

TOWN OF HEMPSTEAD, NEW YORK
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
(WITH INDEPENDENT AUDITORS' REPORT)

Year Ended December 31, 2021

TOWN OF HEMPSTEAD
FINANCIAL STATEMENTS
Year Ended December 31, 2021
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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented 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, 2021 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2021, and the respective changes in financial position, and where applicable, cash flows, thereof.

We did not audit 100% of the assets, net position, and revenues of the business-type activities and proprietary fund as of December 31, 2021 and changes in financial position, and where applicable cash flows thereof for the year then ended.

We did not audit the financial statements of eight of the nine discretely presented component units, which represent 90.88% of the assets, 81.17% of net position, and 92.42% of revenues of the discretely presented component units as of December 31, 2021, and the respective changes in financial position for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the business-type activities and proprietary fund pertaining to the Town of Hempstead Local Development Corporation, and discretely presented component units consisting of Town of Hempstead Industrial Development Agency, Town of Hempstead Housing Authority, Lakeview Public Library District, Uniondale Public Library District, Cathedral Gardens Water District, Franklin Square Water District, West Hempstead – Hempstead Gardens Water Districts and the Greater Atlantic Beach Water Reclamation District, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Lakeview Public Library District, Roosevelt Public Library, Uniondale Public Library District, Cathedral Gardens Water District, Franklin Square Water District, and West Hempstead – Hempstead Gardens Water Districts, seven of the nine the discretely presented component units, were not audited in accordance with *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

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Emphasis of Matter

Restatement of Net Position – Discretely Presented Component Units

As described in Note 7 to the financial statements, the Town of Hempstead, New York's discretely presented component units' net position was restated. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplementary information consisting of combining fund statements of nonmajor governmental funds and schedules of revenues, expenditures, and changes in fund balances – budget and actual for nonmajor funds, and combining discretely presented component units, as described in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The 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 to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, and the procedures as described above, the other supplementary information referred to in the previous paragraph is 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 October 17, 2022 on our consideration of the Town'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's 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's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Hauppauge, New York
October 17, 2022

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis

TOWN OF HEMPSTEAD

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2021

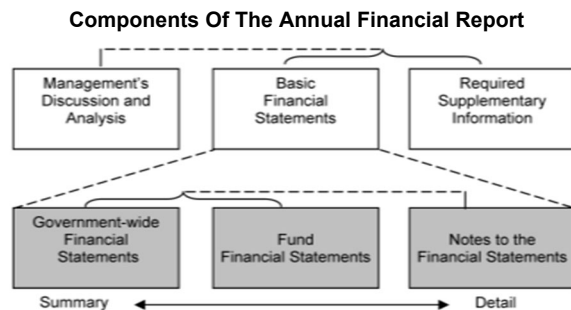
As management of the Town of Hempstead (the "Town"), we offer readers of the financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2021. This section is only an introduction and should be read in conjunction with the Town's financial statements, 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 2021 by \$1,036,899,610 resulting in a negative net position. This is primarily due to the recognition of long-term liabilities, especially the total other postemployment benefits liability of \$1,441,026,026.
- The Town's total net position related to its governmental activities decreased by \$29,201,879 as the 2021 expenses exceeded revenues, which is largely due to recognizing other postemployment benefits ("OPEB") expense, the estimated cost of providing future healthcare benefits to its retirees, of \$125,665,094.
- The Town's governmental activities long-term bonded debt was \$441,743,448 which was an increase of 23.12% from the prior year, and the long-term bond anticipation notes was \$26,031,844. The Town's business-type activities has no debt.
- The assets of the Town's primary government's business-type activities exceeded its liabilities at the close of 2021 by \$2,065,151.
- In response to the Coronavirus Disease ("COVID-19"), which was declared a global pandemic, the U.S. Congress signed into law the Coronavirus, Relief, and Economic Security Act ("CARES Act") in 2020 and the American Rescue Plan Act of 2021 ("ARPA"). The Town was awarded (in 2020) \$133,832,095 in Coronavirus Relief Fund grant funds pursuant to the CARES Act and in 2021 recognized the remaining revenues of \$18,846,883. In 2021, pursuant to the American Rescue Plan Act, the Town was awarded \$31,837,791 of Emergency Rental Assistance funding ("ERA") and \$51,413,999 of Coronavirus State and Local Fiscal Aid Recovery funding ("CSLFR"). During 2021 the Town recognized ERA revenue of \$7,404,140 and CSLFR revenue of \$15,247,575.
- As of the close of 2021, the Town's governmental funds reported combined ending fund balances of \$313,992,626 an increase of \$118,265,657 from the prior year. The combined ending fund balances excluding the Capital Projects Fund balance, totaled \$251,280,054, of which \$14,119,164 is not in spendable form, and \$299,873,462, or 95.50%, 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 2021, the Town's total fund balance for the General Fund was \$72,724,027, which increased by \$31,032,105 from the prior year; revenues and other financing sources of \$238,820,106 exceeded expenditures and other financing uses of \$207,788,001.

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 Year Ended December 31, 2021

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). 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 Year Ended December 31, 2021

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 fund categories: governmental, proprietary/enterprise and fiduciary.

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 Highway Fund and the Debt Service Fund as major funds, given the significance of the fund activity.

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 ("LDC").

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Fiduciary funds are not reflected in the government-wide financial statements as those resources are not available to support the Town's programs. The Town maintains only one type of fiduciary fund that is known as a Custodial Fund.

TOWN OF HEMPSTEAD

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2021

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, 2021, the Town's governmental activities liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$1,036,899,610 and the Town's business-type activities assets exceeded its liabilities by \$2,065,151.

Condensed Statements of Net Position
as of December 31, 2021 and 2020

| | Governmental Activities | | Business-Type Activities | |
|---|---------------------------|---------------------------|--------------------------|---------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Current and other assets: | | | | |
| Current assets | \$ 424,008,457 | \$ 333,266,929 | \$ 2,075,314 | \$ 2,422,036 |
| Capital assets | 610,330,545 | 590,204,252 | | |
| Other non-current assets | 62,559,778 | 71,539,459 | | |
| Total assets | <u>1,096,898,780</u> | <u>995,010,640</u> | <u>2,075,314</u> | <u>2,422,036</u> |
| Deferred outflows of resources | <u>302,505,940</u> | <u>354,586,816</u> | <u>-0-</u> | <u>-0-</u> |
| Total assets and deferred outflows of resources | <u>1,399,404,720</u> | <u>1,349,597,456</u> | <u>2,075,314</u> | <u>2,422,036</u> |
| Current and other liabilities: | | | | |
| Current liabilities | 194,193,785 | 231,092,112 | 10,163 | 8,988 |
| Long-term liabilities | 1,984,569,994 | 1,990,627,213 | | |
| Total liabilities | <u>2,178,763,779</u> | <u>2,221,719,325</u> | <u>10,163</u> | <u>8,988</u> |
| Deferred inflows of resources | <u>257,540,551</u> | <u>135,575,862</u> | <u>-0-</u> | <u>-0-</u> |
| Total liabilities and deferred inflows of resources | <u>2,436,304,330</u> | <u>2,357,295,187</u> | <u>10,163</u> | <u>8,988</u> |
| Net position: | | | | |
| Net investment in capital assets | 230,097,202 | 222,828,771 | | |
| Restricted | 3,938,087 | 3,774,022 | | |
| Unrestricted (deficit) | <u>(1,270,934,899)</u> | <u>(1,234,300,524)</u> | <u>2,065,151</u> | <u>2,413,048</u> |
| Total net position | <u>\$ (1,036,899,610)</u> | <u>\$ (1,007,697,731)</u> | <u>\$ 2,065,151</u> | <u>\$ 2,413,048</u> |

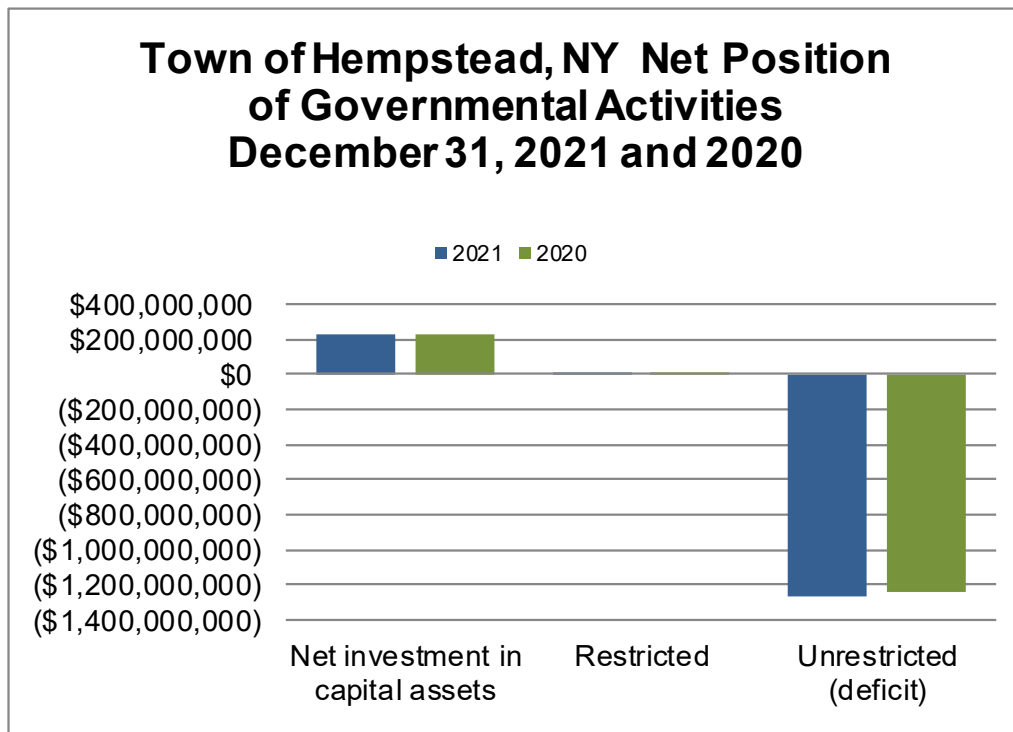
TOWN OF HEMPSTEAD

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The Town's governmental activities net investment in capital assets portion of net position, \$230,097,202, 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, 2021 was a negative \$1,036,899,610, an increase to the deficit of \$29,201,879 from the prior year. Net position consists of (a) \$230,097,202 investment in capital assets, (b) net position restricted by statute or specific purposes of \$3,938,087, and (c) unrestricted deficit of \$1,270,934,899.

Total governmental activities net position deficit balance increased by \$29,201,879 in the current year, primarily due to the ongoing recognition of the Town's other postemployment benefits costs. During 2021, the Town recognized other postemployment benefits expense of \$125,665,094.

Business-type activities net position decreased by \$347,897 to \$2,065,151 at December 31, 2021.

TOWN OF HEMPSTEAD

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Changes in Net Position

For the years ended December 31, 2021 and 2020

| | Governmental Activities | | Business-Type Activities | |
|--|---------------------------|---------------------------|--------------------------|---------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Program Revenues: | | | | |
| Charges for services | \$ 69,607,514 | \$ 61,158,415 | \$ 556,330 | \$ 225,726 |
| Operating grants and contributions | 49,289,419 | 106,525,399 | | |
| Capital grants and contributions | 17,290,424 | 27,175,752 | | |
| | <u>136,187,357</u> | <u>194,859,566</u> | <u>556,330</u> | <u>225,726</u> |
| General Revenues: | | | | |
| Real property taxes | 253,682,755 | 253,561,677 | | |
| Real property tax items | 10,282,003 | 9,854,585 | | |
| Non-property tax items | 58,563,580 | 50,312,619 | | |
| Interest earnings and financing income | 795,243 | 2,225,513 | | 2,143 |
| State aid - mortgage tax | 42,327,982 | 31,712,525 | | |
| Other | 6,529,515 | 4,667,164 | | |
| | <u>372,181,078</u> | <u>352,334,083</u> | <u>-</u> | <u>2,143</u> |
| Transfers | 750,000 | | (750,000) | |
| Total Revenues | <u>509,118,435</u> | <u>547,193,649</u> | <u>(193,670)</u> | <u>227,869</u> |
| Program Expenses: | | | | |
| General government support | 127,570,802 | 145,025,245 | | |
| Education | 8,184,675 | 8,686,505 | | |
| Public safety | 56,601,879 | 62,530,405 | | |
| Transportation | 60,665,762 | 59,447,418 | | |
| Economic assistance and opportunity | 15,444,357 | 15,083,130 | 154,227 | 152,463 |
| Culture and recreation | 101,419,537 | 105,163,935 | | |
| Home and community services | 157,981,963 | 178,208,946 | | |
| Interest and other debt related costs | 10,451,339 | 11,623,863 | | |
| | <u>538,320,314</u> | <u>585,769,447</u> | <u>154,227</u> | <u>152,463</u> |
| Total Expenses | <u>538,320,314</u> | <u>585,769,447</u> | <u>154,227</u> | <u>152,463</u> |
| Change in Net Position | (29,201,879) | (38,575,798) | (347,897) | 75,406 |
| Net Position - Beginning | (1,007,697,731) | (969,121,933) | 2,413,048 | 2,337,642 |
| Net Position - Ending | <u>\$ (1,036,899,610)</u> | <u>\$ (1,007,697,731)</u> | <u>\$ 2,065,151</u> | <u>\$ 2,413,048</u> |

Net position deficit balance for the years ended December 31, 2021 and 2020, from all governmental activities, increased by \$29,201,879 and \$38,575,798 respectively. Net position from the business-type activities for the years ended December 31, 2021 and 2020, decreased by \$347,897 and increased by \$75,406, respectively.

