obligations and Normal Cost (continued)

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, 2011 amounted to \$679,236,000. The unfunded actuarial accrued liability for the components units for the year ended December 31, 2011 amounted to \$12,252,063.

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	\$	22,004,000
Amortization of unfunded actuarial liability (UAAL) over 30 years		36,546,000
Annual required contribution (ARC)		58,550,000
Interest on net OPEB obligation		7,304,606
Adjustment to ARC		(10,154,500)
Annual OPEB Cost		55,700,106
Less: Contribution made		15,134,210
Increase in net OPEB liability		40,565,896
Net OPEB obligation, beginning of year		182,615,151
Net OPEB obligation, end of year	\$	223,181,047
Percentage of annual OPEB cost contributed		27.2%

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 of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 55,700,106	\$ 15,134,210	27.2%	\$ 223,181,047
2010	53,008,211	15,198,338	28.7%	182,615,151
2009	50,190,500	13,600,275	27.1%	144,805,278

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
 December 31, 2011

3. DETAILED NOTES ON ALL FUNDS (continued)

F. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS (continued)

Funded Status and Funding Progress (continued)

The funded status of the plan as of December 31, 2011 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-	\$ 679,236,000	\$ 679,236,000	0%	\$ 152,660,786	444.93%
Component Units	-0-	12,252,063	12,252,063	0%	3,949,597	310.21%

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, 2011 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, a 7.3% medical inflation rate, a 5.0% inflation rate for Medicare Part B and dental, 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 7.3% healthcare cost trend increase for the year ended 2012, reduced by decrements to a rate of 5.9% after seven years for pre-65 and post-65 medical benefits. For medical benefits, the assumed valuation reaches 5.0% in 2074 and 4.7% in 2080. The valuation assumes a 5% cost trend for dental and a 5.0% cost trend for Medicare Part B benefits for the year ended 2012.

A copy of the Town of Hempstead Retiree Medical Program, December 31, 2011 Valuation is available by contacting the Town of Hempstead, Office of the Comptroller, Hempstead, New York.

G. 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, 2011 the value of the compensated absences was \$52,189,150 for the primary government. The liability for compensated absences for the component units amounted to \$900,868.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

3. DETAILED NOTES ON ALL FUNDS (continued)

H. PERMANENT FUND

The Town 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 all funds, securities and other items of personal and real property. The Town 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, 2011 is \$4,712. The amount of total net assets restricted as nonexpendable, in the Permanent Fund, for the Greenfield Cemetery at December 31, 2011 is \$1,337,867.

4. COMMITMENTS AND CONTINGENCIES

A. 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 \$25,074,808. 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.

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	
	2011	2010	2011	2010
Unpaid claims and claim adjustment expenditures at the beginning of the year	\$ 21,762,000	\$ 21,378,000	\$ 2,301,388	\$ 2,104,900
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	10,124,985	8,488,013	2,704,190	1,805,344
Total incurred claims and claim adjustment expenditures	10,124,985	8,488,013	2,704,190	1,805,344
Payments				
Claim and claim adjustment expenditures attributable to insured events of the current and prior years.	8,909,985	8,104,013	2,907,770	1,608,856
Total unpaid claims and claim adjustment expenditures at the end of the year.	\$ 22,977,000	\$ 21,762,000	\$ 2,097,808	\$ 2,301,388

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

4. COMMITMENTS AND CONTINGENCIES (continued)

B. 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.

Garbage Taxes and Local Utilities

There are currently five (5) cases against the Town regarding garbage taxes and local utilities. The Town is vigorously pursuing all these claims. In those actions where the utility has already obtained a judgment against the Town, the Town has commenced independent, plenary actions for reimbursement from Nassau County under the relevant provisions of the Nassau County Administrative Code collectively known as the "County Guarantee". In those actions which are still pending and do not yet have a judgment, the Town has brought Nassau County into the proceedings by means of a third-party summons and complaint. Additional third-party actions shall be commenced against the County as required.

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. In addition, the Town has asked the County to cease taxing the plaintiffs' utility property for the Town's garbage collection and disposal districts.

As of December 31, 2011, judgments against the Town relating to these claims amounted to \$23,382,726 for which, after partial payments have been made, the remaining liability is \$18,639,887 on the balance sheet of the Refuse and Garbage Fund. In addition, based on the recovery anticipated under the "County Guarantee" cited above, the Town recorded a due from other governments of \$23,382,726 on the balance sheet of the Refuse and Garbage Fund for this total liability. The Town considers this receivable to be long-term, and accordingly has presented it as nonspendable fund balance.

The remaining cases regarding garbage taxes and local utilities are in various stages of litigation with current estimated liability of \$70 million.

FIT Tuition Charge Back

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.

In the 2011 case of Town of North Hempstead v. County of Nassau, Supreme Court, County of Nassau, determined that the County could not charge back amounts paid for students in four year or masters programs at FIT. This decision reduces the County charge back and is currently on appeal to the Appellate Division Second Department. It is still the position of the Town that FIT is not a community college. As of December 31, 2011 the FIT tuition charge back to the Town of Hempstead amounts to \$5,277,234. No liability has been recorded in the financial statements for this matter. The Town has presented the long-term portion of the receivable, that arose from the County withholding sales tax in the amount of the FIT chargeback for 2010, of \$2,463,543, as nonspendable fund balance.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

4. COMMITMENTS AND CONTINGENCIES (continued)

LITIGATION (continued)

Other Litigation

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, 2011, no liability has been recorded in the financial statements on these matters.

C. 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 25-year term agreement commencing in August 2009, 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. Under this 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.

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.

Under this 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.

D. 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. Accordingly, as of December 31, 2011 the Town has recorded a liability of \$1,360,671, in the government-wide financial statements, which represents the provision to be made in future budgets for unfunded closure and postclosure landfill costs. As the liability is based on 100% of capacity there are no estimated costs of closure or postclosure remaining to be recognized. Actual costs may vary due to inflation or deflation, changes in technology, or changes in regulations or applicable laws.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

4. COMMITMENTS AND CONTINGENCIES (continued)

E. CONSTRUCTION AND OTHER CAPITAL ACQUISITION COMMITMENTS

The Town is committed to capital improvements to its various facilities and infrastructure. The Town at December 31, 2011 has funds restricted for capital acquisitions and improvements of \$26,881,367 in the Capital Projects Fund.

F. 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.

Other pollution remediation obligations include asbestos abatement and removal.

At December 31, 2011, the Town has estimated pollution remediation obligations amounts at \$9,930,024 of which \$5,214,025 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.

G. MERRICK FIRE DEPARTMENT SERVICE AWARD PROGRAM (LOSAP)

The Town 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 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.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

4. COMMITMENTS AND CONTINGENCIES (continued)

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

Program Description (continued)

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.

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

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

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

The sponsor is required to retain an actuary to determine the amount of the sponsor's contributions to the plan. The actuary retained by the sponsor for this purpose is Harbridge Consulting Group, LLC. Portions of the following information are derived from a report prepared by the actuary dated May 2, 2012.

Program Financial Condition

Assets and Liabilities

Actuarial Present Value of Benefits at December 31, 2011		\$	2,645,239
Assets Available for Benefits			
Annuities	100%	\$	2,214,545
Total Net Assets Available for Benefits			2,214,545
Total Unfunded Benefits/Surplus			430,694
Unfunded Liability/Surplus for Prior Service			(430,694)
Unfunded Normal benefits		\$	-0-

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

4. COMMITMENTS AND CONTINGENCIES (continued)

G. MERRICK FIRE DEPARTMENT SERVICE AWARD PROGRAM (LOSAP)

Program Financial Condition (continued)

Prior Service Costs

Prior service costs are being amortized over 10 years at a discount rate of 4.75%.

Plan Net Assets, beginning of year	\$ 2,193,947
Changes during the year:	20,598
Plan Net Assets, end of year	\$ 2,214,545

Contributions

Amount of sponsor's required contribution:		Minimum	\$ 136,189
		Maximum	\$ 157,934
			83.7% Funded

Amount of sponsor's actual contribution:	\$ 136,189
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Administration Fees

Fees paid to designated program administrator:	\$ 1,959
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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 (Inactive)	None	
Other	None	

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TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

5. 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, 2011:

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	\$ 1,341,824	\$ 2,392,217	\$ 189,919	\$ 586,974	\$ 1,757,151	\$ 1,000	\$ 1,198,997
Roosevelt Public Library District	3,218,422	13,179,151	1,201,293	8,628,428	4,775,140		1,792,712
Uniondale Public Library District	1,616,724	6,659,916	568,369	3,123,211	3,560,517	15,758	1,008,785
Cathedral Gardens Water District	402,162		12,064				390,098
Franklin Square Water District	2,717,719	6,185,241	389,340	5,549,733	1,229,010	1,559,849	175,028
West Hempstead - Hempstead Gardens Water District	6,941,051	10,975,262	853,272	1,932,443	10,726,747	4,144,624	259,227
Greater Atlantic Beach Water Reclamation District	4,354,829	2,281,067	348,572	4,208,569	1,371,267	558,866	148,622
	<u>\$ 20,592,731</u>	<u>\$ 41,672,854</u>	<u>\$ 3,562,829</u>	<u>\$ 24,029,358</u>	<u>\$ 23,419,832</u>	<u>\$ 6,280,097</u>	<u>\$ 4,973,469</u>

Condensed Statement of Activities:

	Program				General Revenue			Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Expense (Revenue)	Property Taxes	Other	Change	1/1/2011	12/31/2011
Lakeview Public Library District	\$ 1,064,172	\$ 22,940			\$ 1,041,232	\$ 1,246,512	\$ 111,230	\$ 316,510	\$ 2,640,636	\$ 2,957,148
Roosevelt Public Library District	2,123,691	21,485	2,833	25,246	2,074,125	2,905,373	66,871	898,119	5,669,733	6,567,852
Uniondale Public Library District	3,327,618	26,783			3,300,835	3,766,525	138,435	604,125	3,980,935	4,585,060
Cathedral Gardens Water District	47,975				47,975	31,496	3,379	(13,100)	403,198	390,098
Franklin Square Water District	2,612,797	1,369,854			1,242,943	936,803	158,111	(148,029)	3,111,916	2,963,887
West Hempstead - Hempstead Gardens Water District	3,973,801	1,721,642			2,252,159	1,526,600	755,644	30,085	15,100,513	15,130,598
Greater Atlantic Beach Water Reclamation District	1,661,681				1,661,681	1,593,154	12,835	(65,692)	2,134,447	2,078,755
	<u>\$ 14,811,735</u>	<u>\$ 3,162,704</u>	<u>\$ 2,833</u>	<u>\$ 25,246</u>	<u>\$ 11,620,950</u>	<u>\$ 12,006,463</u>	<u>\$ 1,246,505</u>	<u>\$ 1,632,018</u>	<u>\$ 33,041,380</u>	<u>\$ 34,673,398</u>

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TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

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

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

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

6. SUBSEQUENT EVENTS

The Town Board has authorized the issuance of \$49,817,300 in serial bonds to finance the Town's 2012 capital plan. A date for a bond sale has not been set.

