

Town of Hempstead



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2014

**TOWN OF HEMPSTEAD
NEW YORK**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2014**

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

TOWN OF HEMPSTEAD
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2014
TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Transmittal Letters.....	2-8
Principal Officials.....	9
Organizational Chart	10
Map	11
Certificate of Achievement for Excellence in Financial Reporting.....	12

FINANCIAL SECTION

Independent Auditors' Report.....	14-16
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REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis	18-30
--	-------

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements	
Statement of Net Position	33
Statement of Activities.....	34-35
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet	36-37
Reconciliation of the Governmental Funds Balance Sheet to The Statement of Net Position.....	39
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	40-41
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	42
Fiduciary Fund Financial Statements	
Statement of Fiduciary Assets and Liabilities.....	43
Notes to Financial Statements.....	45-78

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION
AND ANALYSIS

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	
General Fund	80
Highway Fund.....	81
Park Districts.....	82
Refuse and Garbage Districts.....	83
Postemployment Benefits Healthcare Costs - Schedule of Funding Progress.....	84

(Continued)

TOWN OF HEMPSTEAD
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2014
TABLE OF CONTENTS

OTHER SUPPLEMENTARY INFORMATION

Combining Fund Statements:	
Nonmajor Governmental Funds	
Combining Balance Sheet.....	86-87
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	88-89
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual –	
Nonmajor Special Revenue Funds	
Town Outside Village Fund.....	90
Fire Protection Districts	91
Street Lighting District	92
Public Parking Districts	93
Water Districts	94
Library Funding Districts.....	95
Fiduciary Fund	
Statement of Changes in Agency Assets and Liabilities.....	96
Discretely Presented Component Units	
Combining Statement of Net Position.....	98-99
Combining Statement of Activities	100-101

STATISTICAL SECTION

Financial Trends

Net Position by Component – Last Ten Years	104-105
Changes in Net Position – Last Ten Years.....	106-107
Governmental Activities Tax Revenues by Source – Last Ten Years	109
Fund Balances of Governmental Funds – Last Ten Years	110-111
Changes in Fund Balances of Governmental Funds – Last Ten Years	112-113
General Governmental Tax Revenues by Source - Last Ten Years	115

Revenue Capacity

Assessed Value, State Equalization Rate and Estimated Full Value of Real Property – Last Ten Years.....	116-117
Property Tax Rates - Direct and Overlapping Governments – Last Ten Years.....	118-119
Property Tax Rates Per \$100 Assessed Valuation – All Direct and Overlapping Governments - Last Ten Years	120-121
Principal Property Taxpayers – Current Year and Nine Years Ago.....	122
Property Tax Levies and Collections – Last Ten Years	123

(Continued)

TOWN OF HEMPSTEAD
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2014
TABLE OF CONTENTS

(Statistical Section Continued)

Debt Capacity

Ratios of Outstanding Debt by Type – Last Ten Years	124
Ratios of General Bonded Debt Outstanding – Last Ten Years	125
Direct and Overlapping Governmental Activities Debt	126
Legal Debt Margin Information - Last Ten Years	127

Demographic and Economic Information

Demographic and Economic Statistics – Last Ten Years	128
Principal Employers – Current Year and Nine Years Ago.....	129

Operating Information

Full-time Equivalent Government Employees by Functions – Last Ten Years.....	130-131
Operating Indicators by Function – Last Ten Years.....	132-133
Capital Asset Statistics by Function – Last Ten Years.....	134-135

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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

July 28, 2015

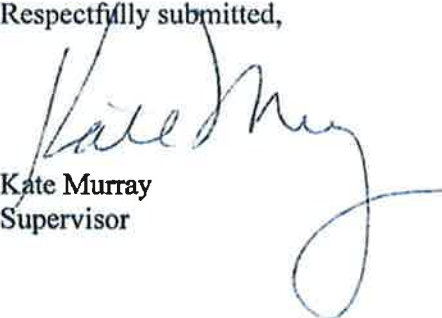
The Honorable Members of the Town Board and Citizens of the Town of Hempstead
Town of Hempstead, New York

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, 2014. 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 2014 financial report continues to meet the requirements of the Certificate of Achievement Program.

Respectfully submitted,


Kate Murray
Supervisor

COUNCIL MEMBERS
ANTHONY J. SANTINO
DOROTHY L. GOOSBY
GARY HUDES
EDWARD A. AMBROSINO
BRUCE A. BLAKEMAN
ERIN KING SWEENEY

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

July 28, 2015

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, 2014.

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 unmodified ("clean") opinion on the Town of Hempstead's financial statements for the year ended December 31, 2014. The independent auditors' report is located at the front of the financial section of this report.

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

Profile of the Government

The Town Of Hempstead (Town) encompasses an area of 119.96 square miles within the County of Nassau on the south shore of Long Island. It is bounded by the City of New York to the west, the Town of North Hempstead to the north, the Town of Oyster Bay to the east, and the City of Long Beach and the Atlantic Ocean to the south. The Town is the most populous town in the State, with a population of 766,697 according to the U.S. Census Bureau's, 2013 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 "first-class" towns.

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

The Town Clerk serves as custodian of the Town's legal documents and records, maintains the minutes of proceedings of the Town Board and is responsible for the publication and filing of all official notices. According to the Town Law, the Town Clerk is elected to serve a two-year term; the number of terms is not limited.

The Receiver of Taxes, unless otherwise provided by law, has the duty to receive and collect all County, Town and School taxes, and all special assessments that may be levied in the Town. The Town Law prescribes a four-year elected term. There is no limitation as to the number of terms that may be served. The Town Board appoints the Town Comptroller, the Town Attorney, the Town Highway Commissioner, and the heads of various Town departments.

The Town is responsible for providing many services to its residents. Recreation is provided by 193 public parks, nature preserves and recreational facilities maintained by the Town. The Town maintains inland waterways and marinas, and operates 16 senior centers and 120 senior clubs. Additional Town functions include highway construction and maintenance, building inspection, zoning administration, and 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).

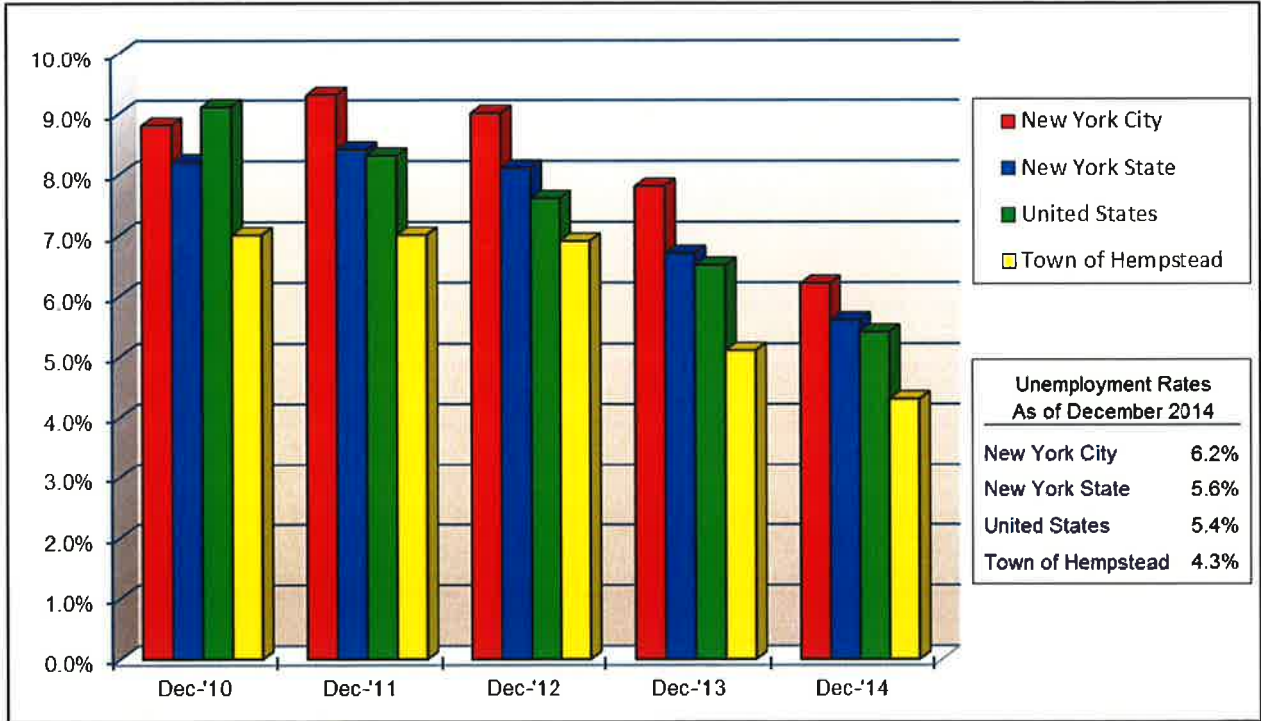
As the Town's chief financial officer, the Supervisor is responsible for the Town's accounting and financial reporting activities. The Town Board, as a whole, serves as the finance board of the Town and is responsible for authorizing, by resolution, all material financial transactions such as operating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

The Supervisor 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 modification in the amount of annual appropriations subject to legal provisions. The governmental funds for which budgets are annually appropriated can be found in the notes to the financial statements (See Note 2.A).

Local Economy

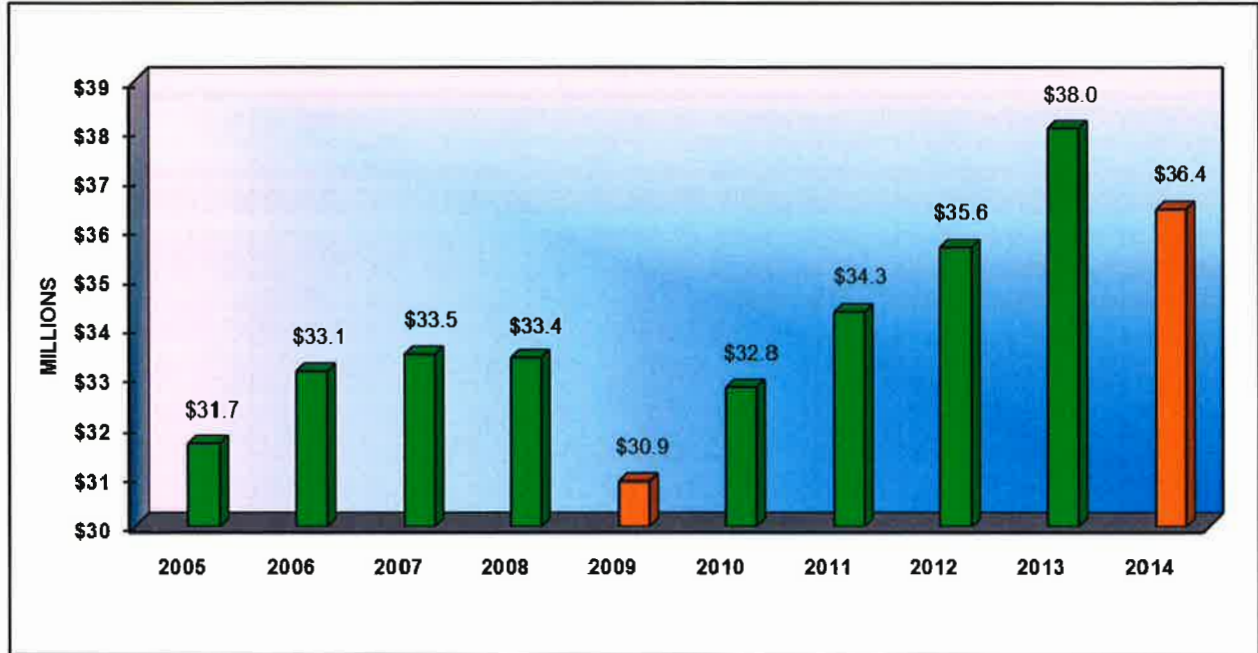
In the Town of Hempstead, as elsewhere across the nation, the economic recovery following the recession of 2008-09 remains slow and uneven. Unemployment continues to trend downward, albeit partially as a result of a decline in labor force participation. The unemployment rate in the Town of Hempstead declined to 4.3% in December 2014; lower than it has been since April of 2008. By comparison New York City's unemployment rate (6.2%), New York State's unemployment rate (5.6%) and the National rate (5.4%) were considerably higher. The chart below illustrates that the Town's unemployment rate has been consistently lower than New York City's, New York State's, and the Nation's.

Change in Unemployment Rate: 2010 – 2014



Following the recession of 2008-09 the Town of Hempstead's share of local sales tax collections grew by \$7.1 million (23%) over four years. The largest year-over-year increase (6.7%) occurred in 2013 due to a surge in consumer spending to replace home furnishings and automobiles destroyed by Hurricane Sandy in late October 2012. In 2014, however, after the increase in retail sales due to Hurricane Sandy subsided, annual growth in sales tax collections returned to pre-recession levels.

Town Share of Local Sales Tax Receipts: 2005 – 2014



Nevertheless, the outlook for our area's economy in 2015 appears to be strengthening. Inflation remains virtually nonexistent, and lower gas prices should lead to more travel and discretionary spending by consumers, which are important for our tourism and leisure industries. In addition, the Nassau County Comptroller's office recently reported that first quarter 2015 sales tax receipts came in 3% higher than the same period last year. This is an important sign and provides reason for optimism for more robust economic growth and sales tax growth going forward.

Long Term Financial Planning

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

Relevant Financial Policies

The Town's financial policies are designed to maintain adequate reserves through revenue enhancements and expenditure management without reliance on one-time revenue sources. 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 Town in maintaining sufficient reserves to protect against unforeseen events.

Major Initiatives

New and efficient technologies are being embraced by Hempstead Town, substantially reducing costs for our government, particularly in the area of energy usage. Long Island's one-of-a-kind renewable energy park, located at the Town of Hempstead's Conservation and Waterways' facility in Point Lookout, features wind energy, solar power, hydrogen-fueled vehicles, geo-thermal energy and more, reducing our carbon footprint and reducing operating costs. A newly installed motor vehicle fuel management system is producing substantial fuel and associated cost savings. And during 2015, the Town plans to modernize 49,000 street lights, replacing conventional lighting elements with Light Emitting Diode (LEDs) fixtures. This project, once fully converted, will reduce annual street lighting costs by 50% and, when considering the cost of conversion funded by a ten (10) year master tax exempt lease, ultimately save the Town over \$43 million over twenty (20) years (expected life of the LED fixtures). We're blazing an innovative energy agenda for others to emulate.

Right-sizing the Town's workforce has been a long-standing commitment for town managers. Over a ten-year span (2004 – 2014), Hempstead Town trimmed its workforce by 3.1 percent. In 2014, the Town implemented a severance incentive program that resulted in 72 employees separating from town employment. Factoring in incentive costs the Town will avoid \$8.1 million in salary and payroll tax expenses for 2015. Building upon this management imperative, the Town implemented a severance incentive program again this year that resulted in an additional 57 employees separating from town employment.

Pursuing grants and securing surplus federal equipment have allowed the Town to perform important governmental tasks while minimizing the direct costs borne by local taxpayers. Since Superstorm Sandy, Hempstead Town has secured in excess of \$1.3 million in surplus equipment, much of which has been used to restore our eroded coastline, remove storm debris and transport supplies. A brand new \$130,000, 24-foot long bay constable patrol boat was furnished to Hempstead through a New York State Surplus Equipment Program, drawing upon a U.S. Coast Guard grant. Additional equipment, including a crane, two dump trucks, two truck tractor rigs, a marine fork lift and industrial generators were secured at no direct cost to the Town through state and federal surplus programs.

Town officials are acutely focused on providing great services and programs that enhance the quality-of-life experience in Hempstead Town while controlling the cost of government. The recently completed 16,000 square foot Malone-Mulhall Recreation Center at Camp ANCHOR in Lido Beach is providing a permanent home for theatre, recreation, nutrition, socialization and a host of other activities for 1,500 children with special needs. And working to share the American dream of home ownership with more members of Hempstead Town's family, the Town Board recently announced a new phase of our affordable single-family homes program, slated to bring 7 new homes to the community of Roosevelt in 2015. These new houses will be in addition to the 5 houses that are nearing completion in Inwood, and over 230 houses that have already been built and are occupied by some of our Town's proudest home owners.

A progressive partnership between the Town and local businesses has helped to remake local downtown business districts with new storefront facades and attractive streetscapes, keeping our small business communities vibrant and economically competitive. Over the past two years, the Town has embarked upon ten downtown beautification programs to enhance the shopping experience in communities such as Franklin Square, Inwood, Uniondale and Elmont. And, more programs are coming to Oceanside and Levittown. Brick-paved walkways, Victorian street lighting and other enhancements are complimenting attractive building/storefront façade upgrades that have been undertaken by the town.

Major projects are pumping revenue into our economy. The new Neiman Marcus store is under construction at the Roosevelt Field Shopping Center. A 100,000 square foot mall expansion that includes the new retailer constitutes a \$200 million economic investment, and 2,900 related construction jobs have already been created at the site.

In addition, the Hempstead Town Board recently approved the redevelopment plan for the property surrounding the Nassau Veterans Memorial Coliseum, clearing the way for the complete renovation of the aging arena and setting the stage for additional new construction at the site. The redevelopment provides for 3.4 million square feet of development on the 91-acre site. The first phase of the project includes a renovated Coliseum (416,000 square feet) and 188,000 square feet of related development. The Coliseum renovation will take place without any taxpayer financing, and the approved plan provides for balanced and sustainable development. During development and when fully operational, the revitalized complex will be an economic generator that creates and retains new jobs along with a vibrant, attractive destination for Long Islanders and those visiting our region.

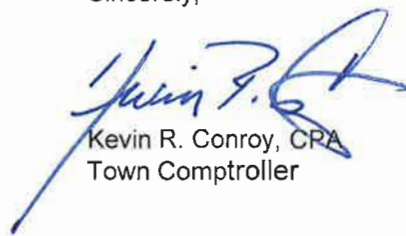
Awards and Acknowledgments

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, 2013. This was the eleventh 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, 2014.

