

**Town of Hempstead
Industrial Development Agency**

FINANCIAL REPORT

December 31, 2007

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Town of Hempstead Industrial Development Agency's financial performance provides an overview of the Agency's financial activities for the fiscal year ended December 31, 2007. Please read this in conjunction with the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights:

- The assets of the Agency exceeded its liabilities at December 31, 2007 by \$2,937,723.
- The Agency's total assets increased by \$1,260,208 in year 2007. The Agency's total liabilities decreased by \$174,027 in year 2007.
- As of the close of the current year, the Agency reported net assets of \$2,937,723, an increase of \$1,434,235.

Basic Financial Statements:

- The financial statements presented herein include all of the activities of the Town of Hempstead Industrial Development Agency.
- The financial statements present the financial picture of the Agency, which is an enterprise type fund and, accordingly, reflects business-type activities. These statements include all assets of the Agency as well as liabilities.
- The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found immediately following the financial statements.
- The balance sheet and statement of revenues, expenses and change in net assets report information about the Agency as a whole and about its activities. These statements include all assets and liabilities of the Agency using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are then taken into account regardless of when cash is received or paid.

These two statements report the Agency's net assets and change in net assets. A net asset is the difference between assets and liabilities, which is one way to measure the Agency's financial health, or financial position. Over time, increases or decreases in the Agency's net assets are one indicator of whether its financial health is improving or deteriorating.

Condensed Comparative Financial Statements:

Condensed Balance Sheets at December 31,

	<u>2007</u>	<u>2006</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Current assets	\$3,104,950	\$1,849,874	\$1,255,076	67.85%
Property and equipment	<u>6,244</u>	<u>1,112</u>	<u>5,132</u>	461.51
Total assets	<u>\$3,111,194</u>	<u>\$1,850,986</u>	<u>\$1,260,208</u>	68.08%
Current liabilities	\$ 31,401	\$ 229,524	\$ (198,123)	(86.32)%
Long-term liabilities	<u>142,070</u>	<u>117,974</u>	<u>24,096</u>	20.42
Total liabilities	<u>173,471</u>	<u>347,498</u>	<u>(174,027)</u>	50.08
Net assets:				
Invested in capital assets	6,244	1,112	5,132	461.51
Unrestricted	<u>2,931,479</u>	<u>1,502,376</u>	<u>1,429,103</u>	95.12
Total net assets	<u>2,937,723</u>	<u>1,503,488</u>	<u>1,434,235</u>	95.39
Total liabilities and net assets	<u>\$3,111,194</u>	<u>\$1,850,986</u>	<u>\$1,260,208</u>	68.08%

**Condensed Statement of Revenues, Expenses and
Change in Net Assets for the Years Ended December 31,**

	<u>2007</u>	<u>2006</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Total operating revenue	\$ 1,953,247	\$ 427,738	\$1,525,509	356.64%
Total operating expenses	<u>615,804</u>	<u>579,544</u>	<u>36,260</u>	6.26
Operating income (loss)	1,337,443	(151,806)	1,489,249	981.02
Non-operating revenues (expenses)	<u>96,792</u>	<u>65,227</u>	<u>31,565</u>	48.39
Change in net assets	<u>\$ 1,434,235</u>	<u>\$ (86,579)</u>	<u>\$1,520,814</u>	1,756.56%

Analysis of Financial Position and Results of Operations:

- Cash and cash equivalents increased by \$1,255,475 over the prior year due to the increase in operating income.
- There is a significant decrease in current liabilities due to a bond that was closed near year-end in 2006. The related taxes to New York State were not remitted before the year-end. This situation did not recur in 2007.
- The Agency's 2007 net assets increased by \$1,434,235 from the 2006 net assets.
- Overall, expenses remained relatively consistent with the prior year. The slight increase is due to an increase in contractual and professional fees. The Agency utilized an independent contractor to assist with data entry beginning in 2006.
- Operating revenues increased by \$1,525,509 over the prior year due to an increase in the amount of projects the Agency closed in 2007.

Analysis of Balances and Transactions:

- The Agency, an enterprise fund, reported net assets of \$2,937,723, which is \$1,434,235 higher than last year.
- Property and equipment increased by \$5,132. The Agency purchased a new copier and retired a depreciated one at the end of 2007.

