

# Town of Hempstead



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2013

**TOWN OF HEMPSTEAD  
NEW YORK**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2013**

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

**TOWN OF HEMPSTEAD**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2013**  
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**INTRODUCTORY  
SECTION**

KATE MURRAY  
Supervisor



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

June 25, 2014

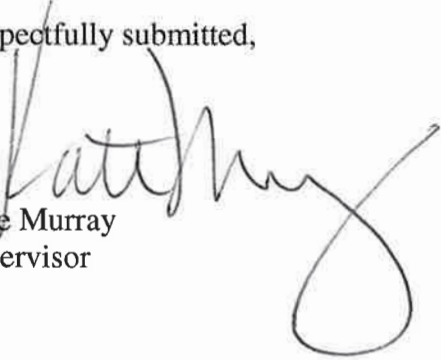
The Honorable Members of the Town Board and Citizens of the Town of Hempstead  
Town of Hempstead, New York

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, 2013. 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 ten 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 2013 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

NASRIN G. AHMAD  
TOWN CLERK

DONALD X CLAVIN, JR.  
receiver of taxes

KEVIN R. CONROY, CPA  
Town Comptroller

TOWN OF HEMPSTEAD  
OFFICE OF THE COMPTROLLER

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



KATE MURRAY  
SUPERVISOR

June 25, 2014

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, 2013.

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, 2013. 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 auditor's 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 765,272 according to the U.S. Census Bureau's, 2012 American Community Survey. The Town accounts for approximately 57% of the total population of the county and 42% of the county's land area. Located within the Town are 22 incorporated villages and 50 unincorporated areas.

The Town 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 most suburban municipalities.

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 both the chief executive and 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 special assessments that may be levied within 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 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 the 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).

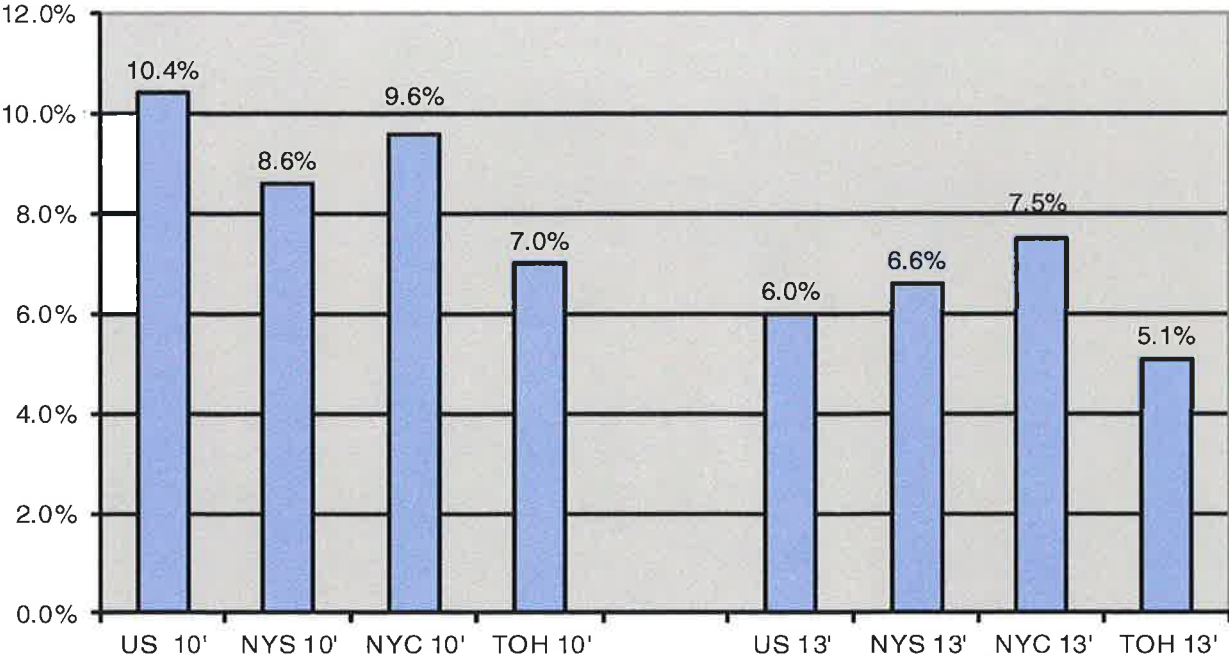
As the Town's chief financial officer, the Supervisor is responsible for the Town's accounting and financial reporting activities. The Town Board, as a whole, serves as the finance board of the Town and is responsible for authorizing, by resolution, all material financial transactions such as operating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

The Supervisor, as chief fiscal officer, 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 on or before 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 modifications 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 (See Note 2.A).

**Local Economy**

The Town of Hempstead, much like the rest of the nation, faces an economic recovery that remains sluggish. Nevertheless, the local economy continues to show encouraging signs of improvement. Job gains and unemployment continue on a positive trend. In February of 2010, the Town's unemployment rate was an anemic 8.1% which has steadily declined to 5.1% by year-end 2013. The graph below compares the average unemployment rate of 2010 with 2013. As illustrated, the Town's rate is most favorable to that of the Nation, New York State and City.

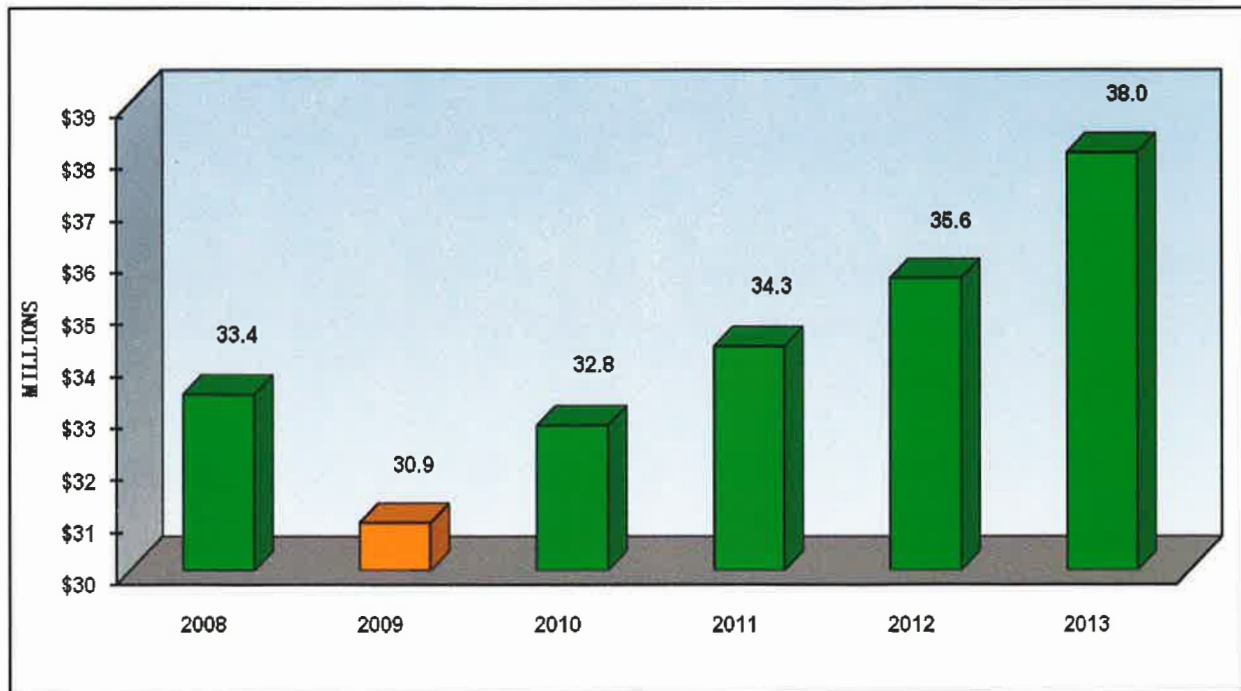
**CHANGE IN UNEMPLOYMENT RATE:  
2010 VS. 2013**



Superstorm Sandy destroyed and damaged homes, businesses, and property throughout the Town. Revitalization efforts have resulted in an economic resurgence of which our government is proud to have been an integral part.

The local housing market continues to improve as evidenced by an increase of more than \$1.7 million in mortgage tax revenue in fiscal 2013 as compared to fiscal 2012; an increase of 10.5%. The Town's continuing economic recovery is also demonstrated by increased consumer spending and the resulting growth in total sales tax collections. Since the severe recession of 2008 – 2009, the Town of Hempstead's share of local sales tax collections has grown by \$7.1 million, or 23%.

Town Share of Local Sales Tax Receipts: 2008 – 2013



***Long Term Financial Planning***

The Town's infrastructure has been maintained through a well-conceived annual 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. 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. These policies are intended to assist the government in maintaining sufficient reserves to protect against unforeseen events effecting finances.

### ***Major Initiatives***

The Town's \$57 million capital improvement program for 2014 has been increased to replace, upgrade, and repair facilities damaged by Superstorm Sandy's destructive tides and winds. Damage sustained to bulkheads and park facilities are among the top priorities in this year's capital plan. In addition to the annual purchase of equipment and projects such as parking field reconstruction and road improvements, the 2014 capital budget includes a test project for LED street lighting, water infrastructure improvements, as well as the installation and upgrade of generators at Town facilities to ensure cost effective, uninterrupted service to our citizens during severe weather or other catastrophic events.

Hempstead Town is also working hard to help businesses recover from the devastating storm. In fact, our government launched a television, internet and direct mail campaign to let neighbors know that their favorite shore-front businesses were back and needed their patronage to recover financially. The initiative allowed for businesses to post information online at no cost, and neighbors could check on their status. In addition, the Town is investing in the south shore with a job-boosting capital improvement program, including a new \$1 million "turf" field in Oceanside Park and the \$6 million Malone-Mulhall Recreation Center at Camp ANCHOR in Lido Beach, which will serve 1,600 children and adults with special needs. The recently completed recreation center spans 16,196 square feet and serves as a state of the art facility.

New town fueling stations for our municipal fleet of trucks and cars have been installed over the past year with a fuel management system that is providing preventative maintenance data, alerting service personnel to inefficient vehicle operation and facilitating more cost-effective deployment planning for vehicle routes throughout the town. Fuel and associated cost savings are expected to total almost \$1 million by the end of 2014.

A one-of-a-kind sustainable energy park boasts wind, solar, hydrogen, and geothermal power. Indeed, it is home to Long Island's only energy self-reliant government office. During August 2013, the Town unveiled four separate solar energy installations. Solar panels at two parks, a senior center and a municipal highway yard, along with soon-to-come solar lighting at town facilities, comprise a half million dollar investment in clean, renewable energy at town facilities.

The vast majority of these projects have been funded through state and federal grants, minimizing the impact on local taxpayers. The Town now boasts 15 solar-powered installations, totaling over 200kw of energy.

During August 2013, Nassau County selected Nassau Events Center, LLC (NEC) to renovate and operate the Nassau Veterans Memorial Coliseum complex. The privately financed project will cost approximately \$229 million. The plan calls for a renovated 13,000-seat arena, a 2,000-seat indoor theater, an outdoor amphitheater, restaurants, ice skating rink, and retail space. The Islanders will also return to the new arena to play a combined six pre-season and regular season games. NEC will pay the County 8% of the annual revenue generated by the complex and 12.75% of the parking revenues. The term of the lease is 34 years with an option of a 15-year extension. When fully operational, the revitalized complex will energize the Town with visitors who will patronize businesses in the area and provide for increased sales tax revenue and job creation.

By attracting major commercial and residential developments, as well as remaking downtowns with revitalization projects, the Town continues to add, enhance and create opportunities for our business community and residents supporting job growth and housing options.

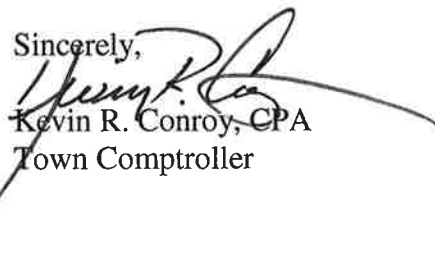
### *Awards and Acknowledgments*

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Hempstead for its comprehensive annual financial report for the fiscal year ended December 31, 2012. This was the tenth consecutive year that the Town received this prestigious award. In order to be awarded a Certificate of Achievement, the Town must publish a reader friendly and efficiently organized comprehensive annual financial report that satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA in pursuit of this prestigious award for the fiscal year ended December 31, 2013.

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. Additionally, 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, 2013

### **Executive**

Kate Murray

Supervisor

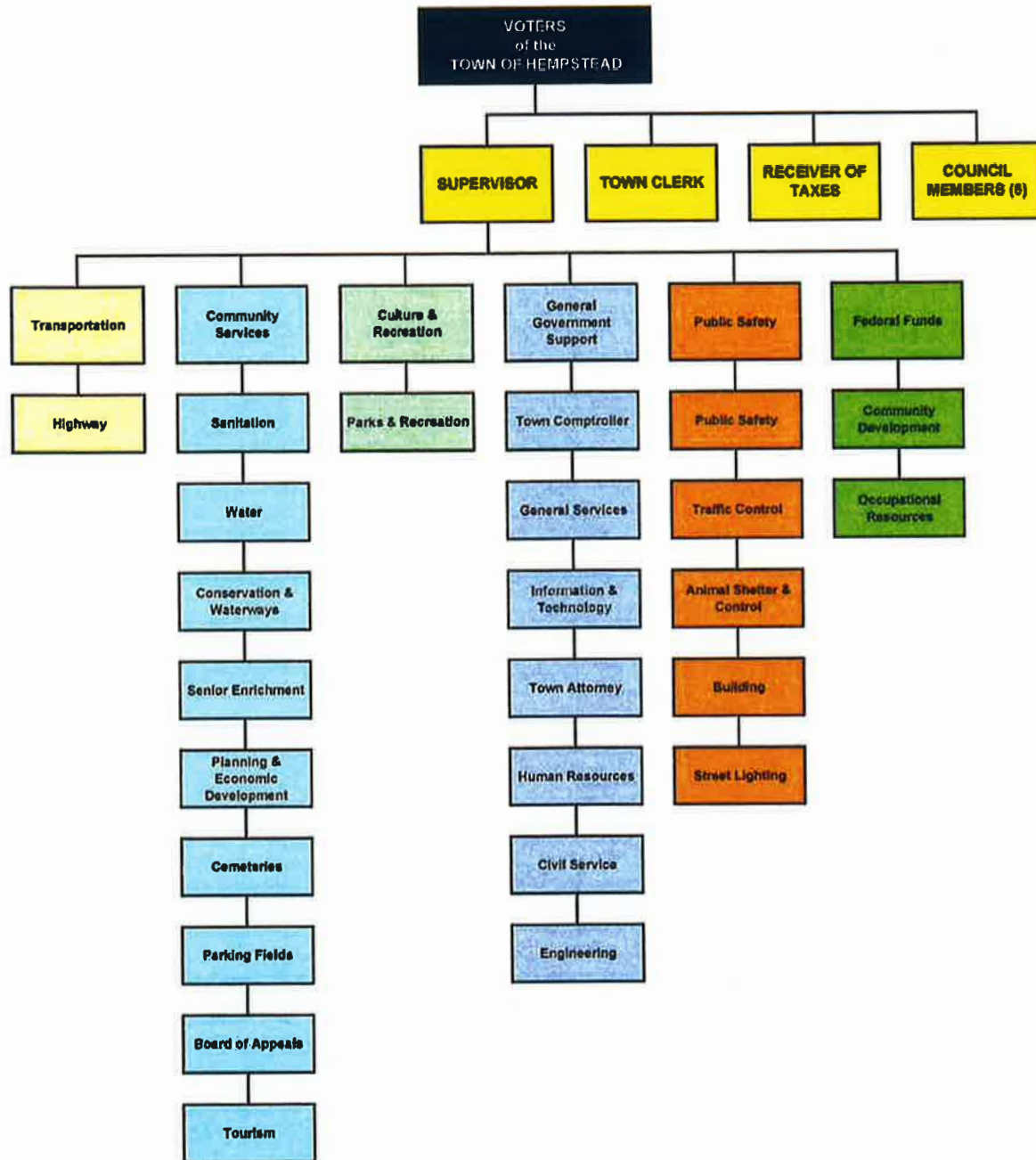
### **Town Board**

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

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



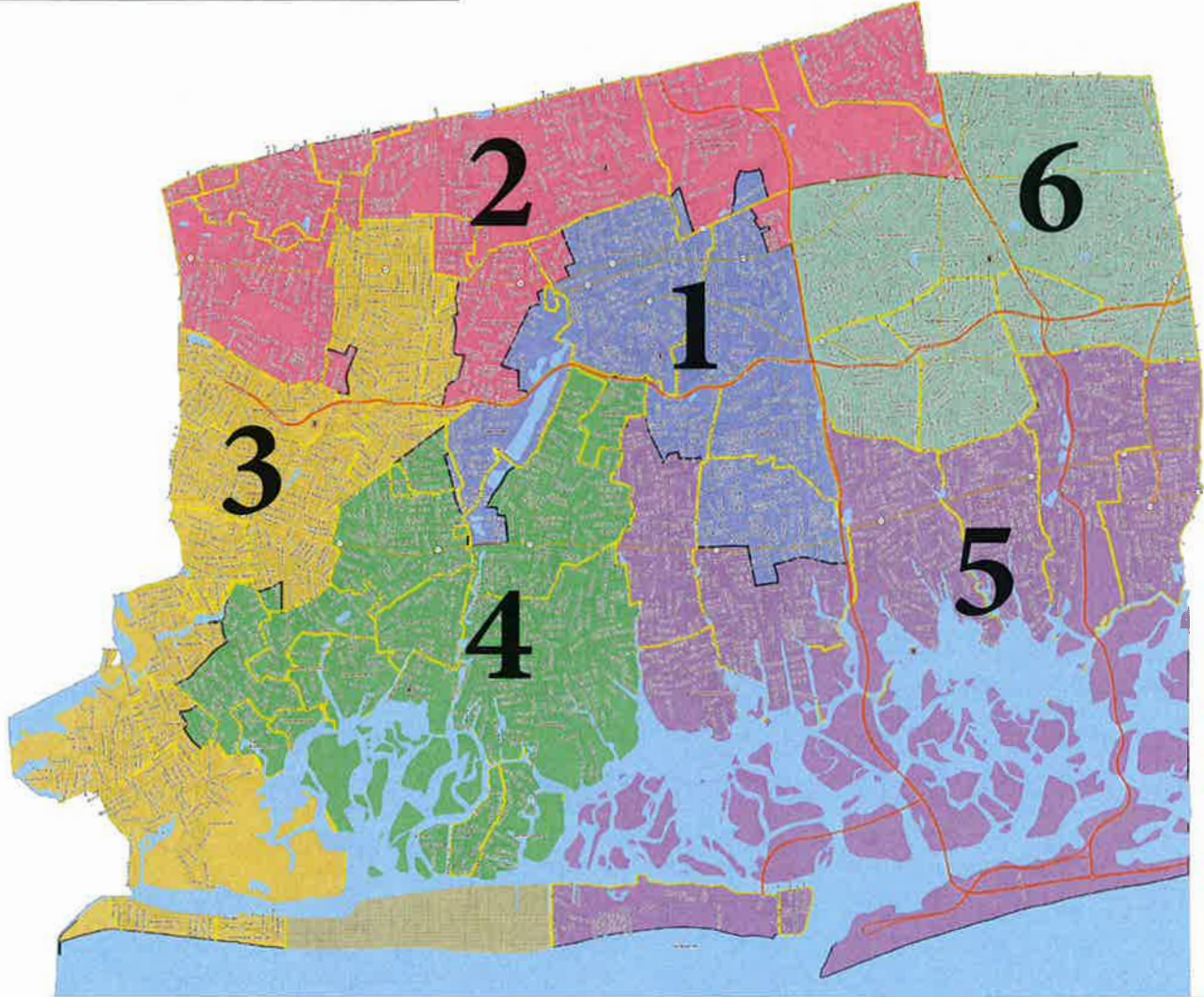
TOWN OF HEMPSTEAD  
ORGANIZATIONAL CHART





# Town of Hempstead

## Councilmanic Districts



### **Councilmanic District 1:**

Includes all of Roosevelt and Lakeview, and portions of Baldwin, Freeport, Hempstead, Lynbrook, Uniondale and West Hempstead.

### **Councilmanic District 2:**

Includes Garden City and portions of East Meadow, Elmont, Floral Park, Franklin Square, Hempstead, New Hyde Park, Valley Stream, Uniondale, West Hempstead and Westbury.

### **Councilmanic District 3:**

Includes Atlantic Beach, East Atlantic Beach, Inwood, Lawrence and portions of Cedarhurst, Elmont, Franklin Square, Malverne, Valley Stream, West Hempstead and Woodmere.

### **Councilmanic District 4:**

Includes East Rockaway, Hewlett, Island Park, South Hempstead, Oceanside and Rockville Centre and portions of Baldwin, Cedarhurst, Lynbrook, Malverne, Valley Stream and Woodmere.

### **Councilmanic District 5:**

Includes Lido Beach and Point Lookout and portions of Baldwin, Bellmore, Freeport, Merrick, Seaford and Wantagh.

### **Councilmanic District 6:**

Includes Levittown, and portions of Bellmore, Bethpage, East Meadow, Merrick, Seaford and Wantagh.



Government Finance Officers Association

**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, 2012**

Executive Director/CEO

**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, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

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 74.9%, 80.6% and 82.6% respectively, of the assets, net position 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. One of the seven financial statements of the presented discretely component units in these financial statements was 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**PERSONAL SERVICE. TRUSTED ADVICE.**

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

245 PARK AVENUE, 39TH FLOOR  
NEW YORK, NY 10167  
T: 212.792.4075

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HAUPPAUGE, NY 11788-3715  
T: 631.434.9500 F: 631.434.9518

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INDEPENDENT MEMBER OF BKR INTERNATIONAL

## **Opinions**

In our opinion, based on our audit and the reports of the 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, 2013, 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.

## **Emphasis of Matter**

### *New Accounting Guidance*

As described in Note 1.H to the basic financial statements, the Town of Hempstead, New York adopted the provisions of Governmental Accounting Standards No. 65, "Items Previously Reported as Assets and Liabilities" as of and for the year ended December 31, 2013.

## **Other Matters**

### *Required Supplementary Information*

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 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 the methods of 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hempstead, New York's basic financial statements. 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. Such 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 basic financial statements or the basic 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 combining and individual nonmajor financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2014, 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* in considering the Town of Hempstead, New York's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Alfred J. Viggiano, Jr. and Co., P.C.".

Hauppauge, New York  
June 25, 2014

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

**TOWN OF HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 December 31, 2013

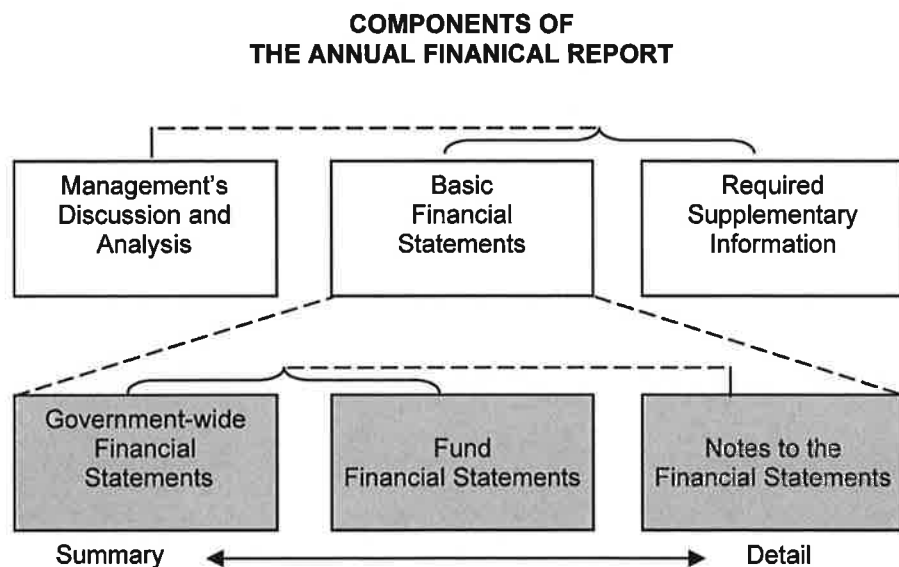
As management of the Town of Hempstead (the "Town"), we offer readers of the financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal of this report.