TOWN OF HEMPSTEAD

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Key elements of the governmental activities are:

- Total program revenues of \$136,187,357 decreased by \$58,672,209 or 30.11% from the prior year. By far, the decrease in revenue from federal aid received in response to COVID-19 relief awards had the most significant impact on program revenues, specifically there was a \$96,092,641 decrease in CARES Act grant revenue and a \$22,651,715 increase ARPA funded grants. Notable changes in program revenues by type are as follows:
 - Operating grants decreased by \$57,235,980, of which \$55,956,046 is due to the net of COVID-19 federal aid under the CARES Act decrease of \$78,607,761 and additional revenue pursuant to ARPA of \$22,651,715. The most significant impact of the \$55,956,046 decrease COVID-19 related federal grant revenue by function was: \$4,457,444 in general government support and \$52,685,056 in home and community \$2,536,891.
 - Total capital grants decreased by \$9,885,328, which is attributable to \$17,505,837 less in recognized CARES Act grant revenue (primarily: government support of \$6,451,559, culture and recreation of \$7,043,632, and home and community of \$3,974,064 functions), and an increase in state aid of \$7,405,931 from the net Governor's Office of Storm Recovery grant, Consolidated Local Street and Highway Improvement Grant and NYS Office of Emergency Management Grant and for transportation purposes.
 - Charges for services increased by \$8,449,099 from the prior year, as the United States, including the Town recovered from the effects of the COVID-19 pandemic. Home and community charges increased by \$6,382,366 as fees for water services increased by \$3,935,135 as the Town instituted a quarterly fee to assist with costs incurred and to be incurred to comply with new NYS regulations regarding water quality, refuse and garbage fees increased by \$2,424,158. Public safety fees increased by \$1,164,780 (safety inspection fees) and culture and recreation fees increased by \$882,836 from the prior year as New York and the Town recovered from the effects of COVID-19 pandemic and life returned to more normal activity levels.
- General revenues increased by \$19,846,995 from the prior year, which was primarily due to a \$8,250,961 increase in non-property taxes (sales tax), \$10,615,457 increase in state aid - mortgage taxes, a \$1,862,351 increase in other revenue (refunds of prior year appropriations and miscellaneous local sources) and a \$1,430,270 decrease in interest earnings (lower interest rates).
- Transfers increased by \$750,000 as the governmental activities received a one-time transfer from the business-type activities to be used for various programs administered by the Department of Occupational Resources.
- Overall expenses of \$538,320,314 decreased by \$47,449,133 from the prior year in all functional areas except for transportation and economic and assistance opportunity segments. This is primarily attributable to \$33,709,050 less in employee benefits (net of pension expense due to unanticipated plan investment earnings and increase in OPEB expense), \$8,508,099 less in paid time off benefits, and \$5,228,299 less in pollution remediation costs. Over the 2021 and 2020 years, the Town incurred significant unanticipated costs in response to the public health emergency with respect to COVID-19 to mitigate the spread of the COVID-19 virus as well as for economic recovery with ARPA grants awards received in 2021.

TOWN OF HEMPSTEAD

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

- **Noteworthy changes in functional expenses** from the prior year, by function, are as follows:
 - General government support - The \$17,454,443 decrease in general government support is primarily due to the following fluctuations: \$7,683,175 decrease in costs incurred in response to the COVID-19 pandemic & economic recovery costs, a \$9,763,425 in employee benefits (primarily pension and OPEB) and cost of paid time off.
 - Public safety - The \$5,928,526 decrease in public safety expenses is primarily due to \$7,334,678 decrease in employee benefits costs (primarily pension and OPEB) including paid time off. This decrease was offset by a \$2,708,106 increase in the operational costs (salaries and supplies) of providing safety inspection fees, police, traffic controls and control of animal services. These increases stem primarily from an increase in the volume of safety inspections performed.
 - Transportation - The slight increase of \$1,218,344 in transportation expenses is primarily due to the following: \$4,725,155 increase in snow removal, maintenance of highway equipment and street lighting costs with the increase in snow removal costs having the most significant impact, and a decrease in employee benefits and paid time off costs of \$3,509,944.
 - Culture and recreation - The culture and recreation expenses decreased by \$3,744,398 from the prior year. This is attributable to a \$7,966,145 decrease in employee benefits (pension and OPEB) and paid time off costs and a decrease in pollution remediation costs of \$1,053,160 and an increase in depreciation of \$2,467,797. The remaining increase in costs of \$3,167,889 is due to an increase in costs of providing the various parks and recreation services and amenities to our residents as NYS and the Town recovered from the COVID-19 pandemic and a more normal life returned.
 - Home and community services - The \$20,226,983 decrease in home and community expenses is primarily related the following decreases: \$12,955,110 in employee benefits (pension and OPEB) and cost of paid time off, \$7,165,715 in judgment and claims (utility cases), \$1,900,299 in pollution remediation costs, \$2,070,077 in operational costs of providing safe water, \$1,222,308 in Section 8 Housing Choice Voucher program which was transferred to a NYS state agency. These decreases were offset by an increase in cost refuse and garbage services of \$3,325,315.

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, 2021 and 2020

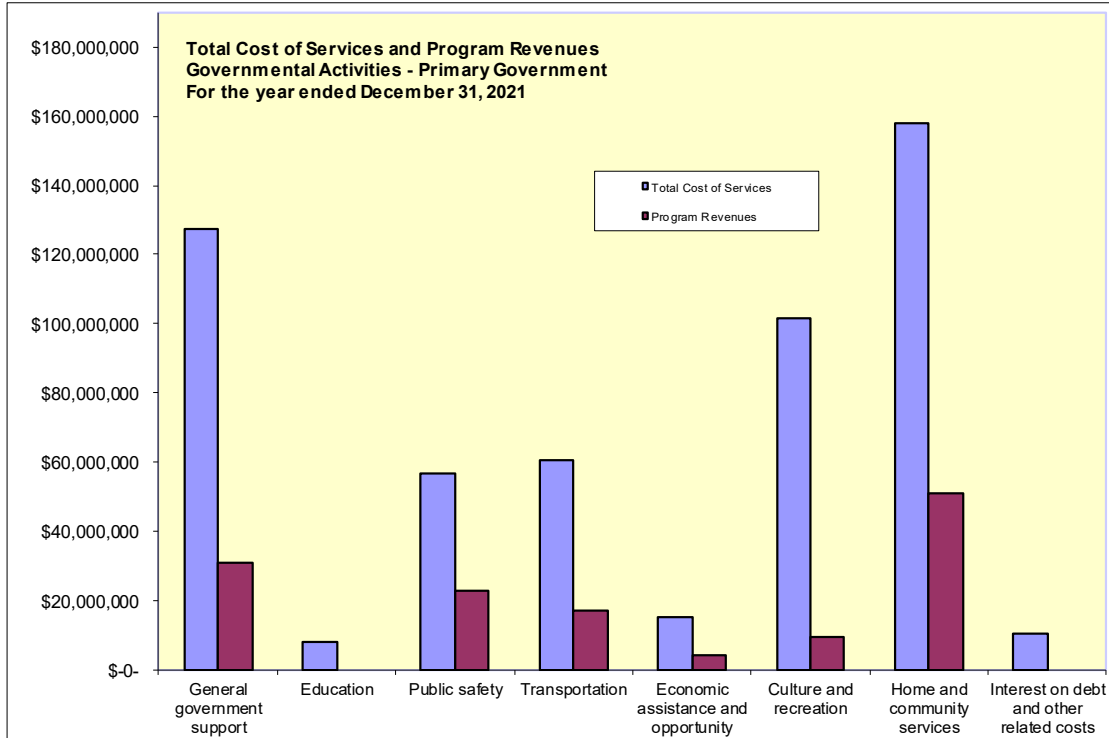
| | Total Cost (Expense) of Services | | Program Revenues | | Net Cost (Revenue) of Services | |
|---------------------------------------|----------------------------------|-----------------------|-----------------------|-----------------------|--------------------------------|-----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| General government support | \$ 127,570,802 | \$ 145,025,245 | \$ 31,187,562 | \$ 42,098,913 | \$ 96,383,240 | \$ 102,926,332 |
| Education | 8,184,675 | 8,686,505 | | | 8,184,675 | 8,686,505 |
| Public safety | 56,601,879 | 62,530,405 | 23,045,647 | 20,508,756 | 33,556,232 | 42,021,649 |
| Transportation | 60,665,762 | 59,447,418 | 17,143,988 | 9,968,611 | 43,521,774 | 49,478,807 |
| Economic assistance and opportunity | 15,444,357 | 15,083,130 | 4,326,685 | 4,243,167 | 11,117,672 | 10,839,963 |
| Culture and recreation | 101,419,537 | 105,163,935 | 9,381,250 | 15,123,863 | 92,038,287 | 90,040,072 |
| Home and community services | 157,981,963 | 178,208,946 | 51,073,961 | 102,900,817 | 106,908,002 | 75,308,129 |
| Interest and other debt related costs | 10,451,339 | 11,623,863 | 28,264 | 15,439 | 10,423,075 | 11,608,424 |
| | <u>\$ 538,320,314</u> | <u>\$ 585,769,447</u> | <u>\$ 136,187,357</u> | <u>\$ 194,859,566</u> | <u>\$ 402,132,957</u> | <u>\$ 390,909,881</u> |

TOWN OF HEMPSTEAD

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2021

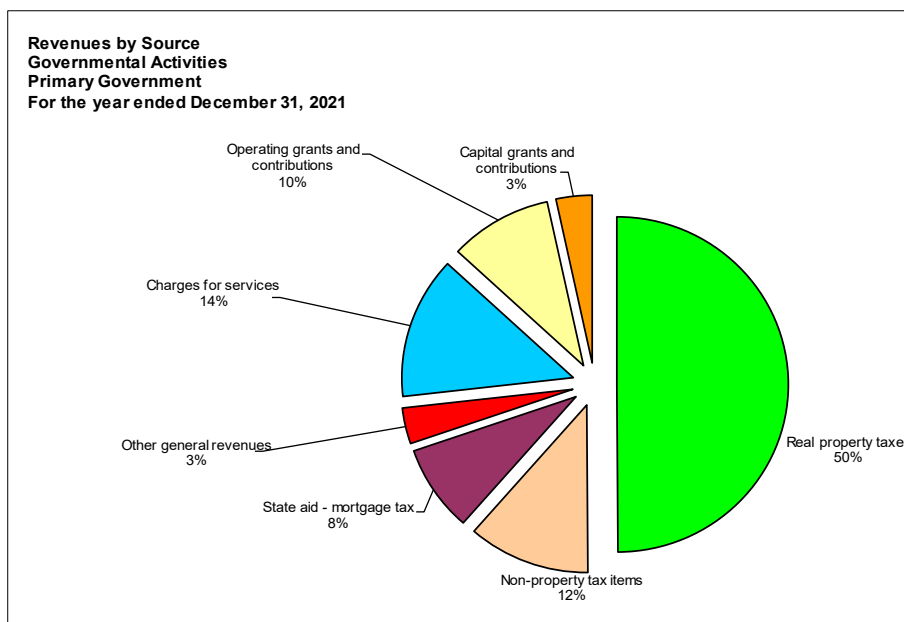
GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

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



The total cost of all governmental activities this year was \$538,320,314 The net cost of these services after being subsidized by program revenues of \$136,187,357 was \$402,132,957.

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



TOWN OF HEMPSTEAD

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Revenue by Source

For the years ended December 31, 2021 and 2020

| | 2021 | 2020 |
|------------------------------------|-----------------------|-----------------------|
| Real property taxes | \$ 253,682,755 | \$ 253,561,677 |
| Non-property tax items | 58,563,580 | 50,312,619 |
| State aid - mortgage tax | 42,327,982 | 31,712,525 |
| Other general revenues | 17,606,761 | 16,747,262 |
| Charges for services | 69,607,514 | 61,158,415 |
| Operating grants and contributions | 49,289,419 | 106,525,399 |
| Capital grants and contributions | 17,290,424 | 27,175,752 |
| | <u>\$ 508,368,435</u> | <u>\$ 547,193,649</u> |

The business-type activities net position decreased by \$347,897. The decrease in net position consists of income from operations of \$402,103 which was offset by a transfer to the primary government of \$750,000. Program revenues of fees for services total \$556,330, which is an increase by \$330,604, due to the number and size of projects it closed during the year. Expenses of \$154,227 remained consistent with the prior year. The reported transfer of \$750,000 is a transfer to the Town's Department of Occupational Resources, a division within the Special Grants Fund.

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, 2021, the Town's governmental funds reported total ending fund balances of \$313,992,626, an increase of \$118,265,657 in comparison with the prior year. The increase in governmental funds of \$118,265,657 stems from \$33,269,030 from the Town's major funds excluding the Capital Projects Fund, \$87,387,886 from the Capital Projects Fund as the Town issued long-term debt, and a loss of \$2,418,259 in the nonmajor governmental funds.

The category breakdown of fund balance is as follows:

- **Nonspendable fund balance** - \$14,119,164 (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** - \$76,875,450 (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** - \$165,640,286 (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** - \$57,357,726 is the total residual fund balance in the General Fund.

TOWN OF HEMPSTEAD

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2021

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 \$72,724,027, an increase of \$31,032,105 or 74.43% from the prior year. Of the total fund balance, \$5,214,651 is not in spendable form (inventory and prepaid items), \$516,182 is restricted (primarily debt service) and \$9,635,468 is assigned for the subsequent year's budget and for purchases on order. There is a remaining unassigned fund balance of \$57,357,726.

The General Fund's total revenues and other financing sources exceeded expenditures and other financing uses by \$31,032,105 for the year. Revenues and other financing sources increased by \$8,298,753 from the prior year to \$238,820,106, while expenditures and other financing uses decreased by \$3,696,591 from the prior year to \$207,788,001.

The increase in revenues and other financing sources of \$8,298,753 consists of an increase in revenues of \$7,338,755 and an increase in other financing sources of \$959,998. The increase in revenues primarily stems from the following increases: non-property tax items of \$8,215,330 (sales tax), interfund revenue of \$2,010,860, and state aid of \$10,434,105 (mortgage taxes). These increases were offset by a decrease in federal aid of \$13,354,206 (federal aid under CARES Act and ARPA Act for COVID-19 relief aid) The \$959,998 increase in other financing sources is due to \$515,682 more in premiums on debt issuance and \$444,316 more in transfers from other funds.

The decrease in expenditures and other financing uses of \$3,696,591 is attributable to decreases in total expenditures of \$3,369,280 and in other financing uses of \$327,311. Notable changes from the prior year are as follows: \$4,438,395 decrease in general government support costs (impact of COVID-19 on public works in 2020 to mitigate the spread of the virus and less of central data processing costs), \$636,502 decrease in home and community services (conservation costs), and offsetting increases in employee benefits of \$1,022,798 (primarily retirement and workers compensation costs) and public safety costs of \$710,056 (police costs).

