

**TOWN OF HEMPSTEAD, NEW YORK**

**FINANCIAL STATEMENTS**

Year Ended December 31, 2019

**TOWN OF HEMPSTEAD**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
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**FINANCIAL  
SECTION**





CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented nonmajor component units, each major fund, and the aggregate remaining fund information of the Town of Hempstead, New York, (the "Town") as of and for the year ended December 31, 2019, 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 opinions on these financial statements based on our audit. We did not audit the financial statements of the blended component unit, which represents 100% of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, and revenues of the business-type activities and proprietary fund. The aggregate discretely presented nonmajor component units consists of eight component units. We did not audit the financial statements of seven of the eight audited discretely presented nonmajor component units which represent 84.62%, 77.76% and 84.31% respectively, of the assets and deferred outflows of resources, net position and revenues of the aggregate discretely presented nonmajor 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 seven audited 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. Of the nine component units (one blended and eight discretely presented), three of the financial statements of the component units in these financial statements were audited in accordance with *Government Auditing Standards*. The Town of Hempstead Local Development Corporation, the Town of Hempstead Industrial Development Agency and the Greater Atlantic Beach Water Reclamation District were audited in accordance with *Government Auditing Standards*, all remaining components units were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

BEYOND THE NUMBERS...

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**Auditors' Responsibility** (continued)

Except for the matters described in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Nonmajor Component Units", we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Summary of Opinions**

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
General Fund	Unmodified
Highway Fund	Unmodified
Park Districts Fund	Unmodified
Refuse and Garbage Districts Fund	Unmodified
Water Districts Fund	Unmodified
Capital Projects Fund	Unmodified
Debt Service Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

**Basis for Adverse Opinion on the Aggregate Discretely Presented Nonmajor Component Units**

As discussed in Notes 1A, 6 and 7 to the financial statements, the discretely presented nonmajor component units' financial statements and relevant disclosures do not include the financial statements of the Town of Hempstead Housing Authority, a nonmajor component unit of the Town, as its financial statements were not available. We were not engaged to audit the financial statements of the Town of Hempstead Housing Authority's financial statements as part of the audit of the Town of Hempstead, New York's basic financial statements. The impact of not including the Town of Hempstead Housing Authority in the 2019 discretely presented nonmajor component units financial statements cannot be quantified. However, the Town of Hempstead Housing Authority's 2018 financial information did represent 68.06%, 2.42% and 68.06%, respectively, of the reported 2018 assets and deferred outflows of resources, net position and revenues of the aggregate discretely presented nonmajor component units at December 31, 2018.

**Adverse Opinion**

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Nonmajor Component Units" paragraph, the financial statements referred in the first paragraph pertaining to the aggregate discretely presented nonmajor component units of the Town of Hempstead, New York do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and the changes in financial position as of and for the year then ended.

**Unmodified 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, business-type activities, each major fund and the aggregate remaining fund information of the Town of Hempstead, New York as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows 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, and the required supplementary information other than the management's discussion and analysis as listed in the table of contents 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 combining and individual nonmajor fund financial statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2020, 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.

*Albrecht, Vignar, Wash and Co., P.C.*

Hauppauge, New York  
December 21, 2020

**REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis

**TOWN OF HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 December 31, 2019

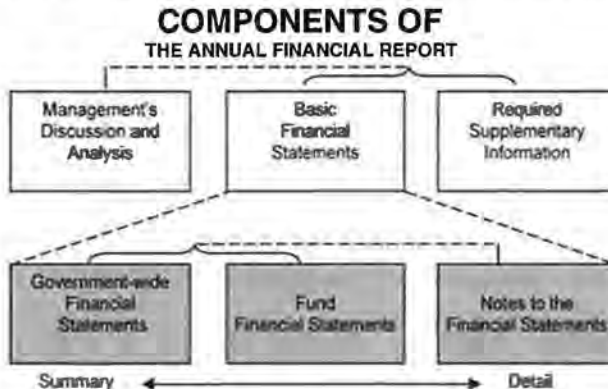
As management of the Town of Hempstead (the "Town"), we offer readers of the financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2019. This section is only an introduction and should be read in conjunction with the Town's financial statements, which immediately follows this section.

**FINANCIAL HIGHLIGHTS**

- The liabilities and deferred inflows of resources of the Town's primary government's governmental activities exceeded its assets and deferred outflows of resources at the close of 2019 by \$969,121,933 resulting in a negative net position. This is primarily due to the recognition of the total other postemployment benefits liability of \$1,306,759,675.
- The Town's total net position related to its governmental activities decreased by \$73,468,415 as the 2019 expenses exceeded revenues, and which is largely due to recognizing other postemployment expense of \$119,442,345.
- The assets of the Town's primary government's business-type activities exceeded its liabilities at the close of 2019 by \$2,337,642.
- As of the close of 2019 the Town's governmental funds reported combined ending fund balances of \$172,821,376, and increase of \$6,869,606 from the prior year. The combined ending fund balances excluding the Capital Projects Fund balance, totaled \$152,688,158 of which \$14,073,851 is not in spendable form, and \$138,614,307, or 90.78%, 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 2019, the Town's total fund balance for the General Fund was \$22,655,161, which decreased by \$4,090,453 from the prior year, expenditures and other financing uses of \$180,316,666 exceeded revenues and other financing sources of \$176,226,213.
- The Town's governmental activities long-term bond debt was \$403,741,887, which was a slight increase of 0.02% from the prior year. During 2019, the Town issued \$45,507,182 of general obligation bonds to finance various capital projects and repaid \$40,072,123 of general obligation bonds. The Town also issued \$47,550,000 of refunding bonds and together with the premium on issuance net of issuance costs of \$5,805,258 was used to refund \$52,920,000 of general obligation bonds and accrued interest of \$435,258. The Town's business-type activities has no debt.
- The Town's governmental activities long-term liabilities includes a \$1,306,759,675 total other postemployment benefits ("OPEB") liability, which is the Town's estimated cost of providing future benefits to its retirees pursuant to the union agreements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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



**TOWN OF HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2019

**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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference 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 includes the governmental activities and business-type 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 reported herein, includes general government support; education; public safety; transportation; economic assistance and opportunity; culture and recreation and home and community services. Real property taxes, sales taxes, franchise fees, mortgage tax, 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.

**Business-Type Activities**

The Town's business-type activities reports the operations of the Town of Hempstead Local Development Corporation, which stimulates the economic welfare of the Town via promoting the expansion of business and creation of jobs within the Town.

**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 nine separate legal entities in its report (three water districts, one water reclamation district, three library districts, an industrial development agency and a housing authority). The housing authority's financial statements of the housing authority have not been included in the discretely presented nonmajor component units financial statements as they were not available. All of the Town's component units are deemed to be nonmajor.

Information on separately issued financial statements is shown in Notes 1.A and 6 to the financial statements.



**TOWN OF HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2019

**OVERVIEW OF THE FINANCIAL STATEMENTS** (continued)

**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 three categories: governmental funds, proprietary/enterprise fund and fiduciary funds.

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 seven (7) major funds. The General Fund, Highway Fund, Park Districts Fund, Refuse and Garbage Districts Fund, Water Districts Fund, Capital Projects Fund and Debt Service Fund are reported as major funds. Data from the seven (7) 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 has elected to report the Debt Service Fund as a major fund.

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 Grants Fund and Permanent Fund. A budgetary comparison schedule for the General, Highway, Park Districts, Refuse and Garbage Districts and Water Districts Funds can be found in the section labeled "Required Supplementary Information Other Than Management's Discussion and Analysis". Budgetary comparison schedules for the non-major funds which adopt an annual appropriated budget can be found in the section labeled "Other Supplementary Information".

Proprietary Funds

The Town maintains one proprietary fund which is classified as an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The town uses the enterprise fund to account for its blended component unit, The Town of Hempstead Local Development Corporation.

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.

**TOWN OF HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2019

**OVERVIEW OF THE FINANCIAL STATEMENTS** (continued)

**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.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. At December 31, 2019, the Town's governmental activities liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$969,121,933 and the Town's business-type activities assets exceeded its liabilities by \$2,337,642.

Condensed Statements of Net Position  
as of December 31, 2019 and 2018

	Governmental Activities		Business-Type Activities	
	2019	2018	2019	2018
Current and other assets:				
Current assets	\$ 217,985,784	\$ 206,912,133	\$ 2,346,901	\$ 2,251,826
Capital assets	560,495,835	545,723,314		
Other non-current assets	52,912,545	57,042,033		
Total assets	<u>831,394,164</u>	<u>809,677,480</u>	<u>2,346,901</u>	<u>2,251,826</u>
Deferred outflows of resources	<u>273,209,418</u>	<u>67,529,514</u>	<u>-0-</u>	<u>-0-</u>
Total assets and deferred outflows of resources	<u>1,104,603,582</u>	<u>877,206,994</u>	<u>2,346,901</u>	<u>2,251,826</u>
Current and other liabilities				
Current liabilities	109,310,824	106,932,032	9,259	8,523
Long-term liabilities	<u>1,837,814,656</u>	<u>1,603,550,882</u>		
Total liabilities	<u>1,947,125,480</u>	<u>1,710,482,914</u>	<u>9,259</u>	<u>8,523</u>
Deferred inflows of resources	<u>126,600,035</u>	<u>62,377,598</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities and deferred inflows of resources	<u>2,073,725,515</u>	<u>1,772,860,512</u>	<u>-0-</u>	<u>-0-</u>
Net position:				
Net investment in capital assets	208,659,855	198,568,432		
Restricted	23,123,822	30,178,818		
Unrestricted (deficit)	<u>(1,200,905,610)</u>	<u>(1,124,400,768)</u>	<u>2,337,642</u>	<u>2,243,303</u>
Total net position	<u>\$ (969,121,933)</u>	<u>\$ (895,653,518)</u>	<u>\$ 2,337,642</u>	<u>\$ 2,243,303</u>

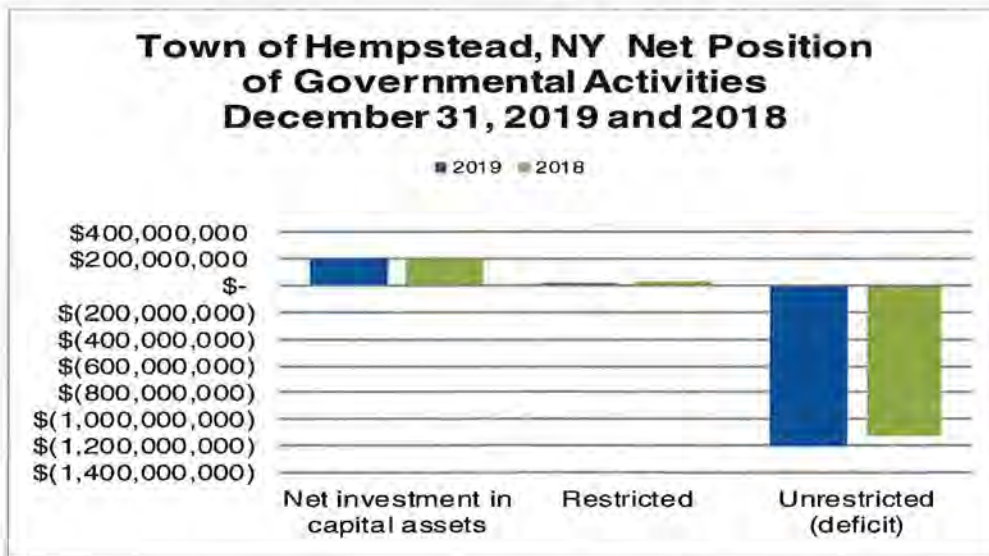


**TOWN OF HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 December 31, 2019

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

The Town's governmental activities net investment in capital assets portion of net position, \$208,659,855 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment, intangibles and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves will not be used to liquidate these liabilities.

The deficit unrestricted portion of governmental activities 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 governmental unrestricted arose primarily due to long-term liabilities which include OPEB, net pension liability, length of service award program liability, compensated absences, claims and judgments, landfill closure and postclosure care costs and pollution remediation that will be funded through future budgetary appropriations when they become payable in future periods.



The total governmental activities net position of the Town as of December 31, 2019 was a negative \$969,121,933, a decrease of \$73,468,415 from the prior year. Net position consists of a) \$208,659,855 net investment in capital assets, b) net position restricted by statute or specific purposes of \$23,123,822 and c) unrestricted balance/(deficit) of \$(1,200,905,610).

Total governmental activities net position was again decreased in the current year due to the ongoing recognition of the Town's other postemployment benefits costs. During 2019, the Town recognized other postemployment benefits expense of \$119,442,345.

Business-type activities net position increased slightly by \$94,339 to \$2,337,642 at December 31, 2019.

**TOWN OF HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2019

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

Changes in Net Position

For the years ended December 31, 2019 and 2018

	Governmental Activities		Business-Type Activities	
	2019	2018	2019	2018
<b>Program Revenues</b>				
Charges for services	\$ 71,126,465	\$ 69,342,408	\$ 230,709	\$ 210,636
Operating grants and contributions	10,367,960	8,507,310		
Capital grants and contributions	11,291,931	9,216,795		
	<u>92,786,356</u>	<u>87,066,513</u>	<u>230,709</u>	<u>210,636</u>
<b>General Revenues</b>				
Real property taxes	263,644,351	274,331,023		
Real property tax items	10,448,435	11,114,281		
Non-property tax items	52,640,866	51,308,200		
Interest earnings and financing income	4,092,667	2,587,883	12,015	6,092
Mortgage tax	24,711,452	22,940,984		
State aid - unrestricted**		3,848,885		
Other**	5,204,811	901,554		
	<u>360,742,582</u>	<u>367,032,810</u>	<u>12,015</u>	<u>6,092</u>
<b>Total Revenues</b>	<u>453,528,938</u>	<u>454,099,323</u>	<u>242,724</u>	<u>216,728</u>
<b>Program Expenses</b>				
General government support	104,006,323	89,709,405		
Education	9,343,393	9,131,823		
Public safety	59,518,919	51,877,219		
Transportation	56,832,385	48,960,258		
Economic assistance and opportunity	17,022,499	12,763,869	148,385	45,673
Culture and recreation	105,116,557	91,238,137		
Home and community services	159,093,956	146,515,396		
Interest and other debt related costs	16,063,321	11,771,769		
	<u>526,997,353</u>	<u>461,767,876</u>	<u>148,385</u>	<u>45,673</u>
<b>Total Expenses</b>	<u>526,997,353</u>	<u>461,767,876</u>	<u>148,385</u>	<u>45,673</u>
Change in Net Position	(73,468,415)	(7,668,553)	94,339	171,055
Net Position - Beginning	(895,653,518)	(351,018,957)	2,243,303	2,072,248
Cumulative effect of change in accounting principle*		(536,966,008)		
Net Position - Beginning as Restated	(895,653,518)	(887,984,965)	2,243,303	2,072,248
Net Position - Ending	<u>\$ (969,121,933)</u>	<u>\$ (895,653,518)</u>	<u>\$ 2,337,642</u>	<u>\$ 2,243,303</u>

\* Governmental Activities: The cumulative effect of adopting Governmental Accounting Standards Board ("GASB") Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", is shown as an adjustment to the beginning net position of fiscal year 2018, as information was not available to restate net position of fiscal year 2017.

\*\* The Town received Aid and Incentives for Municipalities aid in both 2019 and 2018 in the amount of \$3,848,885. In 2018, this aid was funded with New York State funds, and therefore classified as general revenues - unrestricted state aid. In 2019, this aid was funded with funding from Nassau County, and therefore is classified as other general revenues.

Net position for the years ended December 31, 2019 and 2018, from all governmental activities, decreased by \$73,468,415 and \$7,668,553 (excluding the effects of the cumulative effect of change in accounting principle), respectively.

**TOWN OF HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2019

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

Key elements of the governmental activities are:

- Total program revenues increased by \$5,719,843 or 6.57% from the prior year. Charges for services of \$71,126,465 increased by \$1,784,057 primarily due to an increase in public safety fees of \$1,574,659 related to safety inspection fees and fines and forfeiture revenues; increase in home and community services fees of \$913,195 related to water rents/fees; decrease in transportation fees of \$524,688 due to lower special assessment fees charged; and a \$509,320 decrease in culture and recreation fees related to a decrease in parks and recreational fees and rental of property revenue. Operating grants and contributions increased by \$1,860,650 from the prior year to \$10,367,960 due to more economic assistance grant proceeds received under the Workforce Innovation and Opportunity program and offset by decreases in Community Development Block Grant and Section Housing Choice Voucher programs proceeds. Capital grants and contributions of \$11,291,931 increased by \$2,075,136 from the prior year primarily due to related to increases the transportation grants of \$3,573,700 primarily due to higher Consolidated Highway Local Street and Highway Improvement Program grants and the Community Development Block Grant – Disaster Assistance and less home and community grants from the Community Development Block Grant.
- General revenues decreased by \$6,290,228 from the prior year, which was primarily due to a \$10,686,672 decrease in real property taxes, a \$1,332,666 increase in non-property taxes (primarily sales tax), \$1,504,784 increase in interest earnings (higher interest rates), a decrease in state aid-unrestricted of \$3,848,885 (aid and incentives for municipalities which in 2019 is classified as other income due to change in the source of funding for the aid (State (2018) and County (2019)) and an increase in other income of \$4,303,257 as the aid and incentives aid of \$3,848,885 is now classified as other income and increases in gifts and donations, and refunds of prior year expenses.
- Overall expenses of \$526,997,353 increased by \$65,229,477 from the prior year in all functional areas. Of the \$65,229,477 increase in expenses from the prior year, \$48,570,995 stems from the increase in allocated employee benefits (OPEB, retirement, retirement incentive, workers compensation, and compensated absences benefits), across all functions except for education and interest, and, of which \$40,976,000 specifically relates to other postemployment benefits expense. Interest and other debt costs expense increased by \$4,291,552.
- Noteworthy changes from the prior year, by function, are as follows:
  - General government support - The \$14,296,918 increase in general government support is primarily due to the following: a \$11,856,099 increase in employee benefits and \$4,076,383 more in expenses primarily pertaining to operations of the legislative board, comptroller's office, legal department, general services, and information technology relating to personnel costs and contractual costs. These increases were offset by various insignificant decreases.
  - Public safety – The \$7,841,700 increase in public safety expenses is primarily due to \$6,329,617 increase in employee benefits costs and a \$1,474,144 increase in cost of the building department operations.
  - Transportation – The \$7,872,127 increase in transportation expenses is primarily due to the following: \$4,090,377 increase in employee benefits \$1,739,084 increase in contractual costs associated with the maintenance of highways and roads, a \$714,442 increase in depreciation. Additionally, there were other insignificant increases in transportation expenses.
  - Economic assistance and opportunity – The \$4,258,630 increase in economic assistance and opportunity expenses is primarily due the following: \$1,298,796 increase in employee benefits and \$2,888,100 increase in the Workforce Innovation and Opportunity grant expenses.
  - Culture and recreation – The \$13,878,420 increase in culture and recreation expenses is primarily due to a \$11,402,506 increase in employee benefits and an increase of purchase of small tools and equipment not meeting the capitalization policy of \$1,370,492.
  - Home and community – The \$12,578,560 increase in home and community expenses is primarily related to a \$13,593,600 increase in employee benefits, and which was offset by a \$717,519 decrease in depreciation expense.



**TOWN OF HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 December 31, 2019

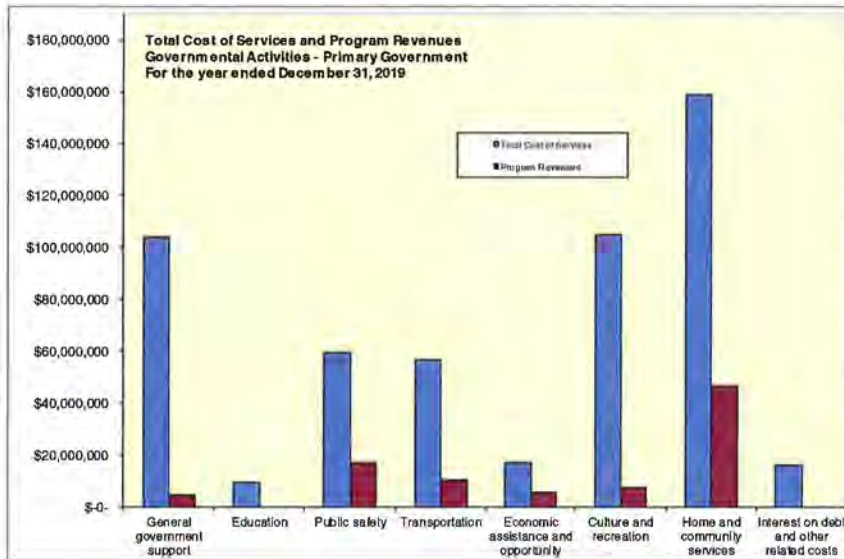
**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

The following chart illustrates the total expenses by program function for the Town's governmental activities:

Net Cost of Services  
 Governmental Activities  
 For the years ended December 31, 2019 and 2018

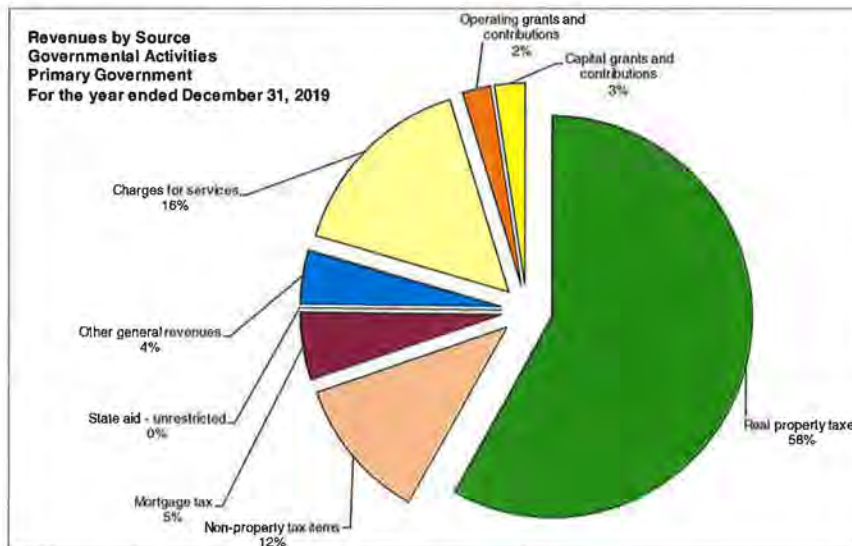
	Total Cost (Expense) of Services		Program Revenues		Net Cost (Revenue) of Services	
	2019	2018	2019	2018	2019	2018
General government support	\$ 104,008,323	\$ 89,709,406	\$ 4,853,728	\$ 4,208,269	\$ 99,152,595	\$ 85,501,136
Education	9,343,393	9,131,823			9,343,393	9,131,823
Public safety	59,518,919	51,677,219	17,049,389	15,643,198	42,469,530	36,034,021
Transportation	56,832,385	48,960,258	10,675,488	7,633,607	46,156,897	41,326,651
Economic assistance and opportunity	17,022,499	12,763,869	5,807,698	3,410,721	11,214,801	9,353,148
Culture and recreation	105,116,557	91,238,137	7,749,758	8,472,448	97,366,799	82,765,689
Home and community services	159,093,956	146,515,396	46,616,843	47,698,270	112,477,113	98,817,126
Interest on debt and other debt related costs	15,063,321	11,771,769	33,452		15,029,869	11,771,769
	<b>\$ 526,997,353</b>	<b>\$ 461,767,676</b>	<b>\$ 92,786,356</b>	<b>\$ 87,066,513</b>	<b>\$ 434,210,997</b>	<b>\$ 374,701,363</b>

The following chart shows the governmental activities total cost of service and program revenues :



The total cost of all governmental activities this year was \$526,997,353. The net cost of these services after being subsidized by program revenues of \$92,786,356 was \$434,210,997.