Budgetary Analysis:

- There were minor differences between the preliminary budget and the final budget. The Board of Directors authorized several budget line transfers.
- Total actual revenues were over budgeted revenues by \$1,358,577. There were fewer bond closings during 2006. There were more closings during 2007 than were initially expected.
- Interest income increased in 2007 because of the increase in the balances in cash and cash equivalents. In addition, the Agency began utilizing short-term certificates of deposit to obtain higher interest rates.
- Salaries were over budget for 2007 due to additional Board approved raises.

**Town of Hempstead
Industrial Development Agency**

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

December 31, 2007

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Town of Hempstead Industrial Development Agency
Hempstead, New York 11550

We have audited the accompanying financial statements and budgetary comparison schedules of the Town of Hempstead Industrial Development Agency (the "Agency"), a component unit of the Town of Hempstead, as of and for the years ended December 31, 2007 and 2006, as listed in the table of contents. These financial statements and budgetary comparison schedules are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements and budgetary comparison schedules based on our audits.

We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 28, 2008 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the Board of Directors
Town of Hempstead Industrial Development Agency
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The Management's Discussion and Analysis on pages i through iii is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Sheehan & Company CPA, P.C.

March 28, 2008

**Town of Hempstead
Industrial Development Agency**

BALANCE SHEETS

December 31, 2007 and 2006

ASSETS

	<u>2007</u>	<u>2006</u>
Current assets:		
Cash and cash equivalents	\$ 3,104,200	\$ 1,848,725
Prepaid expenses	<u>750</u>	<u>1,149</u>
Total current assets	3,104,950	1,849,874
Property and equipment:		
Furniture and equipment	48,049	47,259
Less accumulated depreciation	<u>41,805</u>	<u>46,147</u>
Property and equipment, net	<u>6,244</u>	<u>1,112</u>
Total assets	<u>\$ 3,111,194</u>	<u>\$ 1,850,986</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	\$ 31,401	\$ 34,886
Due to New York State	<u>-</u>	<u>194,638</u>
Total current liabilities	31,401	229,524
Long-term liabilities:		
Compensated absences	<u>142,070</u>	<u>117,974</u>
Total liabilities	173,471	347,498
Net assets:		
Invested in capital assets	6,244	1,112
Unrestricted	<u>2,931,479</u>	<u>1,502,376</u>
Total net assets	<u>2,937,723</u>	<u>1,503,488</u>
Total liabilities and net assets	<u>\$ 3,111,194</u>	<u>\$ 1,850,986</u>

See notes to financial statements

Town of Hempstead Industrial Development Agency

STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS

For the Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating revenues:		
Fees for services	\$ 1,953,247	\$ 427,738
Operating expenses:		
Salaries	303,196	287,670
Payroll taxes	21,814	20,616
New York State Retirement System	31,081	33,380
Compensated absences	24,096	23,110
Health insurance	16,365	15,502
Contractual and professional fees	52,200	34,490
Advertising	113,362	111,229
Rent	15,670	13,925
Business development	5,000	5,000
Office and related expenses	14,594	16,197
Meetings and travel	15,041	15,196
Dues and subscriptions	2,167	2,117
Depreciation and amortization	1,218	1,112
Total operating expenses	<u>615,804</u>	<u>579,544</u>
Operating income (loss)	<u>1,337,443</u>	<u>(151,806)</u>

See notes to financial statements

**Town of Hempstead
Industrial Development Agency**

STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS

For the Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Non-operating income:		
Interest income	\$ 96,792	\$ 65,227
Change in net assets	1,434,235	(86,579)
Net assets, January 1	<u>1,503,488</u>	<u>1,590,067</u>
Net assets, December 31	<u>\$ 2,937,723</u>	<u>\$ 1,503,488</u>

See notes to financial statements

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**Town of Hempstead
Industrial Development Agency**