Highway Fund

At the end of the current year, the total fund balance of the Highway Fund was \$24,521,116 an increase of \$890,715 or 3.77% from the prior year. Of this, the total fund balance, \$3,341,149 is not in spendable form (inventory and prepaid items), \$3,350,782 is restricted for debt service, and the remaining \$17,829,185 of the fund balance is in spendable form as follows: \$5,158,535 is assigned for the subsequent year's budget and purchases on order, and \$12,670,350 is assigned for general highway purposes.

The Highway Fund's total revenues and other financing sources exceeded expenditures and other financing uses by \$890,715 for the year. Revenues and other financing sources increased by \$2,493,204 from the prior year to \$69,460,304 while expenditures and other financing uses increased by \$2,256,143 from the prior year to \$68,569,589.

The increase in revenues and financing sources of \$2,493,204 is primarily attributable to an increase in other financing sources of \$2,852,028 and a slight decrease in total revenues of \$358,824. The increase in other financing sources is attributable to increases in proceeds from debt issuance of \$1,665,000 and premiums on issuance of \$3,073,035 and a decrease in transfers from other funds of \$1,886,007 (unspent bond proceeds). There were no notable fluctuations in revenues from the prior year.

The increase in expenditures and financing uses of \$2,256,143 is attributable to a \$4,373,420 increase in expenditures and a \$2,117,277 decrease in other financing uses. The \$4,373,420 increase in expenditures is primarily attributable to the following: \$1,165,488 of maintenance and acquisition of highway equipment costs, \$2,559,667 of snow removal costs (more inclement weather), \$65,808 in cost of street maintenance, \$332,931 in employee benefits and \$249,525 in interest on bond anticipation notes. The \$2,117,277 decrease in other financing uses attributable to lower debt service costs, resulting in less transfers to the Debt Service Fund.

TOWN OF HEMPSTEAD

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2021

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (continued)

Governmental Funds (continued)

Park Districts Fund

At the end of the current year, the total fund balance of the Park Districts Fund was \$19,195,955, a decrease of \$1,947,145 from the prior year. Of the total fund balance, \$1,630,466 is not in spendable form (inventory and prepaid items), \$346,469 is restricted for debt service and \$17,219,020 is assigned for park fund purposes. The total assigned fund balance of \$17,219,020 consists of: \$2,319,918 of an appropriation of fund balance for subsequent year's budget and purchases on order and \$14,899,102 assigned for general park fund purposes.

The Park Districts Fund's total expenditures and other financing uses exceeded revenues and other financing sources by \$1,947,145 for the year. Revenues and other financing sources decreased by \$4,082,487 from the prior year to \$95,269,146 while expenditures and other financing uses decreased slightly by \$602,307 from the prior year to \$97,216,291.

The decrease in revenues and financing sources of \$4,082,487 is primarily attributable to a decrease in federal aid of \$6,951,777 (Coronavirus Relief Fund/CARES Act for COVID-19 relief) and increases in interfund revenue of \$1,516,818, departmental income of \$700,830 (recovery from the COVID-19 pandemic) and other financing sources of \$545,639 (premiums on debt issuance and transfers from other funds).

The expenditures and financing uses decreased by \$602,307 from the prior year. Notable fluctuations are: \$3,303,085 increase in salaries and related benefits parks and facilities were once again open a full year, and a decrease of \$3,723,636 in contractual costs (less spent on costs to mitigate the spread of COVID-19 virus as we recovered from the COVID-19 pandemic). Transfers out decreased by \$181,756 due to lower debt service requirements.

Refuse and Garbage Districts Fund

At the end of the current year, the total fund balance of the Refuse and Garbage Districts Fund was \$74,351,296, a decrease of \$5,964,572 or 7.43% from the prior year. Of the total fund balance, \$1,035,961 is not in spendable form (inventory and prepaid items), \$325,063 is restricted for debt service and the remaining \$72,990,272 is in spendable form as follows: \$9,559,363 is assigned for the subsequent year's budget and purchases on order and \$63,430,909 assigned for general refuse and garbage purposes.

The Refuse and Garbage Districts Fund's total expenditures and other financing uses exceeded revenues and other financing sources by \$5,964,572 for the year. Revenues and other financing sources decreased by \$14,744,648 from the prior year to \$142,452,027 and expenditures and other financing uses increased by \$29,016,646 from the prior year to \$148,416,599.

The decrease in revenues and other financing sources of \$14,744,648 consists of a \$41,153,892 decrease in revenue and \$26,409,244 increase in other financing sources. The \$41,153,892 decrease in revenue is attributable to a decrease in federal aid of \$43,767,186 (Coronavirus Relief Fund/CARES for COVID-19 relief), which was offset by increases in departmental income of \$2,424,158 (refuse and garbage collection charges increased as NYS recovered from the COVID-19 pandemic). The increase in other financing sources amounts is attributable to \$26,400,250 more in debt issuance and premiums on debt issuance and slight increase in transfers from other funds.

Total expenditures and financing uses of \$148,416,599 increased by \$29,016,646 from the prior year. The cost of providing refuse and garbage collection services (including employee benefits) totaled \$136,314,491, which is \$29,318,889 more than the prior year. This increase is primarily attributable to a \$26,031,844 judgment and claims settlement payment pertaining utility companies' litigation and \$3,287,045 increase in the cost of refuse and garbage collection. Transfers to the Debt Service Fund totaled \$12,108,108 and \$12,404,351 in 2021 and 2020, respectively.

TOWN OF HEMPSTEAD

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2021

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 \$41,564,197, an increase of \$9,418,045 or 29.30%, from the prior year. Of this amount, \$810,073 is not in spendable form (inventory and prepaid items), \$3,083,073 is restricted for debt service, and the remaining \$37,671,051 of the fund balance is in spendable form as follows: \$9,958 for purchases on order, \$3,576,442 is assigned for water systems treatment for emerging contaminants and \$34,084,651 is for general water service purposes.

The Water Districts Fund's total revenues and other financing sources exceeded expenditures and other financing uses by \$9,418,045 for the year. Revenues and other financing sources decreased by \$3,077,182 from the prior year to \$30,503,468 while expenditures and other financing uses decreased by \$2,201,320 from the prior year to \$21,085,423.

The decrease in revenues and financing sources of \$3,077,182 is mainly attributable to a decrease in federal aid from the Coronavirus Relief Fund of \$10,237,328 (Coronavirus Relief Fund/CARES Act for COVID-19 relief), an increase departmental income of \$4,215,903 (additional quarterly fee) and a \$3,083,073 increase in premiums on debt issuance. The decrease in expenditures and financing uses of \$2,201,320 primarily consists of a \$2,077,622 decrease in costs of providing water services to its residents (less spent on costs to mitigate the spread COVID-19 virus) and a \$123,698 decrease in transfers out for debt service requirements.

Capital Projects Fund

At the end of the current year, the Capital Projects Fund had a total fund balance of \$62,712,572, an increase of \$87,387,886 from the prior year. The increase in fund balance stems from a timing difference of when project expenditures are incurred and issuance of long-term debt. During 2021, the Capital Projects Fund received \$128,043,572 in debt issuance proceeds and \$17,316,965 of revenues primarily from federal and state grants, while expending \$54,507,416 for various capital/public improvement projects. The prior year revenues and expenditures totaled \$9,636,381 and \$49,572,910, respectively.

Debt Service Fund

At the end of the current year, the Debt Service Fund has a total fund balance of \$1,029,149, which is restricted for future debt service. Debt service expenditures of \$57,342,521 decreased by \$3,020,509 from the prior year. The decrease in debt service costs of \$3,020,509 consists of decreases in principal payments of \$1,932,901 and interest payments of \$1,331,030 and an increase in debt issuance costs of \$243,422. To finance the debt service payments, the operating funds transferred to the Debt Service Fund \$56,560,677, a decrease of \$3,656,209 from the prior year. During 2021, the Town issued \$39,730,000 general obligation refunding bonds to currently refund \$43,490,000 of existing debt. In conjunction with these bond issuances, the Town received \$4,380,462 of premiums on issuance. During 2020, there were no refunding bonds issued.

Nonmajor Governmental Funds

The net change in fund balances was a decrease of \$2,418,259 which is attributable to: Town Outside Village Fund of (\$2,773,444), Fire Protection Districts of (\$272,191), Street Lighting Districts Fund of (\$563,873), Public Parking Districts Fund of \$193,354, Library Funding Districts Fund of \$1,373 and \$996,522 of Special Grants Fund. Revenues and other financing sources totaled \$63,132,574, which increased by \$2,852,211 from the prior year. Departmental income increased by \$2,007,187 (safety inspection fees) and other financing sources increased by \$882,570 (primarily \$750,000 transfer from the LDC to the Special Grants Fund). Total expenditures and other financing uses increased by \$3,801,221 from the prior year to \$65,550,833. This increase is across all funds, except for the Special Grants Fund. The notable increases in expenditures (excluding other financing uses) are as follows: Town Outside Village Fund \$2,826,352 (cost of providing safety inspections), Fire Protection Districts Fund \$637,879 (contractual costs including costs associated with providing the length of service award plan) and Streetlighting District Fund \$987,547 (cost of operating and maintaining street lighting). These increases were offset by a decrease of \$479,695 in the Special Grants Fund (\$1,464,433 less Section 8 Housing Choice Vouchers Program as the program was transferred to a state agency and \$794,041 more spent in administering various grants under Department of Occupational Resources). Expenditures in Parking Districts and Library Districts were consistent with the prior year.

TOWN OF HEMPSTEAD

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2021

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (continued)

Proprietary Fund

Town of Hempstead Local Development Corporation

The Town of Hempstead Local Development Corporation operating expenses and transfers out exceeded revenues by \$347,897 in the current year. Program revenues consisting of fees for services, increased by \$330,604 due to the number and size of projects it closed during the year. Expenses of \$154,227 were consistent with that of the prior year. During 2021, the LDC transferred \$750,000 to the Special Grants Fund to be used for the Department of Occupational Resources various programs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The differences between the 2021 original budget and the final amended budget are adopted by Town Board Resolution throughout the year. During the year, there was a \$28,633,624 or 13.23% increase in the General Fund's appropriations between the original and final amended budget. However, budgeted federal aid revenue was increased by \$38,087,175, resulting only in a budgeted deficit of \$5,133,600. The federal aid revenue was increased to reflect the General Fund's estimated portion of the Coronavirus Relief Fund award, Emergency Rental Assistance Program award and the American Rescue Plan Act award.

Of the \$28,633,624 supplemental appropriations, \$2,218,710 of fund balance was appropriated to fund additional salaries costs resulting from early retirement and termination payouts of compensated absences, and \$325,000 of transfers to the Special Grants Fund to finance certain administrative costs for the Department of Occupational Resources. The remainder of the supplemental appropriations was for COVID-19 related expenditures in the amount of \$15,435,459 and emergency rental assistance payments in the amount of \$7,404,140. 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, 2021, amounts to \$610,330,545. 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.

| | Governmental Activities | |
|--|-------------------------|----------------|
| | 2021 | 2020 |
| Land and landfills | \$ 86,967,285 | \$ 86,967,285 |
| Construction work in progress | 3,309,768 | 3,701,748 |
| Buildings | 35,686,526 | 33,831,901 |
| Infrastructure and improvements other than building | 459,759,831 | 441,925,675 |
| Improvements to park portion of Merrick landfill | 5,395,539 | 5,936,094 |
| Machinery and equipment | 18,234,157 | 16,659,502 |
| Intangibles - Software | 977,439 | 1,182,047 |
| Total Net Capital Assets | \$ 610,330,545 | \$ 590,204,252 |

The net book value of business-type activities capital assets was \$-0- as of December 31, 2021 and 2020, and there was no depreciation expense reported in the business-type activities capital assets.

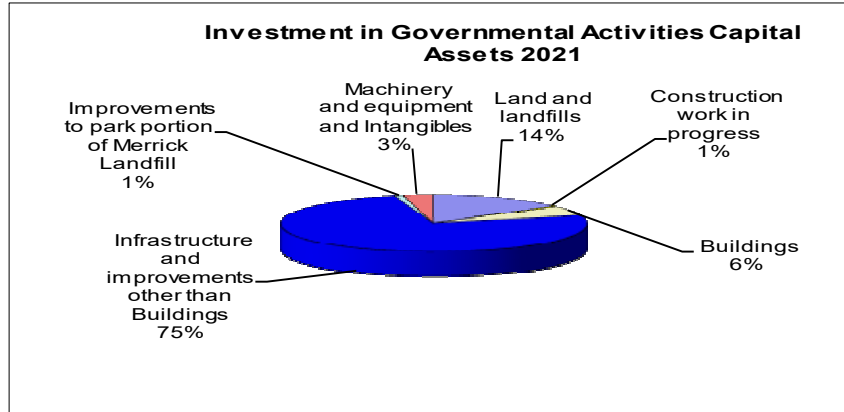
TOWN OF HEMPSTEAD

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Capital Assets (continued)

The composition of capital assets by percentage at December 31, 2021 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.

Debt Administration

Short-Term Debt

During 2020, the Town issued \$33,270,000 of bond anticipation notes payable ("BANs"). The BANs were issued to temporarily finance various capital improvement projects and payment of a judgment. During 2021, the BANs were repaid with proceeds from issuance of long-term general obligation bonds. At December 31, 2021 and 2020, the balance of short-term BANs outstanding totaled \$-0- and \$33,270,000 respectively. The debt is backed by the full faith and credit of the Town. The business-type activities unit has no short-term debt outstanding. See Note 3E for additional information.

Long-Term Debt

At the end of the current year, the Town has total long-term bonded debt outstanding of \$441,743,448 and \$26,031,844 of long-term bond anticipation notes outstanding. The entire debt is backed by the full faith and credit of the Town. The Town's business-type activities has no debt outstanding. The outstanding long-term debt at December 31, 2021 and 2020 is as follows:

| | Governmental Activities | |
|--------------------------|-------------------------|-----------------------|
| | 2021 | 2020 |
| General obligation bonds | \$ 441,743,448 | \$ 358,801,931 |
| Bond anticipation notes | 26,031,844 | -0- |
| Total | \$ 467,775,292 | \$ 358,801,931 |

The general obligation bonds outstanding at December 31, 2021 increased by 23.12% from the prior year. During 2021, the Town issued \$129,708,572 of general obligation bonds for various public improvement projects and issued two general obligation refunding bonds totaling \$39,730,000. The proceeds from the refunding bond issuances (issued for Town purposes), including premiums of \$44,110,462, were used to currently refund \$43,490,000 of previously issued general obligation bonds. The refunding resulted in present value savings of approximately \$2.3 million to the Town's residents. The Town also issued \$26,031,844 of long-term bond anticipation notes.