The Town has entered into an energy performance contract with Johnson Controls Inc., an accredited Energy Service Company (ESCO), for improved energy efficiency initiatives at its Hempstead Campus (Old and New Town Halls). The approximately \$5,000,000 in energy efficiency upgrades will be financed by utilizing a portion of the Town's \$7,700,000 allotment of Federal Qualified Energy Conservation Bonds (QECBs). The contract includes a guarantee of approximately \$9,400,000 in utility and maintenance costs avoidance over its 15-year term.

7. NEW PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 61 *"The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34"*. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. The requirements of the new statement become effective for fiscal periods beginning after June 15, 2012.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 63 *"Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position"*. This statement is for presentation purposes only. The requirements of the new statement become effective for fiscal periods beginning after December 15, 2011.

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

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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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 17,951,586	\$ 17,951,586	\$ 17,546,259	\$ (405,327)
Real property tax items	1,825,000	1,825,000	1,393,002	(431,998)
Non-property tax items	28,500,000	28,500,000	28,988,681	488,681
Departmental income	5,000,850	5,000,850	5,413,616	412,766
Intergovernmental charges	20,000	20,000	18,594	(1,406)
Use of money and property	2,310,000	2,310,000	826,357	(1,483,643)
Licenses and permits	976,900	976,900	906,873	(70,027)
Fines and forfeitures	25,000	25,000	48,725	23,725
Sale of property and compensation for loss	160,000	160,000	23,449	(136,551)
Miscellaneous revenue	160,000	160,000	356,095	196,095
Interfund revenues	53,126,261	53,126,261	53,126,598	337
State aid	17,000,000	17,000,000	16,774,713	(225,287)
Federal aid			71,713	71,713
Total Revenues	<u>127,055,597</u>	<u>127,055,597</u>	<u>125,494,675</u>	<u>(1,560,922)</u>
EXPENDITURES				
Current:				
General government support	78,084,029	79,113,535	75,420,166	3,693,369
Education	2,750,000	1,511,951	1,511,951	-0-
Public safety	9,956,615	10,447,902	10,289,575	158,327
Transportation	1,258,930	1,395,298	1,395,297	1
Economic assistance and opportunity	5,794,911	5,792,111	5,502,212	289,899
Culture and recreation	130,000	128,217	128,217	-0-
Home and community services	11,076,439	11,112,648	10,798,049	314,599
Employee benefits	26,584,773	28,049,250	28,049,246	4
Debt service:				
Bond issuance costs	34,000	34,000	34,000	-0-
Total Expenditures	<u>135,669,697</u>	<u>137,584,912</u>	<u>133,128,713</u>	<u>4,456,199</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(8,614,100)</u>	<u>(10,529,315)</u>	<u>(7,634,038)</u>	<u>2,895,277</u>
Other Financing Sources (Uses)				
Transfers in			6,157	6,157
Transfers out	(5,215,478)	(5,781,098)	(5,781,097)	1
Debt issuance		775,000	775,000	-0-
Premiums of debt issuance	250,000	250,000	193,023	(56,977)
Total Other Financing Sources (Uses)	<u>(4,965,478)</u>	<u>(4,756,098)</u>	<u>(4,806,917)</u>	<u>(50,819)</u>
Net Change in Fund Balances	<u>\$ (13,579,578)</u>	<u>\$ (15,285,413)</u>	<u>(12,440,955)</u>	<u>\$ 2,844,458</u>
Fund Balances at Beginning of Year			<u>43,198,161</u>	
Fund Balances at End of Year			<u>\$ 30,757,206</u>	

TOWN OF HEMPSTEAD
HIGHWAY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 64,451,727	\$ 64,451,727	\$ 64,427,828	\$ (23,899)
Real property tax items	375,000	375,000	362,744	(12,256)
Intergovernmental charges			3,000	3,000
Use of money and property	141,000	141,000	195,073	54,073
Sale of property and compensation for loss	3,500	3,500	521,899	518,399
Miscellaneous revenue	110,000	110,000	182,222	72,222
State aid	475,000	628,000	556,158	(71,842)
Federal aid		900,000	2,601,537	1,701,537
Total Revenues	<u>65,556,227</u>	<u>66,609,227</u>	<u>68,850,461</u>	<u>2,241,234</u>
EXPENDITURES				
Current:				
Transportation	30,760,390	32,590,356	30,303,233	2,287,123
Employee benefits	8,664,774	9,229,250	9,228,090	1,160
Debt service:				
Bond issuance costs	57,918	57,918	57,918	-0-
Total Expenditures	<u>39,483,082</u>	<u>41,877,524</u>	<u>39,589,241</u>	<u>2,288,283</u>
Excess of Revenues Over Expenditures	<u>26,073,145</u>	<u>24,731,703</u>	<u>29,261,220</u>	<u>4,529,517</u>
Other Financing Sources (Uses)				
Transfers in	2,000,000	2,000,000	2,503,666	503,666
Transfers out	(31,588,896)	(31,653,016)	(31,653,012)	4
Premiums of debt issuance	650,000	650,000	328,804	(321,196)
Total Other Financing Sources (Uses)	<u>(28,938,896)</u>	<u>(29,003,016)</u>	<u>(28,820,542)</u>	<u>182,474</u>
Net Change in Fund Balances	<u>\$ (2,865,751)</u>	<u>\$ (4,271,313)</u>	<u>440,678</u>	<u>\$ 4,711,991</u>
Fund Balances at Beginning of Year			<u>20,572,173</u>	
Fund Balances at End of Year			<u>\$ 21,012,851</u>	

TOWN OF HEMPSTEAD
PARK DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 50,932,840	\$ 50,932,840	\$ 50,932,839	\$ (1)
Real property tax items	315,000	315,000	312,388	(2,612)
Non-property tax items	1,550,000	1,550,000	1,550,000	-0-
Departmental income	2,840,000	2,840,000	2,706,944	(133,056)
Intergovernmental charges	770,301	770,301	726,485	(43,816)
Use of money and property	316,140	316,140	456,763	140,623
Fines and forfeitures	3,000	3,000	2,700	(300)
Sale of property and compensation for loss	20,000	31,020	17,050	(13,970)
Miscellaneous revenue	145,000	145,000	194,495	49,495
Interfund revenues	26,547,272	26,547,272	26,547,272	-0-
State aid	150,000	150,000	211,816	61,816
Federal aid			162,404	162,404
Total Revenues	<u>83,589,553</u>	<u>83,600,573</u>	<u>83,821,156</u>	<u>220,583</u>
EXPENDITURES				
Current:				
Culture and recreation	63,480,484	62,876,497	60,207,521	2,668,976
Employee benefits	17,541,098	18,050,420	18,050,416	4
Debt service:				
Bond issuance costs	8,837	8,837	8,837	-0-
Total Expenditures	<u>81,030,419</u>	<u>80,935,754</u>	<u>78,266,774</u>	<u>2,668,980</u>
Excess of Revenues Over Expenditures	<u>2,559,134</u>	<u>2,664,819</u>	<u>5,554,382</u>	<u>2,889,563</u>
Other Financing Sources (Uses)				
Transfers in			425,008	425,008
Transfers out	(5,209,825)	(5,348,510)	(5,348,506)	4
Debt issuance				
Premiums of debt issuance	25,000	25,000	50,167	25,167
Total Other Financing Sources (Uses)	<u>(5,184,825)</u>	<u>(5,323,510)</u>	<u>(4,873,331)</u>	<u>450,179</u>
Net Change in Fund Balances	<u>\$ (2,625,691)</u>	<u>\$ (2,658,691)</u>	681,051	<u>\$ 3,339,742</u>
Fund Balances at Beginning of Year			<u>20,803,025</u>	
Fund Balances at End of Year			<u>\$ 21,484,076</u>	

TOWN OF HEMPSTEAD
REFUSE AND GARBAGE DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 93,205,131	\$ 93,205,131	\$ 93,525,771	\$ 320,640
Real property tax items	770,000	770,000	773,059	3,059
Non-property tax items	2,400,000	2,400,000	2,400,000	-0-
Departmental income	9,380,000	9,380,000	9,505,988	125,988
Intergovernmental charges	2,750,000	2,750,000	3,063,326	313,326
Use of money and property	3,924,150	3,924,150	3,889,888	(34,262)
Licenses & permits			21,784	21,784
Sale of property and compensation for loss	1,026,500	1,026,500	739,354	(287,146)
Miscellaneous revenue	216,382	216,382	312,747	96,365
State aid	380,000	380,000	29,806	(350,194)
Federal aid			1,183,401	1,183,401
Total Revenues	<u>114,052,163</u>	<u>114,052,163</u>	<u>115,445,124</u>	<u>1,392,961</u>
EXPENDITURES				
Current:				
Home and community services	91,817,932	91,083,943	85,168,856	5,915,087
Employee benefits	17,143,403	17,877,392	17,877,388	4
Debt service:				
Bond issuance costs	13,876	13,876	13,876	-0-
Total Expenditures	<u>108,975,211</u>	<u>108,975,211</u>	<u>103,060,120</u>	<u>5,915,091</u>
Excess of Revenues Over Expenditures				
	<u>5,076,952</u>	<u>5,076,952</u>	<u>12,385,004</u>	<u>7,308,052</u>
Other Financing Sources (Uses)				
Transfers in			22	22
Transfers out	(5,076,952)	(5,076,952)	(4,947,004)	129,948
Premiums of debt issuance			78,772	78,772
Total Other Financing Sources (Uses)	<u>(5,076,952)</u>	<u>(5,076,952)</u>	<u>(4,868,210)</u>	<u>208,742</u>
Net Change in Fund Balances	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>7,516,794</u>	<u>\$ 7,516,794</u>
Fund Balances at Beginning of Year			<u>43,596,862</u>	
Fund Balances at End of Year			<u>\$ 51,113,656</u>	