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Cash received:		
From providing services	\$ 1,953,247	\$ 427,738
New York State taxes payable	-	194,638
Cash payments:		
Contractual services	(276,297)	(263,529)
Personal services and employee benefits	(317,279)	(300,678)
New York State taxes payable	<u>(194,638)</u>	<u>-</u>
Net cash provided by operating activities	<u>1,165,033</u>	<u>58,169</u>
Cash flows from investing activities:		
Acquisition of furniture and equipment	(6,350)	-
Interest income	<u>96,792</u>	<u>65,227</u>
Net cash provided by investing activities	<u>90,442</u>	<u>65,227</u>
Net increase in cash and cash equivalents	1,255,475	123,396
Cash and cash equivalents, January 1	<u>1,848,725</u>	<u>1,725,329</u>
Cash and cash equivalents, December 31	<u>\$ 3,104,200</u>	<u>\$ 1,848,725</u>

See notes to financial statements

**Town of Hempstead
Industrial Development Agency**

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Reconciliation of operating income to net cash provided in operating activities:		
Operating income (loss)	\$ 1,337,443	\$ (151,806)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	1,218	1,112
Change in assets and liabilities:		
(Increase) decrease in assets:		
Prepaid expenses	399	(541)
Increase (decrease) in liabilities:		
Accounts payable	(3,485)	(8,344)
New York State taxes payable	(194,638)	194,638
Compensated absences	<u>24,096</u>	<u>23,110</u>
Total adjustments	<u>(172,410)</u>	<u>209,975</u>
Net cash provided by operating activities	<u>\$ 1,165,033</u>	<u>\$ 58,169</u>

See notes to financial statements

Town of Hempstead Industrial Development Agency

NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies:

The financial statements of the Town of Hempstead Industrial Development Agency have been prepared in conformity with generally accepted accounting principles as applied to government 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.

Financial reporting entity:

The Town of Hempstead Industrial Development Agency (the "Agency") was created in 1971 by the Town Board of the Town of Hempstead, under the provisions of the Laws of New York State. The Agency is authorized and empowered by the provisions of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 529 of the Laws of 1971 of the State of New York to undertake projects and to lease or sell properties. The purpose of the Agency is to provide benefits that reduce costs and financial barriers to the creation and to the expansion of business and enhance the number of jobs in the Town of Hempstead.

The Agency is governed by a seven member Board of Directors whose members are appointed by the Town of Hempstead Town Board and is considered a component unit of the Town of Hempstead.

All governmental activities and functions performed by the Agency are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity includes functions and activities over which appointed Agency directors exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designations of management and ability to significantly influence operations and accountability for fiscal matters.

Town of Hempstead Industrial Development Agency

NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued):

Basis of accounting:

The Agency utilizes the accrual basis of accounting and the flow of all economic resources (measurement focus). The basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises, and revenues are recorded when earned and expenses are recorded when incurred. Under this basis of accounting and measurement focus, the Agency applies all GASB pronouncements and Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinion and Account Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents:

For purposes of the statements of cash flows, investments with maturities of three months or less when purchased are considered cash equivalents.

Property and equipment:

Property and equipment is stated at cost and is being depreciated using the straight-line methods over the useful lives of the assets, which is five years.

Equity classifications:

Equity is classified as net assets and displayed in three components:

- a. **Invested in capital assets, net of related debt:** Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

**Town of Hempstead
Industrial Development Agency**

NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued):

Equity classifications (continued):

- b. Restricted net assets:** Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets:** All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Net assets invested in capital assets as of December 31, 2007 and 2006 are \$6,244 and \$1,112, respectively. Unrestricted assets as of December 31, 2007 and 2006 are \$2,931,479 and \$1,502,376, respectively.

Advertising costs:

Advertising costs are charged to operations when incurred. Advertising costs for the years ended December 31, 2007 and 2006 are \$113,362 and \$111,229, respectively.

Budgetary data:

The Agency adopts an annual budget to facilitate budgetary control and operational evaluations.

2. Conduit debt obligations, Industrial Revenue Bond transactions:

The Agency issues Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial, recreational and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Agency, the State, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Town of Hempstead Industrial Development Agency

NOTES TO FINANCIAL STATEMENTS

2. Conduit debt obligations, Industrial Revenue Bond transactions (continued):

As of December 31, 2007 and 2006, outstanding debt induced by the Agency and issued by other entities amount to approximately \$473,342,041 and \$475,957,262, respectively. Debt service is paid directly to the lender by the entity that incurred the supplemental debt. The Agency has no liability or contingent liability for payment.