**FINANCIAL HIGHLIGHTS**

- The liabilities and deferred inflows of resources of the Town exceeded its assets and deferred outflows of resources at the close of 2013 by \$73,600,610 resulting in a negative net position. This is primarily the result of the ongoing recognition of the Town's other postemployment benefits (OPEB) costs.
- The Town's total net position decreased by \$52,894,413. Again, the most notable factor contributing to this decrease is the ongoing recognition of OPEB costs.
- As of the close of 2013, the Town's governmental funds reported combined ending fund balances of \$107,451,337. Of this amount, \$42,783,937 is not in spendable form or is required to remain intact. The remaining \$64,667,400, exclusive of the Capital Projects deficit of \$35,773,248, or approximately 60.2% of total fund balances is in spendable form with various levels of spending constraint: restricted, assigned, or unassigned making them available for spending at the Town's discretion.
- At the end of 2013, the Town's total fund balance for the General Fund was \$12,461,192, a decrease of 44.6% from the prior year. The assigned and unassigned fund balance for the General Fund was \$3,694,757, or 2.4% of total General Fund expenditures and other uses.
- The Town's total bonded debt was \$281,254,337 for a decrease of 11.4% from the prior year. The Town had no borrowings in 2013.

**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 three 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.





**TOWN OF HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2013

**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 Position presents financial information on all of the Town's assets, liabilities and deferred inflows/outflows of resources with the difference between the two reported as net position. Over time, increases or decreases in the Town's net position is 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 position 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 position 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 include both the governmental activities of the Town itself (known as the primary government) and of its legally separate nonmajor component units for which the Town is financially accountable. Financial information for these nonmajor component units is reported separately (discretely presented) from the financial information presented for the primary government.

The prior year net position has been restated resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, in order to recognize debt issuance cost expenses in the year incurred. Previously these costs were amortized over the duration of the related debt.

**Governmental Activities**

The Town's basic services are reported here, including: general government support; education; public safety; transportation; economic assistance and opportunity; culture 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). All of the Town's component units are deemed to be nonmajor.

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, 2013

**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 changes 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

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.

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**TOWN OF HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2013

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

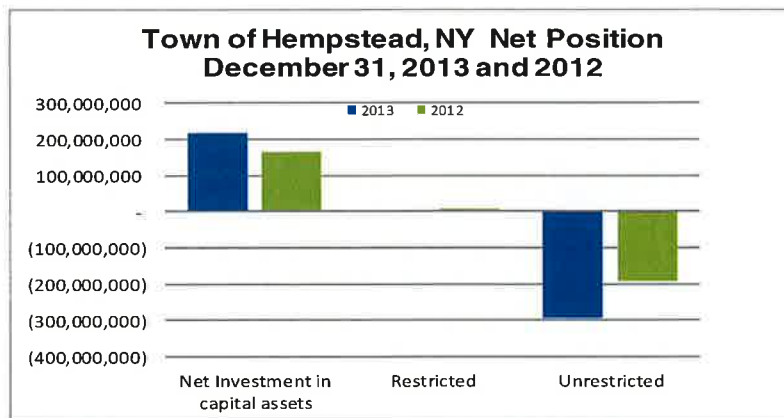
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$73,600,610 at the close of the most recent year.

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

	2013	2012
Current and other assets:		
Current assets	\$ 144,147,443	\$ 219,400,873
Capital assets	518,429,467	500,842,769
Other non-current assets	2,066,000	4,392,105
Total assets	<u>664,642,910</u>	<u>724,635,747</u>
Deferred outflows of resources	98,040	-0-
Total assets and deferred outflows of resources	<u>664,740,950</u>	<u>724,635,747</u>
Current and other liabilities		
Current liabilities	90,183,211	105,541,351
Long-term liabilities	645,384,149	634,828,547
Total liabilities	<u>735,567,360</u>	<u>740,369,898</u>
Total deferred inflows of resources	2,774,200	3,422,000
Total liabilities and deferred inflows of resources	<u>738,341,560</u>	<u>743,791,898</u>
Net position;		
Net investment in capital assets	218,279,888	163,888,267
Restricted	2,253,777	7,448,148
Unrestricted	(294,134,275)	(192,042,612)
Total net position	<u>\$ (73,600,610)</u>	<u>\$ (20,706,197)</u>

By far the largest portion of the Town's net position, \$218,279,888, reflects its net 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 position and total net position 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 net investment in capital assets 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, 2013

**GOVERNMENT-WIDE FINANCIAL ANALYSIS** (continued)

The total net position of the Town as of December 31, 2013 was a negative \$73,600,610, a decrease of \$52,894,413 over the prior year. Of this amount \$218,279,888 was net investment in capital assets, while \$2,253,777 was restricted by statute or other specific purpose leaving a 294,134,275 unrestricted deficit.

Total net position was again decreased in the current year and will continue to decrease in subsequent years due to the ongoing recognition of the Town's other postemployment benefits (OPEB) costs. The unfunded liability for postemployment benefits healthcare costs increased in 2013 by \$42,643,493 bringing the unfunded liability at year-end to \$301,099,939. Additional information on Postemployment Benefits Healthcare Costs can be found in Note 3.F to the financial statements.

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

	<u>2013</u>	<u>2012</u>
Program Revenues		
Charges for services	\$ 57,051,209	\$ 49,078,691
Operating grants and contributions	13,244,216	39,704,397
Capital grants and contributions	<u>5,810,080</u>	<u>6,430,264</u>
	<u>76,105,505</u>	<u>95,213,352</u>
General Revenues		
Real property taxes	262,327,072	264,490,271
Real property tax items	6,041,444	3,479,908
Non-property tax items	47,611,355	45,231,393
Interest earnings and financing income	2,099,833	1,918,575
Mortgage tax	18,107,823	16,380,559
State aid - unrestricted	3,848,885	3,848,885
Other	<u>1,221,924</u>	<u>1,844,292</u>
	<u>341,258,336</u>	<u>337,193,883</u>
Total Revenues	<u>417,363,841</u>	<u>432,407,235</u>
Program Expenses		
General government support	86,791,904	75,281,730
Education	1,969,559	2,536,059
Public safety	46,113,772	43,907,271
Transportation	59,739,867	62,361,308
Economic assistance and opportunity	16,962,301	15,957,953
Culture and recreation	86,662,376	84,947,442
Home and community services	160,603,337	160,815,013
Interest on debt	<u>11,415,138</u>	<u>13,008,496</u>
Total Expenses	<u>470,258,254</u>	<u>458,815,272</u>
Change in Net Position	<u>(52,894,413)</u>	<u>(26,408,037)</u>
Net Position - Beginning	(19,156,151)	7,251,886
Net Position - Prior Period Adjustment*	<u>(1,550,046)</u>	
Net Position - Beginning as Restated	<u>(20,706,197)</u>	<u>7,251,886</u>
Net Position - Ending	<u>\$ (73,600,610)</u>	<u>\$ (19,156,151)</u>

\* The Town did not retroactively apply GASB Statement 65; therefore the condensed financial information for the year ended December 31, 2012 was not restated. The cumulative effect of applying this change of accounting principle is shown as an adjustment to the beginning net position of 2013.

Net position, from all government activities, decreased by \$52,894,413 in the current year and had a year-over-year decrease of \$26,486,376.

**TOWN OF HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 December 31, 2013

**GOVERNMENT-WIDE FINANCIAL ANALYSIS** (continued)

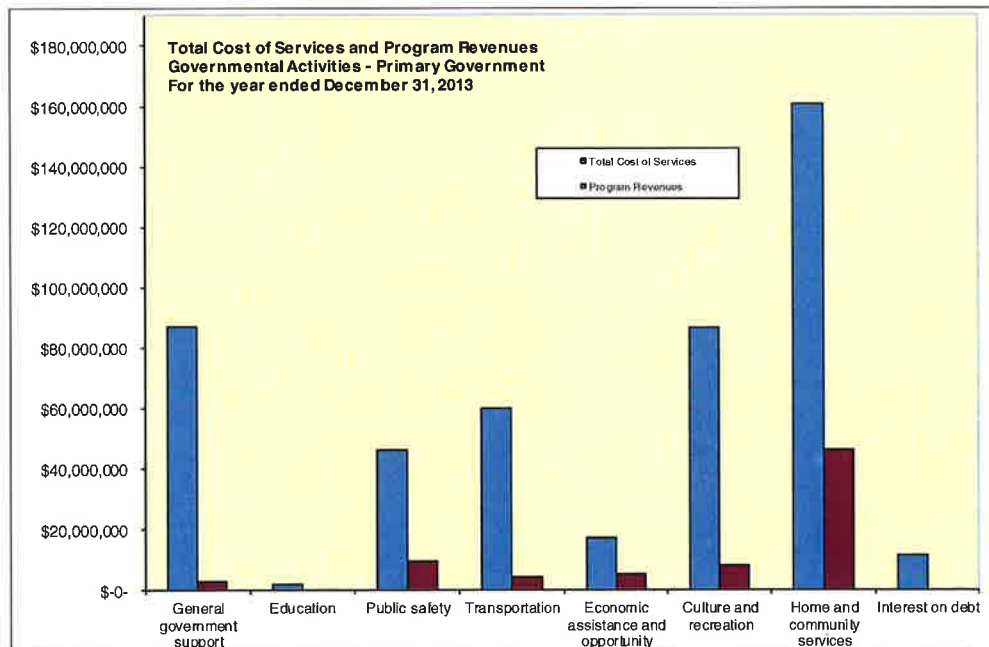
Key elements of the governmental activities are:

- Program revenues decreased by \$19,107,847 primarily due to a year-over-year decrease of more than \$26,000,000 in Federal disaster aid for storm clean-up costs. This was partially offset by an increase of \$7,972,518 in charges for services resulting from insurance recoveries of approximately \$6,200,000 for property damage caused by "Superstorm Sandy" and approximately \$1,700,000 from an increase in the number of building permits issued in the aftermath of the devastating storm.
- Mortgage tax increased by \$1,727,264 due to an improving housing market. Non-property tax items increased by \$2,379,962 from increases in sales tax revenue and franchise fees of \$2,159,802 and \$220,160 respectively.
- Overall expenses increased by \$11,442,982. Increased costs for employee benefits accounted for approximately \$11,000,000, primarily due to an increase of \$6,734,403 in the Town's contribution to the New York State Employees Retirement System, and \$2,765,693 in increased costs for medical insurance. Capital outlay increased more than \$2,200,000 due almost exclusively to repairs necessitated by "Superstorm Sandy". Management's decision not to fill many vacant positions and retired positions, and across the board reductions in expenditures for contractual services, produced a savings of approximately \$2,000,000 in general government support.

The following chart illustrates the total expenses by program function for the Town's governmental funds.

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

	2013		2012		2013		2012	
	Total Cost (Expenses) of Services		Program Revenues		Net Cost (Revenue) of Services			
General government support	\$ 86,791,904	\$ 75,281,730	\$ 3,028,143	\$ 3,966,847	\$ 83,763,761	\$ 71,314,883		
Education	1,969,559	2,536,059			1,969,559	2,536,059		
Public safety	46,113,772	43,907,271	9,537,640	8,488,836	36,576,132	35,418,435		
Transportation	59,739,867	62,361,308	4,385,054	12,947,912	55,354,813	49,413,396		
Economic assistance and opportunity	16,962,301	15,957,953	5,195,713	4,921,892	11,766,588	11,036,061		
Culture and recreation	86,662,376	84,947,442	8,064,130	9,371,393	78,598,246	75,576,049		
Home and community services	160,603,337	160,815,013	45,894,825	55,516,472	114,708,512	105,298,541		
Interest on debt	11,415,138	13,008,496			11,415,138	13,008,496		
	<u>\$ 470,258,254</u>	<u>\$ 458,815,272</u>	<u>\$ 76,105,505</u>	<u>\$ 95,213,352</u>	<u>\$ 394,152,749</u>	<u>\$ 363,601,920</u>		

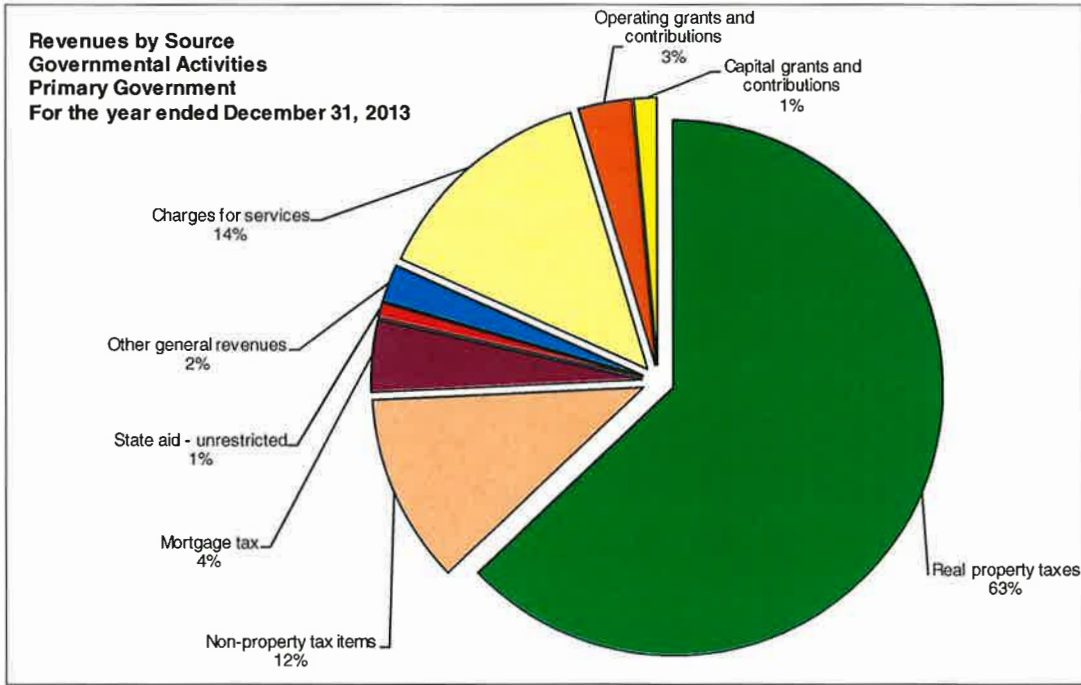


**TOWN OF HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 December 31, 2013

**GOVERNMENT-WIDE FINANCIAL ANALYSIS** (continued)

The total cost of all governmental activities this year was \$470,258,254. The net cost of these services after being subsidized by program revenues of \$76,105,505 was \$394,152,749.

The following chart illustrates the revenues by source for the Town's governmental funds.



Revenue by Source  
 year ended December 31,

	2013	2012
Real property taxes	\$ 262,327,072	\$ 264,490,271
Non-property tax items	47,611,355	45,231,393
Mortgage tax	18,107,823	16,380,559
State aid - unrestricted	3,848,885	3,848,885
Other general revenues	9,363,201	7,242,775
Charges for services	57,051,209	49,078,691
Operating grants and contributions	13,244,216	39,704,397
Capital grants and contributions	5,810,080	6,430,264
	<u>\$ 417,363,841</u>	<u>\$ 432,407,235</u>

**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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.

There are no restrictions that are expected to have a significant effect on the availability of fund resources for future use.

**TOWN OF HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2013

**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (continued)**

Governmental Funds (continued)

At December 31, 2013, the Town's governmental funds reported total ending fund balances of \$107,451,337, a decrease of \$59,729,147 in comparison with the prior year. The governmental funds reported fund balances, exclusive of the Capital Projects Fund, of \$143,224,585. This change in total governmental fund balances was due principally to the decrease in the General Fund, Highway Fund, Refuse and Garbage Fund and Capital Projects Fund as explained under their respective Funds. The category breakdown is as follows:

- **Nonspendable fund balance** - \$42,783,938 (inherently nonspendable) includes the portion of net resources that cannot be spent because they must be maintained intact.
- **Restricted fund balance** - \$915,910 (externally enforceable limitations on use) include amounts subject to limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments.
- **Assigned fund balance** - \$99,524,738 (limitation resulting from intended use) consists of amounts where the intended use is established by the highest level of decision making and the remaining positive fund balance amounts in funds other than the General Fund.
- **Unassigned fund balance (deficit)** - \$35,773,248 (residual net resources) is the negative unassigned fund balance in the Capital Projects Fund in excess of nonspendable, restricted and assigned fund balance.

The Town began the year with an anticipated \$30,155,114 net decrease resulting from the appropriation of fund balance for the 2013 budget in the governmental funds. Increases in mortgage tax and sales tax revenues combined to produce a favorable budget variance of over \$5,000,000. Federal disaster aid for storm clean-up costs primarily related to "Superstorm Sandy" in late October 2012 resulted in a favorable budget variance of approximately \$1,271,000. Management's decision not to fill many vacant positions and retired positions, coupled with across the board reductions in expenditures for contractual services and lower than normal snow removal costs, produced a savings of more than \$10,500,000. A delay in requisitioning funds from the Town's 2013 New York State Transportation Assistance grant caused a \$2,000,000 unfavorable variance. An unfavorable budget variance of approximately \$990,000 in premiums on debt issuance resulted from the Town not issuing serial bonds in 2013.

Other changes in total governmental fund balances were primarily due to the \$40,603,575 decrease in the Capital Projects Fund as a result of the bond sale to fund the Town's 2013 capital program not closing until January 4, 2014.

**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 \$12,461,192, decreasing \$10,012,230, or 44.6%, from the prior year. Of this amount, \$8,766,435 is not in spendable form (long-term receivable, inventory and prepaid items). The remaining \$3,694,757 of the fund balance is in spendable form as follows: \$3,394,715 has been assigned by the Town Board for the subsequent year's budget and \$300,042 has been assigned for purchase orders by the Town Comptroller.

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 2.4% of total General Fund expenditures and other financing uses, while total fund balance represents 8.0% of the same amount.

The key elements of the fund balance decrease of \$10,012,230 are as follows:

- There was an originally planned decrease of \$16,334,969 to hold the line on property taxes for 2013 and an additional appropriation of \$2,397,874 during 2013.
- Real property taxes were under budget by \$248,778 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 but was more than offset by a surplus in real property tax items of \$332,816 due almost entirely to an increase in payments in lieu of taxes.



**TOWN OF HEMPSTEAD**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2013

**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS** (continued)

Governmental Funds (continued)

**General Fund** (continued)

- The surplus of \$2,340,144 in non-property tax items resulted from increased local government assistance (sales tax) revenue due to an improving economy.
- Use of money and property was under budget by \$223,590 primarily as a result of lost revenue from concessions due to lingering effects of "Superstorm Sandy" in late October of 2012.
- The surplus of \$371,583 in licenses and permits was largely from an increase in the issuance of street opening permits to local utilities to make repairs to infrastructure damaged by "Superstorm Sandy."
- Sale of property and compensation for loss was over budget by \$205,658 due mostly to the sale of a small piece of land, and from an increase in the sale of scrap metal.
- Miscellaneous revenue was under budget by \$638,136 due to a \$500,000 shortfall in premiums on debt issuance as the bond sale to fund the Town's 2013 capital program did not close until January 2014, and due to a decline in refunds of prior year appropriations.
- State aid was over budget by \$2,824,844 due to a greater than anticipated growth in mortgage tax revenue as a result of an improving housing market.
- The \$622,042 surplus in Federal Aid resulted mainly from FEMA reimbursements for salaries, related employee benefits, equipment usage, and other storm clean-up related to "Superstorm Sandy."
- To provide a more favorable outcome it was management's decision not to fill approximately \$1,275,000 in vacant positions and retired positions, primarily in general government support.
- Additional savings of approximately \$1,564,000 resulted from across the board reductions in expenditures for contractual services.
- The \$215,363 surplus in employee benefits was a result of lower than expected workers' compensation expenses.

**Highway Fund**

At the end of the current year, the total fund balance of the Highway Fund was \$23,337,351, decreasing \$2,562,076, or 9.9%, from the prior year. Of this amount, \$8,197,485 is not in spendable form (long-term receivable, inventory and prepaid items). The remaining \$15,139,866 of the fund balance is in spendable form as follows: \$6,489,713 has been assigned by the Town Board for the subsequent year's budget, \$96,004 has been assigned for purchase orders by the Town Comptroller and the remaining \$8,554,149 is assigned for highway purposes.

The key elements of the fund balance decrease of \$2,562,076 are as follows:

- There was an originally planned decrease of \$606,127 to hold the line on property taxes in 2013, and an additional appropriation of \$1,644,237 during 2013.
- The surplus in real property tax items of \$349,362 was due to an increase in payments in lieu of taxes.
- The \$131,754 deficit in use of money and property resulted from a lower than expected return on investments due to continued low interest rates and surplus capital available for investment.
- The shortfall in use of money and property was substantially offset by a surplus of \$114,468 in sale of property and compensation for loss due primarily to budget surpluses of approximately \$89,000 in the sale of scrap metal and \$24,000 in insurance recoveries.
- The \$182,248 deficit in miscellaneous revenue resulted from a \$325,000 shortfall in premiums on debt issuance as the bond sale to fund the Town's 2013 capital program did not close until January 2014. This was partially offset by a surplus of approximately \$99,000 in refunds of prior year appropriations due to an increase in reimbursements from the New York State Workers' Compensation special disability fund, and a surplus of approximately \$46,000 in special assessments for sidewalk repairs.



**TOWN OF HEMPSTEAD**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2013

**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS** (continued)

Governmental Funds (continued)

**Highway Fund** (continued)

- The \$166,012 surplus in Federal Aid resulted from FEMA reimbursements for salaries, related employee benefits, equipment usage, and other storm clean-up costs related to "Superstorm Sandy."
- Transportation savings of \$1,339,488 resulted primarily from lower than normal snow removal costs due to a mild winter.
- The \$2,000,000 shortfall in transfers in was caused by a delay in requisitioning funds from the Town's 2013 New York State Transportation Assistance grant, resulting in receipt of the funds in fiscal 2014.

**Parks Fund**

At the end of the current year, the total fund balance of the Parks Fund was \$21,905,103, increasing \$1,001,260, or 4.8%, from the prior year. Of this amount, \$1,736,793 is not in spendable form (inventory and prepaid items). The remaining \$20,168,310 of the fund balance is in spendable form as follows \$6,153,692 has been assigned by the Town Board for the subsequent year's budget, \$94,130 has been assigned for purchase orders by the Town Comptroller and the remaining \$13,920,488 is assigned for park fund purposes.

The key elements of the fund balance increase of \$1,001,260 are as follows:

- There was an originally planned decrease of \$1,856,009 to hold the line on property taxes in 2013.
- The surplus in real property tax items of \$311,975 was due to an increase in payments in lieu of taxes.
- The \$172,618 shortfall in departmental income resulted primarily from lost revenue from special recreation charges due to lingering effects of "Superstorm Sandy" in late October of 2012.
- The \$70,034 deficit in use of money and property resulted from a lower than expected return on investments due to continued low interest rates and surplus capital available for investment, but was more than offset by a surplus of \$76,137 in miscellaneous revenue due primarily to an increase in reimbursements from the New York State Workers' Compensation special disability fund.
- The \$336,363 surplus in Federal Aid resulted from FEMA reimbursements for salaries, related employee benefits, equipment usage, and other storm clean-up related to "Superstorm Sandy."
- Savings of \$1,997,031 in culture and recreation and \$295,106 in employee benefits resulted from management's decision not to fill vacant and retired positions and from reductions in expenditures for contractual services.

**Refuse and Garbage Fund**

At the end of the current year, the total fund balance of the Refuse and Garbage Fund was \$56,584,140, decreasing \$6,113,432, or 9.8%, from the prior year. Of this amount, \$19,386,290 is not in spendable form (long-term receivable, inventory and prepaid items). The remaining \$37,197,850 of the fund balance is in spendable form as follows, \$15,937,684 has been assigned by the Town Board for the subsequent year's budget, \$47,685 has been assigned for purchase orders by the Town Comptroller and the remaining \$21,212,481 is assigned for sanitation purposes.