TOWN OF HEMPSTEAD
SCHEDULE OF FUNDING PROGRESS
TOWN OF HEMPSTEAD RETIREE MEDICAL PROGRAM
POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS
December 31, 2011

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)	UAAAL as a Percentage of Covered Payroll ((b - a) / c)
12/31/2011	\$ -0-	\$ 679,236,000	\$ 679,236,000	0%	\$ 152,660,786	444.93%
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, 2011

Special Revenue Funds

	Town Outside Village	Special Grant	Fire Protection	Street Lighting
ASSETS				
Cash and investments	\$ 4,344,941		\$ 3,180,136	\$ 4,614,616
Cash - restricted		\$ 2,382,813		
Accounts receivable	2,315,537			
Due from other funds	2,670			51,615
Due from other governments	73,357	1,729,595	1,203	3,751
Inventory	13,177			655,132
Prepaid items	232,961			
Other assets	25,000			
Total Assets	<u>\$ 7,007,643</u>	<u>\$ 4,112,408</u>	<u>\$ 3,181,339</u>	<u>\$ 5,325,114</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 629,292	\$ 505,718	\$ 130,679	\$ 574,531
Due to other funds	278,869	700,014		14,267
Total Liabilities	<u>908,161</u>	<u>1,205,732</u>	<u>130,679</u>	<u>588,798</u>
Fund Balances				
Nonspendable	246,138			655,132
Restricted		2,906,676		
Assigned	5,853,344		3,050,660	4,081,184
Total Fund Balances	<u>6,099,482</u>	<u>2,906,676</u>	<u>3,050,660</u>	<u>4,736,316</u>
Total Liabilities and Fund Balances	<u>\$ 7,007,643</u>	<u>\$ 4,112,408</u>	<u>\$ 3,181,339</u>	<u>\$ 5,325,114</u>

			Permanent Fund	
Public Parking	Water	Library Funding	Permanent Fund	Total Nonmajor Governmental Funds
\$ 3,963,264	\$ 7,998,860	\$ 213,261		\$ 24,315,078
	2,120,185		\$ 1,337,867	3,720,680
237,537	94,486			4,435,722
295	1,816,780			386,308
	472,093			3,624,981
1,253	245,675			1,140,402
	20,000			479,889
				45,000
<u>\$ 4,202,349</u>	<u>\$ 12,768,079</u>	<u>\$ 213,261</u>	<u>\$ 1,337,867</u>	<u>\$ 38,148,060</u>
\$ 66,859	\$ 301,291			\$ 2,208,370
33,280	16,380			1,042,810
<u>100,139</u>	<u>317,671</u>			<u>3,251,180</u>
1,253	2,531,459		\$ 1,337,867	4,771,849
4,100,957	9,918,949	\$ 213,261		2,906,676
<u>4,102,210</u>	<u>12,450,408</u>	<u>213,261</u>	<u>1,337,867</u>	<u>27,218,355</u>
<u>\$ 4,202,349</u>	<u>\$ 12,768,079</u>	<u>\$ 213,261</u>	<u>\$ 1,337,867</u>	<u>\$ 38,148,060</u>

TOWN OF HEMPSTEAD
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year ended December 31, 2011

	Special Revenue Funds			
	Town Outside Village	Special Grant	Fire Protection	Street Lighting
Revenues				
Real property taxes	\$ 11,027,887		\$ 5,717,903	\$ 10,243,930
Real property tax items	59,937		62,946	70,814
Non-property tax items	9,194,683			
Departmental income	7,081,098	\$ 22,265		
Intergovernmental charges				
Use of money and property	25,472	6,444	11,149	19,137
Licenses and permits				
Fines and forfeitures	1,067,525			
Sale of property and compensation for loss	177	7,078		20,143
Miscellaneous revenue	92,982	373,909		
Interfund revenues				
State aid	532,211	145,968		
Federal aid		15,098,206		
Total Revenues	<u>29,081,972</u>	<u>15,653,870</u>	<u>5,791,998</u>	<u>10,354,024</u>
Expenditures				
Current:				
General government support	456,556			
Education				
Public safety	18,451,408		4,606,920	
Health				
Transportation				8,730,159
Economic assistance and opportunity		4,890,611		
Culture and recreation	865			
Home and community services	5,213,059	10,842,495		
Employee benefits	5,164,346		476,154	
Debt Service:				
Bonds issuance costs	463			8,783
Total Expenditures	<u>29,286,697</u>	<u>15,733,106</u>	<u>5,083,074</u>	<u>8,738,942</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(204,725)</u>	<u>(79,236)</u>	<u>708,924</u>	<u>1,615,082</u>
Other Financing Sources (Uses)				
Transfers in	7			2
Transfers out	(188,038)	(6,379)	(533,350)	(1,291,669)
Premiums on debt issuance	2,631			49,864
Total Other Financing Sources (Uses)	<u>(185,400)</u>	<u>(6,379)</u>	<u>(533,350)</u>	<u>(1,241,803)</u>
Net Change in Fund Balances	(390,125)	(85,615)	175,574	373,279
Fund Balances at Beginning of Year	6,489,607	2,992,291	2,875,086	4,363,037
Fund Balances at End of Year	<u>\$ 6,099,482</u>	<u>\$ 2,906,676</u>	<u>\$ 3,050,660</u>	<u>\$ 4,736,316</u>

			Permanent Fund	Total Nonmajor Governmental Funds
Public Parking	Water	Library Funding	Permanent Fund	
\$ 2,953,942	\$ 7,384,131	\$ 1,358,862		\$ 38,686,655
3,504	214,687			411,888
	1,500,000			10,694,683
13,734	8,833,802			15,950,899
	231,600			231,600
14,431	768,491	1,008	\$ 4,712	850,844
	28,275			28,275
				1,067,525
	14,274			41,672
	647			467,538
1,502,143	46,650			1,548,793
	5,734			683,913
	34,402			15,132,608
<u>4,487,754</u>	<u>19,062,693</u>	<u>1,359,870</u>	<u>4,712</u>	<u>85,796,893</u>
				456,556
				23,058,328
2,894,610				11,624,769
		1,287,097		4,890,611
	13,005,157			1,287,962
144,888	2,853,724			29,060,711
				8,639,112
6,596	15,558			31,400
<u>3,046,094</u>	<u>15,874,439</u>	<u>1,287,097</u>		<u>79,049,449</u>
1,441,660	3,188,254	72,773	4,712	6,747,444
324,628	7,457			332,094
(1,551,950)	(3,501,432)		(4,712)	(7,077,530)
37,444	88,325			178,264
<u>(1,189,878)</u>	<u>(3,405,650)</u>		<u>(4,712)</u>	<u>(6,567,172)</u>
251,782	(217,396)	72,773	-0-	180,272
3,850,428	12,667,804	140,488	1,337,867	34,716,608
<u>\$ 4,102,210</u>	<u>\$ 12,450,408</u>	<u>\$ 213,261</u>	<u>\$ 1,337,867</u>	<u>\$ 34,896,880</u>

TOWN OF HEMPSTEAD
TOWN OUTSIDE VILLAGE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 10,833,562	\$ 10,833,562	\$ 11,027,887	\$ 194,325
Real property tax items	61,375	61,375	59,937	(1,438)
Non-property tax items	8,900,000	8,900,000	9,194,683	294,683
Departmental income	5,545,000	5,545,000	7,081,098	1,536,098
Use of money and property	30,500	30,500	25,472	(5,028)
Fines and forfeitures	1,000,000	1,000,000	1,067,525	67,525
Sale of property and compensation for loss			177	177
Miscellaneous revenue	17,500	17,500	92,982	75,482
State aid	775,000	775,000	532,211	(242,789)
Total Revenues	<u>27,162,937</u>	<u>27,162,937</u>	<u>29,081,972</u>	<u>1,919,035</u>
EXPENDITURES				
Current:				
General government support	374,609	643,508	456,556	186,952
Public safety	18,087,904	18,523,032	18,451,408	71,624
Culture and recreation	4,000	4,000	865	3,135
Home and community services	5,044,545	5,645,454	5,213,059	432,395
Employee benefits	4,859,704	5,164,349	5,164,346	3
Debt service:				
Bond issuance costs	463	463	463	-0-
Total Expenditures	<u>28,371,225</u>	<u>29,980,806</u>	<u>29,286,697</u>	<u>694,109</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,208,288)</u>	<u>(2,817,869)</u>	<u>(204,725)</u>	<u>2,613,144</u>
Other Financing Sources (Uses)				
Transfers in			7	7
Transfers out	(188,038)	(188,038)	(188,038)	-0-
Premiums of debt issuance	15,000	15,000	2,631	(12,369)
Total Other Financing Sources (Uses)	<u>(173,038)</u>	<u>(173,038)</u>	<u>(185,400)</u>	<u>(12,362)</u>
Net Change in Fund Balances	<u>\$ (1,381,326)</u>	<u>\$ (2,990,907)</u>	<u>(390,125)</u>	<u>\$ 2,600,782</u>
Fund Balances at Beginning of Year			<u>6,489,607</u>	
Fund Balances at End of Year			<u>\$ 6,099,482</u>	