In September 2021, Moody's Investor Service assigned an Aa1/stable outlook and S&P Global assigned an AA- rating to the Town's 2021 general obligation bonds issued for public improvement purposes.

TOWN OF HEMPSTEAD

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Debt Administration (continued)

Debt Limit

State statutes limit the amount of general obligation a governmental entity may issue to 7% of a 5-year average full valuation. For 2020, the five-year average full valuation is \$101,598,137,747. The current debt limitation (7% of average full valuation) for the Town is \$6,688,098,727, which is significantly in excess of the Town's outstanding debt. The percentage of debt contracting power exhausted as of December 31, 2021 is approximately 6.00%.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The Town's elected and appointed officials considered many factors when preparing the 2022 budget. The Town's statistical data compares favorably to New York State and the United States. According to the U.S Bureau of Labor Statistics, the Town's 2021 average unemployment rate of 4.7% compares favorably to New York State's 6.9% and the United States' 5.3%. Household income in the Town also compares favorably to both the state and the nation. According to the U.S. Census Bureau's American Community Survey 2020 5-Year Estimates, more than half of households in the Town – 56% – have annual incomes of \$100,000 or more, compared to 36% in New York State and 31% nationwide. Mean household income in the Town of Hempstead is \$143,123, compared to New York State's \$105,304 and the United States' \$91,457. 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 46% 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.
- The Coronavirus pandemic changed the way of life for many residents who found themselves seeking financial and food assistance, especially those living on fixed incomes and tight budgets. In the midst of the pandemic in 2020, the Town of Hempstead managed to freeze taxes and maintain all essential services in the 2021 budget. What's more, the Town worked to allocate millions of dollars in federal CARES funding to provide direct relief to residents during the pandemic – efforts included providing millions of meals to those in need, thousands of free COVID-19 tests and vaccines to residents, aid to front-line entities such as hospitals, fire departments, colleges and universities, villages and schools, and thousands of free PPE kits to small businesses.
- In keeping with our mission to preserve town programs and services while demonstrating the highest regard for taxpayers, the Town's 2022 spending plan slashes taxes, preserves all town programs and services and includes enhancements to town parks and infrastructure. The 2022 budget slashes 9.22 percent from the town's General fund. This reduces the total town tax levy from \$253.1 million in 2021 to \$250.6 million in 2022. In addition to the \$250.6 million in property taxes to be levied under this budget, non-property tax revenues include \$30 million in mortgage recording revenues, \$3.8 million in per capita state aid, \$15.8 million in refuse disposal revenues and \$44.6 million in sales tax revenues. Unavoidable expenses such as health insurances and pensions, amount to 18 percent of the town's expense budget.
- While services and programs remain intact the Town continues to invest millions of dollars in capital projects, including \$10 million for parks improvements and nearly \$75 million for roads. Improvements are underway at various community parks, including playground and field upgrades. Some of the town-wide projects include the repurposing of the Sands facility in Lido Beach into a year-round activity center for senior citizens, enhancements to the town's Merrick and Lido Golf Courses and a playground upgrade for Camp ANCHOR, which serves children and adults with special needs.

TOWN OF HEMPSTEAD

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2021

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

- It is incumbent on government to lead by example at all times, but especially as families struggle during difficult economic periods like the Coronavirus pandemic. Throughout the pandemic the Town of Hempstead's dedicated team of workers has continued to provide essential services to our residents. Across all departments, the Town has maintained vital services even during the toughest times. In total, the Town's tax-cut 2022 budget demonstrates how the Town of Hempstead continues to deliver quality services at the lowest cost while providing the community with the assistance it needs during the most difficult of times.
- 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.
- The adopted budget for the fiscal year beginning January 1, 2022 reduces the total property tax levy from \$253.1 million in 2021 to \$250.6 million in the 2022 budget.
- When all these factors are considered, the Town's combined fund balances are expected to improve by the close of 2022.
- 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 \$44,550,000 of local government assistance for the expected shared sales tax revenue in its 2022 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

TOWN OF HEMPSTEAD

**GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET POSITION
Year Ended December 31, 2021**

| | Primary Government | | | Nonmajor Component Units |
|---|----------------------------|-----------------------------|---------------------------|--------------------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ 300,875,408 | \$ 2,067,314 | \$ 302,942,722 | \$ 25,938,334 |
| Cash and cash equivalents- restricted | 45,072,234 | | 45,072,234 | 7,182,882 |
| Receivables | 13,159,516 | 8,000 | 13,167,516 | 2,294,483 |
| Due from other governments | 44,553,125 | | 44,553,125 | 1,785,858 |
| Due from component units | 1,194,055 | | 1,194,055 | |
| Prepaid items | 12,294,422 | | 12,294,422 | 455,112 |
| Inventories | 6,859,697 | | 6,859,697 | 211,619 |
| Total Current Assets | <u>424,008,457</u> | <u>2,075,314</u> | <u>426,083,771</u> | <u>37,868,288</u> |
| Non-Current Assets: | | | | |
| Receivables, service concession arrangements | 7,901,499 | | 7,901,499 | |
| Due from other governments | 51,202,586 | | 51,202,586 | |
| Other assets | | | -0- | 5,098 |
| Length of service award program plan assets | 3,455,693 | | 3,455,693 | |
| Non-depreciable capital assets | 90,277,053 | | 90,277,053 | 19,273,766 |
| Depreciable capital assets, net of depreciation | 520,053,492 | | 520,053,492 | 59,393,546 |
| Total Non-Current Assets | <u>672,890,323</u> | <u>-0-</u> | <u>672,890,323</u> | <u>78,672,410</u> |
| Total Assets | <u>1,096,898,780</u> | <u>2,075,314</u> | <u>1,098,974,094</u> | <u>116,540,698</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension - employees' retirement system | 120,961,664 | | 120,961,664 | 7,557,880 |
| Pension - length of service award program | 1,279,241 | | 1,279,241 | |
| Other postemployment benefits | 180,265,035 | | 180,265,035 | 8,627,120 |
| Total Deferred Outflows of Resources | <u>302,505,940</u> | <u>-0-</u> | <u>302,505,940</u> | <u>16,185,000</u> |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts payable and accrued expenses | 55,162,842 | 10,163 | 55,173,005 | 2,797,493 |
| Due to other governments | 1,353,508 | | 1,353,508 | 1,659,723 |
| Due to primary government | | | -0- | 1,194,055 |
| Unearned revenue | 35,242,509 | | 35,242,509 | 31,852 |
| Other liabilities | 832,217 | | 832,217 | 665,166 |
| Guarantee, bid and escrow deposits liabilities | 6,993,749 | | 6,993,749 | |
| Non-current liabilities due within one year | 94,608,960 | | 94,608,960 | 1,285,024 |
| Total Current Liabilities | <u>194,193,785</u> | <u>10,163</u> | <u>194,203,948</u> | <u>7,633,313</u> |
| Non-Current Liabilities | | | | |
| Due in more than one year | 1,984,569,994 | | 1,984,569,994 | 83,871,469 |
| Total Non-Current Liabilities | <u>1,984,569,994</u> | <u>-0-</u> | <u>1,984,569,994</u> | <u>83,871,469</u> |
| Total Liabilities | <u>2,178,763,779</u> | <u>10,163</u> | <u>2,178,773,942</u> | <u>91,504,782</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred amounts on refunding bonds | 7,630,944 | | 7,630,944 | |
| Pension - employees' retirement system | 150,167,599 | | 150,167,599 | 9,133,861 |
| Deferred service concession arrangement receipts | 8,598,153 | | 8,598,153 | |
| Other postemployment benefits | 91,143,855 | | 91,143,855 | 3,688,225 |
| Total Deferred Inflows of Resources | <u>257,540,551</u> | <u>-0-</u> | <u>257,540,551</u> | <u>12,822,086</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 230,097,202 | | 230,097,202 | 49,056,245 |
| Restricted for: | | | | |
| Culture and recreation | | | | 17,553 |
| Home and community services and economic assistance and opportunity | 1,571,071 | | 1,571,071 | 6,414,124 |
| Debt service | 1,029,149 | | 1,029,149 | |
| Home and community services - cemetery, nonexpendable | 1,337,867 | | 1,337,867 | |
| Unrestricted (deficit) | (1,270,934,899) | 2,065,151 | (1,268,869,748) | (27,089,092) |
| Total Net Position | <u>\$ (1,036,899,610)</u> | <u>\$ 2,065,151</u> | <u>\$ (1,034,834,459)</u> | <u>\$ 28,398,830</u> |

The notes to financial statements are an integral part of this statement.

TOWN OF HEMPSTEAD

**GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2021**

| Function/Program | Expenses | Program Revenues | | | Net (Expense) Revenues and Changes in Net Position | | | Nonmajor Component Units |
|--|----------------|-------------------------|--|--|---|-----------------------------|--------------------|--------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Total Primary Government | | | |
| | | | | | Governmental Activities | Business-type Activities | Total | |
| Primary Government | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| General government support | \$ 127,570,802 | \$ 3,619,027 | \$ 27,568,535 | \$ -0- | \$ (96,383,240) | | \$ (96,383,240) | |
| Education | 8,184,675 | | | | (8,184,675) | | (8,184,675) | |
| Public safety | 56,601,879 | 13,872,576 | 8,983,808 | 189,263 | (33,556,232) | | (33,556,232) | |
| Transportation | 60,665,762 | 365,847 | 35,243 | 16,742,898 | (43,521,774) | | (43,521,774) | |
| Economic assistance and opportunity | 15,444,357 | 61,653 | 4,265,032 | | (11,117,672) | | (11,117,672) | |
| Culture and recreation | 101,419,537 | 6,720,420 | 2,423,828 | 237,002 | (92,038,287) | | (92,038,287) | |
| Home and community services | 157,981,963 | 44,967,991 | 5,984,709 | 121,261 | (106,908,002) | | (106,908,002) | |
| Interest and other debt related costs | 10,451,339 | | 28,264 | | (10,423,075) | | (10,423,075) | |
| Total Governmental Activities | 538,320,314 | 69,607,514 | 49,289,419 | 17,290,424 | (402,132,957) | \$ -0- | (402,132,957) | |
| Business-Type Activities: | | | | | | | | |
| Economic assistance and opportunity | 154,227 | 556,330 | | | | 402,103 | 402,103 | |
| Total Business-Type Activities | 154,227 | 556,330 | -0- | -0- | -0- | 402,103 | 402,103 | |
| Total Primary Government | \$ 538,474,541 | \$ 70,163,844 | \$ 49,289,419 | \$ 17,290,424 | (402,132,957) | 402,103 | (401,730,854) | |
| Nonmajor Component Units | | | | | | | | |
| Economic assistance and opportunity | \$ 852,677 | \$ 8,697,202 | \$ 4,583,119 | \$ 1,474,025 | | | | \$ 13,901,669 |
| Culture and recreation | 8,197,085 | 14,804 | 36,841 | 5,305 | | | | (8,140,135) |
| Home and community services | 26,038,633 | 5,022,738 | | 6,079,398 | | | | (14,936,497) |
| Total Component Units | \$ 35,088,395 | \$ 13,734,744 | \$ 4,619,960 | \$ 7,558,728 | | | | (9,174,963) |
| General Revenues | | | | | | | | |
| Real property taxes | | | | | 253,682,755 | | 253,682,755 | 13,708,515 |
| Real property tax items | | | | | 10,282,003 | | 10,282,003 | 1,035,812 |
| Non-property taxes: | | | | | | | | |
| Sales tax distribution by county, unrestricted | | | | | 47,973,084 | | 47,973,084 | |
| Franchise fees | | | | | 10,590,496 | | 10,590,496 | |
| Interest earnings - unrestricted | | | | | 795,243 | | 795,243 | 367,369 |
| State aid - mortgage tax | | | | | 42,327,982 | | 42,327,982 | |
| State aid - other unrestricted | | | | | | | | 40,223 |
| Other | | | | | 6,529,515 | | 6,529,515 | 683,859 |
| Transfers | | | | | 750,000 | (750,000) | | |
| Total General Revenues and Transfers | | | | | 372,931,078 | (750,000) | 372,181,078 | 15,835,778 |
| Change in Net Position | | | | | | | | |
| | | | | | (29,201,879) | (347,897) | (29,549,776) | 6,660,815 |
| Net Position at Beginning of Year, as originally reported | | | | | | | | |
| Adjustment to opening net position for inclusion of a component unit (Note 7) | | | | | (1,007,697,731) | 2,413,048 | (1,005,284,683) | 23,660,007 |
| Net Position at Beginning of Year | | | | | (1,007,697,731) | 2,413,048 | (1,005,284,683) | 21,738,015 |
| Net Position at End of Year | | | | | | | | |
| | | | | | \$ (1,036,899,610) | \$ 2,065,151 | \$ (1,034,834,459) | \$ 28,398,830 |

The notes to financial statements are an integral part of this statement.