The key elements of the fund balance decrease of \$6,113,432 are as follows:

- There was an originally planned decrease of \$8,419,229 to hold the line on property taxes in 2013 and an additional appropriation of \$548,794 during 2013.
- The surplus in real property tax items of \$719,462 was due to an increase in payments in lieu of taxes.

**TOWN OF HEMPSTEAD**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2013

**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS** (continued)

Governmental Funds (continued)

**Refuse and Garbage Fund** (continued)

- The \$167,403 shortfall in departmental income was a result of slightly lower than anticipated revenue from waste disposal by private carters, but was more than offset by the \$179,098 surplus in intergovernmental charges resulting from greater than anticipated tonnage delivered to the Town by other local governments within the refusal disposal district.
- The \$106,139 shortfall in sale of property and compensation for loss was caused by a decline in amounts of marketable scrap metal and recyclables delivered to the Town.
- The \$1,313,646 surplus in interfund revenues resulted from charges by the Sanitation Department to other Town departments for disposal of debris from "Superstorm Sandy."
- Savings of \$591,692 in home and community services resulted from across the board reductions in expenditures for contractual services.

**Capital Projects Fund**

At the end of the current year, the Capital Projects Fund had a total fund balance deficit of \$35,773,248. The deficit will be eliminated with the issuance of long-term bonds in subsequent periods.

The fund balance decreased in the Capital Projects Fund by \$40,603,575 from the prior year.

- The decrease resulted from differences in timing between project expenditures and encumbrances and the recognition of corresponding permanent financing, as the bond sale to fund the Town's 2013 capital program did not close until January 4, 2014.

Nonmajor Governmental Funds

The net change in fund balances was a decrease of \$1,439,094.

- There was an originally planned net decrease of \$2,938,780 to hold the line on property taxes in 2013 and an additional appropriation of \$2,084,119 during 2013.
- The surplus of \$350,369 in real property tax items among all non-major funds was due to an increase in payments in lieu of taxes.
- The \$991,120 surplus in departmental income in the Part-Town Fund resulted from an increase in the number of building permits issued in the aftermath of "Superstorm Sandy", and the \$235,895 surplus in departmental income in the Water Fund was a result of increased water sales.
- Savings in home and community services of \$430,732 in the Part-Town Fund and \$1,358,123 in the Water Fund resulted from across the board reductions in expenditures for contractual services.
- The \$262,399 surplus in use of money and property in the Water Fund resulted from unanticipated rental income from cell phone antenna leases.
- FEMA reimbursements for salaries, related employee benefits, equipment usage, and other storm clean-up costs related to "Superstorm Sandy" resulted in surpluses in Federal Aid of \$126,797 in the Water Fund.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The differences between the 2013 original budget and the final amended budget are adopted by Town Board resolution throughout the year. During the year there was a \$2,459,256 or 1.6% 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 main components of the increase in appropriations were the \$1,046,587 supplemental appropriation to general government support for salaries and wages and the \$1,119,737 supplemental appropriation to employee benefits for health insurance.

**TOWN OF HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 December 31, 2013

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

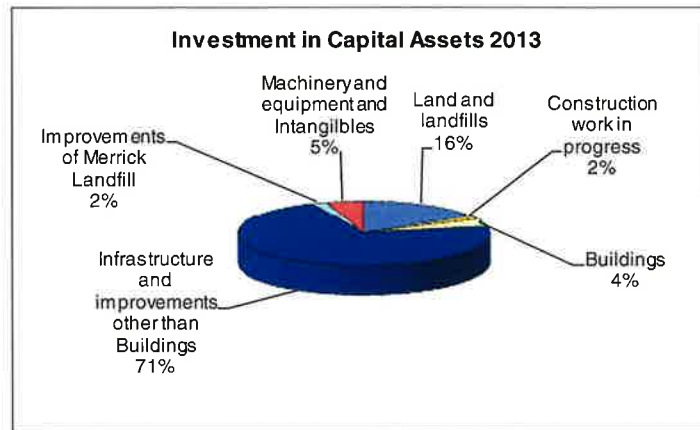
The Town's net investment in capital assets for its governmental type activities as of December 31, 2013, amounts to \$518,429,467. This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

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	
	2013	2012
Land and landfills	\$ 83,688,613	\$ 83,688,613
Construction work in progress	8,905,805	6,578,954
Buildings	20,891,279	18,206,737
Infrastructure and improvements other than building, net	370,882,671	359,377,716
Improvements of Merrick landfill, net	9,719,979	10,260,534
Machinery and equipment and capital leases, net	21,022,530	19,517,543
Intangibles- Software	3,318,590	3,212,672
<b>Total Capital Assets</b>	<b>\$ 518,429,467</b>	<b>\$ 500,842,769</b>



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

**Long-Term Debt**

At the end of the current year, the Town has total long-term bonded debt outstanding of \$281,254,337. The entire debt is backed by the full faith and credit of the Town.

**Outstanding Debt**

	Governmental Activities	
	2013	2012
General obligation bonds	\$ 281,254,337	\$ 317,350,887

**TOWN OF HEMPSTEAD**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2013

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

**Outstanding Debt** (continued)

In 2013 the Town's total debt decreased by \$36,096,550 or 11.4%. The Town did not issue any debt in 2013.

In 2013, Moody's Investors Service, Inc. reaffirmed the Town's credit rating as "Aaa" and Standard and Poor's Corporation lowered the Town's underlying rating from "AAA" to "AA+".

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 \$7,036,331,511. The percentage of debt contracting exhausted at December 31, 2013 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 2014 budget. The Town's statistical data continues to compare favorably to New York State and the United States. The Town's 2013 average unemployment rate of 6.3% compares favorably to New York State's 7.7% and the United States' 7.4%. Household income in the Town also compares favorably to both the state and the nation. More than 45.2% of households in the Town have annual incomes of \$100,000 or more, compared to 26.3% in New York State and 21.6% nationwide. According to the U.S. Census Bureau, mean household income in the Town of Hempstead is \$110,598, as compared to New York State's \$81,441 and the United States' \$71,317. 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 and economies such as reductions in the work force and mid-year budget freezes have mitigated most of the consequences of the recent historic downturn, which included large reductions of non-real property tax revenues. The financial burdens placed on local governments as a result of "Superstorm Sandy" have also been significant. Despite the fiscal impact of Sandy and the other negative financial determinants beyond the Town's control, Hempstead has maintained all of its municipal programs in full force. During difficult times, like many homeowners have experienced in the wake of Superstorm Sandy, local governments have an obligation to extend a helping hand to ease the burden borne by local taxpayers. These factors form the basis of estimating the 2014 budget lines.
- When all these factors are considered, the Town's combined fund balances are expected to decline by approximately 32% by the close of 2014.
- 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 took 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, 2014 did not include an increase in total taxes levied.

**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 POSITION**  
December 31, 2013

	Primary Governmental Activities	Nonmajor Component Units
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and investments	\$ 64,941,278	\$ 8,934,840
Cash - restricted	2,367,039	6,167,781
Receivables	10,482,567	1,027,401
Due from other governments	42,430,505	1,205,238
Prepaid items	12,368,651	294,930
Inventory of material and supplies	11,038,963	
Other assets	518,440	
Total Current Assets	144,147,443	17,630,190
<b>Non-Current Assets:</b>		
Receivables, service concession arrangements	2,066,000	
Non-depreciable capital assets	92,594,418	536,981
Depreciable capital assets, net of depreciation	425,835,049	44,971,221
Total Non-Current Assets	520,495,467	45,508,202
<b>Total Assets</b>	664,642,910	63,138,392
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charges on refunding	98,040	
<b>Total Deferred Outflows of Resources</b>	98,040	-0-
 <b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	26,351,454	854,621
Accrued interest payable	3,607,197	223,080
Due to other governments	1,204,798	
Other liabilities	352,268	10,000
<b>Non-current liabilities due within one year:</b>		
General obligation bonds payable	38,616,395	1,169,947
Due to employees retirement system	1,993,645	2,256
Compensated absences	4,907,454	63,604
Claims and judgments payable	10,700,000	
Estimated liability for landfill closure and postclosure care costs	51,200	
Pollution remediation obligations	2,398,800	
Other debt		8,422
Total Current Liabilities	90,183,211	2,331,930
<b>Non-Current Liabilities due in more than one year:</b>		
General obligation bonds payable	256,691,943	19,006,955
Due to employees retirement system	18,809,188	2,368
Compensated absences	48,608,948	969,046
Claims and judgments payable	17,775,683	
Estimated liability for landfill closure and postclosure care costs	1,067,048	
Pollution remediation obligations	1,331,400	
Other postemployment benefits	301,099,939	4,506,606
Other debt		187,998
Total Non-Current Liabilities	645,384,149	24,672,973
<b>Total Liabilities</b>	735,567,360	27,004,903
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred service concession arrangement receipts	2,774,200	
<b>Total Deferred Inflows of Resources</b>	2,774,200	-0-
 <b>NET POSITION</b>		
Net Investment in capital assets	218,279,888	25,048,278
Restricted for:		
Culture and recreation		18,908
Home and community services and Economic assistance and opportunity	915,910	7,844,370
Permanent fund:		
Nonexpendable	1,337,867	
Unrestricted	(294,134,275)	3,221,933
<b>Total Net Position</b>	\$ (73,600,610)	\$ 36,133,489

**TOWN OF HEMPSTEAD**  
**GOVERNMENT-WIDE FINANCIAL STATEMENT**  
**STATEMENT OF ACTIVITIES**  
Year ended December 31, 2013

Function/Program	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Government Activities:				
General government support	\$ 86,791,904	\$ 2,921,183	\$ 87,058	\$ 19,902
Education	1,969,559			
Public safety	46,113,772	9,461,740	75,900	
Transportation	59,739,867	1,300,654	166,682	2,917,718
Economic assistance and opportunity	16,962,301	9,719	5,156,543	29,451
Culture and recreation	86,662,376	7,445,902	575,543	42,685
Home and community services	160,603,337	35,912,011	7,182,490	2,800,324
Interest on debt	11,415,138			
<b>Total Primary Government</b>	<b>\$ 470,258,254</b>	<b>\$ 57,051,209</b>	<b>\$ 13,244,216</b>	<b>\$ 5,810,080</b>
<b>Nonmajor Component Units</b>				
Culture and recreation	\$ 7,454,296	\$ 71,767	\$ 23,860	
Home and community services	9,058,886	3,327,405	60,013	
<b>Total Component Units</b>	<b>\$ 16,513,182</b>	<b>\$ 3,399,172</b>	<b>\$ 83,873</b>	<b>\$ -0-</b>

**General Revenue**

Real property taxes  
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 Position

**Net Position - Beginning**

**Cumulative effect of change in accounting principle**

**Net Position - Beginning, as restated**

**Net Position - Ending**



Net (Expense) Revenues and  
Changes in Net Position

Primary Government	Nonmajor Component Units
\$ (83,763,761)	
(1,969,559)	
(36,576,132)	
(55,354,813)	
(11,766,588)	
(78,598,246)	
(114,708,512)	
(11,415,138)	
<u>\$ (394,152,749)</u>	

\$ (7,358,669)
(5,671,468)
<u>\$ (13,030,137)</u>

\$ 262,327,072	\$ 12,199,743
6,041,444	308,621
38,040,144	
9,571,211	
2,099,833	585,599
18,107,823	
3,848,885	214,847
1,221,924	68,753
<u>341,258,336</u>	<u>13,377,563</u>
(52,894,413)	347,426
(19,156,151)	35,786,063
(1,550,046)	
<u>(20,706,197)</u>	<u>35,786,063</u>
<u>\$ (73,600,610)</u>	<u>\$ 36,133,489</u>

**TOWN OF HEMPSTEAD**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2013

	MAJOR FUNDS				
	General	Highway	Parks	Refuse and Garbage	Capital Projects
<b>ASSETS</b>					
Cash and investments	\$ 1,300,141	\$ 3,183,072	\$ 19,986,842	\$ 18,474,138	\$ 183,902
Cash - restricted					
Receivables	207,333	814,765	114,552	1,979,010	2,275,244
Due from other funds	5,015,927	14,701,454	548,945	23,262,583	
Due from other governments	18,296,550	1,000,000	717,430	18,915,887	
Inventory of material and supplies	1,139,100	6,807,414	872,620	1,149,936	
Prepaid items	2,281,597	390,071	864,173	1,003,556	
Other assets	223,440	45,000	150,000	55,000	
Total Assets	\$ 28,464,088	\$ 26,941,776	\$ 23,254,562	\$ 64,840,110	\$ 2,459,146
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 3,618,143	\$ 2,828,285	\$ 1,345,774	\$ 8,230,373	\$ 7,683,890
Due to other funds	12,384,753	50,525	3,685	25,597	29,344,067
Due to other governments					1,204,437
Other liabilities					
Total Liabilities	16,002,896	2,878,810	1,349,459	8,255,970	38,232,394
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - sidewalk assessment repair		725,615			
Total Deferred Inflows of Resources		725,615			
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	8,766,435	8,197,485	1,736,793	19,386,290	
Restricted					
Assigned	3,694,757	15,139,866	20,168,310	37,197,850	
Unassigned					(35,773,248)
Total Fund Balances (Deficits)	12,461,192	23,337,351	21,905,103	56,584,140	(35,773,248)
Total Liabilities and Fund Balances	\$ 28,464,088	\$ 26,941,776	\$ 23,254,562	\$ 64,840,110	\$ 2,459,146

See notes to financial statements

Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 352,268	\$ 21,460,915	\$ 64,941,278
	2,367,039	2,367,039
	4,383,463	9,774,367
	830,761	44,359,670
	3,500,638	42,430,505
	1,069,893	11,038,963
	475,483	5,014,880
	45,000	518,440
<u>\$ 352,268</u>	<u>\$ 34,133,192</u>	<u>\$ 180,445,142</u>
	\$ 2,644,989	\$ 26,351,454
	2,551,043	44,359,670
	361	1,204,798
<u>\$ 352,268</u>		<u>352,268</u>
<u>352,268</u>	<u>5,196,393</u>	<u>72,268,190</u>
		<u>725,615</u>
		<u>725,615</u>
	4,696,934	42,783,937
	915,910	915,910
	23,323,955	99,524,738
		<u>(35,773,248)</u>
<u>-0-</u>	<u>28,936,799</u>	<u>107,451,337</u>
<u>\$ 352,268</u>	<u>\$ 34,133,192</u>	<u>\$ 180,445,142</u>

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**TOWN OF HEMPSTEAD**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
December 31, 2013

**Total Fund Balances - Governmental Funds** \$ 107,451,337

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets less accumulated depreciation are included in the Statement of Net Position:

Capital assets - non-depreciable	\$ 92,594,418	
Capital assets - depreciable	856,706,071	
Accumulated depreciation	<u>(430,871,022)</u>	518,429,467

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds 725,615

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 Position.

General obligation bonds	(281,254,337)	
Due to Employees Retirement System	(20,802,833)	
Compensated absences	(53,516,402)	
Claims and judgments	(28,475,683)	
Estimated liability for landfill closure and postclosure costs	(1,118,248)	
Pollution remediation obligations	(3,730,200)	
Other postemployment benefits	<u>(301,099,939)</u>	(689,997,642)

Prepaid items included in the Statement of Net Position 7,353,771

Receivables, service concession arrangements are not available to pay for current period expenditures and therefore, are not reported in the funds.	2,774,200	
Deferred Inflows, service concession arrangements not reported in the funds.	<u>(2,774,200)</u>	-0-

Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Deferred charges on advanced refundings included in the Statement of Net Position		98,040
Premiums on debt issuance included in the Statement of Net Position		(14,054,001)

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 Position.		<u>(3,607,197)</u>
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**Net Position of Governmental Activities** **\$ (73,600,610)**

**TOWN OF HEMPSTEAD**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
Year Ended December 31, 2013

	MAJOR FUNDS				
	General	Highway	Parks	Refuse and Garbage	Capital Projects
<b>REVENUES</b>					
Real property taxes	\$ 23,268,238	\$ 63,947,334	\$ 53,912,872	\$ 85,322,600	
Real property tax items	1,708,082	836,375	741,066	1,904,610	
Non-property tax items	38,040,144				
Departmental income	5,456,121		2,687,482	9,869,097	
Intergovernmental charges	52,118	3,000	859,550	3,329,098	
Use of money and property	488,410	106,746	328,203	3,957,287	
Licenses and permits	1,332,583			41,716	
Fines and forfeitures	31,035		3,200		
Sale of property and compensation for loss	259,658	135,468	33,020	593,861	\$ 6,278,542
Miscellaneous revenue	231,864	579,752	281,137	748,121	
Interfund revenues	53,042,400		27,162,608	1,313,646	
State aid	21,673,729	150,670	239,180		2,921,282
Federal aid	697,042	166,012	336,363	19,330	718,804
Total Revenues	<u>146,281,424</u>	<u>65,925,357</u>	<u>86,584,681</u>	<u>107,099,366</u>	<u>9,918,628</u>
<b>EXPENDITURES</b>					
Current:					
General government support	79,043,122				
Education	1,969,559				
Public safety	14,326,423				
Transportation	1,432,883	31,750,329			
Economic assistance and opportunity	5,472,795				
Culture and recreation	122,906		60,336,907		
Home and community services	11,683,957			86,915,797	
Employee benefits	36,231,172	10,862,340	21,000,755	21,215,166	
Capital Outlay					51,122,203
Debt Service:					
Principal					
Interest					
Total Expenditures	<u>150,282,817</u>	<u>42,612,669</u>	<u>81,337,662</u>	<u>108,130,963</u>	<u>51,122,203</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(4,001,393)</u>	<u>23,312,688</u>	<u>5,247,019</u>	<u>(1,031,597)</u>	<u>(41,203,575)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	3,108				600,000
Transfers out	(6,013,945)	(25,874,764)	(4,245,759)	(5,081,835)	
Total Other Financing Sources (Uses)	<u>(6,010,837)</u>	<u>(25,874,764)</u>	<u>(4,245,759)</u>	<u>(5,081,835)</u>	<u>600,000</u>
<b>Net Change in Fund Balances</b>	(10,012,230)	(2,562,076)	1,001,260	(6,113,432)	(40,603,575)
<b>Fund Balance at Beginning of Year</b>	<u>22,473,422</u>	<u>25,899,427</u>	<u>20,903,843</u>	<u>62,697,572</u>	<u>4,830,327</u>
Fund Balance (Deficit) at End of Year	<u>\$ 12,461,192</u>	<u>\$ 23,337,351</u>	<u>\$ 21,905,103</u>	<u>\$ 56,584,140</u>	<u>\$ (35,773,248)</u>

See notes to financial statements

Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
	\$ 35,876,028	\$ 262,327,072
	851,311	6,041,444
	9,571,211	47,611,355
	18,176,719	36,189,419
	230,950	4,474,716
	1,153,275	6,033,921
		1,374,299
	1,114,633	1,148,868
	60,820	7,361,369
	724,615	2,565,489
	1,842,649	83,361,303
	169,900	25,154,761
	<u>13,918,692</u>	<u>15,856,243</u>
	<u>83,690,803</u>	<u>499,500,259</u>
		79,445,097
	401,975	1,969,559
	17,863,316	32,189,739
	12,739,943	45,923,155
	5,205,151	10,677,946
	1,270,167	61,729,980
	29,355,887	127,955,641
	10,593,317	99,902,750
		51,122,203
\$ 36,096,550		36,096,550
<u>12,216,786</u>		<u>12,216,786</u>
<u>48,313,336</u>	<u>77,429,756</u>	<u>559,229,406</u>
<u>(48,313,336)</u>	<u>6,261,047</u>	<u>(59,729,147)</u>
48,313,336		48,916,444
	<u>(7,700,141)</u>	<u>(48,916,444)</u>
<u>48,313,336</u>	<u>(7,700,141)</u>	<u>-0-</u>
-0-	(1,439,094)	(59,729,147)
-0-	30,375,893	167,180,484
<u>\$ -0-</u>	<u>\$ 28,936,799</u>	<u>\$ 107,451,337</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, 2013

**Net Change in Fund Balances - Total Governmental Funds** **\$ (59,729,147)**

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	48,821,911
Depreciation expense	(31,235,213)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds:

Prepaid charges	1,683,601
Deferred charges	(49,019)

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

Deferred revenue	(228,217)
Unearned revenue	1,453,102

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 position.

Repayment of debt principal	36,096,550
Due to Employees Retirement System	(6,725,253)
Compensated absences	(389,734)
Claims and judgments	(1,455,612)
Estimated liability for landfill closure and postclosure care costs	108,518
Pollution remediation obligations	546,926
Other postemployment benefits	(42,643,493)
Accrued interest payable	<u>850,667</u>

**Change in Net Position of Governmental Activities** **\$ (52,894,413)**



**TOWN OF HEMPSTEAD**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
December 31, 2013

	<u>Total Agency Funds</u>
<b><u>ASSETS</u></b>	
Cash and investments	\$ 113,679,101
Service award program assets	<u>3,315,936</u>
<b>Total Assets</b>	<b><u>\$ 116,995,037</u></b>
<b><u>LIABILITIES</u></b>	
Due to other governments	<u>\$ 116,995,037</u>
<b>Total Liabilities</b>	<b><u>\$ 116,995,037</u></b>

**TOWN OF HEMPSTEAD**  
**INDEX FOR NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013

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**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013

**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 Town'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.

The decision to include a potential component unit in the Town's reporting entity is based on several criteria, including legal standing, dependency and financial accountability. The current guidance also clarifies the status as a major or nonmajor component unit.

Blended Component Units – though legally separate entities, these component units are, in substance, part of the primary government's operations. The blended component unit serves or benefits the primary government almost exclusively. Financial information from these units is combined with that of the primary government. The Town does not report any blended component units.

Discrete Component Units – are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Town. They are financially accountable to the primary government, or have a relationship such that exclusion would cause the Town's financial statements to be misleading or incomplete. These discrete component units serve or benefit those outside of the primary government. See note 1.B for a complete list of the nonmajor discretely presented component units.

Based on the application of the above criteria the following are nonmajor discretely presented component units of the Town providing library services, potable water, and a sanitary sewer and waste water treatment system to residents and businesses within the districts. These nonmajor component units are presented discretely in a separate column in the combined financial statements to emphasize that they are legally separate from the Town.

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**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013

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

**A. REPORTING ENTITY** (continued)

The Lakeview Public Library District, Roosevelt Public Library District, and Uniondale Public Library District (the Library Districts) are chartered public library districts established by the New York State Board of Regents pursuant to Article 5 of the New York State Education Law. The Library Districts were established to serve the public interest by providing library services to the residents within their respective boundaries. Each district is governed by an independently elected board of trustees. Expenses are paid primarily through local property taxes. The Library Districts cannot issue bonded debt without the approval and the backing of the full faith and credit of the Town of Hempstead. The Town issues indebtedness on behalf of the Library Districts which are responsible for the payment of annual debt service on the obligations. Budgets and tax rates are adopted by each Library Board of Trustees and approved by the Town. Tax levies of the Library Districts are collected by the Town Receiver of Taxes. As a result of this fiscal dependency and potential for financial burden the Town is financially accountable for the Library Districts. Accordingly, these library districts are included in the Town's reporting entity.

The Cathedral Gardens Water District, Franklin Square Water District, and West Hempstead–Hempstead Gardens Water District (the Water Districts) are special improvement districts established pursuant to Chapter 516 of the Laws of New York, 1928. The Water Districts were established to serve the public interest by providing potable water for residents and commercial establishments within their respective boundaries. Each district is governed by an independently elected board of commissioners. Expenses are paid primarily through local property taxes and charges for water, generally based on the gallons used as measured by water meters. The Water Districts cannot issue bonded debt without the approval and the backing of the full faith and credit of the Town of Hempstead. The Town issues indebtedness on behalf of the Water Districts which are responsible for the payment of annual debt service on the obligations. Budgets and tax rates are adopted by each Board of Commissioners and approved by the Town. Tax levies of the Water Districts are collected by the Town Receiver of Taxes. As a result of this fiscal dependency and potential for financial burden the Town is financially accountable for the Water Districts. Accordingly, these water districts are included in the Town's reporting entity.