3. Payments in lieu of taxes and funds due to municipalities:

The Town of Hempstead Comptroller's Office collects the payments in lieu of taxes (PILOT) from the borrowing companies. The receipts are deposited into the Town of Hempstead Comptroller's Office's bank account and subsequently disbursed to the appropriate taxing jurisdictions.

4. Cash and cash equivalents:

The statutes of the State of New York govern the Agency's investment policies. Agency monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. The Treasurer is authorized to use demand accounts and invest in certificates of deposit. Permissible investments include obligations of the U.S. Treasury and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit at 100% of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

At December 31, 2007, all items classified as cash and cash equivalents on the balance sheet were fully covered by federal depository insurance or by collateral held by the Agency's custodial agents in the Agency's name. Periodically, the Agency determines that the collateral or underlying securities have an adequate market value and have been segregated.

**Town of Hempstead
Industrial Development Agency**

NOTES TO FINANCIAL STATEMENTS

4. Cash and cash equivalents (continued):

As of December 31, 2007 and 2006, the carrying balance of cash and cash equivalents consisted of:

	<u>2007</u>	<u>2006</u>
Checking	\$1,026,770	\$ 767,461
Savings	2,077,366	1,081,200
Petty cash	64	64
Total	<u>\$3,104,200</u>	<u>\$1,848,725</u>

The Agency's bank balances are categorized to give an indication of the level of custodial risk assumed by the Agency at year-end. Under the criteria of GASB Statement Nos. 3 and 40, Category 1 includes bank balances, which are insured or collateralized with the securities held by the Agency or its agent in the Agency's name; Category 2 includes bank balances which are collateralized with securities by the pledging financial institution's trust department or agent in the Agency's name; and Category 3 includes bank balances that are collateralized with securities held by the pledging financial institution, or by the trust department or agent, but not in the Agency's name.

At December 31, 2007, the Agency bank balances were fully insured or collateralized as follows:

	<u>Amount</u>
Category 1:	
Insured by FDIC	\$ 500,000
Category 2:	
Collateralized by securities held by the pledging financial institution in the Agency's name	-
Category 3:	
Collateralized by securities held by the pledging financial institution, but not in the Agency's name	2,870,955
	<u>\$ 3,370,955</u>

Town of Hempstead Industrial Development Agency

NOTES TO FINANCIAL STATEMENTS

5. Lease obligations:

On January 1, 1998, the Agency entered into an agreement with the Town of Hempstead to lease office space in the building located at 350 Front Street, Suite 240, Hempstead, New York. On September 30, 1999, the Agency amended its lease agreement with the Town of Hempstead to expand its office space. The term of the lease is four years. According to the lease, the premises must be used and occupied only for office space. On January 23, 2003, the Agency extended its lease agreement with the Town for a five-year period beginning January 1, 2003 and expiring December 31, 2007. Rent expense for the years ended December 31, 2007 and 2006 was \$15,670 and \$13,925, respectively.

The Agency is currently in negotiations with the Town of Hempstead to renew the lease, which expired December 31, 2007. The Agency will continue to pay the Town of Hempstead at the 2007 rental rate until a new lease is agreed upon.

6. Property and equipment:

Activity for capital assets is summarized as follows:

	<u>Balance December 31, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2007</u>
Equipment	\$ 8,321	\$ 6,350	\$ 5,560	\$ 9,111
Furniture and fixtures	24,798	-	-	24,798
Leasehold improvements	14,140	-	-	14,140
	<u>47,259</u>	<u>6,350</u>	<u>5,560</u>	<u>48,049</u>
Less accumulated depreciation	<u>(46,147)</u>	<u>(1,218)</u>	<u>(5,560)</u>	<u>(41,805)</u>
Net	<u>\$ 1,112</u>	<u>\$ 5,132</u>	<u>\$ -</u>	<u>\$ 6,244</u>

Depreciation expense for the years ending December 31, 2007 and 2006 was \$1,218 and \$1,112, respectively.

**Town of Hempstead
Industrial Development Agency**

NOTES TO FINANCIAL STATEMENTS

7. Pension plan:

Plan description:

The Agency participates in the New York State and Local Employees' Retirement System (ERS), and the Public Employees' Group Life Insurance Plan (Systems).