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, 2014

Executive

Kate Murray

Supervisor

Town Board

Dorothy L. Goosby

1st Councilmatic District

Edward A. Ambrosino

2nd Councilmatic District

James Darcy – until 1/13/15

3rd Councilmatic District

Bruce Blakeman - as of 1/13/15

3rd Councilmatic District

Anthony J. Santino

4th Councilmatic District

Angie M. Cullin - until 1/12/15

5th Councilmatic District

Erin King Sweeney – as of 1/13/15

5th Councilmatic District

Gary Hudes

6th Councilmatic District

Nasrin G. Ahmad

Town Clerk

Donald X. Clavin

Receiver of Taxes

Kevin R. Conroy

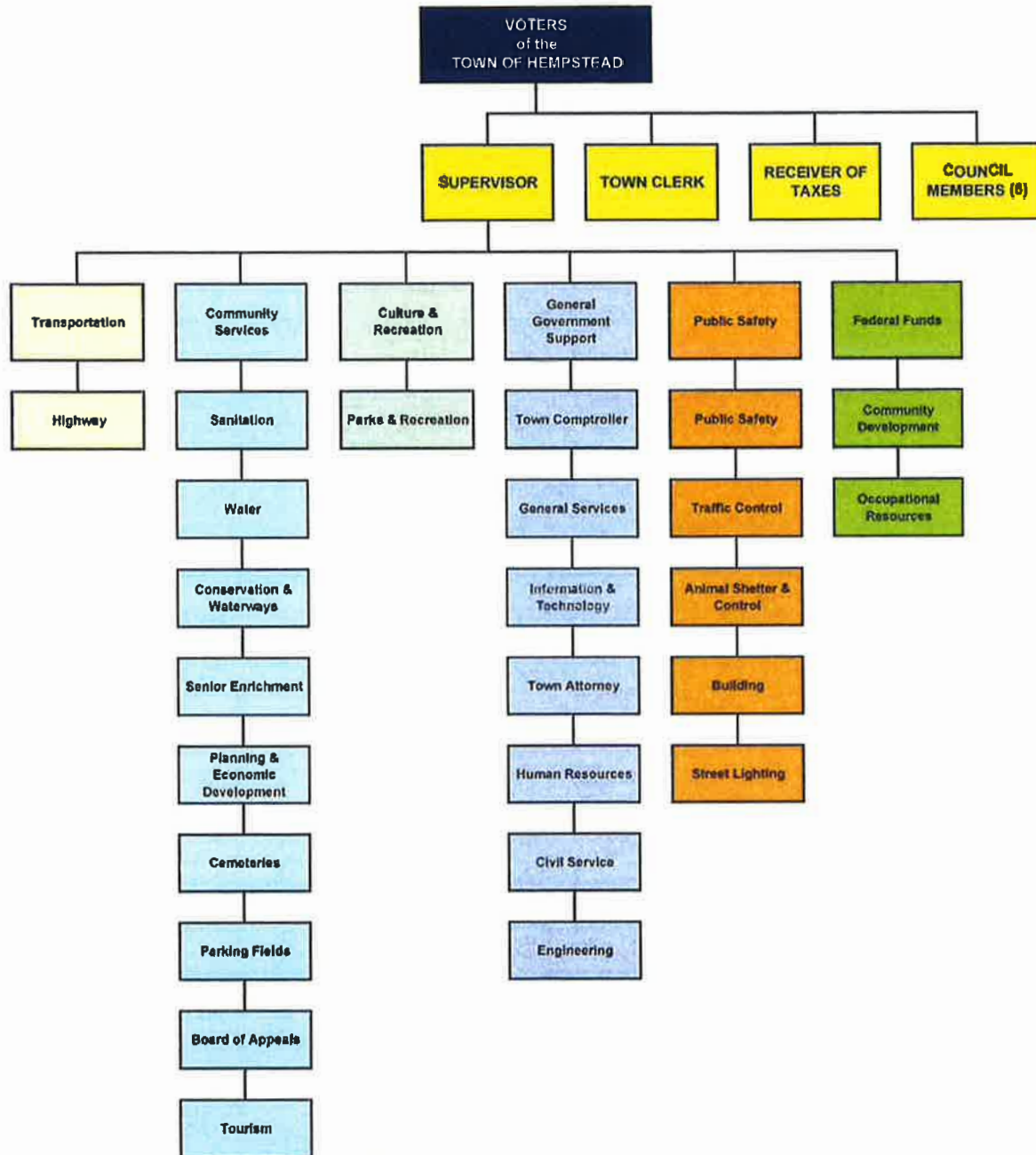
Town Comptroller

Joseph Ra

Town Attorney

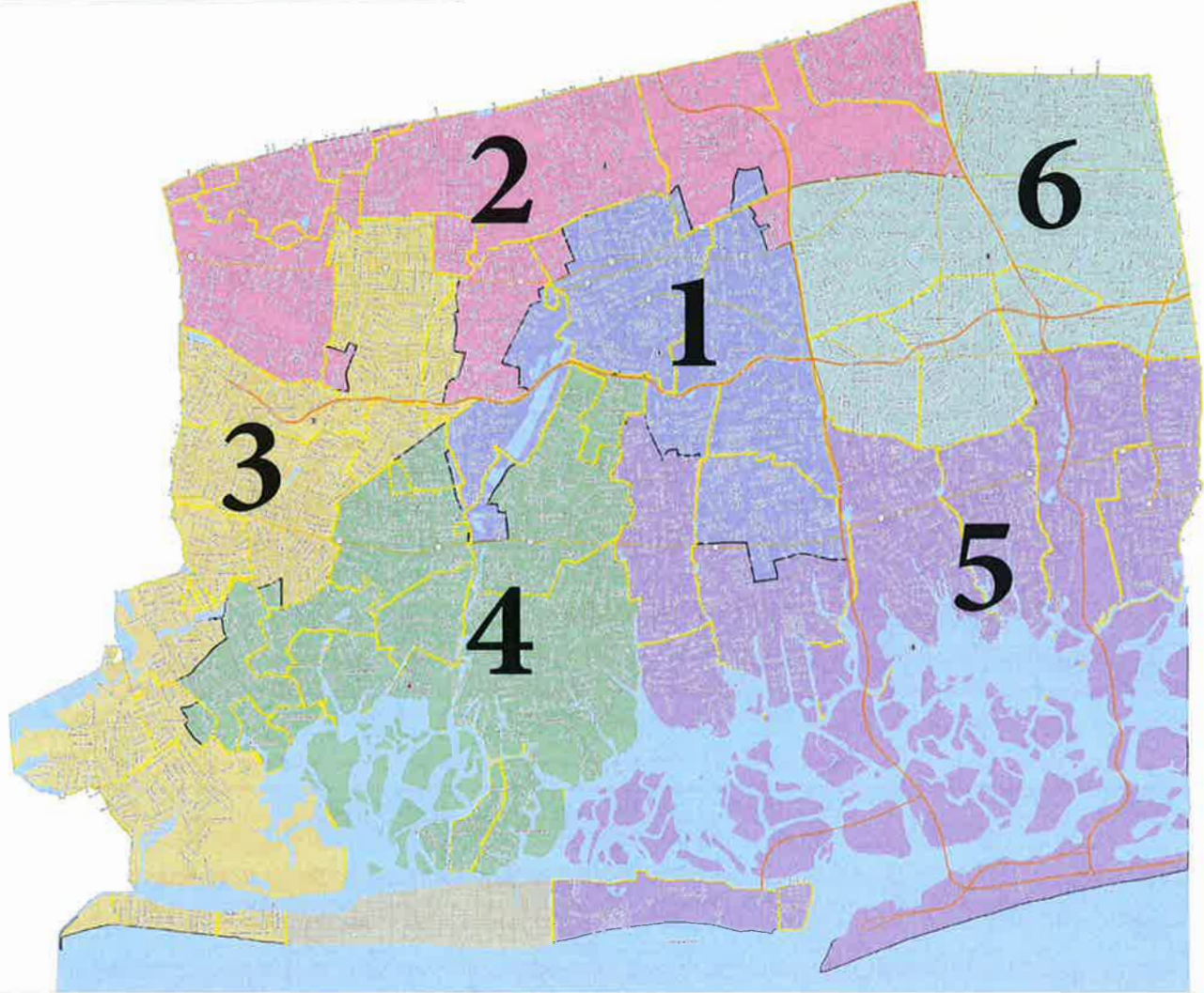


TOWN OF HEMPSTEAD
ORGANIZATIONAL CHART



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, 2013

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, 2014, 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%, 80.5% 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 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. None of the seven financial statements of the discretely presented component units in these financial statements were 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

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

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, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule 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 July 28, 2015, 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.



Hauppauge, New York
July 28, 2015

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2014

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, 2014. 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.

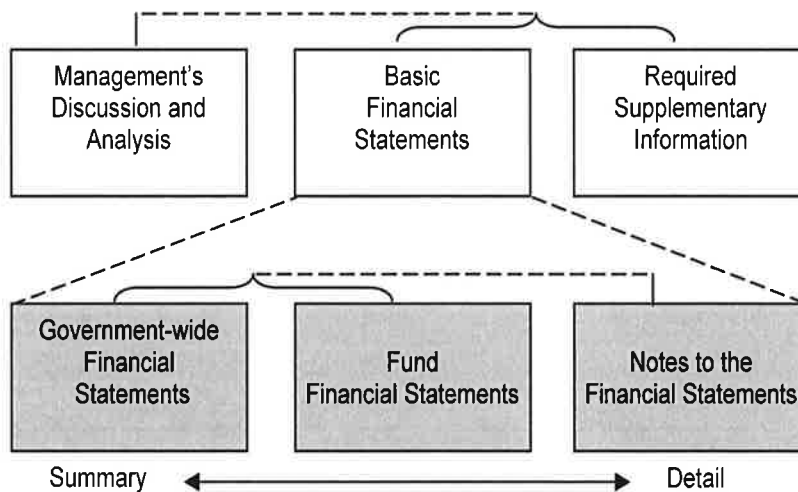
FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of the Town exceeded its assets and deferred outflows of resources at the close of 2014 by \$138,036,782 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 \$64,436,172. The most notable factors contributing to this decrease is the ongoing recognition of OPEB costs in the amount of \$38,023,519 and the 2014 State Court of Appeals decision that the Town was obligated to pay for residents' tuition at the Fashion Institute of Technology amounting to \$17,167,287.
- As of the close of 2014, the Town's governmental funds reported combined ending fund balances of \$82,712,535. Of this amount, \$45,451,777 is not in spendable form or is required to remain intact. The remaining \$67,604,745 exclusive of the Capital Projects deficit of \$30,343,987 or approximately 59.8% 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 2014, the Town's total fund balance for the General Fund was a \$10,129,100 deficit, a decrease of \$22,590,292 from the prior year, primarily due to the 2014 State Court of Appeals decision that the Town was obligated to pay for residents' tuition at the Fashion Institute of Technology; in the amount of \$17,167,287. The recognition of this expense eliminated what would otherwise have been a \$7,038,187 positive fund balance.
- The Town's total long-term debt was \$287,885,641 for an increase 2.36% from the prior year. The Town also issued a bond anticipation note and budget note for \$49,634,905 and \$30,400,000, respectively.

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.

**COMPONENTS OF
 THE ANNUAL FINANCIAL REPORT**



TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014

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.

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, 2014

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 the Town'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.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS

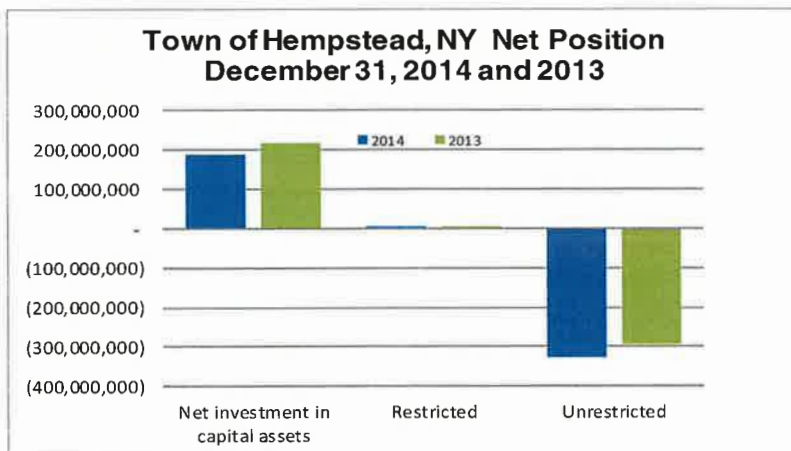
As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. In the case of the Town, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$138,036,782 at the close of the most recent year.

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

	2014	2013
Current and other assets:		
Current assets	\$ 167,339,932	\$ 144,147,443
Capital assets	532,672,150	518,429,467
Other non-current assets	27,083,315	2,066,000
Total assets	727,095,397	664,642,910
Deferred outflows of resources	49,020	98,040
Total assets and deferred outflows of resources	727,144,417	664,740,950
Current and other liabilities		
Current liabilities	167,605,476	90,183,211
Long-term liabilities	695,472,280	645,384,149
Total liabilities	863,077,756	735,567,360
Total deferred inflows of resources	2,103,443	2,774,200
Total liabilities and deferred inflows of resources	865,181,199	738,341,560
Net position:		
Net investment in capital assets	187,702,486	218,279,888
Restricted	2,390,993	2,253,777
Unrestricted	(328,130,261)	(294,134,275)
Total net position	\$ (138,036,782)	\$ (73,600,610)

The Town's net investment in capital assets portion of net position, \$187,702,486, 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, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The total net position of the Town as of December 31, 2014 was a negative \$138,036,782, a net position decrease of \$64,436,172 over the prior year. Of this amount, \$187,702,486 was the Town's net investment in capital assets, while \$2,390,993 was restricted by statute or other specific purpose leaving a \$328,130,261 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 2014 by \$38,023,519 bringing the unfunded liability at year-end to \$339,123,458. 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,

	2014	2013
Program Revenues		
Charges for services	\$ 58,949,420	\$ 57,051,209
Operating grants and contributions	12,163,714	13,244,216
Capital grants and contributions	11,421,145	5,810,080
	82,534,279	76,105,505
General Revenues		
Real property taxes	261,513,734	262,327,072
Real property tax items	4,247,809	6,041,444
Non-property tax items	46,660,477	47,611,355
Interest earnings and financing income	2,981,606	2,099,833
Mortgage tax	14,872,169	18,107,823
State aid - unrestricted	4,078,802	3,848,885
Other	1,812,068	1,221,924
	336,166,665	341,258,336
Total Revenues	418,700,944	417,363,841
Program Expenses		
General government support	85,059,212	86,791,904
Education	18,683,465	1,969,559
Public safety	45,969,530	46,113,772
Transportation	60,557,006	59,739,867
Economic assistance and opportunity	16,189,128	16,962,301
Culture and recreation	87,061,754	86,662,376
Home and community services	157,009,412	160,603,337
Interest on debt	12,607,609	11,415,138
	483,137,116	470,258,254
Total Expenses	483,137,116	470,258,254
Change in Net Position	(64,436,172)	(52,894,413)
Net Position - Beginning	(73,600,610)	(19,156,151)
Net Position - Prior Period Adjustment		(1,550,046)
Net Position - Beginning as Restated	(73,600,610)	(20,706,197)
Net Position - Ending	\$ (138,036,782)	\$ (73,600,610)

Net position, from all government activities, decreased by \$64,436,172 in the current year and had a year-over-year decrease of \$11,541,759.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

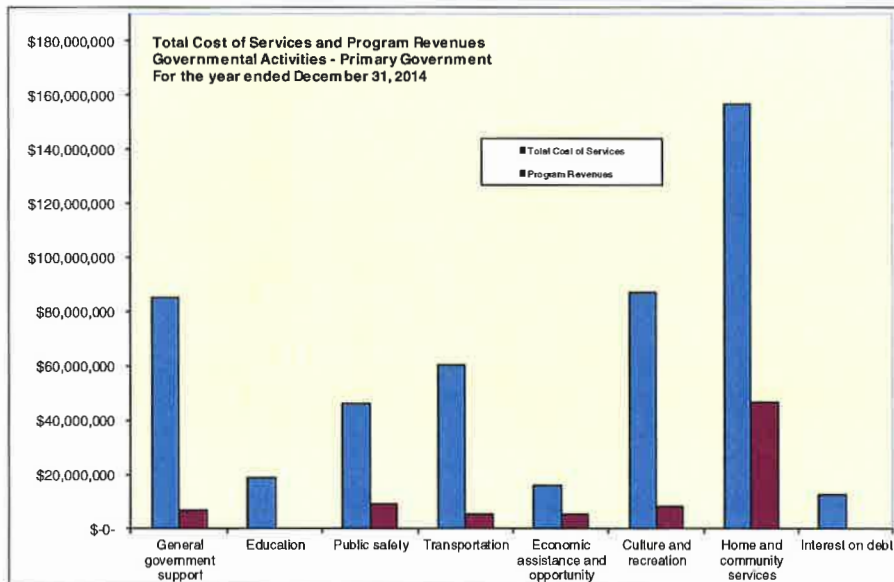
Key elements of the governmental activities are:

- Program revenues increased by \$6,428,774 primarily due to the increase in capital grants and contributions, of \$5,611,065 resulting from an increase of approximately \$4,900,000 in Federal disaster aid for storm clean-up costs. Charges for services increased \$1,898,211 resulting mainly from increase in refuse and garbage charges of approximately \$2,500,000 and decrease in insurance recoveries of approximately \$1,300,000 for property damage caused by "Superstorm Sandy".
- Mortgage tax, real property tax items and non-property tax items (sales tax) decreased by \$3,235,654, \$1,793,635 and \$950,878, respectively due to housing market conditions, economic conditions and consumer spending. Real property taxes decreased by \$813,338 as a result of the Town approved budget. Positive offsets were found in interest earnings and financing income, state aid and other miscellaneous revenues totaling approximately \$1,700,000.
- Overall expenses increased by \$12,878,862 primarily due to the \$16,713,906 increase in education expense, stemming from the 2014 State Court of Appeals decision that the Town was obligated to pay for residents' tuition at the Fashion Institute of Technology, in the amount of \$17,167,287. Offsets were largely in home and community services and general government support. 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 \$3,600,000 in home and community services and \$1,700,000 in general government, with the related benefits.

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,

	2014		2013		2014		2013	
	Total Cost (Expenses) of Services		Program Revenues		Net Cost (Revenue) of Services			
General government support	\$ 85,059,212	\$ 86,791,904	\$ 7,000,128	\$ 3,028,143	\$ 78,059,084	\$ 83,763,761		
Education	18,683,465	1,969,559			18,683,465	1,969,559		
Public safety	45,969,530	46,113,772	9,269,474	9,537,640	36,700,056	36,576,132		
Transportation	60,557,006	59,739,867	5,608,378	4,385,054	54,948,628	55,354,813		
Economic assistance and opportunity	16,189,128	16,962,301	5,442,335	5,195,713	10,746,793	11,766,588		
Culture and recreation	87,061,754	86,662,376	8,444,739	8,064,130	78,617,015	78,598,246		
Home and community services	157,009,412	160,603,337	46,769,225	45,894,825	110,240,187	114,708,512		
Interest on debt	12,607,609	11,415,138			12,607,609	11,415,138		
	<u>\$ 483,137,116</u>	<u>\$ 470,258,254</u>	<u>\$ 82,534,279</u>	<u>\$ 76,105,505</u>	<u>\$ 400,602,837</u>	<u>\$ 394,152,749</u>		

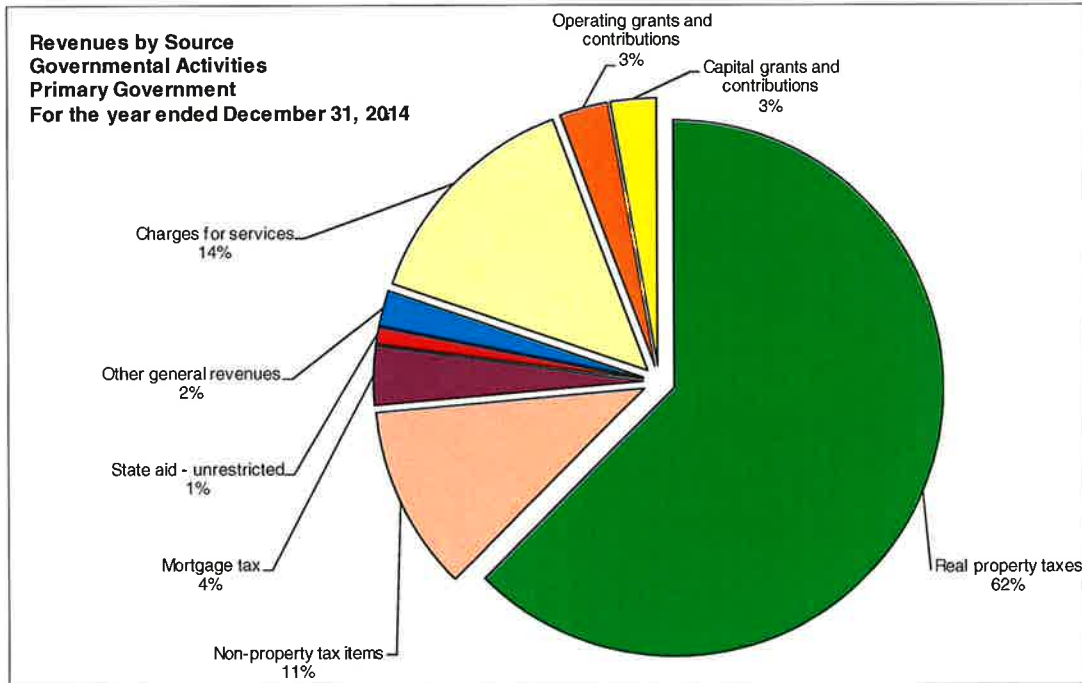


TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The total cost of all governmental activities this year was \$483,137,116. The net cost of these services after being subsidized by program revenues of \$82,534,279 was \$400,602,837.

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



Revenue by Source
 year ended December 31,

	2014	2013
Real property taxes	\$ 261,513,734	\$ 262,327,072
Non-property tax items	46,660,477	47,611,355
Mortgage tax	14,872,169	18,107,823
State aid - unrestricted	4,078,802	3,848,885
Other general revenues	9,041,483	9,363,201
Charges for services	58,949,420	57,051,209
Operating grants and contributions	12,163,714	13,244,216
Capital grants and contributions	11,421,145	5,810,080
	<u>\$ 418,700,944</u>	<u>\$ 417,363,841</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 the Town'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, 2014

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (continued)

Governmental Funds (continued)

At December 31, 2014, the Town's governmental funds reported total ending fund balances of \$82,712,535, a decrease of \$24,738,802 in comparison with the prior year. This change in total governmental fund balances was due principally to the State Court of Appeals decision regarding the Fashion Institute of Technology tuition, in the amount of \$17,167,287, as reflected in the General Fund. The governmental funds reported fund balances, exclusive of the Capital Projects Fund, of \$113,056,522. There were also decreases in the Highway Fund and Refuse and Garbage Fund as explained under their respective Funds. The category breakdown is as follows:

- **Nonspendable fund balance** - \$45,451,777 (inherently nonspendable) includes the portion of net resources that cannot be spent because they must be maintained intact.
- **Restricted fund balance** - \$1,053,126 (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** - \$80,325,912 (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)** - (\$44,118,280) (residual net resources) is the negative unassigned fund balance in the General Fund and Capital Projects Funds in excess of nonspendable, restricted and assigned fund balance.

The most significant change that accounts for the majority of the \$24,738,802 decrease on the Town's government fund balances from 2013 to 2014 is the 2014 State Court of Appeals decision that the Town was obligated to pay for residents' tuition at the Fashion Institute of Technology, in the amount of \$17,167,287.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current year, the total fund balance deficit of the General Fund was \$10,129,100 decreasing \$22,590,292, or 181.3%, from the prior year. Of this amount, \$3,645,193 is not in spendable form (inventory and prepaid items). There is a remaining negative unassigned fund balance of \$13,774,293.

The key elements of the fund balance decrease of \$22,590,292 are as follows:

- The decrease was primarily due to the 2014 State Court of Appeals decision that the Town was obligated to pay for residents' tuition at the Fashion Institute of Technology, in the amount of \$17,167,287; included in education. The recognition of this expense eliminated what would otherwise have been a \$7,038,187 positive fund balance.
- There was an originally planned decrease of \$4,844,907 to hold the line on property taxes for 2014, and for purchase obligations brought forward of \$300,042.
- The \$384,075 surplus in real property taxes was due to an increase in restored taxes received (taxes restored when there is a transfer of ownership from a person entitled to an exemption to a person not entitled to an exemption) but was partially then offset by a shortfall in real property tax items of \$127,016 due to a decrease in payment in lieu of taxes.
- The shortfall of \$4,123,767 in non-property tax items resulted from a decrease in local government assistance (sales tax) revenue due to a downward trend in 2014.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (continued)

Governmental Funds (continued)

General Fund (continued)

- There was a surplus of \$110,215 in licenses and permits that was the result of an increase in the issuance of street opening permits.
- The negative variance of \$2,642,101 in state aid resulted from a decrease in mortgage tax received. This is primarily a result of less homes being purchased in 2014 as well as more homes being refinanced in 2013 due to more favorable borrowing rate.
- The \$611,345 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."
- General government support savings of \$1,997,042 resulted from savings in personal services and reductions in expenditures for equipment, and contractual services of \$625,216 and \$1,371,826, respectively.
- Public safety savings of \$700,536 in resulted from savings in personal services and reductions in expenditures for contractual services of \$190,384 and \$510,152, respectively.
- Home and community services savings of \$260,682 in resulted from savings in personal services and reductions in expenditures for contractual services of \$208,762 and \$51,920, respectively.
- Employee benefits savings of \$3,005,215 resulted mostly from the decrease in employee retirement system annual costs of \$2,929,220 and the decrease in health insurance of \$74,575, both related to the decrease in personal service described above.