The Greater Atlantic Beach Water Reclamation District (the District) is a special improvement district established pursuant to Chapter 516 of the Laws of New York, 1928. It was established to serve the public interest by providing a sanitary sewer and waste water treatment system for residents and commercial establishments within its boundaries. District expenses are paid primarily through local property taxes. The District is governed by an independently elected board of commissioners. It cannot issue bonded debt without the approval and the backing of the full faith and credit of the Town of Hempstead. The Town issues indebtedness on behalf of the District which is responsible for the payment of annual debt service on the obligations. Budgets and assessment rolls are adopted by the Board of Commissioners and approved by the Town. Tax levies of the Greater Atlantic Beach Water Reclamation District are collected by the Town Receiver of Taxes. As a result of this fiscal dependency and potential for financial burden the Town is financially accountable for the District. Accordingly, the Greater Atlantic Beach Water Reclamation District is included in the Town's reporting entity.

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 FINANCIAL 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 position 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 nonmajor component units. All fiduciary activities are reported in the fund financial statements.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013

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

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS** (continued)

**Government-wide Financial Statements** (continued)

The effect of interfund activity has been eliminated from the government-wide financial statements, except for interfund services provided and used.

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 and report 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 repairs and improvement of highways and bridges, purchase and repair of highway machinery and equipment, and expenditures from snow removal and other miscellaneous highway purposes. The major source of revenue is real property taxes.

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:

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2013

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

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)**

**Fund Financial Statements (continued)**

Park Districts – a special revenue fund is used to account for parks and recreation in the Town. Park Districts are as follows:

Atlantic Beach Estates	Levittown
East Atlantic Beach	Lido Beach
Franklin Square	Point Lookout
Joint Hempstead – Oyster Bay Park	Town of Hempstead

Refuse and Garbage Districts – special revenue fund is used to account for garbage collection and solid waste disposal in the Town. Refuse and Garbage Districts are as follows:

Town of Hempstead	Merrick-North Merrick
Lido Beach – Point Lookout	

Capital Projects Fund – is used to account for 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

**TOWN OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013

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

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS** (continued)

**Fund Financial Statements** (continued)

Library Funding Districts as follows:

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

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

Permanent Fund – is used to account for 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, custodial or agent capacity.

The Town's fiduciary fund (Agency Fund) is presented in the fund financial statements. Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

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 Nonmajor 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 nonmajor 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, 2013

**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 healthcare costs are recorded when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources.

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 position and the change in net position.

**D. ASSETS, LIABILITIES AND NET POSITION/FUND BALANCE**

**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, 2013

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

**D. ASSETS, LIABILITIES, AND NET POSITION 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. DUE FROM/TO OTHER FUNDS**

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at the year-end are reported as due from/due to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

**4. 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).

Prepaid items in the General and Special Revenue Funds are accounted for under the consumption method.

Certain payments to vendors reflect costs applicable to future accounting periods and are reported 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.

**5. CAPITAL ASSETS**

Capital assets purchased or acquired with an original cost of \$5,000 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/amortization on all assets is calculated 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

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013

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

**D. ASSETS, LIABILITIES AND NET POSITION/FUND BALANCE** (continued)

**5. CAPITAL ASSETS** (continued)

Infrastructure assets, consisting of certain improvements other than buildings, including roads, curbs, sidewalks, drainage systems, street lighting and park structures, 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.

**6. DEFERRED INFLOWS/OUTFLOWS OF RESOURCES**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until that time. The Town reports deferred outflows for deferred charges on refundings that will be recognized in a future period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows from service concession arrangements that will be recognized as revenues in the period that the amounts become available.

**7. LONG-TERM OBLIGATIONS**

In the government-wide financial statements, liabilities for long-term obligations consisting of general obligation bonds, due to employees retirement system, 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 position. Bond premiums and discounts 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. Debt issuance costs are recognized as an outflow of resources in the period incurred.

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.

**8. NET POSITION AND FUND EQUITY CLASSIFICATIONS**

Net Position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources.

In the government-wide financial statements, net position is reported in three categories:

- 1) Net investment in capital assets—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 net investment in capital assets.

**TOWN OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013

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

**D. ASSETS, LIABILITIES AND NET POSITION/FUND BALANCE** (continued)

**8. NET POSITION AND FUND EQUITY CLASSIFICATIONS** (continued)

- 2) Restricted—Consists of net position 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—All other net position that does not meet the definition of “restricted” or “net investment in capital assets”

In the fund financial 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. Not all of the Town’s funds will necessarily have all of the components of fund balance available to that fund.

- 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.

**9. NET POSITION AND FUND BALANCE FLOW ASSUMPTIONS**

When outlays for a particular purpose can be funded from both restricted and unrestricted net position resources it is the Town’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

When both restricted and unrestricted fund balance 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.

**TOWN OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013

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

**D. ASSETS, LIABILITIES AND NET POSITION/FUND BALANCE** (continued)

**10. FUND BALANCE POLICIES**

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 for emergency purposes equal to 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 unrestricted fund balance maintained for emergency purposes, 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. REVENUES 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 and County taxes are due in two installments, 50% on January 1 and 50% on July 1, payable without penalty to February 10 and August 10, respectively. Penalties are imposed thereafter at the rate of 1% per month from January 1<sup>st</sup> and July 1<sup>st</sup> until August 31<sup>st</sup>, after which taxes are payable to the County Treasurer. The Town retains the total amount of Town, Highway and Town Special Districts levies from the 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. Taxes are restored when there is a transfer of ownership from a person entitled to an exemption to a person not entitled to an exemption and may result in a difference between budget and actual on the fund financial statements.

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.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013

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

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

**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.

**G. USE OF ESTIMATES**

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States 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, 2013, the Town adopted:

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34.*

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.* The implementation of this Statement resulted in reporting a restatement of the Town's opening net position (see Note 6) and a change the presentation on the statement of net position and the statement of activities.

**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 20<sup>th</sup>, each department, officer or district submits to the Town Comptroller, a detailed estimate of the budget known as "departmental estimates" for the amount of revenue to be received and expenditures to be made for the ensuing year.
- b) On or before September 30<sup>th</sup>, the Budget Officer, who is the Supervisor, files with the Town Clerk a tentative budget for the ensuing year.
- c) On or before October 5<sup>th</sup>, the Town Board reviews the tentative budget and files with the Town Clerk a preliminary budget.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013

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

**A. BUDGETARY INFORMATION (continued)**

- d) The Town Board conducts a public hearing on the preliminary budget before the end of October. On or before November 20<sup>th</sup>, the Town Board meets to adopt the budget now known as the “adopted budget”.
- e) Formal budgetary integration is employed during the year as a management control device for the General and certain Special Revenue Funds. The Town Board adopts the budget and establishes legal level of control of the budget at the object level of expenditures. The object level identifies expenditures by the article purchased or service obtained in order to carry out a function. Appropriations are adopted at the object level. All budgetary amendments and transfers of appropriation require Town Board approval. Appropriations for all governmental funds except the Capital Projects Fund lapse at year end.
- In order to show the full legal level of budgetary compliance for the General and certain Special Revenue Funds, detailed individual statements of revenues, expenditures and changes in fund balances – budget and actual, are presented in a separate budget report.
- f) Budgets for the General and certain Special Revenue Funds are legally adopted for each year. The budgets are adopted on a basis of accounting consistent with GAAP, 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.

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); subject to certain limited exceptions and adjustments, however local governments can exceed the tax levy limit by a 60% vote of the governing body and annually adopting a local law.

**B. FUND EQUITY**

**1. FUND BALANCE**

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	Other Governmental Funds	Total
<b>Fund Balances:</b>							
<b>Nonspendable:</b>							
Long-term receivables	\$ 5,345,738	\$ 1,000,000		\$ 17,232,798		\$ 1,813,691	\$ 25,392,227
Inventory	1,139,100	6,807,414	\$ 872,620	1,149,936		1,069,893	11,038,963
Prepaid items	2,281,597	390,071	864,173	1,003,556		475,483	5,014,880
Permanent fund principal						1,337,867	1,337,867
<b>Total Nonspendable</b>	<b>8,766,435</b>	<b>8,197,485</b>	<b>1,736,793</b>	<b>19,386,290</b>		<b>4,696,934</b>	<b>42,783,937</b>
<b>Restricted for:</b>							
Grantors and donor restrictions						915,910	915,910
<b>Total Restricted</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>\$ -0-</b>	<b>915,910</b>	<b>915,910</b>
<b>Assigned to:</b>							
Subsequent year's budget	3,394,715	6,489,713	6,153,692	15,937,684		3,296,304	35,272,108
Purchases on order or contractual obligations	300,042	96,004	94,130	47,685		112,414	650,275
Special revenue funds		8,554,149	13,920,488	21,212,481		19,915,237	63,602,355
<b>Total Assigned</b>	<b>3,694,757</b>	<b>15,139,866</b>	<b>20,168,310</b>	<b>37,197,850</b>		<b>23,323,955</b>	<b>99,524,738</b>
<b>Unassigned, reported in Capital Projects</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>(35,773,248)</b>	<b>-0-</b>	<b>(35,773,248)</b>
<b>Total Fund Balances</b>	<b>\$ 12,461,192</b>	<b>\$ 23,337,351</b>	<b>\$ 21,905,103</b>	<b>\$ 56,584,140</b>	<b>\$ (35,773,248)</b>	<b>\$ 28,936,799</b>	<b>\$ 107,451,337</b>

**TOWN OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013

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

**B. FUND EQUITY**

**2. DEFICIT FUND EQUITY**

While the nonmajor funds Fire Districts, Library Districts and Water Districts all show positive assigned fund balances they contain districts with unassigned deficits. These districts are the North West Malverne Fire Protection District, the Bay Park Library Funding District, the South Lynbrook/Hewlett Library Funding District and the Levittown Water District and have unassigned fund balance deficits of \$16,373, \$14,426, \$53,959 and \$10,326, respectively. The deficits are expected to be eliminated in subsequent years through adjustments in appropriations.

The Capital Projects Fund deficit, in unassigned fund balance and total fund balance of \$35,773,248, at December 31, 2013, resulted from differences in timing between project expenditures and encumbrances and the recognition of corresponding permanent financing sources. This deficit was eliminated in the subsequent year with the issuance of long-term bonds.

**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, the Town will not be able 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.

Deposits are required 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, 2013 the Town's deposits were \$180,971,568. This amount is inclusive of fiduciary fund deposits of \$113,679,101 and restricted cash of \$2,367,039 but exclusive of petty cash of \$15,850. The bank balance was \$190,846,291. Of the bank balance, \$4,596,079 was covered by federal deposit insurance, and \$344,339,669 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, 2013, the Town did not have any investments subject to credit risk, interest-rate risk or concentration of credit risk.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013

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

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

At December 31, 2013 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
<b>Primary Government</b>		
<u>Major Funds:</u>		
General Fund	\$ 5,015,927	\$ 12,384,753
Highway	14,701,454	50,525
Parks	548,945	3,685
Refuse & Garbage	23,262,583	25,597
Capital Projects Fund		29,344,067
<u>Nonmajor Funds:</u>		
Town Outside Village	185,258	600,000
Special Grant	465,853	1,450,000
Fire Protection	622	
Street Lighting	169,073	590
Public Parking	856	
Water	9,025	500,453
Library	74	
	\$ 44,359,670	\$ 44,359,670

For cash flow purposes, the General Fund and Water Fund, short-term payables of \$11,600,000 and \$500,000, respectively, were repaid in January 2014 after receipt of their respective funds property tax levy. The General Fund is awaiting funds from Nassau County resulting from pending litigation, see note 4.B. The Capital Projects Fund short-term payable to the General Fund of \$4,983,700 is for engineering services incurred and provided by the Department of Engineering for the annual Highway Improvement Capital Project. The Capital Projects Fund's short-term payable of \$24,300,000 was repaid in January 2014 upon the receipt of bond proceeds from a bond sale occurring in December 2013 but closed on January 4, 2014. The Special Grant Fund's short-term payable shall be repaid upon the collection grant receivables.

At December 31, 2013 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
<b>Primary Government</b>		
<u>Major Funds:</u>		
General Fund	\$ 3,108	\$ 6,013,945
Highway		25,874,764
Parks		4,245,759
Refuse & Garbage		5,081,835
Capital Projects Fund	600,000	
Debt Service	48,313,336	
<u>Nonmajor Funds:</u>		
Town Outside Village		153,790
Special Grant		
Fire Protection		533,522
Street Lighting		1,480,074
Public Parking		1,764,627
Water		3,765,020
Permanent		3,108
	\$ 48,916,444	\$ 48,916,444



**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013

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

**C. CAPITAL ASSETS**

Capital asset activities for the year ended December 31, 2013 are as follows:

	Balance 1/1/2013	Additions	Deletions	Balance 12/31/2013
<b>Primary government</b>				
Capital assts not being depreciated				
Land - other than landfills	\$ 53,019,828			\$ 53,019,828
Landfills	30,668,785			30,668,785
Construction work in progress	6,578,954	\$ 2,326,851		8,905,805
Total capital assets not being depreciated	<u>90,267,567</u>	<u>2,326,851</u>	<u>\$ -0-</u>	<u>92,594,418</u>
Depreciable capital assets				
Infrastructure and improvements other than buildings	727,813,665	33,103,198	54,754,906	706,161,957
Buildings	97,169,641	4,460,768	75,964,504	25,665,905
Improvement to park portion of Merrick landfill	15,741,484			15,741,484
Machinery and equipment	98,415,149	7,744,947	1,872,068	104,288,028
Intangibles - Software	3,662,550	1,186,147		4,848,697
Total depreciable capital assets	<u>942,802,489</u>	<u>46,495,060</u>	<u>132,591,478</u>	<u>856,706,071</u>
Less accumulated depreciation				
Infrastructure and improvements other than buildings	368,435,949	21,598,243	54,754,906	335,279,286
Buildings	78,962,904	1,776,226	75,964,504	4,774,626
Improvements to park portion of Merrick landfill	5,480,950	540,555		6,021,505
Machinery and equipment	78,897,606	6,239,960	1,872,068	83,265,498
Intangibles - Software	449,878	1,080,229		1,530,107
Total accumulated depreciation	<u>\$ 532,227,287</u>	<u>\$ 31,235,213</u>	<u>\$ 132,591,478</u>	<u>430,871,022</u>
Total net depreciable capital assets				<u>425,835,049</u>
Total net capital assets				<u>\$ 518,429,467</u>

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

General government support	\$ 3,284,481
Public safety	643,108
Transportation	17,073,505
Economic assistance and opportunity	45,321
Culture and recreation	4,586,944
Home and community services	5,601,854
Total governmental activities depreciation expense	<u>\$ 31,235,213</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, 2013, the Town has not recorded any such impairment losses.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013

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

**C. CAPITAL ASSETS (continued)**

	Balance 1/1/2013	Additions	Deletions	Balance 12/31/2013
<b>Discretely Presented Nonmajor Component Units</b>				
Capital assets not being depreciated				
Land	\$ 263,098			\$ 263,098
Construction in progress	14,271,394	\$ 886,986	\$ 14,884,497	273,883
Total capital assets not being depreciated	14,534,492	886,986	14,884,497	536,981
Depreciable capital assets				
Buildings	29,996,614	12,271,750	1,085	42,267,279
Improvements other than buildings	23,480	5,230		28,710
Machinery and equipment	7,838,410	12,122		7,850,532
Software	11,305,645	1,687,205	46,103	12,946,747
Infrastructure	3,992,566	2,457,748	14,996	6,435,318
Total depreciable capital assets	53,156,715	16,434,055	62,184	69,528,586
Less total accumulated depreciation	\$ 22,771,407	\$ 1,846,747	\$ 60,789	24,557,365
Total net depreciable capital assets				44,971,221
Total net capital assets				\$ 45,508,202

**D. INDEBTEDNESS**

**CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended December 31, 2013 is as follows:

	Beginning Balance 1/1/2013	New Issues/ Additions	Maturities/ Reductions	Ending Balance 12/31/2013	Non-current liabilities due within one year	Non-current liabilities
<b>Primary Government:</b>						
Bonds Payable						
General obligation bonds	\$ 317,350,887		\$ 36,096,550	\$ 281,254,337	\$ 37,163,293	\$ 244,091,044
Plus premiums on issuance	15,507,103		1,453,102	14,054,001	1,453,102	12,600,899
Total Bonds Payable	332,857,990		37,549,652	295,308,338	38,616,395	256,691,943
Employees retirement system	14,077,580	\$ 8,000,000	1,274,747	20,802,833	1,993,645	18,809,188
Compensated absences	53,126,668	33,279,654	32,889,920	53,516,402	4,907,454	48,608,948
Claims and judgments	27,020,071	12,923,246	11,467,634	28,475,683	10,700,000	17,775,683
Estimated liability for landfill closure and postclosure care costs	1,226,766		108,518	1,118,248	51,200	1,067,048
Pollution remediation	4,277,126	409,549	956,475	3,730,200	2,398,800	1,331,400
Other postemployment benefits	258,456,446	58,406,558	15,763,065	301,099,939		301,099,939
Total non-current liabilities	\$ 691,042,647	\$ 113,019,007	\$ 100,010,011	\$ 704,051,643	\$ 58,667,494	\$ 645,384,149
<b>Nonmajor Component Units:</b>						
General obligation bonds	\$ 21,287,591		\$ 1,110,689	\$ 20,176,902	\$ 1,169,947	\$ 19,006,955
Compensated absences	952,145	\$ 210,838	130,333	1,032,650	42,549	990,101
Other postemployment benefits	3,765,396	1,079,570	338,360	4,506,606		4,506,606
Total non-current liabilities	\$ 26,005,132	\$ 1,290,408	\$ 1,579,382	\$ 25,716,158	\$ 1,212,496	\$ 24,503,662

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. Long-term liabilities for compensated absences, postemployment health care benefits and due to Employees' Retirement System are liquidated through future budgetary appropriation in the following funds: General, Highway, Parks, Refuse and Garbage, Town Outside Village, Public Parking, Water and Special Grant, depending upon which fund gave rise to the liability.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013

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

**D. INDEBTEDNESS (continued)**

**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 prior to 2008 to be converted to long-term obligations within five years after the original issue date; BANs issued for capital purposes after 2008 need to be converted to long-term obligations within seven years. 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, 2013, the Town had no BANs outstanding.

**LONG-TERM DEBT**

**General Obligation Bonds** – The Town borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets.

These long-term liabilities are backed by the full faith and credit of the Town, including bonds of the Town Special Districts which are payable for tax revenues of the areas benefited. Interest rates of these bonds vary from 1.49% to 6.32%.

A summary of these bonds are as follows:

	Balance 1/1/2013	Issued	Redeemed	Balance 12/31/2013
<b>Primary government:</b>				
Capital Projects Fund				
General	\$ 47,686,045		\$ 4,230,779	\$ 43,455,266
Part-town	1,306,896		103,945	1,202,951
Highway	161,558,388		19,598,238	141,960,150
Fire Districts	2,361,222		428,655	1,932,567
Lighting District	10,587,950		1,073,396	9,514,554
Parking Districts	12,182,050		1,285,666	10,896,384
Refuse and Garbage Districts	26,305,319		4,139,253	22,166,066
Park Districts	31,277,182		2,970,801	28,306,381
Water District	24,085,835		2,265,817	21,820,018
Total primary government	<u>317,350,887</u>	<u>\$ -0-</u>	<u>36,096,550</u>	<u>281,254,337</u>
<b>Nonmajor Component units:</b>				
Library Districts	\$ 11,195,742		\$ 727,244	\$ 10,468,498
Water Districts	10,091,849		383,445	9,708,404
Total nonmajor component units	<u>21,287,591</u>	<u>-0-</u>	<u>1,110,689</u>	<u>20,176,902</u>
Total general obligation bonds	<u>\$ 338,638,478</u>	<u>\$ -0-</u>	<u>\$ 37,207,239</u>	<u>\$ 301,431,239</u>

Opening amounts have been reclassified within the funds of the primary government with no effect on the total balance at January 1, 2013. Changes were made to reflect departmental movement between funds and corrections. There were no bond issuances in 2013.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013

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

**D. INDEBTEDNESS (continued)**

Future principal and interest payments to maturity are as follows:

**Primary Government:**

		Principal	Interest	Total Principal and Interest
Years Ending December 31,	2014	\$ 37,176,293	\$ 10,846,193	\$ 48,022,486
	2015	38,078,938	9,300,288	47,379,226
	2016	30,782,198	7,778,341	38,560,539
	2017	31,652,445	6,438,522	38,090,967
	2018	32,378,725	5,108,588	37,487,313
	2019-2023	84,185,573	12,301,502	96,487,075
	2024-2028	24,254,902	2,381,771	26,636,673
	2029-2033	1,228,779	523,398	1,752,177
	2034-2038	1,516,484	218,486	1,734,970
	Total primary government		<u>\$ 281,254,337</u>	<u>\$ 54,897,089</u>

**Nonmajor Component Units:**

		Principal	Interest	Total Principal and Interest
Years Ending December 31,	2014	\$ 1,169,947	\$ 787,955	\$ 1,957,902
	2015	1,196,062	744,375	1,940,437
	2016	1,237,802	698,751	1,936,553
	2017	1,267,555	651,334	1,918,889
	2018	1,311,275	602,352	1,913,627
	2019-2023	3,489,426	2,531,868	6,021,294
	2024-2028	4,035,098	1,874,860	5,909,958
	2029-2033	3,506,221	1,059,864	4,566,085
	2034-2038	2,963,516	396,832	3,360,348
	Total nonmajor component units		<u>\$ 20,176,902</u>	<u>\$ 9,348,191</u>
Total Principal and Interest		<u>\$ 301,431,239</u>	<u>\$ 64,245,280</u>	<u>\$ 365,676,519</u>

Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the Town to rebate excess arbitrage earnings from bond proceeds to the federal government. There were no excess arbitrage earnings for the year ended December 31, 2013.

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**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013

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

**D. INDEBTEDNESS (continued)**

**Outstanding Bond Issues**

Issue	Average Rate	Original Amount	Outstanding Amount	Final Maturity
General Obligation Serial Bonds-1991, Series B	6.31560%	\$ 8,492,000	\$ 150,000	January 1, 2016
General Obligation Serial Bonds-2004, Series A	3.41190%	51,490,000	21,800,000	February 1, 2018
General Obligation Serial Bonds-2004, Series B	3.98640%	84,764,508	32,515,000	July 15, 2018
General Obligation Serial Bonds-2005, Series B	3.11727%	16,600,000	810,000	November 15, 2018
General Obligation Serial Bonds-2006, Series A	3.76550%	33,914,230	17,225,000	March 1, 2018
General Obligation Serial Bonds-2007, Series A	4.13760%	30,348,650	18,280,000	September 1, 2020
General Obligation Serial Bonds-2008, Series A	3.52974%	33,415,000	23,974,999	August 15, 2021
General Obligation Serial Bonds-2008, Series B	4.52663%	15,427,000	14,000,000	August 15, 2038
General Obligation Serial Bonds-2009, Series A	1.69702%	31,860,000	215,000	December 15, 2013
General Obligation Serial Bonds-2009, Series B	1.69702%	7,350,000	2,807,240	February 1, 2015
General Obligation Serial Bonds-2010, Series A	2.99083%	73,377,025	59,355,000	April 15, 2038
General Obligation Serial Bonds-2010, Series B	1.48920%	14,785,000	7,620,000	April 15, 2015
General Obligation Serial Bonds-2011, Series A	3.02130%	49,840,320	44,385,000	August 1, 2027
General Obligation Serial Bonds-2011, Series B	3.32884%	6,300,000	5,750,000	August 1, 2030
NYS EFC Refunding Bonds - Series A	1.80566%	2,005,000	840,000	February 15, 2015
NYS EFC Refunding Bonds - Series A	2.40364%	1,770,000	1,205,000	January 15, 2017
NYS EFC Refunding Bonds - Series A	2.81598%	920,000	630,000	June 15, 2019
General Obligation Serial Bonds-2012, Series A	1.85637%	49,869,000	49,869,000	August 15, 2037
		<u>\$ 512,527,733</u>	<u>\$ 301,431,239</u>	

**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, 2013 there are no outstanding bonds considered defeased.

**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.

Funding Policy

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System on or after July 27, 1976 who generally contribute 3% of their salary for the first ten years of membership, on or after January 1, 2010, who generally contribute 3% of their salary for the entire length of service, and on or after April 1, 2012, who generally contribute 3% and 6% (based on annual wage) 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.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013

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

**E. RETIREMENT SYSTEM (continued)**

Funding Policy (continued)

Contributions consist of a group term life insurance portion (GTLI) and a regular pension contribution. Contribution rates for the plan year ended March 31, 2013 and 2014 are as follows:

**Contribution rates**

Tier	Plan/ Option	3/31/2013 Rate	3/31/2014 Rate
1	75I/41J	25.4%	28.8%
2	75I/41J	23.2%	26.2%
3	A14/41J	18.6%	21.0%
4	A15/41J	18.6%	21.0%
5	A15/41J	15.1%	16.9%
6	A15/41J2	10.1%	11.4%

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	Amortization Amount	Amortization Payments	Total Payment
2013	\$ 35,833,382	\$ 150,508	\$ (308,464)	\$ (8,000,000)	\$ 1,739,657	\$ 29,415,083
2012	30,430,414	156,446	(261,100)	(8,400,000)	754,920	22,680,680
2011	23,629,499	239,879	(214,878)	(6,200,000)		17,454,500

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 System's 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.