These are cost sharing, multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations 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 (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Governor Alfred E. Smith State Office Building, Albany, New York 12244.

Funding policy:

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary for the first ten years of membership. Under the authority of the NYSRSSL, the Comptroller annually certifies the rates expressed used in computing the employers' contributions. The Agency is required to contribute at an actuarially determined rate.

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

2007	\$31,081
2006	33,380
2005	40,878

The Agency's contributions made to the Systems were equal to 100% of the contributions required for each year.

**Town of Hempstead
Industrial Development Agency**

NOTES TO FINANCIAL STATEMENTS

7. Pension plan (continued):

Plan description (continued):

Since 1989, the System's billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 (which otherwise were to have been paid on June 30, 1989 and 1990, respectively) over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability.

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

- Requires minimum contributions by employers of 4.50% of payroll every year, including years in which the investment performance would make a lower contribution possible.
- Changes the cycle of annual billing, such that the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1st.

Chapter 260 of the Laws of 2004 of the State of New York was enacted that allows local employers to bond or amortize a portion of their retirement bill for up to 10 years in accordance with the following schedule:

- For State fiscal year (SFY) 2004-05, the amount in excess of 7.00% 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 bonding/amortization was instituted.
- For SFY 2005-06, the amount in excess of 9.50% of employees' covered pensionable salaries.
- For SFY 2007-08, the amount in excess of 10.50% of employees' covered pensionable salaries.

This law requires participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 2005 through 2007.

**Town of Hempstead
Industrial Development Agency**

NOTES TO FINANCIAL STATEMENTS

7. Pension plan (continued):

Change in payment due date:

Chapter 260 of the Laws of New York State changed the annual payment due date for employers who participate in the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System. The December 15 payment due date changed to February 1. The covered salary period (April 1 - March 31) will not change for the calculation.

8. Liability for compensated absences:

The Agency, in conformity with the Town of Hempstead, maintains a policy which permits employees to accumulate a limited amount of earned but unused vacation leave and sick time, which will be used in future years or paid upon separation from the Agency's service. Upon termination, an employee will be paid for a maximum of 640 hours of vacation time. Sick time will be paid in accordance with a schedule based upon years of completed service, up to 1,600 hours. The cost of accumulated vacation and sick leave, as well as an amount for salary related payments (i.e. Social Security and Medicare taxes) is recorded as a liability and expense when accrued.

The liability for compensated absences as of December 31, 2007 is as follows:

Balance, January 1	\$117,974
Additions (deletions)	<u>24,096</u>
Balance, December 31	<u>\$142,070</u>

Additions and deletions to compensated absences are shown net, since it is impractical to determine these amounts separately.

9. Expenses and fees for bonds and straight leases:

All expenses incurred by the Agency for notices, court recorders, meeting rooms, underwriting, trustees, legal, issuance of bonds and notes and straight leases are for the account of, and reimbursed by, the applicant.

**Town of Hempstead
Industrial Development Agency**

NOTES TO FINANCIAL STATEMENTS

9. **Expenses and fees for bonds and straight leases (continued):**

The Agency's minimum fees are as follows:

1. **Application fee:** The Agency charges a non-refundable fee of \$1,000 at the time of receiving a formal application for assistance.
2. **Administrative fee:** The Agency charges one time administrative fees as follows:

	<u>Percentage of Value</u>
Tax exempt bond fee	0.5%
Taxable bonds and straight lease fee:	
Up to \$20,000,000	0.5%
\$20,000,000 and over	0.1%

For taxable bonds and straight lease transactions, the minimum fee is based on the amount of bonds, the amount of the total project costs, or the amount of the increased value of the assets under a straight lease plus the amount of all anticipated capital improvements and/or equipment to be purchased for which the applicant receives benefits from the Agency.

Twenty-five percent of the fees are collected upon the issuance of the sales tax letter and the balance at closing.