Highway Fund

At the end of the current year, the total fund balance of the Highway Fund was \$21,190,152, decreasing \$2,147,199, or 9.2%, from the prior year. Of this amount, \$8,654,268 is not in spendable form (inventory and prepaid items). The remaining \$12,535,884 of the fund balance is in spendable form as follows: \$5,240,334 has been assigned by the Town Board for the subsequent year's budget and \$7,295,550 is assigned for highway purposes.

The key elements of the fund balance decrease of \$2,147,199 are as follows:

- There was an originally planned decrease of \$6,585,717, inclusive of purchase orders brought forward of \$96,004, to hold the line on property taxes in 2014, and an additional appropriation of \$650,336 during 2014. The surplus in real property tax items of \$191,473 was due to an increase in payments in lieu of taxes.
- The \$88,446 shortfall 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 was substantially offset by a surplus of \$262,152 in sale of property and compensation for loss due primarily to budget surpluses of \$20,746 in the sale of scrap metal and \$240,611 in insurance recoveries.
- The surplus in miscellaneous revenue of \$242,188 resulted from premiums on debt issuance from the BAN issuance in December 2014 and the surplus in premiums on debt issuance of \$416,212 from greater than anticipated premiums associated with the bond sale issuance in January 2014.
- The \$192,546 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 \$140,513 resulted primarily from reductions in expenditures for contractual services.
- The \$3,618,967 surplus in transfers in was a result of surplus funds from completed capital projects, with no remaining debt, being greater than estimated at the time the budget was prepared.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (continued)

Governmental Funds (continued)

Parks Fund

At the end of the current year, the total fund balance of the Parks Fund was \$22,884,164, increasing \$979,061, or 4.5%, from the prior year. Of this amount, \$1,957,977 is not in spendable form (inventory and prepaid items). The remaining \$20,926,187 of the fund balance is in spendable form as follows \$6,363,669 has been assigned by the Town Board for the subsequent year's budget, \$14,062 has be assigned for purchase orders by the Town Comptroller and the remaining \$14,548,456 is assigned for park fund purposes.

The key elements of the fund balance increase of \$979,061 are as follows:

- There was an originally planned decrease of \$2,781,743, inclusive of purchase obligations brought forward of \$94,130, to hold the line on property taxes in 2014.
- The \$145,222 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 \$1,468,359 in culture and recreation resulted from savings in personal services of and reductions in expenditures for equipment, capital outlay and contractual services of \$519,564 and \$948,795, respectively.
- Savings of \$2,080,003 in employee benefits resulted mostly from the decreases in employee retirement system annual costs of \$1,234,836 and health insurance of \$531,601, both related to the decrease in personal services described above

Refuse and Garbage Fund

At the end of the current year, the total fund balance of the Refuse and Garbage Fund was \$48,808,893, decreasing \$7,775,247, or 13.7%, from the prior year. Of this amount, \$28,163,025 is not in spendable form (long-term receivable, inventory and prepaid items). The long-term receivable pertains to the garbage taxes and local utilities case and the "County Guarantee" found in the litigation section of the notes to the financial statements. The remaining \$20,645,868 of the fund balance is in spendable form as follows, \$12,593,569 has been assigned by the Town Board for the subsequent year's budget, \$9,937 has been assigned for purchase orders by the Town Comptroller and the remaining \$8,042,362 is assigned for sanitation purposes.

The key elements of the fund balance decrease of \$7,775,247 are as follows:

- There was an originally planned decrease of \$15,985,369 inclusive of purchase orders brought forward of \$47,685, to hold the line on property taxes in 2014.
- Included in departmental income is a surplus of \$2,558,258 resulting from a price increase and flow control. In 2014, tonnage increased by approximately 30,000 tons.
- The \$1,962,536 shortfall in intergovernmental charges resulted from lower than anticipated tonnage received for residual items related to "Superstorm Sandy".
- Included in sale of property and compensation for loss was a \$222,930 surplus that resulted from an increase of \$257,049 in recyclables delivered to the Town and a decrease of \$34,119 of scrap metal received.
- \$345,970 of the surplus in miscellaneous revenue resulted from a \$225,959 increase of direct assessment for litter removal and property clean-ups from Nassau County, \$62,616 increase in reimbursement from the New York State Workers' Compensation special disability fund and \$57,395 for premium received on BAN issuance in December 2014.
- The \$193,949 surplus in interfund revenues resulted from charges by the Sanitation Department to other Town departments for disposal of debris.
- The \$309,716 surplus in Federal Aid resulted from FEMA reimbursements related to "Superstorm Sandy".
- Savings of \$4,258,454 in home and community services resulted from savings in personal services and from reductions in expenditures for equipment and contractual services of \$396,208 and \$3,862,246, respectively.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (continued)

Governmental Funds (continued)

Refuse and Garbage Fund (continued)

- Savings of \$2,197,591 in employee benefits resulted mostly from reductions in workers' compensation expenditures of \$1,033,390 and reductions in employee retirement annual costs of \$945,266.

Capital Projects Fund

At the end of the current year, the Capital Projects Fund had a total fund balance deficit of \$30,343,987. The deficit will be eliminated with the issuance of long-term bonds in subsequent periods.

The fund balance increased in the Capital Projects Fund by \$5,429,261 from the prior year.

- The overall deficit is from differences in timing between project expenditures and encumbrances and the recognition of corresponding permanent financing.
- The 2014 increase resulted from \$5,036,166 received in Federal Aid from FEMA reimbursements related to "Superstorm Sandy".

Nonmajor Governmental Funds

The net change in fund balances was an increase of \$1,365,614.

- There was an originally planned net decrease of \$3,408,718 to hold the line on property taxes in 2014 and a planned deficit reduction of \$1,277,877 for a total planned decrease of \$2,130,841 and an additional appropriation of \$900,314 during 2014.
- The nonmajor funds surplus of \$61,081 in real property tax items resulted from an increase in payments in lieu of taxes in Part-Town Fund, Library Fund, Parking Fund and Water Fund of \$67,404 and a decrease of payments in lieu of taxes in the Fire District Fund and Street Lighting Fund of \$6,323.
- The Part-Town Fund surplus of \$809,244 in non-property tax items, \$1,241,354 in departmental income, and \$104,463 of the miscellaneous revenue resulted from increases in franchise fee revenue, the number of building permits issued in the residual aftermath of "Superstorm Sandy" and the direct assessment received from Nassau County for dangerous buildings and structure, respectively. The shortfall in fines and forfeitures of \$439,603 resulted from a decrease of parking fine revenue received from Nassau County.
- Part-Town Fund and Water Fund savings in home and community services of \$182,654 and \$944,519, respectively, resulted from reductions in expenditures for contractual services and capital outlay.
- Fire District Fund savings in public safety of \$112,086 resulted from the decrease in contractual services for hydrants, and savings in employee benefits of \$188,900 resulted from decrease in workers compensation of \$126,896 and decrease in service awards of \$62,004.
- Street Lighting Fund savings of \$145,661 in transportation and \$499,000 of Federal Aid resulted from across the board reductions in expenditures for contractual services and FEMA reimbursements for repair of damaged underground street lighting related to "Superstorm Sandy", respectively.
- The Special Grant Fund realized \$445,802 in Community Development from a grant reimbursement from NYS Dormitory Authority for streetscape improvements.
- The surplus of \$116,085 in premiums on debt issuance in Part-Town Fund, Parking Fund and Water Fund resulted from greater than anticipated premiums from the bond sale issuance in January 2014.

GENERAL FUND BUDGETARY HIGHLIGHTS

The differences between the 2014 original budget and the final amended budget are adopted by Town Board resolution throughout the year. During the year there was a \$1,540,298 or 1.0% increase in the appropriations between the original and final amended budget. There are no variances that are expected to have a significant effect on future services or liquidity. Please see the General Fund section for more details on the comparison of final budgets and actual amounts. The main components of the increase in appropriations were the \$1,460,288 supplemental appropriation to general government support for salaries and wages.

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014

CAPITAL ASSET AND DEBT ADMINISTRATION

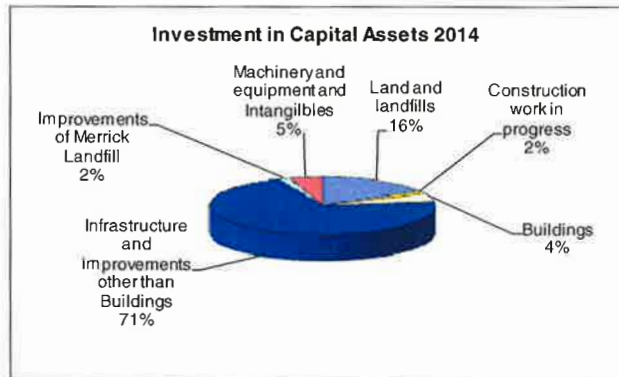
Capital Assets

The Town's net investment in capital assets for its governmental type activities as of December 31, 2014, amounts to \$532,672,150. 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 construction, heavy equipment replacement, Information and technology upgrades, building improvements, water distribution infrastructure and park improvements.

Capital Assets - Net of Accumulated Depreciation

	Governmental Activities	
	2014	2013
Land and landfills	\$ 86,967,285	\$ 83,688,613
Construction work in progress	9,208,683	8,905,805
Buildings	24,334,644	20,891,279
Infrastructure and improvements other than building	377,899,724	370,882,671
Improvements of Merrick landfill	9,179,424	9,719,979
Machinery and equipment	21,278,802	21,022,530
Intangibles- Software	3,803,588	3,318,590
Total Capital Assets	\$ 532,672,150	\$ 518,429,467



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 \$287,885,641. The entire debt is backed by the full faith and credit of the Town.

Outstanding Debt

	Governmental Activities	
	2014	2013
General obligation bonds	\$ 287,885,641	\$ 281,254,337
Total	\$ 287,885,641	\$ 281,254,337

In 2014 the Town's total debt increased by \$6,631,304 or 2.4%.

In 2014, Moody's Investors Service, Inc. lowered the Town's credit rating to "Aa1". Standard and Poor's Corporation lowered the Town's underlying rating from "AA+" to A+ in March, 2015.

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 \$6,903,654,210. The percentage of debt contracting exhausted at December 31, 2014 was 4.75% of the current debt limitation.

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

TOWN OF HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The Town's elected and appointed officials considered many factors when preparing the 2015 budget. The Town's statistical data continues to compare favorably to New York State and the United States. The Town's 2014 average unemployment rate of 5.0% compares favorably to New York State's 6.3% and the United States' 6.2%. Household income in the Town also compares favorably to both the state and the nation. More than 46.7% of households in the Town have annual incomes of \$100,000 or more, compared to 27.4% in New York State and 22.6% nationwide. According to the U.S. Census Bureau, mean household income in the Town of Hempstead is \$114,563, as compared to New York State's \$84,432 and the United States' \$73,767. These factors provide a stable tax environment enabling the Town to reliably project tax revenue.
- Despite the fact that the Town boasts a population that is greater than four states and the cities of Boston, Miami, Denver and Baltimore, Town leaders have worked hard to preserve the Town's suburban character. By controlling costs that are within its discretion, pursuing valuable grants and securing surplus federal equipment, the Town has been able to maintain excellent programs and services while minimizing the financial burden on local taxpayers. Just as families continue to tighten their belts during a difficult national economy, the Town's 2015 budget actually reduces expenditures over the 2014 spending plan. Nevertheless, Town officials have continually demonstrated their commitment to service and concern for the well-being of all residents and business owners in the Town. From waiving building permit fees for those rebuilding their decimated homes to helping business districts recover from a stunning natural disaster, the Town strives to offer meaningful value for every tax dollar it spends. Indeed, the Town has waived in excess of \$2 million in building permit fees for those who continue to rebuild storm-damaged properties nearly three years after Superstorm Sandy. These factors form the basis of estimating the 2015 budget lines.
- 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, if the Town uses less than the amount of its allowable tax levy increase in a given fiscal year it may include the unused portion, up to one and one-half percent (1.5%), in calculating its tax levy limit for the following fiscal year. Furthermore, 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.
- To partially offset declining non-property tax revenues, the adopted budget for the fiscal year beginning January 1, 2015 contains an increase of 3.3% (including an available carryover from the Town's 2014 tax levy limit) in total taxes levied. This increase is within New York State's tax cap law, and will therefore be offset for the vast majority of property owners through a state-sponsored tax credit. When all these factors are considered, the Town's combined fund balances are expected to decline by approximately 30% by the close of 2015.

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, 2014

	Primary Governmental Activities	Nonmajor Component Units
ASSETS		
Current Assets:		
Cash and investments	\$ 103,252,686	\$ 9,561,637
Cash - restricted	2,475,650	6,415,423
Receivables	11,387,776	1,009,517
Due from other governments	25,025,856	1,060,667
Prepaid items	12,487,671	227,500
Inventory of material and supplies	12,186,402	
Other assets	523,891	
Total Current Assets	167,339,932	18,274,744
Non-Current Assets:		
Receivables, service concession arrangements	1,452,800	
Receivables, due from Nassau County	25,630,515	
Non-depreciable capital assets	96,175,968	913,233
Depreciable capital assets, net of depreciation	436,496,182	43,637,937
Total Non-Current Assets	559,755,465	44,551,170
Total Assets	727,095,397	62,825,914
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding	49,020	
Total Deferred Outflows of Resources	49,020	-0-
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	16,432,893	1,256,190
Accounts payable - capital related debt	4,567,815	
Accrued interest payable	4,631,057	281,171
Budget note payable	30,400,000	
Bond anticipation notes payable	49,634,905	
Due to other governments	1,057,703	
Other liabilities	1,629,065	1,967
Non-current liabilities due within one year:		
General obligation bonds payable	40,012,758	1,165,825
Due to employees retirement system	2,685,940	2,368
Compensated absences	3,505,445	55,384
Claims and judgments payable	10,495,000	
Estimated liability for landfill closure and postclosure care costs	62,695	
Pollution remediation obligations	2,490,200	
Other debt		63,550
Total Current Liabilities	167,605,476	2,826,455
Non-Current Liabilities due in more than one year:		
General obligation bonds payable	264,491,534	17,717,703
Due to employees retirement system	23,323,248	
Compensated absences	48,467,486	1,026,977
Claims and judgments payable	17,937,251	
Estimated liability for landfill closure and postclosure care costs	1,006,403	
Pollution remediation obligations	1,122,900	
Other postemployment benefits	339,123,458	5,327,609
Other debt		262,958
Total Non-Current Liabilities	695,472,280	24,335,247
Total Liabilities	863,077,756	27,161,702
DEFERRED INFLOWS OF RESOURCES		
Local government records management grant	37,443	
Deferred service concession arrangement receipts	2,066,000	
Total Deferred Inflows of Resources	2,103,443	-0-
NET POSITION		
Net investment in capital assets	187,702,486	26,556,361
Restricted for:		
Culture and recreation		16,971
Home and community services and Economic assistance and opportunity	1,053,126	7,788,064
Permanent fund:		
Nonexpendable	1,337,867	
Unrestricted	(328,130,261)	1,302,816
Total Net Position	\$ (138,036,782)	\$ 35,664,212

TOWN OF HEMPSTEAD
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF ACTIVITIES
Year ended December 31, 2014

Function/Program	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Government Activities:				
General government support	\$ 85,059,212	\$ 4,029,158	\$ 108,648	\$ 2,862,322
Education	18,683,465			
Public safety	45,969,530	9,226,071	29,720	13,683
Transportation	60,557,006	1,465,404	692,061	3,450,913
Economic assistance and opportunity	16,189,128	10,218	5,432,117	
Culture and recreation	87,061,754	8,125,985	310,411	8,343
Home and community services	157,009,412	36,092,584	5,590,757	5,085,884
Interest on debt	12,607,609			
Total Primary Government	\$ 483,137,116	\$ 58,949,420	\$ 12,163,714	\$ 11,421,145
Nonmajor Component Units				
Culture and recreation	\$ 7,739,069	\$ 67,130	\$ 9,176	
Home and community services	9,377,970	3,328,059		
Total Component Units	\$ 17,117,039	\$ 3,395,189	\$ 9,176	\$ -0-

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

Net Position - Ending

Net (Expense) Revenues and
Changes in Net Position

Primary Government	Nonmajor Component Units
\$ (78,059,084)	
(18,683,465)	
(36,700,056)	
(54,948,628)	
(10,746,793)	
(78,617,015)	
(110,240,187)	
(12,607,609)	
<u>\$ (400,602,837)</u>	
	\$ (7,662,763)
	<u>(6,049,911)</u>
	<u>\$ (13,712,674)</u>
\$ 261,513,734	\$ 12,306,198
4,247,809	248,103
36,401,233	
10,259,244	
2,981,606	593,859
14,872,169	
4,078,802	76,746
1,812,068	59,317
<u>336,166,665</u>	<u>13,284,223</u>
(64,436,172)	(428,451)
<u>(73,600,610)</u>	<u>36,092,663</u>
<u>\$ (138,036,782)</u>	<u>\$ 35,664,212</u>

TOWN OF HEMPSTEAD
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014

	MAJOR FUNDS				
	General	Highway	Parks	Refuse and Garbage	Capital Projects
ASSETS					
Cash and investments	\$ 7,047,395	\$ 12,663,664	\$ 20,268,860	\$ 31,457,017	\$ 7,387,484
Cash - restricted					
Receivables	128,335	678,267	154,790	2,173,102	3,103,244
Due from other funds	49,318	1,006,189	1,211,109	1,894,430	17,258
Due from other governments	16,803,680	297,893	237,933	26,964,913	4,427,134
Inventory of material and supplies	1,561,006	7,459,110	948,016	1,179,942	
Prepaid items	2,084,187	1,195,158	1,009,961	1,352,568	
Other assets	224,491	45,900	150,900	57,300	
Total Assets	<u>\$ 27,898,412</u>	<u>\$ 23,346,181</u>	<u>\$ 23,981,569</u>	<u>\$ 65,079,272</u>	<u>\$ 14,935,120</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 2,552,078	\$ 1,545,333	\$ 1,091,613	\$ 8,002,003	
Accounts payable - capital related debt					\$ 4,567,815
Budget note payable	30,400,000				
Bond anticipation notes payable	1,800,000			8,259,905	39,575,000
Due to other funds	3,275,434	29,251	5,792	8,471	78,589
Due to other governments					1,057,703
Other liabilities					
Total Liabilities	<u>38,027,512</u>	<u>1,574,584</u>	<u>1,097,405</u>	<u>16,270,379</u>	<u>45,279,107</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - sidewalk repair		581,445			
Total Deferred Inflows of Resources		<u>581,445</u>			
FUND BALANCES (DEFICITS)					
Nonspendable	3,645,193	8,654,268	1,957,977	28,163,025	
Restricted					
Assigned		12,535,884	20,926,187	20,645,868	
Unassigned	(13,774,293)				(30,343,987)
Total Fund Balances (Deficits)	<u>(10,129,100)</u>	<u>21,190,152</u>	<u>22,884,164</u>	<u>48,808,893</u>	<u>(30,343,987)</u>
Total Liabilities and Fund Balances	<u>\$ 27,898,412</u>	<u>\$ 23,346,181</u>	<u>\$ 23,981,569</u>	<u>\$ 65,079,272</u>	<u>\$ 14,935,120</u>

See notes to financial statements

Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,629,065	\$ 22,799,201	\$ 103,252,686
	2,475,650	2,475,650
	4,536,838	10,774,576
	1,929,654	6,107,958
	1,924,818	50,656,371
	1,038,328	12,186,402
	655,119	6,296,993
	45,300	523,891
<u>\$ 1,629,065</u>	<u>\$ 35,404,908</u>	<u>\$ 192,274,527</u>
	\$ 2,354,631	\$ 15,545,658
		4,567,815
		30,400,000
		49,634,905
	2,710,421	6,107,958
		1,057,703
<u>\$ 1,629,065</u>		<u>1,629,065</u>
<u>1,629,065</u>	<u>5,065,052</u>	<u>108,943,104</u>
	37,443	618,888
	37,443	618,888
	3,031,314	45,451,777
	1,053,126	1,053,126
	26,217,973	80,325,912
		(44,118,280)
<u>-0-</u>	<u>30,302,413</u>	<u>82,712,535</u>
<u>\$ 1,629,065</u>	<u>\$ 35,404,908</u>	<u>\$ 192,274,527</u>

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TOWN OF HEMPSTEAD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
December 31, 2014

Total Fund Balances - Governmental Funds \$ 82,712,535

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	\$ 96,175,968	
Capital assets - depreciable	897,713,656	
Accumulated depreciation	<u>(461,217,474)</u>	532,672,150

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds 581,445

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	(287,885,641)	
Due to Employees Retirement System	(26,009,188)	
Compensated absences	(51,972,931)	
Claims and judgments	(28,432,251)	
Estimated liability for landfill closure and postclosure costs	(1,069,098)	
Pollution remediation obligations	(3,613,100)	
Other postemployment benefits	<u>(339,123,458)</u>	(738,105,667)

Prepaid items included in the Statement of Net Position 6,190,678

Receivables, service concession arrangements are not available to pay for current period expenditures and therefore, are not reported in the funds.	2,066,000	
Deferred Inflows, service concession arrangements not reported in the funds.	<u>(2,066,000)</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		49,020
Premiums on debt issuance included in the Statement of Net Position		(16,618,651)

Interest payable and accrued 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.		<u>(5,518,292)</u>
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Net Position of Governmental Activities **\$ (138,036,782)**