Chapter 57 of the Laws of 2013 of the State of New York was enacted that allows local employers to amortize a portion of their retirement bill for 12 years in accordance with stipulations: The Town has continued with a 10 year amortization.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013

**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 2013 amortization year is \$20,802,833. 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:

	Principal	Interest	Total Principal and Interest
Year Ending December 31, 2014	\$ 1,993,645	\$ 716,202	\$ 2,709,847
2015	2,062,206	647,641	2,709,847
2016	2,133,146	576,701	2,709,847
2017	2,206,553	503,294	2,709,847
2018	2,282,510	427,337	2,709,847
2019-2021	10,124,773	929,894	11,054,667
	\$ 20,802,833	\$ 3,801,069	\$ 24,603,902

**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. The retiree is also eligible for Medicare Part B reimbursement in the amount of \$105 per month, based on the standard 2013 rate. 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.

The number of participants as of December 31, 2013, 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	1,989
Retired Employees and spouses	2,117
Surviving spouses of deceased retirees	230
Total	4,336

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013

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

**F. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS (continued)**

Funding Policy

The Town currently pays for postemployment health care benefits on a pay-as-you-go basis.

Annual Other Postemployment Benefit Cost

For the year ended December 31, 2013, the Town's annual other postemployment benefits cost (expense) was \$55,406,558. Considering the annual expense as well as the payment of current health insurance premiums and Medicare reimbursements, which totaled \$15,763,065 for retirees and their beneficiaries, the result was an increase in the other postemployment benefits liability of \$42,643,493 for the year ended December 31, 2013. For the year ended December 31, 2013 the Town's discretely presented nonmajor component units annual postemployment benefits cost (expenses) were \$1,079,570. Considering health insurance payments totaling \$338,360, the increase in the other postemployment benefits liability for the nonmajor component units for the year ended December 31, 2013 amounted to \$741,210.

Benefit Obligations and Normal Cost

	Medical, Dental and Medicare Part B
Actuarial Accrued Liability (AAL)	
Active employees	\$ 436,714,000
Retired employees	272,603,000
Total Actuarial Accrued Liability (AAL)	709,317,000
Actuarial value of plan assets	-0-
Unfunded actuarial accrued liability (UAAL)	\$ 709,317,000
Funded ratio	0%
Annual covered payroll	\$ 157,481,735
UAAL as a percentage of covered payroll	450.41%

The Town's annual other postemployment benefit cost is calculated based on the annual required contribution of the employer (ARC), which is an amount actuarially determined. 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, 2013 amounted to \$709,317,000. The unfunded actuarial accrued liability for the nonmajor components units for the year ended December 31, 2013 amounted to \$13,149,538.

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**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013

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

**F. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS (continued)**

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

Level Dollar Amortization

Calculation of ARC under the Projected Unit Credit Cost Method

Normal cost	\$	24,352,000
Amortization of unfunded actuarial liability (UAAL) over 30 years		38,088,000
Annual required contribution (ARC)		62,440,000
Interest on net OPEB obligation		10,338,258
Adjustment to ARC		(14,371,700)
Annual OPEB Cost		58,406,558
Less: Contribution made		15,763,065
Increase in net OPEB liability		42,643,493
Net OPEB obligation, beginning of year		258,456,446
Net OPEB obligation, end of year	\$	301,099,939
 Percentage of annual OPEB cost contributed		 27.0%

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
2013	\$ 58,406,558	\$ 15,763,065	27.0%	\$ 301,099,939
2012	51,892,042	16,616,643	32.0%	258,456,446
2011	55,700,106	15,134,210	27.2%	223,181,047

The increase in the December 31, 2013 valuation as compared to the December 31, 2012 valuation is primarily the result of the increase in NYSHIP premiums and claims costs for post-65 retirees in 2014.

The funded status of the plan as of December 31, 2013 is as follows:

	Actuarial Value of Assets (a)	Accrued Liability (AAL) - (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll ((b - a) / c)
Town	\$ -0-	\$ 709,317,000	\$ 709,317,000	0%	\$ 157,481,735	450.41%
Component Units	-0-	13,149,538	13,149,538	0%	4,200,576	313.04%

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.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013

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

**F. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS (continued)**

Actuarial Methods and Assumptions

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

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, 2013 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 6.20% and 6.40% medical inflation rate for pre-65 and post-65 medical benefits, a 5.0% inflation rate for Medicare Part B and dental, and assume that the benefits are not prefunded. The discount rate is required to be set based on the expected earnings of the Town's General Fund. The valuation assumes a 6.20% and 6.40%, healthcare cost trend increase for the year ended 2014, reduced by decrements to a rate of 5.9% and 5.50% after seven years for pre-65 and post-65 medical benefits. For medical benefits, the assumed valuation reaches 5.0% for pre-65 and post-65 medical benefits in 2070 and 2074 and 4.7% in 2078 and 2079, respectively.

A copy of the Town of Hempstead Retiree Medical Program, December 31, 2013 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, 2013 the value of the compensated absences was \$53,516,402 for the primary government. The liability for compensated absences for the nonmajor component units amounted to \$1,032,650.

**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, 2013 is \$3,108. The amount of total net assets restricted as nonexpendable, in the Permanent Fund, for the Greenfield Cemetery at December 31, 2013 is \$1,337,867.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013

**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 \$28,475,683. 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 \$200,000,000 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	
	2013	2012	2013	2012
Unpaid claims and claim adjustment expenditures at the beginning of the year	\$ 24,897,000	\$ 22,977,000	\$ 2,123,071	\$ 2,097,808
Insured claims and claim adjustment Expenditures:				
Provision for the insured events of the current year and increases in provision for insured events of prior years	<u>11,488,536</u>	<u>11,275,779</u>	<u>1,434,710</u>	<u>1,554,332</u>
Total incurred claims and claim adjustment expenditures	<u>11,488,536</u>	<u>11,275,779</u>	<u>1,434,710</u>	<u>1,554,332</u>
Payments				
Claim and claim adjustment expenditures attributable to insured events of the current and prior years.	<u>9,775,536</u>	<u>9,355,779</u>	<u>1,692,098</u>	<u>1,529,069</u>
Total unpaid claims and claim adjustment expenditures at the end of the year.	<u>\$ 26,610,000</u>	<u>\$ 24,897,000</u>	<u>\$ 1,865,683</u>	<u>\$ 2,123,071</u>

**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.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013

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

**B. LITIGATION** (continued)

Garbage Taxes and Local Utilities

There are currently five (5) cases against the Town regarding garbage taxes and local utilities. The Town is vigorously defending 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, 2013, judgments against the Town relating to these claims amounted to \$17,232,798 for which, all final Town required payments have been made, and there is no remaining liability 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 \$17,232,798 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.

On July 24, 2012 Judge Parga sitting in Supreme Court for the County of Nassau issued a series of Short Form Orders which in sum and substance agreed with the Town's arguments herein and ordered the County to refund the utility judgments directly to the utility company plaintiffs and ordered the County to correct the erroneous tax rolls which led to this litigation. New York Telephone Company v. Supervisor of Town of Hempstead, et al. v. County of Nassau, et al., (J. Parga) (Nassau Co. Sup. Ct.) (Index No. 1998-12177).

In March 2014, the Appellate Division decided a collection of related cases including the Judge Parga matters. The Court modified Judge Parga's order and directed the Town to pay Verizon in the first instance. The Court also reaffirmed the applicability and the viability of the County Guarantee and directed Judge Parga to direct the County to reimburse the Town for the sums the Town pays Verizon. The Town has moved for permission to appeal the Appellate Division to the Court of Appeals.

FIT Tuition Charge Back

In 2010, Nassau County (County) commenced a chargeback 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. On January 16, 2013, the Appellate Division, Second Department ruled that the County could charge back for FIT payments made by the County for both two year associate programs as well as four year undergraduate programs and masters programs upon the adoption of the appropriate County resolution. In that same decision, the Appellate Division ruled that the County could not offset the disputed chargebacks against the Town's share of sales tax revenue. The final resolution of this matter is pending as the parties have been granted leave to appeal to the New York State Court of Appeals.

As of December 31, 2013 the FIT tuition chargeback to the Town of Hempstead amounts to \$12,725,969. 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 payments to the Town in amounts equal to the FIT chargebacks of \$3,200,635 for 2010, \$2,076,599 for 2011, and \$2,882,194 for 2012 as nonspendable fund balance.

**TOWN OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013

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

**B. 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, 2013, 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 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. During 2013 the Town reanalyzed the postclosure care, maintenance, and monitoring costs of its landfills and changed the estimated costs, lowering them by \$108,518. Accordingly, as of December 31, 2013 the Town has recorded a liability of \$1,118,248, 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, 2013

**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, 2013 has commitments for capital acquisitions and improvements of \$17,787,531 in the Capital Projects Fund that it is anticipated will be paid for by the issuance of general obligation bonds.

**F. ENCUMBRANCES**

As discussed in Note 1 (F) Encumbrances, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

At December 31, 2013 the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

**Primary Government**

Major Funds:

General Fund	\$ 300,042
Highway Fund	96,004
Parks Funds	94,130
Refuse and Garbage Funds	47,685

Nonmajor Funds:

Town Outside Village	11,664
Street Lighting	63,298
Water	37,452
	<u>\$ 650,275</u>

**G. 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. Other pollution remediation obligations include asbestos abatement and removal. 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.

At December 31, 2013, the Town has estimated pollution remediation obligations amounts at \$3,730,200 of which \$2,398,800 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.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013

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

**H. SERVICE CONCESSION ARRANGEMENTS**

In 2013, the Town entered into an agreement with Mohizif Café and Restaurant, Inc. for the management and maintenance of the restaurant and food service facilities in the Town Hall complex for the next two years. The agreement included options for five one-year extensions. Under the agreement Mohizif Café and Restaurant, Inc. will pay the Town an annual license fee of thirteen thousand, two hundred dollars. The value of these payments is estimated to be \$92,400 over the life of the agreement. The Town reports the restaurant and food service facilities in the Town Hall Complex as a capital asset and adds improvements over the course of the licensing agreement as they are made. At December 31, 2013, the Town reports a receivable and deferred inflow of resources in the government-wide statements in the amount of \$79,200.

In 2009 the Town entered into an agreement with Dover Gourmet Corp. for the management and maintenance of the Malibu Beach Park for the next ten years. Dover Gourmet will pay the Town an annual license fee of \$400,000. If there is an increase in rental fees to be charged to Malibu park cabana patrons, the annual license fee shall be increased by the percentage increase in fees. The value of these payments is estimated to be \$4,000,000 over the life of the agreement. The Town reports the Malibu Beach Park as a capital asset and adds improvements over the course of the licensing agreement as they are made. At December 31, 2013, the Town reports a receivable and deferred inflow of resources in the government-wide statements in the amount of \$2,000,000.

In 1997, the Town entered into an agreement with Double Eagle Golf, Inc. for the management and maintenance of the Lido Golf Club for the next ten years. The agreement included options for two five-year extensions. The Town exercised its option to extend the agreement in 2007, and again in 2012. Under the current extension Double Eagle will pay the Town an annual license fee of \$200,000, with annual increases equal to the change in the Consumer Price Index for the Northeast Region as published by the U.S. Department of Commerce. The value of these payments is estimated to be \$1,000,000 over the life of the current extension. The Town reports Lido Golf Course as a capital asset and adds improvements over the course of the licensing agreement as they are made. At December 31, 2013, the Town reports a receivable and deferred inflow of resources in the government-wide statements in the amount of \$600,000.

In 1994, the Town entered into an agreement with National Rink Management, Corp. for the occupancy and operation of the Newbridge Park Ice Rink for the ten-year period ending September 30, 2004. The agreement included options for two five-year extensions. The Town exercised its option to extend the agreement in 2004, and in 2006 the agreement was amended to modify the term to ten years beginning October 1, 2004 and ending September 30, 2014. Under the amended agreement National Rink Management agreed to pay the Town an annual license fee of \$105,000 in each of the first two years, \$110,000 in the third and subsequent years, with annual increases in years four through ten equal to the change in the Consumer Price Index for the Northeast Region as published by the U.S. Department of Commerce. The value of these payments is estimated to be \$1,170,000 over the life of the current agreement. The Town reports the Newbridge Park Ice Rink as a capital asset and adds improvements over the course of the licensing agreement as they are made. At December 31, 2013, the Town reports a receivable and deferred inflow of resources in the government-wide statements in the amount of \$95,000.

There were no amounts to be restated as there was no impact on opening balances.

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**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013

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

**I. MERRICK FIRE DEPARTMENT SERVICE AWARD PROGRAM (LOSAP)**

The Town sponsors 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. The Plan was amended effective January 1, 2013 to provide credit for years of service after an individual reaches his entitlement date.

Benefits

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

**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 April 2014.



**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013

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

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

**Program Financial Condition**

Assets and Liabilities

Actuarial Present Value of Benefits at December 31, 2013	\$	2,939,080
Assets Available for Benefits		
Annuities	100%	\$ 3,315,936
Total Net Assets Available for Benefits		3,315,936
Total Unfunded Benefits/Surplus		(376,856)
Less: Unfunded Liability/Surplus for Prior Service		(376,856)
Unfunded Normal benefits	\$	-0-

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	\$	2,356,892
Changes during the year:		959,044
Plan Net Assets, end of year	\$	3,315,936

Contributions

Amount of sponsor's required contribution:		\$	149,855
	Minimum		
	Maximum	\$	168,667
			112.8% Funded

Amount of sponsor's actual contribution:	\$	995,178
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Administration Fees

Fees paid to designated program administrator:	\$	2,213
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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 the 1983 Group Annuity Mortality Unisex rates.	
Death (Actives)	None	
Death (Inactive)	None	
Other	None	

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013

**5. CONDENSED FINANCIAL STATEMENTS FOR THE DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS**

The following represents condensed financial statements for the discretely presented nonmajor component units as of and for the year ended December 31, 2013:

**Condensed Statement of Net Position:**

	Assets		Liabilities		Net Position		
	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	\$ 1,199,542	\$ 2,682,280	\$ 153,245	\$ 418,718	\$ 2,211,291	\$ 1,000	\$ 1,097,568
Roosevelt Public Library District	1,917,698	13,917,038	469,392	8,366,686	6,187,694		810,964
Uniondale Public Library District	2,807,604	6,523,404	627,070	2,407,327	4,224,765	17,908	2,053,938
Cathedral Gardens Water District	364,186		13,956				350,230
Franklin Square Water District	3,089,579	6,541,657	336,808	6,859,089	465,618	1,689,470	280,251
West Hempstead - Hempstead Gardens Water District	6,403,568	11,476,502	465,898	2,857,583	11,476,502	4,579,525	(1,499,438)
Greater Atlantic Beach Water Reclamation District	1,848,013	4,367,321	265,561	3,763,570	482,408	1,575,375	128,420
	<u>\$ 17,630,190</u>	<u>\$ 45,508,202</u>	<u>\$ 2,331,930</u>	<u>\$ 24,672,973</u>	<u>\$ 25,048,278</u>	<u>\$ 7,863,278</u>	<u>\$ 3,221,933</u>

**Condensed Statement of Activities:**

	Program			General Revenue		Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Net Expense (Revenue)	Property Taxes	Other	Change	1/1/2013	12/31/2013
Lakeview Public Library District	\$ 1,125,353	\$ 24,568		\$ 1,100,785	\$ 1,280,273	\$ 11,040	\$ 190,528	\$ 3,119,331	\$ 3,309,859
Roosevelt Public Library District	2,921,915	23,202	\$ 23,860	2,874,853	2,865,830	14,185	5,162	6,993,496	6,998,658
Uniondale Public Library District	3,407,028	23,997		3,383,031	4,129,169	197,912	944,050	5,352,561	6,296,611
Cathedral Gardens Water District	66,148			66,148	31,997	3,179	(30,972)	381,202	350,230
Franklin Square Water District	2,973,653	1,548,354		1,425,299	971,135	114,753	(339,411)	2,774,750	2,435,339
West Hempstead - Hempstead Gardens Water District	4,364,536	1,779,051		2,585,485	1,564,868	499,888	(520,729)	15,077,318	14,556,589
Greater Atlantic Beach Water Reclamation District	1,654,549		60,013	1,594,536	1,665,092	28,242	98,798	2,087,405	2,186,203
	<u>\$16,513,182</u>	<u>\$ 3,399,172</u>	<u>\$ 83,873</u>	<u>\$ 13,030,137</u>	<u>\$ 12,508,364</u>	<u>\$ 869,199</u>	<u>\$ 347,426</u>	<u>\$ 35,786,063</u>	<u>\$ 36,133,489</u>

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

- |   |  |
|---|--|
| <ol style="list-style-type: none"> <li>1. Lakeview Public Library District<br/>P.O. Box 177<br/>Franklin Square, NY 11570</li> <li>3. Uniondale Public Library District<br/>400 Uniondale Avenue<br/>Uniondale, NY 11553</li> <li>5. Franklin Square Water District<br/>P.O. Box 177<br/>Franklin Square, NY 11570</li> <li>7. Greater Atlantic Beach Water Reclamation District<br/>2150 Bay Blvd.<br/>Atlantic Beach, NY 11509</li> </ol> | <ol style="list-style-type: none"> <li>2. Roosevelt Public Library District<br/>27 West Fulton Street<br/>Roosevelt, NY 11575</li> <li>4. Cathedral Gardens Water District<br/>150 Westminister Road<br/>West Hempstead, NY 11552</li> <li>6. W. Hempstead - Hempstead Gardens Water District<br/>575 Birch Street<br/>W. Hempstead, NY 11552</li> </ol> |
|---|--|

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013

**6. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE**

During the year ended December 31, 2013, the Town implemented GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*". One of the provisions of this Statement is to recognize debt issuance costs as an outflow of resources/expense in the period incurred, as these costs no longer meet the definition of an asset or deferred outflows of resources, as defined in Statement No. 65 or Concepts Statement No. 4.

The implementation of this Statement required the Town to retroactively recognize costs of debt issuance as outflows of resources, and restate its net position as of January 1, 2013. As a result the Town's January 1, 2013 net position was decreased by \$1,550,046 from a negative \$19,156,151 to a negative \$20,706,197. The difference represents a restatement for unamortized bond issuance costs that were amortized under the prior standards but expensed in the period incurred under the new standards.

**7. SUBSEQUENT EVENTS**

On January 4, 2014, the Town issued the 2014 Series A Serial Bonds in the amount of \$46,254,170, at an interest rate of 2.62%. The issuance was used for general purposes. The premium received for the issuance totaled \$1,276,978, with total Issuance costs incurred of 142,744. These bond will mature in February 2018.

On January 7, 2014 the Town Board adopted a resolution to provide a retirement incentive to employees leaving service between January 10, 2014 and February 28, 2014. Under the terms of the agreement qualified employees who leave employment between these dates receive a one-time payment equal to one percent of their base salary for every year of credited service in the New York State and Local Retirement System up to a maximum of 20 years. Seventy-one (71) employees chose to take the incentive with an incentive payment totaling \$1,414,271.

On January 9, 2014, the Town refunded \$42,050,000 in 2004 Series A and B Serial Bonds to be known as the 2014 Series B Bonds, at an interest rate of .69%. The premium received for the issuance totaled \$4,270,136, with issuance costs incurred of \$138,937. These bonds will mature in February 2018 . The savings attributed to the refunding will be \$3,616,638 over a period of 5 years (2014-2018).

For 2014, the financial effect of the incentive will be budget neutral in that the ten months of salary savings commencing March 1<sup>st</sup>, less the incentive amount, less the payment of employee accumulated sick and vacation time per the collective bargaining agreement, will generate a 2014 Town-wide savings of about \$300,000.

For 2015, the retired salaries per the collective bargaining agreement with respective payroll taxes (FICA/ Medicare/ NYS Commuter Tax) would have otherwise amounted to \$8,130,000 in compensation expense. Although the Town intends to hire some replacement personnel, (estimated 1 for every 2 that retired) the Town will still achieve savings in prospective budgets. New hires will have lower starting salaries compared to the retired personnel. New hires are Tier 6 New York State and Local Retirement System employees that require the Town to contribute about 50% less than the prior Tiers require. Additionally, all new Town employees contribute 15% of the health insurance costs.

**8. NEW PRONOUNCEMENTS**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "*Accounting and Financial Reporting for Pensions*"—an amendment of GASB Statement No. 27. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The requirements of the new statement become effective for fiscal periods beginning after June 15, 2015.

**TOWN OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013

**8. NEW PRONOUNCEMENTS** (continued)

The Governmental Accounting Standards Board (GASB) has issued Statement No. 69 *“Governmental Combinations and Disposals of Governmental Operations”*. The statement establishes accounting and financial reporting standards related to governmental combinations and disposals of governmental operations. As used in this Statement, the term *government combination* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The requirements of this statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 70 *“Accounting and Reporting for Nonexchange Financial Guarantees”*. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 71 *“Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No.68*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement should be applied simultaneously with the provisions of Statement 68.

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

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

**Schedules of Revenues, Expenditures and  
Changes in Fund Balance – Budget and Actual  
Major Governmental Funds and Schedules**

**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, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Real property taxes	\$ 23,517,016	\$ 23,517,016	\$ 23,268,238	\$ (248,778)
Real property tax items	1,375,266	1,375,266	1,708,082	332,816
Non-property tax items	35,700,000	35,700,000	38,040,144	2,340,144
Departmental income	5,715,295	5,715,295	5,456,121	(259,174)
Intergovernmental charges	15,000	15,000	52,118	37,118
Use of money and property	712,000	712,000	488,410	(223,590)
Licenses and permits	961,000	961,000	1,332,583	371,583
Fines and forfeitures	40,000	40,000	31,035	(8,965)
Sale of property and compensation for loss	54,000	54,000	259,658	205,658
Miscellaneous revenue	870,000	870,000	231,864	(638,136)
Interfund revenues	53,042,400	53,042,400	53,042,400	-0-
State aid	18,848,885	18,848,885	21,673,729	2,824,844
Federal aid		75,000	697,042	622,042
Total Revenues	<u>140,850,862</u>	<u>140,925,862</u>	<u>146,281,424</u>	<u>5,355,562</u>
<b>EXPENDITURES</b>				
Current:				
General government support	80,202,384	81,248,971	79,043,122	2,205,849
Education	2,100,000	1,969,560	1,969,559	1
Public safety	14,534,903	14,594,490	14,326,423	268,067
Transportation	1,726,485	1,726,485	1,432,883	293,602
Economic assistance and opportunity	5,778,417	5,776,617	5,472,795	303,822
Culture and recreation	145,000	122,906	122,906	-0-
Home and community services	11,371,517	11,759,196	11,683,957	75,239
Employee benefits	35,326,798	36,446,535	36,231,172	215,363
Total Expenditures	<u>151,185,504</u>	<u>153,644,760</u>	<u>150,282,817</u>	<u>3,361,943</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>(10,334,642)</u>	<u>(12,718,898)</u>	<u>(4,001,393)</u>	<u>8,717,505</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in			3,108	3,108
Transfers out	<u>(6,000,327)</u>	<u>(6,013,945)</u>	<u>(6,013,945)</u>	<u>-0-</u>
Total Other Financing Sources (Uses)	<u>(6,000,327)</u>	<u>(6,013,945)</u>	<u>(6,010,837)</u>	<u>3,108</u>
<b>Net Change in Fund Balances</b>	<u>\$ (16,334,969)</u>	<u>\$ (18,732,843)</u>	<u>(10,012,230)</u>	<u>\$ 8,720,613</u>
<b>Fund Balances at Beginning of Year</b>			<u>22,473,422</u>	
<b>Fund Balances at End of Year</b>			<u>\$ 12,461,192</u>	

\* The net change in fund balances was included in the budget as an appropriation of fund balance.