The following chart illustrates the revenues by source for the Town's governmental activities:



**TOWN OF HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2019

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

Revenue by Source

For the years ended December 31, 2019 and 2018

	2019		2018
Real property taxes	\$ 263,644,351	\$	274,331,023
Non-property tax items	52,640,866		51,308,200
Mortgage tax	24,711,452		22,940,984
State aid - unrestricted			3,848,885
Other general revenues	19,745,913		14,603,718
Charges for services	71,126,465		69,342,408
Operating grants and contributions	10,367,960		8,507,310
Capital grants and contributions	11,291,931		9,216,795
	<u>\$ 453,528,938</u>	\$	<u>454,099,323</u>

The business-type activities revenues exceeded operating expenses by \$94,339 in the current year. Program revenues, fees for services, increased by \$20,073, due to the number and size of projects it closed during the year. Expenses increased by \$102,712 from the prior year, primarily due to an increase in compensation and related costs.

**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.

At December 31, 2019, the Town's governmental funds reported total ending fund balances of \$172,821,376, an increase of \$6,869,606 in comparison with the prior year. The Town's major operating funds consisting of the General Fund, Highway Fund, Park Districts Fund, Refuse and Garbage Districts Fund, and Water Districts Fund reported increases/(decreases) in fund balance from the prior year by (\$4,090,453), \$7,550,227, \$5,671,475, \$1,582,662, and \$1,435,592, respectively. These net increases were offset by decreases in the Debt Service Fund of \$128,694 and Capital Projects Fund of \$7,010,215. The aggregate nonmajor funds' fund balance increased by \$1,859,012.

The category breakdown of fund balance is as follows:

- **Nonspendable fund balance** - \$14,073,851 (inherently nonspendable) includes balances that cannot be spent, such as inventory and prepaid items, as well as the portion of net resources that cannot be spent because they must be maintained intact (permanent funds).
- **Restricted fund balance** - \$29,600,895 (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** - \$113,677,441 (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 special revenue funds other than the General Fund.
- **Unassigned fund balance** - \$15,469,189 is the total residual fund balance in the General Fund.

**TOWN OF HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2019

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

Governmental Funds (continued)

**General Fund**

The General Fund is the main operating fund of the Town. At the end of the current year, the total fund balance of the General Fund was \$22,655,161, a decrease of \$4,090,453 or 15.29% from the prior year. Of the total fund balance, \$5,144,936 is not in spendable form (inventory, and prepaid items), \$967,416 is restricted for future debt service requirement and \$1,073,620 is assigned for the subsequent year's budget and for purchases on order. There is a remaining unassigned fund balance of \$15,469,189.

The General Fund's total expenditures and other financing uses exceeded revenues and other financing sources by \$4,090,453 for the year. Revenues and other financing sources decreased by \$1,052,421 from the prior year to \$176,226,213, while expenditures and other financing uses increased by \$6,778,364 from the prior year to \$180,316,666.

The decrease in revenues and other financing sources of \$1,052,421 was primarily due to a reduction in revenues of \$714,403 and a decrease in other financing sources of \$338,018. The decrease in revenues primarily stems from a decrease in real property taxes (planned by management) of \$5,969,378 and state aid of \$1,766,078 (primarily due to reclassification of aim and incentives aid of \$3,848,885 to miscellaneous revenue in 2019 and increases in mortgage tax revenue of \$1,770,468). These decreases were offset by increases in non-property tax items of \$1,431,749, miscellaneous income of \$3,708,441 (aim and incentives aid reclassification in 2019) and interfund revenues of \$1,592,250.

The increase in expenditures and other financing uses of \$6,778,364 is primarily due to increases in all functions. Notable increases are as follows: \$4,076,383 increase general government support primarily due to costs associated with the legislative board, comptroller's office, law office, central data process and information technology costs; \$762,312 increase in home and community costs associated with conservation efforts; and \$947,071 increase in employee benefits (workers compensation, social security and health).

**Highway Fund**

At the end of the current year, the total fund balance of the Highway Fund was \$22,976,747 an increase of \$7,550,227, or 48.94%, from the prior year. Of this the total fund balance, \$3,425,107 is not in spendable form (inventory and prepaid items) and \$2,352,349 is restricted for future debt service. The remaining \$17,199,291 of the fund balance is in spendable form as follows: \$2,812 is assigned for purchase orders and \$17,196,479 is assigned for highway purposes.

The Highway Fund's total revenues and other financing sources exceeded expenditures and other financing uses by \$7,550,227 for the year. Revenues and other financing sources increased by \$4,063,466 from the prior year to \$76,711,944 while expenditures and other financing uses decreased by \$1,200,386 from the prior year to \$69,161,717.

The increase in revenues and financing sources of \$4,063,466 is primarily attributable to increases in other financing sources of \$5,477,042 and a decrease in total revenues of \$1,413,576. The increase in other financing sources is attributable to increases of \$3,382,105 transfers from other funds (from capital for unspent bond proceeds), and \$2,500,000 issuance of debt, and those increases were offset by a \$405,063 decrease in premiums on issuance. Notable changes pertaining to the decrease in total revenues are: \$991,470 of property taxes and \$539,756 of miscellaneous income (special assessments).

The decrease in expenditures and financing uses of \$1,200,386 is attributable to a decrease in transfers out for debt service requirements of \$1,996,436 and an increase in the operations of maintaining the roads and highways (street maintenance, snow removal, related equipment costs and employee benefits) of \$796,050. The increase of \$796,050 in highway operations noted above, primarily consists of \$1,739,084 increase in contractual costs, a \$590,445 decrease in personal and related costs and \$352,589 decrease in equipment purchases.



**TOWN OF HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2019

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

Governmental Funds (continued)

**Park District Fund**

At the end of the current year, the total fund balance of the Park Districts Fund was \$19,610,065, an increase of \$5,671,475 from the prior year. Of the total fund balance, \$1,633,125 is not in spendable form (inventory and prepaid items), \$453,656 is restricted for future debt service requirements, and \$17,523,284 is in spendable form as follows: \$12,277 is assigned for purchase orders and the remaining \$17,511,007 is assigned for park fund purposes.

The Park Districts Fund's total revenues and other financing sources exceeded expenditures and other financing uses by \$5,671,475 for the year. Revenues and other financing sources decreased slightly by \$87,159 from the prior year to \$95,652,840 while expenditures and other financing uses decreased by \$1,302,279 from the prior year to \$89,981,365.

The decrease in revenues and financing sources of \$87,159 is primarily attributable a decrease in real property taxes of \$1,607,285 and which was offset by increases in interfund revenues of \$1,012,664, miscellaneous revenue \$365,433 (refund of prior year expenditures and other) and use of money and property of \$131,074 (interest earning and rental revenue).

The decrease in expenditures and financing uses of \$1,302,279 is primarily attributable to a \$1,598,488 decrease in transfers out for debt service requirements and a modest increase in administration of parks, recreation and special facility contractual operational costs including equipment purchases \$296,209. The increase in the expenditures primarily consists of increases in personal services of \$815,473, in capital outlay of \$236,243 and a decrease in contractual costs of \$755,507.

**Refuse and Garbage Districts Fund**

At the end of the current year, the total fund balance of the Refuse and Garbage Districts Fund was \$42,519,146, an increase of \$1,582,662 or 3.87%, from the prior year. Of the total fund balance, \$946,968 is not in spendable form (inventory and prepaid items) and \$204,511 is restricted for future debt service requirements. The remaining \$41,367,667 of the fund balance is in spendable form, of which \$840,779 is assigned for the subsequent year's budget, \$37,253 is assigned for purchase orders and \$40,489,635 is assigned for refuse and garbage purposes.

The Refuse and Garbage Districts Fund's total revenues and other financing sources exceeded expenditures and other financing uses by \$1,582,662 for the year. Revenues and other financing sources decreased by \$76,837,841 from the prior year to \$120,608,407 and expenditures and other financing uses decreased by \$72,828,896 from the prior year to \$119,025,745.

The decrease in revenues and financing sources of \$76,837,841 consists of a decrease in other financing sources of \$81,546,667 and an increase in total revenues of \$4,708,826. The decrease in other financing sources is due to decreases in issuance of debt of \$72,095,000 and premiums on issuance of \$9,310,270. The increase in revenues is primarily due to increases in miscellaneous revenues of \$5,838,195 (monies received from Nassau County pursuant to the utility case settlement agreement (see Note 4B)), use of money and property of \$753,530 (interest earnings and rental revenue), and offset by a decrease in real property taxes of \$1,955,927.

The decrease in expenditures and financing uses of \$72,828,896 consists of a \$8,771,438 increase in other financing uses and a \$81,600,334 decrease in expenditures. The increase in other financing uses is attributable to an increase in transfers out for higher debt service requirements. The decrease in expenditures is primarily due to \$82,863,155 less in litigation settlements paid related to the garbage tax and local utilities litigation (see Notes 4A and B), and an increase in refuse and garbage collection costs of \$2,056,360 and a decrease in personnel costs of \$413,232.

**TOWN OF HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2019

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

Governmental Funds (continued)

**Water Districts Fund**

At the end of the current year, the total fund balance of the Water Districts Fund was \$21,852,245, an increase of \$1,435,592 or 7.03%, from the prior year. Of this amount, \$892,049 is not in spendable form (inventory and prepaid items) and \$189,652 is restricted for future debt service requirements. The remaining \$20,770,544 of the fund balance is assigned for water service purposes.

The Water Districts Fund's total revenues and other financing sources exceeded expenditures and other financing uses by \$1,435,592 for the year. Revenues and other financing sources decreased by \$821,939 from the prior year to \$22,498,376 while expenditures and other financing uses increased by \$358,349 from the prior year to \$21,062,784.

The decrease in revenues and financing sources of \$821,939 consists of a decrease in revenues of \$773,684 and a decrease in other finance sources of \$48,255. Notable changes to revenue from the prior year are as follows: decreases in real property taxes of \$432,144, real property tax items of \$43,837 and departmental income of \$448,776, an increase use of money and property \$181,317 (rental of property).

The increase expenditures and financing uses of \$358,349, primarily consists of a \$460,939 decrease in transfers out for debt service requirements, and an increase of expenditures of \$819,288. The increase in expenditures relates to contractual costs of providing water services.

**Capital Projects Fund**

At the end of the current year, the Capital Projects Fund had a total fund balance of \$20,133,218, a decrease of \$7,010,215 from the prior year. During 2019, the Capital Projects Fund received \$42,207,182 of debt proceeds, and revenues of \$10,477,539 from primarily federal and state grants, while expending \$53,244,592 for capital outlay. The Capital Fund transferred \$6,450,344 to various operating funds for unspent bond proceeds associated with closed/completed projects.

**Debt Service Fund**

At the end of the current year, the Debt Service Fund has a total fund balance \$1,292,972, all of which is restricted for future debt service. Debt service expenditures of \$57,441,584 increased by \$3,440,712 from the prior year. To finance the debt service payments, the operating funds transferred \$56,605,025 in 2019, an increase of \$3,544,087 from the prior year. During 2019, the Town issued \$47,550,000 of refunding bonds and together with the premium received of \$6,044,413, currently refunded \$52,920,000 of Series 2010A and 2011A and B general obligation bonds. The refunding resulted in cash flow savings of approximately \$4.4 million.

Nonmajor Governmental Funds

The net change in fund balances was an increase of \$1,859,012, of which \$196,048 is attributable to the Town Outside Village Fund, \$659,255 to the Fire Protection Districts, \$626,636 to the Street Lighting Districts Fund, \$433,063 from the Public Parking Districts Fund, and \$14,660 to the Library Funding Districts Fund, and which was offset by a \$70,650 loss in the Special Grants Fund. Total revenues and other financing sources were \$69,701,100, which is an increase of \$3,488,020 from the prior year. Noteworthy changes from the prior year are as follows: increases in departmental income of \$1,987,631, federal aid of \$757,703, miscellaneous revenue of \$232,826, interfund revenue of \$325,712, transfers in of \$447,120, premiums on debt issuance of \$572,265; and decreases in real property tax items of \$522,858 and fines and forfeitures of \$417,877.

Total expenditures and other financing uses increased by \$2,034,799 from the prior year to \$67,842,088. The increase in expenditures is primarily due to special grants expenditures of \$1,809,587 and building department operations of \$1,474,143 and those increases were offset by a decrease in transfers out for debt service requirements of \$1,455,228.



**TOWN OF HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2019

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

Proprietary Fund

**Town of Hempstead Local Development Corporation**

The Town of Hempstead Local Development Corporation revenues exceeded operating expenses by \$94,339 in the current year. Program revenues, fees for services, increased by \$20,073, due to the number and size of projects it closed during the year. Expenses increased by \$102,712 from the prior year, primarily due to an increase in compensation and related costs.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The differences between the 2019 original budget and the final amended budget are adopted by Town Board resolution throughout the year. During the year there was a \$6,770,098 or 3.86% increase in the General Fund's appropriations between the original and final amended budget. Of the \$6,770,098 supplemental appropriations, \$2,980,476 of fund balance was appropriated to fund additional salaries costs resulting from early retirement and termination payouts of compensated absences, \$1,743,393 of additional tuition costs billed by Nassau County, \$1,210,000 of transfers to the Special Grants Fund to finance certain admin costs for the Department of Occupational Resources and Department of Urban Renewal, \$624,870 of unanticipated costs for fees and services and \$847,991 of unanticipated costs for workers compensation. 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.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Town's investment in capital assets, net of accumulated depreciation for its governmental type activities as of December 31, 2019, amounts to \$560,495,835. 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, street lighting improvements, heavy equipment replacement, information and technology upgrades, building improvements, water distribution infrastructure and park improvements.

Capital Assets - Net of Accumulated Depreciation

	Governmental Activities	
	2019	2018
Land and landfills	\$ 86,967,285	\$ 86,967,285
Construction work in progress	2,881,676	1,285,291
Buildings	23,305,978	25,252,387
Infrastructure and improvements other than building	425,056,703	407,597,188
Improvements to park portion of Merrick landfill	6,476,649	7,017,204
Machinery and equipment	14,290,466	16,064,306
Intangibles- Software	1,517,078	1,539,653
<b>Total Net Capital Assets</b>	<b>\$ 560,495,835</b>	<b>\$ 545,723,314</b>

The was no depreciation expense reported in the business-type activities capital assets.

**TOWN OF HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 December 31, 2019

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

**Capital Assets** (continued)

The composition of capital assets by percentage at December 31, 2019 is as follows:



There was no significant activity in the business-type activities capital assets.

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

**Long-Term Debt**

At the end of the current year, the Town has total long-term bonded debt outstanding of \$403,741,887. The entire debt is backed by the full faith and credit of the Town. The Town's business-type activities has no debt outstanding.

**Outstanding Debt**

	Governmental Activities	
	2019	2018
General obligation bonds	\$ 403,741,887	\$ 403,676,828
Total	<u>\$ 403,741,887</u>	<u>\$ 403,676,828</u>

In 2019 the Town's total debt increased by \$65,059 or 0.02%. As mentioned previously, during 2019 the Town issued general obligation bonds totaling \$93,057,182 and received \$10,792,749 of related premiums on issuance. Of the \$93,057,182 bond proceeds, \$47,550,000 of bonds were issued to refund \$52,920,000 of Series 2010A and 2011A and B bonds to yield \$4.3 million in cash flow savings and \$45,507,182 was issued to finance public improvements.

In July 2019, S&P Global Ratings ("S&P") assigned an AA-/positive outlook to the Town's 2019 Series A and B bond issuances. The Town will be updating its rating with S&P in late December 2020.

State statutes limit the amount of general obligation a governmental entity may issue to 7% of a 5-year average full valuation.

As of June 18, 2019, and November 24, 2020, the Town's debt contracting limitation amount was \$6,497,114,917 and \$7,150,575,311, respectively, and the percentage of debt contracting exhausted was 4.9% and 4.55%, respectively.

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

**TOWN OF HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2019

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- The Town's elected and appointed officials considered many factors when preparing the 2020 budget. The Town's statistical data continues to compare favorably to New York State and the United States. The Town's 2019 average unemployment rate of 3.6% compares favorably to New York State's 4.0% and the United States' 3.7%. Household income in the Town also compares favorably to both the state and the nation. More than half of households in the Town – 54.9% – have annual incomes of \$100,000 or more, compared to 36.7% in New York State and 31.4% nationwide. According to the U.S. Census Bureau, mean household income in the Town of Hempstead is \$142,246, compared to New York State's \$107,355 and the United States' \$92,324. In addition, more than 80% of housing units in the Town of Hempstead are owner-occupied, compared to 54% in New York State and 64% nationwide. And, the median home value in the Town is more than 47% higher than the State median, and more than double the national median. These factors provide a stable tax environment enabling the Town to reliably project tax revenue.
- Our government officials and a dedicated workforce are committed to streamlining the cost of government and providing Hempstead Town residents with the best municipal services at the lowest possible cost. The Town's 2020 budget reduces taxes by over \$10 million, or 3.8% compared to the 2019 budget. To achieve this tax reduction the Town is aggressively managing workforce costs and discretionary spending. Among the budget cuts included in the adopted budget are the elimination of vacant positions, and budgeting for positions that are anticipated to become vacant at a pro-rated cost. A retirement incentive instituted in early 2020 will reduce the Town workforce to the lowest level in 30 years. Discretionary spending is also closely monitored through numerous internal controls. The Town makes a concerted effort to keep increases in discretionary spending at or below the rate of inflation.
- The Town's 2020 finances have been clouded by the COVID-19 pandemic. Staffing has been affected by town-wide shutdowns and intermittent department-wide shutdowns. Expenses and revenues continue to be impacted by human impact of the virus. Sales tax revenue and refuse disposal fees are projected to drop due to commercial business closings. Mortgage recording tax revenue, however, is spiking as a result of a very strong real estate market on Long Island and mortgage refinancings due to low interest rates. Non-COVID expenses are projected to rise minimally.
- The Town is in a unique situation as it relates to expenditures due to the COVID-19 virus. In April of this year Congress passed The Coronavirus Aid, Relief, and Economic Security (CARES) Act. That legislation allocated \$150 billion to municipalities across the country based on population to mitigate COVID related expenses. The Town was one of 7 governments in New York State eligible to receive funding; the only town in the country. The Town received approximately \$134 million which is being used to offset COVID mitigation expenses such as employee testing, personal protection equipment, HVAC upgrades and bathroom upgrades. CARES Act funds are also to be used for payroll expenses for employees who have been reassigned to COVID related public safety and public health functions. The Town has also authorized distribution of over \$28 million of its CARES Act funds in grants to other local governments, hospitals, fire departments, colleges and, food banks in the Town of Hempstead. The CARES Act funding has, in effect, shielded the Town finances from the economic impact of the COVID-19 pandemic.
- 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.



**TOWN OF HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2019

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

- The adopted budget for the fiscal year beginning January 1, 2020 included a 3.8% decrease in total taxes levied.
- When all these factors are considered, the Town's combined fund balances are expected to improve by the close of 2020.
- Chapter 1262-e of Article 29 of New York Tax Law, Establishment of Local Government Assistance Programs in Nassau County was enacted on January 1, 1998. This local government assistance program provides for the towns and cities within Nassau County a revenue sharing source equal to one-third of the revenues received by the County from its imposition of the three-quarters percent sales and use tax during the years 2001-2023. The Town has included \$42,400,000 of local government assistance for the expected shared sales tax revenue in its 2020 budget. After 2023, the legislation providing for this County local assistance/shared sales tax revenue assistance expires.

**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, 2019

	Primary Government		Total	Nonmajor Component Units
	Governmental Activities	Business-Type Activities		
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 145,928,279	\$ 2,346,901	\$ 148,275,180	\$ 20,775,607
Cash and cash equivalents- restricted	6,960,753		6,960,753	5,128,689
Receivables, net of allowance for uncollectibles	12,337,350		12,337,350	1,676,091
Due from other governments	33,819,782		33,819,782	327,577
Prepaid items	11,197,712		11,197,712	365,471
Inventories	7,236,908		7,236,908	
Other assets	505,000		505,000	
Total Current Assets	<u>217,985,784</u>	<u>2,346,901</u>	<u>220,332,685</u>	<u>28,273,415</u>
<b>Non-Current Assets:</b>				
Receivables, service concession arrangements	2,154,233		2,154,233	
Due from other governments	47,565,634		47,565,634	
Length of service award program plan assets	3,192,678		3,192,678	
Non-depreciable capital assets	89,848,961		89,848,961	11,602,896
Depreciable capital assets, net of depreciation	470,646,874		470,646,874	38,541,876
Total Non-Current Assets	<u>613,408,380</u>	<u>-0-</u>	<u>613,408,380</u>	<u>50,144,772</u>
Total Assets	<u>831,394,164</u>	<u>2,346,901</u>	<u>833,741,065</u>	<u>78,418,187</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension - employees' retirement system	38,249,835		38,249,835	3,114,223
Pension - length of service award program	1,057,547		1,057,547	
Other postemployment benefits	233,902,036		233,902,036	
Total Deferred Outflows of Resources	<u>273,209,418</u>	<u>-0-</u>	<u>273,209,418</u>	<u>3,114,223</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable and accrued liabilities	23,631,588	9,259	23,640,847	2,202,732
Accounts payable - capital related debt	9,512,397		9,512,397	
Accrued interest payable	3,865,601		3,865,601	180,654
Due to other governments	674,664		674,664	7,553,312
Unearned revenue	95,746		95,746	262,716
Non-current liabilities				
Due within one year	71,530,828		71,530,828	1,045,735
Total Current Liabilities	<u>109,310,824</u>	<u>9,259</u>	<u>109,320,083</u>	<u>11,245,149</u>
<b>Non-Current Liabilities</b>				
Due in more than one year	1,837,814,656		1,837,814,656	46,034,146
Total Non-Current Liabilities	<u>1,837,814,656</u>	<u>-0-</u>	<u>1,837,814,656</u>	<u>46,034,146</u>
Total Liabilities	<u>1,947,125,480</u>	<u>9,259</u>	<u>1,947,134,739</u>	<u>57,279,295</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred amounts on refunding bonds	5,093,729		5,093,729	
Pension - employees' retirement system	14,667,657		14,667,657	628,773
Pension - length of service award program	28,748		28,748	
Deferred service concession arrangement receipts	2,792,843		2,792,843	
Other postemployment benefits	104,017,058		104,017,058	396,412
Total Deferred Inflows of Resources	<u>126,600,035</u>	<u>-0-</u>	<u>126,600,035</u>	<u>1,025,185</u>
<b>NET POSITION</b>				
Net investment in capital assets	208,659,855		208,659,855	27,392,477
Restricted for:				
Capital projects	20,133,218		20,133,218	
Culture and recreation				17,871
Home and community and economic assistance and opportunity	359,765		359,765	5,080,869
Debt service	1,292,972		1,292,972	
Permanent fund, nonexpendable	1,337,867		1,337,867	
Unrestricted (deficit)	(1,200,905,610)	2,337,642	(1,198,567,968)	(9,263,287)
Total Net Position	<u>\$ (969,121,933)</u>	<u>\$ 2,337,642</u>	<u>\$ (966,784,291)</u>	<u>\$ 23,227,930</u>

**TOWN OF HEMPSTEAD**  
**GOVERNMENT - WIDE FINANCIAL STATEMENT**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2019**

Function/Program	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Government Activities:				
General government support	\$ 104,008,323	\$ 4,403,057	\$ 450,671	
Education	9,343,393			
Public safety	59,518,919	16,917,918	131,471	
Transportation	56,832,385	371,805		\$ 10,303,683
Economic assistance and opportunity	17,022,499	21,397	5,786,301	
Culture and recreation	105,116,557	7,634,039	115,719	
Home and community services	159,093,956	41,778,249	3,850,346	988,248
Interest and other debt related costs	16,063,321		33,452	
<b>Total Governmental Activities</b>	<b>526,997,353</b>	<b>71,126,465</b>	<b>10,367,960</b>	<b>11,291,931</b>
Business-Type Activities:				
Economic assistance and opportunity	148,385	230,709		
<b>Total Business-Type Activities</b>	<b>148,385</b>	<b>230,709</b>	<b>-0-</b>	<b>-0-</b>
<b>Total Primary Government</b>	<b>\$ 527,145,738</b>	<b>\$ 71,357,174</b>	<b>\$ 10,367,960</b>	<b>\$ 11,291,931</b>
<b>Nonmajor Component Units</b>				
Economic assistance and opportunity	\$ 811,133	\$ 876,572		
Culture and recreation	8,992,471	147,069	\$ 41,942	
Home and community services	12,899,055	4,635,606		\$ 1,400
<b>Total Component Units</b>	<b>\$ 22,702,659</b>	<b>\$ 5,659,247</b>	<b>\$ 41,942</b>	<b>\$ 1,400</b>