TOWN OF HEMPSTEAD
FIRE PROTECTION DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 5,717,901	\$ 5,717,901	\$ 5,717,903	\$ 2
Real property tax items	38,380	38,380	62,946	24,566
Use of money and property			11,149	11,149
Total Revenues	<u>5,756,281</u>	<u>5,756,281</u>	<u>5,791,998</u>	<u>35,717</u>
EXPENDITURES				
Current:				
Public safety	4,725,212	4,723,209	4,606,920	116,289
Employee benefits	568,500	619,700	476,154	143,546
Total Expenditures	<u>5,293,712</u>	<u>5,342,909</u>	<u>5,083,074</u>	<u>259,835</u>
Excess of Revenues Over Expenditures	<u>462,569</u>	<u>413,372</u>	<u>708,924</u>	<u>295,552</u>
Other Financing (Uses)				
Transfers out	(535,615)	(535,615)	(533,350)	2,265
Total Other Financing (Uses)	<u>(535,615)</u>	<u>(535,615)</u>	<u>(533,350)</u>	<u>2,265</u>
Net Change in Fund Balances	<u>\$ (73,046)</u>	<u>\$ (122,243)</u>	175,574	<u>\$ 297,817</u>
Fund Balances at Beginning of Year			<u>2,875,086</u>	
Fund Balances at End of Year			<u>\$ 3,050,660</u>	

TOWN OF HEMPSTEAD
STREET LIGHTING DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 10,243,923	\$ 10,243,923	\$ 10,243,930	\$ 7
Real property tax items	70,000	70,000	70,814	814
Use of money and property			19,137	19,137
Sale of property and compensation for loss	9,500	9,500	20,143	10,643
Total Revenues	<u>10,323,423</u>	<u>10,323,423</u>	<u>10,354,024</u>	<u>30,601</u>
EXPENDITURES				
Current:				
Transportation	9,029,994	9,029,994	8,730,159	299,835
Debt service:				
Bond issuance costs	8,783	8,783	8,783	-0-
Total Expenditures	<u>9,038,777</u>	<u>9,038,777</u>	<u>8,738,942</u>	<u>299,835</u>
Excess of Revenues Over Expenditures	<u>1,284,646</u>	<u>1,284,646</u>	<u>1,615,082</u>	<u>330,436</u>
Other Financing Sources (Uses)				
Transfers in			2	2
Transfers out	(1,291,669)	(1,291,669)	(1,291,669)	-0-
Premiums of debt issuance			49,864	49,864
Total Other Financing Sources (Uses)	<u>(1,291,669)</u>	<u>(1,291,669)</u>	<u>(1,241,803)</u>	<u>49,866</u>
Net Change in Fund Balances	<u>\$ (7,023)</u>	<u>\$ (7,023)</u>	373,279	<u>\$ 380,302</u>
Fund Balances at Beginning of Year			<u>4,363,037</u>	
Fund Balances at End of Year			<u>\$ 4,736,316</u>	

TOWN OF HEMPSTEAD
PUBLIC PARKING DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 2,953,942	\$ 2,953,942	\$ 2,953,942	\$ -0-
Real property tax items	14,365	14,365	3,504	(10,861)
Departmental income	13,500	13,500	13,734	234
Use of money and property	17,600	17,600	14,431	(3,169)
Interfund revenues	1,502,143	1,502,143	1,502,143	-0-
Total Revenues	<u>4,501,550</u>	<u>4,501,550</u>	<u>4,487,754</u>	<u>(13,796)</u>
EXPENDITURES				
Current:				
Transportation	3,041,168	3,140,870	2,894,610	246,260
Employee benefits	67,656	144,889	144,888	1
Debt service:				
Bond issuance costs	6,596	6,596	6,596	-0-
Total Expenditures	<u>3,115,420</u>	<u>3,292,355</u>	<u>3,046,094</u>	<u>246,261</u>
Excess of Revenues Over Expenditures	<u>1,386,130</u>	<u>1,209,195</u>	<u>1,441,660</u>	<u>232,465</u>
Other Financing Sources (Uses)				
Transfers in			324,628	324,628
Transfers out	(1,551,955)	(1,551,956)	(1,551,950)	6
Premiums of debt issuance	5,000	5,000	37,444	32,444
Total Other Financing Sources (Uses)	<u>(1,546,955)</u>	<u>(1,546,956)</u>	<u>(1,189,878)</u>	<u>357,078</u>
Net Change in Fund Balances	<u>\$ (160,825)</u>	<u>\$ (337,761)</u>	<u>251,782</u>	<u>\$ 589,543</u>
Fund Balances at Beginning of Year			<u>3,850,428</u>	
Fund Balances at End of Year			<u>\$ 4,102,210</u>	

TOWN OF HEMPSTEAD
WATER DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 7,384,132	\$ 7,384,133	\$ 7,384,131	\$ (2)
Real property tax items	207,400	207,400	214,687	7,287
Non-property tax items	1,500,000	1,500,000	1,500,000	-0-
Departmental income	8,464,715	8,464,715	8,833,802	369,087
Intergovernmental charges	231,450	231,450	231,600	150
Use of money and property	736,923	736,923	768,491	31,568
Licenses and permits	9,000	9,000	28,275	19,275
Sale of property and compensation for loss	7,300	7,300	14,274	6,974
Miscellaneous revenue	2,500	2,500	647	(1,853)
Interfund revenues	46,650	46,650	46,650	-0-
State aid			5,734	5,734
Federal aid			34,402	34,402
Total Revenues	<u>18,590,070</u>	<u>18,590,071</u>	<u>19,062,693</u>	<u>472,622</u>
EXPENDITURES				
Current:				
Home and community services	13,846,695	13,673,402	13,005,157	668,245
Employee benefits	2,614,433	2,853,726	2,853,724	2
Debt service:				
Bond issuance costs	15,558	15,558	15,558	-0-
Total Expenditures	<u>16,476,686</u>	<u>16,542,686</u>	<u>15,874,439</u>	<u>668,247</u>
Excess of Revenues Over Expenditures	<u>2,113,384</u>	<u>2,047,385</u>	<u>3,188,254</u>	<u>1,140,869</u>
Other Financing Sources (Uses)				
Transfers in			7,457	7,457
Transfers out	(3,501,435)	(3,501,435)	(3,501,432)	3
Premiums of debt issuance	10,000	10,000	88,325	78,325
Total Other Financing Sources (Uses)	<u>(3,491,435)</u>	<u>(3,491,435)</u>	<u>(3,405,650)</u>	<u>85,785</u>
Net Change in Fund Balances	<u>\$ (1,378,051)</u>	<u>\$ (1,444,050)</u>	<u>(217,396)</u>	<u>\$ 1,226,654</u>
Fund Balances at Beginning of Year			<u>12,667,804</u>	
Fund Balances at End of Year			<u>\$ 12,450,408</u>	

TOWN OF HEMPSTEAD
LIBRARY FUNDING DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 1,358,861	\$ 1,358,861	\$ 1,358,862	\$ 1
Use of money and property			1,008	1,008
Total Revenues	<u>1,358,861</u>	<u>1,358,861</u>	<u>1,359,870</u>	<u>1,009</u>
EXPENDITURES				
Current:				
Culture and recreation	1,368,638	1,457,566	1,287,097	170,469
Total Expenditures	<u>1,368,638</u>	<u>1,457,566</u>	<u>1,287,097</u>	<u>170,469</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,777)</u>	<u>(98,705)</u>	<u>72,773</u>	<u>171,478</u>
Net Change in Fund Balances	<u>\$ (9,777)</u>	<u>\$ (98,705)</u>	<u>72,773</u>	<u>\$ 171,478</u>
Fund Balances at Beginning of Year			<u>140,488</u>	
Fund Balances at End of Year			<u>\$ 213,261</u>	

TOWN OF HEMPSTEAD
STATEMENT OF CHANGES IN AGENCY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
Year ended December 31, 2011

	<u>Balance January 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2011</u>
ASSETS				
Town Agency				
Cash and investments	\$ 3,125,205	\$ 355,524,797	\$ 352,319,011	\$ 6,330,991
Total Assets - Town	<u>3,125,205</u>	<u>355,524,797</u>	<u>352,319,011</u>	<u>6,330,991</u>
Town Clerk Agency Fund				
Cash and investments	74,239	1,119,391	1,116,778	76,852
Total Assets - Town Clerk	<u>74,239</u>	<u>1,119,391</u>	<u>1,116,778</u>	<u>76,852</u>
Town Receiver of Taxes Agency Fund				
Cash and investments	95,866,784	5,416,018,492	5,406,664,036	105,221,240
Total Assets - Town Receiver of Taxes	<u>95,866,784</u>	<u>5,416,018,492</u>	<u>5,406,664,036</u>	<u>105,221,240</u>
Total Assets	<u>\$ 99,066,228</u>	<u>\$ 5,772,662,680</u>	<u>\$ 5,760,099,825</u>	<u>\$ 111,629,083</u>
LIABILITIES				
Town Agency Fund				
Other liabilities	\$ 3,125,205	\$ 355,524,797	\$ 352,319,011	\$ 6,330,991
Total Liabilities - Town	<u>3,125,205</u>	<u>355,524,797</u>	<u>352,319,011</u>	<u>6,330,991</u>
Town Clerk Agency Funds				
Total Liabilities - Town Clerk	<u>74,239</u>	<u>1,119,391</u>	<u>1,116,778</u>	<u>76,852</u>
Town Receiver of Taxes Agency Funds				
Total Liabilities - Town Receiver	<u>95,866,784</u>	<u>5,416,018,492</u>	<u>5,406,664,036</u>	<u>105,221,240</u>
Total Liabilities	<u>\$ 99,066,228</u>	<u>\$ 5,772,662,680</u>	<u>\$ 5,760,099,825</u>	<u>\$ 111,629,083</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, 2011