TOWN OF HEMPSTEAD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2014

	MAJOR FUNDS				
	General	Highway	Parks	Refuse and Garbage	Capital Projects
REVENUES					
Real property taxes	\$ 31,739,884	\$ 56,947,140	\$ 53,825,600	\$ 77,549,215	
Real property tax items	1,346,469	694,463	441,636	1,157,044	
Non-property tax items	36,401,233				
Departmental income	5,483,488		2,677,444	12,410,077	
Intergovernmental charges	69,379	3,000	868,517	3,037,464	
Use of money and property	1,104,025	77,554	330,517	3,992,957	
Licenses and permits	1,277,241			25,842	
Fines and forfeitures	24,575		7,250		
Sale of property and compensation for loss	92,455	283,152	30,515	804,575	\$ 4,924,756
Miscellaneous revenue	529,408	677,188	200,950	778,519	4,551
Interfund revenues	56,192,199		28,707,929	1,443,949	
State aid	18,706,784	150,000	165,189	630	3,230,239
Federal aid	611,345	192,546	145,222	309,716	5,054,960
Total Revenues	<u>153,578,485</u>	<u>59,025,043</u>	<u>87,400,769</u>	<u>101,509,988</u>	<u>13,214,506</u>
EXPENDITURES					
Current:					
General government support	82,623,613				
Education	18,683,465				
Public safety	14,518,381				
Transportation	1,440,824	33,964,213			
Economic assistance and opportunity	5,579,567				
Culture and recreation	120,071		62,299,722		
Home and community services	11,799,267			84,725,882	
Employee benefits	35,185,320	10,296,326	19,680,430	19,838,255	
Capital Outlay					47,487,883
Debt Service:					
Principal					
Interest					
Total Expenditures	<u>169,950,508</u>	<u>44,260,539</u>	<u>81,980,152</u>	<u>104,564,137</u>	<u>47,487,883</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	<u>(16,372,023)</u>	<u>14,764,504</u>	<u>5,420,617</u>	<u>(3,054,149)</u>	<u>(34,273,377)</u>
Other Financing Sources (Uses)					
Transfers in	374,354	6,318,967	3,782	18,458	195,753
Transfers out	(6,738,920)	(23,971,882)	(4,517,256)	(4,911,890)	(6,747,285)
Payments to refunded bond escrow agent					
Debt issuance					46,254,170
Refunding bonds issued					
Premiums on debt issuance	146,297	741,212	71,918	172,334	
Total Other Financing Sources (Uses)	<u>(6,218,269)</u>	<u>(16,911,703)</u>	<u>(4,441,556)</u>	<u>(4,721,098)</u>	<u>39,702,638</u>
Net Change in Fund Balances					
	(22,590,292)	(2,147,199)	979,061	(7,775,247)	5,429,261
Fund Balance (Deficit) at Beginning of Year					
	12,461,192	23,337,351	21,905,103	56,584,140	(35,773,248)
Fund Balance (Deficit) at End of Year	<u>\$ (10,129,100)</u>	<u>\$ 21,190,152</u>	<u>\$ 22,884,164</u>	<u>\$ 48,808,893</u>	<u>\$ (30,343,987)</u>

See notes to financial statements

Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
	\$ 41,451,895	\$ 261,513,734
	608,197	4,247,809
	10,259,244	46,660,477
	18,252,851	38,823,860
	242,013	4,220,373
	908,512	6,413,565
		1,303,083
	910,797	942,622
	117,346	6,252,799
	760,059	2,950,675
	2,172,854	88,516,931
	1,043,844	23,296,686
	13,397,060	19,710,849
	<u>90,124,672</u>	<u>504,853,463</u>
	306,149	82,929,762
		18,683,465
	20,149,764	34,668,145
	15,110,972	50,516,009
	5,023,480	10,603,047
	1,244,259	63,664,052
	30,245,650	126,770,799
	9,438,579	94,438,910
		47,487,883
\$ 37,319,354		37,319,354
10,041,987		10,041,987
<u>47,361,341</u>	<u>81,518,853</u>	<u>577,123,413</u>
(47,361,341)	8,605,819	(72,269,950)
47,361,341	33,198	54,305,853
(39,539,186)	(7,418,620)	(54,305,853)
		(39,539,186)
		46,254,170
35,742,932		35,742,932
3,796,254	145,217	5,073,232
<u>47,361,341</u>	<u>(7,240,205)</u>	<u>47,531,148</u>
-0-	1,365,614	(24,738,802)
-0-	28,936,799	107,451,337
\$ -0-	\$ <u>30,302,413</u>	\$ <u>82,712,535</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, 2014

Net Change in Fund Balances - Total Governmental Funds \$ (24,738,802)

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	46,340,504
Depreciation expense	(32,097,821)

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	(1,163,093)
Deferred charges	(49,020)

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

Deferred revenue - sidewalks	(144,170)
Unearned revenue	(2,564,650)

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.

Debt issued	(81,997,102)
Repayment of debt principal	75,365,798
Due to Employees Retirement System	(5,206,355)
Compensated absences	1,543,471
Claims and judgments	43,432
Estimated liability for landfill closure and postclosure care costs	49,150
Pollution remediation obligations	117,100
Other postemployment benefits	(38,023,519)
Accrued interest and accrued liabilities payable	(1,911,095)

Change in Net Position of Governmental Activities \$ (64,436,172)

TOWN OF HEMPSTEAD
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2014

	<u>Total Agency Funds</u>
<u>ASSETS</u>	
Cash and investments	\$ 102,734,411
Service award program assets	<u>2,515,506</u>
Total Assets	<u>\$ 105,249,917</u>
<u>LIABILITIES</u>	
Due to other governments	<u>\$ 105,249,917</u>
Total Liabilities	<u>\$ 105,249,917</u>

TOWN OF HEMPSTEAD
INDEX FOR NOTES TO FINANCIAL STATEMENTS
December 31, 2014

Note 1 – Summary of Significant Accounting Policies	
1. A Reporting Entity	45-46
1. B Government-wide and Fund Financial Statements.....	46-49
1. C Measurement Focus, Basis of Accounting, and Financial Statement Presentation.....	49-50
1. D Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance	50-54
1. E Revenues and Expenditures.....	54-55
1. F Encumbrances.....	55
1. G Use of Estimates	55
1. H New Accounting Principles	55
1. I Subsequent Events	55
Note 2 – Stewardship, Compliance and Accountability	
2. A Budgetary Information.....	55-56
2. B Fund Equity.....	56-57
Note 3 – Detailed Notes on All Funds	
3. A Cash and Investments.....	57
3. B Interfund Receivables, Payables and Transfers	58
3. C Capital Assets.....	59-60
3. D Indebtedness	60-64
3. E Retirement System	65-66
3. F Postemployment Benefits Healthcare Costs	66-69
3. G Compensated Absences	69
3. H Permanent Fund.....	69
Note 4 – Commitments and Contingencies	
4. A Risk Retention	70
4. B Litigation	70-72
4. C Resource Recovery Facility	72
4. D Landfill Closure and Postclosure Care Costs.....	72
4. E Construction and Other Capital Acquisition Commitments.....	73
4. F Encumbrances	73
4. G Pollution Remediation Obligations.....	73
4. H Service Concession Arrangements	74
4. I Merrick Fire Department Service Award Program (LOSAP)	75-76
Note 5 – Condensed Financial Statements for the Discretely Presented Component Units	77
Note 6 – Subsequent Events	78
Note 7 – New Pronouncements.....	78

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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 two year term and six council members who are elected for four year terms. The Supervisor serves as the Chief Executive Officer and Chief Fiscal Officer of the Town. The Town Board appoints the Town Attorney, the Town Comptroller, the Highway Superintendent and the heads of the various Town departments whose 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 for special purposes.

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.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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, 2014

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, 2014

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, 2014

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, 2014

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, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES 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, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (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 primarily 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, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES DEFERRED INFLOWS/OUTFLOWS OF RESOURCES 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, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES DEFERRED INFLOWS/OUTFLOWS OF RESOURCES 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 position is 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, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES DEFERRED INFLOWS/OUTFLOWS OF RESOURCES 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 1st and July 1st until August 31st, after which taxes are payable to the County Treasurer. The Town retains the total amount of Town, Highway and Town Special Districts levies from the amounts collected, and forwards the remaining balance collected to the County which assumes collection responsibility. The Town and Town's Special Districts therefore realize annually the 100% collection of real property taxes.

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

Property taxes receivable includes restored taxes from prior tax rolls received within 60 days of year end. 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, 2014

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, 2014, the Town adopted the following; without impact to the Town:

GASB Statement No. 67, *Financial Reporting for Pensions Plans - an amendment of GASB Statement No. 25.*

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations.*

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees.*

I. SUBSEQUENT EVENTS

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

The Town follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

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

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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 20th, the Town Board meets to adopt the budget now known as the "adopted budget".
- e) Formal budgetary integration is employed during the year as a management control device for the General and certain Special Revenue Funds. The Town Board adopts the budget and establishes legal level of control of the budget at the object level of expenditures. The object level identifies expenditures by the article purchased or service obtained in order to carry out a function. Appropriations are adopted at the object level. All budgetary amendments and transfers of appropriation require Town Board approval. Appropriations for all governmental funds except the Capital Projects Fund lapse at year end.
- In order to show the full legal level of budgetary compliance for the General and certain Special Revenue Funds, detailed individual statements of revenues, expenditures and changes in fund balances – budget and actual, are presented in a separate budget report.
- f) Budgets for the General and certain Special Revenue Funds are legally adopted for each year. The budgets are adopted on a basis of accounting consistent with GAAP, except that outstanding encumbrances are re-appropriated in the subsequent year. In the event that actual revenues received exceed budgeted amounts, additional budgetary appropriations are made.
- g) Annual budgets are not prepared for the Capital Projects Fund, Debt Service, Special Grant Fund, Miscellaneous Recreation Fund and Permanent Fund. Programs in the Special Grant Fund are governed by various grant agreements and reports are issued to regulatory authorities on a regular basis. Budgetary controls are established for the Capital Projects Fund through resolutions authorizing individual projects, which remain in effect for the life of the project.

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 lasting through at least June 15, 2020. 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. The Town did not vote to override the 1.56% tax levy cap for the 2015 Adopted Budget. On November 19, 2014 the members of the Town Board adopted the 2015 budget.

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 (deficit) is also shown.

	General Fund	Highway Fund	Parks Funds	Refuse and Garbage Funds	Capital Projects Funds	Nonmajor Governmental Funds	Total
Fund Balances:							
Nonspendable:							
Long-term receivables				\$ 25,630,515			\$ 25,630,515
Inventory	\$ 1,561,006	\$ 7,459,110	\$ 948,016	1,179,942		\$ 1,038,328	12,186,402
Prepaid items	2,084,187	1,195,158	1,009,961	1,352,568		655,119	6,296,993
Permanent fund principal						1,337,867	1,337,867
Total Nonspendable	3,645,193	8,654,268	1,957,977	28,163,025		3,031,314	45,451,777
Restricted for:							
Grantors and donor restrictions						1,053,126	1,053,126
Total Restricted	-0-	-0-	-0-	-0-		1,053,126	1,053,126
Assigned to:							
Subsequent year's budget		5,240,334	6,363,669	12,593,569		6,057,876	30,255,448
Purchases on order or contractual obligations			14,062	9,937		91,683	115,682
Special revenue funds		7,295,550	14,548,456	8,042,362		20,068,414	49,954,782
Total Assigned	-0-	12,535,884	20,926,187	20,645,868		26,217,973	80,325,912
Unassigned, reported in:							
General Fund	(13,774,293)						(13,774,293)
Capital Projects	(13,774,293)	-0-	-0-	-0-	\$ (30,343,987)		(30,343,987)
	(13,774,293)	-0-	-0-	-0-	(30,343,987)	-0-	(44,118,280)
Total Fund Balances	\$ (10,129,100)	\$ 21,190,152	\$ 22,884,164	\$ 48,808,893	\$ (30,343,987)	\$ 30,302,413	\$ 82,712,535

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

B. FUND EQUITY (continued)

2. DEFICIT FUND EQUITY

While the combined Park Districts have positive assigned fund balances it contains a district with an unassigned deficit. This district is the East Atlantic Beach Park which has an unassigned fund balance deficit of \$1,466. The deficit is 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 \$30,343,987 at December 31, 2014, resulted from differences in timing between project expenditures and encumbrances and the recognition of corresponding permanent financing sources. This deficit will be eliminated in the subsequent years with the issuance of long-term bonds.

The General Fund deficit, in unassigned fund balance and total fund balance of \$13,774,293 and \$10,129,100, respectively, resulted from the 2014 State Court of Appeals decision that the Town was obligated to pay for residents' tuition at the Fashion Institute of Technology; in the amount of \$17,167,287. The Town will address the deficit when it addresses the budget note in 2016. See Budget Note under Note 3.D.

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, 2014 the Town's deposits were \$208,446,897. This amount is inclusive of fiduciary fund deposits of \$102,734,411 and restricted cash of \$2,475,650 but exclusive of petty cash of \$15,850. The bank balance was \$220,517,780. Of the bank balance, \$4,108,674 was covered by federal deposit insurance, and \$216,409,106 was covered by collateral with a fair value of \$441,207,289, 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, 2014, 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, 2014

3. DETAILED NOTES ON ALL FUNDS (continued)

B. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At December 31, 2014 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:

	<u>Receivable</u>	<u>Payable</u>
Primary Government		
<u>Major Funds:</u>		
General Fund	\$ 49,318	\$ 3,275,434
Highway	1,006,189	29,251
Parks	1,211,109	5,792
Refuse & Garbage	1,894,430	8,471
Capital Projects Fund	17,258	78,589
<u>Nonmajor Funds:</u>		
Town Outside Village	52,512	7,890
Special Grant		1,502,467
Fire Protection	470	
Street Lighting	40,045	9,407
Public Parking	587	
Water	1,835,986	1,190,657
Library	54	
	<u>\$ 6,107,958</u>	<u>\$ 6,107,958</u>

For cash flow purposes, the Water Fund, short-term payable of \$1,190,000 was repaid on January 31, 2015 after receipt of their property tax levy. The Special Grant Fund's short-term payable will be repaid upon the collection of their grant receivables.

At December 31, 2014 individual fund interfund transfers balances for the primary government primarily represent receipt and payment of debt service and capital projects expenditures, and are stated as follows.

	<u>Transfer In</u>	<u>Transfer Out</u>
Primary Government		
<u>Major Funds:</u>		
General Fund	\$ 374,354	\$ 6,738,920
Highway	6,318,967	23,971,882
Parks	3,782	4,517,256
Refuse & Garbage	18,458	4,911,890
Capital Projects Fund	195,753	6,747,285
Debt Service	47,361,341	
<u>Nonmajor Funds:</u>		
Town Outside Village		168,784
Fire Protection		503,271
Street Lighting		1,313,896
Public Parking	23,781	1,830,774
Water	9,417	3,600,420
Permanent		1,475
	<u>\$54,305,853</u>	<u>\$ 54,305,853</u>

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

3. DETAILED NOTES ON ALL FUNDS (continued)

C. CAPITAL ASSETS

Capital asset activities for the year ended December 31, 2014 are as follows:

	Balance 1/1/2014	Additions	Deletions	Balance 12/31/2014
Primary government				
Capital assts not being depreciated				
Land - other than landfills	\$ 53,019,828	\$ 3,278,672		\$ 56,298,500
Landfills	30,668,785			30,668,785
Construction work in progress	8,905,805	454,012	\$ 151,134	9,208,683
Total capital assets not being depreciated	<u>92,594,418</u>	<u>3,732,684</u>	<u>151,134</u>	<u>96,175,968</u>
Depreciable capital assets				
Infrastructure and improvements other than buildings	706,161,957	29,055,352	710,934	734,506,375
Buildings	25,665,905	5,770,326		31,436,231
Improvement to park portion of Merrick landfill	15,741,484			15,741,484
Machinery and equipment	104,288,028	6,497,856	1,040,435	109,745,449
Intangibles - Software	4,848,697	1,435,420		6,284,117
Total depreciable capital assets	<u>856,706,071</u>	<u>42,758,954</u>	<u>1,751,369</u>	<u>897,713,656</u>
Less accumulated depreciation				
Infrastructure and improvements other than buildings	335,279,286	22,038,299	710,934	356,606,651
Buildings	4,774,626	2,326,961		7,101,587
Improvements to park portion of Merrick landfill	6,021,505	540,555		6,562,060
Machinery and equipment	83,265,498	6,241,584	1,040,435	88,466,647
Intangibles - Software	1,530,107	950,422		2,480,529
Total accumulated depreciation	<u>\$ 430,871,022</u>	<u>\$ 32,097,821</u>	<u>\$ 1,751,369</u>	<u>461,217,474</u>
Total net depreciable capital assets				<u>436,496,182</u>
Total net capital assets				<u>\$ 532,672,150</u>

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

General government support	\$ 3,424,808
Public safety	652,194
Transportation	17,134,890
Economic assistance and opportunity	38,729
Culture and recreation	4,726,404
Home and community services	6,120,796
Total governmental activities depreciation expense	<u>\$ 32,097,821</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, 2014, the Town has not recorded any such impairment losses.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

3. DETAILED NOTES ON ALL FUNDS (continued)

C. CAPITAL ASSETS (continued)

	Balance 1/1/2014	Additions	Deletions	Balance 12/31/2014
Discretely Presented Nonmajor Component Units				
Capital assets not being depreciated				
Land	\$ 263,098			\$ 263,098
Construction in progress	273,883	\$ 607,228	\$ 230,976	650,135
Total capital assets not being depreciated	<u>536,981</u>	<u>607,228</u>	<u>230,976</u>	<u>913,233</u>
Depreciable capital assets				
Buildings	42,267,279	528,431	8,720	42,786,990
Improvements other than buildings	28,710			28,710
Machinery and equipment	7,850,532	35,154	198,494	7,687,192
Software	12,946,747	145,560	8,507	13,083,800
Infrastructure	6,435,318	158,982	593,200	6,001,100
Total depreciable capital assets	<u>69,528,586</u>	<u>868,127</u>	<u>808,921</u>	<u>69,587,792</u>
Less total accumulated depreciation	<u>\$ 24,557,365</u>	<u>\$ 2,199,885</u>	<u>\$ 807,395</u>	<u>25,949,855</u>
Total net depreciable capital assets				<u>43,637,937</u>
Total net capital assets				<u>\$ 44,551,170</u>

D. INDEBTEDNESS

LONG-TERM DEBT

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2014 is as follows:

	Beginning Balance 1/1/2014	New Issues/ Additions	Maturities/ Reductions	Ending Balance 12/31/2014	Non-current liabilities due within one year	Non-current liabilities
Primary Government:						
Bonds Payable						
General obligation bonds	\$281,254,337	\$ 81,997,102	\$ 75,365,798	\$ 287,885,641	\$ 37,504,175	\$250,381,466
Plus premiums on issuance	14,054,001	5,073,232	2,508,582	16,618,651	2,508,583	14,110,068
Total Bonds Payable	<u>295,308,338</u>	<u>87,070,334</u>	<u>77,874,380</u>	<u>304,504,292</u>	<u>40,012,758</u>	<u>264,491,534</u>
Employees retirement system	20,802,833	7,200,000	1,993,645	26,009,188	2,685,940	23,323,248
Compensated absences	53,516,402	33,632,988	35,176,459	51,972,931	3,505,445	48,467,486
Claims and judgments	28,475,683	9,705,525	9,748,957	28,432,251	10,495,000	17,937,251
Estimated liability for landfill closure and postclosure care costs	1,118,248		49,150	1,069,098	62,695	1,006,403
Pollution remediation	3,730,200	721,954	839,054	3,613,100	2,490,200	1,122,900
Other postemployment benefits	301,099,939	55,707,098	17,683,579	339,123,458		339,123,458
Total non-current liabilities	<u>\$704,051,643</u>	<u>\$ 194,037,899</u>	<u>\$ 143,365,224</u>	<u>\$ 754,724,318</u>	<u>\$ 59,252,038</u>	<u>\$695,472,280</u>
Nonmajor Component Units:						
Bonds Payable						
General obligation bonds	\$ 20,176,902	\$ 2,117,068	\$ 3,410,442	\$ 18,883,528	\$ 1,165,825	\$ 17,717,703
Compensated absences	1,032,650	215,526	165,815	1,082,361	55,384	1,026,977
Other postemployment benefits	4,506,606	1,222,531	401,528	5,327,609		5,327,609
Total non-current liabilities	<u>\$ 25,716,158</u>	<u>\$ 3,555,125</u>	<u>\$ 3,977,785</u>	<u>\$ 25,293,498</u>	<u>\$ 1,221,209</u>	<u>\$ 24,072,289</u>

Liabilities for claims and judgments and landfill closure and post closure costs are liquidated through future budgetary appropriations in the General Fund. The majority of the liabilities for pollution remediation will be paid through authorized capital projects and a small portion through the Water Fund operating budget. 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, 2014

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 to be converted to long-term obligations within five years after the original issue date. The notes or renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two years and within each 12 month period thereafter. Liabilities for BANs are generally accounted for in the Capital Projects Fund. BANs are expected to be paid from the proceeds of future bond issues or renewal of the notes. These BANs bear interest rates ranging from 1.00% to 1.50% and are due on December 18, 2015.

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, 2014, the Town had \$49,634,905 in BANs outstanding.

These bond anticipation notes are summarized as follows:

	Balance 1/1/2014	Issued	Redeemed	Balance 12/31/2014
Primary government:				
General Fund		\$ 1,800,000		\$ 1,800,000
Refuse and Garbage		8,259,905		8,259,905
Capital Projects Fund				
Highway		35,950,000		35,950,000
Parks		3,625,000		3,625,000
Total bond anticipation notes	\$ -0-	\$ 49,634,905	\$ -0-	\$ 49,634,905

Budget Notes – These notes were issued as a temporary means of financing an insufficiency in the Town’s 2014 budget. The insufficiency resulted from revenues estimated to be received in the Town’s 2014 budget from the County from FIT tuition chargebacks not being realized and shortfalls in mortgage recording tax receipts and sales and use tax receipts. These Budget Notes bear an interest rate of 1.00% and mature on December 30, 2015.

The Budget Notes and any renewals are required to be redeemed out of taxes or assessments levied or to be levied in the fiscal year of their maturity or from other revenues legally available. Since the authorizing bonding resolution was not adopted prior to the adoption of the Town’s 2015 budget, the budget Note may be renewed upon its maturity, however, the final maturity of such renewal notes must be no later than December 31, 2016.