**TOWN OF HEMPSTEAD**  
**HIGHWAY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Real property taxes	\$ 63,946,886	\$ 63,946,886	\$ 63,947,334	\$ 448
Real property tax items	487,013	487,013	836,375	349,362
Intergovernmental charges			3,000	3,000
Use of money and property	238,500	238,500	106,746	(131,754)
Sale of property and compensation for loss	21,000	21,000	135,468	114,468
Miscellaneous revenue	762,000	762,000	579,752	(182,248)
State aid	150,000	150,000	150,670	670
Federal aid			166,012	166,012
Total Revenues	<u>65,605,399</u>	<u>65,605,399</u>	<u>65,925,357</u>	<u>319,958</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	31,776,776	33,089,777	31,750,329	1,339,448
Employee benefits	10,561,152	10,862,344	10,862,340	4
Total Expenditures	<u>42,337,928</u>	<u>43,952,121</u>	<u>42,612,669</u>	<u>1,339,452</u>
<b>Excess of Revenues Over Expenditures</b>	<u>23,267,471</u>	<u>21,653,278</u>	<u>23,312,688</u>	<u>1,659,410</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,000,000	2,000,000		(2,000,000)
Transfers out	(25,873,598)	(25,903,642)	(25,874,764)	28,878
Total Other Financing Sources (Uses)	<u>(23,873,598)</u>	<u>(23,903,642)</u>	<u>(25,874,764)</u>	<u>(1,971,122)</u>
<b>Net Change in Fund Balances</b>	<u>\$ (606,127)</u>	<u>\$ (2,250,364)</u>	<u>(2,562,076)</u>	<u>\$ (311,712)</u>
<b>Fund Balances at Beginning of Year</b>			<u>25,899,427</u>	
<b>Fund Balances at End of Year</b>			<u>\$ 23,337,351</u>	

\* The net change in fund balances was included in the budget as an appropriation of fund balance.

**TOWN OF HEMPSTEAD**  
**PARK DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Real property taxes	\$ 53,913,583	\$ 53,913,583	\$ 53,912,872	\$ (711)
Real property tax items	429,091	429,091	741,066	311,975
Departmental income	2,860,100	2,860,100	2,687,482	(172,618)
Intergovernmental charges	843,334	843,334	859,550	16,216
Use of money and property	398,237	398,237	328,203	(70,034)
Fines and forfeitures	2,500	2,500	3,200	700
Sale of property and compensation for loss	5,000	5,000	33,020	28,020
Miscellaneous revenue	205,000	205,000	281,137	76,137
Interfund revenues	27,162,608	27,162,608	27,162,608	-0-
State aid	200,000	200,000	239,180	39,180
Federal aid			336,363	336,363
Total Revenues	<u>86,019,453</u>	<u>86,019,453</u>	<u>86,584,681</u>	<u>565,228</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	62,333,984	62,333,938	60,336,907	1,997,031
Employee benefits	21,295,959	21,295,861	21,000,755	295,106
Total Expenditures	<u>83,629,943</u>	<u>83,629,799</u>	<u>81,337,662</u>	<u>2,292,137</u>
<b>Excess of Revenues Over Expenditures</b>	<u>2,389,510</u>	<u>2,389,654</u>	<u>5,247,019</u>	<u>2,857,365</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(4,245,519)	(4,245,763)	(4,245,759)	4
Total Other Financing Sources (Uses)	<u>(4,245,519)</u>	<u>(4,245,763)</u>	<u>(4,245,759)</u>	<u>4</u>
<b>Net Change in Fund Balances</b>	<u>\$ (1,856,009)</u>	<u>\$ (1,856,109)</u>	1,001,260	<u>\$ 2,857,369</u>
<b>Fund Balances at Beginning of Year</b>			<u>20,903,843</u>	
<b>Fund Balances at End of Year</b>			<u>\$ 21,905,103</u>	

\* The net change in fund balances was included in the budget as an appropriation of fund balance.



**TOWN OF HEMPSTEAD**  
**REFUSE AND GARBAGE DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Real property taxes	\$ 85,322,322	\$ 85,322,322	\$ 85,322,600	\$ 278
Real property tax items	1,185,148	1,185,148	1,904,610	719,462
Departmental income	10,036,500	10,036,500	9,869,097	(167,403)
Intergovernmental charges	3,150,000	3,150,000	3,329,098	179,098
Use of money and property	3,919,500	3,919,500	3,957,287	37,787
Licenses & permits	20,000	20,000	41,716	21,716
Sale of property and compensation for loss	700,000	700,000	593,861	(106,139)
Miscellaneous revenue	503,000	503,000	748,121	245,121
Interfund revenues			1,313,646	1,313,646
Federal aid			19,330	19,330
Total Revenues	<u>104,836,470</u>	<u>104,836,470</u>	<u>107,099,366</u>	<u>2,262,896</u>
<b>EXPENDITURES</b>				
Current:				
Home and community services	87,859,414	87,507,489	86,915,797	591,692
Employee benefits	20,314,662	21,215,168	21,215,166	2
Total Expenditures	<u>108,174,076</u>	<u>108,722,657</u>	<u>108,130,963</u>	<u>591,694</u>
<b>Excess of Revenues Over Expenditures</b>	<u>(3,337,606)</u>	<u>(3,886,187)</u>	<u>(1,031,597)</u>	<u>2,854,590</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(5,081,623)	(5,081,836)	(5,081,835)	1
Total Other Financing Sources (Uses)	<u>(5,081,623)</u>	<u>(5,081,836)</u>	<u>(5,081,835)</u>	<u>1</u>
<b>Net Change in Fund Balances</b>	<u>\$ (8,419,229)</u>	<u>\$ (8,968,023)</u>	<u>(6,113,432)</u>	<u>\$ 2,854,591</u>
<b>Fund Balances at Beginning of Year</b>			<u>62,697,572</u>	
<b>Fund Balances at End of Year</b>			<u>\$ 56,584,140</u>	

\* The net change in fund balances was included in the budget as an appropriation of fund balance.

**TOWN OF HEMPSTEAD**  
**SCHEDULE OF FUNDING PROGRESS**  
**TOWN OF HEMPSTEAD RETIREE MEDICAL PROGRAM**  
**POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS**  
December 31, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit Cost Method (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
12/31/2013	\$ -0-	\$ 709,317,000	\$ 709,317,000	0%	\$ 157,481,735	450.41%
12/31/2012	-0-	641,421,000 *	641,421,000	0%	160,936,638	398.55%
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%

\*Roll forward projection

The decrease in the December 31, 2012 valuation as compared to the December 31, 2011 valuation is primarily the result of the slight decrease in NYSHIP premiums and claims costs for post-65 retirees in 2013 and a slight decrease in the inflation trend.

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 the Medicare Part B reimbursements amount of only (15.0%). Claims costs were also significantly lower (12.8%) than expected generating an actual gain.

Additional Postemployment Benefit Healthcare Costs information is shown in Note 3.F to the financial statements.

## **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, 2013

	Special Revenue Funds			
	Town Outside Village	Special Grant	Fire Protection	Street Lighting
<b>ASSETS</b>				
Cash and investments	\$ 1,449,013		\$ 2,818,689	\$ 4,323,492
Cash - restricted		\$ 1,029,172		
Accounts receivable	1,912,721		8,344	17,741
Due from other funds	185,258	465,853	622	169,073
Due from other governments	82,364	1,594,508		
Inventory				551,701
Prepaid items	201,583			
Other assets	25,000			
Total Assets	<u>\$ 3,855,939</u>	<u>\$ 3,089,533</u>	<u>\$ 2,827,655</u>	<u>\$ 5,062,007</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 524,146	\$ 723,623	\$ 131,045	\$ 621,273
Due to other governments				
Due to other funds	600,000	1,450,000		590
Total Liabilities	<u>1,124,146</u>	<u>2,173,623</u>	<u>131,045</u>	<u>621,863</u>
<b>Fund Balances</b>				
Nonspendable	201,583			551,701
Restricted		915,910		
Assigned	2,530,210		2,696,610	3,888,443
Total Fund Balances	<u>2,731,793</u>	<u>915,910</u>	<u>2,696,610</u>	<u>4,440,144</u>
Total Liabilities and Fund Balances	<u>\$ 3,855,939</u>	<u>\$ 3,089,533</u>	<u>\$ 2,827,655</u>	<u>\$ 5,062,007</u>

			<u>Permanent Fund</u>	
<u>Public Parking</u>	<u>Water</u>	<u>Library Funding</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 4,183,321	\$ 8,362,790	\$ 323,610		\$ 21,460,915
2,397	2,441,708	552	\$ 1,337,867	2,367,039
856	9,025	74		4,383,463
	1,823,766			830,761
	518,192			3,500,638
7,905	265,995			1,069,893
	20,000			475,483
				45,000
<u>\$ 4,194,479</u>	<u>\$ 13,441,476</u>	<u>\$ 324,236</u>	<u>\$ 1,337,867</u>	<u>\$ 34,133,192</u>
\$ 68,122	\$ 518,586	\$ 58,194		\$ 2,644,989
	361			361
	500,453			2,551,043
<u>68,122</u>	<u>1,019,400</u>	<u>58,194</u>		<u>5,196,393</u>
7,905	2,597,878		\$ 1,337,867	4,696,934
4,118,452	9,824,198	\$ 266,042		915,910
<u>4,126,357</u>	<u>12,422,076</u>	<u>266,042</u>	<u>1,337,867</u>	<u>23,323,955</u>
<u>4,126,357</u>	<u>12,422,076</u>	<u>266,042</u>	<u>1,337,867</u>	<u>28,936,799</u>
<u>\$ 4,194,479</u>	<u>\$ 13,441,476</u>	<u>\$ 324,236</u>	<u>\$ 1,337,867</u>	<u>\$ 34,133,192</u>

**TOWN OF HEMPSTEAD**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
Year ended December 31, 2013

	Special Revenue Funds			
	Town Outside Village	Special Grant	Fire Protection	Street Lighting
<b>Revenues</b>				
Real property taxes	\$ 3,867,047		\$ 5,956,929	\$ 10,240,965
Real property tax items	90,959		108,206	166,455
Non-property tax items	9,571,211			
Departmental income	8,366,120	\$ 28,350		
Intergovernmental charges				
Use of money and property	2,799	1,360	10,668	15,470
Fines and forfeitures	1,114,433	200		
Sale of property and compensation for loss		3,834		23,121
Miscellaneous revenue	157,584	557,619		
Interfund revenues	13,487			
State aid	169,900			
Federal aid				
		13,791,895		
Total Revenues	<u>23,353,540</u>	<u>14,383,258</u>	<u>6,075,803</u>	<u>10,446,011</u>
<b>Expenditures</b>				
Current:				
General government support	401,975			
Public safety	13,216,413		4,646,903	
Transportation				9,439,898
Economic assistance and opportunity		5,205,151		
Culture and recreation	1,002			
Home and community services	5,389,748	9,542,151		
Employee benefits	5,218,095		1,320,743	
Total Expenditures	<u>24,227,233</u>	<u>14,747,302</u>	<u>5,967,646</u>	<u>9,439,898</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>(873,693)</u>	<u>(364,044)</u>	<u>108,157</u>	<u>1,006,113</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(153,790)		(533,522)	(1,480,074)
Total Other Financing Sources (Uses)	<u>(153,790)</u>		<u>(533,522)</u>	<u>(1,480,074)</u>
<b>Net Change in Fund Balances</b>	(1,027,483)	(364,044)	(425,365)	(473,961)
<b>Fund Balances at Beginning of Year</b>	3,759,276	1,279,954	3,121,975	4,914,105
<b>Fund Balances at End of Year</b>	<u>\$ 2,731,793</u>	<u>\$ 915,910</u>	<u>\$ 2,696,610</u>	<u>\$ 4,440,144</u>

			Permanent Fund	Total Nonmajor Governmental Funds
Public Parking	Water	Library Funding	Permanent Fund	
\$ 3,401,735	\$ 11,077,883	\$ 1,331,469		\$ 35,876,028
63,922	421,217	552		851,311
14,039	9,768,210			9,571,211
	230,950			18,176,719
12,537	1,105,849	1,484	\$ 3,108	230,950
	33,865			1,153,275
	9,412			1,114,633
1,799,012	30,150			60,820
	126,797			724,615
5,291,245	22,804,333	1,333,505	3,108	1,842,649
				169,900
				13,918,692
				83,690,803
3,300,045				401,975
				17,863,316
				12,739,943
				5,205,151
		1,269,165		1,270,167
	14,423,988			29,355,887
226,205	3,828,274			10,593,317
3,526,250	18,252,262	1,269,165		77,429,756
1,764,995	4,552,071	64,340	3,108	6,261,047
(1,764,627)	(3,765,020)		(3,108)	(7,700,141)
(1,764,627)	(3,765,020)		(3,108)	(7,700,141)
368	787,051	64,340	-0-	(1,439,094)
4,125,989	11,635,025	201,702	1,337,867	30,375,893
\$ 4,126,357	\$ 12,422,076	\$ 266,042	\$ 1,337,867	\$ 28,936,799

**TOWN OF HEMPSTEAD**  
**TOWN OUTSIDE VILLAGE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND**  
**ACTUAL**  
**Year ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Real property taxes	\$ 3,867,044	\$ 3,867,044	\$ 3,867,047	\$ 3
Real property tax items	81,382	81,382	90,959	9,577
Non-property tax items	9,500,000	9,500,000	9,571,211	71,211
Departmental income	7,375,000	7,375,000	8,366,120	991,120
Use of money and property	10,400	10,400	2,799	(7,601)
Fines and forfeitures	1,350,000	1,350,000	1,114,433	(235,567)
Miscellaneous revenue	231,100	231,100	157,584	(73,516)
Interfund revenues	-0-	-0-	13,487	13,487
State aid	175,000	175,000	169,900	(5,100)
Total Revenues	<u>22,589,926</u>	<u>22,589,926</u>	<u>23,353,540</u>	<u>763,614</u>
<b>EXPENDITURES</b>				
Current:				
General government support	475,000	401,976	401,975	1
Public safety	13,092,865	13,253,235	13,216,413	36,822
Culture and recreation	4,000	4,000	1,002	2,998
Home and community services	5,820,480	5,820,480	5,389,748	430,732
Employee benefits	4,681,586	5,218,098	5,218,095	3
Total Expenditures	<u>24,073,931</u>	<u>24,697,789</u>	<u>24,227,233</u>	<u>470,556</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,484,005)</u>	<u>(2,107,863)</u>	<u>(873,693)</u>	<u>1,234,170</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(166,771)	(153,791)	(153,790)	1
Total Other Financing Sources (Uses)	<u>(166,771)</u>	<u>(153,791)</u>	<u>(153,790)</u>	<u>1</u>
<b>Net Change in Fund Balances</b>	<u>\$ (1,650,776)</u>	<u>\$ (2,261,654)</u>	<u>(1,027,483)</u>	<u>\$ 1,234,171</u>
<b>Fund Balances at Beginning of Year</b>			<u>3,759,276</u>	
<b>Fund Balances at End of Year</b>			<u>\$ 2,731,793</u>	

\* The net change in fund balances was included in the budget as an appropriation of fund balance.



**TOWN OF HEMPSTEAD**  
**FIRE PROTECTION DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND**  
**ACTUAL**  
**Year ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Real property taxes	\$ 5,957,080	\$ 5,957,080	\$ 5,956,929	\$ (151)
Real property tax items	49,569	49,569	108,206	58,637
Use of money and property	10,470	10,470	10,668	198
Total Revenues	<u>6,017,119</u>	<u>6,017,119</u>	<u>6,075,803</u>	<u>58,684</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	4,784,360	4,690,039	4,646,903	43,136
Employee benefits	645,250	1,403,136	1,320,743	82,393
Total Expenditures	<u>5,429,610</u>	<u>6,093,175</u>	<u>5,967,646</u>	<u>125,529</u>
<b>Excess of Revenues Over Expenditures</b>	<u>587,509</u>	<u>(76,056)</u>	<u>108,157</u>	<u>184,213</u>
<b>Other Financing (Uses)</b>				
Transfers out	(533,522)	(533,522)	(533,522)	-0-
Total Other Financing (Uses)	<u>(533,522)</u>	<u>(533,522)</u>	<u>(533,522)</u>	<u>-0-</u>
<b>Net Change in Fund Balances</b>	<u>\$ 53,987</u>	<u>\$ (609,578)</u>	<u>(425,365)</u>	<u>\$ 184,213</u>
<b>Fund Balances at Beginning of Year</b>			<u>3,121,975</u>	
<b>Fund Balances at End of Year</b>			<u>\$ 2,696,610</u>	

\* The net change in fund balances was included in the budget as an appropriation of fund balance.

**TOWN OF HEMPSTEAD**  
**STREET LIGHTING DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Real property taxes	\$ 10,241,164	\$ 10,241,164	\$ 10,240,965	\$ (199)
Real property tax items	94,015	94,015	166,455	72,440
Use of money and property	15,500	15,500	15,470	(30)
Sale of property and compensation for loss	20,000	20,000	23,121	3,121
Miscellaneous revenue	50,000	50,000		(50,000)
Total Revenues	<u>10,420,679</u>	<u>10,420,679</u>	<u>10,446,011</u>	<u>25,332</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	9,478,499	9,503,762	9,439,898	63,864
Total Expenditures	<u>9,478,499</u>	<u>9,503,762</u>	<u>9,439,898</u>	<u>63,864</u>
<b>Excess of Revenues Over Expenditures</b>				
	<u>942,180</u>	<u>916,917</u>	<u>1,006,113</u>	<u>89,196</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(1,479,978)	(1,480,074)	(1,480,074)	-0-
Total Other Financing Sources (Uses)	<u>(1,479,978)</u>	<u>(1,480,074)</u>	<u>(1,480,074)</u>	<u>-0-</u>
<b>Net Change in Fund Balances</b>	<u>\$ (537,798)</u>	<u>\$ (563,157)</u>	<u>(473,961)</u>	<u>\$ 89,196</u>
<b>Fund Balances at Beginning of Year</b>			<u>4,914,105</u>	
<b>Fund Balances at End of Year</b>			<u>\$ 4,440,144</u>	

\* The net change in fund balances was included in the budget as an appropriation of fund balance.

**TOWN OF HEMPSTEAD**  
**PUBLIC PARKING DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Real property taxes	\$ 3,401,732	\$ 3,401,732	\$ 3,401,735	\$ 3
Real property tax items	11,817	11,817	63,922	52,105
Departmental income	13,800	13,800	14,039	239
Use of money and property	10,575	10,575	12,537	1,962
Miscellaneous revenue	3,500	3,500		(3,500)
Interfund revenues	1,799,012	1,799,012	1,799,012	-0-
Total Revenues	<u>5,240,436</u>	<u>5,240,436</u>	<u>5,291,245</u>	<u>50,809</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	3,598,415	3,534,131	3,300,045	234,086
Employee benefits	162,009	226,207	226,205	2
Total Expenditures	<u>3,760,424</u>	<u>3,760,338</u>	<u>3,526,250</u>	<u>234,088</u>
<b>Excess of Revenues Over Expenditures</b>	<u>1,480,012</u>	<u>1,480,098</u>	<u>1,764,995</u>	<u>284,897</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(1,764,548)	(1,764,634)	(1,764,627)	7
Total Other Financing Sources (Uses)	<u>(1,764,548)</u>	<u>(1,764,634)</u>	<u>(1,764,627)</u>	<u>7</u>
<b>Net Change in Fund Balances</b>	<u>\$ (284,536)</u>	<u>\$ (284,536)</u>	368	<u>\$ 284,904</u>
<b>Fund Balances at Beginning of Year</b>			<u>4,125,989</u>	
<b>Fund Balances at End of Year</b>			<u>\$ 4,126,357</u>	

\* The net change in fund balances was included in the budget as an appropriation of fund balance.

**TOWN OF HEMPSTEAD**  
**WATER DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Real property taxes	\$ 11,077,621	\$ 11,077,621	\$ 11,077,883	\$ 262
Real property tax items	264,159	264,159	421,217	157,058
Departmental income	9,532,315	9,532,315	9,768,210	235,895
Intergovernmental charges	231,425	231,425	230,950	(475)
Use of money and property	843,450	843,450	1,105,849	262,399
Licenses and permits	5,500	5,500		(5,500)
Sale of property and compensation for loss	4,500	4,500	33,865	29,365
Miscellaneous revenue	15,000	15,000	9,412	(5,588)
Interfund revenues	46,650	46,650	30,150	(16,500)
Federal aid			126,797	126,797
Total Revenues	<u>22,020,620</u>	<u>22,020,620</u>	<u>22,804,333</u>	<u>783,713</u>
<b>EXPENDITURES</b>				
Current:				
Home and community services	15,350,335	15,782,111	14,423,988	1,358,123
Employee benefits	3,476,129	3,828,277	3,828,274	3
Total Expenditures	<u>18,826,464</u>	<u>19,610,388</u>	<u>18,252,262</u>	<u>1,358,126</u>
<b>Excess of Revenues Over Expenditures</b>				
	<u>3,194,156</u>	<u>2,410,232</u>	<u>4,552,071</u>	<u>2,141,839</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(3,764,630)	(3,765,023)	(3,765,020)	3
Total Other Financing Sources (Uses)	<u>(3,764,630)</u>	<u>(3,765,023)</u>	<u>(3,765,020)</u>	<u>3</u>
<b>Net Change in Fund Balances</b>				
	<u>\$ (570,474)</u>	<u>\$ (1,354,791)</u>	787,051	<u>\$ 2,141,842</u>
<b>Fund Balances at Beginning of Year</b>			<u>11,635,025</u>	
<b>Fund Balances at End of Year</b>			<u>\$ 12,422,076</u>	

\* The net change in fund balances was included in the budget as an appropriation of fund balance.

**TOWN OF HEMPSTEAD**  
**LIBRARY FUNDING DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Real property taxes	\$ 1,331,465	\$ 1,331,465	\$ 1,331,469	\$ 4
Real property tax items			552	552
Use of money and property	1,020	1,020	1,484	464
Total Revenues	<u>1,332,485</u>	<u>1,332,485</u>	<u>1,333,505</u>	<u>1,020</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	1,281,668	1,281,668	1,269,165	12,503
Total Expenditures	<u>1,281,668</u>	<u>1,281,668</u>	<u>1,269,165</u>	<u>12,503</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>50,817</u>	<u>50,817</u>	<u>64,340</u>	<u>13,523</u>
<b>Net Change in Fund Balances</b>	<u>\$ 50,817</u>	<u>\$ 50,817</u>	<u>64,340</u>	<u>\$ 13,523</u>
<b>Fund Balances at Beginning of Year</b>			<u>201,702</u>	
<b>Fund Balances at End of Year</b>			<u>\$ 266,042</u>	

\* The net change in fund balances was included in the budget as an appropriation of fund balance.