	<u>Lakeview Public Library District</u>	<u>Roosevelt Public Library District</u>	<u>Uniondale Public Library District</u>
ASSETS			
Current Assets:			
Cash and investments	\$ 1,307,067	\$ 2,604,868	\$ 1,535,159
Cash and investments, restricted			
Accounts receivable, net of allowance for doubtful accounts	14,780		
Due from other governments		550,775	11,000
Prepaid items	19,977	62,779	70,565
Total Current Assets	<u>1,341,824</u>	<u>3,218,422</u>	<u>1,616,724</u>
Non-current Assets:			
Deferred charges, net of accumulated amortization			
Capital assets, net of depreciation	2,392,217	13,179,151	6,659,916
Total Non-Current Assets	<u>2,392,217</u>	<u>13,179,151</u>	<u>6,659,916</u>
Total Assets	<u>3,734,041</u>	<u>16,397,573</u>	<u>8,276,640</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	98,874	830,342	117,484
Accrued interest payable	11,387	89,255	62,122
Retainage payable			
Other accrued liabilities			
Non-current liabilities due within one year			
General obligations bonds payable	79,658	261,125	388,763
Compensated absences payable		18,525	
Claims and judgments payable			
Installment purchase debt			
Due to employees retirement system		2,046	
Other debt			
Non-current Liabilities:			
General obligation bonds payable	548,422	7,970,817	2,676,503
Compensated absences payable	31,566	74,099	181,139
Other postemployment benefits payable		576,740	231,436
Due to employees retirement system		6,772	
Unamortized bond premium	6,986		34,133
Other debt			
Total Liabilities	<u>776,893</u>	<u>9,829,721</u>	<u>3,691,580</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,757,151	4,775,140	3,560,517
Restricted	1,000		15,758
Unrestricted	1,198,997	1,792,712	1,008,785
Total Net Assets	<u>\$ 2,957,148</u>	<u>\$ 6,567,852</u>	<u>\$ 4,585,060</u>

Cathedral Gardens Water District	Franklin Square Water District	West Hempstead - Hempstead Gardens Water District	Greater Atlantic Beach Water Reclamation District	Totals
\$ 402,162	\$ 834,412 1,418,070	\$ 6,071,689 82,190	\$ 1,068,541	\$ 13,823,898 1,500,260
	319,693	665,731		1,000,204
	119,052			680,827
	24,990	121,441	3,286,288	3,586,040
<u>402,162</u>	<u>2,716,217</u>	<u>6,941,051</u>	<u>4,354,829</u>	<u>20,591,229</u>
	1,502			1,502
	6,185,241	10,975,262	2,281,067	41,672,854
	<u>6,186,743</u>	<u>10,975,262</u>	<u>2,281,067</u>	<u>41,674,356</u>
<u>402,162</u>	<u>8,902,960</u>	<u>17,916,313</u>	<u>6,635,896</u>	<u>62,265,585</u>
12,064	169,871 76,392	492,281 4,659 14,909 69,550	67,724	1,788,640 243,815 14,909 69,550
	143,077	248,515 23,358	279,048	1,400,186 41,883
				2,046
			1,800	1,800
	4,865,897		3,925,952	19,987,591
	215,637	324,406	32,138	858,985
	407,601	1,608,037	247,479	3,071,293
	60,598			6,772
				101,717
			3,000	3,000
<u>12,064</u>	<u>5,939,073</u>	<u>2,785,715</u>	<u>4,557,141</u>	<u>27,592,187</u>
	1,229,010	10,726,747	1,371,267	23,419,832
	1,559,849	4,144,624	558,866	6,280,097
390,098	175,028	259,227	148,622	4,973,469
<u>\$ 390,098</u>	<u>\$ 2,963,887</u>	<u>\$ 15,130,598</u>	<u>\$ 2,078,755</u>	<u>\$ 34,673,398</u>

TOWN OF HEMPSTEAD
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
Year ended December 31, 2011

	<u>Lakeview Public Library District</u>	<u>Roosevelt Public Library District</u>	<u>Uniondale Public Library District</u>
REVENUES			
Program revenues			
Charges for services	\$ 22,940	\$ 21,485	\$ 26,783
Operating grants and contributions		2,833	
Capital grants and contributions		25,248	
Real property taxes	1,246,512	2,899,946	3,641,522
Other real property tax items		5,427	125,003
Use of money and property - interest and earnings	5,677	20,279	5,321
Sale of property and compensation for loss			
Miscellaneous local sources	12		8,110
State aid	105,541	46,592	125,004
Total Revenues	<u>1,380,682</u>	<u>3,021,810</u>	<u>3,931,743</u>
EXPENSES			
Current:			
Culture and recreation	1,064,172	2,123,691	3,327,618
Home and community services			
Total Expenditures	<u>1,064,172</u>	<u>2,123,691</u>	<u>3,327,618</u>
Change in Net Assets	316,510	898,119	604,125
Net Assets at Beginning of Year	<u>2,640,638</u>	<u>5,669,733</u>	<u>3,980,935</u>
Net Assets - End of Year	<u>\$ 2,957,148</u>	<u>\$ 6,567,852</u>	<u>\$ 4,585,060</u>

Cathedral Gardens Water District	Franklin Square Water District	West Hempstead - Hempstead Gardens Water District	Greater Atlantic Beach Water Reclamation District	Totals
	\$ 1,369,854	\$ 1,721,642		\$ 3,162,704
				2,833
\$ 31,496	936,803	1,508,303	\$ 1,593,154	11,857,736
		18,297		148,727
3,379	148,487	423,224	10,485	616,852
	5,411	214,047		219,458
	4,213	118,373	2,350	133,058
				277,137
<u>34,875</u>	<u>2,464,768</u>	<u>4,003,886</u>	<u>1,605,989</u>	<u>16,443,753</u>
				6,515,481
<u>47,975</u>	<u>2,612,797</u>	<u>3,973,801</u>	<u>1,661,681</u>	<u>8,296,254</u>
<u>47,975</u>	<u>2,612,797</u>	<u>3,973,801</u>	<u>1,661,681</u>	<u>14,811,735</u>
(13,100)	(148,029)	30,085	(55,692)	1,632,018
<u>403,198</u>	<u>3,111,916</u>	<u>15,100,513</u>	<u>2,134,447</u>	<u>33,041,380</u>
<u>\$ 390,098</u>	<u>\$ 2,963,887</u>	<u>\$ 15,130,598</u>	<u>\$ 2,078,755</u>	<u>\$ 34,673,398</u>

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STATISTICAL SECTION (Unaudited)

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	104-115
<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	116-123
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	124-127
<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	128-129
<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	130-135
<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.

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

<u>As of December 31,</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 162,523,562	\$ 155,336,252	\$ 131,722,843	\$ 120,800,611	\$ 110,890,510
Restricted	4,244,543	4,330,158	3,977,095	3,649,027	4,554,705
Unrestricted	<u>(159,516,219)</u>	<u>(114,626,020)</u>	<u>(73,448,264)</u>	<u>(27,951,987)</u>	<u>37,869,265</u>
Total primary government net assets	<u>\$ 7,251,886</u>	<u>\$ 45,040,390</u>	<u>\$ 62,251,674</u>	<u>\$ 96,497,651</u>	<u>\$ 153,314,480</u>

Note: 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>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 101,298,377	\$ 97,110,499	\$ 90,032,156	\$ 107,687,774	\$ 112,834,502
4,394,860	3,296,419	3,363,982	1,977,819	8,711,578
67,787,620	45,902,563	32,336,193	24,222,979	1,075,773
<u>\$ 173,480,857</u>	<u>\$ 146,309,481</u>	<u>\$ 125,732,331</u>	<u>\$ 133,888,572</u>	<u>\$ 122,621,853</u>

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

Year ended December 31,	2011	2010	2009	2008	2007
Expenses					
Governmental activities:					
General government support	\$ 79,461,372	\$ 73,948,510	\$ 76,269,137	\$ 68,811,156	\$ 69,575,283
Education	1,511,951	2,770,168	2,709,765	2,458,698	1,750,222
Public safety	42,029,158	36,874,823	34,327,818	34,712,889	33,561,350
Transportation	56,283,105	49,300,341	54,909,432	55,071,824	52,487,790
Economic assistance and opportunity	16,201,988	15,351,689	15,540,237	14,035,132	15,227,083
Culture and recreation	84,036,887	77,973,281	78,127,120	82,025,927	80,539,421
Home and community service	149,663,854	137,371,811	179,607,597	200,377,605	182,918,514
Interest on long-term debt	13,269,736	12,345,442	13,900,239	13,379,116	13,640,483
Total primary government expenses	<u>\$ 442,458,051</u>	<u>\$ 405,936,065</u>	<u>\$ 455,391,345</u>	<u>\$ 470,872,347</u>	<u>\$ 449,700,146</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government support	\$ 2,058,160	\$ 2,322,586	\$ 2,305,557	\$ 2,285,027	\$ 2,345,134
Public safety	7,792,758	6,542,706	6,445,311	7,691,619	7,503,777
Transportation	416,435	266,830	105,199	61,719	191,443
Economic assistance and opportunity	32,503	10,681	13,762	90,677	24,748
Culture and recreation	6,986,001	7,295,483	6,438,213	8,396,402	7,868,389
Home and community service	28,972,618	28,417,053	58,758,625	63,814,769	60,664,106
Operating grants and contributions	17,016,697	14,657,658	12,564,027	11,603,788	13,193,475
Capital grants and contributions	7,846,074	5,921,492	7,702,270	7,884,671	6,237,555
Total primary government program revenues	<u>\$ 71,121,246</u>	<u>\$ 65,434,489</u>	<u>\$ 94,332,964</u>	<u>\$ 101,828,672</u>	<u>\$ 98,028,627</u>
Net (Expense)/Revenue					
Total primary government net expense	<u>\$ (371,336,805)</u>	<u>\$ (340,501,576)</u>	<u>\$ (361,058,381)</u>	<u>\$ (369,043,675)</u>	<u>\$ (351,671,519)</u>
General Revenues and Other Changes in Net Assets					
Governmental Activities					
Property taxes	\$ 265,119,352	\$ 254,057,882	\$ 254,945,984	\$ 229,005,071	\$ 228,683,296
Other real property tax items	3,253,081	4,180,078	4,274,266	2,988,553	3,920,874
Non-property tax items	43,633,364	41,223,215	38,886,689	41,110,562	39,893,890
Interest earnings - unrestricted	2,397,079	2,939,473	3,715,781	8,414,882	11,421,977
Mortgage tax	13,706,680	15,083,671	19,448,034	24,661,932	42,071,625
State aid-unrestricted	3,848,885	3,927,434	4,180,122	4,180,122	4,058,371
Other	1,589,860	1,878,539	1,361,528	1,865,724	1,455,109
Total primary government	<u>\$ 333,548,301</u>	<u>\$ 323,290,292</u>	<u>\$ 326,812,404</u>	<u>\$ 312,226,846</u>	<u>\$ 331,505,142</u>
Change in Net Assets					
Total primary government	<u>\$ (37,788,504)</u>	<u>\$ (17,211,284)</u>	<u>\$ (34,245,977)</u>	<u>\$ (56,816,829)</u>	<u>\$ (20,166,377)</u>