These budget notes are summarized as follows:

	Balance 1/1/2014	Issued	Redeemed	Balance 12/31/2014
Primary government:				
General Fund		\$ 30,400,000		\$ 30,400,000
Total primary government		30,400,000		30,400,000
Total budget notes	\$ -0-	\$ 30,400,000	\$ -0-	\$ 30,400,000

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

3. DETAILED NOTES ON ALL FUNDS (continued)

D. INDEBTEDNESS (continued)

LONG-TERM DEBT

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

These long-term liabilities are backed by the full faith and credit of the Town, including bonds of the Town Special Districts which are payable for tax revenues of the areas benefited. Interest rates of these bonds vary from 0.69% to 6.32%.

A summary of these bonds are as follows:

	Balance 1/1/2014	Issued	Redeemed	Refunded	Balance 12/31/2014
Primary government:					
Capital Projects Fund					
General	\$ 43,455,266	\$ 9,206,168	\$ 5,195,569	\$ 4,150,179	\$ 43,315,686
Highway	141,960,150	41,830,978	18,598,265	15,961,236	149,231,627
Park Districts	28,306,381	8,041,038	3,407,156	5,788,390	27,151,873
Refuse and Garbage Districts	22,166,066	8,817,809	4,250,496	2,750,635	23,982,744
Part-town	1,202,951	90,000	116,494		1,176,457
Fire Districts	1,932,567	1,360,848	447,525	1,435,726	1,410,164
Lighting District	9,514,554	1,657,325	970,778	1,191,970	9,009,131
Parking Districts	10,896,384	3,442,491	1,459,353	2,566,946	10,312,576
Water District	<u>21,820,018</u>	<u>7,550,445</u>	<u>2,873,718</u>	<u>4,201,362</u>	<u>22,295,383</u>
Total primary government	<u>281,254,337</u>	<u>81,997,102</u>	<u>37,319,354</u>	<u>38,046,444</u>	<u>287,885,641</u>
Nonmajor Component units:					
Library Districts	10,468,498	2,117,068	761,739	2,233,556	9,590,271
Water Districts	<u>9,708,404</u>		<u>415,147</u>		<u>9,293,257</u>
Total nonmajor component units	<u>20,176,902</u>	<u>2,117,068</u>	<u>1,176,886</u>	<u>2,233,556</u>	<u>18,883,528</u>
 Total general obligation bonds	 <u>\$ 301,431,239</u>	 <u>\$ 84,114,170</u>	 <u>\$ 38,496,240</u>	 <u>\$ 40,280,000</u>	 <u>\$ 306,769,169</u>

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TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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,	2015	\$ 37,504,175	\$ 11,090,554	\$ 48,594,729
	2016	34,029,084	8,984,027	43,013,111
	2017	34,943,674	7,546,039	42,489,713
	2018	35,752,970	6,090,441	41,843,411
	2019	22,968,493	4,930,490	27,898,983
	2020-2024	94,348,984	12,490,964	106,839,948
	2025-2029	25,817,594	1,984,389	27,801,983
	2030-2034	1,282,608	468,103	1,750,711
	2035-2038	1,238,059	147,936	1,385,995
	Total primary government		<u>\$ 287,885,641</u>	<u>\$ 53,732,943</u>

Nonmajor Component Units:

		Principal	Interest	Total Principal and Interest
Years Ending December 31,	2015	\$ 1,165,825	\$ 732,040	\$ 1,897,865
	2016	1,205,086	689,757	1,894,843
	2017	1,236,326	640,691	1,877,017
	2018	1,282,030	589,774	1,871,804
	2019	741,507	551,380	1,292,887
	2020-2024	3,496,015	2,414,173	5,910,188
	2025-2029	4,192,406	1,719,717	5,912,123
	2030-2034	3,197,392	913,060	4,110,452
	2035-2038	2,366,941	265,096	2,632,037
	Total nonmajor component units		<u>\$ 18,883,528</u>	<u>\$ 8,515,688</u>
Total Principal and Interest		<u>\$ 306,769,169</u>	<u>\$ 62,248,631</u>	<u>\$ 369,017,800</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, 2014.

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TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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	\$ 100,000	January 1, 2016
General Obligation Serial Bonds-2004, Series B	3.98640%	84,764,508	2,485,000	July 15, 2015
General Obligation Serial Bonds-2005, Series B	3.11727%	16,600,000	660,000	November 15, 2018
General Obligation Serial Bonds-2006, Series A	3.76550%	33,914,230	14,050,000	March 1, 2018
General Obligation Serial Bonds-2007, Series A	4.13760%	30,348,650	15,970,000	September 1, 2020
General Obligation Serial Bonds-2008, Series A	3.52974%	33,415,000	21,374,999	August 15, 2021
General Obligation Serial Bonds-2008, Series B	4.52663%	15,427,000	13,675,000	August 15, 2038
General Obligation Serial Bonds-2009, Series B	1.69702%	7,350,000	1,435,000	February 1, 2015
General Obligation Serial Bonds-2010, Series A	2.99083%	73,377,025	54,200,000	April 15, 2035
General Obligation Serial Bonds-2010, Series B	1.48920%	14,785,000	3,880,000	January 15, 2015
General Obligation Serial Bonds-2011, Series A	3.02130%	49,840,320	41,630,000	August 1, 2027
General Obligation Serial Bonds-2011, Series B	3.32884%	6,300,000	5,470,000	August 1, 2030
NYS EFC Refunding Bonds - Series A	1.80556%	2,005,000	425,000	February 15, 2015
NYS EFC Refunding Bonds - Series A	2.40364%	1,770,000	915,000	January 15, 2017
NYS EFC Refunding Bonds - Series A	2.81598%	920,000	530,000	June 15, 2019
General Obligation Serial Bonds-2012, Series A	1.85637%	49,869,000	46,005,000	August 15, 2037
General Obligation Serial Bonds-2014, Series A	2.55402%	46,254,170	46,254,170	January 1, 2026
General Obligation Refunding Bonds-2014, Series B	0.69809%	37,860,000	37,710,000	February 1, 2018
		<u>\$ 513,291,903</u>	<u>\$ 306,769,169</u>	

CURRENT AND ADVANCE REFUNDING OF BONDS

On January 9, 2014 the Town issued \$37,860,000 in Public Improvement Refunding (Serial) Bonds, 2014 Series B, (\$35,742,932 was for the primary government and \$2,117,068 was for two of the component units) with an average rate of 4.808% to refund \$40,280,000 of 2004 Series A and 2004 Series C bonds. \$17,750,000 of outstanding 2004 Series A Serial Bonds were current refunded with an average rate of 4.29% through the year 2018 and \$22,530,000 of 2004 Series C Serial Bonds were advance refunded with an average rate of 4.5% through the year 2018. The 2004 Series A current refunded bonds were called on February 10, 2014 and the 2004 Series C advance refunded bonds were called on July 15, 2014.

The net proceeds of 41,701,920 (the par amount of the bonds net of the reoffering premium of \$4,021,566 and underwriters fees and other issuance costs of \$179,646) were used to buy U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2004 Series A and 2004 Series C Serial Bonds. As a result, the 2004 bonds are considered to be defeased and the liability for those bonds removed from the non-current government liabilities. All of the refunded issues were called in 2014 and therefore no outstanding bonds from this issue are considered defeased.

The Town current and advance refunded the 2004 Series A and 2004 Series C Serial Bonds, respectively, to reduce its total debt service payments over the next four years by \$3,616,638 and to obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$3,498,429.

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, 2014 there are no outstanding bonds considered defeased.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

3. DETAILED NOTES ON ALL FUNDS (continued)

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.

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.

Contributions consist of a group term life insurance portion (GTLI) and a regular pension contribution. Contribution rates for the plan year ended March 31, 2014 and 2015 are as follows:

Contribution Rates			
Tier	Plan/ Option	3/31/2014 Rate	3/31/2015 Rate
1	75/41J	28.8%	27.7%
2	75/41J	26.2%	25.3%
3	A14/41J	21.0%	20.3%
4	A15/41J	21.0%	20.3%
5	A15/41J	16.9%	16.6%
6	A15/41J2	11.4%	10.9%

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	
2014	\$ 29,465,018	\$ 70,332	\$ (282,487)	\$ (7,200,000)	\$ 2,709,847	\$ 24,762,710
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

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

3. DETAILED NOTES ON ALL FUNDS (continued)

E. RETIREMENT SYSTEM (continued)

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.
- The interest rate will be set annually, and will be comparable to taxable fixed income investments of a similar duration.
- 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.

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 2014 amortization year is \$26,009,188. 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, 2015	\$ 2,685,940	\$ 874,441	\$ 3,560,381
2016	2,776,528	783,853	3,560,381
2017	2,870,201	690,180	3,560,381
2018	2,967,063	593,318	3,560,381
2019	3,067,224	493,157	3,560,381
2020-2024	11,642,232	955,254	12,597,486
	\$ 26,009,188	\$ 4,390,203	\$ 30,399,391

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 2014 rate. The Medicare Part B premium that is charged varies by income level. Medicare Part B reimbursement valuation was assumed at the basic level.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

3. DETAILED NOTES ON ALL FUNDS (continued)

F. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS (continued)

Plan Description (continued)

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.

Plan sponsors are allowed to utilize the results of an actuarial valuation for multiple years if no significant changes have occurred since the prior valuation was performed, though the Town must have actuarial valuations at least biennially. Accordingly, the Town's OPEB valuation for the year ended December 31, 2014, is based on the employee data, plan provisions, methods and assumptions described in the actuarial valuation for the year ended December 31, 2013, with the exception that the liabilities as of December 31, 2014 have been adjusted to reflect the change in the NYSHIP premiums and claims costs and a change in trend rates as of January 1, 2015.

Active employees	1,989
Retired Employees and spouses	2,117
Surviving spouses of deceased retirees	230
Total	4,336

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, 2014, the Town's annual other postemployment benefits cost (expense) was \$55,707,098. Considering the annual expense as well as the payment of current health insurance premiums and Medicare reimbursements, which totaled approximately \$17,683,579 for retirees and their beneficiaries, the result was an increase in the other postemployment benefits liability of \$38,023,519 for the year ended December 31, 2014. For the year ended December 31, 2014 the Town's discretely presented nonmajor component units annual postemployment benefits cost (expenses) were \$1,222,531. Considering health insurance payments totaling \$401,528, the increase in the other postemployment benefits liability for the nonmajor component units for the year ended December 31, 2014 amounted to \$821,003.

Benefit Obligations and Normal Cost

	Medical, Dental and Medicare Part B
Actuarial Accrued Liability (AAL)	
Active employees	\$ 443,618,000
Retired employees	247,798,000
Total Actuarial Accrued Liability (AAL)	691,416,000
Actuarial value of plan assets	-0-
Unfunded actuarial accrued liability (UAAL)	\$ 691,416,000
Funded ratio	0%
Annual covered payroll	\$ 161,958,671
UAAL as a percentage of covered payroll	426.91%

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

3. DETAILED NOTES ON ALL FUNDS (continued)

F. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS (continued)

Benefit Obligations and Normal Cost (continued)

The Town's annual other postemployment benefit cost is calculated based on the annual required contribution of the employer (ARC), 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, 2014 amounted to \$691,416,000. The unfunded actuarial accrued liability for the nonmajor components units for the year ended December 31, 2014 amounted to \$13,149,538.

Covered payroll represents the annual payroll of active employees covered by the plan.

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	\$	23,252,000
Amortization of unfunded actuarial liability (UAAL) over 30 years		37,154,000
Annual required contribution (ARC)		60,406,000
Interest on net OPEB obligation		12,043,998
Adjustment to ARC		(16,742,900)
Annual OPEB Cost		55,707,098
Less: Contribution made		17,683,579
Increase in net OPEB liability		38,023,519
Net OPEB obligation, beginning of year		301,099,939
Net OPEB obligation, end of year	\$	339,123,458
Percentage of annual OPEB cost contributed		31.7%

Funded Status and Funding Progress

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

	Annual OPEB Cost	Annual Contribution Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 55,707,098	\$ 17,683,579	31.7%	\$339,123,458
2013	58,406,558	15,763,065	27.0%	301,099,939
2012	51,892,042	16,616,643	32.0%	258,456,446

The funded status of the plan as of December 31, 2014 is as follows:

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
Town	\$ -0-	\$ 691,416,000	\$ 691,416,000	0%	\$ 161,958,671	426.91%
Component Units	-0-	13,149,538	13,149,538	0%	4,200,576	313.04%

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

3. DETAILED NOTES ON ALL FUNDS (continued)

F. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS (continued)

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

Actuarial Methods and Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term liability in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the December 31, 2013 actuarial valuation, the liabilities were computed using the projected unit credit cost method, level dollar 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 5.70% and 5.9% 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 5.70% and 5.90%, healthcare cost trend increase for the year ended 2015, increased and/or reduced by decrements to a rate of 6.0% and 5.30% 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 position. 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, 2014 the value of the compensated absences was \$51,972,931 for the primary government. The liability for compensated absences for the nonmajor component units amounted to \$1,082,361.

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, 2014 is \$1,475. The amount of total net position restricted as nonexpendable, in the Permanent Fund, for the Greenfield Cemetery at December 31, 2014 is \$1,337,867.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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 \$28,432,251. 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	
	2014	2013	2014	2013
Unpaid claims and claim adjustment expenditures at the beginning of the year	\$ 26,610,000	\$ 24,897,000	\$ 1,865,683	\$ 2,123,071
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	7,828,624	11,488,536	1,876,901	1,434,710
Total incurred claims and claim adjustment expenditures	<u>7,828,624</u>	<u>11,488,536</u>	<u>1,876,901</u>	<u>1,434,710</u>
Payments				
Claim and claim adjustment expenditures attributable to insured events of the current and prior years.	7,969,624	9,775,536	1,779,333	1,692,098
Total unpaid claims and claim adjustment expenditures at the end of the year.	<u>\$ 26,469,000</u>	<u>\$ 26,610,000</u>	<u>\$ 1,963,251</u>	<u>\$ 1,865,683</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, 2014

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, 2014, judgments against the Town relating to these claims amounted to \$25,630,515 for which the remaining liability is "0" 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 \$25,630,515 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 pay the tax refunds 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 viability of the County Guaranty and directed Judge Parga to direct the County to reimburse the Town for the sums the Town pays Verizon. The Court of Appeals has denied all motions for leave to appeal to the Court of Appeals.

The Town continues to pursue third-party actions against the County of Nassau covering all current and future potential liability.

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. After four years in litigation, the Court of Appeals has determined that the County could charge back to the towns the amount paid for both two and four year programs at FIT and could further offset a town's liability against the town's share of sales tax revenue collected by the County. The Town has commenced an action in the Supreme Court of Nassau County challenging the method of computation of the chargeable amount utilized by the County as well as the chargeable amount itself. All payments have been made to the County, the expense has been fully recorded and the remaining liability is zero as of December 31, 2014.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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, 2014, 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. Accordingly, as of December 31, 2014 the Town has recorded a liability of \$1,069,098 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, 2014

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, 2014 has commitments for capital acquisitions and improvements of \$33,177,899 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, 2014 the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Primary Government	
Major Funds:	
Parks Funds	\$ 14,062
Refuse and Garbage Funds	9,937
Nonmajor Funds:	
Town Outside Village	77,893
Water	13,790
	<u>\$ 115,682</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, 2014, the Town has estimated pollution remediation obligations amounts at \$3,613,100 of which \$2,490,200 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, 2014

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 \$13,200. 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, 2014, the Town reports a receivable and deferred inflow of resources in the government-wide statements in the amount of \$66,000.

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, 2014, the Town reports a receivable and deferred inflow of resources in the government-wide statements in the amount of \$1,600,000.

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, 2014, the Town reports a receivable and deferred inflow of resources in the government-wide statements in the amount of \$400,000.

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TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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 March 14, 2015.

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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, 2014	\$	3,071,778
Assets Available for Benefits		
Annuities	\$	2,515,506
Total Net Assets Available for Benefits		2,515,506
Total Unfunded Benefits/Surplus		556,272
Less: Unfunded Liability/Surplus for Prior Service		(556,272)
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	\$	3,315,936
Changes during the year:	\$	(800,430)
Plan Net Assets, end of year	\$	2,515,506

Contributions

Amount of sponsor's required contribution:		\$	160,968
	Minimum		
	Maximum	\$	179,515
			81.9% Funded

Amount of sponsor's actual contribution:	\$	163,349
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Administration Fees

Administration Fees	\$	2,381
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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, 2014

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, 2014:

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	\$ 1,395,349	\$ 2,635,061	\$ 206,944	\$ 328,556	\$ 2,247,481	\$ 1,000	\$ 1,246,429
Roosevelt Public Library District	2,361,301	13,378,318	514,309	8,284,761	5,898,176		1,042,373
Uniondale Public Library District	3,028,607	6,571,427	668,351	2,021,328	4,679,894	15,971	2,214,490
Cathedral Gardens Water District	307,856		11,265				296,591
Franklin Square Water District	2,776,905	6,394,845	341,510	6,807,216	506,826	1,679,538	(163,340)
West Hempstead - Hempstead Gardens Water District	6,672,891	11,474,715	702,879	3,370,730	11,474,715	4,595,132	(1,995,850)
Greater Atlantic Beach Water Reclamation District	1,731,835	4,096,804	381,197	3,522,656	1,749,269	1,513,394	(1,337,877)
	<u>\$ 18,274,744</u>	<u>\$ 44,551,170</u>	<u>\$ 2,826,455</u>	<u>\$ 24,335,247</u>	<u>\$ 26,556,361</u>	<u>\$ 7,805,035</u>	<u>\$ 1,302,816</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	1/1/2014	12/31/2014
Lakeview Public Library District	\$ 1,149,129	\$ 25,876		\$ 1,123,253	\$ 1,290,628	\$ 17,676	\$ 185,051	\$ 3,309,859	\$ 3,494,910
Roosevelt Public Library District	2,968,905	20,132	\$ 9,176	2,939,597	2,866,653	14,835	(58,109)	6,998,658	6,940,549
Uniondale Public Library District	3,621,035	21,122		3,599,913	4,133,812	79,845	613,744	6,296,611	6,910,355
Cathedral Gardens Water District	90,608	4,125		86,483	32,524	320	(53,639)	350,230	296,591
Franklin Square Water District	2,987,646	1,485,921		1,501,725	971,081	118,329	(412,315)	2,435,339	2,023,024
West Hempstead - Hempstead Gardens Water District	4,440,883	1,838,013		2,602,870	1,622,423	497,855	(482,592)	14,556,589	14,073,997
Greater Atlantic Beach Water Reclamation District	1,858,833			1,858,833	1,637,180	1,062	(220,591)	2,145,377	1,924,786
	<u>\$17,117,039</u>	<u>\$ 3,395,189</u>	<u>\$ 9,176</u>	<u>\$13,712,674</u>	<u>\$12,554,301</u>	<u>\$ 729,922</u>	<u>\$ (428,451)</u>	<u>\$36,092,663</u>	<u>\$35,664,212</u>

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

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

TOWN OF HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

6. SUBSEQUENT EVENTS

On December 9, 2014 the Town Board adopted a resolution to provide a retirement incentive to employees leaving service between December 15, 2014 and February 17, 2015. 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. Fifty-seven (57) employees chose to take the incentive with an incentive payment totaling \$786,685.

For 2015, the financial effect of the incentive will be budget neutral in that the ten months of salary savings commencing February 18th, less the incentive amount, less the payment of employee accumulated sick and vacation time per the collective bargaining agreement, will generate a 2015 Town-wide savings of about \$1,700,000.

For 2016, the retired salaries per the collective bargaining agreement with respective payroll taxes (FICA/ Medicare/ NYS Commuter Tax) would have otherwise amounted to \$5,536,000 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.

In 2015, 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 March 31, 2025. The agreement includes options for two five-year extensions. Under the agreement National Rink Management agreed to pay the Town an annual license fee of \$105,000. The value of these payments is estimated to be \$1,050,000 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.

7. 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, 2014.

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 Governmental Accounting Standards Board (GASB) has issued Statement No. 72 *“Fair Value Measurement and Application”*. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015.

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

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION & ANALYSIS

<p>Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Major Governmental Funds and Schedules</p>
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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The budgets are adopted on a basis of accounting consistent with GAAP. In the event that actual revenues received exceed budgeted amounts, additional budgetary appropriations are made. The Capital Projects and Special Grant Funds are budgeted on a project or grant basis.

The Town adopts the budget and establishes legal level of control of the budget at the object level expenditures. The object level identifies expenditures by the article purchased or service obtained to carry out a function.