TOWN OF HEMPSTEAD

**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021**

| | MAJOR FUNDS | | | | | | | Nonmajor Governmental Funds | Total Governmental Funds |
|---|-----------------------|----------------------|----------------------|------------------------------------|----------------------|----------------------|---------------------|-----------------------------------|--------------------------------|
| | General | Highway | Park Districts | Refuse and Garbage Districts | Water Districts | Capital Projects | Debt Service | | |
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ 66,661,454 | \$ 18,959,049 | \$ 18,831,842 | \$ 77,895,901 | \$ 32,915,584 | \$ 75,254,325 | | \$ 10,357,253 | \$ 300,875,408 |
| Cash and cash equivalent - restricted | 35,454,258 | 3,350,782 | 346,469 | 325,063 | 3,083,073 | | | 2,512,589 | 45,072,234 |
| Receivables | 167,354 | 505,180 | 431,170 | 2,182,392 | 6,964,404 | | | 2,212,362 | 12,462,862 |
| Due from other funds | 6,778,338 | 1,304,281 | 308,749 | 1,633,065 | 122,135 | 58,282 | | 383,512 | 10,588,362 |
| Due from other governments | 19,866,245 | | 860,273 | 585,992 | 129,870 | 12,105,812 | \$ 1,029,149 | 2,353,134 | 36,930,475 |
| Due from component units | 150,498 | 260,812 | 277,994 | 326,292 | 11,584 | | | 166,875 | 1,194,055 |
| Inventories | 2,681,589 | 2,750,350 | 422,316 | 62,402 | 473,353 | | | 469,687 | 6,859,697 |
| Prepaid items | 2,533,062 | 590,799 | 1,208,150 | 973,559 | 336,720 | | | 279,310 | 5,921,600 |
| Length of service award program plan assets | | | | | | | | 3,455,693 | 3,455,693 |
| Total Assets | \$ 134,292,798 | \$ 27,721,253 | \$ 22,686,963 | \$ 83,984,666 | \$ 44,036,723 | \$ 87,418,419 | \$ 1,029,149 | \$ 22,190,415 | \$ 423,360,386 |
| LIABILITIES | | | | | | | | | |
| Accounts payable and accrued liabilities | \$ 17,630,276 | \$ 2,063,369 | \$ 2,426,445 | \$ 9,169,347 | \$ 603,523 | \$ 17,230,600 | | \$ 2,959,497 | \$ 52,083,057 |
| Due to other funds | 1,826,569 | 557,955 | 484,644 | 303,955 | 280,041 | 5,899,605 | | 1,235,593 | 10,588,362 |
| Due to other governments | 1 | | | | | 1,353,507 | | | 1,353,508 |
| Unearned revenue | 34,999,176 | | | 21,198 | | 222,135 | | | 35,242,509 |
| Other liabilities | | 164,720 | 317,842 | 138,870 | 109,774 | | | 101,011 | 832,217 |
| Guarantee, bid and escrow deposits liabilities | 6,993,749 | | | | | | | | 6,993,749 |
| Total Liabilities | 61,449,771 | 2,786,044 | 3,228,931 | 9,633,370 | 993,338 | 24,705,847 | \$ -0- | 4,296,101 | 107,093,402 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | | |
| Unavailable revenue - fees | 119,000 | | 262,077 | | | | | | 381,077 |
| Unavailable revenue - water fees | | | | | 1,479,188 | | | | 1,479,188 |
| Unavailable revenue - sidewalk repair | | 414,093 | | | | | | | 414,093 |
| Total Deferred Inflows of Resources | 119,000 | 414,093 | 262,077 | -0- | 1,479,188 | -0- | -0- | -0- | 2,274,358 |
| FUND BALANCES | | | | | | | | | |
| Nonspendable | 5,214,651 | 3,341,149 | 1,630,466 | 1,035,961 | 810,073 | | | 2,086,864 | 14,119,164 |
| Restricted | 516,182 | 3,350,782 | 346,469 | 325,063 | 3,083,073 | 62,712,572 | 1,029,149 | 5,512,160 | 76,875,450 |
| Assigned | 9,635,468 | 17,829,185 | 17,219,020 | 72,990,272 | 37,671,051 | | | 10,295,290 | 165,640,286 |
| Unassigned | 57,357,726 | | | | | | | | 57,357,726 |
| Total Fund Balances | 72,724,027 | 24,521,116 | 19,195,955 | 74,351,296 | 41,564,197 | 62,712,572 | 1,029,149 | 17,894,314 | 313,992,626 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 134,292,798 | \$ 27,721,253 | \$ 22,686,963 | \$ 83,984,666 | \$ 44,036,723 | \$ 87,418,419 | \$ 1,029,149 | \$ 22,190,415 | \$ 423,360,386 |

The notes to financial statements are an integral part of this statement.

TOWN OF HEMPSTEAD

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

December 31, 2021

| | | |
|--|------------------------|----------------------------------|
| Total Fund Balances - Governmental Funds | | \$ 313,992,626 |
| 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 | \$ 90,277,053 | |
| Capital assets - depreciable | 1,086,906,335 | |
| Accumulated depreciation | <u>(566,852,843)</u> | 610,330,545 |
| Prepaid items included in the statement of net position. | | 6,372,822 |
| 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. | | 69,697,747 |
| Deferred outflows of resources not reported in the governmental fund statements: | | |
| Pension - employees' retirement system | 120,961,664 | |
| Pension - length of service award program | 1,279,241 | |
| Other postemployment benefits | <u>180,265,035</u> | 302,505,940 |
| 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: | | |
| Bond anticipation notes payable | (26,031,844) | |
| General obligation bonds payable | (441,743,448) | |
| Capital leases | (6,009,671) | |
| Pension related debt | (7,743,738) | |
| Employees' retirement system net pension liability | (502,072) | |
| Length of service award program plan pension liability | (7,138,027) | |
| Compensated absences | (66,494,734) | |
| Claims and judgments | (43,527,423) | |
| Estimated liability for landfill closure and postclosure care costs | (834,698) | |
| Pollution remediation obligations | (2,766,400) | |
| Total other postemployment benefits liability | <u>(1,441,026,026)</u> | (2,043,818,081) |
| Deferred inflows of resources not reported in governmental fund statements: | | |
| Deferred gain on debt refundings | (7,630,944) | |
| Pension - employees' retirement system | (150,167,599) | |
| Service concession arrangements | (8,598,153) | |
| Other postemployment benefits | <u>(91,143,855)</u> | (257,540,551) |
| 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 | | (35,360,873) |
| 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>(3,079,785)</u> |
| Net Position of Governmental Activities | | \$ <u>(1,036,899,610)</u> |

The notes to financial statements are an integral part of this statement.

TOWN OF HEMPSTEAD

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2021**

| | MAJOR FUNDS | | | | | | | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|----------------------|----------------------|---------------------------------|----------------------|----------------------|---------------------|-----------------------------------|--------------------------------|
| | General | Highway | Park Districts | Refuse and Garbage Districts | Water Districts | Capital Projects | Debt Service | | |
| REVENUES | | | | | | | | | |
| Real property taxes | \$ 28,213,297 | \$ 58,235,159 | \$ 51,715,004 | \$ 86,446,777 | \$ 5,626,900 | | | \$ 23,445,618 | \$ 253,682,755 |
| Real property tax items | 2,497,702 | 2,244,148 | 2,641,981 | 1,630,910 | 261,410 | | | 1,005,852 | 10,282,003 |
| Non-property tax items | 47,973,081 | | | | | | | 10,734,969 | 58,708,050 |
| Departmental income | 7,400,680 | | 1,949,059 | 13,275,225 | 20,078,282 | | | 14,227,404 | 56,930,650 |
| Intergovernmental charges | 95,237 | 8,500 | 860,273 | 2,012,225 | 230,050 | | \$ 28,264 | | 3,234,549 |
| Use of money and property | 1,088,701 | 194,129 | 262,023 | 4,461,174 | 1,148,585 | | | 53,756 | 7,208,368 |
| Licenses and permits | 1,955,803 | | | 35,971 | | | | | 1,991,774 |
| Fines and forfeitures | 53,200 | | | | | | | 273,831 | 327,031 |
| Sale of property and compensation for loss | 110,205 | 144,495 | 9,310 | 563,619 | 7,232 | | | 16,371 | 851,232 |
| Miscellaneous revenue | 4,173,113 | 414,401 | | 285,358 | 6,632,932 | 16,149 | \$ 73,101 | 1,407,954 | 13,003,008 |
| Interfund revenues | 63,710,546 | | 34,576,486 | 912,507 | 28,125 | | | 2,473,323 | 101,700,987 |
| State aid | 42,491,638 | | 240,719 | | | 7,296,330 | | 54,512 | 50,083,199 |
| Federal aid | 38,087,174 | 71,825 | 2,183,109 | 71,443 | 2,231 | 9,947,534 | | 8,256,414 | 58,619,730 |
| Total Revenues | 237,850,377 | 61,312,657 | 94,723,322 | 116,042,783 | 27,398,964 | 17,316,965 | 28,264 | 61,950,004 | 616,623,336 |
| EXPENDITURES | | | | | | | | | |
| Current: | | | | | | | | | |
| General government support | 117,412,534 | | | | | | | 363,495 | 117,776,029 |
| Education | 8,184,675 | | | | | | | | 8,184,675 |
| Public safety | 14,735,087 | | | | | | | 26,017,216 | 40,752,303 |
| Transportation | 1,382,707 | 32,362,340 | | | | | | 12,127,469 | 45,872,516 |
| Economic assistance and opportunity | 4,269,940 | | | | | | | 4,721,421 | 8,991,361 |
| Culture and recreation | 6,123 | | 68,907,000 | | | | | 1,432,474 | 70,345,597 |
| Home and community services | 11,645,366 | | | 112,831,008 | 13,565,475 | | | 7,989,876 | 146,031,725 |
| Employee benefits | 40,688,817 | 11,284,956 | 23,709,021 | 23,483,483 | 3,697,268 | | | 8,259,822 | 111,123,367 |
| Capital Outlay | | | | | | 54,507,416 | | | 54,507,416 |
| Debt Service: | | | | | | | | | |
| Principal | 63,748 | | | | | | | 43,007,055 | 1,766,710 |
| Interest | 24,640 | 249,525 | | | | | | 13,715,004 | 14,196,735 |
| Debt issuance costs | | | | | | | | 243,422 | 243,422 |
| Interest on current refunding | | | | | | | | 377,040 | 377,040 |
| Total Expenditures | 198,413,637 | 43,896,821 | 92,616,021 | 136,314,491 | 17,262,743 | 54,507,416 | 57,342,521 | 62,886,049 | 663,239,699 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 39,436,740 | 17,415,836 | 2,107,301 | (20,271,708) | 10,136,221 | (37,190,451) | (57,314,257) | (936,045) | (46,616,363) |
| Other Financing Sources (Uses) | | | | | | | | | |
| Transfers in | 454,047 | 3,131,865 | 199,355 | 8,994 | 21,431 | 350,629 | 56,560,677 | 325,840 | 61,052,838 |
| Transfers out | (9,374,364) | (24,672,768) | (4,600,270) | (12,102,108) | (3,822,680) | (3,815,864) | | (2,664,784) | (61,052,838) |
| Payments to refunded bond escrow agent - debt service principal | | | | | | | (43,490,000) | | (43,490,000) |
| Issuance of debt | | 1,665,000 | | 26,031,844 | | 128,043,572 | | | 155,740,416 |
| Issuance of debt - refunding bonds | | | | | | | 39,730,000 | | 39,730,000 |
| Premium on bonds | 515,682 | 3,350,782 | 346,469 | 368,406 | 3,083,073 | | 4,380,462 | 106,730 | 12,151,604 |
| Transfer from business-type activities | | | | | | | | 750,000 | 750,000 |
| Total Other Financing Sources (Uses) | (8,404,635) | (16,525,121) | (4,054,446) | 14,307,136 | (718,176) | 124,578,337 | 57,181,139 | (1,482,214) | 164,882,020 |
| Net Change in Fund Balances | 31,032,105 | 890,715 | (1,947,145) | (5,964,572) | 9,418,045 | 87,387,886 | (133,118) | (2,418,259) | 118,265,657 |
| Fund Balance at Beginning of Year | 41,691,922 | 23,630,401 | 21,143,100 | 80,315,868 | 32,146,152 | (24,675,314) | 1,162,267 | 20,312,573 | 195,726,969 |
| Fund Balance at End of Year | \$ 72,724,027 | \$ 24,521,116 | \$ 19,195,955 | \$ 74,351,296 | \$ 41,564,197 | \$ 62,712,572 | \$ 1,029,149 | \$ 17,894,314 | \$ 313,992,626 |

The notes to financial statements are an integral part of this statement.

TOWN OF HEMPSTEAD

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year Ended December 31, 2021**

| | | |
|--|---------------------|-------------------------------|
| Net Change in Fund Balances - Total Governmental Funds | | \$ 118,265,657 |
| 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 | \$ 58,733,559 | |
| Depreciation expense | <u>(38,607,266)</u> | 20,126,293 |
| 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 | | 700,159 |
| Net change in deferred outflows of resources not reported in the governmental fund statements: | | |
| Pension - employees' retirement system | 16,992,750 | |
| Pension - length of service award program | (1,104,874) | |
| Other postemployment benefits | <u>(67,968,752)</u> | (52,080,876) |
| 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, sidewalk repair and park fees | (753,493) | |
| Premiums on bonds, net of amortization | (8,371,253) | |
| Amortization of deferred gains on debt refunding | <u>604,258</u> | (14,320,909) |
| 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: | | |
| Bond anticipation notes payable | (26,031,844) | - |
| Proceeds from sale of bonds | (129,708,572) | |
| Proceeds from sale of refunding bonds | (39,730,000) | |
| Principal payment of bonds | 86,497,055 | |
| Principal payment of capital leases | <u>1,830,458</u> | (107,142,903) |
| 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 | 3,866,672 | |
| Employees' retirement system net pension liability | 141,407,818 | |
| Length of service award program plan pension liability | 956,841 | |
| Compensated absences | (5,292,809) | |
| Claims and judgments, net of estimated recoveries | 26,943,397 | |
| Estimated liability for landfill closure and postclosure care costs | 78,927 | |
| Pollution remediation obligations | 4,878,100 | |
| Total other postemployment benefits liability | (48,551,794) | |
| Accrued interest payable | <u>292,009</u> | 124,579,161 |
| Net change in deferred inflows of resources not reported in the governmental fund statements: | | |
| Pension - employees' retirement system | (145,547,354) | |
| Other postemployment benefits | <u>26,218,893</u> | (119,328,461) |
| Change in Net Position of Governmental Activities | | \$ <u>(29,201,879)</u> |

The notes to financial statement are an integral part of this statement.

TOWN OF HEMPSTEAD
PROPRIETARY FUND
STATEMENT OF NET POSITION
December 31, 2021

| | Town of Hempstead Local Development Corporation |
|--|--|
| ASSETS | |
| Cash and cash equivalents | \$ 2,067,314 |
| Accounts receivable | 8,000 |
| Total Assets | 2,075,314 |
| LIABILITIES | |
| Accounts payable and accrued liabilities | 10,163 |
| Total Liabilities | 10,163 |
| NET POSITION | |
| Unrestricted | 2,065,151 |
| Total Net Position | \$ 2,065,151 |

The notes to financial statements are an integral part of this statement.