Note: 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 Activities

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

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TOWN OF HEMPSTEAD
Governmental Activities Tax Revenues By Source
Last Ten 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>
2011	\$ 265,119,352	\$ 3,253,081	\$ 43,633,364	\$ 312,005,797
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

Source: Town of Hempstead Audited Financial Statements
Statement of Activities

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

<u>As of December 31,</u>	<u>2011 ⁽¹⁾</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund					
Reserved		\$ 2,083,278	\$ 2,007,552	\$ 2,333,214	\$ 1,774,044
Unreserved		41,114,883	55,070,451	61,525,680	64,763,538
Nonspendable	\$ 3,244,521				
Assigned	25,184,863				
Unassigned	2,327,822				
Total General Fund	<u>\$ 30,757,206</u>	<u>\$ 43,198,161</u>	<u>\$ 57,078,003</u>	<u>\$ 63,858,894</u>	<u>\$ 66,537,582</u>
All other governmental funds					
Reserved		\$ 24,042,719	\$ 24,055,634	\$ 25,560,529	\$ 29,307,077
Unreserved, reported in:					
Special revenue funds		110,864,828	100,895,970	93,066,438	102,619,221
Capital projects funds		(25,120,896)	(60,026,987)	(23,827,946)	(26,687,975)
Nonspendable	\$ 39,226,414				
Restricted	2,906,676				
Assigned	86,374,373				
Unassigned	(1,955,129)				
Total all other governmental funds	<u>\$ 126,552,334</u>	<u>\$ 109,786,651</u>	<u>\$ 64,924,617</u>	<u>\$ 94,799,021</u>	<u>\$ 105,238,323</u>

Note: ⁽¹⁾ Components of Fund Balance reclassified in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*

Source: Town of Hempstead Audited Financial Statements
Balance Sheet

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

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

<u>Year ended December 31,</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues					
Real property taxes	\$ 265,119,352	\$ 254,057,882	\$ 254,945,984	\$ 229,005,071	\$ 228,683,296
Other real property tax items	3,253,081	4,180,078	4,274,266	2,988,553	3,920,874
Non-property taxes	43,633,364	41,223,215	38,886,689	41,110,562	39,893,890
Charges for services	33,577,447	31,994,863	29,718,300	33,868,934	31,744,303
Intergovernmental	4,043,005	3,793,640	11,591,199	15,562,752	14,601,626
Use of money and property	6,218,925	6,862,546	6,313,500	9,004,534	12,521,821
License and permits	956,932	1,106,134	994,785	1,132,954	820,128
Fines and forfeitures	1,118,950	1,121,544	1,027,347	1,027,742	786,404
Sale of property and compensation for loss	1,343,424	1,602,568	1,476,176	1,706,624	1,451,943
Miscellaneous and local sources	1,874,236	1,770,841	7,981,614	1,143,191	1,672,021
Interfund revenues	81,222,663	81,950,479	77,663,962	70,999,331	63,145,802
State aid	20,370,619	24,017,680	27,605,874	31,961,325	50,096,733
Federal aid	22,047,718	15,572,577	16,320,079	16,369,188	15,464,293
Total revenues	<u>484,779,716</u>	<u>469,254,047</u>	<u>478,799,775</u>	<u>455,880,761</u>	<u>464,803,134</u>
Expenditures					
General government support	75,876,722	75,598,414	72,807,661	67,287,572	64,793,032
Education	1,511,951	2,770,168	2,709,765	2,458,698	1,750,222
Public safety	33,347,903	31,036,639	29,123,839	28,058,963	24,411,317
Transportation	43,323,299	42,007,781	42,029,778	42,827,355	37,411,205
Economic assistance and opportunity	10,392,823	10,626,066	11,229,679	9,489,844	10,369,136
Culture and recreation	61,623,700	60,124,858	59,475,456	58,781,929	56,409,481
Home and community service	125,027,616	120,779,247	140,923,242	147,438,730	134,700,679
Employee benefits	81,844,252	75,063,840	67,644,682	67,147,499	65,803,106
Capital outlay	44,802,407	43,153,678	38,604,901	36,345,192	36,429,311
Debt Service					
Principal	39,770,972	42,816,171	38,482,474	37,350,836	34,528,873
Interest	13,456,662	11,239,489	13,848,441	13,270,865	14,131,558
Bond Issuance Costs	146,031	271,645	306,731	114,534	99,939
Total Expenditures	<u>531,124,338</u>	<u>515,487,996</u>	<u>517,186,649</u>	<u>510,572,017</u>	<u>480,837,859</u>
Excess of revenues over (under) expenditures	(46,344,622)	(46,233,949)	(38,386,874)	(54,691,256)	(16,034,725)
Other financing sources (uses)					
Transfers in	58,069,382	56,951,890	55,730,815	54,567,491	53,366,786
Transfers out	(58,069,382)	(56,951,890)	(55,730,815)	(54,567,491)	(53,366,786)
Refunding bonds issued		14,785,000	39,140,854		
Debt issuance	49,840,320	72,377,025		39,142,000	30,348,650
Premiums on debt issuance	829,030	6,257,363	2,063,610	2,431,266	544,796
Payments to refund bond escrow agent		(16,203,247)	(39,472,885)		
Total other financing sources (uses)	<u>50,669,350</u>	<u>77,216,141</u>	<u>1,731,579</u>	<u>41,573,266</u>	<u>30,893,446</u>
Net change in fund balances	<u>\$ 4,324,728</u>	<u>\$ 30,982,192</u>	<u>\$ (36,655,295)</u>	<u>\$ (13,117,990)</u>	<u>\$ 14,858,721</u>
Debt service as a percentage of noncapital expenditures	10.9%	11.4%	10.9%	10.7%	11.0%

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

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 218,096,202	\$ 217,822,376	\$ 193,363,827	\$ 182,528,258	\$ 174,268,533
2,955,998	2,794,357	3,496,200	2,744,236	2,634,630
39,104,777	37,397,947	36,432,949	34,806,516	33,847,387
35,700,012	34,618,491	33,865,802	32,523,184	32,058,572
14,711,240	8,685,822	12,638,256	11,335,150	12,900,768
10,547,159	6,056,541	3,383,487	3,003,859	3,957,523
529,143	651,593	411,727	482,923	339,927
917,162	787,928	728,846	565,236	735,023
1,168,323	2,512,080	1,122,233	3,036,317	1,655,405
1,826,858	1,465,852	7,168,749	1,985,056	1,087,589
62,302,022	60,183,483	56,856,527	49,832,421	46,710,984
53,972,554	55,358,831	55,174,698	41,069,168	32,552,495
14,333,120	13,779,159	16,171,143	14,359,096	22,275,257
<u>456,164,570</u>	<u>442,114,460</u>	<u>420,814,444</u>	<u>378,271,420</u>	<u>365,024,093</u>
62,478,103	61,993,033	59,952,807	53,605,468	50,782,196
705,527	1,454,823	986,775		
23,013,354	21,919,275	20,937,795	20,276,687	18,322,284
36,402,732	35,411,560	33,650,993	32,981,538	29,521,264
4,750,730	4,710,480	10,526,888	10,150,031	11,546,525
58,752,499	56,598,201	50,026,564	48,847,806	47,525,445
122,499,043	128,135,894	129,056,486	121,609,194	122,335,368
74,169,699	66,551,298	63,488,286	51,660,363	42,267,836
32,441,327	32,895,670	40,830,013	43,065,989	29,104,232
34,303,645	30,795,673	33,970,648	28,554,192	25,707,185
13,466,557	15,881,280	11,605,116	13,372,578	11,940,713
99,027	1,745,528			
<u>463,082,243</u>	<u>458,092,715</u>	<u>455,032,371</u>	<u>424,123,846</u>	<u>389,053,048</u>
(6,917,673)	(15,978,255)	(34,217,927)	(45,852,426)	(24,028,955)
54,594,158	48,917,502	41,793,540	42,783,129	42,087,592
(54,594,158)	(48,917,502)	(41,793,540)	(42,783,129)	(42,087,592)
	53,436,428		31,021,996	
33,914,230		130,109,508	5,409,508	
1,422,470	2,098,799			
	(53,789,699)		(31,021,996)	
<u>35,336,700</u>	<u>1,745,528</u>	<u>130,109,508</u>	<u>5,409,508</u>	<u>-0-</u>
<u>\$ 28,419,027</u>	<u>\$ (14,232,727)</u>	<u>\$ 95,891,581</u>	<u>\$ (40,442,918)</u>	<u>\$ (24,028,955)</u>
11.0%	11.4%	11.0%	11.2%	10.7%