**General Revenue**

Real property taxes  
Real property tax items  
Non-property taxes:  
    Sales tax distribution by county, unrestricted  
    Franchise fees  
Interest earnings - unrestricted  
Mortgage tax  
State aid - unrestricted  
Other

Total General Revenues

Change in Net Position

**Net Position at Beginning of Year, as originally reported**

Adjustment to opening capital assets and other amounts (Note 7)

**Net Position at Beginning of Year, as restated**

Net Position at Ending of Year



Net (Expense) Revenues and  
Changes in Net Position

Total Primary Government			Nonmajor Component Units
Governmental Activities	Business-type Activities	Total	
\$ (99,152,595)		\$ (99,152,595)	
(9,343,393)		(9,343,393)	
(42,469,530)		(42,469,530)	
(46,156,897)		(46,156,897)	
(11,214,801)		(11,214,801)	
(97,366,799)		(97,366,799)	
(112,477,113)		(112,477,113)	
(16,029,869)		(16,029,869)	
<u>(434,210,997)</u>	\$ -0-	<u>(434,210,997)</u>	
	82,324	82,324	
-0-	82,324	82,324	
<u>(434,210,997)</u>	<u>82,324</u>	<u>(434,128,673)</u>	
			\$ 65,439
			(8,803,460)
			<u>(8,262,049)</u>
			<u>(17,000,070)</u>
263,644,351		263,644,351	13,120,109
10,448,435		10,448,435	673,255
41,588,290		41,588,290	
11,052,576		11,052,576	
4,092,667	12,015	4,104,682	742,365
24,711,452		24,711,452	
5,204,811		5,204,811	34,276
<u>360,742,582</u>	<u>12,015</u>	<u>360,754,597</u>	<u>14,649,417</u>
<u>(73,468,415)</u>	<u>94,339</u>	<u>(73,374,076)</u>	<u>(2,350,653)</u>
(895,853,518)	2,243,303	(893,410,215)	26,084,589
		-0-	(506,006)
<u>(895,653,518)</u>	<u>2,243,303</u>	<u>(893,410,215)</u>	<u>25,578,583</u>
\$ (969,121,933)	\$ 2,337,642	\$ (966,784,291)	\$ 23,227,930

**TOWN OF HEMPSTEAD  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2019**

	MAJOR FUNDS			
	General	Highway	Park Districts	Refuse and Garbage Districts
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,041,220	\$ 12,582,451	\$ 16,985,103	\$ 43,366,418
Cash and cash equivalent - restricted	964,916	2,352,349	453,656	204,511
Receivables, net of allowance of uncollectibles	785,321	637,671	321,014	1,708,068
Due from other funds	7,257,991	6,362,524	183,663	3,052,958
Due from other governments	16,518,040	543,794	2,134,009	1,754,209
Inventories	2,961,543	2,793,237	539,986	29,484
Prepaid items	2,183,393	631,870	1,093,199	917,484
Length of service award program plan assets				
Other assets	205,600	45,900	150,900	57,300
<b>Total Assets</b>	<b>\$ 33,918,024</b>	<b>\$ 25,949,796</b>	<b>\$ 21,861,470</b>	<b>\$ 51,092,432</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 8,302,006	\$ 1,715,712	\$ 2,036,910	\$ 8,223,546
Accounts payable - capital related debt				
Due to other funds	1,741,826	716,688	180,495	340,237
Due to other governments	625,509			1,257
Unearned revenue				8,246
<b>Total Liabilities</b>	<b>10,669,341</b>	<b>2,432,400</b>	<b>2,216,405</b>	<b>8,573,286</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - fees	593,522		35,000	
Unavailable revenue - water fees				
Unavailable revenue - sidewalk repair		540,649		
<b>Total Deferred Inflows of Resources</b>	<b>593,522</b>	<b>540,649</b>	<b>35,000</b>	<b>-0-</b>
<b>FUND BALANCES</b>				
Nonspendable	5,144,936	3,425,107	1,633,125	946,968
Restricted	967,416	2,352,349	453,656	204,511
Assigned	1,073,620	17,199,291	17,523,284	41,367,667
Unassigned	15,469,189			
<b>Total Fund Balances</b>	<b>22,655,161</b>	<b>22,976,747</b>	<b>19,610,065</b>	<b>42,519,146</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 33,918,024</b>	<b>\$ 25,949,796</b>	<b>\$ 21,861,470</b>	<b>\$ 51,092,432</b>

Water Districts	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
\$ 17,523,068	\$ 38,946,375		\$ 13,481,644	\$ 145,928,279
189,652			2,795,669	6,960,753
5,800,100	23,023		2,423,543	11,698,740
265,195	88,729		338,323	17,549,383
122,529	4,518,569	\$ 1,292,972	2,297,506	29,181,628
637,119			275,539	7,236,908
254,930			418,260	5,499,076
			3,192,678	3,192,678
20,200			25,100	505,000
<u>\$ 24,812,793</u>	<u>\$ 43,576,696</u>	<u>\$ 1,292,972</u>	<u>\$ 25,248,262</u>	<u>\$ 227,752,445</u>
\$ 606,913			\$ 2,747,501	\$ 23,631,588
	\$ 9,512,397			9,512,397
55,515	13,795,683		718,939	17,549,383
	47,898			674,664
	87,500			95,746
<u>662,428</u>	<u>23,443,478</u>	<u>\$ -0-</u>	<u>3,466,440</u>	<u>51,463,778</u>
				628,522
-2,298,120				2,298,120
				540,649
<u>-2,298,120</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,467,291</u>
892,049			2,031,666	14,073,851
189,652	20,133,218	1,292,972	4,007,121	29,600,895
20,770,544			15,743,035	113,677,441
				15,469,189
<u>21,852,245</u>	<u>20,133,218</u>	<u>1,292,972</u>	<u>21,781,822</u>	<u>172,821,376</u>
<u>\$ 24,812,793</u>	<u>\$ 43,576,696</u>	<u>\$ 1,292,972</u>	<u>\$ 25,248,262</u>	<u>\$ 227,752,445</u>

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**TOWN OF HEMPSTEAD**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
December 31, 2019

<b>Total Fund Balances - Governmental Funds</b>		\$ 172,821,376
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	\$ 89,848,961	
Capital assets - depreciable	976,856,523	
Accumulated depreciation	<u>(506,209,649)</u>	560,495,835
Prepaid items included in the statement of net position.		5,698,636
Long-term receivables and due from other governments, and other assets not available to pay for current-period expenditures and therefore revenue has not been recognized in the governmental fund statements.		58,463,922
Deferred outflows of resources not reported in the governmental fund statements:		
Pension - employees' retirement system	38,249,835	
Pension - length of service award program	1,057,547	
Other postemployment benefits	<u>233,902,036</u>	273,209,418
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 payable	(403,741,887)	
Capital leases	(9,615,525)	
Pension related debt	(15,351,662)	
Employees' retirement system net pension liability	(39,036,111)	
Length of service award program plan pension liability	(6,318,348)	
Compensated absences	(47,401,017)	
Claims and judgments	(38,978,309)	
Estimated liability for landfill closure and postclosure care costs	(842,448)	
Pollution remediation obligations	(7,294,301)	
Total other postemployment benefits liability	<u>(1,306,759,675)</u>	(1,875,339,283)
Deferred inflows of resources not reported in governmental fund statements:		
Deferred gain on debt refundings	(5,093,729)	
Pension - employees' retirement system	(14,667,657)	
Pension - length of service award program	(28,748)	
Service concession arrangements	(2,792,843)	
Other postemployment benefits	<u>(104,017,058)</u>	(126,600,035)
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:		
Premiums on bonds included in the statement of net position		(34,006,201)
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>(3,865,601)</u>
<b>Net Position of Governmental Activities</b>		<u>\$ (969,121,933)</u>

**TOWN OF HEMPSTEAD**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2019**

	MAJOR FUNDS			
	General	Highway	Park Districts	Refuse and Garbage Districts
<b>REVENUES</b>				
Real property taxes	\$ 29,216,076	\$ 61,814,740	\$ 54,911,218	\$ 88,408,888
Real property tax items	2,362,364	2,371,746	2,849,057	1,472,330
Non-property tax items	41,588,290			
Departmental income	7,069,497		2,604,941	13,096,625
Intergovernmental charges	45,029	6,250	811,666	3,363,409
Use of money and property	1,157,564	943,145	573,214	5,437,804
Licenses and permits	2,664,226			38,520
Fines and forfeitures	20,800		1,150	
Sale of property and compensation for loss	151,992	62,582	49,373	229,962
Miscellaneous revenue	3,792,793	240,094	605,205	6,686,440
Interfund revenues	61,946,337		32,677,641	869,918
State aid	24,964,339		115,719	
Federal aid	233,697			
Total Revenues	<u>175,213,004</u>	<u>65,438,557</u>	<u>85,199,184</u>	<u>119,603,896</u>
<b>EXPENDITURES</b>				
Current:				
General government support	89,671,926			
Education	9,343,393			
Public safety	15,544,782			
Transportation	1,198,557	32,081,710		
Economic assistance and opportunity	4,269,817			
Culture and recreation	49,133		61,926,399	
Home and community services	10,010,592			83,614,834
Employee benefits	40,206,350	12,136,645	23,640,602	23,139,924
Capital Outlay				
Debt Service:				
Principal	211,334			
Interest	32,290			
Debt issuance costs				
Total Expenditures	<u>170,538,174</u>	<u>44,218,355</u>	<u>85,567,001</u>	<u>106,754,758</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>4,674,830</u>	<u>21,220,202</u>	<u>9,632,183</u>	<u>12,849,138</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	48,293	6,421,038		
Transfers out	(9,778,492)	(24,943,362)	(4,414,364)	(12,270,987)
Payments to refunded bond escrow agent- debt service principal				
Issuance of debt		2,500,000		800,000
Issuance of debt - refunding bonds				
Premiums on bonds	964,916	2,352,349	453,656	204,511
Total Other Financing Sources (Uses)	<u>(8,765,283)</u>	<u>(13,669,975)</u>	<u>(3,960,708)</u>	<u>(11,266,476)</u>
<b>Net Change in Fund Balances</b>	<u>(4,090,453)</u>	<u>7,550,227</u>	<u>5,671,475</u>	<u>1,582,662</u>
<b>Fund Balance at Beginning of Year</b>	<u>26,745,614</u>	<u>15,426,520</u>	<u>13,938,590</u>	<u>40,936,484</u>
Fund Balance at End of Year	<u>\$ 22,655,161</u>	<u>\$ 22,976,747</u>	<u>\$ 19,610,065</u>	<u>\$ 42,519,146</u>

Water Districts	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
\$ 5,627,373			\$ 23,666,056	\$ 263,644,351
282,817			1,110,121	10,448,435
14,722,718			11,052,576	52,640,866
230,850		\$ 33,452	15,345,144	52,639,925
1,401,648	\$ 133		465,786	4,490,656
				9,979,294
				2,702,746
			1,311,550	1,333,500
5,669			25,794	525,372
9,524	14,873		1,622,418	12,971,347
28,125			2,878,272	98,400,293
	6,579,888		54,512	31,714,458
	3,882,645		10,375,619	14,491,961
22,308,724	10,477,539	33,452	67,907,848	556,182,204
			322,283	89,994,209
				9,343,393
			25,029,412	40,574,194
			11,722,820	45,003,087
			6,635,983	10,905,800
			1,440,228	63,415,760
13,497,535			11,194,116	118,317,077
3,728,141			6,933,271	109,784,933
	53,244,592			53,244,592
		40,072,123	1,665,058	41,948,515
		17,130,306	309,218	17,471,814
		239,155		239,155
17,225,676	53,244,592	57,441,584	65,252,389	600,242,529
5,083,048	(42,767,053)	(57,408,132)	2,655,459	(44,060,325)
		58,605,025	1,210,000	64,284,356
(3,837,108)	(6,450,344)	(52,920,000)	(2,589,699)	(64,284,356)
	42,207,182			(52,920,000)
		47,550,000		45,507,182
189,652		6,044,413	583,252	47,550,000
(3,647,456)	35,756,838	57,279,438	(796,447)	10,792,749
1,435,592	(7,010,215)	(128,694)	1,859,012	6,869,606
20,416,653	27,143,433	1,421,666	19,922,810	165,951,770
\$ 21,852,245	\$ 20,133,218	\$ 1,292,972	\$ 21,781,822	\$ 172,821,376

**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, 2019

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	6,869,606
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	\$ 52,267,359	
Depreciation expense	<u>(37,494,838)</u>	14,772,521
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 items		(119,495)
Net change in deferred outflows of resources not reported in the governmental fund statements:		
Pension - employees' retirement system	(29,065,879)	
Pension - length of service award program	843,747	
Other postemployment benefits	<u>233,902,036</u>	205,679,904
Differences in revenue recognition in the statement of activities and governmental funds due to measurement focus/basis of accounting differences:		
Amortization/installment of amounts due from other governments	(5,800,421)	
Unavailable revenue - water fees and sidewalk repair	1,547,448	
Premiums on bonds, net of amortization	(8,634,021)	
Amortization of deferred gains on debt refunding	<u>84,311</u>	(12,602,683)
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:		
Proceeds from sale of bonds	(45,507,182)	
Proceeds from sale of refunding bonds	(47,550,000)	
Principal payment of bonds	92,992,123	
Principal payment of capital leases	<u>1,876,392</u>	1,811,333
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 the governmental funds:		
Pension related debt payments	3,619,936	
Employees' retirement system net pension liability	(20,501,865)	
Length of service award program plan pension liability	(1,077,565)	
Compensated absences	(882,072)	
Claims and judgments, net of estimated recoveries	(2,305,158)	
Estimated liability for landfill closure and postclosure care costs	176,005	
Pollution remediation obligations	2,818,432	
Total other postemployment benefits liability	(212,896,602)	
Accrued interest payable	<u>34,580</u>	(231,014,309)
Net change in deferred inflows of resources not reported in the governmental fund statements:		
Pension - employees' retirement system	45,310,040	
Pension - length of service award program	41,726	
Other postemployment benefits	<u>(104,017,058)</u>	(58,665,292)
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>(73,468,415)</u></b>



**TOWN OF HEMPSTEAD**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
December 31, 2019

		<u>Town of Hempstead Local Development Corporation</u>
<b>ASSETS</b>		
Cash and cash equivalents		\$ 2,346,901
	Total Assets	<u>\$ 2,346,901</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities		\$ 9,259
	Total Liabilities	<u>\$ 9,259</u>
<b>NET POSITION</b>		
Unrestricted		\$ 2,337,642
	Total Net Position	<u><u>\$ 2,337,642</u></u>

**TOWN OF HEMPSTEAD**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
Year Ended December 31, 2019

	Town of Hempstead Local Development Corporation
<b>OPERATING REVENUES</b>	
Fees for services	\$ 230,709
<b>Total Operating Revenues</b>	<b>230,709</b>
<b>OPERATING EXPENSES</b>	
Contractual and professional fees	
Rent	15,000
Compensation and related costs	107,307
Advertising	5,500
Office, meeting and travel	20,578
<b>Total Operating Expenses</b>	<b>148,385</b>
<b>Income from operations</b>	<b>82,324</b>
<b>NON-OPERATING INCOME</b>	
Interest income	12,015
<b>Net Change in Net Position</b>	<b>94,339</b>
<b>Net Position at Beginning of Year</b>	<b>2,243,303</b>
<b>Net Position at End of Year</b>	<b>\$ 2,337,642</b>

**TOWN OF HEMPSTEAD**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
Year Ended December 31, 2019

	Town of Hempstead Local Development Corporation
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from services provided	\$ 230,709
Payments for personal services and employee benefits	(107,307)
Payments to suppliers and service providers	(40,342)
Net Cash Provided by Operating Activities	83,060
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	12,015
Net Cash Provided by Investing Activities	12,015
Net Increase in Cash and Cash Equivalents	95,075
Cash and Cash Equivalents at Beginning of Year	2,251,826
Cash and Cash Equivalents at End of Year	\$ 2,346,901
 <b>RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 82,324
Adjustments to reconcile operating income to net cash provided by operations:	
Increase in accounts payable and accrued liabilities	736
Net Cash Provided by Operating Activities	\$ 83,060

**TOWN OF HEMPSTEAD**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**December 31, 2019**

		<u>Total Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents		\$ 41,170,399
	Total Assets	<u>\$ 41,170,399</u>
 <b>LIABILITIES</b>		
Other agency liabilities		\$ 9,706,947
Due to other governments		<u>31,463,452</u>
	Total Liabilities	<u>\$ 41,170,399</u>

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**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

**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, financial accountability or the determination by management that it would be misleading to exclude the component unit. The current guidance also clarifies the status as a major or nonmajor component unit.

Blended Component Unit - though a legally separate entity, this component unit is, 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 reports one blended component unit in these financial statements as follows:

The Town of Hempstead Local Development Corporation (the "TOHLDC") was established under the Laws of New York State as a not-for-profit corporation, with the Town being the sole corporate member. The purpose of the TOHLDC is to promote and provide for additional employment, improve and maintain job opportunities through the development/retention/attraction of industry within the Town. Accordingly, the TOHLDC is included in the Town's financial statements as a blended component unit in the proprietary fund statements.

Discretely Presented 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 discretely presented 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, as well as housing assistance to qualified individuals.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

**A. REPORTING ENTITY** (continued)

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.

The Town of Hempstead Industrial Development Agency (the "TOHIDA"), a public benefit corporation was established under the provisions of article 18-A of General Municipal Law of the State of New York, as amended. The TOHIDA was established to provide benefits that reduce costs and financial barriers to the creation and expansion of business within the Town. The governing Board of the Town appoints the TOHIDA's Board of Directors. However, the TOHIDA Board of Directors approves and adopts the TOHIDA policies and has accountability for fiscal matters. Accordingly, the TOHIDA is included in the Town's reporting entity.

The Town of Hempstead Housing Authority, (the "Housing Authority"), a municipal housing authority for the Town was established pursuant to the Housing Statutes of the State of New York. It was established to serve the public interest by providing low rent housing to qualified individuals in accordance with rules and regulations prescribed by the U.S. Department of Housing and Urban Development and other Federal Agencies. The 2019 financial information was not available and therefore is not included in this report.

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 primarily financed 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. 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. 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 "Reclamation 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. Reclamation District expenses are paid primarily through local property taxes. The Reclamation 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. The Town issues indebtedness on behalf of the Reclamation District which is responsible for the payment of annual debt service on the obligations.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

**A. REPORTING ENTITY** (continued)

Budgets and assessment rolls are adopted by the Board of Commissioners and approved by the Town. Tax levies of the 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 Reclamation District. Accordingly, the 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 6.

**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 governmental, proprietary and fiduciary funds, with a focus on 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 and business-type activities, as well as the discretely presented nonmajor component units. All fiduciary activities, although reported in the fund financial statements, are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements, except for interfund services provided and used. The elimination of these charges would distort the direct costs and program revenues for the various functions concerned.

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) operating grants and contributions that are restricted to meeting the operation of a particular function, and (3) grants and contributions which are required to be used to support a particular capital 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.

**Fund Financial Statements**

The fund financial statements provide information about the Town's funds, including blended component units. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column in the funds financial statements. All remaining governmental and proprietary funds, if applicable, are aggregated and reported as nonmajor funds.

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, deferred outflows of resources, liabilities, deferred inflows of resources, fund equities, revenues, and expenditures/expenses, 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 funds' financial statements (governmental and proprietary) is on the major funds. Accordingly, the Town maintains the following fund types:



**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

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

**Fund Financial Statements** (continued)

**Governmental Funds** - Governmental funds are those through which most governmental functions are financed. The acquisition use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. Governmental fund financial statements include a balance sheet and a statement of revenue, expenditures and changes in fund balance. 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 major Special District Funds are as follows:

Park Districts Fund - a special revenue fund used to account for parks and recreation services within the Town. The Park Districts fund includes the following individual districts:

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 Fund - special revenue fund used to account for garbage collection and solid waste disposal services in the Town. The Refuse and Garbage Districts Fund includes the following individual districts:

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

Water Districts Fund - a special revenue fund used to account for providing clean, safe water to residents within the Town. Management has elected to report the Water Districts Fund as a major fund. The Water Districts Fund includes the following individual districts:

Bowling Green Estates	Lido Beach - Point Lookout
East Meadow	Roosevelt Field
Levittown	Uniondale

Capital Projects Fund - is used to account for and report financial resources that are restricted, committed, or assigned to expenditures 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 expenditures for principal and interest and for financial resources that are being accumulated for principal and interest in future years.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

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

**Fund Financial Statements** (continued)

**Governmental Funds** (continued)

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

Town Outside Village Fund - 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 Innovation and Opportunity Grant and the Section 8 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 Fund, which includes the following:

Angle Sea	Mill Brook	South Franklin Square	Woodmere
East Lawrence	North Lynbrook	South Freeport	Wreck Lead
Green Acres Mall	North West Malverne	South Westbury	
Hempstead Plains	Roosevelt Field	Uniondale	
Merrick	Silver Point	West Sunbury	

Town of Hempstead Street Lighting District

Public Parking Districts Fund, which includes the following:

Baldwin	Franklin Square	Oceanside	West Hempstead
Bellmore	Garden City South	Roosevelt	Woodmere-Hewlett
East End Turnpike	Merrick	Seaford	
Elmont	North Merrick	Uniondale	

Library Funding Districts Fund, which includes the following:

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

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.

**Proprietary Fund** - In general, proprietary funds are used to account for ongoing activities, which are similar to those often found in the private sector. Proprietary fund financial statements include a statement of net position, a statement of revenues and expenses and changes in net position and a statement of cash flows.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) and deferred outflows and inflows are included in the statement of net position. The statement of revenues, expenses and changes in net position presents increases (revenues) and decreases (expenses) in total net position.



**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

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

**Fund Financial Statements** (continued)

**Propriety Fund** (continued)

The Town reports the Town of Hempstead Local Development Corporation, a blended component unit, as a major proprietary fund. The Town of Hempstead Local Development Corporation is used to account for operations of promoting the expansion of business and creation of jobs within the Town.

**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 funds ("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 Funds - 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 Agency Funds - accounts for permit and license fees collected on behalf of other governments.

Town Receiver of Taxes Agency Fund - 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:

Town of Hempstead Industrial Development Agency  
Lakeview Public Library District  
Uniondale Public Library District  
Franklin Square Water District  
Greater Atlantic Beach Water Reclamation District

Town of Hempstead Housing Authority\*\*  
Roosevelt Public Library District  
Cathedral Gardens Water District  
West Hempstead - Hempstead Gardens Water District

\*\* 2019 financial information not available and therefore not included in this report

**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/expenses 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.

**Government-Wide**

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**

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

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

**Governmental Funds**

Governmental fund financial statements are reported using the "current financial resources" measurement focus and the modified accrual basis of accounting. This focus is on the determination of and changes in financial position and generally only current financial resources and current liabilities are included on the balance sheet although certain receivable amounts may not be currently available. These funds use the modified accrual basis of accounting, whereby revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period.

Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered available if they are collected within 60 days after the year end. The Town generally considers all other revenues available if received within one year after year end. Expenditures generally are recorded when a liability is incurred, and payment is due, 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, pension liabilities (employees retirement system and length of service award program), and total other postemployment benefits ("OPEB") 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 upon receipt of the proceeds.

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.

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, a reconciliation is presented that briefly explains the adjustments necessary to reconcile ending net position and the change in net position.

**Proprietary Fund**

Proprietary funds are financed and operated in a manner similar to private business where the intent is that the costs are providing services are financed/recovered through user charges and therefore are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when the liability is incurred, regardless of the timing of related cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and or services in connection with the fund's principal ongoing operations. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses, as applicable.