**TOWN OF HEMPSTEAD**  
**STATEMENT OF CHANGES IN AGENCY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
Year ended December 31, 2013

	<b>Balance January 1, 2013</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2013</b>
<b><u>ASSETS</u></b>				
Town Agency				
Cash and investments	\$ 7,854,148	\$ 329,915,758	\$ 333,026,415	\$ 4,743,491
Service Award Program Assets		3,315,936		3,315,936
<b>Total Assets - Town</b>	<u>7,854,148</u>	<u>333,231,694</u>	<u>333,026,415</u>	<u>8,059,427</u>
Town Clerk Agency Fund				
Cash and investments	81,193	1,251,328	1,251,399	81,122
<b>Total Assets - Town Clerk</b>	<u>81,193</u>	<u>1,251,328</u>	<u>1,251,399</u>	<u>81,122</u>
Town Receiver of Taxes Agency Fund				
Cash and investments	98,287,604	5,756,778,481	5,746,211,597	108,854,488
<b>Total Assets - Town Receiver of Taxes</b>	<u>98,287,604</u>	<u>5,756,778,481</u>	<u>5,746,211,597</u>	<u>108,854,488</u>
<b>Total Assets</b>	<u>\$ 106,222,945</u>	<u>\$ 6,091,261,503</u>	<u>\$ 6,080,489,411</u>	<u>\$ 116,995,037</u>
<b><u>LIABILITIES</u></b>				
Town Agency Fund				
Other liabilities	\$ 7,854,148	\$ 333,231,694	\$ 333,026,415	\$ 8,059,427
<b>Total Liabilities - Town</b>	<u>7,854,148</u>	<u>333,231,694</u>	<u>333,026,415</u>	<u>8,059,427</u>
Town Clerk Agency Funds	81,193	1,251,328	1,251,399	81,122
<b>Total Liabilities - Town Clerk</b>	<u>81,193</u>	<u>1,251,328</u>	<u>1,251,399</u>	<u>81,122</u>
Town Receiver of Taxes Agency Funds	98,287,604	5,756,778,481	5,746,211,597	108,854,488
<b>Total Liabilities - Town Receiver</b>	<u>98,287,604</u>	<u>5,756,778,481</u>	<u>5,746,211,597</u>	<u>108,854,488</u>
<b>Total Liabilities</b>	<u>\$ 106,222,945</u>	<u>\$ 6,091,261,503</u>	<u>\$ 6,080,489,411</u>	<u>\$ 116,995,037</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 NONMAJOR COMPONENT UNITS  
COMBINING STATEMENT OF NET POSITION  
December 31, 2013

	Lakeview Public Library District	Roosevelt Public Library District	Uniondale Public Library District
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and investments	\$ 1,163,101	\$ 1,855,045	\$ 2,699,501
Cash and investments, restricted			
Receivables, net of allowance for doubtful accounts			14,690
Due from other governments	138		
Prepaid items	36,303	62,653	93,413
Total Current Assets	<u>1,199,542</u>	<u>1,917,698</u>	<u>2,807,604</u>
<b>Non-current Assets:</b>			
Capital assets, net of depreciation	2,682,280	13,917,038	6,523,404
Total Non-Current Assets	<u>2,682,280</u>	<u>13,917,038</u>	<u>6,523,404</u>
Total Assets	<u>3,881,822</u>	<u>15,834,736</u>	<u>9,331,008</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued liabilities	64,663	76,471	173,805
Accrued interest payable	2,602	120,408	12,701
Other accrued liabilities			
Unearned revenue			
<b>Non-current liabilities due within one year:</b>			
General obligations bonds payable	85,980	249,202	419,618
Unamortized bond premium			
Compensated absences payable		21,055	20,946
Due to employees retirement system		2,256	
Other debt			
<b>Non-current Liabilities due in more than one year:</b>			
General obligation bonds payable	379,833	7,480,142	1,853,723
Compensated absences payable	33,709	84,218	169,370
Other postemployment benefits payable		799,958	358,936
Due to employees retirement system		2,368	
Unamortized bond premium	5,176		25,298
Total Liabilities	<u>571,963</u>	<u>8,836,078</u>	<u>3,034,397</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,211,291	6,187,694	4,224,765
Restricted	1,000		17,908
Unrestricted	1,097,568	810,964	2,053,938
Total Net Position	<u>\$ 3,309,859</u>	<u>\$ 6,998,658</u>	<u>\$ 6,296,611</u>



Cathedral Gardens Water District	Franklin Square Water District	West Hempstead - Hempstead Gardens Water District	Greater Atlantic Beach Water Reclamation District	Totals
\$ 364,186	\$ 991,732	\$ 1,082,006	\$ 779,269	\$ 8,934,840
	1,518,705	4,649,076		6,167,781
	394,098	618,613		1,027,401
	141,844		1,063,256	1,205,238
	43,200	53,873	5,488	294,930
<u>364,186</u>	<u>3,089,579</u>	<u>6,403,568</u>	<u>1,848,013</u>	<u>17,630,190</u>
	6,541,657	11,476,502	4,367,321	45,508,202
	6,541,657	11,476,502	4,367,321	45,508,202
<u>364,186</u>	<u>9,631,236</u>	<u>17,880,070</u>	<u>6,215,334</u>	<u>63,138,392</u>
13,956	78,736	364,745	12,695	785,071
	87,369			223,080
		69,550		69,550
		10,000		10,000
	163,481		251,666	1,169,947
	7,222			7,222
		21,603		63,604
				2,256
			1,200	1,200
	5,888,019		3,405,238	19,006,955
	255,295	384,119	42,335	969,046
	558,251	2,473,464	315,997	4,506,606
				2,368
	157,524			187,998
<u>13,956</u>	<u>7,195,897</u>	<u>3,323,481</u>	<u>4,029,131</u>	<u>27,004,903</u>
	465,618	11,476,502	482,408	25,048,278
	1,689,470	4,579,525	1,575,375	7,863,278
350,230	280,251	(1,499,438)	128,420	3,221,933
<u>\$ 350,230</u>	<u>\$ 2,435,339</u>	<u>\$ 14,556,589</u>	<u>\$ 2,186,203</u>	<u>\$ 36,133,489</u>

**TOWN OF HEMPSTEAD**  
DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS  
COMBINING STATEMENT OF ACTIVITIES  
Year ended December 31, 2013

	<u>Lakeview Public Library District</u>	<u>Roosevelt Public Library District</u>	<u>Uniondale Public Library District</u>
<b>REVENUES</b>			
Program revenues:			
Charges for services	\$ 24,568	\$ 23,202	\$ 23,997
Operating grants and contributions		23,860	
Real property taxes	1,280,273	2,859,940	3,846,050
Other real property tax items		5,890	283,119
Use of money and property - interest and earnings	2,045	8,966	7,462
Sale of property and compensation for loss			
Miscellaneous local sources	1,000		8,769
State aid - unrestricted	7,995	5,219	181,681
Total Revenues	<u>1,315,881</u>	<u>2,927,077</u>	<u>4,351,078</u>
<b>EXPENSES</b>			
Current:			
Culture and recreation	1,125,353	2,921,915	3,407,028
Home and community services			
Total Expenses	<u>1,125,353</u>	<u>2,921,915</u>	<u>3,407,028</u>
<b>Change in Net Position</b>	190,528	5,162	944,050
<b>Net Position at Beginning of Year</b>	<u>3,119,331</u>	<u>6,993,496</u>	<u>5,352,561</u>
<b>Net Position - End of Year</b>	<u>\$ 3,309,859</u>	<u>\$ 6,998,658</u>	<u>\$ 6,296,611</u>

Cathedral Gardens Water District	Franklin Square Water District	West Hempstead - Hempstead Gardens Water District	Greater Atlantic Beach Water Reclamation District	Totals
	\$ 1,548,354	\$ 1,779,051		\$ 3,399,172
			\$ 60,013	83,873
\$ 31,997	971,135	1,545,256	1,665,092	12,199,743
		19,612		308,621
3,179	109,252	447,291	7,404	585,599
	1,059	39,505		40,564
	4,442	13,092	886	28,189
			19,952	214,847
<u>35,176</u>	<u>2,634,242</u>	<u>3,843,807</u>	<u>1,753,347</u>	<u>16,860,608</u>
				7,454,296
66,148	2,973,653	4,364,536	1,654,549	9,058,886
<u>66,148</u>	<u>2,973,653</u>	<u>4,364,536</u>	<u>1,654,549</u>	<u>16,513,182</u>
(30,972)	(339,411)	(520,729)	98,798	347,426
<u>381,202</u>	<u>2,774,750</u>	<u>15,077,318</u>	<u>2,087,405</u>	<u>35,786,063</u>
<u>\$ 350,230</u>	<u>\$ 2,435,339</u>	<u>\$ 14,556,589</u>	<u>\$ 2,186,203</u>	<u>\$ 36,133,489</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.

<b><u>Contents</u></b>	<b>Page</b>
<b>Financial Trends</b>	104-115
<i>These schedules contain information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>	
<b>Revenue Capacity</b>	116-123
<i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i>	
<b>Debt Capacity</b>	124-127
<i>These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.</i>	
<b>Demographic and Economic Information</b>	128-129
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	
<b>Operating Information</b>	130-135
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town 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 Position by Component**  
**Last Ten Years**  
**(accrual basis of accounting)**

<u>As of December 31,</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental activities					
Net investment in capital assets	\$ 218,279,888	\$ 163,888,267	\$ 162,523,562	\$ 155,336,252	\$ 131,722,843
Restricted	2,253,777	7,448,148	4,244,543	4,330,158	3,977,095
Unrestricted	<u>(294,134,275)</u>	<u>(190,492,566)</u>	<u>(159,516,219)</u>	<u>(114,626,020)</u>	<u>(73,448,264)</u>
Total primary government net position	<u>\$ (73,600,610)</u>	<u>\$ (19,156,151)</u>	<u>\$ 7,251,886</u>	<u>\$ 45,040,390</u>	<u>\$ 62,251,674</u>

Note: Net position was partially decreased 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 Position

<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
\$ 120,800,611	\$ 110,890,510	\$ 101,298,377	\$ 97,110,499	\$ 90,032,156
3,649,027	4,554,705	4,394,860	3,296,419	3,363,982
(27,951,987)	37,869,265	67,787,620	45,902,563	32,336,193
<b>\$ 96,497,651</b>	<b>\$ 153,314,480</b>	<b>\$ 173,480,857</b>	<b>\$ 146,309,481</b>	<b>\$ 125,732,331</b>

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

Year ended December 31,	2013	2012	2011	2010	2009
<b>Expenses</b>					
Governmental activities:					
General government support	\$ 86,791,904	\$ 75,281,730	\$ 79,461,372	\$ 73,948,510	\$ 76,269,137
Education	1,969,559	2,536,059	1,511,951	2,770,168	2,709,765
Public safety	46,113,772	43,907,271	42,029,158	36,874,823	34,327,818
Transportation	59,739,867	62,361,308	56,283,105	49,300,341	54,909,432
Economic assistance and opportunity	16,962,301	15,957,953	16,201,988	15,351,689	15,540,237
Culture and recreation	86,662,376	84,947,442	84,036,887	77,973,281	78,127,120
Home and community service	160,603,337	160,815,013	149,663,854	137,371,811	179,607,597
Interest on long-term debt	11,415,138	13,008,496	13,269,736	12,345,442	13,909,239
Total primary government expenses	<u>\$ 470,258,254</u>	<u>\$ 458,815,272</u>	<u>\$ 442,458,051</u>	<u>\$ 405,936,065</u>	<u>\$ 455,391,345</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government support	\$ 2,921,183	\$ 2,114,992	\$ 2,058,160	\$ 2,322,586	\$ 2,305,557
Public safety	9,461,740	7,718,582	7,792,758	6,542,706	6,445,311
Transportation	1,300,654	359,521	416,435	266,830	105,199
Economic assistance and opportunity	9,719	10,158	32,503	10,681	13,762
Culture and recreation	7,445,902	7,082,670	6,986,001	7,295,483	6,436,213
Home and community service	35,912,011	31,792,768	28,972,618	28,417,053	58,758,625
Operating grants and contributions	13,244,216	39,704,397	17,016,697	14,657,658	12,564,027
Capital grants and contributions	5,810,080	6,430,264	7,846,074	5,921,492	7,702,270
Total primary government program revenues	<u>\$ 76,105,505</u>	<u>\$ 95,213,352</u>	<u>\$ 71,121,246</u>	<u>\$ 65,434,489</u>	<u>\$ 94,332,964</u>
<b>Net (Expense)/Revenue</b>					
Total primary government net expense	<u>\$ (394,152,749)</u>	<u>\$ (363,601,920)</u>	<u>\$ (371,336,805)</u>	<u>\$ (340,501,576)</u>	<u>\$ (361,058,381)</u>
<b>General Revenues</b>					
Governmental Activities					
Property taxes	\$ 262,327,072	\$ 264,490,271	\$ 265,119,352	\$ 254,057,882	\$ 254,945,984
Real property tax items	6,041,444	3,479,908	3,253,081	4,180,078	4,274,266
Non-property tax items	47,611,355	45,231,393	43,633,364	41,223,215	38,886,689
Interest earnings - unrestricted	2,099,833	1,918,575	2,397,079	2,939,473	3,715,781
Mortgage tax	18,107,823	16,380,559	13,706,680	15,083,671	19,448,034
State aid-unrestricted	3,848,885	3,848,885	3,848,885	3,927,434	4,180,122
Other	1,221,924	1,844,292	1,589,860	1,878,539	1,361,528
Total primary government	<u>\$ 341,258,336</u>	<u>\$ 337,193,883</u>	<u>\$ 333,548,301</u>	<u>\$ 323,290,292</u>	<u>\$ 326,812,404</u>
<b>Change in Net Position</b>					
Total primary government change in net position	<u>\$ (52,894,413)</u>	<u>\$ (26,408,037)</u>	<u>\$ (37,788,504)</u>	<u>\$ (17,211,284)</u>	<u>\$ (34,245,977)</u>

Note: Net position was partially decreased 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>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 68,811,156	\$ 69,575,283	\$ 57,219,324	\$ 55,220,458	\$ 56,268,692
2,458,698	1,750,222	705,527	1,454,823	986,775
34,712,889	33,561,350	32,147,838	25,569,922	23,767,138
55,071,824	52,487,790	47,937,567	45,173,820	40,301,761
14,035,132	15,227,083	8,150,033	7,718,613	13,331,191
82,025,927	80,539,421	68,214,244	69,951,397	59,595,580
200,377,605	182,918,514	163,951,829	166,883,500	163,616,827
13,379,116	13,640,483	14,005,924	14,787,088	14,341,532
<u>\$ 470,872,347</u>	<u>\$ 449,700,146</u>	<u>\$ 392,332,286</u>	<u>\$ 386,759,621</u>	<u>\$ 372,209,496</u>

\$ 2,285,027	\$ 2,345,134	\$ 2,736,667	\$ 2,737,686	\$ 2,401,272
7,691,619	7,503,777	7,522,273	8,175,454	6,084,178
61,719	191,443	427,291	132,270	140,908
90,677	24,748	15,837	16,320	136
8,396,402	7,868,389	7,526,529	6,820,774	6,717,598
63,814,769	60,664,106	62,603,001	55,482,800	34,928,217
11,603,788	13,193,475	11,290,870	13,614,676	12,333,998
7,884,671	6,237,555	5,822,901	4,144,798	7,174,552
<u>\$ 101,828,672</u>	<u>\$ 98,028,627</u>	<u>\$ 97,945,369</u>	<u>\$ 91,124,778</u>	<u>\$ 69,780,859</u>

<u>\$ (369,043,675)</u>	<u>\$ (351,671,519)</u>	<u>\$ (294,386,917)</u>	<u>\$ (295,634,843)</u>	<u>\$ (302,428,637)</u>
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\$ 229,005,071	\$ 228,683,296	\$ 218,096,202	\$ 217,822,376	\$ 193,363,827
2,988,553	3,920,874	2,955,998	2,794,357	3,496,200
41,110,562	39,893,890	39,104,777	37,397,947	36,432,949
8,414,882	11,421,977	9,259,116	4,755,005	7,623,689
24,661,932	42,071,625	46,148,354	48,094,073	48,922,330
4,180,122	4,058,371	3,940,166	3,284,444	3,165,729
1,865,724	1,455,109	2,053,680	2,063,791	1,267,672
<u>\$ 312,226,846</u>	<u>\$ 331,505,142</u>	<u>\$ 321,558,293</u>	<u>\$ 316,211,993</u>	<u>\$ 294,272,396</u>

<u>\$ (56,816,829)</u>	<u>\$ (20,166,377)</u>	<u>\$ 27,171,376</u>	<u>\$ 20,577,150</u>	<u>\$ (8,156,241)</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>Real Property Tax Items</u>	<u>Non-Property Tax Items</u>	<u>Total</u>
2013	\$ 262,327,072	\$ 6,041,444	\$ 47,611,355	\$ 315,979,871
2012	264,490,271	3,479,908	45,231,393	313,201,572
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

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>2013</u>	<u>2012</u>	<u>2011 <sup>(1)</sup></u>	<u>2010</u>	<u>2009</u>
General Fund					
Reserved				\$ 2,083,278	\$ 2,007,552
Unreserved				41,114,883	55,070,451
Nondspendable	\$ 8,766,435	\$ 4,876,214	\$ 3,244,521		
Assigned	3,694,757	16,334,969	25,184,863		
Unassigned		1,262,239	2,327,822		
Total General Fund	<u>\$ 12,461,192</u>	<u>\$ 22,473,422</u>	<u>\$ 30,757,206</u>	<u>\$ 43,198,161</u>	<u>\$ 57,078,003</u>
All other governmental funds					
Reserved				\$ 24,042,719	\$ 24,055,634
Unreserved, reported in:					
Special revenue funds				110,864,828	100,895,970
Capital projects funds				(25,120,896)	(60,026,987)
Nondspendable	\$ 34,017,502	\$ 34,544,966	\$ 39,226,414		
Restricted	915,910	6,110,281	2,906,676		
Assigned	95,829,981	104,051,815	86,374,373		
Unassigned	(35,773,248)		(1,955,129)		
Total all other governmental funds	<u>\$ 94,990,145</u>	<u>\$ 144,707,062</u>	<u>\$ 126,552,334</u>	<u>\$ 109,786,651</u>	<u>\$ 64,924,617</u>

Note: <sup>(1)</sup> Components of Fund Balance have been reclassified, beginning with the December 21, 2011 CAFR 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>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 2,333,214 61,525,680	\$ 1,774,044 64,763,538	\$ 2,047,180 63,484,262	\$ 2,420,022 56,778,924	\$ 2,083,610 53,557,213
<u>\$ 63,858,894</u>	<u>\$ 66,537,582</u>	<u>\$ 65,531,442</u>	<u>\$ 59,198,946</u>	<u>\$ 55,640,823</u>
\$ 25,560,529 93,066,438 (23,827,946)	\$ 29,307,077 102,619,221 (26,687,975)	\$ 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
<u>\$ 94,799,021</u>	<u>\$ 105,238,323</u>	<u>\$ 91,385,742</u>	<u>\$ 68,299,211</u>	<u>\$ 86,090,061</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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Revenues</b>					
Real property taxes	\$ 262,327,072	\$ 264,490,271	\$ 265,119,352	\$ 254,057,882	\$ 254,945,984
Real property tax items	6,041,444	3,479,908	3,253,081	4,180,078	4,274,266
Non-property taxes	47,611,355	45,231,393	43,633,364	41,223,215	38,886,689
Departmental income	36,189,419	34,771,106	33,577,447	31,994,863	29,718,300
Intergovernmental charges	4,474,716	5,311,569	4,043,005	3,793,640	11,591,199
Use of money and property	6,033,921	6,043,426	6,218,925	6,862,546	6,313,500
Licenses and permits	1,374,299	889,598	956,932	1,106,134	994,785
Fines and forfeitures	1,148,868	1,408,290	1,118,950	1,121,544	1,027,347
Sale of property and compensation for loss	7,361,369	1,947,050	1,343,424	1,602,568	1,476,176
Miscellaneous revenue	2,565,489	1,249,932	1,874,236	1,770,841	7,981,614
Interfund revenues	83,361,303	84,840,855	81,222,663	81,950,479	77,663,962
State aid	25,154,761	24,046,558	20,370,619	24,017,680	27,605,874
Federal aid	15,856,243	42,288,096	22,047,718	15,572,577	16,320,079
<b>Total revenues</b>	<u>499,500,259</u>	<u>515,998,052</u>	<u>484,779,716</u>	<u>469,254,047</u>	<u>478,799,775</u>
<b>Expenditures</b>					
General government support	79,445,097	78,213,666	75,876,722	75,598,414	72,807,661
Education	1,969,559	2,536,059	1,511,951	2,770,168	2,709,765
Public safety	32,189,739	35,634,731	33,347,903	31,036,639	29,123,839
Transportation	45,923,155	48,499,980	43,323,299	42,007,781	42,029,778
Economic assistance and opportunity	10,677,946	10,396,880	10,392,823	10,626,066	11,229,679
Culture and recreation	61,729,980	63,193,175	61,623,700	60,124,858	59,475,456
Home and community services	127,955,641	132,967,654	125,027,616	120,779,247	140,923,242
Employee benefits	99,902,750	89,161,468	81,844,252	75,063,840	67,644,682
Capital outlay	51,122,203	48,856,949	44,802,407	43,153,678	38,604,901
Debt Service:					
Principal	36,096,550	37,377,968	39,770,972	42,816,171	38,482,474
Interest	12,216,786	12,018,537	13,456,662	11,239,489	13,848,441
Bond Issuance Costs		154,654	146,031	271,645	306,731
<b>Total Expenditures</b>	<u>559,229,406</u>	<u>559,011,721</u>	<u>531,124,338</u>	<u>515,487,996</u>	<u>517,186,649</u>
<b>Excess of revenues over (under) expenditures</b>	(59,729,147)	(43,013,669)	(46,344,622)	(46,233,949)	(38,386,874)
<b>Other financing sources (uses)</b>					
Transfers in	48,916,444	50,187,859	58,069,382	56,951,890	55,730,815
Transfers out	(48,916,444)	(50,187,859)	(58,069,382)	(56,951,890)	(55,730,815)
Refunding bonds issued				14,785,000	39,140,854
Debt issuance			49,840,320	72,377,025	
Premiums on debt issuance			829,030	6,257,363	2,063,610
Payments to refund bond escrow agent				(16,203,247)	(39,472,885)
<b>Total other financing sources (uses)</b>		<u>-0-</u>	<u>50,669,350</u>	<u>77,216,141</u>	<u>1,731,579</u>
<b>Net change in fund balances</b>	<u>\$ (59,729,147)</u>	<u>\$ (43,013,669)</u>	<u>\$ 4,324,728</u>	<u>\$ 30,982,192</u>	<u>\$ (36,655,295)</u>
<b>Debt service as a percentage of noncapital expenditures</b>	9.5%	9.6%	10.9%	11.4%	10.9%

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

2008	2007	2006	2005	2004
\$ 229,005,071	\$ 228,683,296	\$ 218,096,202	\$ 217,822,376	\$ 193,363,827
2,988,553	3,920,874	2,955,998	2,794,357	3,496,200
41,110,562	39,893,890	39,104,777	37,397,947	36,432,949
33,868,934	31,744,303	35,700,012	34,618,491	33,865,802
15,562,752	14,601,626	14,711,240	8,685,822	12,638,256
9,004,534	12,521,821	10,547,159	6,056,541	3,383,487
1,132,954	820,128	529,143	651,593	411,727
1,027,742	786,404	917,162	787,928	728,846
1,706,624	1,451,943	1,168,323	2,512,080	1,122,233
1,143,191	1,672,021	1,826,858	1,465,852	7,168,749
70,999,331	63,145,802	62,302,022	60,183,483	56,856,527
31,961,325	50,096,733	53,972,554	55,358,831	55,174,698
16,369,188	15,464,293	14,333,120	13,779,159	16,171,143
<u>455,880,761</u>	<u>464,803,134</u>	<u>456,164,570</u>	<u>442,114,460</u>	<u>420,814,444</u>
67,287,572	64,793,032	62,478,103	61,993,033	59,952,807
2,458,698	1,750,222	705,527	1,454,823	986,775
28,058,963	24,411,317	23,013,354	21,919,275	20,937,795
42,827,355	37,411,205	36,402,732	35,411,560	33,650,993
9,489,844	10,369,136	4,750,730	4,710,480	10,526,888
58,781,929	56,409,481	58,752,499	56,598,201	50,026,564
147,438,730	134,700,679	122,499,043	128,135,894	129,056,486
67,147,499	65,803,106	74,169,699	66,551,298	63,488,286
36,345,192	36,429,311	32,441,327	32,895,670	40,830,013
37,350,836	34,528,873	34,303,645	30,795,673	33,970,648
13,270,865	14,131,558	13,466,557	15,881,280	11,605,116
114,534	99,939	99,027	1,745,528	
<u>510,572,017</u>	<u>480,837,859</u>	<u>463,082,243</u>	<u>458,092,715</u>	<u>455,032,371</u>
(54,691,256)	(16,034,725)	(6,917,673)	(15,978,255)	(34,217,927)
54,567,491	53,366,786	54,594,158	48,917,502	41,793,540
(54,567,491)	(53,366,786)	(54,594,158)	(48,917,502)	(41,793,540)
39,142,000	30,348,650	33,914,230	53,436,428	130,109,508
2,431,266	544,796	1,422,470	2,098,799	
			(53,789,699)	
<u>41,573,266</u>	<u>30,893,446</u>	<u>35,336,700</u>	<u>1,745,528</u>	<u>130,109,508</u>
<u>\$ (13,117,990)</u>	<u>\$ 14,858,721</u>	<u>\$ 28,419,027</u>	<u>\$ (14,232,727)</u>	<u>\$ 95,891,581</u>
10.7%	11.0%	11.0%	11.4%	11.0%

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

<b>Year Ended December 31,</b>	<b>Real Property Tax<sup>1</sup></b>	<b>Sales Tax<sup>2</sup></b>	<b>Mortgage Tax<sup>3</sup></b>	<b>Franchise Tax</b>	<b>Total</b>
2013	\$ 262,327,072	\$ 38,040,144	\$ 18,107,823	\$ 9,571,211	\$ 328,046,250
2012	264,490,271	35,880,342	16,380,559	9,351,051	326,102,223
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

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

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

**TOWN OF HEMPSTEAD**

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

**Last Ten Years**

<b>Year Ended December 31,</b>	<b>Residential Property 1 to 3 Family Homes</b>	<b>Residential Property Apts, Condos &amp; Cooperatives</b>	<b>Utility Property</b>	<b>All Other Property</b>	<b>Total Taxable Assessed Value</b>
2013	\$ 181,753,078	\$ 14,540,410	\$ 22,257,317	\$ 84,171,358	\$ 302,722,163
2012	196,769,127	15,538,450	22,491,320	90,672,546	325,471,443
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 <sup>1</sup>
2006	370,900,972	12,870,249	13,002,253	81,170,030	477,943,504 <sup>1</sup>
2005	606,456,152	12,843,625	13,265,955	81,107,215	713,672,947
2004	617,627,940	13,351,891	13,030,883	83,480,148	727,490,862 <sup>2</sup>

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

- <sup>1</sup> 2006 and 2007 rate increases are due to decreases in assessed valuations by Nassau County.
- <sup>2</sup> Nassau County completed a county-wide reassessment in 2004 wherein it reassessed all properties within the County by utilizing one percent of market value applicable to each of the four property classes.
- <sup>3</sup> Per \$1,000 of assessed value. See page 118 for more detail.
- <sup>4</sup> Per \$100 of assessed value. See page 118 for more detail.