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

<u>Year Ended December 31,</u>	<u>Real Property Tax¹</u>	<u>Sales Tax²</u>	<u>Mortgage Tax³</u>	<u>Franchise Tax</u>	<u>Total</u>
2011	\$ 265,119,352	\$ 34,438,681	\$ 13,706,680	\$ 9,194,683	\$ 322,459,396
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

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
2011	\$ 208,804,161	\$ 16,802,304	\$ 21,243,907	\$ 103,811,468	\$ 350,661,840
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

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
0.36%	\$ 97,406,066,667	\$ 4.08	\$ 113.45
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

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
2011	\$ 350,661,840	0.36%	\$ 97,406,066,667	\$ 397,827,746	\$ 4.08
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

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
2011	\$ 350,661,840	0.36%	\$ 97,406,066,667	\$ 397,827,746	\$ 113.45
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

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
\$ 471,199,156	\$ 4.84	\$ 1,795,466,840	\$ 18.43	\$ 27.35
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

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
\$ 471,199,156	\$ 134.37	\$ 1,795,466,840	\$ 512.02	\$ 759.85
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

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
2011												
Class 1	5.854	34.682	10.107	63.412	19.555	40.705	5.870	1.755	31.274	4.444	0.136	46.806
Class 2	3.324	18.636	7.769	25.978	14.064	38.915	3.154	3.603	22.477	3.287	0.153	24.646
Class 3	4.433	24.187	29.204	237.358	38.146	77.409	4.093	5.316	113.865	8.703	0.399	43.341
Class 4	3.278	18.277	11.451	74.725	15.477	30.778	3.093	2.475	34.298	3.509	0.106	29.560
All Classes												
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												

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

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

Commissioner Operated Districts

Water		Library Funding		Fire		Sanitation		Public Library		Water		School		County	
Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
4.097	22.716	4.937	23.036	4.868	54.222	19.508	63.231	13.830	79.514	6.285	23.457	427.803	1,009.741	1.789	61.859
4.005	23.848	4.372	8.732	4.027	137.490	8.533	53.951	15.561	79.144	2.280	15.115	206.077	762.168	1.004	46.827
10.926	56.022	1.254	19.018	3.466	133.589	79.560	138.602	40.628	203.230	16.702	113.147	227.222	774.768	1.367	124.882
3.637	15.950	4.226	17.938	4.266	53.238	22.301	55.314	10.847	57.713	4.560	23.896	220.561	786.164	0.953	5.868
2.805	19.433	4.050	18.491	3.984	45.127	17.658	50.741	11.823	76.377	5.172	16.800	347.652	758.342	1.233	49.552
3.424	18.622	4.484	11.454	4.168	51.763	9.510	56.151	21.147	79.997	2.494	17.976	202.948	679.430	0.092	46.156
6.093	56.852	1.859	20.977	3.102	650.830	81.871	141.835	31.553	310.029	28.889	72.655	209.708	615.301	1.119	123.505
2.957	14.747	4.023	18.491	4.322	51.827	19.401	51.724	10.758	69.944	4.671	20.509	195.214	707.854	0.812	52.113
2.805	19.433	4.050	16.483	3.780	46.656	17.223	50.074	11.685	79.353	4.957	14.535	347.652	758.342	0.678	49.561
3.654	19.527	3.772	11.263	4.251	56.508	10.391	56.215	20.547	79.407	2.207	16.792	202.948	679.430	0.536	49.182
6.994	60.585	3.004	23.758	3.294	455.373	86.190	144.304	35.170	273.432	30.902	67.790	209.708	809.195	0.705	138.637
2.929	15.361	4.360	20.569	4.155	55.179	20.670	55.048	10.918	64.327	5.083	17.550	195.214	707.854	0.490	55.504
2.597	19.433	4.447	17.136	3.932	35.549	15.659	51.098	11.825	81.270	5.790	13.573	342.248	734.812	1.042	49.521
3.551	18.638	4.239	12.211	4.632	61.449	10.012	57.634	19.550	84.021	2.114	18.536	217.640	693.535	0.918	50.476
8.845	42.083	2.782	15.721	8.003	450.517	72.178	176.337	42.847	272.426	25.580	88.515	224.899	893.762	1.085	146.549
2.609	13.058	4.462	20.445	4.427	57.290	19.601	57.162	9.689	64.512	6.247	19.466	208.962	755.384	0.811	55.636
2.814	33.340	4.529	17.030	4.365	49.514	15.675	52.636	13.211	80.741	6.158	13.759	354.004	734.371	1.040	49.520
3.624	19.622	4.340	13.848	5.148	65.325	10.814	57.384	21.028	77.772	2.179	19.660	244.985	723.765	0.920	50.480
8.730	62.324	2.790	17.569	10.470	421.747	78.005	179.008	44.538	257.736	24.761	154.171	247.474	980.365	1.090	146.550
2.747	14.470	4.544	22.207	4.952	61.464	20.335	60.260	11.435	65.477	6.874	19.573	225.944	793.619	0.810	55.630
1.668	19.700	2.767	9.935	2.956	26.911	8.969	30.878	7.071	36.023	3.637	9.100	196.443	390.346	0.709	31.552
4.007	16.768	4.747	15.118	5.359	56.428	11.579	56.694	18.318	54.235	2.168	19.470	257.884	781.232	1.247	66.866
9.657	56.924	2.022	19.048	16.849	505.368	76.341	192.983	43.287	228.440	26.136	143.566	288.817	1,105.345	2.692	211.492
2.783	12.637	4.257	20.796	5.780	50.760	20.966	59.407	10.066	57.933	6.975	19.116	268.389	823.284	1.258	61.735
1.047	4.447	1.794	6.744	1.991	19.437	5.957	18.901	4.322	16.803	3.403	5.875	196.443	409.127	0.621	17.691
4.029	16.986	3.739	15.582	5.542	52.092	12.640	57.012	17.354	39.916	2.060	18.486	288.817	781.232	2.002	53.867
9.328	55.027	1.892	16.843	13.653	164.418	60.729	183.254	39.039	143.903	31.947	95.964	288.817	1,106.345	2.933	175.221
2.736	12.172	4.048	19.527	6.292	52.874	23.043	58.335	9.581	44.089	10.741	17.851	268.389	823.284	2.049	57.307
1.040	3.704	1.659	6.994	1.934	17.598	6.077	16.118	3.116	12.847	3.353	5.479	111.510	264.435	0.791	12.867
3.345	14.337	2.015	17.462	5.446	43.818	13.380	48.160	11.174	29.684	1.652	13.942		730.881	2.339	38.073
9.749	47.328	15.882	15.882	13.543	152.861	64.288	162.540	29.228	113.614	32.002	90.346	257.738	1,109.495	2.933	47.74
2.641	11.489	2.015	18.955	6.142	49.101	24.123	49.450	6.730	33.782	10.612	16.072	249.127	813.297	2.049	33.347
0.504	2.449	0.856	3.455	0.925	7.049	3.589	7.758	1.097	5.880	1.770	2.269	100.118	228.905		
0.498	2.439	0.855	3.322	0.918	6.344	3.565	8.413	1.085	5.783	0.289	2.671		616.981		
0.498	2.439	0.855	0.855	0.918	6.954	3.565	7.693	1.082	5.783	1.907	4.622	254.685	623.093		
0.509	2.383	0.855	3.436	0.934	6.954	3.622	7.759	1.134	5.827	1.950	2.309	274.567	724.723		
														0.050	52.546
0.504	2.449	1.108	1.560	0.831	6.142	3.589	7.300	1.047	6.010	1.670	2.150	55.392	103.483		
0.503	2.448		1.498	0.830	6.142	3.589	7.299	1.047	6.010	1.670	2.150		118.093		
0.503	2.449			0.831	6.142	3.589	7.299	1.047	6.010	1.670	2.150	14.672	55.265		
0.503	2.448	1.107	1.498	0.831	6.142	3.589	7.300	1.047	6.010	1.670	2.150	49.676	108.180		
														14.860	33.37

TOWN OF HEMPSTEAD
Principal Property Taxpayers
Current Year and Nine Years Ago
December 31, 2011 and 2002

2011

Rank	Taxpayer	Nature of Business	Assessed Valuation	Percent of Total Assessed Valuation ⁽¹⁾
1	National Grid	Energy System Operator	\$ 9,116,691	2.60%
2	Long Island Power Authority	Electric Utility	8,458,810	2.41%
3	Simon Property Group	Shopping Center	5,727,639	1.63%
4	Verizon	Telephone/Cable TV	3,701,678	1.06%
5	Green Acres Mall	Shopping Center	2,329,487	0.66%
6	625 Rexcorp Plaza Land SPE LLC	Office Building	1,618,725	0.46%
7	NY Racing Association	Belmont Race Track	1,274,268	0.36%
8	Long Island American Water	Water Utility	1,185,023	0.34%
9	PL Westbury LLC	Pharmaceutical Packaging	1,048,386	0.30%
10	333 Earl Ovington Blvd. SPE LLC	Office Building	837,468	0.24%
	Total		<u>\$ 35,298,175</u>	<u>10.06%</u>

2002

Rank	Taxpayer	Nature of Business	Assessed Valuation	Percent of Total Assessed Valuation ⁽¹⁾
1	Marketspan Gas Corp.	Utility	\$ 73,794,430	3.84%
2	Keyspan Energy Corp.	Utility	54,850,040	2.86%
3	Verizon	Utility	39,800,776	2.07%
4	LIPA	Utility	37,167,360	1.94%
5	Corporate Property Investors	Shopping Center	21,755,180	1.13%
6	Long Island Water Co.	Utility	20,791,282	1.08%
7	MCS Realty Partners	Commercial R.E.	11,934,210	0.62%
8	Greater N.Y. Racing Association	Belmont Race Track	11,156,060	0.58%
9	Coliseum Plaza Associates	Office Buildings	8,165,570	0.43%
10	New York Water	Utility	6,997,309	0.36%
	Total		<u>\$ 286,412,217</u>	<u>14.91%</u>

Source: Town of Hempstead Receiver of Taxes
Town of Hempstead 2002 Official Statement

¹ See Assessed Valuation, State Equalization Rate and Estimated Full Value of Real Property page 116 for total taxable assessed value.