**Agency Funds**

Agency funds have no measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

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

**1. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of monies deposited in demand accounts, time deposit accounts and certificates of deposit with maturities of less than three months and petty cash.

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, time deposit accounts and certificates of deposit. Permissible investments include special time deposit accounts, certain repurchase agreements, obligations of the United States Treasury and United States agencies, obligations of New York State or its localities. The said investment policy is not applicable to the length of service award program plan investments.

Collateral is required for demand deposits and time deposits accounts at 100% 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 DUE FROM OTHER GOVERNMENTS**

Receivables include amounts due from Federal, State, and other governments or entities for services provided by the Town, as well as amounts due pursuant to contractual agreements or revenue sharing arrangements. Receivables and revenues are recognized as earned or as specific program expenditures are incurred. At December 31, 2019, receivables are reported net of allowance for uncollectible amounts of \$228,522 (Government-wide Governmental Activities), \$193,522 (General Fund) and \$35,000 (Parks Districts).

**3. INTERFUND TRANSACTIONS**

Interfund transactions, exclusive of interfund services provided and used, have been eliminated from the government-wide financial statements. In the funds' financial statements interfund transactions include:

**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, and payments from the Capital Projects Fund to various operating governmental funds for unspent bond proceeds related to completed capital projects.

**4. 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. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

**D. ASSETS, LIABILITIES, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE** (continued)

**5. INVENTORY AND PREPAID ITEMS**

Inventory in the General and Special Revenue Funds is valued at cost and consists of supplies on hand. Inventory in these funds is accounted for under the consumption method, and is recorded as an expenditure when consumed.

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.

**6. CAPITAL ASSETS**

Capital assets are reported in the government-wide statement of net position.

In the funds' financial statements, capital assets used in the governmental fund activities are accounted for as expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner as the government-wide financial statements.

Capital assets purchased or acquired for governmental activities 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 acquisition value (an entry price) at the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. However, for business-type activities, all property and equipment acquired with an estimated useful life of greater than one year are capitalized.

Depreciation/amortization on all governmental activities and business-type activities 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

Capital lease assets are amortized over the term of the lease or life of the assets, whichever is less.

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.



**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

**D. ASSETS, LIABILITIES, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE** (continued)

**7. LENGTH OF SERVICE AWARD PROGRAM PLAN ASSETS**

The Town sponsors a length of service award program ("LOSAP"), a defined benefit plan, to provide retirement like benefits to those volunteering time and services to the Merrick Fire Department, in accordance with the LOSAP Plan provisions. The assets are considered restricted and are set-aside to fund the pension like benefits are held in a grantor/rabbi trust account in the name of Merrick Fire Department, which is the fire department company for which the Plan has been established. These assets are primarily invested in group annuity contracts and a limited partnership which was established to manage investments. The group annuity contracts are valued at amortized cost and the limited partnership is valued at net asset value.

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

In addition to assets, the balance sheet or the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of fund equity or net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure/expense) until that time. The Town reports deferred outflows, when applicable, for the following: (1) amounts arising from actuarial valuations of pension plans (employees' retirement system and length of service award program) and other postemployment benefit plans, and (2) employees' retirement system contribution payments made subsequent to the measurement date.

In addition to liabilities, the balance sheet or statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of fund equity or net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The unavailable revenues related to sidewalk repair fees, unbilled water fees and rental income are deferred in the governmental funds. These will be recognized as revenues in the period that the amounts become available.

Additionally, in the government-wide financial statements, the Town reports deferred inflows of resources associated with (1) amounts arising from actuarial valuations of the pension plans (employees' retirement system and length of service award program) and other postemployment benefit plans, (2) amounts pertaining to service concession arrangements, and (3) deferred amounts on refunding bonds transactions. These amounts will be recognized as revenues in the period when earned.

**9. LONG-TERM OBLIGATIONS**

In the government-wide financial statements, liabilities for long-term obligations consisting of general obligation bonds, direct borrowings – capital leases, pension related debt, employees' retirement systems net pension liabilities, length of service award program pension liability, compensated absences, claims and judgments, estimated liability for landfill closure and postclosure care costs, pollution remediation obligations, and total other postemployment benefits liability 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, if applicable. 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.

The proprietary fund does not have any long-term obligations.



**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

**D. ASSETS, LIABILITIES DEFERRED INFLOWS/OUTFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE** (continued)

**10. 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 and proprietary fund 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.
- 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 is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

**D. ASSETS, LIABILITIES DEFERRED INFLOWS/OUTFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE** (continued)

**11. 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.

**12. 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. In the event that the unassigned fund balance exceeds one-fourth of the annual operating expenditures, the excess shall be appropriated for capital expenditures, long-term employment liabilities and/or operating expenditures in future years.

**E. REVENUES AND EXPENDITURES/EXPENSES**

**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. Real property taxes become a lien on the respective days when they become due and payable. Penalties are imposed thereafter at the rate of 1% per month from January 1<sup>st</sup> and July 1<sup>st</sup> until August 31<sup>st</sup>, after which, taxes are payable to the County Treasurer. The Town retains the total amount of Town, Highway and Town Special Districts levies from the amounts collected, and forwards the remaining balance collected to the County which assumes collection responsibility. The Town and Town's Special Districts therefore realize annually the 100% collection of real property taxes.

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.

**2. OTHER POSTEMPLOYMENT BENEFITS (HEALTHCARE) ("OPEB")**

Pursuant to union and management agreements, the Town provides postemployment benefits other than pensions consisting of health insurance coverage and survivor benefits for retired employees and their qualifying survivors as defined in the union agreement. Substantially all of the Town's employees may become eligible for these benefits if they reach normal retirement age while working for the Town. The cost of the other postemployment benefits for retiree's healthcare benefits is measured and disclosed using the accrual basis of accounting in the government-wide statements. In the governmental funds' financial statements, the Town recognizes the cost of providing the healthcare benefits by recording its share of premiums as an expenditure when due.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

**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 non-current obligations in the government-wide statements. The current portion of this debt is estimated based on historical trends. Compensated absence liabilities and expenditures 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 governmental funds statement in the respective fund that will pay the liability.

**4. PENSIONS**

*Employees' Retirement System Net Pension Liability*

The Town participates in the New York State and Local Employees' Retirement System ("the NYSERS" or the "System"). For purposes of measuring (at the government-wide level) the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the System and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments, including refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Length of Service Award Program Plan Pension Liabilities*

The Town sponsors a defined benefit service award program ("Length of Service Award Program"/ "LOSAP") for volunteer firefighters of the Merrick Fire Department Company in accordance with Article 11-A of the New York State General Municipal Law. The LOSAP plan pension liability has been measured as the actuarial present value of projected benefit payments. In accordance with the LOSAP plan provisions, a grantor/rabbi trust was established to hold the LOSAP plan assets and as such, the assets are not legally protected from the Town's creditors. Accordingly, the assets set-aside to fund LOSAP benefits do not meet the requirements (as defined by GASB) to reduce the LOSAP plan pension liability for financial reporting purposes.

**5. EDUCATION EXPENSE**

Pursuant to New York State Education Law, Nassau County may pay tuition for local residents to certain community colleges. Under the law, Nassau County may chargeback the tuition cost or portion thereof to the applicable Town in which the student resides. The Town recognizes a liability for tuition expenditures based on the timing of the receipt of the invoice from Nassau County and timeframe the student was enrolled in school. As the Town has no reasonable basis to estimate an accrual for unbilled tuition costs at the time the financial statements are issued, no accrual is made for any potential unbilled amounts.

**F. ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purpose, is employed in the governmental funds. Encumbrances are reported as restrictions, commitments, or assignments of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.



**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

**G. USE OF ESTIMATES**

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources 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. Below is a summary of the GASB Statement(s) implemented during 2019 which had an impact of the Town's financial statements:

Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", the primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 83, "*Certain Asset Retirement Obligations*"; Statement No. 84, "*Fiduciary Activities*"; Statement No. 88, "*Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*"; Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*"; Statement No. 90, "*Majority Equity Interests*"; Statement No. 91, "*Conduit Debt Obligations*"; Statement No. 92, "*Omnibus 2020*"; and Statement No. 93, "*Replacement of Interbank Offered Rates*".

The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, "*Leases*".

The implementation of this Statement had no impact on the Town's financial statements.

**I. SUBSEQUENT EVENTS**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date of the financial statements, which is December 31, 2020. See Note 8 for additional information.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. BUDGETARY INFORMATION**

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

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

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

**A. BUDGETARY INFORMATION** (continued)

- 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.
- 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 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. 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 tax levy cap for the 2019 Adopted Budget. On October 30, 2018, the members of the Town Board adopted the 2019 budget.

**B. FUND EQUITY**

**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	Park Districts Fund	Refuse and Garbage Districts Fund	Water Districts Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
<b>Fund Balances:</b>									
<b>Nonspendable:</b>									
Inventory	\$ 2,961,543	\$ 2,793,237	\$ 539,986	\$ 29,484	\$ 637,119			\$ 275,539	\$ 7,236,908
Prepaid items	2,183,393	631,870	1,093,139	917,484	254,930			418,260	5,499,076
Permanent fund principal								1,337,867	1,337,867
<b>Total Nonspendable</b>	<b>5,144,936</b>	<b>3,425,107</b>	<b>1,633,125</b>	<b>946,968</b>	<b>892,049</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>2,031,666</b>	<b>14,073,851</b>
<b>Restricted for:</b>									
Debt service	964,916	2,352,349	453,656	204,511	189,852		1,292,972	607,438	6,065,494
Capital projects						20,133,218			20,133,218
Length of service award program plan benefits								3,192,678	3,192,678
Grantors and donor restrictions	2,500							207,005	209,505
Other reserves									-0-
<b>Total Restricted</b>	<b>967,416</b>	<b>2,352,349</b>	<b>453,656</b>	<b>204,511</b>	<b>189,852</b>	<b>20,133,218</b>	<b>1,292,972</b>	<b>4,007,121</b>	<b>29,600,895</b>
<b>Assigned to:</b>									
Subsequent year's budget	1,039,918			840,779				356,276	2,235,973
Purchases on order or contractual obligations	34,702	2,812	12,277	37,253				500	87,544
Special revenue funds		17,196,479	17,511,007	40,459,635	20,770,544			15,386,259	111,353,924
<b>Total Assigned</b>	<b>1,073,620</b>	<b>17,199,291</b>	<b>17,523,284</b>	<b>41,367,667</b>	<b>20,770,544</b>	<b>-0-</b>	<b>-0-</b>	<b>15,743,035</b>	<b>113,677,441</b>
<b>Unassigned, reported in:</b>									
General Fund	15,469,189								15,469,189
	15,469,189	-0-	-0-	-0-	-0-	-0-	-0-	-0-	15,469,189
<b>Total Fund Balances</b>	<b>\$22,655,161</b>	<b>\$22,976,747</b>	<b>\$ 19,610,065</b>	<b>\$42,519,146</b>	<b>\$21,852,245</b>	<b>\$20,133,218</b>	<b>\$ 1,292,972</b>	<b>\$ 21,781,822</b>	<b>\$172,821,376</b>



**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

**3. DETAILED NOTES ON ALL FUNDS**

**A. CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash and Cash Equivalents - Primary Government

Cash and cash equivalents generally consist of funds deposited in demand accounts, time deposit accounts and certificates of deposits with maturities of three months or less.

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, 2019, the Town's cash and cash equivalents totaled \$194,033,806. This amount is inclusive of fiduciary fund deposits of \$41,170,399 and restricted cash of \$6,960,753 but exclusive of petty cash of \$25,625 and the blended component unit cash of \$2,346,901. The related bank balances totaled \$199,155,395. Of the bank balance, \$118,347,827 was covered by federal deposit insurance, and \$80,807,568 was covered by collateral with a fair value of \$238,308,855, held by the Town's agent, a third-party financial institution, in the Town's name.

Restricted cash and cash equivalents of \$6,960,753 consists of \$1,337,867 of monies held in the Permanent Fund which may not be spent, \$439,226 of monies restricted pursuant to grant agreements and \$5,183,660 which is restricted for future debt service requirements.

The bank balances of the blended component unit totaled \$2,348,483, of which \$250,000 was covered by federal deposit insurance and \$2,098,483 was secured by collateral held by the pledging financial institution's agent, a third-party financial institution, but not in TOHLDC'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% or more in securities of a single issuer.

As of December 31, 2019, the Town did not have any cash and cash equivalents subject to credit risk, interest-rate risk or concentration of credit risk.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

**A. CASH, CASH EQUIVALENTS AND INVESTMENTS** (continued)

Restricted Investments - Primary Government

The Town, as sponsor of a LOSAP Plan, contributes monies to the LOSAP Plan to fund future benefit payments to volunteer firefighters. The assets are held in a rabbi trust. At December 31, 2019, LOSAP Plan assets of \$3,192,678 consist of \$2,999,090 of investments in guaranteed annuity contracts and a \$193,588 of a limited partnership interest.

The Town categorizes the fair value measurements into the fair value hierarchy established by GASB Statement No. 72. The three levels of inputs used to measure fair value are as follows:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Town has the ability to access.
- Level 2 - Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Significant unobservable inputs that reflect the Town's own assumptions about the assumptions that market participants would use in pricing an asset.

The fair value measurement level within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Town has no investments valued using the above mentioned levels.

The following methods and assumptions were used in estimating the fair value assets for the LOSAP plan assets:

Guaranteed Annuity Contracts

The carrying amounts of guaranteed annuity contracts totaling \$2,999,090 are reported as amortized cost which approximates fair value. These are considered unallocated insurance contracts.

Limited Partnership

The LOSAP plan's \$193,588 investment in a limited partnership ("Partnership") is measured at net asset value ("NAV") per share (or its equivalent) as of December 31, 2019, the measurement date. The primary activity of the Partnership is investing portfolios. The Partnership's investment objective to increase diversification of investment portfolios and achieve stable growth. In doing so, the Partnership targets a total return in excess of the rate of inflation and in excess of the return currently available on group fixed annuity contracts while maintaining a level of volatility well below that of the equity markets. The Partnership primarily consists of common stocks and mutual funds. The fair values of the underlying investments are used to determine the NAV per share/its equivalent of the Partnership capital. The LOSAP Plan has unfunded commitments related to its Partnership investment.

Generally, initial investment in the Partnership is \$150,000, although the General Partner has the discretion to accept less. Additionally, investments by existing limited partners will be accepted in amounts not less than \$50,000, although the General Partner has discretion in accepting lower amounts. Limited partners may redeem any portion of its capital account in a minimum amount of \$25,000 and at least 15 calendar days prior notice. If aggregate withdrawal requests are received for a particular withdrawal date for more than 70% of the NAV of the Partnership of such withdrawal date, the General Partner may, in its discretion, reduce all withdrawal request for such withdrawal date pro rata in proportion to the amount sought to be withdrawn by each withdrawing Partner so that only 70% of the NAV of the Partnership is withdrawn on the said withdrawal date.

**TOWN OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS

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

**A. CASH, CASH EQUIVALENTS AND INVESTMENTS** (continued)

Investment Risk

The LOSAP Plan assets are invested in various investments. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments either held by the Plan or indirectly through the limited partnership, it is at least reasonably possible the changes in the values of investment securities will occur in the near-term and that such change could materially affect the amounts reported.

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

At December 31, 2019, individual fund interfund receivable and payable balances for the primary government are generally expected to be paid currently. The primary government's governmental funds balances represent various temporary loans, recharges and reimbursements between funds and are stated as follows:

	<u>Receivables</u>	<u>Payables</u>
<u>Major Governmental Funds:</u>		
General	\$ 7,257,991	\$ 1,741,826
Highway	6,362,524	716,688
Park Districts	183,663	180,495
Refuse & Garbage Districts	3,052,958	340,237
Water Districts	265,195	55,515
Capital Projects	88,729	13,795,683
<u>Nonmajor Governmental Funds:</u>		
Town Outside Village	151,798	17,517
Special Grant		700,000
Fire Protection Districts	50,601	
Street Lighting District	91,733	1,422
Public Parking Districts	35,685	
Library Funding Districts	8,506	
	<u>\$ 17,549,383</u>	<u>\$ 17,549,383</u>

The Special Grant Fund's short-term payable will be repaid upon the collection of their grant receivables. The remaining balances stemming from temporary loans and reimbursements are expected to be repaid in early 2020.

At December 31, 2019, individual fund interfund transfers balances for the primary government's governmental activities primarily represent funding of debt service and capital projects expenditures, and are stated as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Major Governmental Funds:</u>		
General	\$ 48,293	\$ 9,778,492
Highway	6,421,038	24,943,362
Park Districts		4,414,364
Refuse & Garbage Districts		12,270,987
Water Districts		3,837,108
Capital Projects		6,450,344
Debt Service	56,605,025	
<u>Nonmajor Governmental Funds:</u>		
Town Outside Village		161,728
Special Grant	1,210,000	
Fire Protection Districts		69,391
Street Lighting District		1,164,699
Public Parking Districts		1,174,894
Permanent		18,987
	<u>\$ 64,284,356</u>	<u>\$ 64,284,356</u>

The above transfers include a one-time \$1,210,000 transfer from the General Fund to the Special Grants Fund to fund certain expenditures and deficits in the Special Grants Fund.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

**C. DUE FROM OTHER GOVERNMENTS**

Due from other governments is comprised of a current balance of \$33,819,782 and a long-term portion of \$47,565,634.

In 2016, the Town entered into an inter-municipal agreement with the County whereby the County will reimburse the Town 70% of judgment the Town paid related to the garbage taxes and local utility company litigation settlement over a ten year period commencing March 2019 and through March 2028. As of December 31, 2019, the outstanding balance was \$52,203,788 and is reported in statement of net position as due from other governments and which \$46,403,367 is considered a long-term receivable and \$5,800,421 is current. See Note 4B.

Additionally, due from other governments includes receivable balances pertaining to grants, mortgage tax revenue, sales tax revenue, special assessments and intergovernmental charges, of which \$1,162,267 is considered long-term and \$28,019,361 is considered current.

**D. CAPITAL ASSETS**

Capital asset activities for the year ended December 31, 2019 are as follows:

<b>Primary Government</b>	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land - other than landfills	\$ 56,298,500			\$ 56,298,500
Landfills	30,668,785			30,668,785
Construction work in progress	1,285,291	\$ 1,596,385		2,881,676
Total capital assets not being depreciated	<u>88,252,576</u>	<u>1,596,385</u>	<u>\$ -0-</u>	<u>89,848,961</u>
Depreciable capital assets:				
Infrastructure and improvements other than buildings	747,473,673	45,508,676	1,150,106	791,832,243
Buildings	43,650,525	1,265,182	6,020,664	38,895,043
Improvement to park portion of Merrick landfill	15,741,484			15,741,484
Machinery and equipment	120,667,067	3,565,396	209,466	124,022,997
Intangibles - software	6,033,036	331,720		6,364,756
Total depreciable capital assets	<u>933,565,785</u>	<u>50,670,974</u>	<u>7,380,236</u>	<u>976,856,523</u>
Less accumulated depreciation:				
Infrastructure and improvements other than buildings	339,876,485	28,049,161	1,150,106	366,775,540
Buildings	18,398,138	3,211,591	6,020,664	15,589,065
Improvements to park portion of Merrick landfill	8,724,280	540,555		9,264,835
Machinery and equipment	104,602,761	5,339,236	209,466	109,732,531
Intangibles - software	4,493,383	354,295		4,847,678
Total accumulated depreciation	<u>\$ 476,095,047</u>	<u>\$ 37,494,838</u>	<u>\$ 7,380,236</u>	<u>506,209,649</u>
Total net depreciable capital assets				<u>470,646,874</u>
Total net capital assets - governmental activities				<u>\$ 560,495,835</u>



**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

**D. CAPITAL ASSETS (continued)**

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

	Governmental Activities	Business-Type Activities
General government support	\$ 3,278,345	\$ -0-
Public safety	955,596	
Transportation	19,985,228	
Economic assistance and opportunity	48,467	
Culture and recreation	7,727,969	
Home and community services	5,499,233	
Total primary government depreciation expense	<u>\$ 37,494,838</u>	<u>\$ -0-</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, 2019, the Town has not recorded any such impairment losses.

	As Restated Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019
<b>Discretely Presented Nonmajor Component Units</b>				
Capital assets not being depreciated:				
Land	\$ 263,098	1,236,300		\$ 1,499,398
Construction in progress	4,444,506	\$ 5,658,992	\$ -0-	10,103,498
Total capital assets not being depreciated	<u>4,707,604</u>	<u>6,895,292</u>	<u>-0-</u>	<u>11,602,896</u>
Depreciable capital assets:				
Buildings	18,528,283	252,477	71,741	18,709,019
Improvements other than buildings	26,142,601	140,868		26,283,469
Machinery and equipment	16,284,044	112,882		16,396,926
Software	1,347	759,494	177,446	583,395
Infrastructure	13,710,356	102,141	705	13,811,792
Total depreciable capital assets	<u>74,666,631</u>	<u>1,367,862</u>	<u>249,892</u>	<u>75,784,601</u>
Less total accumulated depreciation	<u>\$ 35,083,596</u>	<u>\$ 2,402,799</u>	<u>\$ 243,670</u>	<u>37,242,725</u>
Total net depreciable capital assets				<u>38,541,876</u>
Total net capital assets				<u>\$ 50,144,772</u>

The discretely presented component units' capital assets balances as of 1/1/19 noted above, excludes the Town of Hempstead Housing Authority's capital assets as its 2019 financial statements were not available. See Note 7.



**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

**E. INDEBTEDNESS**

**LONG-TERM DEBT**

**CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended December 31, 2019 is as follows:

	Beginning Balance 1/1/2019	New Issues/ Additions	Maturities/ Reductions	Ending Balance 12/31/2019	Non-current liabilities due within one year	Non-current liabilities
<b>Primary Government</b>						
<b>Governmental Activities:</b>						
Bonds Payable:						
General obligation bonds	\$ 403,676,828	\$ 93,057,182	\$ 92,992,123	\$ 403,741,887	\$ 44,939,956	\$ 358,801,931
Plus premiums on bonds	28,863,993	10,792,749	5,650,541	34,006,201		34,006,201
Total Bonds Payable	432,540,821	103,849,931	98,642,664	437,748,088	44,939,956	392,808,132
Direct Borrowing - capital leases	11,491,917		1,876,392	9,615,525	1,775,395	7,840,130
Pension related debt	18,971,598		3,619,936	15,351,662	3,741,252	11,610,410
Employees' retirement system net pension liability	18,534,246	108,218,825	87,716,960	39,036,111		39,036,111
Length of service award program plan pension liability	5,240,783	1,250,835	173,270	6,318,348		6,318,348
Compensated absences	46,518,945	31,669,692	30,787,620	47,401,017	4,740,000	42,661,017
Claims and judgments	36,673,151	17,177,024	14,871,866	38,978,309	10,675,000	28,303,309
Estimated liability for landfill closure and postclosure care costs	1,018,453		176,005	842,448	57,025	785,423
Pollution remediation obligations	10,112,733	1,168,830	3,987,262	7,294,301	5,602,200	1,692,101
Total other postemployment benefits liability	1,093,863,073	375,205,360	162,308,758	1,306,759,675		1,306,759,675
Total non-current liabilities	\$ 1,674,965,720	\$ 638,540,497	\$ 404,160,733	\$ 1,909,345,484	\$ 71,530,828	\$ 1,837,814,656
<b>Nonmajor Component Units:</b>						
Bonds Payable:						
General obligation bonds	\$ 21,499,946	\$ 4,200,000	\$ 5,749,651	\$ 19,950,295	\$ 872,226	\$ 19,078,069
Plus premiums on issuance	403,390	475,890	86,253	793,027		793,027
Total Bonds Payable	21,903,336	4,675,890	5,835,904	20,743,322	872,226	19,871,096
Direct borrowings - other loans		29,101	467	28,634	5,846	22,988
Pension related debt	7,737	41,851	29,912	19,676	19,676	-
Employees' retirement system net pension liability	732,371	1,630,609	786,532	1,576,448		1,576,448
Compensated absences	1,347,997	308,789	184,638	1,472,148	148,187	1,323,961
Total other postemployment benefits liability	18,461,040	5,573,621	795,008	23,239,653		23,239,653
Total non-current liabilities	\$ 42,452,481	\$ 12,259,861	\$ 7,632,461	\$ 47,079,881	\$ 1,045,735	\$ 46,034,146

Liabilities for claims and judgments and landfill closure and landfill postclosure costs are liquidated through future budgetary appropriations in the General Fund. The majority of the liabilities for pollution remediation will be paid through authorized capital projects and a small portion through the Water Fund operating budget. The length of service award program plan pension liability will be liquidated through budgetary appropriation in the Fire Protection Districts Fund. Long-term liabilities for compensated absences, other postemployment health care benefits, employees' retirement system net pension liability and pension related debt are liquidated through future budgetary appropriation in the following funds: General, Highway, Park Districts, Refuse and Garbage Districts, Town Outside Village, Public Parking Districts, Water Districts and Special Grant, depending upon which fund gave rise to the liability.