TOWN OF HEMPSTEAD
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended December 31, 2021

| | Town of Hempstead Local Development Corporation |
|--|--|
| OPERATING REVENUES | |
| Fees for services | \$ 556,330 |
| Total Operating Revenues | 556,330 |
| OPERATING EXPENSES | |
| Contractual and professional fees | 19,443 |
| Rent | 15,000 |
| Compensation and related costs | 106,492 |
| Advertising | 5,000 |
| Office, meeting and travel | 8,292 |
| Total Operating Expenses | 154,227 |
| Income from Operations | 402,103 |
| TRANSFER OUT | |
| Transfer to primary government | (750,000) |
| Net Change in Net Position | (347,897) |
| Net Position at Beginning of Year | 2,413,048 |
| Net Position at End of Year | \$ 2,065,151 |

The notes to financial statements are an integral part of this statement.

TOWN OF HEMPSTEAD
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
Year Ended December 31, 2021

| | Town of Hempstead Local Development Corporation |
|---|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash received from services provided | \$ 558,330 |
| Payments for personal services and employee benefits | (106,492) |
| Payments to suppliers and service providers | (54,560) |
| Net Cash from Operating Activities | 397,278 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Transfer to primary government | (750,000) |
| Net Cash from Noncapital Financing Activities | (750,000) |
| Net Change in Cash and Cash Equivalents | (352,722) |
| Cash and Cash Equivalents at Beginning of Year | 2,420,036 |
| Cash and Cash Equivalents at End of Year | \$ 2,067,314 |
| RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES | |
| Income from operations | \$ 402,103 |
| Adjustments to reconcile operating income to net cash from operations: | |
| Increase in accounts receivable | (6,000) |
| Increase in accounts payable and accrued liabilities | 1,175 |
| Net Cash from Operating Activities | \$ 397,278 |

The notes to financial statements are an integral part of this statement.

TOWN OF HEMPSTEAD
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2021

| | Custodial Fund |
|-------------------------------------|-------------------|
| | |
| ASSETS | |
| Cash and cash equivalents | \$ 54,115,407 |
| Taxes Receivable - school districts | 1,081,627,071 |
| | 1,081,627,071 |
| Total Assets | \$ 1,135,742,478 |
| | 1,135,742,478 |
| LIABILITIES | |
| Due to other governments | \$ 1,135,742,478 |
| | 1,135,742,478 |
| Total Liabilities | \$ 1,135,742,478 |
| | 1,135,742,478 |

The notes to financial statements are an integral part of this statement.

TOWN OF HEMPSTEAD
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended December 31, 2021

| | Custodial Fund |
|---|-------------------|
| ADDITIONS | |
| Real property taxes collected for other governments | \$ 2,913,225,457 |
| Other taxes collected for other governments | 6,584 |
| Total Additions | 2,913,232,041 |
| DEDUCTIONS | |
| Payment of real property taxes to other governments | 2,913,232,041 |
| Total Deductions | 2,913,232,041 |
| Net Change in Fiduciary Net Position | -0- |
| Net Position at Beginning of Year | -0- |
| Net Position at End of Year | \$ -0- |

The notes to financial statements are an integral part of this statement.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

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TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2021

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 specific 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 wastewater treatment system to residents and businesses within the districts, promote the expansion of business and creation of job opportunities within the Town, as well as housing assistance to qualified individuals.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. REPORTING ENTITY (continued)

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 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 wastewater 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 Year Ended December 31, 2021

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
Year Ended December 31, 2021

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. Governmental 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. Management has elected to present the Highway Fund as a major fund.

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.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

Governmental Funds (continued)

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. Management has elected to present as a major fund.

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 | |

Street Lighting District Fund

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.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

Proprietary Fund (continued)

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.

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 Fund - Fiduciary Funds are used to account for assets (and changes thereof) held by the Town on behalf of others. The Town’s fiduciary fund consists of a custodial fund, and it is primarily used to account for real property taxes billed and collected on behalf of other governments and the distribution of such amounts.

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 | Town of Hempstead Housing Authority |
| Lakeview Public Library District | Roosevelt Public Library District |
| Uniondale Public Library District | Cathedral Gardens Water District |
| Franklin Square Water District | West Hempstead - Hempstead Gardens Water District |
| Greater Atlantic Beach Water Reclamation District | |

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

Measurement focus refers to what is being measured, whereas the basis of accounting refers to when revenues and expenditures/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.

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.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Governmental Funds (continued)

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. However, revenue water meter sales are considered available when billed to the customer.

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, and eligibility requirements have been met.

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 of 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.

Fiduciary Fund

Fiduciary funds utilize the accrual basis of accounting.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2021

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, and within governmental funds statements, the revenue meets the Town's period of availability policy. At December 31, 2021, management has determined that no allowance for doubtful accounts is necessary.

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
Year Ended December 31, 2021

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 Year Ended December 31, 2021

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 and 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. GUARANTEE, BID AND ESCROW DEPOSITS, AND OTHER LIABILITIES

The guarantee, bid and escrow deposits, and other liabilities consists of deposits received from banks owning vacant properties to ensure the property is maintained in accordance with the Town Code, potential vendors, or vendors, in an amount determined by the Town, to guarantee satisfactory performance with the terms of a contract as well as amounts pursuant to a contract. The deposits are held in escrow and will be returned to customer, bank, or vendor upon the Town's approval of performance with the terms of the contract. The deposit may be forfeited to the Town if the work is not completed satisfactorily, or contract obligations are not fulfilled.

9. 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 assets 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 assets 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.

10. UNEARNED REVENUES

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements and fund financial statements, unearned revenues consist of grant awards received in advance and/or amounts received from grants received before eligibility requirements have been met.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

11. 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 plan 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.

12. 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 (c) legally or contractually required to be maintained intact (i.e., the principal of a permanent fund).

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

12. NET POSITION AND FUND BALANCE FLOW ASSUMPTIONS (continued)

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

- 1) 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.
- 2) 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.
- 3) 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.
- 4) Unassigned fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

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.

13. 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 OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. REVENUES AND EXPENDITURES/EXPENSES (continued)

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

Town and County taxes are due in two installments, 50% on January 1 and 50% on July 1, payable without penalty to February 10 and August 10, respectively. 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 1st and July 1st until August 31st, after which, taxes are payable to the County Treasurer. The Town retains the total amount of Town, Highway and Town Special Districts levies from the amounts collected, and forwards the remaining balance collected to the County which assumes collection responsibility. The Town and Town's Special Districts therefore realize annually the 100% collection of real property taxes.

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.

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.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. REVENUES AND EXPENDITURES/EXPENSES (continued)

4. PENSIONS (continued)

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.

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, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 (“Coronavirus”) pandemic and the mitigation responses, and such differences may be material.

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 on January 1, 2021:

GASB Statement No. 89, “*Accounting for Interest Cost Incurred before the End of a Construction Period*”

GASB Statement No. 98, “*The Annual Comprehensive Financial Report*”.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. NEW ACCOUNTING PRINCIPLES (continued)

The implementation of the aforementioned statements 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 October 17, 2022, the date the financial statements were available for issuance. 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 20th, each department, officer, or district submits to the Town Comptroller, a detailed estimate of the budget known as "departmental estimates" for the amount of revenue to be received and expenditures to be made for the ensuing year.
- b) On or before September 30th, the Budget Officer, who is the Supervisor, files with the Town Clerk a tentative budget for the ensuing year.
- c) On or before October 5th, the Town Board reviews the tentative budget and files with the Town Clerk a preliminary budget.
- d) The Town Board conducts a public hearing on the preliminary budget before the end of October. On or before November 20th, the Town Board meets to adopt the budget now known as the "adopted budget".
- e) Formal budgetary integration is employed during the year as a management control device for the General and certain Special Revenue Funds. The Town Board adopts the budget and establishes legal level of control of the budget at the object level of expenditures. The object level identifies expenditures by the article purchased or service obtained in order to carry out a function. Appropriations are adopted at the object level. All budgetary amendments and transfers of appropriation require Town Board approval. Appropriations for all governmental funds except the Capital Projects Fund lapse at year end.
- 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.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

A. BUDGETARY INFORMATION (continued)

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 2021 Adopted Budget. On October 30, 2020, the members of the Town Board adopted the 2021 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 |
|---|---------------------|---------------------|----------------------|-----------------------------------|----------------------|-----------------------|---------------------|-----------------------------|----------------------|
| Fund Balances: | | | | | | | | | |
| Nonspendable: | | | | | | | | | |
| Inventory | \$ 2,681,589 | \$ 2,750,350 | \$ 422,316 | \$ 62,402 | \$ 473,353 | | | \$ 469,687 | \$ 6,859,697 |
| Prepaid items | 2,533,062 | 590,799 | 1,208,150 | 973,559 | 336,720 | | | 279,310 | 5,921,600 |
| Permanent fund principal | | | | | | | | 1,337,867 | 1,337,867 |
| Total Nonspendable | 5,214,651 | 3,341,149 | 1,630,466 | 1,035,961 | 810,073 | \$ -0- | \$ -0- | 2,086,864 | 14,119,164 |
| Restricted for: | | | | | | | | | |
| Debt service | 515,682 | 3,350,782 | 346,469 | 325,063 | 3,083,073 | | 1,029,149 | 106,730 | 8,756,948 |
| Capital projects | | | | | | 62,712,572 | | | 62,712,572 |
| Length of service award program plan benefits | | | | | | | | 3,455,693 | 3,455,693 |
| Grantors and donor restrictions | 500 | | | | | | | 1,571,071 | 1,571,571 |
| Other reserves | | | | | | | | 378,666 | 378,666 |
| Total Restricted | 516,182 | 3,350,782 | 346,469 | 325,063 | 3,083,073 | 62,712,572 | 1,029,149 | 5,512,160 | 76,875,450 |
| Assigned to: | | | | | | | | | |
| Subsequent year's budget | 9,570,807 | 5,155,535 | 2,288,470 | 9,558,985 | | | | 1,532,132 | 28,105,929 |
| Purchases on order or contractual obligations | 64,661 | 3,300 | 31,448 | 378 | 9,958 | | | | 109,745 |
| Water systems treatment for emerging contaminants | | | | | 3,576,442 | | | | 3,576,442 |
| Special revenue funds | | 12,670,350 | 14,899,102 | 63,430,909 | 34,084,651 | | | 8,763,158 | 133,848,170 |
| Total Assigned | 9,635,468 | 17,829,185 | 17,219,020 | 72,990,272 | 37,671,051 | -0- | -0- | 10,295,290 | 165,640,286 |
| Unassigned, reported in: | | | | | | | | | |
| General Fund | 57,357,726 | -0- | -0- | -0- | -0- | -0- | -0- | -0- | 57,357,726 |
| Total Fund Balances | \$72,724,027 | \$24,521,116 | \$ 19,195,955 | \$74,351,296 | \$41,564,197 | \$ 62,712,572 | \$ 1,029,149 | \$ 17,894,314 | \$313,992,626 |

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.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

A. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

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, 2021, the Town's cash and cash equivalents totaled \$400,037,424 This amount is inclusive of fiduciary fund deposits of \$54,115,407 and restricted cash of \$45,072,234 but exclusive of petty cash of \$25,625 and the blended component unit cash of \$2,067,314. The related bank balances totaled \$348,728,735. Of the bank balance, \$89,382,416 was covered by federal deposit insurance, and \$259,346,319 was covered by collateral with a fair value of \$521,878,127, held by the Town's agent, a third-party financial institution, in the Town's name.

Restricted cash and cash equivalents of \$45,072,234 consists of \$1,337,867 of monies held in the Permanent Fund which may not be spent, \$36,006,568 monies restricted pursuant to grant agreements and \$7,727,799 of monies restricted for debt service.

The bank balances of the blended component unit totaled \$2,069,939 of which \$250,000 was covered by federal deposit insurance and \$1,819,939 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 – Credit risk is the risk that a bank borrower will fail to meet its obligations in accordance with agreed terms. 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 – Concentration of credit risk is the potential for loss when an individual or group of investments and deposits move together in an unfavorable direction. It 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, 2021, the Town did not have any cash and cash equivalents subject to credit risk, interest-rate risk, or concentration of credit risk.

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, 2021, LOSAP Plan assets of \$3,455,693 consist of \$3,255,390 of investments in guaranteed annuity contracts and a \$200,303 of a limited partnership interest.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

A. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Restricted Investments - Primary Government (continued)

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 \$3,255,390 are reported as amortized cost which approximates fair value. These are considered unallocated insurance contracts.

Limited Partnership

The LOSAP plan's \$200,303 investment in a limited partnership ("Partnership") is measured at net asset value ("NAV") per share (or its equivalent) as of December 31, 2021, the measurement date. The primary activity of the Partnership is investing portfolios. The Partnership's investment objective is 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
Year Ended December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

A. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Restricted Investments - Primary Government (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, 2021, 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, are expected to be repaid early in the subsequent year, and are stated as follows:

| | Receivables | Payables |
|-------------------------------------|---------------|---------------|
| <u>Major Governmental Funds:</u> | | |
| General | \$ 6,778,338 | \$ 1,826,569 |
| Highway | 1,304,281 | 557,955 |
| Park Districts | 308,749 | 484,644 |
| Refuse & Garbage Districts | 1,633,065 | 303,955 |
| Water Districts | 122,135 | 280,041 |
| Capital Projects | 58,282 | 5,899,605 |
| <u>Nonmajor Governmental Funds:</u> | | |
| Town Outside Village | 360,315 | 623,651 |
| Special Grant | 19,629 | 609,573 |
| Fire Protection Districts | 885 | |
| Street Lighting District | 1,847 | 2,369 |
| Public Parking Districts | 722 | |
| Library Funding Districts | 114 | |
| | \$ 10,588,362 | \$ 10,588,362 |

At December 31, 2021, 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:

| | Transfers In | Transfers Out |
|-------------------------------------|---------------|---------------|
| <u>Major Governmental Funds:</u> | | |
| General | \$ 454,047 | \$ 9,374,364 |
| Highway | 3,131,865 | 24,672,768 |
| Park Districts | 199,355 | 4,600,270 |
| Refuse & Garbage Districts | 8,994 | 12,102,108 |
| Water Districts | 21,431 | 3,822,680 |
| Capital Projects | 350,629 | 3,815,864 |
| Debt Service | 56,560,677 | |
| <u>Nonmajor Governmental Funds:</u> | | |
| Town Outside Village | | 133,551 |
| Special Grant | 325,000 | |
| Fire Protection Districts | | 549,668 |
| Street Lighting District | 840 | 1,004,415 |
| Public Parking Districts | | 976,481 |
| Permanent | | 669 |
| | \$ 61,052,838 | \$ 61,052,838 |

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

C. DUE FROM OTHER GOVERNMENTS

The statement of net position reports \$95,755,711 due from other governments, of which \$44,553,125 is current and \$51,202,586 is long-term. The receivable balance consists of the following amounts:

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 in equal installments of \$5,800,421. In 2020, as a result of an additional judgment against the Town pertaining to the garbage taxes and local utility companies' litigation, the receivable balance from the County increased by an additional \$18,222,290, which is payable in ten annual installments of \$1,822,229 commencing in March 2022 through March 2031. As of December 31, 2021, the outstanding balance was \$58,825,236 and is reported in statement of net position as due from other governments and which \$51,202,586 is considered a long-term receivable and \$7,622,650 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 \$1,029,149 is considered long-term and \$41,701,747 is considered current. These amounts are also reported in the governmental funds balance sheet.