TOWN OF HEMPSTEAD
Property Tax Levies and Collections
Last Ten Years

<u>Year Ended December 31,</u>	<u>Tax Levy For Town¹</u>	<u>Total Tax Levy²</u>	<u>Amount Collected³</u>	<u>Percent of Total Tax Levy Collected⁴</u>	<u>Amount Uncollected</u>	<u>Percent of Total Tax Levy Uncollected</u>
2011	\$397,827,746	\$869,026,902	\$ 846,027,583	97.35%	\$ 22,999,319	2.65%
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%

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			
2011	\$ 306,159,855			\$ 306,159,855	0.35%	\$ 398
2010	296,090,507			296,090,507	0.34%	385
2009	266,994,653	\$ 30,000,000		296,994,653	0.35%	387
2008	305,809,158			305,809,158	0.33%	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	0.43%	368

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 128 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
2011	\$ 306,159,855	87.31%	0.31%	\$ 398
2010	296,090,507	77.62%	0.26%	385
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 116 for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics on page 128.

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, 2011

<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	\$ 327,547,632	100.00%	<u>\$ 327,547,632</u>
Overlapping:			
Nassau County	\$ 3,039,560,500	44.85%	\$ 1,363,242,884
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>2,283,661,663</u>
Total direct and overlapping debt			<u><u>\$ 2,611,209,295</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
2011	350,661,840	0.36%	\$ 97,406,066,667
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
Total Five Year Full Valuation			<u>\$555,759,564,303</u>
Five Year Average Full Valuation of Taxable Real Property			<u>\$111,151,912,861</u>
Constitutional Debt Limit (7% of Average Full Valuation)			<u>\$ 7,780,633,900</u>
Outstanding Indebtedness at December 31st			\$ 306,159,855
Less: 2011 Appropriations for Debt Principal			37,377,968
Less: Exclusions			<u>19,584,368</u>
Net Indebtedness Subject to Debt Limit			<u>\$ 249,197,519</u>
Net Debt Contracting Margin			<u>\$ 7,531,436,381</u>
Percentage of Net Debt Contracting Margin Available			96.80%
Percentage of Net Debt Contracting Power Exhausted			3.20%

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
2011	\$ 7,780,633,900	\$249,197,519	\$ 7,531,436,381	3.20%	96.80%
2010	7,755,190,778	240,015,375	7,515,139,403	3.10%	96.90%
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%

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 (millions of dollars)	Per Capita Income³	Median Age³	Unemployment Rate⁴	Number of Households Estimate¹	Average Household Size Estimates¹	Population Density Per Square Mile⁵
2011	769,040	\$ 87,992	\$ 36,416	40.0	7.1%	249,560	3.03	6,411
2010	769,040	87,992	36,416	40.0	7.4%	249,560	3.03	6,411
2009	766,878	85,418	35,374	39.4	7.3%	248,787	3.03	6,393
2008	765,234	91,326	36,488	40.7	4.9%	248,010	2.86	6,379
2007	765,111	87,168	35,292	39.8	3.9%	248,272	3.03	6,378
2006	763,822	80,873	32,738	38.8	4.0%	247,756	3.02	6,367
2005	761,944	75,462	32,247	38.5	4.3%	247,756	3.02	6,352
2004	760,675	70,402	32,666	38.5	4.8%	247,656	3.02	6,341
2003	759,535	67,171	30,951	37.9	4.9%	247,694	3.02	6,332
2002	758,942	65,666	30,623	37.8	4.9%	247,533	3.02	6,327

Sources:

- ¹ Long Island Power Authority (LIPA) annual surveys - 2011 is not available.
- ² U.S. Department of Commerce - Bureau of Economic Analysis
Personal Income figures are for Nassau County - 2011 is not available.
- ³ U.S. Census Bureau, 2006-2010 American Community Survey - 2011 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

2011 ⁽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 *	4.74%
2	Hofstra University	Higher Education	5,616	1.57%
3	Nassau Health Care Corp.	Hospital, Nursing Home and Community Health Centers	4,210 *	1.17%
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	2,906	0.81%
8	Adelphi University	Higher Education	1,945	0.54%
9	Mercy Medical Center	Hospital	1,500	0.42%
10	Summit Security Services	Security and investigations	1,399	0.39%

2002 ⁽²⁾			
Rank	Name	Type of Business	Number of Employees
1	Diocese of Rockville Center	Religious Institution	12,500
2	JP Morgan Chase	Commercial Bank	7,815
3	Waldbaums	Supermarket Chain	6,500
4	Long Island Railroad	Commuter Railroad	5,900
5	Verizon	Communications	5,500
6	Cablwevision Systems	Cable Television	5,234
7	Keyspan Energy	Utility	5,000
8	Long Island University	Education	4,686
9	King Kullen Grocery	Supermarket Chain	4,500
10	North Shore University Medical Center	Hospital	4,070

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				
	2011	2010	2009	2008	2007
General government	427	419	417	425	419
Public safety	235	216	210	205	200
Transportation	211	206	205	216	220
Economic assistance and opportunity	30	30	26	25	26
Culture & recreation	408	413	423	441	449
Home and community service	646	644	627	624	625
Total	1,957	1,928	1,908	1,936	1,939

Source: Town of Hempstead Human Resource Department records

These are full time budgeted positions

Employees as of December 31,

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
420	424	424	432	422
195	195	202	204	203
221	226	231	237	249
27	29	29	32	32
458	448	466	481	505
<u>644</u>	<u>662</u>	<u>683</u>	<u>685</u>	<u>707</u>
<u>1,965</u>	<u>1,984</u>	<u>2,035</u>	<u>2,071</u>	<u>2,118</u>

TOWN OF HEMPSTEAD
Operating Indicators by Function
Last Ten Years

Year Ended December 31,	2011	2010	2009	2008
Function				
Town Clerk				
Vital statistic documents	35,529	36,020	34,979	36,110
Dog licenses	5,820	7,396	6,620	6,652
Marriage licenses	3,907	3,927	3,817	4,905
Building				
Residential building permits issued	4,749	9,310	3,582	4,189
Estimated value of residential building construction	\$ 149,278,630	\$ 123,629,344	\$ 115,938,628	\$ 221,639,432
Industrial and commercial building permits issued	5,850	765	6,066	6,541
Estimated value of industrial and commercial building construction	\$ 123,382,688	\$ 56,113,065	\$ 82,495,362	\$ 67,085,202
Public Safety				
Dogs adopted or reclaimed by owners	1,258	1,264	1,216	1,315
Citations issued	367	447	433	323
Fire				
Number of fire protection districts	17	17	17	17
Parking				
Number of parking permits issued	14,283	13,974	14,238	14,053
Parking permit revenue	\$ 41,124	\$ 40,038	\$ 40,203	\$ 40,391
Highways and streets				
Street resurfacing (lane miles)	6	9	10	10
Number of trees planted	695	653	656	847
Number of trees removed	1,267	1,052	987	850
Road opening permits issued	2,937	1,582	2,875	2,971
Abandoned vehicles removed	181	125	40	50
Signs installed	12,000	24,840	23,580	18,795
Sanitation (tons per annum)				
Residential and commercial waste collected	508,521	511,424	479,102	573,469
Recyclables collected	54,932	62,868	93,214	89,998
Yardwaste	57,425	54,952	66,602	71,810
Bulky waste and other items	37,488	17,580	5,716	1,510
Culture and recreation				
Pool passes issued	3,402	4,090	3,832	4,339
Registration for adult programs	8,624	9,350	9,350	17,809

Source: Various government departments

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
37,098	37,245	36,150	36,412	35,844	35,260
6,927	7,230	7,253	7,707	8,017	8,406
5,088	5,188	5,459	5,605	5,491	6,040
4,186	4,120	4,692	4,519	7,781	3,802
\$ 172,519,163	\$ 201,102,700	\$ 220,786,460	\$ 177,749,409	\$ 172,463,021	\$ 133,027,250
6,415	7,748	7,262	977	1,330	1,137
\$ 81,800,006	\$ 112,098,935	\$ 113,393,437	\$ 83,861,795	\$ 60,315,744	\$ 78,589,300
699	1,553	1,583	1,486	1,442	1,381
283	269	244	280	382	309
17	17	17	17	17	17
13,382	13,364	13,168	12,926	12,848	12,090
\$ 38,519	\$ 38,209	\$ 37,663	\$ 36,984	\$ 36,794	\$ 35,346
12	16		14	12	15
729	1,711	1,644	1,770	5,738	3,920
1,193	1,972	504	1,507	1,506	1,091
2,744	1,741	1,547	1,509	1,285	1,173
43	103	136	77	89	105
18,000	17,816	20,960	20,960	20,960	26,200
549,217	630,893	635,382	666,761	655,297	605,249
86,435	87,726	87,735	90,733	99,326	83,227
68,735	79,976	73,741	75,750	87,557	95,256
2,126	1,624	3,058	20,508	40,536	79,093
4,631	4,330	4,309	4,572	4,890	5,311
12,007	11,996	11,915	11,514	13,016	12,316

TOWN OF HEMPSTEAD
Capital Asset Statistics by Function
Last Ten Years

<u>Year Ended December 31,</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Function				
General Government				
New Town Hall and Old Town Hall	2	2	2	2
Sanitation				
Transfer station	2	2	2	2
Annual tonnage processed	123,894	131,379	204,977	194,894
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
Preserves and nature areas	4	4	4	4
Preserve and nature area acreage	202	202	202	202

Source: Various government departments

2007	2006	2005	2004	2003	2002
2	2	2	2	2	2
2	2	2	2	2	2
199,959	250,792	287,768	297,983	277,385	249,224
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
4	4	4	3	3	3
202	202	202	162	162	162