**General Obligation Bonds** - The Town borrows money for both the Town and its special districts discretely presented component units in order to finance the acquisition of 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's special districts discretely presented component units, which are payable from tax revenues of the areas benefited. Interest rates of these bonds vary from 0.70% to 5.0%.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

**E. INDEBTEDNESS (continued)**

**LONG-TERM DEBT (continued)**

**General Obligation Bonds (continued)**

A summary of these bonds are as follows:

	Balance 1/1/2019	Issued	Redeemed	Balance 12/31/2019
<b>Primary Government, Governmental Activities:</b>				
General	\$ 65,562,430	\$ 17,572,243	\$ 15,623,897	\$ 67,510,776
Highway	166,270,437	49,479,021	48,456,562	167,292,896
Park Districts	34,970,168	7,075,934	6,331,660	35,714,442
Refuse and Garbage Districts	90,878,361	4,524,220	9,659,475	85,743,106
Part-town	786,220	364,863	487,791	663,292
Fire Districts	661,377	5,000,000	43,812	5,617,565
Lighting District	6,311,500	2,449,145	3,127,852	5,632,793
Parking Districts	7,674,379	1,779,548	2,892,088	6,561,839
Water District	29,140,290	4,812,208	6,240,292	27,712,206
Other	1,421,666	-0-	128,694	1,292,972
Total primary government	<u>403,676,828</u>	<u>93,057,182</u>	<u>92,992,123</u>	<u>403,741,887</u>
<b>Nonmajor Component Units:</b>				
Library Districts	6,369,226	1,654,764	2,201,533	5,822,457
Water Districts	15,130,720	2,545,236	3,548,118	14,127,838
Total nonmajor component units	<u>21,499,946</u>	<u>4,200,000</u>	<u>5,749,651</u>	<u>19,950,295</u>
Total general obligation bonds	<u>\$ 425,176,774</u>	<u>\$ 97,257,182</u>	<u>\$ 98,741,774</u>	<u>\$ 423,692,182</u>

Future principal and interest payments to maturity are as follows:

		<b>Primary Government, Governmental Activities:</b>		
		Principal	Interest	Total Principal and Interest
Years Ending December 31,	2020	\$ 44,939,956	\$ 15,438,514	\$ 60,378,470
	2021	43,407,055	13,508,605	56,915,660
	2022	41,664,479	11,651,452	53,315,931
	2023	43,333,760	9,970,503	53,304,263
	2024	38,347,472	8,383,723	46,731,195
	2025-2029	158,786,573	19,650,847	178,437,420
	2030-2034	32,124,765	1,460,690	33,585,455
	2035-2038	1,137,827	93,926	1,231,753
Total primary government		<u>403,741,887</u>	<u>80,158,260</u>	<u>483,900,147</u>
		<b>Nonmajor Component Units:</b>		
		Principal	Interest	Total Principal and Interest
Years Ending December 31,	2020	\$ 872,226	\$ 752,540	\$ 1,624,766
	2021	912,945	715,114	1,628,059
	2022	945,521	669,967	1,615,488
	2023	996,240	623,941	1,620,181
	2024	1,027,528	584,515	1,612,043
	2025-2029	5,823,427	2,173,134	7,996,561
	2030-2034	5,205,235	1,144,989	6,350,224
	2035-2038	4,167,173	336,442	4,503,615
Total nonmajor component units		<u>19,950,295</u>	<u>7,000,642</u>	<u>26,950,937</u>
Total Principal and Interest		<u>\$ 423,692,182</u>	<u>\$ 87,158,902</u>	<u>\$ 510,851,084</u>

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

**E. INDEBTEDNESS (continued)**

**LONG-TERM DEBT (continued)**

**General Obligation Bonds (continued)**

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, 2019.

**Outstanding Bond Issues**

Issue	Average Rate	Original Amount	Outstanding Amount	Final Maturity
General Obligation Serial Bonds-2012, Series A	2.99083%	\$ 49,869,000	\$ 26,290,000	August 15, 2037
General Obligation Serial Bonds-2014, Series A	2.55402%	46,254,170	30,460,000	January 1, 2026
General Obligation Serial Bonds-2015 Series A	2.44205%	67,144,108	50,640,000	December 15, 2028
General Obligation Serial Bonds-2017 Series A	2.66126%	75,735,000	70,085,000	April 1, 2030
General Obligation Serial Bonds-2018 Series A	2.39110%	72,895,000	68,330,000	June 15, 2028
General Obligation Serial Bonds-2018 Series B	2.72100%	55,101,774	52,330,000	September 15, 2031
General Obligation Serial Bonds-2018 Series C	3.17230%	7,600,000	7,375,000	September 15, 2038
General Obligation Refunding Serial Bonds-2018 Series D	2.90460%	30,195,000	20,935,000	August 15, 2038
General Obligation Refunding Serial Bonds - 2019	4.85000%	24,685,000	24,675,000	April 15, 2035
General Obligation Serial Bonds- 2019 Series A	3.28000%	45,507,182	45,507,182	August 15, 2032
General Obligation Refunding Serial Bonds - 2019 Series B	4.68000%	27,065,000	27,065,000	August 1, 2030
		<u>\$ 502,051,234</u>	<u>\$ 423,692,182</u>	

**Current Refunding**

During January 2019, the Town issued \$24,685,000 of public improvement refunding bonds for the Town and its component units with interest rates ranging from 3.00% to 5.00% and mature in 2035. Of the \$24,685,000 bonds issued, \$23,960,000 was for the refunding of Town debt and \$725,000 was for the refunding of component unit debt. The proceeds were used to currently refund \$26,405,000 of outstanding 2010 Series A public improvement bonds (\$25,650,000 relates to the Town and \$755,000 relates to component units) which had an interest rate of 4.00%.

During August 2019, the Town issued \$27,065,000 of public improvement refunding bonds for the Town and its component units with interest rates ranging from 2.125% to 5.000% and mature in 2032. Of the \$27,065,000 bonds issued, \$23,590,000 was for the refunding of Town debt and \$3,475,000 was for the refunding of component unit debt. The proceeds were used to currently refund \$31,290,000 of outstanding 2011 Series A and B public improvement bonds (\$27,270,000 relates to the Town and \$4,020,000 relates to component units) which had an interest rates ranging from 2.75% to 4.00%.

The net proceeds of two refunding bonds discussed above totaled \$58,173,569 (including \$6,681,949 premium and after payment of \$258,380 in underwriting and other issuance costs) were used to current refund \$57,695,000 of debt (\$52,920,000 of Town debt and \$4,775,000 of component unit debt), plus accrued interest of \$517,347. The current refunding was done in order to reduce debt payments in the short-term. The refunding decreased total debt service payments by \$4,842,878, of which \$4,260,951 related to the Town and \$581,927 related to the component units. The overall transaction resulted in an economic gain (the difference between the present value of the debt service payments on the old and new debt) of \$4,614,722 of which \$4,109,800 related to the Town and \$504,922 related to component units.

**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, 2019, there are no outstanding bonds considered defeased.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

**E. INDEBTEDNESS** (continued)

**DIRECT BORROWINGS - CAPITAL LEASES**

The Town has entered into lease agreements which financed the acquisition of street lighting equipment. In the government-wide financial statements, the leased property is recorded as a capital asset and the related obligation (direct borrowings - capital leases) is reported at an amount equal to the present value of minimum lease payments payable during the remaining terms of the lease.

The Town recognized depreciation expense of \$633,947 of depreciation expense related to these assets during 2019.

Future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2019, are as follows:

Years ending December 31, 2020	\$ 2,062,664
2021	2,062,664
2022	2,062,664
2023	2,062,664
2024	2,062,664
2025-2026	<u>182,641</u>
Total minimum lease payments	10,495,961
Less: amount representing interest	<u>(880,436)</u>
Present value of minimum lease payments	<u>\$ 9,615,525</u>

**F. CONDUIT DEBT OBLIGATIONS**

The Town of Hempstead Local Development Corporation ("TOHLDC") (a blended component unit) has issued tax-exempt bonds and the Town of Hempstead Industrial Development Agency ("TOHIDA") (a discretely presented nonmajor component unit) has issued industrial revenue bonds to provide financial assistance to non-profit and commercial entities, respectively, for the acquisition and construction of industrial, recreational and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from revenues and assets pledged under the indenture/the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities will transfer to the private-sector entity served by the bond issuance. Neither the TOHLDC, TOHIDA, the State, nor any political subdivision thereof (including the Town), is obligated or contingently obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. Debt service payments are paid directly to the lender by the entity which incurred this supplemental debt.

As of December 31, 2019, the outstanding debt induced by the TOHLDC and TOHIDA and issued by other entities amount to approximately \$478,945,000 and \$69,400,000, respectively.

**G. RETIREMENT SYSTEM**

Plan Description

The Town participates in the New York State and Local Employees' Retirement System ("System"). This is a cost-sharing, multiple-employer defined benefit pension plan. The net position of the System is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term.



**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

**G. RETIREMENT SYSTEM** (continued)

Plan Description (continued)

The external advisory committees appointed by the Comptroller meet periodically throughout the year and provide independent, expert assistance in guiding the Fund. These committees include: the Advisory Council for the Retirement System; the Investment Advisory Committee; the Real Estate Advisory Committee; the Actuarial Advisory Committee and the Audit Advisory Committee.

System benefits are established under the provisions of the New York State Retirement and Social Security Law ("RSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Generally, members of the System are employees of the State and its municipalities, other than New York City. The Town also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. In the Fund statements, GLIP amounts are apportioned to and included in ERS. The System is included in the State's financial report as a pension trust fund. That report may be found at [www.osc.state.ny.us/retire/about\\_us/financial\\_statements\\_index.php](http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244-0001.

Vesting

Members who joined the System prior to January 1, 2010 need five years of service to be 100% vested. Members who joined on or after January 1, 2010 require ten years of service credit to be 100% vested.

Benefits Provided

The System provides retirement benefits as well as death and disability benefits.

*Tiers 1 and 2*

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 and Tier 2, is 55 and 62, respectively.

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2% of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tiers 1 and 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year's compensation used in the final average salary calculation is limited to no more than 20% greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% greater than the average of the previous two years.

*Tiers 3, 4 and 5*

Eligibility: Tiers 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.



**TOWN OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS

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

**G. RETIREMENT SYSTEM** (continued)

*Tiers 3, 4, and 5* (continued)

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2% of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tiers 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tiers 3, 4 and 5 members, each year of final average salary is limited to no more than 10% of the average of the previous two years.

*Tier 6*

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 members is age 63.

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2% of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10% of the average of the previous four years.

*Disability Retirement Benefits*

Disability retirement benefits are available to members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets of other benefits depend on a member's tier, years of service, and plan.

*Ordinary Death Benefits*

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

*Post-Retirement Benefit Increases*

A cost-of-living adjustment is provided annually to: (i) all retirees who have attained age 62 and have been retired for five years; (ii) all retirees who have attained age 55 and have been retired for ten years; (iii) all disability retirees, regardless of age, who have been retired for five years; (iv) recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years; and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50% of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1% or exceed 3%.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

**G. RETIREMENT SYSTEM** (continued)

Contributions

Generally, Tiers 3, 4 and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tiers 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tiers 5 and 6 members are required to contribute for all years of service. Under the authority of the RSSL, the Comptroller shall certify annually the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's year ended March 31.

The required contributions paid during the current year and preceding two years were as follows:

<b>Annual Required Contribution - ERS</b>					
	<b>Amount</b>	<b>Credits &amp; Miscellaneous Adjustments</b>	<b>Prepayment Discount</b>	<b>Amortization Payments</b>	<b>Total Payment</b>
2019	\$ 22,651,118	\$ 16,013	\$ (208,430)	\$ 4,267,445	\$ 26,726,146
2018	23,097,163	35,998	(212,356)	4,267,445	27,188,250
2017	24,695,381	59,322	(226,010)	4,267,445	28,796,138

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% of employee's 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 1% 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.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

**G. RETIREMENT SYSTEM** (continued)

Contributions (continued)

The laws referenced above require 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 pension related debt as of December 31, 2019 is \$15,351,662. 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
Years Ending December 31, 2020	\$ 3,741,252	\$ 508,665	\$ 4,249,917
2021	3,866,671	383,239	4,249,910
2022	3,241,405	253,585	3,494,990
2023	2,362,397	147,856	2,510,253
2024	1,471,860	68,198	1,540,058
2025	668,077	21,445	689,522
	<u>\$ 15,351,662</u>	<u>\$ 1,382,988</u>	<u>\$ 16,734,650</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2019, the Town reported a liability of \$39,036,111 for its proportionate share of the net pension liability related to its governmental activities and \$-0- related to its business-type activities. The net pension liability was measured as of March 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as April 1, 2018. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

Below is the Town's governmental activities proportionate share of the net pension liability of the System and its related employer allocation percentage.

Measurement Date	Net Pension Liability	Allocation of the System's Total Net Liability
March 31, 2019	\$ 39,036,111	0.55094470%

There was no significant change in the Town's proportionate share of 0.57426990% at March 31, 2018 to 0.55094470% at March 31, 2019.

The net pension liability for the nonmajor components units totaled \$1,576,538.

**TOWN OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS

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

**G. RETIREMENT SYSTEM** (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

For the year ended December 31, 2019, the Town recognized pension expense of \$23,630,181 in the government-wide statement of activities - governmental activities. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,687,026	\$ 2,620,421
Changes of assumptions	9,812,082	
Net difference between projected and actual earnings on pension plan investments		10,018,823
Changes in proportion and differences between the Town's contribution and proportionate share of contributions	3,905,455	2,028,413
Town's contributions subsequent to the measurement date, net of prepaid amounts	16,845,272	
Total	\$ 38,249,835	\$ 14,667,657

The Town's contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension as expense as follows:

Years Ending December 31, 2020	\$ 9,301,809
2021	(7,233,278)
2022	(609,941)
2023	5,278,316
	\$ 6,736,906



**TOWN OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS

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

**G. RETIREMENT SYSTEM** (continued)

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Actuarial Valuation Date	April 1, 2018
Interest rate	7.00%
Salary increase	4.20%
Cost of living adjustment	1.30%
Inflation rate	2.50%
Decrement tables	April 1, 2010 - March 2015 System Experience Scale MP 2014

Annuitant mortality rates are based on the April 1, 2010 - March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

The long-term rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2019 are summarized below:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity:		
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Alternatives:		
Private equity	10.00%	7.50%
Real estate	10.00%	5.55%
Other	8.00%	3.75%-5.68%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	(.25%)
Inflation indexed bonds	4.00%	1.25%
	100.00%	

Discount Rate

The discount rate used to calculate the total pension liability was 7.0% for the System. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at actuarially determined statutorily required rates. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

**G. RETIREMENT SYSTEM** (continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	1% Decrease 6.00%	Current Assumption 7.00%	1% Increase 8.00%
Town's proportionate share of the collective net pension liability/(asset)	\$ 170,672,094	\$ 39,036,111	\$ (71,547,457)
Nonmajor component unit's proportionate share of the collective net pension liability (asset)	\$ 6,892,472	\$ 1,576,448	\$ (2,919,394)

Pension Plan Fiduciary Net Position

The components of the current year net pension liability (measured as of March 31, 2019) of the employers as of the respective valuation dates were as follows:

	(Dollars in Thousands)
Employers' total pension liability	\$ (189,803,429)
Plan net position	182,718,124
Employers' net pension liability	\$ (7,085,305)
Ratio of plan net position to the Employers' total pension liability	96.27%

**H. LENGTH OF SERVICE AWARD PROGRAM PLAN**

Plan Description

The Town established and is the sponsor of a defined benefit service award program ("LOSAP"/"Plan") under Section 457 (e)(11) of the Internal Revenue Code effective January 1, 1991 for the volunteer firefighters of the Merrick Fire Department. This Plan was established pursuant to Article 11-A of New York State General Municipal Law ("GML") and provides municipally funded deferred compensation to volunteer firefighters of the Merrick Fire Department Company. For purposes of financial reporting of the LOSAP plan assets, deferred outflows/inflows of resources and liabilities, the Town is considered the employer (as defined by GASB) for this Plan. The Plan is administered by Hometown Firefighter Services; however, all Plan provisions and amendments are subject to conform with GML and the approval of the Town Board. The Town, as the plan's sponsor, has the right to amend or terminate the Plan.

Participation, Vesting and Service Credit

An eligible program participant is defined to be an active volunteer firefighter who is at least 18 years of age and has completed one year of firefighting service. Participants acquire a non-forfeitable right to a service award after being credited with five years of firefighting service or upon attaining the Plan's defined entitlement age of 60. A participant may also receive credit for five years of firefighting service rendered prior to the establishment of the Plan. Effective January 1, 2013, the Plan was amended to provide credit for years after an individual reaches the entitlement age. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year in which he or she accumulates fifty points. Points are granted for the performance of certain activities in accordance with Plan provisions on the basis of a statutory list of activities and point values.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

**H. LENGTH OF SERVICE AWARD PROGRAM PLAN** (continued)

Benefits

The amount of the monthly retirement income payable to a volunteer fireman eligible for normal retirement benefits is equal to \$20 multiplied by the total years of service, which is not to exceed 40 years annually. Unless a Participant elects to be paid in a lump sum form, the benefit shall be paid straight life annuity equal to one-twelfth of the Participants service award on a monthly basis. Benefit payments commence on the Plan anniversary date following the date the entitlement date is attained. The payment election is irrevocable once made. However, upon disability, the participant may apply for benefits regardless of whether or not the entitlement age has been attained or a nonforfeitable right has been acquired. If a participant should die prior reaching the entitlement age, a lump sum benefit payment shall be made equal to the value of benefits earned under the program. The benefits to the participants are limited to the available assets set aside in the grantor/rabbi trust.

Participants

As of December 31, 2019, the LOSAP Plans' measurement date, the following participants were covered by the benefit terms:

Inactive participants receiving benefits	27
Inactive participants entitled to, but not yet receiving benefits	63
Active participants	119
Total	209

Contributions

New York State General Municipal Law Section §219-o (1) requires the Plan sponsor (which is the Town) to contribute an actuarially determined contribution on an annual basis. The actuarially determined contributions are appropriated annually by the Town Board. During the year ended December 31, 2019, the Town contributed \$223,437 to the LOSAP Plan.

Trust Assets

Assets have been accumulated in a grantor/rabbi trust such that the assets are dedicated to providing pensions to plan members in accordance with benefit terms and in accordance with Article 11-A of GML. The grantor/rabbi trust assets are not legally protected from creditors of the Town. As such, the trust assets do not meet the criteria as defined by GASB and therefore may not be offset against the pension liabilities. The Trustee of the assets is a member of the Merrick Fire Department Company.

Measurement of Liability

The total LOSAP Plan pension liability and the collective total pension liability at the December 31, 2019 measurement date was determined using an actuarial valuation as of that same date.

Actuarial Assumptions

The total pension liability as of December 31, 2019 (the measurement and actuarial valuation date) was determined by using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal
Discount rate	2.75%
Inflation rate	2.25%
Salary Scale	None Assumed

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

**H. LENGTH OF SERVICE AWARD PROGRAM PLAN** (continued)

Actuarial Assumptions (continued)

The discount rate and inflation rate used to measure the 2019 LOSAP pension liability was 2.75% and 2.25%, respectively.

Mortality rates were based on the RP-2014 Mortality Table projected for mortality improvement using the scale MP-2018. In developing the discount rate, GASB requires that it is based on a yield or index rate for a 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The discount rate used to determine the Plan's liabilities was based upon the Fidelity 20-year GO AA Bond index. The LOSAP Plan utilized a discount rate of 2.75% for the December 31, 2019 actuarial valuation and 3.71% for the December 31, 2018 actuarial valuation.

LOSAP Total Pension Liability

The Town's total pension liability related to the LOSAP plan totaled \$6,318,348 at December 31, 2019.

Below summarizes the change in the total pension liability from December 31, 2018 to December 31, 2019:

Balance at beginning of year	\$	5,240,783
Service costs		159,492
Interest		191,219
Changes of assumptions or other inputs		863,957
Differences between expected and actual experience		36,167
Benefit payments		<u>(173,270)</u>
Balance at end of year	\$	<u>6,318,348</u>

Sensitivity of the Total Share of the Pension Liability to the Discount Rate Assumption

The following presents the Town's total pension liability calculated using the discount rate of 2.75%, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.75%) or 1-percentage point higher (3.75%) than the current rate:

	1% Decrease 1.75%	Current Assumption 2.75%	1% Decrease 3.75%
Total pension liability	<u>\$ 7,704,000</u>	<u>\$ 6,318,348</u>	<u>\$ 5,229,000</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2019, the Town recognized LOSAP pension expense of \$365,362.

At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to the LOSAP pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		\$ 28,748
Changes in assumptions	\$ 1,057,547	
Total	<u>\$ 1,057,547</u>	<u>\$ 28,748</u>



**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

**H. LENGTH OF SERVICE AWARD PROGRAM PLAN** (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending December 31, 2020	\$	83,536
2021		83,536
2022		83,536
2023		83,536
2024		83,536
Thereafter		611,119
	\$	1,028,799

Other Information

*Fiduciary Investment and Control*

Service credit is determined by the governing board of the sponsor, based on information certified to the governing board by the Merrick Fire Company ("Fire Company") whose members participate in the program. The 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 the fire department's 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 Trustee is a member of the Merrick Fire Department.

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 BPAS Actuarial and Pension Service, LLC. Portions of the following information are derived from a report prepared by the actuary dated April 2019 and the plan's statement of receipts and disbursements for 2019.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

**H. LENGTH OF SERVICE AWARD PROGRAM PLAN** (continued)

*Receipts and Disbursements*

Plan assets, December 31, 2018		\$	3,020,273
Changes during the year:			
(+ ) Plan contributions	\$		223,437
(+ ) Investment income earned			118,787
(+/-) Changes in fair market value of investments			12,684
(-) Plan benefit withdrawals			173,270
(-) Administrative and other fees/charges			9,233
			172,405
Plan assets, December 31, 2019		\$	3,192,678

*Contributions and Administration Fees*

Amount of sponsor's required contribution for 2019:	Minimum	\$	218,322
	Maximum	\$	229,174

Amount of sponsor's actual contribution:

Plan contributions	\$	218,322	
Administrative fees		5,115	
Amount paid to the plan		223,437	\$

*Funding: Methodology and Actuarial Assumptions*

The contributions to the LOSAP plan are determined based on an actuarial valuation using assumptions which differ from the actuarial assumptions used to measure the LOSAP pension liability. The actuarial valuation methodology used by the actuary to determine the sponsors contribution is the Unit Credit Cost Method. The recommended contribution consists of two parts: (1) the current-year normal costs, and (2) a payment to amortize the unfunded liability. The unfunded liability was recomputed as of January 2019 (date of actuarial valuation) to incorporate any actuarial or experience gains or losses which occurred from the previous year. The present value of accrued benefits is based on the current cost of purchasing an individual annuity. The assumptions used by the actuary to determine the sponsors contribution and actuarial present value of the benefits are as follows:

Assumed rate of return on investments:	4.75%
Mortality table:	RP2000 combined male mortality tables male projected to 2019
Post entitlement lump sums:	1983 GAM (Unisex) with 3% interest

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

**I. OTHER POSTEMPLOYMENT BENEFITS**

Plan Description

Postemployment benefits other than pensions are provided to retirees, beneficiaries and dependents under a single-employer defined benefit plan. Postemployment benefits other than pensions consist of providing healthcare coverage and dental insurance, or a portion thereof, to eligible retirees and survivors in accordance with the provisions of the union agreement in effect at the date of retirement. As the union agreement expires in future years, it will be renegotiated, and the benefits provided may be modified at that time. No assets have been accumulated in a trust which meets the criteria defined by GASB Statement No. 75, paragraph 4.