D. CAPITAL ASSETS

Capital asset activities for the year ended December 31, 2021 are as follows:

| Primary Government | Balance 1/1/2021 | Additions | Deletions | Balance 12/31/2021 |
|---|---------------------|---------------|--------------|-----------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land - other than landfills | \$ 56,298,500 | | | \$ 56,298,500 |
| Landfills | 30,668,785 | | | 30,668,785 |
| Construction in progress | 3,701,748 | \$ 108,020 | \$ 500,000 | 3,309,768 |
| Total capital assets not being depreciated | 90,669,033 | 108,020 | 500,000 | 90,277,053 |
| Depreciable capital assets: | | | | |
| Infrastructure and improvements other than buildings | 834,149,958 | 47,304,013 | 6,310,161 | 875,143,810 |
| Buildings | 50,804,717 | 4,675,004 | 862,261 | 54,617,460 |
| Improvement to park portion of Merrick landfill | 15,741,484 | | | 15,741,484 |
| Machinery and equipment | 130,679,805 | 7,129,707 | 1,515,790 | 136,293,722 |
| Intangibles - software | 5,093,044 | 16,815 | | 5,109,859 |
| Total depreciable capital assets | 1,036,469,008 | 59,125,539 | 8,688,212 | 1,086,906,335 |
| Less accumulated depreciation: | | | | |
| Infrastructure and improvements other than buildings | 392,224,283 | 29,469,857 | 6,310,161 | 415,383,979 |
| Buildings | 16,972,816 | 2,820,379 | 862,261 | 18,930,934 |
| Improvements to park portion of Merrick landfill | 9,805,390 | 540,555 | | 10,345,945 |
| Machinery and equipment | 114,020,303 | 5,555,052 | 1,515,790 | 118,059,565 |
| Intangibles - software | 3,910,997 | 221,423 | | 4,132,420 |
| Total accumulated depreciation | \$ 536,933,789 | \$ 38,607,266 | \$ 8,688,212 | 566,852,843 |
| Total net depreciable capital assets | | | | 520,053,492 |
| Total net capital assets - governmental activities | | | | \$ 610,330,545 |

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

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 | \$ 3,258,518 | \$ -0- |
| Public safety | 1,164,225 | |
| Transportation | 5,333,277 | |
| Economic assistance and opportunity | 71,034 | |
| Culture and recreation | 6,540,497 | |
| Home and community services | 22,239,715 | |
| Total primary government depreciation expense | \$ 38,607,266 | \$ -0- |

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, 2021, the Town has not recorded any such impairment losses.

| | (As Restated) Balance 1/1/2021 | Additions | Deletions | Balance 12/31/2021 |
|--|--------------------------------------|--------------|------------|-----------------------|
| Discretely Presented Nonmajor Component Units | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 5,032,052 | | \$ 45,000 | \$ 4,987,052 |
| Construction in progress | 6,604,341 | \$ 7,762,182 | 79,809 | 14,286,714 |
| Total capital assets not being depreciated | 11,636,393 | 7,762,182 | 124,809 | 19,273,766 |
| Depreciable capital assets: | | | | |
| Buildings | 83,088,540 | 1,022,383 | | 84,110,923 |
| Improvements other than buildings | 33,740,177 | 236,156 | | 33,976,333 |
| Machinery and equipment | 18,968,911 | 154,327 | 38,884 | 19,084,354 |
| Software | 1,347 | 75,054 | 49,206 | 27,195 |
| Infrastructure | 22,504,373 | 255,655 | 14,390 | 22,745,638 |
| Total depreciable capital assets | 158,303,348 | 1,743,575 | 102,480 | 159,944,443 |
| Less: total accumulated depreciation | \$ 96,300,351 | \$ 4,417,141 | \$ 166,595 | 100,550,897 |
| Total net depreciable capital assets | | | | 59,393,546 |
| Total net capital assets | | | | \$ 78,667,312 |

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TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

E. INDEBTEDNESS

SHORT-TERM DEBT

Bond Anticipation Notes (BANs) - Bond anticipation notes are used as a temporary means of financing expenditures. State law requires that BANs issued for capital purposes to be converted to long-term obligations within five years after the original issuance date, unless a portion is redeemed within two years and within each 12-month period thereafter. During 2020, the Town issued BANs, bearing interest at 1.25% to temporarily finance various capital projects (\$31,905,000) and to finance the settlement of specific judgment and claims (\$1,365,000). During 2021, the BANs were paid off from proceeds from the issuance of long-term general obligation bonds.

A summary of short-term bond anticipation notes activity is as follows:

| | Balance 1/1/2021 | Issued | Redeemed | Balance 12/31/2021 |
|---|----------------------|---------------|----------------------|-----------------------|
| Primary Government, Governmental Activities: | | | | |
| Highway Fund | \$ 1,365,000 | \$ -0- | \$ 1,365,000 | \$ -0- |
| Capital Projects Fund | 31,905,000 | | 31,905,000 | -0- |
| Total primary government | <u>33,270,000</u> | <u>-0-</u> | <u>33,270,000</u> | <u>-0-</u> |
| Component units: | | | | |
| Capital Projects Fund | 8,837,700 | | 8,837,700 | -0- |
| Total component units | <u>8,837,700</u> | <u>-0-</u> | <u>8,837,700</u> | <u>-0-</u> |
| Total bond anticipation notes | <u>\$ 42,107,700</u> | <u>\$ -0-</u> | <u>\$ 42,107,700</u> | <u>\$ -0-</u> |

LONG-TERM DEBT

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2021 is as follows:

| | Beginning Balance 1/1/2021 | New Issues/ Additions | Maturities/ Reductions | Ending Balance 12/31/2021 | Non-Current Liabilities Due Within One Year | Non-Current Liabilities |
|---|----------------------------------|--------------------------|---------------------------|---------------------------------|---|----------------------------|
| Primary Government | | | | | | |
| Governmental Activities: | | | | | | |
| Bonds Payable: | | | | | | |
| General obligation bonds | \$ 358,801,931 | \$ 169,438,572 | \$ 86,497,055 | \$ 441,743,448 | \$ 42,582,138 | \$ 399,161,310 |
| Plus premiums on bonds | 30,456,311 | 12,151,604 | 7,247,042 | 35,360,873 | | 35,360,873 |
| Total Bonds Payable | <u>389,258,242</u> | <u>181,590,176</u> | <u>93,744,097</u> | <u>477,104,321</u> | <u>42,582,138</u> | <u>434,522,183</u> |
| Bond anticipation notes | | 26,031,844 | | 26,031,844 | 26,031,844 | |
| Direct Borrowing - capital leases | 7,840,129 | | 1,830,458 | 6,009,671 | 1,887,272 | 4,122,399 |
| Pension related debt | 11,610,410 | | 3,866,672 | 7,743,738 | 3,241,406 | 4,502,332 |
| Employees' retirement system net pension liability | 141,909,890 | 118,369,765 | 259,777,583 | 502,072 | | 502,072 |
| Length of service award program plan pension liability | 8,094,868 | 436,394 | 1,393,235 | 7,138,027 | | 7,138,027 |
| Compensated absences | 61,201,925 | 42,686,301 | 37,393,492 | 66,494,734 | 6,257,000 | 60,237,734 |
| Claims and judgments | 70,470,820 | 10,919,893 | 37,863,290 | 43,527,423 | 13,665,000 | 29,862,423 |
| Estimated liability for landfill closure and postclosure care costs | 913,625 | 66,700 | 145,627 | 834,698 | 67,100 | 767,598 |
| Pollution remediation obligations | 7,644,500 | 808,054 | 5,686,154 | 2,766,400 | 877,200 | 1,889,200 |
| Total other postemployment benefits liability | <u>1,392,474,232</u> | <u>83,915,235</u> | <u>35,363,441</u> | <u>1,441,026,026</u> | | <u>1,441,026,026</u> |
| Total Non-Current Liabilities | <u>\$ 2,091,418,641</u> | <u>\$ 464,824,362</u> | <u>\$ 477,064,049</u> | <u>\$ 2,079,178,954</u> | <u>\$ 94,608,960</u> | <u>\$ 1,984,569,994</u> |

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

E. INDEBTEDNESS (continued)

LONG-TERM DEBT (continued)

CHANGES IN LONG-TERM LIABILITIES (continued)

| | (As Restated*) | | | | | |
|--|----------------------------------|--------------------------|---------------------------|---------------------------------|---|----------------------------|
| | Beginning Balance 1/1/2021 | New Issues/ Additions | Maturities/ Reductions | Ending Balance 12/31/2021 | Non-Current Liabilities Due Within One Year | Non-Current Liabilities |
| Nonmajor Component Units: | | | | | | |
| Bonds Payable: | | | | | | |
| General obligation bonds | \$ 19,078,069 | \$ 11,250,000 | \$ 1,892,945 | \$ 28,435,124 | \$ 1,076,434 | \$ 27,358,690 |
| Plus premiums on issuance | 1,027,887 | 701,328 | 190,183 | 1,539,032 | | 1,539,032 |
| Total Bonds Payable | <u>20,105,956</u> | <u>11,951,328</u> | <u>2,083,128</u> | <u>29,974,156</u> | <u>1,076,434</u> | <u>28,897,722</u> |
| Direct borrowings - other loans | 22,988 | | 5,736 | 17,252 | 5,826 | 11,426 |
| Employees' retirement system net pension liability* | 8,549,208 | 127,321 | 8,646,433 | 30,096 | | 30,096 |
| Compensated absences* | 2,454,004 | 239,317 | 249,852 | 2,443,469 | 202,764 | 2,240,705 |
| Total other postemployment benefits liability* | <u>48,746,470</u> | <u>4,562,222</u> | <u>617,172</u> | <u>52,691,520</u> | | <u>52,691,520</u> |
| Total Non-Current Liabilities | <u>\$ 79,878,626</u> | <u>\$ 16,880,188</u> | <u>\$ 11,602,321</u> | <u>\$ 85,156,493</u> | <u>\$ 1,285,024</u> | <u>\$ 83,871,469</u> |

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, but the cost will ultimately be borne by the General, Water, Sanitation and Highway Funds. 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.

Bond Anticipation Notes – The Town issued bond anticipation notes in October 2021 to finance a settlement paid in conjunction with the Garbage Taxes and Local Utilities cases (see Note 4A). The notes bear interest at 0.50% and mature in October 2022. However, these bond anticipation notes were refinanced to long-term general obligation bonds in September 2022, and accordingly are reflected as long-term liabilities.

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. The average interest rates of these bonds vary from 1.26% to 3.0%.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

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 1/1/2021 | Issued | Redeemed | Balance 12/31/2021 |
|---|-----------------------|-----------------------|----------------------|-----------------------|
| Primary Government, Governmental Activities: | | | | |
| General | \$ 60,636,901 | \$ 14,585,647 | \$ 14,048,287 | \$ 61,174,261 |
| Highway | 146,884,038 | 76,722,760 | 40,699,579 | 182,907,219 |
| Park Districts | 32,123,860 | 8,622,628 | 6,420,678 | 34,325,810 |
| Refuse and Garbage Districts | 77,106,334 | 9,677,487 | 13,324,454 | 73,459,367 |
| Part-town | 527,306 | 259,361 | 211,319 | 575,348 |
| Fire Districts | 5,283,328 | | 350,162 | 4,933,166 |
| Lighting District | 4,660,344 | 1,830,383 | 1,787,846 | 4,702,881 |
| Parking Districts | 5,659,475 | 1,735,502 | 1,925,975 | 5,469,002 |
| Water District | 24,758,078 | 56,004,804 | 7,595,637 | 73,167,245 |
| Other | 1,162,267 | | 133,118 | 1,029,149 |
| Total Primary Government | <u>358,801,931</u> | <u>169,438,572</u> | <u>86,497,055</u> | <u>441,743,448</u> |
| Nonmajor Component Units: | | | | |
| Library Districts | 5,551,889 | | 284,243 | 5,267,646 |
| Water Districts | 13,526,180 | 11,250,000 | 1,608,702 | 23,167,478 |
| Total Nonmajor Component Units | <u>19,078,069</u> | <u>11,250,000</u> | <u>1,892,945</u> | <u>28,435,124</u> |
| Total General Obligation Bonds | <u>\$ 377,880,000</u> | <u>\$ 180,688,572</u> | <u>\$ 88,390,000</u> | <u>\$ 470,178,572</u> |