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

**TOWN OF HEMPSTEAD
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 31,355,809	\$ 31,355,809	\$ 31,739,884	\$ 384,075
Real property tax items	1,473,485	1,473,485	1,346,469	(127,016)
Non-property tax items	40,525,000	40,525,000	36,401,233	(4,123,767)
Departmental income	6,069,025	6,069,025	5,483,488	(585,537)
Intergovernmental charges	15,000	15,000	69,379	54,379
Use of money and property	737,000	737,000	1,104,025	367,025
Licenses and permits	1,152,750	1,152,750	1,277,241	124,491
Fines and forfeitures	40,000	40,000	24,575	(15,425)
Sale of property and compensation for loss	39,000	39,000	92,455	53,455
Miscellaneous revenue	616,203	629,603	529,408	(100,195)
Interfund revenues	56,192,199	56,192,199	56,192,199	-
State aid	21,348,885	21,348,885	18,706,784	(2,642,101)
Federal aid			611,345	611,345
Total Revenues	<u>159,564,356</u>	<u>159,577,756</u>	<u>153,578,485</u>	<u>(5,999,271)</u>
EXPENDITURES				
Current:				
General government support	83,262,597	84,620,655	82,623,613	1,997,042
Education	2,750,000	1,928,565	18,683,465	(16,754,900)
Public safety	15,070,417	15,218,917	14,518,381	700,536
Transportation	1,529,194	1,529,194	1,440,824	88,370
Economic assistance and opportunity	5,384,149	5,606,070	5,579,567	26,503
Culture and recreation	160,000	150,989	120,071	30,918
Home and community services	11,767,196	12,059,949	11,799,267	260,682
Employee benefits	37,836,634	38,190,535	35,185,320	3,005,215
Total Expenditures	<u>157,760,187</u>	<u>159,304,874</u>	<u>169,950,508</u>	<u>(10,645,634)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	<u>1,804,169</u>	<u>272,882</u>	<u>(16,372,023)</u>	<u>(16,644,905)</u>
Other Financing Sources (Uses)				
Transfers in			374,354	374,354
Transfers out	(6,795,373)	(6,804,384)	(6,738,920)	65,464
Premiums on debt issuance	146,297	146,297	146,297	-
Total Other Financing Sources (Uses)	<u>(6,649,076)</u>	<u>(6,658,087)</u>	<u>(6,218,269)</u>	<u>439,818</u>
Net Change in Fund Balances				
	<u>\$ (4,844,907)</u>	<u>\$ (6,385,205)</u>	<u>(22,590,292)</u>	<u>\$ (16,205,087)</u>
Fund Balances at Beginning of Year			<u>12,461,192</u>	
Fund Balances at End of Year			<u>\$ (10,129,100)</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, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 56,947,140	\$ 56,947,140	\$ 56,947,140	\$ -0-
Real property tax items	502,990	502,990	694,463	191,473
Intergovernmental charges			3,000	3,000
Use of money and property	166,000	166,000	77,554	(88,446)
Sale of property and compensation for loss	21,000	21,000	283,152	262,152
Miscellaneous revenue	435,000	435,000	677,188	242,188
State aid	150,000	150,000	150,000	-0-
Federal aid			192,546	192,546
Total Revenues	<u>58,222,130</u>	<u>58,222,130</u>	<u>59,025,043</u>	<u>802,913</u>
EXPENDITURES				
Current:				
Transportation	32,690,262	34,104,726	33,964,213	140,513
Employee benefits	10,947,764	10,386,204	10,296,326	89,878
Total Expenditures	<u>43,638,026</u>	<u>44,490,930</u>	<u>44,260,539</u>	<u>230,391</u>
Excess of Revenues Over Expenditures				
	<u>14,584,104</u>	<u>13,731,200</u>	<u>14,764,504</u>	<u>1,033,304</u>
Other Financing Sources (Uses)				
Transfers in	2,700,000	2,700,000	6,318,967	3,618,967
Transfers out	(24,194,821)	(23,992,253)	(23,971,882)	20,371
Premiums on debt issuance	325,000	325,000	741,212	416,212
Total Other Financing Sources (Uses)	<u>(21,169,821)</u>	<u>(20,967,253)</u>	<u>(16,911,703)</u>	<u>4,055,550</u>
Net Change in Fund Balances				
	<u>\$ (6,585,717)</u>	<u>\$ (7,236,053)</u>	<u>(2,147,199)</u>	<u>\$ 5,088,854</u>
Fund Balances at Beginning of Year			<u>23,337,351</u>	
Fund Balances at End of Year			<u>\$ 21,190,152</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 53,825,600	\$ 53,825,600	\$ 53,825,600	\$ -0-
Real property tax items	454,204	454,204	441,636	(12,568)
Departmental income	2,709,600	2,709,600	2,677,444	(32,156)
Intergovernmental charges	879,627	879,627	868,517	(11,110)
Use of money and property	324,045	324,045	330,517	6,472
Fines and forfeitures	1,000	1,000	7,250	6,250
Sale of property and compensation for loss	5,000	5,000	30,515	25,515
Miscellaneous revenue	182,500	182,500	200,950	18,450
Interfund revenues	28,707,929	28,707,929	28,707,929	-0-
State aid	250,000	250,000	165,189	(84,811)
Federal aid			145,222	145,222
Total Revenues	87,339,505	87,339,505	87,400,769	61,264
EXPENDITURES				
Current:				
Culture and recreation	63,768,081	63,768,081	62,299,722	1,468,359
Employee benefits	21,760,433	21,760,433	19,680,430	2,080,003
Total Expenditures	85,528,514	85,528,514	81,980,152	3,548,362
Excess of Revenues Over Expenditures	1,810,991	1,810,991	5,420,617	3,609,626
Other Financing Sources (Uses)				
Transfers in			3,782	3,782
Transfers out	(4,617,734)	(4,617,734)	(4,517,256)	100,478
Premiums on debt issuance	25,000	25,000	71,918	46,918
Total Other Financing Sources (Uses)	(4,592,734)	(4,592,734)	(4,441,556)	151,178
Net Change in Fund Balances	\$ (2,781,743)	\$ (2,781,743)	979,061	\$ 3,760,804
Fund Balances at Beginning of Year			21,905,103	
Fund Balances at End of Year			\$ 22,884,164	

* 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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 77,549,215	\$ 77,549,215	\$ 77,549,215	\$ -0-
Real property tax items	1,274,729	1,274,729	1,157,044	(117,685)
Departmental income	9,846,500	9,846,500	12,410,077	2,563,577
Intergovernmental charges	5,000,000	5,000,000	3,037,464	(1,962,536)
Use of money and property	3,992,400	3,992,400	3,992,957	557
Licenses & permits	20,000	20,000	25,842	5,842
Sale of property and compensation for loss	575,000	575,000	804,575	229,575
Miscellaneous revenue	313,766	313,766	778,519	464,753
Interfund revenues	1,250,000	1,250,000	1,443,949	193,949
State aid			630	630
Federal aid			309,716	309,716
Total Revenues	<u>99,821,610</u>	<u>99,821,610</u>	<u>101,509,988</u>	<u>1,688,378</u>
EXPENDITURES				
Current:				
Home and community services	88,984,336	88,984,336	84,725,882	4,258,454
Employee benefits	22,035,846	22,035,846	19,838,255	2,197,591
Total Expenditures	<u>111,020,182</u>	<u>111,020,182</u>	<u>104,564,137</u>	<u>6,456,045</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(11,198,572)</u>	<u>(11,198,572)</u>	<u>(3,054,149)</u>	<u>8,144,423</u>
Other Financing Sources (Uses)				
Transfers in			18,458	18,458
Transfers out	(4,959,131)	(4,959,131)	(4,911,890)	47,241
Premiums on debt issuance	172,334	172,334	172,334	
Total Other Financing Sources (Uses)	<u>(4,786,797)</u>	<u>(4,786,797)</u>	<u>(4,721,098)</u>	<u>65,699</u>
Net Change in Fund Balances	<u>\$ (15,985,369)</u>	<u>\$ (15,985,369)</u>	<u>(7,775,247)</u>	<u>\$ 8,210,122</u>
Fund Balances at Beginning of Year			<u>56,584,140</u>	
Fund Balances at End of Year			<u>\$ 48,808,893</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, 2014

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)
12/31/2014	\$ -0-	\$ 691,416,000 *	\$ 691,416,000	0%	\$ 161,958,671	426.91%
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.

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, 2014

Special Revenue Funds

	Town Outside Village	Special Grant	Fire Protection	Street Lighting
ASSETS				
Cash and investments	\$ 3,040,624		\$ 3,094,188	\$ 3,552,881
Cash - restricted		\$ 1,137,783		
Accounts receivable	2,157,765		6,692	19,774
Due from other funds	52,512		470	40,045
Due from other governments	51,517	1,811,432	12,763	17,521
Inventory				524,849
Prepaid items	223,662			14,549
Other assets	25,100			
Total Assets	<u>\$ 5,551,180</u>	<u>\$ 2,949,215</u>	<u>\$ 3,114,113</u>	<u>\$ 4,169,619</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 419,021	\$ 393,622	\$ 121,411	\$ 983,738
Due to other funds	7,890	1,502,467		9,407
Total Liabilities	<u>426,911</u>	<u>1,896,089</u>	<u>121,411</u>	<u>993,145</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	37,443			
Total Deferred Inflows of Resources	<u>37,443</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balances				
Nonspendable	223,662			539,398
Restricted		1,053,126		
Assigned	4,863,164		2,992,702	2,637,076
Total Fund Balances	<u>5,086,826</u>	<u>1,053,126</u>	<u>2,992,702</u>	<u>3,176,474</u>
Total Liabilities and Fund Balances	<u>\$ 5,551,180</u>	<u>\$ 2,949,215</u>	<u>\$ 3,114,113</u>	<u>\$ 4,169,619</u>

			Permanent Fund	
Public Parking	Water	Library Funding	Permanent Fund	Total Nonmajor Governmental Funds
\$ 3,428,841	\$ 9,323,989	\$ 358,678		\$ 22,799,201
3,954	2,348,290	363	\$ 1,337,867	2,475,650
587	1,835,986	54		4,536,838
4,420	20,857	6,308		1,929,654
	513,479			1,924,818
35,922	380,986			1,038,328
	20,200			655,119
<u>\$ 3,473,724</u>	<u>\$ 14,443,787</u>	<u>\$ 365,403</u>	<u>\$ 1,337,867</u>	<u>\$ 35,404,908</u>
\$ 36,256	\$ 400,583			\$ 2,354,631
	1,190,657			2,710,421
<u>36,256</u>	<u>1,591,240</u>			<u>5,065,052</u>
				37,443
<u>-0-</u>	<u>-0-</u>			<u>37,443</u>
35,922	894,465		\$ 1,337,867	3,031,314
<u>3,401,546</u>	<u>11,958,082</u>	<u>\$ 365,403</u>		<u>1,053,126</u>
<u>3,437,468</u>	<u>12,852,547</u>	<u>365,403</u>	<u>1,337,867</u>	<u>26,217,973</u>
<u>\$ 3,473,724</u>	<u>\$ 14,443,787</u>	<u>\$ 365,403</u>	<u>\$ 1,337,867</u>	<u>\$ 30,302,413</u>
<u>\$ 3,473,724</u>	<u>\$ 14,443,787</u>	<u>\$ 365,403</u>	<u>\$ 1,337,867</u>	<u>\$ 35,404,908</u>

TOWN OF HEMPSTEAD
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year ended December 31, 2014

	Special Revenue Funds			
	Town Outside Village	Special Grant	Fire Protection	Street Lighting
Revenues				
Real property taxes	\$ 9,865,086		\$ 5,956,510	\$ 10,239,903
Real property tax items	91,430		48,041	98,079
Non-property tax items	10,259,244			
Departmental income	8,291,354	\$ 20,359		
Intergovernmental charges				
Use of money and property	3,341	625	10,382	12,391
Fines and forfeitures	910,397	400		
Sale of property and compensation for loss		1,980		92,041
Miscellaneous revenue	309,463	389,466	477	42,602
Interfund revenues	10,438			
State aid	170,282	873,337		225
Federal aid		12,884,195		499,290
Total Revenues	<u>29,911,035</u>	<u>14,170,362</u>	<u>6,015,410</u>	<u>10,984,531</u>
Expenditures				
Current:				
General government support	306,149			
Public safety	15,425,466		4,724,298	
Transportation				10,948,937
Economic assistance and opportunity		5,023,480		
Culture and recreation	715			
Home and community services	6,406,628	9,009,666		
Employee benefits	5,250,745		491,749	
Total Expenditures	<u>27,389,703</u>	<u>14,033,146</u>	<u>5,216,047</u>	<u>10,948,937</u>
Excess of Revenues Over Expenditures	<u>2,521,332</u>	<u>137,216</u>	<u>799,363</u>	<u>35,594</u>
Other Financing Sources (Uses)				
Transfers in				
Transfers out	(168,784)		(503,271)	(1,313,896)
Premiums on debt issuance	2,485			14,632
Total Other Financing Sources (Uses)	<u>(166,299)</u>		<u>(503,271)</u>	<u>(1,299,264)</u>
Net Change in Fund Balances	2,355,033	137,216	296,092	(1,263,670)
Fund Balances at Beginning of Year	2,731,793	915,910	2,696,610	4,440,144
Fund Balances at End of Year	<u>\$ 5,086,826</u>	<u>\$ 1,053,126</u>	<u>\$ 2,992,702</u>	<u>\$ 3,176,474</u>

			Permanent Fund		
Public Parking	Water	Library Funding	Permanent Fund	Total Nonmajor Governmental Funds	
\$ 3,276,007	\$ 10,773,283	\$ 1,341,106		\$	41,451,895
30,808	339,822	17			608,197
14,036	9,927,102				10,259,244
	242,013				18,252,851
11,521	866,995	1,782	\$ 1,475		242,013
					908,512
	23,325				910,797
1,065	16,986				117,346
2,132,266	30,150				760,059
					2,172,854
	13,575				1,043,844
					13,397,060
<u>5,465,703</u>	<u>22,233,251</u>	<u>1,342,905</u>	<u>1,475</u>		<u>90,124,672</u>
					306,149
					20,149,764
4,162,035					15,110,972
		1,243,544			5,023,480
	14,829,356				1,244,259
	3,481,947				30,245,650
214,138					9,438,579
<u>4,376,173</u>	<u>18,311,303</u>	<u>1,243,544</u>			<u>81,518,853</u>
<u>1,089,530</u>	<u>3,921,948</u>	<u>99,361</u>	<u>1,475</u>		<u>8,605,819</u>
23,781	9,417				33,198
(1,830,774)	(3,600,420)		(1,475)		(7,418,620)
28,574	99,526				145,217
<u>(1,778,419)</u>	<u>(3,491,477)</u>		<u>(1,475)</u>		<u>(7,240,205)</u>
(688,889)	430,471	99,361	-0-		1,365,614
4,126,357	12,422,076	266,042	1,337,867		28,936,799
<u>\$ 3,437,468</u>	<u>\$ 12,852,547</u>	<u>\$ 365,403</u>	<u>\$ 1,337,867</u>	<u>\$</u>	<u>30,302,413</u>

TOWN OF HEMPSTEAD
TOWN OUTSIDE VILLAGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 9,865,086	\$ 9,865,086	\$ 9,865,086	\$ -0-
Real property tax items	39,991	39,991	91,430	51,439
Non-property tax items	9,450,000	9,450,000	10,259,244	809,244
Departmental income	7,050,000	7,050,000	8,291,354	1,241,354
Use of money and property	10,300	10,300	3,341	(6,959)
Fines and forfeitures	1,350,000	1,350,000	910,397	(439,603)
Miscellaneous revenue	203,515	203,515	309,463	105,948
Interfund revenues			10,438	10,438
State aid	175,000	175,000	170,282	(4,718)
Total Revenues	<u>28,143,892</u>	<u>28,143,892</u>	<u>29,911,035</u>	<u>1,767,143</u>
EXPENDITURES				
Current:				
General government support	451,000	306,150	306,149	1
Public safety	15,044,174	15,430,363	15,425,466	4,897
Culture and recreation	2,500	2,500	715	1,785
Home and community services	6,403,727	6,589,282	6,406,628	182,654
Employee benefits	4,923,943	5,250,748	5,250,745	3
Total Expenditures	<u>26,825,344</u>	<u>27,579,043</u>	<u>27,389,703</u>	<u>189,340</u>
Excess of Revenues Over Expenditures	<u>1,318,548</u>	<u>564,849</u>	<u>2,521,332</u>	<u>1,956,483</u>
Other Financing Sources (Uses)				
Transfers out	(175,921)	(168,785)	(168,784)	1
Premiums on debt issuance	2,485	2,485	2,485	
Total Other Financing Sources (Uses)	<u>(173,436)</u>	<u>(166,300)</u>	<u>(166,299)</u>	<u>1</u>
Net Change in Fund Balances	<u>\$ 1,145,112</u>	<u>\$ 398,549</u>	<u>2,355,033</u>	<u>\$ 1,956,484</u>
Fund Balances at Beginning of Year			<u>2,731,793</u>	
Fund Balances at End of Year			<u>\$ 5,086,826</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 5,956,510	\$ 5,956,510	\$ 5,956,510	\$ -0-
Real property tax items	51,376	51,376	48,041	(3,335)
Use of money and property	10,915	10,915	10,382	(533)
Miscellaneous revenue			477	477
Total Revenues	<u>6,018,801</u>	<u>6,018,801</u>	<u>6,015,410</u>	<u>(3,391)</u>
EXPENDITURES				
Current:				
Public safety	4,836,779	4,836,384	4,724,298	112,086
Employee benefits	677,100	680,649	491,749	188,900
Total Expenditures	<u>5,513,879</u>	<u>5,517,033</u>	<u>5,216,047</u>	<u>300,986</u>
Excess of Revenues Over Expenditures	<u>504,922</u>	<u>501,768</u>	<u>799,363</u>	<u>297,595</u>
Other Financing (Uses)				
Transfers out	(528,931)	(528,931)	(503,271)	25,660
Total Other Financing (Uses)	<u>(528,931)</u>	<u>(528,931)</u>	<u>(503,271)</u>	<u>25,660</u>
Net Change in Fund Balances	<u>\$ (24,009)</u>	<u>\$ (27,163)</u>	<u>296,092</u>	<u>\$ 323,255</u>
Fund Balances at Beginning of Year			<u>2,696,610</u>	
Fund Balances at End of Year			<u>\$ 2,992,702</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 10,239,903	\$ 10,239,903	\$ 10,239,903	\$ -0-
Real property tax items	101,067	101,067	98,079	(2,988)
Use of money and property	15,500	15,500	12,391	(3,109)
Sale of property and compensation for loss	20,000	20,000	92,041	72,041
Miscellaneous revenue	35,368	35,368	42,602	7,234
State aid			225	225
Federal aid			499,290	499,290
Total Revenues	<u>10,411,838</u>	<u>10,411,838</u>	<u>10,984,531</u>	<u>572,693</u>
EXPENDITURES				
Current:				
Transportation	11,094,598	11,094,598	10,948,937	145,661
Total Expenditures	<u>11,094,598</u>	<u>11,094,598</u>	<u>10,948,937</u>	<u>145,661</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	<u>(682,760)</u>	<u>(682,760)</u>	<u>35,594</u>	<u>718,354</u>
Other Financing Sources (Uses)				
Transfers out	(1,335,054)	(1,335,054)	(1,313,896)	21,158
Premiums on debt issuance	14,632	14,632	14,632	
Total Other Financing Sources (Uses)	<u>(1,320,422)</u>	<u>(1,320,422)</u>	<u>(1,299,264)</u>	<u>21,158</u>
Net Change in Fund Balances	<u>\$ (2,003,182)</u>	<u>\$ (2,003,182)</u>	<u>(1,263,670)</u>	<u>\$ 739,512</u>
Fund Balances at Beginning of Year			<u>4,440,144</u>	
Fund Balances at End of Year			<u>\$ 3,176,474</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 3,276,007	\$ 3,276,007	\$ 3,276,007	\$ -0-
Real property tax items	21,283	21,283	30,808	9,525
Departmental income	13,800	13,800	14,036	236
Use of money and property	10,000	10,000	11,521	1,521
Miscellaneous revenue	3,500	3,500	1,065	(2,435)
Interfund revenues	2,132,266	2,132,266	2,132,266	-0-
Total Revenues	<u>5,456,856</u>	<u>5,456,856</u>	<u>5,465,703</u>	<u>8,847</u>
EXPENDITURES				
Current:				
Transportation	4,107,647	4,173,712	4,162,035	11,677
Employee benefits	204,222	214,139	214,138	1
Total Expenditures	<u>4,311,869</u>	<u>4,387,851</u>	<u>4,376,173</u>	<u>11,678</u>
Excess of Revenues Over Expenditures	<u>1,144,987</u>	<u>1,069,005</u>	<u>1,089,530</u>	<u>20,525</u>
Other Financing Sources (Uses)				
Transfers in			23,781	23,781
Transfers out	(1,874,514)	(1,864,958)	(1,830,774)	34,184
Premiums on debt issuance			28,574	28,574
Total Other Financing Sources (Uses)	<u>(1,874,514)</u>	<u>(1,864,958)</u>	<u>(1,778,419)</u>	<u>86,539</u>
Net Change in Fund Balances	<u>\$ (729,527)</u>	<u>\$ (795,953)</u>	<u>(688,889)</u>	<u>\$ 107,064</u>
Fund Balances at Beginning of Year			<u>4,126,357</u>	
Fund Balances at End of Year			<u>\$ 3,437,468</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, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 10,773,283	\$ 10,773,283	\$ 10,773,283	\$ -0-
Real property tax items	333,399	333,399	339,822	6,423
Departmental income	9,905,359	9,905,359	9,927,102	21,743
Intergovernmental charges	231,600	231,600	242,013	10,413
Use of money and property	940,687	940,687	866,995	(73,692)
Sale of property and compensation for loss	7,500	7,500	23,325	15,825
Miscellaneous revenue	15,000	15,000	16,986	1,986
Interfund revenues	30,225	30,225	30,150	(75)
Federal aid			13,575	13,575
Total Revenues	<u>22,237,053</u>	<u>22,237,053</u>	<u>22,233,251</u>	<u>(3,802)</u>
EXPENDITURES				
Current:				
Home and community services	15,331,851	15,773,875	14,829,356	944,519
Employee benefits	3,806,883	3,481,949	3,481,947	2
Total Expenditures	<u>19,138,734</u>	<u>19,255,824</u>	<u>18,311,303</u>	<u>944,521</u>
Excess of Revenues Over Expenditures	<u>3,098,319</u>	<u>2,981,229</u>	<u>3,921,948</u>	<u>940,719</u>
Other Financing Sources (Uses)				
Transfers in			9,417	9,417
Transfers out	(3,673,340)	(3,640,421)	(3,600,420)	40,001
Premiums on debt issuance	99,526	99,526	99,526	
Total Other Financing Sources (Uses)	<u>(3,573,814)</u>	<u>(3,540,895)</u>	<u>(3,491,477)</u>	<u>49,418</u>
Net Change in Fund Balances	<u>\$ (475,495)</u>	<u>\$ (559,666)</u>	430,471	<u>\$ 990,137</u>
Fund Balances at Beginning of Year			<u>12,422,076</u>	
Fund Balances at End of Year			<u>\$ 12,852,547</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 1,341,106	\$ 1,341,106	\$ 1,341,106	\$ -0-
Real property tax items			17	17
Use of money and property	1,425	1,425	1,782	357
Total Revenues	<u>1,342,531</u>	<u>1,342,531</u>	<u>1,342,905</u>	<u>374</u>
EXPENDITURES				
Current:				
Culture and recreation	1,286,745	1,286,745	1,243,544	43,201
Total Expenditures	<u>1,286,745</u>	<u>1,286,745</u>	<u>1,243,544</u>	<u>43,201</u>
Excess of Revenues Over Expenditures	<u>55,786</u>	<u>55,786</u>	<u>99,361</u>	<u>43,575</u>
Net Change in Fund Balances	<u>\$ 55,786</u>	<u>\$ 55,786</u>	<u>99,361</u>	<u>\$ 43,575</u>
Fund Balances at Beginning of Year			<u>266,042</u>	
Fund Balances at End of Year			<u>\$ 365,403</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, 2014