<b>State Equalization Rate</b>	<b>Estimated Full Valuation</b>	<b>Total Full Value Direct Tax Rate<sup>3</sup></b>	<b>Total Taxable Assessed Value Direct Tax Rate<sup>4</sup></b>
0.33%	\$ 91,733,988,788	\$ -0-	\$ -0-
0.33%	98,627,710,000	4.06	122.93
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

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

**Full Value Town Direct Rates**

<b>Year Ended December 31,</b>	<b>Total Taxable Assessed Value</b>	<b>State Equalization Rate</b>	<b>Estimated Full Valuation</b>	<b>Tax Levy For Town<sup>1</sup></b>	<b>Total Town Direct Tax Rate<sup>4</sup></b>
2013	\$ 302,722,163	0.33%	\$ 91,733,988,788	\$ 401,371,222	\$ 4.38
2012	325,471,443	0.33%	98,627,710,000	400,108,896	4.06
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 <sup>2</sup>	0.30%	109,612,613,333	347,279,817	3.17
2006	477,943,504 <sup>2</sup>	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 <sup>3</sup>	0.90%	80,832,318,000	295,842,220	3.66

**Assessed Value Town Direct Rates**

<b>Year Ended December 31,</b>	<b>Total Taxable Assessed Value</b>	<b>State Equalization Rate</b>	<b>Estimated Full Valuation</b>	<b>Tax Levy For Town<sup>1</sup></b>	<b>Total Town Direct Tax Rate<sup>5</sup></b>
2012	\$ 302,722,163	0.33%	\$ 91,733,988,788	\$ 401,371,222	\$ 132.59
2012	325,471,443	0.33%	98,627,710,000	400,108,896	122.93
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 <sup>2</sup>	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 <sup>3</sup>	0.90%	80,832,318,000	295,842,220	40.67

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

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

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

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

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

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

**Full Value Overlapping Rates**

<b>County Tax Levy For Town</b>	<b>Total County Direct Rate<sup>4</sup></b>	<b>School Levy</b>	<b>Total School Direct Rate<sup>4</sup></b>	<b>Total Full Value Direct and Overlapping Rates<sup>4</sup></b>
\$ 471,633,054	\$ 5.14	\$ 1,910,886,792	\$ 20.83	\$ 30.35
470,827,228	4.77	1,864,596,839	18.91	27.74
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

**Assessed Value Overlapping Rates**

<b>County Tax Levy For Town</b>	<b>Total County Direct Rate<sup>5</sup></b>	<b>School Levy</b>	<b>Total School Direct Rate<sup>5</sup></b>	<b>Total Taxable Assessed Value Direct and Overlapping Rates<sup>5</sup></b>
\$ 471,633,054	\$ 155.80	\$ 1,910,886,792	\$ 631.23	\$ 919.62
470,827,228	144.66	1,864,596,839	572.89	840.48
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

**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
2013												
Class 1	9,141	39,650	12,739	105,000	19,118	51,646	2,398	1,723	43,000	5,078	0,199	61,377
Class 2	5,204	21,118	11,234	60,100	14,013	35,576	1,277	2,139	35,514	3,686	0,143	26,472
Class 3	6,663	26,368	38,038	329,325	30,402	150,278	1,594	5,420	122,142	8,297	0,365	103,853
Class 4	5,065	21,157	15,715	115,307	16,110	42,161	1,279	2,576	29,756	4,259	0,150	60,976
All Classes												
2012												
Class 1	6,165	36,528	11,398	65,865	20,819	44,502	6,182	1,483	32,711	4,722	0,015	49,728
Class 2	3,643	20,044	8,076	26,666	15,931	42,339	3,392	3,487	28,078	3,585	0,155	22,060
Class 3	4,660	24,733	27,436	232,522	35,901	83,147	4,185	5,101	109,210	8,178	0,284	40,479
Class 4	3,726	20,776	13,154	78,364	17,597	36,492	3,516	2,513	25,596	3,971	0,123	34,070
All Classes												
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												

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

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

**Commissioner Operated Districts**

Water		Library Funding		Fire		Sanitation		Public Library		Water		School		County	
Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
11.736	26.800	5.500	46.000	5.869	71.988	22.094	80.436	19.089	108.472	7.106	25.740	492.446	1,141.660	0.199	108.472
7.046	27.011	4.741	17.525	4.777	183.682	14.123	70.964	13.812	102.132	2.630	18.248	218.111	635.042	0.143	183.682
20.925	53.214	1.039	25.005	4.799	132.773	79.416	144.940	35.105	191.001	15.965	106.615	224.690	927.560	0.365	329.325
10.065	28.206	4.436	24.556	5.034	73.552	24.511	73.412	14.476	86.018	5.516	31.258	233.571	855.566	0.150	115.307
4.693	24.664	5.403	24.383	5.271	58.650	20.065	70.366	15.729	88.016	6.595	24.141	492.446	1,141.660	0.145	88.016
4.565	23.480	4.565	5.944	4.396	172.000	8.764	62.073	16.827	88.772	2.289	16.207	218.111	635.042	0.155	88.772
7.518	45.469	0.964	17.624	3.189	124.243	78.909	132.386	30.898	192.469	15.521	110.445	224.690	924.560	0.284	232.522
4.065	19.585	4.381	18.707	4.833	61.480	23.297	62.773	13.437	74.369	5.131	27.111	233.571	855.566	0.123	78.364
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	288.817	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

**TOWN OF HEMPSTEAD**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**  
**December 31, 2013 and 2004**

2013

Rank	Taxpayer	Nature of Business	Assessed Valuation	Percent of Total Assessed Valuation <sup>(1)</sup>
1	National Grid	Energy System Operator	\$ 9,715,948	3.21%
2	Long Island Power Authority	Electric Utility	8,698,529	2.87%
3	Simon Property Group	Shopping Center	4,774,315	1.58%
4	Verizon	Telephone/Cable TV	3,257,066	1.08%
5	Green Acres Mall LLC	Shopping Center	2,167,388	0.72%
6	Long Island American Water	Water Utility	1,625,244	0.54%
7	NY Racing Association	Belmont Race Track	1,274,268	0.42%
8	625 Rexcorp Plaza Land SPE LLC	Office Building	1,150,144	0.38%
9	PL Westbury LLC	Pharmaceutical Packaging	925,730	0.31%
10	New York Water Service Corp.	Water Utility	769,314	0.25%
Total			<u>\$ 34,357,946</u>	<u>11.36%</u>

2004

Rank	Taxpayer	Nature of Business	Assessed Valuation	Percent of Total Assessed Valuation <sup>(1)</sup>
1	LILCO/LIPA	Utility	\$ 15,217,160	2.09%
2	Verizon New York	Utility	5,265,674	0.72%
3	Keyspan Energy Corp.	Utility	5,215,487	0.72%
4	Retail Property Trust	Shopping Mall	3,612,870	0.50%
5	Reckson	Office Buildings	2,336,192	0.32%
6	Coliseum Plaza Associates	Office Buildings	1,767,508	0.24%
7	EQK Green Acres LP	Shopping Mall	1,655,912	0.23%
8	Northrop Grumman	Office Buildings	1,606,610	0.22%
9	NY Racing/Greater NY Assoc.	Belmont Race Track	1,405,032	0.19%
Total			<u>\$ 38,082,445</u>	<u>5.23%</u>

Source: Town of Hempstead Receiver of Taxes  
Town of Hempstead 2004 CAFR

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

<sup>1</sup> 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 Town<sup>1</sup></u>	<u>Total Tax Levy<sup>2</sup></u>	<u>Amount Collected<sup>3</sup></u>	<u>Percent of Total Tax Levy Collected<sup>4</sup></u>	<u>Amount Uncollected</u>	<u>Percent of Total Tax Levy Uncollected</u>
2013	\$ 401,371,222	\$ 873,004,276	\$ 851,218,810	97.50%	\$ 21,785,466	2.50%
2012	400,108,896	870,936,124	847,909,668	97.36%	23,026,456	2.64%
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%

Source: Town of Hempstead Official Statements

- <sup>1</sup> Total tax levy for Town includes all Town controlled funds, Commissioner operated funds, Fire Districts and Library Districts.
- <sup>2</sup> Includes all Town and County taxes.
- <sup>3</sup> During year of levy.
- <sup>4</sup> The Town retains 100% of the amount levied for Town and Commissioner operated funds; taxes uncollected at the expiration of the warrant are returned to the County for collection and enforcement. As a result there are no Town taxes collected in subsequent years.

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

Year Ended December 31,	Governmental Activities			Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	Bond Anticipation Notes Payable	Installment Purchase Debt			
2013	\$ 295,308,338 <sup>2</sup>			\$ 295,308,340	0.31%	\$ 386
2012	281,254,337			281,254,337	0.29%	368
2011	306,159,855			306,159,855	0.34%	404
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

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

<sup>1</sup> See the schedule of Demographic and Economic Statistics on page 128 for personal income and population.

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

<u>Year Ended December 31,</u>	<u>General Obligation Bonds</u>	<u>Percentage of Total Taxable Assessed Valuation<sup>1</sup></u>	<u>Percentage of Estimated Full Value<sup>1</sup> of Property</u>	<u>Per Capita<sup>2</sup></u>
2013	\$ 295,308,338 <sup>5</sup>	97.55%	0.32%	\$ 386
2012	281,254,337	86.41%	0.29%	368
2011	306,159,855	87.31%	0.31%	404
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% <sup>3</sup>	0.32%	403
2005	308,587,632	43.24%	0.35%	405
2004	339,736,576	46.70% <sup>4</sup>	0.42%	447

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

<sup>1</sup> See the Schedule of Assessed Value, Equalization Rate and Estimated Full Value of Real Property on page 116 for property value data.

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

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

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

<sup>5</sup> As of the 2013 report, the Town debt capacity amounts are reported net of related premiums, discounts, and adjustments.

**TOWN OF HEMPSTEAD**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2013**

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Direct:</b>			
Town of Hempstead	\$ 295,308,338	100.00%	<u>\$ 295,308,338</u>
<b>Overlapping:</b>			
Nassau County	\$ 3,188,580,000	44.85%	\$ 1,430,078,130
Incorporated Villages	336,045,166	100.00%	336,045,166
School Districts	663,610,431	100.00%	663,610,431
Fire Districts	7,285,062	100.00%	7,285,062
Library Districts	10,468,498	100.00%	10,468,498
Water Districts	9,708,404	100.00%	<u>9,708,404</u>
<b>Total overlapping debt</b>			<u>2,457,195,691</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 2,752,504,029</u></u>

Source : Office of the State Comptroller

The taxpayers share of overlapping debt is based upon the amount of the Town's equalized property values taken as a percentage of each separate units' total values.

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

Year Ended December 31,	Taxable Assessed Valuation	State Equalization Rate	Full Valuation
2013	\$ 302,722,163	0.33%	\$ 91,733,988,788
2012	325,471,443	0.33%	\$ 98,627,710,000
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
Total Five Year Full Valuation			<u>\$ 519,134,149,091</u>
Five Year Average Full Valuation of Taxable Real Property			<u>\$ 103,826,829,818</u>
Constitutional Debt Limit (7% of Average Full Valuation)			<u>\$ 7,267,878,087</u>
Outstanding Indebtedness at December 31st			\$ 301,431,239
Less: 2013 Appropriations for Debt Principal			38,346,240
Less: Exclusions			<u>31,528,422</u>
Net Indebtedness Subject to Debt Limit			<u>\$ 231,556,577</u>
Net Debt Contracting Margin			<u>\$ 7,036,321,510</u>
Percentage of Net Debt Contracting Margin Available			96.81%
Percentage of Net Debt Contracting Power Exhausted			3.19%

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
2013	\$ 7,267,878,087	\$ 231,556,577	\$ 7,036,321,510	3.19%	96.81%
2012	7,626,845,254	267,253,555	7,359,591,699	3.50%	96.50%
2011	7,780,633,900	249,197,519	7,531,436,381	3.20%	96.80%
2010	7,755,190,778	210,955,921	7,544,234,857	2.72%	97.28%
2009	7,355,241,474	207,278,235	7,147,963,239	2.82%	97.18%
2008	6,751,041,437	248,111,297	6,502,930,140	3.68%	96.32%
2007	6,213,215,150	248,398,730	5,964,816,420	4.00%	96.00%
2006	5,563,024,963	254,469,951	5,308,555,012	4.57%	95.43%
2005	5,021,196,248	288,340,654	4,732,855,594	5.74%	94.26%
2004	4,524,622,136	318,324,377	4,206,297,759	7.04%	92.96%

Source: Town of Hempstead Official Statements.

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

**TOWN OF HEMPSTEAD**  
**Demographic and Economic Statistics**  
**Last Ten Years**

<b>Year Ended December 31,</b>	<b>Population<sup>1</sup></b>	<b>Personal Income<sup>2</sup></b> (millions of dollars)	<b>Per Capita Income<sup>3</sup></b>	<b>Median Age<sup>3</sup></b>	<b>Unemployment Rate<sup>4</sup></b>	<b>Number of Households Estimate<sup>5</sup></b>	<b>Average Household Size Estimates<sup>5</sup></b>	<b>Population Density Per Square Mile<sup>6</sup></b>
2013	765,272	\$ 95,473	\$ 36,078	40.5	6.3%	244,741	3.08	6,379
2012	765,272	95,473	26,078	40.5	7.4%	244,741	3.08	6,379
2011	758,668	91,120	35,462	39.6	7.1%	240,164	3.13	6,324
2010	769,040	88,059	36,416	40.0	7.4%	249,560	3.03	6,411
2009	766,878	85,239	35,374	39.4	7.3%	248,787	3.03	6,393
2008	765,234	91,326	36,488	40.7	5.0%	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

Sources:

- <sup>1</sup> U.S. Census Bureau, 2012 American Community Survey - 2013 is not available.
- <sup>2</sup> U.S. Department of Commerce - Bureau of Economic Analysis  
Personal Income figures are for Nassau County - 2013 is not available.
- <sup>3</sup> U.S. Census Bureau, 2012 American Community Survey - 2013 is not available.
- <sup>4</sup> United States Department of Labor - Bureau of Labor Statistics  
(Note: Percentages are not seasonally adjusted).
- <sup>5</sup> U.S. Census Bureau, 2012 American Community Survey - 2013 is not available.  
Years 2004-2010 from Long island Power Authority (LIPA) annual surveys.
- <sup>6</sup> Calculated: Population divided by land area (119.96 sq. mi.)

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

2013<sup>(1)</sup>

Rank	Name	Type of Business	Number of Employees	Percentage of Total Town Employment
1	North Shore-LIJ Health System Foundation	Hospital, Health Care	46,840 *	3.35%
2	Roman Catholic Diocese of Rockville Centre	Religious Organization	17,000	1.22%
3	Cablevision Systems Corp.	Cable TV, Internet, etc.	8,200 *	0.59%
4	Winthrop-University Hospital	Hospital, Health Care	6,600	
5	Verizon Communications	Cable TV, Internet, etc.	5,600 *	0.40%
6	Hofstra University	Higher Education	5,438 *	0.39%
7	United Parcel Service	Package Delivery	5,412	0.39%
8	National Grid	Energy System Operator	4,272	0.31%
9	King Kullen Grocery Co., Inc.	Supermarket Chain	4,100	0.29%
10	BOCES - Nassau	Educational Supports Svcs.	3,900	0.28%

2004<sup>(2)</sup>

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	Cablevision Systems	Cable Television	5,234
7	Long Island University	Education	4,686
8	King Kullen Grocery	Supermarket Chain	4,500
9	Keyspan Energy	Utility	4,418
10	North Shore University Medical Center	Hospital	4,256

Sources:

<sup>(1)</sup> Long Island Business News "Doing Business on Long Island 2013"  
 Company headquarters are located in the County, number may include employees who work outside the County.

<sup>(2)</sup> 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**

<b>Function</b>	<b>Full-Time Equivalent</b>				
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
General government support	454	440	427	419	417
Public safety	247	232	235	216	210
Transportation	214	210	211	206	205
Economic assistance and opportunity	28	29	30	30	26
Culture and recreation	405	404	408	413	423
Home and community service	671	658	646	644	627
<b>Total</b>	<b>2,019</b>	<b>1,973</b>	<b>1,957</b>	<b>1,928</b>	<b>1,908</b>

Source: Town of Hempstead Human Resource Department records

These are full time budgeted positions



**Employees as of December 31,**

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
425	419	420	424	424
205	200	195	195	202
216	220	221	226	231
25	26	27	29	29
441	449	458	448	466
<u>624</u>	<u>625</u>	<u>644</u>	<u>662</u>	<u>683</u>
<u>1,936</u>	<u>1,939</u>	<u>1,965</u>	<u>1,984</u>	<u>2,035</u>

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

Year Ended December 31,	2013	2012	2011	2010
<b>Function</b>				
Town Clerk				
Vital statistic documents	35,688	34,167	35,529	36,020
Dog licenses	5,332	5,576	5,820	7,396
Marriage licenses	3,860	4,058	3,907	3,927
Building				
Residential building permits issued	14,229	9,474	4,749	9,310
Estimated value of residential building construction	\$ 164,571,748	\$ 128,970,864	\$ 149,278,630	\$ 123,629,344
Industrial and commercial building permits issued	1,451	1,913	5,850	765
Estimated value of industrial and commercial building construction	\$ 207,000,126	\$ 129,692,110	\$ 123,382,688	\$ 56,113,065
Public Safety				
Dogs adopted or reclaimed by owners	1,491	1,143	1,258	1,264
Citations issued	254	240	367	447
Fire				
Number of fire protection districts	17	17	17	17
Parking				
Number of parking permits issued	16,620	16,431	14,283	13,974
Parking permit revenue	\$ 48,599	\$ 48,381	\$ 41,124	\$ 40,038
Highways and streets				
Street resurfacing (lane miles)	6	5	6	9
Number of trees planted	1,167	425 <sup>(1)</sup>	695	653
Number of trees removed	1,072	4,355	1,267	1,052
Road opening permits issued	3,300	4,058	2,937	1,582
Abandoned vehicles removed	23	108 <sup>(2)</sup>	181	125
Signs installed	15,576	15,000	12,000	24,840
Sanitation (tons per annum)				
Residential and commercial waste collected	431,770	472,080	508,521	511,424
Recyclables collected	47,660	29,874	54,932	62,868
Yardwaste	49,989	41,565	57,425	54,952
Bulky waste and other items	37,997	33,624	37,488	17,580
Culture and recreation				
Pool passes issued	3,729	3,970	3,402	4,090
Registration for adult programs	9,292	9,325	8,624	9,350

Source: Various government departments

(1) Includes 2,300 trees uprooted by "Superstorm Sandy"

(2) Includes 43 vehicles destroyed by "Superstorm Sandy"

2009	2008	2007	2006	2005	2004
34,979	36,110	37,098	37,245	36,150	36,412
6,620	6,652	6,927	7,230	7,253	7,707
3,817	4,905	5,088	5,188	5,459	5,605
3,582	4,189	4,186	4,120	4,692	4,519
\$ 115,938,628	\$ 221,639,432	\$ 172,519,163	\$ 201,102,700	\$ 220,786,460	\$ 177,749,409
6,066	6,541	6,415	7,748	7,262	977
\$ 82,495,362	\$ 67,085,202	\$ 81,800,006	\$ 112,098,935	\$ 113,393,437	\$ 83,861,795
1,216	1,315	699	1,553	1,583	1,486
433	323	283	269	244	280
17	17	17	17	17	17
14,238	14,053	13,382	13,364	13,168	12,926
\$ 40,203	\$ 40,391	\$ 38,519	\$ 38,209	\$ 37,663	\$ 36,984
10	10	12	16		14
656	847	729	1,711	1,644	1,770
987	850	1,193	1,972	504	1,507
2,875	2,971	2,744	1,741	1,547	1,509
40	50	43	103	136	77
23,580	18,795	18,000	17,816	20,960	20,960
479,102	573,469	549,217	630,893	635,382	666,761
93,214	89,998	86,435	87,726	87,735	90,733
66,602	71,810	68,735	79,976	73,741	75,750
5,716	1,510	2,126	1,624	3,058	20,508
3,832	4,339	4,631	4,330	4,309	4,572
9,350	17,809	12,007	11,996	11,915	11,514

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

<u>Year Ended December 31,</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Function</b>				
General Government				
New Town Hall and Old Town Hall	2	2	2	2
Sanitation				
Transfer station	2	2	2	2
Annual tonnage processed	167,367	187,801	123,894	131,379
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

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
2	2	2	2	2	2
2	2	2	2	2	2
204,977	194,894	199,959	250,792	287,768	297,983
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	4	4	3
202	202	202	202	202	162