3. **Annual fee:** The Agency charges an annual fee of \$1,000 for the term of bonds or straight lease. This non-refundable annual fee is paid in advance on the first day of each year. The fee covers the cost of annual reporting and monitoring of the transaction. The fee is subject to periodic review and can be adjusted at the discretion of the Agency. The Agency also charges an initial compliance fee of \$2,500, which is paid at closing.
4. **Agency Counsel's fee:** The fee for Agency Counsel is approximately 0.1% of the amount of the bonds, the amount of the total project costs, or the amount of the increased value of the assets under a straight lease plus the amount of all anticipated capital improvements and/or equipment to be purchased for which the applicant will receive benefits from the Agency. The applicant pays the Agency Counsel's fee.
5. **Bond Counsel fee:** The applicant pays the Bond Counsel fee.

**Town of Hempstead
Industrial Development Agency**

NOTES TO FINANCIAL STATEMENTS

9. **Expenses and fees for bonds and straight leases (continued):**

6. **Miscellaneous fees:**

	<u>Minimum Amount</u>
Extension of inducement	\$250
Amendments, waivers, subordinate and collateral mortgage assignments, consents, leases and sub-leases, etc.	500
Termination fee	500
 <u>Percentage of value</u>	
Refinance bonds	0.500%
Assumption of outstanding bonds	0.125%

Fees for bond refinancing and assumption are subject to adjustment at the discretion of the Agency, based on the complexity of the transaction involved.

**Town of Hempstead
Industrial Development Agency**

BUDGETARY COMPARISON SCHEDULE

For the Year Ended December 31, 2007

	<u>Budgetary Amounts</u>		<u>Actual Amounts (Bugetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Bond issuance fees	\$ 594,670	\$ 594,670	\$ 1,953,247	\$ 1,358,577
Interest income	35,000	35,000	96,792	61,792
Total revenues	629,670	629,670	2,050,039	1,420,369
Expenses:				
Salaries	296,800	296,800	303,196	(6,396)
Payroll tax	25,000	25,000	21,814	3,186
New York State Retirement System	34,000	34,000	31,081	2,919
Compensated absences	27,000	27,000	24,096	2,904
Health insurance	19,000	18,800	16,365	2,435
Contractual and professional fees	54,000	54,000	52,200	1,800
Advertising	118,000	113,400	113,362	38
Rent	15,670	15,670	15,670	-
Business development	5,000	5,000	5,000	-
Office and related expenses	15,700	20,300	14,594	5,706
Meetings and travel	16,400	16,400	15,041	1,359
Dues and subscriptions	2,000	2,200	2,167	33
Depreciation and amortization	1,100	1,100	1,218	(118)
Total expenses	629,670	629,670	615,804	13,866
Excess (deficiency) of revenues over (under) expenses	\$ -	\$ -	\$ 1,434,235	\$ 1,434,235

**Town of Hempstead
Industrial Development Agency**

BUDGETARY COMPARISON SCHEDULE

For the Year Ended December 31, 2006

	<u>Budgetary Amounts</u>		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Bond issuance fees	\$ 502,000	\$ 502,000	\$ 427,738	\$ (74,262)
Interest income	<u>25,377</u>	<u>25,377</u>	<u>65,227</u>	<u>39,850</u>
Total revenues	<u>527,377</u>	<u>527,377</u>	<u>492,965</u>	<u>(34,412)</u>
Expenses:				
Salaries	273,400	273,400	287,670	(14,270)
Payroll tax	24,000	24,000	20,616	3,384
New York State Retirement System	41,000	41,000	33,380	7,620
Compensated absences	25,000	25,000	23,110	1,890
Health insurance	18,150	16,520	15,502	1,018
Contractual and professional fees	36,500	36,500	34,490	2,010
Advertising	115,000	115,000	111,229	3,771
Rent	15,215	14,094	13,925	169
Business development	5,000	5,000	5,000	-
Office and related expenses	11,000	12,600	16,197	(3,597)
Meetings and travel	16,000	16,030	15,196	834
Dues and subscriptions	1,000	2,121	2,117	4
Depreciation and amortization	<u>1,112</u>	<u>1,112</u>	<u>1,112</u>	<u>-</u>
Total expenses	<u>582,377</u>	<u>582,377</u>	<u>579,544</u>	<u>2,833</u>
Excess (deficiency) of revenues over (under) expenses	<u>\$ (55,000)</u>	<u>\$ (55,000)</u>	<u>\$ (86,579)</u>	<u>\$ (31,579)</u>