To provide these benefits, the Town currently participates in the New York State Health Insurance Plan ("NYSHIP"), which offers health insurance coverage to New York State public employees through the Empire Plan (an indemnity health insurance plan) or an approved Health Maintenance Organization ("HMO"). Currently, healthcare insurance coverage is through the Empire Core Plan plus Enhancement and HIP- Health Plan of New York (an HMO). The New York State Department of Civil Service administers NYSHIP.

The Town pays the health insurance premiums to NYSHIP on a monthly basis. Health insurance premiums paid by the Town are based on the benefits paid through the State during the year or from a choice of HMOs. 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 losses. 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.

The Town, pursuant to its union agreement with employees, will pay 100% of the healthcare insurance premium for full-time employees with 10 years of service, who have attained the age of 55 and were hired on or before April 22, 2013 and will pay 85% of the healthcare insurance premium for full-time employees with 10 years of service, who have attained the age of 55 and were hired after April 22, 2013. Effective January 1, 2018, retirees enrolled in an HMO Plan with a monthly premium greater than that of the Empire Plan, the Town's allocable percentage of the premium (85%/100%) is limited to the cost of the Empire Plan. The Town shall also pay the percentage share of the costs of health and dental insurance for the surviving spouse and dependents at the same rate of contribution in effect for the employee/retiree prior to retirement, provided that the employee completed 20 years of service, retired within six months of his/her retirement eligibility date based on age, length of service and tier requirements and retired after December 31, 2017.

The retiree is also eligible for Medicare Part B reimbursement at rate of \$134 per month, based on the standard 2018 rate. The Medicare Part B premium that is charged varies by income level. Medicare Part B reimbursement valuation was assumed at the basic level. The Town also provides dental coverage on a self-insured basis through Healthplex. The maximum coverage benefit was \$2,080 in 2019, and increases by 2% through the term of the union agreement (year 2021).

The Town's blended component unit reported in the business-type activities and proprietary fund does not have any employees and therefore other postemployment benefits is not applicable to it. Therefore, all disclosures pertain to the primary government's governmental activities.

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. However, effective January 1, 2017, in circumstances when an employee retires within six months of reaching the required age (55 years), with 20 years of service, and pursuant to a Town offered retirement incentive plan, the Town will pay 100% coverage of the lifetime healthcare premiums of the surviving spouse. The survivor does continue to receive the Medicare reimbursement.

**TOWN OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS

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

**I. OTHER POSTEMPLOYMENT BENEFITS** (continued)

The union agreement/contract will be renegotiated at various times in the future and these benefits are subject to change at the point on renegotiation. The Town, as administrator of the Plan, does not issue a separate report.

Employees Covered by Benefit Terms

The number of participants as of January 1, 2018, the effective date of the most recent OPEB valuation, follows:

Active employees	1,818
Retired employees	<u>1,702</u>
	<u>3,520</u>

There have been no significant changes in the number or employees or the type of coverage since that date.

Total OPEB Liability

The Town's total OPEB liability of \$1,306,759,675 was measured as of December 31, 2019 (measurement date) and was determined by an actuarial valuation as of January 1, 2018, with updating procedures used to rollforward the OPEB liability to the measurement date. The total OPEB liability represents the sum of expected future benefit payments which may be attributed to past service or 'earned', discounted to the end of the year using the current discount rate. The total OPEB liability is part of the non-current liabilities due in more than one year in the statement of net position.

Funding Policy

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

Actuarial Assumptions and Other Inputs

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 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 included techniques that are designed to reduce the effects of short-term liability actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

The total OPEB liability in the January 1, 2018 actuarial valuation and measured as of December 31, 2019, was determined using the following actuarial assumptions and other inputs:

Census collection date	January 1, 2018
Discount rate	2.66%
Healthcare cost trend rates (pre 65/post 65)	9.5%/9.5%, decreased 0.5% per year to an ultimate 5.0% in 2028
Actuarial cost method	Entry Age Normal (percent of salary)
Participation rate	100% of future eligible retirees will elect coverage
Mortality rate	Society of Actuaries RP-2014 Total Dataset Mortality with Scale MP-2017 (base year 2006)
Implicit rate subsidy age factors	39.71% at age 20, increasing to 164.94% at age 60



**TOWN OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS

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

**I. OTHER POSTEMPLOYMENT BENEFITS** (continued)

The discount rate used to measure the liability was 2.65% based on the Bond Buyer's 20-year general obligation bond index.

Changes in the Total OPEB Liability

The following table shows the components of the Town's total OPEB liability:

Total OPEB liability, December 31, 2018 measurement date	\$	1,093,863,073
Changes for the year:		
Service costs		51,671,609
Interest		36,229,424
Assumption changes		287,304,327
Legislative changes, repeal of excise tax		(127,765,245)
Benefit payments		(34,543,513)
		<hr/>
Balance as of the December 31, 2019 measurement date	\$	<u>1,306,759,675</u>

Changes in assumptions and other inputs used in measuring the liability from December 31, 2018 to December 31, 2019 include a change in the discount rate from 4.10% in 2018 to 2.66% in 2019 and the repeal of 40% high-cost plan excise tax in 2019.

The total OPEB liability for the nonmajor component units totaled \$23,239,653.

Sensitivity of the Total OPEB liability to Changes

The following presents the total OPEB liability at December 31, 2019, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the discount rate used:

	Discount Rate		
	1% Decrease 1.66%	Current Assumption 2.66%	1% Increase 3.66%
Town's total OPEB liability	\$ 1,446,633,119	\$ 1,306,759,675	\$ 1,180,378,495
Nonmajor component units total OPEB liability	27,669,464	23,239,653	19,767,240

The following presents the total OPEB liability at December 31, 2019, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the healthcare cost trend rates used:

	Healthcare Cost Trend Rate		
	1% Decrease 8.5% to 4.0%	Current Assumption 9.5% to 5.0%	1% Increase 10.5% to 6.0%
Town's total OPEB liability	\$ 1,084,627,280	\$ 1,306,759,675	\$ 1,525,703,996
Nonmajor component units total OPEB liability	19,450,738	23,239,653	28,189,465

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

**I. OTHER POSTEMPLOYMENT BENEFITS** (continued)

OPEB Expense and Deferred Outflows/Inflows of Resources

For the year ended December 31, 2019, the Town recognized OPEB expense of \$119,442,345. At December 31, 2019, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ 104,017,058
Changes in assumptions	\$ 233,902,036	
Total	\$ 233,902,036	\$ 104,017,058

The amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending December 31, 2020	\$	29,654,104
2021		29,654,104
2022		29,654,104
2023		29,654,104
2024		11,268,562
	\$	129,884,978

A copy of the Town of Hempstead Retiree Medical Program 2019 Actuarial Valuation is available by contacting the Town of Hempstead, Office of the Comptroller, Hempstead, New York.

**J. 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, 2019, the liability of the compensated absences was \$47,401,017 for the primary government's governmental activities. The liability for compensated absences for the nonmajor component units amounted to \$1,472,148.

**K. 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, 2019 was \$18,987. At December 31, 2019, the amount of net position restricted for Permanent fund nonexpendable purposes in the statement of net position and nonexpendable fund balance for Permanent fund principal in the governmental funds balance sheet pertaining to the Greenfield Cemetery was \$1,337,867.

**TOWN OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS

**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 general liability claims. Although the eventual outcome of these claims cannot presently be determined, the Town Attorney estimates the potential liability pertaining to unsettled claims and litigation. Claims for which the outcome is deemed probable and the potential loss is estimable, a liability is recorded in the government-wide financial statements. 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 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.

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.

Primary Government, Governmental Activities	Workers' Compensation		General Liability		Other Garbage Taxes and Local Utilities	
	2019	2018	2019	2018	2019	2018
Unpaid claims and claim adjustment expenditures at the beginning of the year	\$ 31,503,649	\$30,288,699	\$ 4,525,664	\$ 7,047,463	\$ 643,838	\$ 80,261,000
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	14,101,878	12,940,417	3,075,146	5,325,401		3,245,993
Total incurred claims and claim adjustment expenditures	14,101,878	12,940,417	3,075,146	5,325,401	-0-	3,245,993
Payments:						
Claim and claim adjustment expenditures attributable to insured events of the current and prior years	11,802,283	11,725,467	3,069,583	7,847,200	-0-	82,863,155
Total unpaid claims and claim adjustment expenditures at the end of the year	\$ 33,803,244	\$31,503,649	\$ 4,531,227	\$ 4,525,664	\$ 643,838	\$ 84,507,993

The Town's business-type activities has no judgment and claims liability.

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.

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.

**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 no 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

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

**B. LITIGATION** (continued)

Garbage Taxes and Local Utilities

There are five (5) cases against the Town regarding garbage taxes and local utilities. The plaintiff utility companies sued the Town and its garbage districts on the theory that the ad valorem levies imposed upon the plaintiff's transmission and distribution properties to fund the Town's garbage collection and disposal services are illegal because these properties do not and cannot generate any garbage. [See, New York Telephone Company v. Oyster Bay, 4 N.Y.3d 387 (2005)]. The Town vigorously defended all these claims. The Town had brought Nassau County into the proceedings by means of a third-party summons and complaint.

In March 2014, the Appellate Division directed the Town to pay the Plaintiffs in the first instance and directed the County to reimburse the Town for the sums the Town pays the Plaintiffs.

In October of 2016, the Town and County entered into an agreement where the County will reimburse the Town for 70% of the sums the Town has already paid to all utility plaintiffs and the County will reimburse the Town 70% of all future sums the Town pays to any utility plaintiffs in these cases, and the Town and County would cooperate with each other to try to limit the future liabilities in these cases (including the below mentioned interest rate litigation).

The trial court issued Judgments using pre-judgment interest in the 5-6.02% range in the matters, and the Town has satisfied those judgments subject to pending appeals and cross-appeals regarding the appropriate rate of interest. The parties have completed briefing on all four appeals which were submitted for a decision which is still pending as of December 2020.

In addition, the Town settled the MCI litigation at a reduced interest rate and Judge Marano executed a Consent Judgment which the Town has satisfied out of operating funds.

The only remaining liability which hasn't been reduced to judgment is the Verizon 2012 tax year. The Town has included a \$643,838 accrual in claims and judgment payable for this matter.

The Town issued bonds in July, 2018 to satisfy the Verizon, Keyspan, Long Island Water, and New York Water judgments. During 2018, the Town paid \$82,863,155 to the aforementioned utility companies to satisfy the judgment.

Pursuant to the executed Town/County Agreement dated September 27, 2016 whereby the County will reimburse the Town 70% of the judgment paid, the Town has recorded a receivable (due from other governments) of \$52,203,788 at December 31, 2019, of which \$5,800,421 is current and \$46,403,367 is long-term. See Note 3C.

FIT Tuition Charge Back

In 2010, Nassau County ("County") commenced a charge back to the cities and towns (including the Town of Hempstead) within the County for amounts paid for its cost of educating County residents 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 the County could charge back to the towns the amount paid for both two and four year programs at FIT. 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. In July 2018, the Court denied the Town's motion for summary judgment and granted the County's cross-motion for summary judgement, finding that the County has acted in accordance with the law when charging back the Town. In August 2018, the Town filed a Notice of Appeal of the Court's July 2018 decision. In February 2019, the Town perfected its' appeal. The appeal was fully submitted to the Appellate Division in September 2019 and oral argument was held on September 24, 2020. The parties are awaiting the Appellate Division's decision. All payments have been made to the County, accordingly, there is no provision in judgment and claims liability for this matter.



**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

**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 seven million dollars. These cases are in various stages of litigation. If their outcome cannot presently be determined, no liability has been recorded in the financial statements.

Environmental

Pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601 et seq. and New York State Common Law, the Town initiated action against the U.S. Department of the Navy and Northrop Grumman Corp to seek recovery from the aforementioned named Defendants for their actions which the Town alleges has caused the disposal and release of hazardous materials into the Town's Levittown Water District water supply. The Defendants have filed various motions to dismiss which the Court denied in late 2017. Currently the parties are in the discovery phase of the environmental case.

**C. RESOURCE RECOVERY FACILITY**

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 Town of Hempstead Industrial Development Agency and, in turn, sub-leased to the Company.

In conjunction with the new service agreement, the Town, District, TOHIDA 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 TOHIDA and the Company; (3) Third Amendment to [Facility] Lease Agreement between the TOHIDA and the Company; and (4) Payment In Lieu Of Taxes Agreement between the TOHIDA 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 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 any outstanding indebtedness incurred by the Company to finance the cost of prior uncontrollable circumstances.

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.

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

**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 1984. Accordingly, as of December 31, 2019, the Town has recorded a liability of \$842,448 in the government-wide financial statements, which represents the estimated costs for postclosure care (monitoring and maintenance) landfill costs to be paid in future years. As the liability is based on 100% of capacity there are no additional estimated costs for closure or postclosure care remaining to be recognized. Actual costs may vary due to inflation or deflation, changes in technology, or changes in regulations or applicable laws.

**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, 2019 has commitments for capital acquisitions and improvements of \$53,244,592 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, 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, 2019, the encumbrances, excluding Capital Projects, expected to be honored upon performance by the vendor in the next year were as follows:

Primary Government, Governmental Activities	
Major Funds:	
General	\$ 34,702
Highway	2,812
Park Districts	12,277
Refuse and Garbage Districts	37,253
Nonmajor Funds:	
Town Outside Village	500
	\$ 87,544

These encumbrances are included in assigned fund balance as "purchases on order or contractual obligations".

**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

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

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

**G. POLLUTION REMEDIATION OBLIGATIONS** (continued)

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 New York State Department of Environmental Conservation (the "NYSDEC") spill cases and the United States Environmental Protection Agency (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, 2019, the Town's governmental activities has estimated pollution remediation obligations amounts at \$7,294,301, of which \$5,602,200 is estimated to be 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.

**H. SERVICE CONCESSION ARRANGEMENTS**

In 2015, the Town entered into an agreement with National Rink Management Corporation for management of the Newbridge Road Park Ice Rink, Pro Shop and concession stand for a ten-year period ending March 31, 2025. The agreement includes options for two five-year extensions. Under the terms of the agreement, National Rink Management Corporation will pay the Town \$105,000 annually. 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. At December 31, 2019, the Town reports a receivable and deferred inflow of resources in the government-wide statements in the amount of \$525,000.

In April 2019, the Town extended its agreement with Dover Gourmet Corp. through April 2024, for the management and maintenance of the Malibu Beach Park for the next five years. Dover Gourmet will pay the Town an annual license fee of \$533,610. 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 \$2,668,050 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, 2019, the Town reports a receivable of \$2,801,367 and deferred inflow of resources of \$2,267,843 in the government-wide statement of net position and the General Fund reports a net receivable of and deferred inflows of resources in the amount of \$533,522.

**I. OTHER**

Grant Funding

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.



**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

**5. TAX ABATEMENTS**

The Town is subject to tax abatements granted by (1) Nassau County Industrial Development Agency, an entity created by Nassau County, (2) the Town of Hempstead Industrial Development Agency ("TOHIDA") and (collectively referred to as the IDAs), and (3) the Town of Hempstead. The IDA's offer these abatement programs to businesses to promote, retain, attract and encourage and develop economically sound commerce and industry base to prevent unemployment and economic deterioration with Nassau County and Town of Hempstead, respectively. As of December 31, 2019, the tax abatement program which may be offered by the IDA's on qualified projects and which impacts the Town's revenues is for real property tax abatement. Generally, a qualified project is an applicant submitted project which meet certain economic development criteria (such as job creation/retention) and which either (1) has been or will be financed by the issuance of IDA issued bonds, notes or other evidences of indebtedness with respect thereto, or (2) is a straight lease transaction with the IDA has determined to undertake pursuant to a Lease Policy. The IDAs, as a condition of providing assistance, may require that the benefiting company remit a payment in lieu of taxes' ("PILOT") payment to offset the amount of taxes abated.

The Town also granted real property tax abatements to promote affordable and senior citizen housing within the Town of Hempstead limits. Pursuant to Section 125 of the Private Housing Finance Law of the State of New York, a qualified project may be included into its privately financed affordable & senior citizen housing tax abatement program. This program provides real property tax abatements of 100% of real property taxes for 25 years on qualified new capital improvements or where the property has a federally-aided mortgage the tax exemption period shall be the period in which the mortgage is outstanding, but in no event longer than 40 years from the date on which the federally-aided mortgage takes effect. During the term of the agreements, the benefiting entity must operate and maintain the property consistent with the terms of the agreement. As a general condition of providing tax relief assistance, the benefiting company enters into a PILOT agreement to offset the taxes abated.

The TOHIDA has a TOHIDA Board adopted Uniform Tax Exemption Policy, which outlines how local businesses' real estate taxes are reduced and how the amount of the real estate abatement is determined. During the term of the agreements, the local business must operate and maintain the property consistent with the terms of the agreement. If the local business does not comply, financial penalties may be imposed, such as the recapture of the benefits received, depending upon the severity of the noncompliance.

During the year ended December 31, 2019, the agreements the IDAs and the Town ratified, resulted in the following:

	Industrial Development Agency			Total
	Town of Hempstead	Nassau County	Town of Hempstead	
Real property tax abated	\$ 8,917,190	\$ 1,616,080	\$ 362,208	\$ 10,895,478
PILOTs received	3,584,897	748,503	105,555	4,438,955
Net	\$ 5,332,293	\$ 867,577	\$ 256,653	\$ 6,456,523

The amount of abated taxes reported is based on the assessed value of property per the official assessment tax rolls and tax rates in effect on December 1, 2018, the tax lien date for the 2019 real property tax and PILOT revenue recognized.

The Town also receives PILOT payments pursuant to laws and regulations and therefore not included in this disclosure.



**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

**6. 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, 2019:

**Condensed Statement of Net Position:**

	Assets			Liabilities			Net Position		
	Current and Other Assets	Capital Assets Net of Depreciation	Deferred Outflows of Resources	Current Liabilities	Bonds and Other Long-Term Liabilities	Deferred Inflows of Resources	Net Investment in Capital Assets	Restricted	Unrestricted
Town of Hempstead Industrial Development Agency	\$ 8,926,293	\$ 25,126	\$ 143,794	\$ 5,830,396	\$ 922,423	\$ 30,372	\$ 25,126		\$ 2,286,886
Lakeview Public Library District	2,844,587	2,201,838	105,839	53,005	144,835	44,683	2,201,838	\$ 1,000	2,707,103
Roosevelt Public Library District	716,159	11,485,515	334,572	806,014	6,490,768	72,990	5,289,981		(123,507)
Uniondale Public Library District	5,489,364	5,632,450	1,106,773	289,471	4,963,876	392,519	5,603,816	16,871	982,034
Cathedral Gardens Water District	186,585			8,410					178,175
Franklin Square Water District	3,074,844	5,570,006	224,540	520,995	13,846,616	163,004	(1,076,746)	1,334,098	(5,918,477)
West Hempstead - Hempstead Gardens Water District - Unaudited	5,724,383	21,738,831	391,608	3,288,083	12,418,986	118,008	14,090,896	2,724,546	(4,785,699)
Greater Atlantic Beach Water Reclamation District	1,311,100	3,491,006	807,089	468,775	7,246,842	203,603	1,257,566	1,022,225	(4,589,812)
	<u>\$ 28,273,415</u>	<u>\$ 50,144,772</u>	<u>\$ 3,114,223</u>	<u>\$ 11,245,149</u>	<u>\$ 46,034,146</u>	<u>\$ 1,025,185</u>	<u>\$ 27,392,477</u>	<u>\$ 5,098,740</u>	<u>\$ (9,263,287)</u>

**Condensed Statement of Activities:**

	Expenses	Program			Net Expense (Revenue)	General Revenue		Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Real Property Taxes and Tax Items	Other	Change	As Restated 1/1/2019	12/31/2019
Town of Hempstead Industrial Development Agency	\$ 811,133	\$ 876,572			\$ (65,439)		\$ 50,188	\$ 115,627	\$ 2,196,395	\$ 2,312,022
Lakeview Public Library District	1,142,718	81,585	\$ 3,015		1,058,118	\$ 1,404,240	8,723	354,845	4,565,096	4,909,941
Roosevelt Public Library District	3,539,305	24,486	38,927		3,475,893	3,122,514	8,481	(344,898)	5,511,372	5,166,474
Uniondale Public Library District	4,310,447	40,998			4,289,449	4,157,124	128,179	15,854	6,586,967	6,602,721
Cathedral Gardens Water District	59,130	4,125			55,005	65,460	98	10,553	167,622	178,175
Franklin Square Water District	4,213,067	1,733,984			2,479,083	1,064,567	111,657	(1,302,839)	(4,358,286)	(5,661,125)
West Hempstead - Hempstead Gardens Water District - Unaudited	6,329,498	2,698,781			3,640,717	2,171,036	534,236	(935,445)	12,965,188	12,029,743
Greater Atlantic Beach Water Reclamation District	2,297,360	208,716	\$ 1,400		2,087,244	1,808,403	14,491	(264,350)	(2,045,671)	(2,310,021)
	<u>\$ 22,702,659</u>	<u>\$ 6,559,247</u>	<u>\$ 41,942</u>	<u>\$ 1,400</u>	<u>\$ 17,000,070</u>	<u>\$ 13,793,364</u>	<u>\$ 856,053</u>	<u>\$ (2,350,653)</u>	<u>\$ 25,578,583</u>	<u>\$ 23,227,930</u>

The condensed statements noted above do not include the 2019 financial information of the Town of Hempstead Housing Authority as it was not available.

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

- |   |   |
|---|---|
| <p>1) Town of Hempstead Industrial Development Agency<br/>350 Front Street<br/>Hempstead, NY 11550</p> <p>3) Lakeview Public Library District<br/>P.O. Box 177<br/>Franklin Square, NY 11570</p> <p>5) Uniondale Public Library District<br/>400 Uniondale Avenue<br/>Uniondale, NY 11553</p> <p>7) Franklin Square Water District<br/>P.O. Box 177<br/>Franklin Square, NY 11570</p> <p>9) Greater Atlantic Beach Water Reclamation District<br/>2150 Bay Blvd.<br/>Atlantic Beach, NY 11509</p> | <p>2) Town of Hempstead Housing Authority<br/>760 Jerusalem Avenue<br/>Uniondale, NY 11553</p> <p>4) Roosevelt Public Library District<br/>27 West Fulton Street<br/>Roosevelt, NY 11575</p> <p>6) Cathedral Gardens Water District<br/>150 Westminster Road<br/>West Hempstead, NY 11552</p> <p>8) West Hempstead - Hempstead Gardens Water District<br/>575 Birch Street<br/>West Hempstead, NY 11550</p> |
|---|---|

**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

**7. CHANGES TO PREVIOUSLY ISSUED REPORT**

Effects of Changes to Net Position/Fund Balance

The chart below summarizes the effects on restating net position of the discretely presented component units pertaining to an overstatement of beginning capital assets and net position:

	Discretely Presented Component Units
Net position, as originally reported	\$ 26,732,231
Restate to reflect that the 2019 Town of Hempstead Housing Authority's financial information was not available and is excluded from this report	(647,642)
Restate capital assets opening balance and other amounts	(481,712)
Restate accounts payable	(24,294)
Net position, as restated	\$ 25,578,583

**SUBSEQUENT EVENTS**

*Economic Conditions*

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public-Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic based on the rapid increase in exposure globally. New York City and surrounding areas were particularly hard hit by the coronavirus. Actions taken around the world to help mitigate the spread of the coronavirus included restrictions on travel, and quarantines in certain areas, forced closures for certain types of public places and businesses. The coronavirus and actions taken globally and especially in New York State to mitigate it, have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area the Town operates. While it is unknown how long these conditions will last and what the complete financial impact to the Town will be, the Town is expecting it to negatively impact its revenues and expenditures.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Town's future operations and results of its operations. As of the date of this report (December 21, 2020), the Town is unable to estimate the effects of the COVID-19 outbreak on the future results of its operations.