	<u>Balance</u> <u>January 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2014</u>
<u>ASSETS</u>				
Town Agency				
Cash and investments	\$ 4,743,491	\$ 380,054,981	\$ 380,873,396	\$ 3,925,076
Service Award Program Assets	3,315,936		800,430	2,515,506
Total Assets - Town	<u>8,059,427</u>	<u>380,054,981</u>	<u>381,673,826</u>	<u>6,440,582</u>
Town Clerk Agency Fund				
Cash and investments	81,122	1,185,939	1,177,824	89,237
Total Assets - Town Clerk	<u>81,122</u>	<u>1,185,939</u>	<u>1,177,824</u>	<u>89,237</u>
Town Receiver of Taxes Agency Fund				
Cash and investments	108,854,488	6,374,398,409	6,384,532,799	98,720,098
Total Assets - Town Receiver of Taxes	<u>108,854,488</u>	<u>6,374,398,409</u>	<u>6,384,532,799</u>	<u>98,720,098</u>
Total Assets	<u>\$ 116,995,037</u>	<u>\$ 6,755,639,329</u>	<u>\$ 6,767,384,449</u>	<u>\$ 105,249,917</u>
<u>LIABILITIES</u>				
Town Agency Fund				
Other liabilities	\$ 8,059,427	\$ 380,054,981	\$ 381,673,826	\$ 6,440,582
Total Liabilities - Town	<u>8,059,427</u>	<u>380,054,981</u>	<u>381,673,826</u>	<u>6,440,582</u>
Town Clerk Agency Funds				
	81,122	1,185,939	1,177,824	89,237
Total Liabilities - Town Clerk	<u>81,122</u>	<u>1,185,939</u>	<u>1,177,824</u>	<u>89,237</u>
Town Receiver of Taxes Agency Funds				
	108,854,488	6,374,398,409	6,384,532,799	98,720,098
Total Liabilities - Town Receiver	<u>108,854,488</u>	<u>6,374,398,409</u>	<u>6,384,532,799</u>	<u>98,720,098</u>
Total Liabilities	<u>\$ 116,995,037</u>	<u>\$ 6,755,639,329</u>	<u>\$ 6,767,384,449</u>	<u>\$ 105,249,917</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, 2014

	Lakeview Public Library District	Roosevelt Public Library District	Uniondale Public Library District
ASSETS			
Current Assets:			
Cash and investments	\$ 1,390,518	\$ 2,296,226	\$ 2,926,973
Cash and investments, restricted			
Receivables, net of allowance for doubtful accounts			11,808
Due from other governments			
Prepaid items	4,831	65,075	89,826
Total Current Assets	1,395,349	2,361,301	3,028,607
Non-current Assets:			
Capital assets, net of depreciation	2,635,061	13,378,318	6,571,427
Total Non-Current Assets	2,635,061	13,378,318	6,571,427
Total Assets	4,030,410	15,739,619	9,600,034
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	106,381	120,952	168,558
Accrued interest payable	6,774	117,263	33,060
Other accrued liabilities			
Unearned revenue			
Non-current liabilities due within one year			
General obligations bonds payable	84,210	252,767	410,978
Unamortized bond premium	9,579		46,749
Compensated absences payable		20,959	9,006
Due to employees retirement system		2,368	
Non-current Liabilities due in more than one year:			
General obligation bonds payable	274,633	7,227,375	1,340,308
Compensated absences payable	34,765	83,835	126,940
Other postemployment benefits payable		973,551	460,582
Unamortized bond premium	19,158		93,498
Total Liabilities	535,500	8,799,070	2,689,679
NET POSITION			
Net investment in capital assets	2,247,481	5,898,176	4,679,894
Restricted	1,000		15,971
Unrestricted	1,246,429	1,042,373	2,214,490
Total Net Position	\$ 3,494,910	\$ 6,940,549	\$ 6,910,355

Cathedral Gardens Water District	Franklin Square Water District	West Hempstead - Hempstead Gardens Water District	Greater Atlantic Beach Water Reclamation District	Totals
\$ 307,856	\$ 837,817	\$ 1,128,115	\$ 674,132	\$ 9,561,637
	1,509,322	4,906,101		6,415,423
	380,532	617,177		1,009,517
	2,964		1,057,703	1,060,667
	46,270	21,498		227,500
<u>307,856</u>	<u>2,776,905</u>	<u>6,672,891</u>	<u>1,731,835</u>	<u>18,274,744</u>
	6,394,845	11,474,715	4,096,804	44,551,170
	6,394,845	11,474,715	4,096,804	44,551,170
<u>307,856</u>	<u>9,171,750</u>	<u>18,147,606</u>	<u>5,828,639</u>	<u>62,825,914</u>
11,265	83,070	605,943	90,471	1,186,640
	85,014		39,060	281,171
		69,550		69,550
		1,967		1,967
	166,204		251,666	1,165,825
	7,222			63,550
		25,419		55,384
				2,368
	5,721,815		3,153,572	17,717,703
	295,888	435,537	50,012	1,026,977
	639,211	2,935,193	319,072	5,327,609
	150,302			262,958
<u>11,265</u>	<u>7,148,726</u>	<u>4,073,609</u>	<u>3,903,853</u>	<u>27,161,702</u>
	506,826	11,474,715	1,749,269	26,556,361
	1,679,538	4,595,132	1,513,394	7,805,035
296,591	(163,340)	(1,995,850)	(1,337,877)	1,302,816
<u>\$ 296,591</u>	<u>\$ 2,023,024</u>	<u>\$ 14,073,997</u>	<u>\$ 1,924,786</u>	<u>\$ 35,664,212</u>

TOWN OF HEMPSTEAD
DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
Year ended December 31, 2014

	Lakeview Public Library District	Roosevelt Public Library District	Uniondale Public Library District
REVENUES			
Program revenues:			
Charges for services	\$ 25,876	\$ 20,132	\$ 21,122
Operating grants and contributions		9,176	
Real property taxes	1,290,628	2,859,651	3,911,645
Other real property tax items		7,002	222,167
Use of money and property - interest and earnings	5,634	9,774	6,528
Sale of property and compensation for loss			
Miscellaneous local sources	5,436		8,238
State aid - unrestricted	6,606	5,061	65,079
Total Revenues	<u>1,334,180</u>	<u>2,910,796</u>	<u>4,234,779</u>
EXPENSES			
Culture and recreation	1,149,129	2,968,905	3,621,035
Home and community services			
Total Expenses	<u>1,149,129</u>	<u>2,968,905</u>	<u>3,621,035</u>
Change in Net Position	185,051	(58,109)	613,744
Net Position - Beginning of Year	<u>3,309,859</u>	<u>6,998,658</u>	<u>6,296,611</u>
Net Position - End of Year	<u>\$ 3,494,910</u>	<u>\$ 6,940,549</u>	<u>\$ 6,910,355</u>

Cathedral Gardens Water District	Franklin Square Water District	West Hempstead - Hempstead Gardens Water District	Greater Atlantic Beach Water Reclamation District	Totals
\$ 4,125	\$ 1,485,921	\$ 1,838,013		\$ 3,395,189
				9,176
32,524	971,081	1,603,489	\$ 1,637,180	12,306,198
		18,934		248,103
320	107,748	462,868	987	593,859
	5,138			5,138
	5,443	34,987	75	54,179
				76,746
<u>36,969</u>	<u>2,575,331</u>	<u>3,958,291</u>	<u>1,638,242</u>	<u>16,688,588</u>
				7,739,069
90,608	2,987,646	4,440,883	1,858,833	9,377,970
<u>90,608</u>	<u>2,987,646</u>	<u>4,440,883</u>	<u>1,858,833</u>	<u>17,117,039</u>
(53,639)	(412,315)	(482,592)	(220,591)	(428,451)
<u>350,230</u>	<u>2,435,339</u>	<u>14,556,589</u>	<u>2,145,377</u>	<u>36,092,663</u>
<u>\$ 296,591</u>	<u>\$ 2,023,024</u>	<u>\$ 14,073,997</u>	<u>\$ 1,924,786</u>	<u>\$ 35,664,212</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 Town's overall financial health. The following are the categories of the various schedules that are included in this Section:

<u>Contents</u>	Page
Financial Trends	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>	
Revenue Capacity	116-123
<i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i>	
Debt Capacity	124-127
<i>These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	128-129
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	
Operating Information	130-135
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the 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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Governmental activities					
Net investment in capital assets	\$ 187,702,486	\$ 218,279,888	\$ 163,888,267	\$ 162,523,562	\$ 155,336,252
Restricted	2,390,993	2,253,777	7,448,148	4,244,543	4,330,158
Unrestricted	<u>(328,130,261)</u>	<u>(294,134,275)</u>	<u>(190,492,566)</u>	<u>(159,516,219)</u>	<u>(114,626,020)</u>
Total primary government net position	<u>\$ (138,036,782)</u>	<u>\$ (73,600,610)</u>	<u>\$ (19,156,151)</u>	<u>\$ 7,251,886</u>	<u>\$ 45,040,390</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

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 131,722,843	\$ 120,800,611	\$ 110,890,510	\$ 101,298,377	\$ 97,110,499
3,977,095	3,649,027	4,554,705	4,394,860	3,296,419
<u>(73,448,264)</u>	<u>(27,951,987)</u>	<u>37,869,265</u>	<u>67,787,620</u>	<u>45,902,563</u>
<u>\$ 62,251,674</u>	<u>\$ 96,497,651</u>	<u>\$ 153,314,480</u>	<u>\$ 173,480,857</u>	<u>\$ 146,309,481</u>

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

Year ended December 31,	2014	2013	2012	2011	2010
Expenses					
Governmental activities:					
General government support	\$ 85,059,212	\$ 86,791,904	\$ 75,281,730	\$ 79,461,372	\$ 73,948,510
Education	18,683,465	1,969,559	2,536,059	1,511,951	2,770,168
Public safety	45,969,530	46,113,772	43,907,271	42,029,158	36,874,823
Transportation	60,557,006	59,739,867	62,361,308	56,283,105	49,300,341
Economic assistance and opportunity	16,189,128	16,962,301	15,957,953	16,201,988	15,351,689
Culture and recreation	87,061,754	86,662,376	84,947,442	84,036,887	77,973,281
Home and community service	157,009,412	160,603,337	160,815,013	149,663,854	137,371,811
Interest on long-term debt	12,607,609	11,415,138	13,008,496	13,269,736	12,345,442
Total primary government expenses	<u>\$ 483,137,116</u>	<u>\$ 470,258,254</u>	<u>\$ 458,815,272</u>	<u>\$ 442,458,051</u>	<u>\$ 405,936,065</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government support	\$ 4,029,158	\$ 2,921,183	\$ 2,114,992	\$ 2,058,160	\$ 2,322,586
Public safety	9,226,071	9,461,740	7,718,582	7,792,758	6,542,706
Transportation	1,465,404	1,300,654	359,521	416,435	266,830
Economic assistance and opportunity	10,218	9,719	10,158	32,503	10,681
Culture and recreation	8,125,985	7,445,902	7,082,670	6,986,001	7,295,483
Home and community service	36,092,584	35,912,011	31,792,768	28,972,618	28,417,053
Operating grants and contributions	12,163,714	13,244,216	39,704,397	17,016,697	14,657,658
Capital grants and contributions	11,421,145	5,810,080	6,430,264	7,846,074	5,921,492
Total primary government program revenues	<u>\$ 82,534,279</u>	<u>\$ 76,105,505</u>	<u>\$ 95,213,352</u>	<u>\$ 71,121,246</u>	<u>\$ 65,434,489</u>
Net (Expense)/Revenue					
Total primary government net expense	<u>\$ (400,602,837)</u>	<u>\$ (394,152,749)</u>	<u>\$ (363,601,920)</u>	<u>\$ (371,336,805)</u>	<u>\$ (340,501,576)</u>
General Revenues					
Governmental Activities					
Property taxes	\$ 261,513,734	\$ 262,327,072	\$ 264,490,271	\$ 265,119,352	\$ 254,057,882
Real property tax items	4,247,809	6,041,444	3,479,908	3,253,081	4,180,078
Non-property tax items	46,660,477	47,611,355	45,231,393	43,633,364	41,223,215
Interest earnings - unrestricted	2,981,606	2,099,833	1,918,575	2,397,079	2,939,473
Mortgage tax	14,872,169	18,107,823	16,380,559	13,706,680	15,083,671
State aid-unrestricted	4,078,802	3,848,885	3,848,885	3,848,885	3,927,434
Other	1,812,068	1,221,924	1,844,292	1,589,860	1,878,539
Total primary government	<u>\$ 336,166,665</u>	<u>\$ 341,258,336</u>	<u>\$ 337,193,883</u>	<u>\$ 333,548,301</u>	<u>\$ 323,290,292</u>
Change in Net Position					
Total primary government change in net position	<u>\$ (64,436,172)</u>	<u>\$ (52,894,413)</u>	<u>\$ (26,408,037)</u>	<u>\$ (37,788,504)</u>	<u>\$ (17,211,284)</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>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 76,269,137	\$ 68,811,156	\$ 69,575,283	\$ 57,219,324	\$ 55,220,458
2,709,765	2,458,698	1,750,222	705,527	1,454,823
34,327,818	34,712,889	33,561,350	32,147,838	25,569,922
54,909,432	55,071,824	52,487,790	47,937,567	45,173,820
15,540,237	14,035,132	15,227,083	8,150,033	7,718,613
78,127,120	82,025,927	80,539,421	68,214,244	69,951,397
179,607,597	200,377,605	182,918,514	163,951,829	166,883,500
13,900,239	13,379,116	13,640,483	14,005,924	14,787,088
<u>\$ 455,391,345</u>	<u>\$ 470,872,347</u>	<u>\$ 449,700,146</u>	<u>\$ 392,332,286</u>	<u>\$ 386,759,621</u>
\$ 2,305,557	\$ 2,285,027	\$ 2,345,134	\$ 2,736,667	\$ 2,737,686
6,445,311	7,691,619	7,503,777	7,522,273	8,175,454
105,199	61,719	191,443	427,291	132,270
13,762	90,677	24,748	15,837	16,320
6,438,213	8,396,402	7,868,389	7,526,529	6,820,774
58,758,625	63,814,769	60,664,106	62,603,001	55,482,800
12,564,027	11,603,788	13,193,475	11,290,870	13,614,676
7,702,270	7,884,671	6,237,555	5,822,901	4,144,798
<u>\$ 94,332,964</u>	<u>\$ 101,828,672</u>	<u>\$ 98,028,627</u>	<u>\$ 97,945,369</u>	<u>\$ 91,124,778</u>
<u>\$ (361,058,381)</u>	<u>\$ (369,043,675)</u>	<u>\$ (351,671,519)</u>	<u>\$ (294,386,917)</u>	<u>\$ (295,634,843)</u>
\$ 254,945,984	\$ 229,005,071	\$ 228,683,296	\$ 218,096,202	\$ 217,822,376
4,274,266	2,988,553	3,920,874	2,955,998	2,794,357
38,886,689	41,110,562	39,893,890	39,104,777	37,397,947
3,715,781	8,414,882	11,421,977	9,259,116	4,755,005
19,448,034	24,661,932	42,071,625	46,148,354	48,094,073
4,180,122	4,180,122	4,058,371	3,940,166	3,284,444
1,361,528	1,865,724	1,455,109	2,053,680	2,063,791
<u>\$ 326,812,404</u>	<u>\$ 312,226,846</u>	<u>\$ 331,505,142</u>	<u>\$ 321,558,293</u>	<u>\$ 316,211,993</u>
<u>\$ (34,245,977)</u>	<u>\$ (56,816,829)</u>	<u>\$ (20,166,377)</u>	<u>\$ 27,171,376</u>	<u>\$ 20,577,150</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>
2014	\$ 261,513,734	\$ 4,247,809	\$ 46,660,477	\$ 312,422,020
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

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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011 ⁽¹⁾</u>	<u>2010</u>
General Fund					
Reserved					\$ 2,083,278
Unreserved					41,114,883
Nonspendable	\$ 3,645,193	\$ 8,766,435	\$ 4,876,214	\$ 3,244,521	
Assigned	-	3,694,757	16,334,969	25,184,863	
Unassigned	(13,774,293)		1,262,239	2,327,822	
Total General Fund	<u>\$ (10,129,100)</u>	<u>\$ 12,461,192</u>	<u>\$ 22,473,422</u>	<u>\$ 30,757,206</u>	<u>\$ 43,198,161</u>
All other governmental funds					
Reserved					\$ 24,042,719
Unreserved, reported in:					
Special revenue funds					110,864,828
Capital projects funds					(25,120,896)
Nonspendable	\$ 41,806,584	\$ 34,017,502	\$ 34,544,966	\$ 39,226,414	
Restricted	1,053,126	915,910	6,110,281	2,906,676	
Assigned	80,325,912	95,829,981	104,051,815	86,374,373	
Unassigned	(30,343,987)	(35,773,248)		(1,955,129)	
Total all other governmental funds	<u>\$ 92,841,635</u>	<u>\$ 94,990,145</u>	<u>\$ 144,707,062</u>	<u>\$ 126,552,334</u>	<u>\$ 109,786,651</u>

Note: ⁽¹⁾ Components of Fund Balance have been reclassified, beginning with the December 31, 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>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 2,007,552 55,070,451	\$ 2,333,214 61,525,680	\$ 1,774,044 64,763,538	\$ 2,047,180 63,484,262	\$ 2,420,022 56,778,924
<u>\$ 57,078,003</u>	<u>\$ 63,858,894</u>	<u>\$ 66,537,582</u>	<u>\$ 65,531,442</u>	<u>\$ 59,198,946</u>
\$ 24,055,634 100,895,970 (60,026,987)	\$ 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)
<u>\$ 64,924,617</u>	<u>\$ 94,799,021</u>	<u>\$ 105,238,323</u>	<u>\$ 91,385,742</u>	<u>\$ 68,299,211</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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Revenues					
Real property taxes	\$ 261,513,734	\$ 262,327,072	\$ 264,490,271	\$ 265,119,352	\$ 254,057,882
Real property tax items	4,247,809	6,041,444	3,479,908	3,253,081	4,180,078
Non-property taxes	46,660,477	47,611,355	45,231,393	43,633,364	41,223,215
Departmental income	38,823,860	36,189,419	34,771,106	33,577,447	31,994,863
Intergovernmental charges	4,220,373	4,474,716	5,311,569	4,043,005	3,793,640
Use of money and property	6,413,565	6,033,921	6,043,426	6,218,925	6,862,546
Licenses and permits	1,303,083	1,374,299	889,598	956,932	1,106,134
Fines and forfeitures	942,622	1,148,868	1,408,290	1,118,950	1,121,544
Sale of property and compensation for loss	6,252,799	7,361,369	1,947,050	1,343,424	1,602,568
Miscellaneous revenue	2,950,675	2,565,489	1,249,932	1,874,236	1,770,841
Interfund revenues	88,516,931	83,361,303	84,840,855	81,222,663	81,950,479
State aid	23,296,686	25,154,761	24,046,558	20,370,619	24,017,680
Federal aid	19,710,849	15,856,243	42,288,096	22,047,718	15,572,577
Total revenues	<u>504,853,463</u>	<u>499,500,259</u>	<u>515,998,052</u>	<u>484,779,716</u>	<u>469,254,047</u>
Expenditures					
General government support	82,929,762	79,445,097	78,213,666	75,876,722	75,598,414
Education	18,683,465	1,969,559	2,536,059	1,511,951	2,770,168
Public safety	34,668,145	32,189,739	35,634,731	33,347,903	31,036,639
Transportation	50,516,009	45,923,155	48,499,980	43,323,299	42,007,781
Economic assistance and opportunity	10,603,047	10,677,946	10,396,880	10,392,823	10,626,066
Culture and recreation	63,664,052	61,729,980	63,193,175	61,623,700	60,124,858
Home and community services	126,770,799	127,955,641	132,967,654	125,027,616	120,779,247
Employee benefits	94,438,910	99,902,750	89,161,468	81,844,252	75,063,840
Capital outlay	47,487,883	51,122,203	48,856,949	44,802,407	43,153,678
Debt Service:					
Principal	37,319,354	36,096,550	37,377,968	39,770,972	42,816,171
Interest	10,041,987	12,216,786	12,018,537	13,456,662	11,239,489
Bond Issuance Costs			154,654	146,031	271,645
Total Expenditures	<u>577,123,413</u>	<u>559,229,406</u>	<u>559,011,721</u>	<u>531,124,338</u>	<u>515,487,996</u>
Excess of revenues over (under) expenditures	(72,269,950)	(59,729,147)	(43,013,669)	(46,344,622)	(46,233,949)
Other financing sources (uses)					
Transfers in	54,305,853	48,916,444	50,187,859	58,069,382	56,951,890
Transfers out	(54,305,853)	(48,916,444)	(50,187,859)	(58,069,382)	(56,951,890)
Refunding bonds issued	35,742,932		35,742,932		14,785,000
Debt issuance	46,254,170		46,254,170	49,840,320	72,377,025
Premiums on debt issuance	5,073,232		5,073,232	829,030	6,257,363
Payments to refund bond escrow agent	(39,539,186)		(39,539,186)		(16,203,247)
Total other financing sources	<u>47,531,148</u>		<u>47,531,148</u>	<u>50,669,350</u>	<u>77,216,141</u>
Net change in fund balances	<u>\$ (24,738,802)</u>	<u>\$ (59,729,147)</u>	<u>\$ 4,517,479</u>	<u>\$ 4,324,728</u>	<u>\$ 30,982,192</u>
Debt service as a percentage of noncapital expenditures	8.9%	9.5%	9.6%	10.9%	11.4%