*Special Grants*

Subsequent to year end, at the request from the Town, the U.S. Department of Housing and Urban Development ("HUD") approved the transfer of the Section 8 Housing Choice Program and associated federal budget from the Town to the New York State Homes and Community Renewal Agency ("HCR"). The effective date of the transfer was September 1, 2020 and the related residual unrestricted cash was transferred to the HCR and the restricted cash was transferred to HUD.

In 2020, pursuant to the Coronavirus Aid, Relief and Economic Security Act ("CARES ACT"), the Town, as an eligible recipient, was awarded \$133 million to cover costs that are necessary expenditures due to public health emergency with respect to COVID-19, were not accounted for in the budget most recently approved as of March 27, 2020 for the Town and were incurred during the period March 1, 2020 and December 30, 2020. The funds may not be used to fill shortfalls in Towns revenues to cover expenditures that would not otherwise qualify under the statute.

*Bond Issuances*

In December 2020, the Town issued \$33,270,000 million in bond anticipation notes for public improvement purposes. The bonds bear interest at 1.25% and will mature in December 2021.

**TOWN OF HEMPSTEAD**  
NOTES TO FINANCIAL STATEMENTS

**8. NEW PRONOUNCEMENTS**

The Governmental Accounting Standards Board ("GASB") has issued the following Statements which are to be implemented in subsequent years:

Statement No. 83, *"Certain Assets Retirement Obligations"*, as amended by Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance"*, establishes criteria for determining the timing and pattern of recognition of a liability and corresponding deferred outflow of resources for asset retirement obligations. It also addresses that measurement of both the asset retirement obligation and deferred outflows of resources should be based on the estimated of the current value of expected outlays. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019.

Statement No. 84, *"Fiduciary Activities"*, as amended by Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance"*, establishes criteria for identifying fiduciary activities of all state and local governments. The criteria focus is generally on (1) whether a government is controlling the assets of the fiduciary activity, and (2) the beneficiaries with whom a fiduciary relationship exists. The Statement establishes the four fiduciary funds that should be reported (as applicable): (1) pension and other employee benefit trust funds, (2) investment trust funds, (3) private purpose trust funds, and (4) custodial funds. This Statement also provides guidance for the recognition of a liability when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 87, *"Leases"*, as amended by Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance"*, establishes accounting and financial reporting of leases. It requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. For leases with terms in-excess of 12 months, the Statement requires the leases to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 88, *"Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements"*, as amended by Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance"*, was issued to improve information disclosed in the notes to financial statements related to debt and clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019.

Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period"*, as amended by Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance"*, requires that interest costs incurred before the end of a construction period be recognized as an expense. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset recorded in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 90, *"Majority Equity Interests - an Amendment of GASB Statements No. 14 and 61"*, as amended by Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance"*, provides guidance regarding the accounting and financial reporting of a government's majority equity interest in a legally separate organization. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.



**TOWN OF HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**

**9. NEW PRONOUNCEMENTS** (continued)

Statement No. 91, *"Conduit Debt Obligations"*, as amended by Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance"*, was issued to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 92, *"Omnibus 2020"*, as amended by Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance"*, was issued to enhance comparability in accounting and financial reporting and consistency of authoritative language on various topics. The requirements of this Statement are effective for reporting periods as follows: paragraphs 4,5,6,7,8,9,10 and 12 effective years beginning after June 15, 2021.

Statement No. 93, *"Replacement of Interbank Offered Rates"*, as amended by Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance"*, amends certain provisions of GASB Statement No. 53, *"Accounting and Financial Reporting for Derivative Instruments"* as amended) and 87, *"Leases"*. It has been issued to address the various accounting and reporting implications that will result from the replacement of LIBOR, as LIBOR will cease to exist in 2021. The requirements of this Statement, except for paragraph 11b, 13 and 14, are effective for reporting periods beginning after June 15, 2020. The requirement of paragraph 11b is effective for reporting periods ending after December 31, 2021 and paragraphs 13 and 14 are effective for years beginning after June 15, 2021.

Statement No. 94, *"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"*, this Statement has been issued to improve financial reporting related to public-private and public-public partnership arrangements, in which one a government (transferor) contracts with an operator (governmental or nongovernmental entity) to provide public services by conveying the right to operate or use a nonfinancial assets. The requirements of this Statement are effective for years beginning after June 15, 2022.

Statement No. 96, *"Subscription-Based Information Technology Arrangements"*, this Statement has been issued to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *"Leases"*, as amended. The requirements of this Statement are effective for years beginning after June 15, 2022.

Statement No. 97, *"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statement No. 14 and No. 84 and a suppression of GASB Statement No. 32"*, this Statement has been issued to (1) increase consistency in reporting of fiduciary component units in instances where the potential component unit does not have a governing board and the primary government performs the duties of a governing board (effective upon issuance); (2) mitigate costs associated with the reporting of certain defined contribution plans and employee benefits plans other than pension plans or OPEB plans as fiduciary component units (effective upon issuance), and (3) enhances relevance and consistency of accounting and financial reporting for Internal Revenue Service Section 457 deferred compensation plans that meet the definition of a pension plan for benefits provided through those plans (effective for years beginning after June 15, 2021).

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



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

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

**Schedule of Changes in Total Other Postemployment Benefits Liability and Related  
Ratio**

**Schedule of Proportionate Share of the Net Pension Liability**

**Schedule of Pension Contributions**

**Schedule of Pension Liability – Length of Service Award Program Plan**

**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.

**TOWN OF HEMPSTEAD**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Real property taxes	\$ 29,255,813	\$ 29,255,813	\$ 29,216,076	\$ (39,737)
Real property tax items	2,451,535	2,451,535	2,362,364	(89,171)
Non-property tax items	41,350,000	41,350,000	41,588,290	238,290
Departmental income	8,567,000	8,567,000	7,069,497	(1,497,503)
Intergovernmental charges	30,000	30,000	45,029	15,029
Use of money and property	1,270,000	1,270,000	1,157,564	(112,436)
Licenses and permits	2,261,750	2,261,750	2,664,226	402,476
Fines and forfeitures	10,000	10,000	20,800	10,800
Sale of property and compensation for loss	82,100	82,100	151,992	69,892
Miscellaneous revenue	275,000	275,000	3,792,793	3,517,793
Interfund revenues	61,897,174	61,897,174	61,946,337	49,163
State aid	25,783,885	25,783,885	24,964,339	(819,546)
Federal aid			233,697	233,697
<b>Total Revenues</b>	<b>173,234,257</b>	<b>173,234,257</b>	<b>175,213,004</b>	<b>1,978,747</b>
<b>EXPENDITURES</b>				
Current:				
General government support	87,839,172	90,858,302	89,671,926	1,186,376
Education	7,600,000	9,343,393	9,343,393	-0-
Public safety	15,331,586	16,020,552	15,544,782	475,770
Transportation	1,173,173	1,198,561	1,198,557	4
Economic assistance and opportunity	4,154,369	4,384,838	4,269,817	115,021
Culture and recreation	135,000	49,133	49,133	-0-
Home and community services	9,760,760	10,013,522	10,010,592	2,930
Employee benefits	40,520,486	40,206,353	40,206,350	3
Debt service:				
Principal - capital lease	211,335	211,335	211,334	1
Interest - capital lease	32,291	32,291	32,290	1
<b>Total Expenditures</b>	<b>166,758,182</b>	<b>172,318,280</b>	<b>170,538,174</b>	<b>1,780,106</b>
<b>Excess of Revenues Over Expenditures</b>	<b>6,476,075</b>	<b>915,977</b>	<b>4,674,830</b>	<b>3,758,853</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in			48,293	48,293
Transfers out	(8,588,813)	(9,798,813)	(9,778,492)	20,321
Premiums on bonds	350,000	350,000	964,916	614,916
<b>Total Other Financing Sources (Uses)</b>	<b>(8,238,813)</b>	<b>(9,448,813)</b>	<b>(8,765,283)</b>	<b>683,530</b>
<b>Net Change in Fund Balances*</b>	<b>\$ (1,762,738)</b>	<b>\$ (8,532,836)</b>	<b>(4,090,453)</b>	<b>\$ 4,442,383</b>
<b>Fund Balances at Beginning of Year</b>			<b>26,745,614</b>	
<b>Fund Balances at End of Year</b>			<b>\$ 22,655,161</b>	
<b>* Budgeted net change in fund balance:</b> The net change in fund balances was included in the budget as an appropriation of fund balance and purchase orders brought forward.		<u>(1,762,738)</u>		

**TOWN OF HEMPSTEAD  
HIGHWAY FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
Year ended December 31, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Real property taxes	\$ 61,814,741	\$ 61,814,741	\$ 61,814,740	\$ (1)
Real property tax items	2,606,705	2,606,705	2,371,746	(234,959)
Intergovernmental charges	3,000	3,000	6,250	3,250
Use of money and property	142,000	142,000	943,145	801,145
Sale of property and compensation for loss	63,000	63,000	62,582	(418)
Miscellaneous revenue	350,250	350,250	240,094	(110,156)
State aid	150,000	150,000		(150,000)
Federal aid				
Total Revenues	<u>65,129,696</u>	<u>65,129,696</u>	<u>65,438,557</u>	<u>308,861</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	29,581,097	32,084,538	32,081,710	2,828
Employee benefits	12,452,917	12,136,649	12,136,645	4
Total Expenditures	<u>42,034,014</u>	<u>44,221,187</u>	<u>44,218,355</u>	<u>2,832</u>
<b>Excess of Revenues Over Expenditures</b>	<u>23,095,682</u>	<u>20,908,509</u>	<u>21,220,202</u>	<u>311,693</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,800,000	2,800,000	6,421,038	3,621,038
Transfers out	(25,069,964)	(24,943,363)	(24,943,362)	1
Issuance of debt			2,500,000	2,500,000
Premiums on bonds	100,000	100,000	2,352,349	2,252,349
Total Other Financing Sources (Uses)	<u>(22,169,964)</u>	<u>(22,043,363)</u>	<u>(13,669,975)</u>	<u>8,373,388</u>
<b>Net Change in Fund Balances*</b>	<u>\$ 925,718</u>	<u>\$ (1,134,854)</u>	<u>7,550,227</u>	<u>\$ 8,685,081</u>
<b>Fund Balances at Beginning of Year</b>			<u>15,426,520</u>	
<b>Fund Balances at End of Year</b>			<u>\$ 22,976,747</u>	
<b>* Budgeted net change in fund balance:</b>				
Revenues raised to restore fund balance per fund balance policy, less purchase orders brought forward, as applicable	<u>\$ 925,718</u>			



**TOWN OF HEMPSTEAD**

**PARK DISTRICTS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Real property taxes	\$ 54,911,218	\$ 54,911,218	\$ 54,911,218	\$ -0-
Real property tax items	2,965,618	2,965,618	2,849,057	(116,561)
Departmental income	2,696,585	2,696,585	2,604,941	(91,644)
Intergovernmental charges	817,330	817,330	811,666	(5,664)
Use of money and property	401,451	401,451	573,214	171,763
Fines and forfeitures	2,500	2,500	1,150	(1,350)
Sale of property and compensation for loss	300	300	49,373	49,073
Miscellaneous revenue	275,000	295,000	605,205	310,205
Interfund revenues	32,677,641	32,677,641	32,677,641	-0-
State aid	165,000	859,250	115,719	(743,531)
<b>Total Revenues</b>	<b>94,912,643</b>	<b>95,626,893</b>	<b>95,199,184</b>	<b>(427,709)</b>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	59,541,886	62,508,788	61,926,399	582,389
Employee benefits	23,723,216	23,640,605	23,640,602	3
<b>Total Expenditures</b>	<b>83,265,102</b>	<b>86,149,393</b>	<b>85,567,001</b>	<b>582,392</b>
<b>Excess of Revenues Over Expenditures</b>	<b>11,647,541</b>	<b>9,477,500</b>	<b>9,632,183</b>	<b>154,683</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(4,423,736)	(4,421,836)	(4,414,364)	7,472
Premiums on bonds	75,000	75,000	453,656	378,656
<b>Total Other Financing Sources (Uses)</b>	<b>(4,348,736)</b>	<b>(4,346,836)</b>	<b>(3,960,708)</b>	<b>386,128</b>
<b>Net Change in Fund Balances*</b>	<b>\$ 7,298,805</b>	<b>\$ 5,130,664</b>	<b>5,671,475</b>	<b>\$ 540,811</b>
<b>Fund Balances at Beginning of Year</b>			<b>13,938,590</b>	
<b>Fund Balances at End of Year</b>			<b>\$ 19,610,065</b>	
<b>* Budgeted net change in fund balance:</b>				
Revenues raised to restore fund balance per fund balance policy, less purchase orders brought forward, as applicable	<b>\$ 7,298,805</b>			

**TOWN OF HEMPSTEAD**  
**REFUSE AND GARBAGE DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Real property taxes	\$ 88,408,888	\$ 88,408,888	\$ 88,408,888	\$ -0-
Real property tax items	1,562,543	1,562,543	1,472,330	(90,213)
Departmental income	12,528,250	12,528,250	13,096,625	568,375
Intergovernmental charges	3,200,000	3,200,000	3,363,409	163,409
Use of money and property	4,486,200	4,486,200	5,437,804	951,604
Licenses & permits	30,000	30,000	38,520	8,520
Sale of property and compensation for loss	305,000	305,000	229,962	(75,038)
Miscellaneous revenue	6,535,425	6,535,425	6,686,440	151,015
Interfund revenues	500,000	500,000	869,918	369,918
Total Revenues	<u>117,556,306</u>	<u>117,556,306</u>	<u>119,603,896</u>	<u>2,047,590</u>
<b>EXPENDITURES</b>				
Current:				
Home and community services:				
Cost of refuse and garbage collections	80,918,150	83,632,614	83,614,834	17,780
Employee benefits	23,591,884	23,139,927	23,139,924	3
Total Expenditures	<u>104,509,834</u>	<u>106,772,541</u>	<u>106,754,758</u>	<u>17,783</u>
<b>Excess of Revenues Over Expenditures</b>	<u>13,046,472</u>	<u>10,783,765</u>	<u>12,849,138</u>	<u>2,065,373</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(12,273,314)	(12,270,990)	(12,270,987)	3
Issuance of debt			800,000	800,000
Premiums on bonds	10,000	10,000	204,511	194,511
Total Other Financing Sources (Uses)	<u>(12,263,314)</u>	<u>(12,260,990)</u>	<u>(11,266,476)</u>	<u>994,514</u>
<b>Net Change in Fund Balances*</b>	<u>\$ 783,158</u>	<u>\$ (1,477,225)</u>	<u>1,582,662</u>	<u>\$ 3,059,887</u>
<b>Fund Balances at Beginning of Year</b>			<u>40,936,484</u>	
<b>Fund Balances at End of Year</b>			<u>\$ 42,519,146</u>	
<b>* Budgeted net change in fund balance:</b>				
Revenues raised to restore fund balance per fund balance policy, less purchase orders brought forward, as applicable	<u>\$ 783,158</u>			

**TOWN OF HEMPSTEAD**

**WATER DISTRICTS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Real property taxes	\$ 5,627,373	\$ 5,627,373	\$ 5,627,373	\$ -0-
Real property tax items	321,645	321,645	282,817	(38,828)
Departmental income	15,477,000	15,477,000	14,722,718	(754,282)
Intergovernmental charges	222,700	222,700	230,850	8,150
Use of money and property	893,463	893,463	1,401,648	508,185
Sale of property and compensation for loss	4,600	4,600	5,669	1,069
Miscellaneous revenue	2,000	2,000	9,524	7,524
Interfund revenues	30,225	30,225	28,125	(2,100)
<b>Total Revenues</b>	<b>22,579,006</b>	<b>22,579,006</b>	<b>22,308,724</b>	<b>(270,282)</b>
<b>EXPENDITURES</b>				
Current:				
Home and community services	13,687,131	13,687,131	13,497,535	189,596
Employee benefits	3,819,563	3,819,563	3,728,141	91,422
<b>Total Expenditures</b>	<b>17,506,694</b>	<b>17,506,694</b>	<b>17,225,676</b>	<b>281,018</b>
<b>Excess of Revenues Over Expenditures</b>	<b>5,072,312</b>	<b>5,072,312</b>	<b>5,083,048</b>	<b>10,736</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(3,840,491)	(3,840,491)	(3,837,108)	3,383
Premiums on bonds	5,000	5,000	189,652	184,652
<b>Total Other Financing Sources (Uses)</b>	<b>(3,835,491)</b>	<b>(3,835,491)</b>	<b>(3,647,456)</b>	<b>188,035</b>
<b>Net Change in Fund Balances*</b>	<b>\$ 1,236,821</b>	<b>\$ 1,236,821</b>	<b>1,435,592</b>	<b>\$ 198,771</b>
<b>Fund Balances at Beginning of Year</b>			<b>20,416,653</b>	
<b>Fund Balances at End of Year</b>			<b>\$ 21,852,245</b>	
<b>* Budgeted net change in fund balance:</b>				
Revenues raised to restore fund balance per fund balance policy, less purchase orders brought forward, as applicable	<b>\$ 1,236,821</b>			

**TOWN OF HEMPSTEAD**  
**SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFITS LIABILITY**  
**AND RELATED RATIO**  
**Last Two Years**  
**December 31, 2019**

	2019	2018
Total OPEB liability:		
Balance, beginning of year, as originally reported	\$ 1,093,863,073	\$ 514,862,234
Cumulative effect of implementation of GASB Statement No. 75		536,966,008
Balance, beginning of year, as restated	1,093,863,073	1,051,828,242
Changes for the year:		
Service costs	51,671,609	33,041,631
Interest	36,229,424	42,439,313
Effects of legislative change, repeal of excise tax	(127,765,245)	
Changes in assumptions	287,304,327	
Benefit payments	(34,543,513)	(33,446,113)
Balance, end of year	\$ 1,306,759,675	\$ 1,093,863,073
Covered-employee payroll	\$ 148,811,366	\$ 145,893,496
Total OPEB liability as a percentage of covered-employee payroll	878.13%	749.77%

Notes to the Schedule:

Measurement date	December 31, 2019	December 31, 2018
Discount rate	2.66%	4.10%

There are no assets accounted in a trust which meets the criteria in GASB Statement No. 75, paragraph 4 to pay related benefits.

This schedule is intended to present information for ten years, additional years' information will be present as it becomes available.

Significant Changes:

The 2018 actuarial valuation includes the effects of the cadallic health care excise tax and in 2019 as the tax was repealed, the effects of the excise tax were removed from the liability.



**TOWN OF HEMPSTEAD**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Last Six Years**  
**December 31, 2019**

	March 31st.					
	2019	2018	2017	2016	2015	2014
Town's proportion of the employees' retirement system net pension liability	0.5509447%	0.5742699%	0.5993282%	0.6106243%	0.5928557%	0.5928557%
Town's proportionate share of the net pension liability (asset)	\$ 39,036,111	\$ 18,534,246	\$ 56,314,216	\$ 98,006,897	\$ 20,028,115	\$ 26,790,317
Covered payroll	\$ 153,604,900	\$ 154,912,394	\$ 161,468,153	\$ 161,514,609	\$ 159,642,317	\$ 165,680,963
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	25.41%	11.96%	34.88%	60.68%	12.55%	16.17%
Plan fiduciary net position as a percentage of total pension liability	96.27%	98.24%	94.70%	90.70%	97.95%	97.20%

Notes to the Schedule:

Amounts presented were determined as the System's measurement date of March 31st.  
This schedule is intended to present information for ten years, additional years' information will be presented as it becomes available.  
There were changes to the discount rate each Plan year.

**TOWN OF HEMPSTEAD**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
December 31, 2019

Years Ended December 31,	Contractually required contributions	Contributions recognized by the plan in relation to the contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2019	\$ 22,663,403	\$ 22,663,403	\$ -0-	\$ 152,035,283	14.91%
2018	23,392,433	23,392,433	-0-	154,166,633	15.17%
2017	24,872,922	24,872,922	-0-	154,973,392	16.05%
2016	26,629,215	25,174,401	1,454,814	165,451,834	15.22%
2015	29,683,529	23,549,087	6,134,442	161,046,536	14.62%
2014	30,858,504	23,458,504	7,400,000	161,151,978	14.56%
2013	34,338,009	26,238,009	8,100,000	163,074,266	16.09%
2012	28,657,945	20,807,945	7,850,000	152,991,647	13.60%
2011	22,012,137	17,362,137	4,650,000	146,149,304	11.88%
2010	15,329,190	15,329,190	-0-	145,130,782	10.56%

Note to the Schedule:

Amounts presented for each year were determined as of December 31st and the contractually required contributions are based on the amounts invoiced by the New York State and Local Employees' Retirement System.

**TOWN OF HEMPSTEAD**  
**SCHEDULE OF PENSION LIABILITY - LENGTH OF SERVICE AWARD PROGRAM PLAN**  
 Last Three Years  
 December 31, 2019

Measurement date	December 31, 2019	December 31, 2018	December 31, 2017
<b>Total pension liability:</b>			
Service cost	\$ 159,492	\$ 167,974	\$ 135,034
Interest	191,219	176,402	173,996
Changes in assumptions	863,957	(357,895)	619,043
Differences between expected and actual experience	36,167	(39,634)	(33,394)
Benefit payments	(173,270)	(67,508)	(200,138)
Total pension liability - beginning of year	<u>5,240,783</u>	<u>5,361,444</u>	<u>4,666,903</u>
Total pension liability - end of year	<u>\$ 6,318,348</u>	<u>\$ 5,240,783</u>	<u>\$ 5,361,444</u>
Covered payroll	N/A	N/A	N/A
Total pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A

Notes to the Schedule:

There are no assets accounted in a trust which meets the criteria in paragraph 4 of GASB Statement No. 73 to pay related benefits.

Information prior to December 31, 2017 is not available, additional year will be included as it becomes available.

Covered payroll and total pension liability as a percentage of covered payroll is not applicable as since the participants are volunteer firefighters.

Discount rate used in measuring the total pension liability	2.75%	3.71%	3.31%
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## **OTHER SUPPLEMENTARY INFORMATION**

**Combining Fund Statements – Nonmajor Governmental Funds:  
Combining Balance Sheet  
Combining Statement of Revenues, Expenditures and Changes  
in Fund Balances**

**Schedules of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual - Nonmajor  
Special Revenue Funds**

**Statement of Changes in Agency Assets and Liabilities- Fiduciary Funds**

**Discretely Presented Nonmajor Component Units:  
Combining Statement of Net Position  
Combining Statement of Activities**



**TOWN OF HEMPSTEAD**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
December 31, 2019

	Special Revenue Funds			
	Town Outside Village	Special Grants	Fire Protection Districts	Street Lighting District
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,193,507		\$ 1,771,760	\$ 4,617,869
Cash and cash equivalents - restricted	439,612	\$ 439,226	521,713	55,686
Receivable, net of allowance of uncollectibles	2,389,255		7,580	19,719
Due from other funds	151,798		50,601	91,733
Due from other governments	71,984	1,937,892	97,151	115,539
Inventory				275,539
Prepaid items	255,508	152,760		
Length of service award program plan assets			3,192,678	
Other assets	25,100			
Total Assets	<u>\$ 7,526,764</u>	<u>\$ 2,529,878</u>	<u>\$ 5,641,483</u>	<u>\$ 5,176,085</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 680,541	\$ 1,470,113	\$ 251,357	\$ 302,433
Due to other funds	17,517	700,000		1,422
Total Liabilities	<u>698,058</u>	<u>2,170,113</u>	<u>251,357</u>	<u>303,855</u>
<b>Fund Balances</b>				
Nonspendable	255,508	152,760		275,539
Restricted	28,474	207,005	3,714,391	55,686
Assigned	6,544,724		1,675,735	4,541,005
Total Fund Balances	<u>6,828,706</u>	<u>359,765</u>	<u>5,390,126</u>	<u>4,872,230</u>
Total Liabilities and Fund Balances	<u>\$ 7,526,764</u>	<u>\$ 2,529,878</u>	<u>\$ 5,641,483</u>	<u>\$ 5,176,085</u>

		Permanent Fund			
Public Parking Districts	Library Funding Districts	Permanent Fund	Permanent Fund	Total Nonmajor Governmental Funds	
\$ 2,753,995	\$ 144,513		\$ 1,337,867	\$ 13,481,644	
1,565				2,795,669	
6,131	858			2,423,543	
35,685	8,506			338,323	
5,146	69,794			2,297,506	
				275,539	
9,992				418,260	
				3,192,678	
				25,100	
<u>\$ 2,812,514</u>	<u>\$ 223,671</u>	<u>\$ 1,337,867</u>	<u>\$ 1,337,867</u>	<u>\$ 25,248,262</u>	
\$ 43,057				\$ 2,747,501	
				718,939	
<u>43,057</u>	<u>\$ -0-</u>	<u>\$ -0-</u>		<u>3,466,440</u>	
9,992		1,337,867		2,031,666	
1,565				4,007,121	
<u>2,757,900</u>	<u>223,671</u>			<u>15,743,035</u>	
<u>2,769,457</u>	<u>223,671</u>	<u>1,337,867</u>		<u>21,781,822</u>	
<u>\$ 2,812,514</u>	<u>\$ 223,671</u>	<u>\$ 1,337,867</u>	<u>\$ 1,337,867</u>	<u>\$ 25,248,262</u>	

**TOWN OF HEMPSTEAD**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2019**

	Special Revenue Funds			
	Town Outside Village	Special Grants	Fire Protection Districts	Street Lighting District
<b>Revenues</b>				
Real property taxes	\$ 3,577,931		\$ 5,261,853	\$ 9,816,788
Real property tax items	138,001		208,443	611,170
Non-property tax items	11,052,576			
Departmental income	15,296,089	\$ 31,287		
Use of money and property	37,306	2,139	194,109	116,304
Fines and forfeitures	1,311,550			
Sale of property and compensation for loss	1,008			24,786
Miscellaneous revenue	1,213,158	407,990		
Interfund revenues				
State aid	54,512			
Federal aid				
<b>Total Revenues</b>	<u>32,682,131</u>	<u>10,375,619</u>	<u>5,664,405</u>	<u>10,569,048</u>
<b>Expenditures</b>				
Current:				
General government support	322,283			
Public safety	20,050,654		4,978,758	
Transportation				6,859,123
Economic assistance and opportunity		6,635,983		
Culture and recreation	65			
Home and community services	5,732,414	5,461,702		
Employee benefits	6,223,227		478,714	
Debt Service:				
Principal - capital lease				1,665,058
Interest- capital lease				309,218
<b>Total Expenditures</b>	<u>32,328,643</u>	<u>12,097,685</u>	<u>5,457,472</u>	<u>8,833,399</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>353,488</u>	<u>(1,280,650)</u>	<u>206,933</u>	<u>1,735,649</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in		1,210,000		
Transfers out	(161,728)		(69,391)	(1,164,699)
Premiums on bonds	4,288		521,713	55,686
<b>Total Other Financing Sources (Uses)</b>	<u>(157,440)</u>	<u>1,210,000</u>	<u>452,322</u>	<u>(1,109,013)</u>
<b>Net Change in Fund Balances</b>	196,048	(70,650)	659,255	626,636
<b>Fund Balances at Beginning of Year</b>	<u>6,632,658</u>	<u>430,415</u>	<u>4,730,871</u>	<u>4,245,594</u>
<b>Fund Balances at End of Year</b>	<u>\$ 6,828,706</u>	<u>\$ 359,765</u>	<u>\$ 5,390,126</u>	<u>\$ 4,872,230</u>

		Permanent Fund			
Public Parking Districts	Library Funding Districts	Permanent Fund	Total Nonmajor Governmental Funds		
\$ 3,639,462	\$ 1,370,022		\$ 23,666,056		
78,948	73,559		1,110,121		
17,768			11,052,576		
85,699	11,242	\$ 18,987	15,345,144		
			465,786		
			1,311,550		
			25,794		
1,270			1,622,418		
2,878,272			2,878,272		
			54,512		
			10,375,619		
<u>6,701,419</u>	<u>1,454,823</u>	<u>18,987</u>	<u>67,907,848</u>		
			322,283		
			25,029,412		
4,863,697			11,722,820		
	1,440,163		6,635,983		
			1,440,228		
			11,194,116		
231,330			6,933,271		
			1,665,058		
			309,218		
<u>5,095,027</u>	<u>1,440,163</u>	<u>-0-</u>	<u>65,252,389</u>		
<u>1,606,392</u>	<u>14,660</u>	<u>18,987</u>	<u>2,655,459</u>		
			1,210,000		
(1,174,894)		(18,987)	(2,589,699)		
1,565			583,252		
<u>(1,173,329)</u>	<u>-0-</u>	<u>(18,987)</u>	<u>(796,447)</u>		
433,063	14,660	-0-	1,859,012		
<u>2,336,394</u>	<u>209,011</u>	<u>1,337,867</u>	<u>19,922,810</u>		
\$ 2,769,457	\$ 223,671	\$ 1,337,867	\$ 21,781,822		

**TOWN OF HEMPSTEAD**  
**TOWN OUTSIDE VILLAGE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Real property taxes	\$ 3,577,931	\$ 3,577,931	\$ 3,577,931	\$ -0-
Real property tax items	153,081	153,081	138,001	(15,080)
Non-property tax items	11,100,000	11,100,000	11,052,576	(47,424)
Departmental income	13,475,000	13,475,000	15,296,089	1,821,089
Use of money and property	24,000	24,000	37,306	13,306
Fines and forfeitures	1,750,000	1,750,000	1,311,550	(438,450)
Sale of property and compensation for loss	2,500	2,500	1,008	(1,492)
Miscellaneous revenue	932,500	932,500	1,213,158	280,658
Interfund revenues	10,000	10,000		(10,000)
State aid	204,500	204,500	54,512	(149,988)
Total Revenues	<u>31,229,512</u>	<u>31,229,512</u>	<u>32,682,131</u>	<u>1,452,619</u>
<b>EXPENDITURES</b>				
Current:				
General government support	377,500	469,650	322,283	147,367
Public safety	19,858,326	20,062,505	20,050,654	11,851
Culture and recreation	1,500	1,500	65	1,435
Home and community services	5,479,278	5,863,973	5,732,414	131,559
Employee benefits	6,595,015	6,595,014	6,223,227	371,787
Total Expenditures	<u>32,311,619</u>	<u>32,992,642</u>	<u>32,328,643</u>	<u>663,999</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,082,107)</u>	<u>(1,763,130)</u>	353,488	2,116,618
<b>Other Financing Sources (Uses)</b>				
Transfers out	(163,600)	(163,600)	(161,728)	1,872
Premiums on bonds	1,000	1,000	4,288	3,288
Total Other Financing Sources (Uses)	<u>(162,600)</u>	<u>(162,600)</u>	<u>(157,440)</u>	<u>5,160</u>
<b>Net Change in Fund Balances*</b>	<u>\$ (1,244,707)</u>	<u>\$ (1,925,730)</u>	196,048	<u>\$ 2,121,778</u>
<b>Fund Balances at Beginning of Year</b>			<u>6,632,658</u>	
<b>Fund Balances at End of Year</b>			<u>\$ 6,828,706</u>	
<b>* Budgeted net change in fund balance:</b> The net change in fund balances was included in the budget as an appropriation of fund balance and purchase orders brought forward.	<u>(1,244,707)</u>			



**TOWN OF HEMPSTEAD**

**FIRE PROTECTION DISTRICTS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
Year ended December 31, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Real property taxes	\$ 5,261,852	\$ 5,261,852	\$ 5,261,853	\$ 1
Real property tax items	679,607	679,607	208,443	(471,164)
Use of money and property	21,450	21,450	194,109	172,659
<b>Total Revenues</b>	<u>5,962,909</u>	<u>5,962,909</u>	<u>5,664,405</u>	<u>(298,504)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	5,089,140	5,095,640	4,978,758	116,882
Employee benefits	659,000	659,000	478,714	180,286
<b>Total Expenditures</b>	<u>5,748,140</u>	<u>5,754,640</u>	<u>5,457,472</u>	<u>297,168</u>
<b>Excess of Revenues Over Expenditures</b>	<u>214,769</u>	<u>208,269</u>	<u>206,933</u>	<u>(1,336)</u>
<b>Other Financing (Uses)</b>				
Transfers out	(69,391)	(69,391)	(69,391)	-0-
Premiums on bonds			521,713	521,713
<b>Total Other Financing (Uses)</b>	<u>(69,391)</u>	<u>(69,391)</u>	<u>452,322</u>	<u>521,713</u>
<b>Net Change in Fund Balances*</b>	<u>\$ 145,378</u>	<u>\$ 138,878</u>	<u>659,255</u>	<u>\$ 520,377</u>
<b>Fund Balances at Beginning of Year</b>			<u>4,730,871</u>	
<b>Fund Balances at End of Year</b>			<u>\$ 5,390,126</u>	
<b>* Budgeted net change in fund balance:</b>				
Revenues raised to restore fund balance per fund balance policy, less purchase orders brought forward, as applicable	<u>\$ 145,378</u>			

**TOWN OF HEMPSTEAD**  
**STREET LIGHTING DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Real property taxes	\$ 9,816,783	\$ 9,816,783	\$ 9,816,788	\$ 5
Real property tax items	636,415	636,415	611,170	(25,245)
Use of money and property	51,000	51,000	116,304	65,304
Sale of property and compensation for loss	75,000	75,000	24,786	(50,214)
Miscellaneous revenue				
Total Revenues	<u>10,579,198</u>	<u>10,579,198</u>	<u>10,569,048</u>	<u>(10,150)</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	7,252,103	7,252,103	6,859,123	392,980
Debt service:				
Principal - capital lease	1,665,058	1,665,058	1,665,058	-0-
Interest - capital lease	309,218	309,218	309,218	-0-
Total Expenditures	<u>9,226,379</u>	<u>9,226,379</u>	<u>8,833,399</u>	<u>392,980</u>
<b>Excess of Revenues Over Expenditures</b>	<u>1,352,819</u>	<u>1,352,819</u>	<u>1,735,649</u>	<u>382,830</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(1,168,275)	(1,168,275)	(1,164,699)	3,576
Premiums on bonds	5,000	5,000	55,686	50,686
Total Other Financing Sources (Uses)	<u>(1,163,275)</u>	<u>(1,163,275)</u>	<u>(1,109,013)</u>	<u>54,262</u>
<b>Net Change in Fund Balances*</b>	<u>\$ 189,544</u>	<u>\$ 189,544</u>	626,636	<u>\$ 437,092</u>
<b>Fund Balances at Beginning of Year</b>			<u>4,245,594</u>	
<b>Fund Balances at End of Year</b>			<u>\$ 4,872,230</u>	
<b>* Budgeted net change in fund balance:</b>				
Revenues raised to restore fund balance per fund balance policy, less purchase orders brought forward	<u>\$ 189,544</u>			

**TOWN OF HEMPSTEAD**  
**PUBLIC PARKING DISTRICTS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Real property taxes	\$ 3,639,462	\$ 3,639,462	\$ 3,639,462	\$ -0-
Real property tax items	112,164	112,164	78,948	(33,216)
Departmental income	18,500	18,500	17,768	(732)
Use of money and property	24,410	24,410	85,699	61,289
Miscellaneous revenue			1,270	1,270
Interfund revenues	2,878,272	2,878,272	2,878,272	-0-
Total Revenues	<u>6,672,808</u>	<u>6,672,808</u>	<u>6,701,419</u>	<u>28,611</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	5,073,512	5,073,512	4,863,697	209,815
Employee benefits	267,032	267,032	231,330	35,702
Total Expenditures	<u>5,340,544</u>	<u>5,340,544</u>	<u>5,095,027</u>	<u>245,517</u>
<b>Excess of Revenues Over Expenditures</b>	<u>1,332,264</u>	<u>1,332,264</u>	<u>1,606,392</u>	<u>274,128</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(1,179,934)	(1,179,934)	(1,174,894)	5,040
Premiums on bonds	12,000	12,000	1,565	(10,435)
Total Other Financing Sources (Uses)	<u>(1,167,934)</u>	<u>(1,167,934)</u>	<u>(1,173,329)</u>	<u>(5,395)</u>
<b>Net Change in Fund Balances*</b>	<u>\$ 164,330</u>	<u>\$ 164,330</u>	433,063	<u>\$ 268,733</u>
<b>Fund Balances at Beginning of Year</b>			<u>2,336,394</u>	
<b>Fund Balances at End of Year</b>			<u>\$ 2,769,457</u>	
<b>* Budgeted net change in fund balance:</b>				
Revenues raised to restore fund balance per fund balance policy, less purchase orders brought forward	<u>\$ 164,330</u>			

**TOWN OF HEMPSTEAD**

**LIBRARY FUNDING DISTRICTS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
Year ended December 31, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Real property taxes	\$ 1,370,022	\$ 1,370,022	\$ 1,370,022	\$ -0-
Real property tax items	77,431	77,431	73,559	(3,872)
Use of money and property	6,550	6,550	11,242	4,692
<b>Total Revenues</b>	<u>1,454,003</u>	<u>1,454,003</u>	<u>1,454,823</u>	<u>820</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	1,416,551	1,442,682	1,440,163	2,519
<b>Total Expenditures</b>	<u>1,416,551</u>	<u>1,442,682</u>	<u>1,440,163</u>	<u>2,519</u>
<b>Excess of Revenues Over Expenditures</b>	<u>37,452</u>	<u>11,321</u>	<u>14,660</u>	<u>3,339</u>
<b>Net Change in Fund Balances*</b>	<u>\$ 37,452</u>	<u>\$ 11,321</u>	<u>14,660</u>	<u>\$ 3,339</u>
<b>Fund Balances at Beginning of Year</b>			<u>209,011</u>	
<b>Fund Balances at End of Year</b>			<u>\$ 223,671</u>	

\* Budgeted net change in fund balance:  
Revenues raised to restore fund balance  
per fund balance policy, less purchase  
orders brought forward

\$ 37,452

**TOWN OF HEMPSTEAD**  
**STATEMENT OF CHANGES IN AGENCY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**Year Ended December 31, 2019**

	Balance January 1, 2019	Additions	Deductions	Balance December 31, 2019
<b><u>ASSETS</u></b>				
Town Agency				
Cash and cash equivalents	\$ 10,213,637	\$ 386,756,388	\$ 387,263,078	\$ 9,706,947
Total Assets - Town	<u>10,213,637</u>	<u>386,756,388</u>	<u>387,263,078</u>	<u>9,706,947</u>
Town Clerk Agency Fund				
Cash and cash equivalents	220,071	1,668,468	1,701,271	187,268
Total Assets - Town Clerk	<u>220,071</u>	<u>1,668,468</u>	<u>1,701,271</u>	<u>187,268</u>
Town Receiver of Taxes Agency Fund				
Cash and cash equivalents	29,864,730	6,452,755,977	6,451,344,523	31,276,184
Total Assets - Town Receiver of Taxes	<u>29,864,730</u>	<u>6,452,755,977</u>	<u>6,451,344,523</u>	<u>31,276,184</u>
Total Assets	<u>\$ 40,298,438</u>	<u>\$ 6,841,180,833</u>	<u>\$ 6,840,308,872</u>	<u>\$ 41,170,399</u>
<b><u>LIABILITIES</u></b>				
Town Agency Fund	\$ 10,213,637	\$ 386,756,388	\$ 387,263,078	\$ 9,706,947
Total Liabilities - Town	<u>10,213,637</u>	<u>386,756,388</u>	<u>387,263,078</u>	<u>9,706,947</u>
Town Clerk Agency Funds	220,071	1,668,468	1,701,271	187,268
Total Liabilities - Town Clerk	<u>220,071</u>	<u>1,668,468</u>	<u>1,701,271</u>	<u>187,268</u>
Town Receiver of Taxes Agency Funds	29,864,730	6,452,755,977	6,451,344,523	31,276,184
Total Liabilities - Town Receiver of Taxes	<u>29,864,730</u>	<u>6,452,755,977</u>	<u>6,451,344,523</u>	<u>31,276,184</u>
Total Liabilities	<u>\$ 40,298,438</u>	<u>\$ 6,841,180,833</u>	<u>\$ 6,840,308,872</u>	<u>\$ 41,170,399</u>



**TOWN OF HEMPSTEAD**  
**DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS**  
**COMBINING STATEMENT OF NET POSITION**  
Year ended December 31, 2019

	Town of Hempstead Industrial Development Agency	Lakeview Public Library District	Roosevelt Public Library District	Uniondale Public Library District
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 8,905,534	\$ 2,824,780	\$ 634,847	\$ 5,181,185
Cash and cash equivalents restricted				
Receivables	20,759		2,161	211,330
Due from other governments		155		928
Prepaid items		19,652	79,151	95,921
<b>Total Current Assets</b>	<b>8,926,293</b>	<b>2,844,587</b>	<b>716,159</b>	<b>5,489,364</b>
<b>Non-current Assets:</b>				
Capital assets, net of depreciation	25,126	2,201,838	11,485,515	5,632,450
<b>Total Non-Current Assets</b>	<b>25,126</b>	<b>2,201,838</b>	<b>11,485,515</b>	<b>5,632,450</b>
<b>Total Assets</b>	<b>8,951,419</b>	<b>5,046,425</b>	<b>12,201,674</b>	<b>11,121,814</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>143,794</b>	<b>105,839</b>	<b>334,572</b>	<b>1,106,773</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable and accrued liabilities	5,612	53,005	258,103	157,492
Accrued interest payable			84,485	
Other accrued liabilities				
Due to other governments	5,824,784			
Unearned revenue			156,383	106,333
<b>Non-current liabilities due within one year</b>				
General obligations bonds payable			270,568	
Pension related debt				
Compensated absences			36,475	
Direct borrowings - other loans				5,646
<b>Non-current Liabilities due in more than one year:</b>				
General obligation bonds payable			5,551,889	
Unamortized bond premium			373,077	
Compensated absences	65,513	21,855	145,902	175,492
Direct borrowings - other notes payable				22,988
Total other postemployment benefits liability	786,162		199,053	4,389,465
Employees' retirement system net pension liability	70,748	122,780	220,847	375,931
<b>Total Liabilities</b>	<b>6,752,819</b>	<b>197,640</b>	<b>7,296,782</b>	<b>5,233,347</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>30,372</b>	<b>44,683</b>	<b>72,990</b>	<b>392,519</b>
<b>NET POSITION</b>				
Net investment in capital assets	25,126	2,201,838	5,289,981	5,603,816
Restricted		1,000		16,871
Unrestricted (deficit)	2,286,896	2,707,103	(123,507)	982,034
<b>Total Net Position</b>	<b>\$ 2,312,022</b>	<b>\$ 4,909,941</b>	<b>\$ 5,166,474</b>	<b>\$ 6,602,721</b>

Cathedral Gardens Water District	Franklin Square Water District	West Hempstead - Hempstead Gardens Water District	Greater Atlantic Beach Water Reclamation District	Totals
\$ 186,585	\$ 1,186,107	\$ 1,610,780	\$ 245,789	\$ 20,775,607
	1,334,098	2,772,346	1,022,225	5,128,669
	456,237	985,604		1,676,091
	67,054	259,440		327,577
	31,448	96,213	43,086	365,471
186,585	3,074,944	5,724,383	1,311,100	28,273,415
	5,570,006	21,738,831	3,491,006	50,144,772
-0-	5,570,006	21,738,831	3,491,006	50,144,772
186,585	8,644,950	27,463,214	4,802,106	78,418,187
-0-	224,540	391,606	807,099	3,114,223
8,410	275,026	1,089,625	307,659	2,154,932
		66,005	30,164	180,654
		47,800		47,800
		1,728,528		7,553,312
				262,716
	245,969	224,737	130,952	872,226
		19,676		19,676
		111,712		148,187
				5,646
	6,142,226	5,694,670	1,689,284	19,078,069
	320,759	99,191		793,027
	292,138	525,809	97,252	1,323,961
				22,988
	6,806,215	5,757,760	5,300,998	23,239,653
	285,278	341,556	159,308	1,576,448
8,410	14,367,611	15,707,069	7,715,617	57,279,295
-0-	163,004	118,008	203,609	1,025,185
	(1,076,746)	14,090,896	1,257,566	27,392,477
	1,334,098	2,724,546	1,022,225	5,098,740
178,175	(5,918,477)	(4,785,699)	(4,589,812)	(9,263,287)
\$ 178,175	\$ (5,661,125)	\$ 12,029,743	\$ (2,310,021)	\$ 23,227,930

**TOWN OF HEMPSTEAD**  
**DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS**  
**COMBINING STATEMENT OF ACTIVITIES**  
Year ended December 31, 2019

	Town of Hempstead Industrial Development Agency	Lakeview Public Library District	Roosevelt Public Library District	Uniondale Public Library District
<b>REVENUES</b>				
Program revenues:				
Charges for services	\$ 876,572	\$ 81,585	\$ 24,486	\$ 40,998
Operating grants and contributions		3,015	38,927	
Capital grants and contributions				
Real property taxes		1,404,240	3,039,345	3,600,217
Other real property tax items			83,169	556,907
Use of money and property - interest and earnings	50,188	7,636	8,481	72,418
Sale of property and compensation for loss				
Miscellaneous local sources		1,087		21,485
State aid - unrestricted				34,276
Total Revenues	<u>926,760</u>	<u>1,497,563</u>	<u>3,194,408</u>	<u>4,326,301</u>
<b>EXPENSES</b>				
Economic assistance and opportunity	811,133			
Culture and recreation		1,142,718	3,539,306	4,310,447
Home and community services				
Total Expenses	<u>811,133</u>	<u>1,142,718</u>	<u>3,539,306</u>	<u>4,310,447</u>
<b>Change in Net Position</b>	<u>115,627</u>	<u>354,845</u>	<u>(344,898)</u>	<u>15,854</u>
<b>Net Position - Beginning of Year</b>	2,196,395	4,555,096	5,511,372	6,586,867
<b>Restatement (Note 7)</b>				
<b>Net Position at Beginning of Year as Restated</b>	<u>2,196,395</u>	<u>4,555,096</u>	<u>5,511,372</u>	<u>6,586,867</u>
<b>Net Position - End of Year</b>	<u>\$ 2,312,022</u>	<u>\$ 4,909,941</u>	<u>\$ 5,166,474</u>	<u>\$ 6,602,721</u>

Cathedral Gardens Water District	Franklin Square Water District	West Hempstead - Hempstead Gardens Water District	Greater Atlantic Beach Water Reclamation District	Totals
\$ 4,125	\$ 1,733,984	\$ 2,688,781	\$ 208,716	\$ 5,659,247
				41,942
			1,400	1,400
65,460	1,064,587	2,137,857	1,808,403	13,120,109
		33,179		673,255
98	109,044	486,586	7,914	742,365
	2,541			2,541
	72	47,650	6,577	76,871
				34,276
<u>69,683</u>	<u>2,910,228</u>	<u>5,394,053</u>	<u>2,033,010</u>	<u>20,352,006</u>
				811,133
				8,992,471
59,130	4,213,067	6,329,498	2,297,360	12,899,055
<u>59,130</u>	<u>4,213,067</u>	<u>6,329,498</u>	<u>2,297,360</u>	<u>22,702,659</u>
10,553	(1,302,839)	(935,445)	(264,350)	(2,350,653)
167,622	(3,871,831)	12,984,739	(2,045,671)	26,084,589
	(486,455)	(19,551)		(506,006)
<u>167,622</u>	<u>(4,358,286)</u>	<u>12,965,188</u>	<u>(2,045,671)</u>	<u>25,578,583</u>
\$ 178,175	\$ (5,661,125)	\$ 12,029,743	\$ (2,310,021)	\$ 23,227,930