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

2009	2008	2007	2006	2005
\$ 254,945,984	\$ 229,005,071	\$ 228,683,296	\$ 218,096,202	\$ 217,822,376
4,274,266	2,988,553	3,920,874	2,955,998	2,794,357
38,886,689	41,110,562	39,893,890	39,104,777	37,397,947
29,718,300	33,868,934	31,744,303	35,700,012	34,618,491
11,591,199	15,562,752	14,601,626	14,711,240	8,685,822
6,313,500	9,004,534	12,521,821	10,547,159	6,056,541
994,785	1,132,954	820,128	529,143	651,593
1,027,347	1,027,742	786,404	917,162	787,928
1,476,176	1,706,624	1,451,943	1,168,323	2,512,080
7,981,614	1,143,191	1,672,021	1,826,858	1,465,852
77,663,962	70,999,331	63,145,802	62,302,022	60,183,483
27,605,874	31,961,325	50,096,733	53,972,554	55,358,831
16,320,079	16,369,188	15,464,293	14,333,120	13,779,159
<u>478,799,775</u>	<u>455,880,761</u>	<u>464,803,134</u>	<u>456,164,570</u>	<u>442,114,460</u>
72,807,661	67,287,572	64,793,032	62,478,103	61,993,033
2,709,765	2,458,698	1,750,222	705,527	1,454,823
29,123,839	28,058,963	24,411,317	23,013,354	21,919,275
42,029,778	42,827,355	37,411,205	36,402,732	35,411,560
11,229,679	9,489,844	10,369,136	4,750,730	4,710,480
59,475,456	58,781,929	56,409,481	58,752,499	56,598,201
140,923,242	147,438,730	134,700,679	122,499,043	128,135,894
67,644,682	67,147,499	65,803,106	74,169,699	66,551,298
38,604,901	36,345,192	36,429,311	32,441,327	32,895,670
38,482,474	37,350,836	34,528,873	34,303,645	30,795,673
13,848,441	13,270,865	14,131,558	13,466,557	15,881,280
306,731	114,534	99,939	99,027	1,745,528
<u>517,186,649</u>	<u>510,572,017</u>	<u>480,837,859</u>	<u>463,082,243</u>	<u>458,092,715</u>
(38,386,874)	(54,691,256)	(16,034,725)	(6,917,673)	(15,978,255)
55,730,815	54,567,491	53,366,786	54,594,158	48,917,502
(55,730,815)	(54,567,491)	(53,366,786)	(54,594,158)	(48,917,502)
39,140,854				53,436,428
	39,142,000	30,348,650	33,914,230	
2,063,610	2,431,266	544,796	1,422,470	2,098,799
<u>(39,472,885)</u>				<u>(53,789,699)</u>
<u>1,731,579</u>	<u>41,573,266</u>	<u>30,893,446</u>	<u>35,336,700</u>	<u>1,745,528</u>
<u>\$ (36,655,295)</u>	<u>\$ (13,117,990)</u>	<u>\$ 14,858,721</u>	<u>\$ 28,419,027</u>	<u>\$ (14,232,727)</u>
10.9%	10.7%	11.0%	11.0%	11.4%

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

Year Ended December 31,	Real Property Tax¹	Sales Tax²	Mortgage Tax³	Franchise Tax	Total
2014	\$ 261,513,734	\$ 36,401,233	\$ 14,872,169	\$ 10,259,244	\$ 323,046,380
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

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

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

TOWN OF HEMPSTEAD

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

Last Ten Years

Year Ended December 31,	Residential Property 1 to 3 Family Homes	Residential Property Apts, Condos & Cooperatives	Utility Property	All Other Property	Total Taxable Assessed Value
2014	\$ 175,988,122	\$ 14,535,514	\$ 22,340,219	\$ 83,308,831	\$ 296,172,686
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
2006	370,900,972	12,870,249	13,002,253	81,170,030	477,943,504
2005	606,456,152	12,843,625	13,265,955	81,107,215	713,672,947

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

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

² Per \$1,000 of assessed value. See page 118 for more detail.

³ Per \$100 of assessed value. See page 118 for more detail.

State Equalization Rate	Estimated Full Valuation	Total Full Value Direct Tax Rate²	Total Taxable Assessed Value Direct Tax Rate³
0.33%	\$ 89,749,298,788	\$ 4.49	\$ 135.94
0.33%	91,733,988,788	4.38	132.59
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

TOWN OF HEMPSTEAD

**Property Tax Rates
Direct and Overlapping Governments
Last Ten Years**

Full Value Town Direct Rates

Year Ended December 31,	Total Taxable Assessed Value	State Equalization Rate	Estimated Full Valuation	Tax Levy For Town¹	Total Town Direct Tax Rate³
2014	\$ 296,172,686	0.33%	\$ 89,749,298,788	\$ 402,603,457	\$ 4.49
2013	302,722,163	0.33%	91,733,988,788	401,368,222	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	0.30%	109,612,613,333	347,279,817	3.17
2006	477,943,504	0.50%	95,588,700,800	334,019,769	3.49
2005	713,672,947	0.82%	87,033,286,220	328,053,240	3.77

Assessed Value Town Direct Rates

Year Ended December 31,	Total Taxable Assessed Value	State Equalization Rate	Estimated Full Valuation	Tax Levy For Town¹	Total Town Direct Tax Rate³
2014	\$ 296,172,686	0.33%	\$ 89,749,298,788	\$ 402,603,457	\$ 135.94
2013	302,722,163	0.33%	91,733,988,788	401,368,222	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	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

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

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

³ Per \$1,000 of assessed value

³ Per \$100 of assessed value

Full Value Overlapping Rates

County Tax Levy For Town	Total County Direct Rate²	School Levy	Total School Direct Rate³	Total Full Value Direct and Overlapping Rates³
\$ 468,744,577	\$ 5.22	\$ 1,965,917,901	\$ 21.90	\$ 31.61
471,636,054	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

Assessed Value Overlapping Rates

County Tax Levy For Town	Total County Direct Rate²	School Levy	Total School Direct Rate³	Total Taxable Assessed Value Direct and Overlapping Rates⁴
\$ 468,744,577	\$ 158.27	\$ 1,965,917,901	\$ 663.77	\$ 957.98
471,636,054	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

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
2014												
Class 1	12,812	36,229	13,226	98,981	18,539	46,398	6,276	1,745	44,609	5,244	0,198	65,000
Class 2	6,899	18,911	11,201	59,460	13,200	36,244	3,276	2,081	35,471	3,699	0,014	27,624
Class 3	9,715	24,239	37,947	293,817	27,873	144,085	4,199	5,274	123,982	8,281	0,036	108,375
Class 4	6,584	19,130	15,652	115,062	15,315	37,290	3,314	2,574	31,733	4,307	0,150	45,770
All Classes												
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	3,820	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												

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

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
10,498	28,375	5,713	47,694	6,203	74,220	23,241	84,145	19,549	109,924	7,452	24,510	539,177	1,245,139	0,247	111,443
10,312	18,390	4,729	17,451	4,670	186,718	13,986	72,376	13,968	102,886	4,827	18,749	220,782	852,384	0,211	188,776
17,225	48,400	1,035	18,129	4,810	133,455	79,323	121,280	35,419	192,481	10,001	100,624	239,668	1,014,284	0,428	256,017
7,546	27,378	4,469	25,438	5,115	75,563	24,482	75,238	14,869	86,614	5,759	30,914	238,442	879,709	0,193	98,261
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

TOWN OF HEMPSTEAD
Principal Property Taxpayers
Current Year and Nine Years Ago
December 31, 2014 and 2005

2014

Rank	Taxpayer	Nature of Business	Assessed Valuation	Percent of Total Assessed Valuation ⁽¹⁾
1	National Grid	Energy System Operator	\$ 9,771,387	3.30%
2	Long Island Power Authority	Electric Utility	8,878,046	3.00%
3	Simon Property Group	Shopping Center	4,623,710	1.56%
4	Verizon	Telephone/Cable TV	2,977,969	1.01%
5	New York American Water	Water Utility	2,435,793	0.82%
6	Green Acres Mall LLC	Shopping Center	2,150,280	0.73%
7	NY Racing Association, Inc.	Belmont Race Track	1,274,268	0.43%
8	625 Rexcorp Plaza Land SPE LLC	Real Estate Management	1,103,222	0.37%
9	PL Westbury LLC	Pharmaceutical Packaging	943,753	0.32%
10	333 Earle Ovington Blvd SPE LLC	Real Estate Management	689,550	0.23%
	Total		<u>\$ 34,847,978</u>	<u>11.77%</u>

2005

Rank	Taxpayer	Nature of Business	Assessed Valuation	Percent of Total Assessed Valuation ⁽¹⁾
1	Marketspan Gas Co.	Utility	\$ 4,726,374	0.66%
2	Retail Property Trust	Shopping Center	3,395,393	0.48%
3	Verizon	Utility	2,785,921	0.39%
4	Keyspan Energy corp.	Utility	2,718,267	0.38%
5	Reckson	Office Buildings	2,270,096	0.32%
6	LIPA	Utility	2,156,364	0.30%
7	Galaxy LI Assoc. (Coliseum Plaza)	Office Buildings	1,767,505	0.25%
8	EQK Green Acres LP	Shopping Center	1,647,706	0.23%
9	NY Racing/Greater NY Assoc.	Belmont Race Track	1,405,032	0.20%
10	Long Island Water	Utility	1,117,794	0.16%
	Total		<u>\$ 23,990,452</u>	<u>3.36%</u>

Source: Town of Hempstead Receiver of Taxes
Town of Hempstead 2005 CAFR

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

TOWN OF HEMPSTEAD
Property Tax Levies and Collections
Last Ten Years

<u>Year Ended December 31,</u>	<u>Tax Levy For Town¹</u>	<u>Total Tax Levy²</u>	<u>Amount Collected³</u>	<u>Percent of Total Tax Levy Collected⁴</u>	<u>Amount Uncollected</u>	<u>Percent of Total Tax Levy Uncollected</u>
2014	\$ 402,603,457	\$ 871,348,034	\$ 849,081,831	97.44%	\$ 22,266,203	2.56%
2013	401,368,222	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%

Source: Town of Hempstead Official Statements

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

² Includes all Town and County taxes.

³ During year of levy.

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

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

Year Ended December 31,	Governmental Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Bond Anticipation Notes Payable	Installment Purchase Debt			
2014	\$ 304,504,292			\$ 304,504,292	0.31%	\$ 397
2013	295,308,338 ²			295,308,340	0.30%	385
2012	317,350,887			317,350,887	0.33%	415
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

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

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

² As of the 2013 report, the Town debt capacity amounts are reported net of related premiums, discounts, and adjustments.

Other Notes: At December 31, 2014, the Town had \$49,634,905 in short term bond anticipation notes not being presented.

At December 31, 2014, the Town had \$30,400,000 in budget notes not being presented.

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 Valuation¹</u>	<u>Percentage of Estimated Full Value¹ of Property</u>	<u>Per Capita²</u>
2014	\$ 304,504,292 ⁴	102.81%	0.34%	397
2013	295,308,338	97.55%	0.32%	385
2012	317,350,887	97.50%	0.32%	415
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% ³	0.32%	403
2005	308,587,632	43.24%	0.35%	405

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

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

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

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

⁴ 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, 2014

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
Town of Hempstead	\$ 304,504,292	100.00%	<u>\$ 304,504,292</u>
Overlapping:			
Nassau County	\$ 3,283,977,000	47.69%	\$ 1,566,149,569
Incorporated Villages	334,153,206	100.00%	334,153,206
School Districts	638,161,438	100.00%	638,161,438
Fire Districts	6,494,286	100.00%	6,494,286
Library Districts	9,590,271	100.00%	9,590,271
Water Districts	9,293,257	100.00%	<u>9,293,257</u>
Total overlapping debt			<u>2,563,842,027</u>
Total direct and overlapping debt			<u>\$ 2,868,346,319</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
2014	\$ 296,172,686	0.33%	\$ 89,749,298,788
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
Total Five Year Full Valuation			<u>\$ 493,118,157,879</u>
Five Year Average Full Valuation of Taxable Real Property			<u>\$ 98,623,631,576</u>
Constitutional Debt Limit (7% of Average Full Valuation)			<u>\$ 6,903,654,210</u>
Inclusions			
Outstanding Bonds			\$ 306,769,169
Outstanding Bond Anticipation Notes			49,634,905
Total inclusions			<u>356,404,074</u>
Exclusions:			
Water Bonds			28,183,402
Total Exclusions			<u>28,183,402</u>
Net Indebtedness Subject to Debt Limit			<u>\$ 328,220,672</u>
Net Debt Contracting Margin			<u>\$ 6,575,433,538</u>
Percentage of Net Debt Contracting Margin Available			95.25%
Percentage of Net Debt Contracting Power Exhausted			4.75%

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
2014	\$ 6,903,654,210	\$ 328,220,672	\$ 6,575,433,538	4.75%	95.25%
2013	7,267,878,087	273,549,721	6,994,328,366	3.76%	96.24%
2012	7,626,845,254	308,386,746	7,318,458,508	4.04%	95.96%
2011	7,780,633,900	286,575,487	7,494,058,413	3.68%	96.32%
2010	7,755,190,778	250,726,493	7,504,464,285	3.23%	96.77%
2009	7,355,241,474	280,094,407	7,075,147,067	3.81%	96.19%
2008	6,751,041,437	287,071,992	6,463,969,445	4.25%	95.75%
2007	6,213,215,150	285,749,566	5,927,465,584	4.60%	95.40%
2006	5,563,024,963	288,998,824	5,274,026,139	5.19%	94.81%
2005	5,021,196,248	288,340,654	4,732,855,594	5.74%	94.26%

Source: Town of Hempstead Official Statements.

TOWN OF HEMPSTEAD
Demographic and Economic Statistics
Last Ten Years

Year Ended December 31,	Population¹	Personal Income² (millions of dollars)	Per Capita Income³	Median Age³	Unemployment Rate⁴	Number of Households Estimate⁵	Average Household Size Estimates⁵	Population Density Per Square Mile⁶
2014	766,697	\$ 98,096	\$ 36,927	40.4	5.0%	240,307	3.14	6,391
2013	766,697	98,096	36,927	40.4	6.2%	240,307	3.14	6,391
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

Sources:

- ¹ U.S. Census Bureau, 2013 American Community Survey - 2014 is not available.
- ² U.S. Department of Commerce - Bureau of Economic Analysis
Personal Income figures are for Nassau County - 2014 is not available.
- ³ U.S. Census Bureau, 2013 American Community Survey - 2014 is not available.
- ⁴ United States Department of Labor - Bureau of Labor Statistics
(Note: Percentages are not seasonally adjusted).
- ⁵ U.S. Census Bureau, 2013 American Community Survey - 2014 is not available.
Years 2005-2010 from Long Island Power Authority (LIPA) annual surveys.
- ⁶ Calculated: Population divided by land area (119.96 sq. mi.)

TOWN OF HEMPSTEAD
Principal Employers
Current Year and Nine Years Ago

2014⁽¹⁾

Rank	Name	Type of Business	Number of Employees	Percentage of Total Town Employment
1	Verizon Communications	Telecommunications.	5,600 *	1.51%
2	Hofstra University	Higher education.	5,545	1.49%
3	Nassau Health Care Corp. (NuHealth)	Hospital, nursing home and family health centers	4,110 *	1.11%
4	All Metro Health Care	Home health care.	4,000 *	1.08%
5	BOCES-Nassau	Education.	3,900 *	1.05%
6	South Nassau Communities Hospital	Hospital.	3,000	0.81%
7	Nassau Community College	Higher education.	2,036	0.55%
8	Citi	Commercial Bank	2,000 *	0.54%
9	Adelphi University	Higher education.	1,863	0.50%
10	Summit Security Services	Security and investigations.	1,827 *	0.49%

2005⁽²⁾

Rank	Name	Type of Business	Number of Employees
1	Diocese of Rockville Center	Religious Institution	12,500
2	JPMorgan Chase	Commercial Bank	7,815
3	Waldbaums	Supermarket Chain	6,500
4	LI Railroad	Commuter Railroad	5,900
5	Verizon	Telecommunications	5,500
6	Cablevision systems	Cable Television	5,234
7	LI 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:

⁽¹⁾ Long Island Business News "100 + Employee Companies" 2014

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

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

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

Function	Full-Time Equivalent				
	2014	2013	2012	2011	2010
General government support	435	454	440	427	419
Public safety	241	247	232	235	216
Transportation	221	214	210	211	206
Economic assistance and opportunity	27	28	29	30	30
Culture and recreation	401	405	404	408	413
Home and community service	666	671	658	646	644
Total	1,991	2,019	1,973	1,957	1,928

Source: Town of Hempstead Human Resource Department records

These are full time budgeted positions

Employees as of December 31,

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
417	425	419	420	424
210	205	200	195	195
205	216	220	221	226
26	25	26	27	29
423	441	449	458	448
<u>627</u>	<u>624</u>	<u>625</u>	<u>644</u>	<u>662</u>
<u>1,908</u>	<u>1,936</u>	<u>1,939</u>	<u>1,965</u>	<u>1,984</u>

TOWN OF HEMPSTEAD
Operating Indicators by Function
Last Ten Years

Year Ended December 31,	2014	2013	2012	2011
Function				
Town Clerk				
Vital statistic documents	34,944	35,688	34,167	35,529
Dog licenses	5,189	5,332	5,576	5,820
Marriage licenses	3,912	3,860	4,058	3,907
Building				
Residential building permits issued	13,195	14,229	9,474	4,749
Estimated value of residential building construction	\$ 168,574,307	\$ 164,571,748	\$ 128,970,864	\$ 149,278,630
Industrial and commercial building permits issued	1,359	1,451	1,913	5,850
Estimated value of industrial and commercial building construction	\$ 146,945,617	\$ 207,000,126	\$ 129,692,110	\$ 123,382,688
Public Safety				
Dogs adopted or reclaimed by owners	1,716	1,491	1,143	1,258
Citations issued	362	254	240	367
Fire				
Number of fire protection districts	17	17	17	17
Parking				
Number of parking permits issued	19,703	16,620	16,431	14,283
Parking permit revenue	\$ 59,109	\$ 48,599	\$ 48,381	\$ 41,124
Highways and streets				
Street resurfacing (lane miles)	7	6	5	6
Number of trees planted	642	1,167 ⁽¹⁾	425	695
Number of trees removed	947	1,072	4,355 ⁽²⁾	1,267
Road opening permits issued	2,978	3,300	4,058	2,937
Abandoned vehicles removed	51	23	108 ⁽³⁾	181
Signs installed	14,137	15,576	15,000	12,000
Sanitation (tons per annum)				
Residential and commercial waste collected	423,556	431,770	472,080	508,521
Recyclables collected	29,679	47,660	29,874	54,932
Yardwaste	39,226	49,989	41,565	57,425
Bulky waste and other items	25,352	37,997	33,624	37,488
Culture and recreation				
Pool passes issued	3,536	3,729	3,970	3,402
Registration for adult programs	10,146	9,292	9,325	8,624

Source: Various government departments

(1) Includes replacement of approximately 900 of the trees uprooted by "Superstorm Sandy"

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

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

2010	2009	2008	2007	2006	2005
36,020	34,979	36,110	37,098	37,245	36,150
7,396	6,620	6,652	6,927	7,230	7,253
3,927	3,817	4,905	5,088	5,188	5,459
9,310	3,582	4,189	4,186	4,120	4,692
\$ 123,629,344	\$ 115,938,628	\$ 221,639,432	\$ 172,519,163	\$ 201,102,700	\$ 220,786,460
765	6,066	6,541	6,415	7,748	7,262
\$ 56,113,065	\$ 82,495,362	\$ 67,085,202	\$ 81,800,006	\$ 112,098,935	\$ 113,393,437
1,264	1,216	1,315	699	1,553	1,583
447	433	323	283	269	244
17	17	17	17	17	17
13,974	14,238	14,053	13,382	13,364	13,168
\$ 40,038	\$ 40,203	\$ 40,391	\$ 38,519	\$ 38,209	\$ 37,663
9	10	10	12	16	
653	656	847	729	1,711	1,644
1,052	987	850	1,193	1,972	504
1,582	2,875	2,971	2,744	1,741	1,547
125	40	50	43	103	136
24,840	23,580	18,795	18,000	17,816	20,960
511,424	479,102	573,469	549,217	630,893	635,382
62,868	93,214	89,998	86,435	87,726	87,735
54,952	66,602	71,810	68,735	79,976	73,741
17,580	5,716	1,510	2,126	1,624	3,058
4,090	3,832	4,339	4,631	4,330	4,309
9,350	9,350	17,809	12,007	11,996	11,915

TOWN OF HEMPSTEAD
Capital Asset Statistics by Function
Last Ten Years

Year Ended December 31,	2014	2013	2012	2011	2010
Function					
General Government					
New Town Hall and Old Town Hall	2	2	2	2	2
Sanitation					
Transfer station	2	2	2	2	2
Annual tonnage processed	157,552	167,367	187,801	123,894	131,379
Highways and streets					
Streets (miles)	1,162	1,162	1,162	1,162	1,162
Culture and recreation					
Parks acreage	1,404	1,404	1,404	1,404	1,404
Parks	189	189	189	189	189
Docks	4	4	4	4	4
Boat ramps	4	4	4	4	4
Swimming pools	22	22	22	22	22
Golf courses (18 hole)	1	1	1	1	1
Golf courses (9 hole)	1	1	1	1	1
Driving range	1	1	1	1	1
Tennis courts	77	77	77	77	77
Community centers	16	16	16	16	16
Preserves and nature areas	4	4	4	4	4
Preserve and nature area acreage	202	202	202	202	202

Source: Various government departments

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
2	2	2	2	2
2	2	2	2	2
204,977	194,894	199,959	250,792	287,768
1,162	1,162	1,162	1,162	1,162
1,404	1,404	1,404	1,404	1,404
189	189	189	189	189
4	4	4	4	4
4	4	4	4	4
22	22	22	22	22
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
77	77	77	77	77
16	16	16	16	16
4	4	4	4	4
202	202	202	202	202