Future principal and interest payments to maturity are as follows:

| | | Principal | Interest | Total Principal and Interest |
|---|--------------------------------|-----------------------|-----------------------|---------------------------------|
| Primary Government, Governmental Activities: | | | | |
| Years Ending December 31, | 2022 | \$ 42,582,138 | \$ 17,486,267 | \$ 60,068,405 |
| | 2023 | 45,974,508 | 14,266,637 | 60,241,145 |
| | 2024 | 41,333,455 | 12,332,064 | 53,665,519 |
| | 2025 | 43,249,457 | 10,468,996 | 53,718,453 |
| | 2026 | 40,907,493 | 8,501,878 | 49,409,371 |
| | 2027-2031 | 132,999,891 | 21,384,974 | 154,384,865 |
| | 2032-2036 | 34,233,166 | 8,410,994 | 42,644,160 |
| | 2037-2041 | 32,391,175 | 4,950,632 | 37,341,807 |
| | 2042-2045 | 28,072,165 | 1,313,040 | 29,385,205 |
| | Total Primary Government | | <u>441,743,448</u> | <u>99,115,482</u> |
| Nonmajor Component Units: | | | | |
| Years Ending December 31, | 2022 | 1,076,434 | 1,113,713 | 2,190,147 |
| | 2023 | 1,275,492 | 922,919 | 2,198,411 |
| | 2024 | 1,321,545 | 867,723 | 2,189,268 |
| | 2025 | 1,380,543 | 801,268 | 2,181,811 |
| | 2026 | 1,452,507 | 731,709 | 2,184,216 |
| | 2027-2031 | 7,770,109 | 2,680,388 | 10,450,497 |
| | 2032-2036 | 7,311,834 | 1,450,591 | 8,762,425 |
| | 2037-2041 | 4,608,825 | 492,342 | 5,101,167 |
| | 2042-2045 | 2,237,835 | 104,672 | 2,342,507 |
| | Total Nonmajor Component Units | | <u>28,435,124</u> | <u>9,165,325</u> |
| Total Principal and Interest | | <u>\$ 470,178,572</u> | <u>\$ 108,280,807</u> | <u>\$ 578,459,379</u> |

Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the Town to rebate excess arbitrage earnings from bond proceeds to the federal government. There were no excess arbitrage earnings for the year ended December 31, 2021.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

E. INDEBTEDNESS (continued)

LONG-TERM DEBT (continued)

General Obligation Bonds (continued)

| <u>Outstanding Bond Issue</u> | <u>Average Rate</u> | <u>Original Amount</u> | <u>Outstanding Amount</u> | <u>Final Maturity</u> |
|--|-------------------------|----------------------------|-------------------------------|-----------------------|
| General Obligation Serial Bonds-2015, Series A | 2.44205% | \$ 67,144,108 | \$ 40,305,000 | December 15, 2028 |
| General Obligation Serial Bonds-2017, Series A | 2.66126% | 75,735,000 | 59,525,000 | April 1, 2030 |
| General Obligation Serial Bonds-2018, Series A | 2.39110% | 72,895,000 | 55,500,000 | June 15, 2028 |
| General Obligation Serial Bonds-2018, Series B | 2.72100% | 55,101,774 | 45,505,000 | September 15, 2031 |
| General Obligation Serial Bonds-2018, Series C | 3.17230% | 7,600,000 | 6,805,000 | September 15, 2038 |
| General Obligation Refunding Serial Bonds-2018, Series D | 2.90460% | 27,085,000 | 10,815,000 | August 15, 2038 |
| General Obligation Refunding Serial Bonds - 2019 | 4.56900% | 24,685,000 | 13,185,000 | April 15, 2035 |
| General Obligation Serial Bonds - 2019 Series A | 3.28734% | 45,507,182 | 40,125,000 | August 15, 2032 |
| General Obligation Refunding Serial Bonds - 2019 Series B | 4.68741% | 27,065,000 | 21,460,000 | August 1, 2030 |
| General Obligation Refunding Serial Bonds - 2021, Series A | 2.36103% | 19,945,000 | 16,210,000 | August 15, 2025 |
| General Obligation Serial Bonds - 2021 | 2.07000% | 140,048,572 | 140,048,572 | June 15, 2045 |
| General Obligation Refunding Bonds - 2021, Series B | 1.92758% | 20,695,000 | 20,695,000 | January 1, 2026 |
| | | <u>\$ 583,506,636</u> | <u>\$ 470,178,572</u> | |

CURRENT REFUNDING OF BONDS

During 2021, the Town issued \$40,640,000 of Public Improvement Refunding Bonds (Series A and B) for the Town and its component units, with interest rates ranging from 1% to 5% and annual maturities through 2037. Of the \$40,640,000 issued, \$39,730,000 was for refunding of general Town debt and \$910,000 was for the refunding of component unit debt.

The net proceeds of \$44,883,154 (par amount of bonds plus premium of \$4,491,890 less cost of issuance of \$248,736) were used to currently refund \$44,475,000 of Series 2012 bonds (\$22,220,000) and Series 2014A bonds (\$22,255,000) and \$408,154 was for accrued interest. Of the \$44,475,000 bonds refunded, \$43,490,000 pertains to the Town and \$985,000 pertains to the component units.

The current refunding was done in order to reduce debt payments in the short-term. The refunding transactions decreased total debt service payments by \$2,387,290. The refunding transaction resulted in an economic gain (the difference between the value of the debt service payment on the old and new debt) of \$2,374,428.

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, 2021, there are \$22,612,400 of outstanding bonds considered defeased and which were called on January 1, 2022.

LEGAL DEBT MARGIN

The Town is subject to legal limitations on the amount of debt that it may issue. The Town's legal debt margin is 7% of the five-year average full valuation of taxable real property. At September 14, 2021, (latest 2021 calculation) that amount was \$7,11,869,642. As of September 14, 2021 the latest 2021 calculation date, the total outstanding debt applicable to the limit was \$423,770,915, which is 5.9586% of the total debt limit.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

E. INDEBTEDNESS (continued)

LONG-TERM DEBT (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 \$640,157 of depreciation expense related to these assets during 2021.

Future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2021, are as follows:

| Primary Government, Governmental Activities: | |
|--|---------------------|
| Years Ending December 31, 2022 | \$ 2,062,664 |
| 2023 | 2,062,664 |
| 2024 | 2,062,664 |
| 2025 | 88,388 |
| 2026 | <u>94,252</u> |
| Total minimum lease payments | 6,370,632 |
| Less: amount representing interest | <u>(360,961)</u> |
| Present value of minimum lease payments | <u>\$ 6,009,671</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, 2021, the outstanding debt induced by the TOHLDC and TOHIDA and issued by other entities amount to approximately \$571,290,000 and \$59,605,000, 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 Year Ended December 31, 2021

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 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 aged 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.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

G. RETIREMENT SYSTEM (continued)

Benefits Provided (continued)

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.

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. Tiers 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 aged 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.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

G. RETIREMENT SYSTEM (continued)

Benefits Provided (continued)

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%.

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:

Primary Government, Governmental Activities:

Annual Required Contribution - ERS

| | Amount | Credits & Miscellaneous Adjustments | Prepayment Discount | Amortization Payments | Total Payment |
|------|---------------|---|------------------------|--------------------------|------------------|
| 2021 | \$ 25,701,770 | \$ 27,719 | \$ (227,787) | \$ 4,167,018 | \$ 29,668,720 |
| 2020 | 22,541,069 | 51,953 | (202,562) | 4,267,445 | 26,657,905 |
| 2019 | 22,651,118 | 16,013 | (208,430) | 4,267,445 | 26,726,146 |

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, 2021 is \$7,743,738. 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.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

G. RETIREMENT SYSTEM (continued)

Contributions (continued)

Future principal and interest payments to maturity for the amortization installments are as follows:

Primary Government, Governmental Activities:

| | Principal | Interest | Total |
|--------------------------------|---------------------|-------------------|---------------------|
| Years Ending December 31, 2022 | \$ 3,241,405 | \$ 253,585 | \$ 3,494,990 |
| 2023 | 2,362,393 | 147,856 | 2,510,249 |
| 2024 | 1,471,860 | 68,198 | 1,540,058 |
| 2025 | 668,080 | 21,446 | 689,526 |
| | <u>\$ 7,743,738</u> | <u>\$ 491,085</u> | <u>\$ 8,234,823</u> |

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

At December 31, 2021, the Town reported a liability of \$502,072 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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as April 1, 2020. 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 are 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, 2021 | \$ 502,072 | 0.50422060% |

There was no significant change in the Town's proportionate share of 0.53950180% at March 31, 2020 to 0.50422060% at March 31, 2021.

The net pension liability for the nonmajor component units totaled \$30,096.

For the year ended December 31, 2021, the Town recognized pension expense of \$11,906,319 in the government-wide statement of activities - governmental activities. At December 31, 2021, 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 | \$ 6,131,666 | |
| Changes of assumptions | 92,314,942 | \$ 1,741,087 |
| Net difference between projected and actual earnings on pension plan investments | - | 144,224,792 |
| Changes in proportion and differences between the Town's contribution and proportionate share of contributions | 3,396,590 | 4,201,720 |
| Town's contributions subsequent to the measurement date, net of prepaid amounts | 19,118,466 | - |
| Total | <u>\$ 120,961,664</u> | <u>\$ 150,167,599</u> |

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

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)

The Town’s contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension as expense as follows:

| | | | |
|--------------------------|------|----|--------------|
| Years Ending December 31 | 2022 | \$ | (8,695,964) |
| | 2023 | | (3,315,115) |
| | 2024 | | (8,149,738) |
| | 2025 | | (28,163,584) |
| | | | (48,324,401) |
| | | \$ | (48,324,401) |

The pension related deferred outflows of resources and deferred inflows of resources for the nonmajor component units totaled \$7,557,880 and \$9,133,861, respectively.

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, 2020 |
| Interest rate | 5.90% |
| Salary increase | 4.40% |
| Cost of living adjustment | 1.40% |
| Inflation rate | 2.70% |
| Decrement tables | April 1, 2015 - March 2020 System Experience Scale MP 2020 |

The interest rate decreased from 6.8% to 5.9% in the April 1, 2020 actuarial valuation. Annuitant mortality rates are based on the April 1, 2015 - March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries’ Scale MP-2020.

The actuarial assumptions used in the April 1,2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

The previous actuarial valuation as of April 1, 2019 used a discount rate of 6.8% and the annuitant mortality rates were based on the April 1, 2010 – March 31, 2015 System experience, mortality improvements based on the society of Actuaries MP-2018.

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.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

G. RETIREMENT SYSTEM (continued)

Actuarial Assumptions (continued)

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2021 are summarized below:

| Asset Type | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|----------------------|---|
| Equity: | | |
| Domestic equity | 32.00% | 4.05% |
| International equity | 15.00% | 6.30% |
| Alternatives: | | |
| Private equity | 10.00% | 6.75% |
| Real estate | 9.00% | 4.95% |
| Other | 10.00% | 3.63%-5.95% |
| Bonds and mortgages | 23.00% | 0.00% |
| Cash | 1.00% | 0.50% |
| | 100.00% | |

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% 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.

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 5.9%, 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 (4.9%) or 1-percentage point higher (6.9%) than the current rate:

| | 1% Decrease (4.9%) | Current Assumption (5.9%) | 1% Increase (6.9%) |
|---|-----------------------|------------------------------|-----------------------|
| Town's proportionate share of the collective net pension liability | \$ 139,355,909 | \$ 502,072 | \$ 127,553,662 |
| Nonmajor component unit's proportionate share of the collective net pension liability/(asset) | \$ 8,353,965 | \$ 30,096 | \$ (7,646,456) |

Pension Plan Fiduciary Net Position

The components of the current year net pension liability (measured as of March 31, 2021) of the employers as of the respective valuation dates were as follows:

| | (Dollars in Thousands) |
|---|------------------------|
| Employers' total pension liability | \$ (220,680,157) |
| Plan net position | 220,580,583 |
| Employers' net pension liability | \$ (99,574) |
| Ratio of plan net position to the Employers' total pension liability | 99.95% |

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

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.

Benefits

The amount of the monthly retirement income payable to a volunteer firefighter 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, 2021, the LOSAP Plans' measurement date, the following participants were covered by the benefit terms:

| | |
|--|-------------------|
| Inactive participants receiving benefits | 26 |
| Inactive participants entitled to, but not yet receiving benefits | 65 |
| Active participants | <u>123</u> |
| Total | <u><u>214</u></u> |

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

H. LENGTH OF SERVICE AWARD PROGRAM PLAN (continued)

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, 2021, the Town remitted \$287,770 to the plan, which consisted of \$281,721 of contributions and \$6,049 administrative fees.

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, 2021 measurement date was determined using an actuarial valuation as of that same date.

Actuarial Assumptions

The total pension liability as of December 31, 2021 (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 | 1.84% |
| Inflation rate | 5.0% |
| Salary Scale | None Assumed |

The discount rate and inflation rate used to measure the 2020 LOSAP pension liability was 2.0% and 1.5%, respectively.

Mortality rates were based on the RP-2014 Combined Unisex Projected to 2022 Mortality Table. 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.

LOSAP Total Pension Liability

The Town's total pension liability related to the LOSAP plan totaled \$7,138,027 at December 31, 2021.

Below summarizes the change in the total pension liability from December 31, 2020 to December 31, 2021:

| | | |
|--|----|-----------|
| Balance at beginning of year | \$ | 8,094,868 |
| Service costs | | 278,784 |
| Interest | | 157,610 |
| Changes of assumptions or other inputs | | (832,837) |
| Differences between expected and actual experience | | (74,542) |
| Benefit payments | | (485,856) |
| | | (485,856) |
| Balance at end of year | \$ | 7,138,027 |

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

H. LENGTH OF SERVICE AWARD PROGRAM PLAN (continued)

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 1.84%, 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 (0.84%) or 1-percentage point higher (2.84%) than the current rate:

| | 1% Decrease (0.84%) | Current Assumption (1.84%) | 1% Decrease (2.84%) |
|-------------------------|---------------------------|----------------------------------|---------------------------|
| Total Pension Liability | \$ 8,655,000 | \$ 7,138,027 | \$ 5,951,000 |

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

For the year ended December 31, 2021, the Town recognized LOSAP pension expense of \$633,889.

At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to the LOSAP pension from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|------------------------|-----------------------------------|----------------------------------|
| Changes in assumptions | \$ 1,279,241 | |
| Total | \$ 1,279,241 | \$ -0- |

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, 2022 | \$ 131,224 |
| 2023 | 131,224 |
| 2024 | 131,224 |
| 2025 | 131,224 |
| 2026 | 131,224 |
| Thereafter | 623,121 |
| | \$ 1,279,241 |

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.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

H. LENGTH OF SERVICE AWARD PROGRAM PLAN (continued)

Other Information (continued)

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 2021 and the plan's statement of receipts and disbursements for 2021.

Receipts and Disbursements

| | | | |
|---|----|----|-----------|
| Plan assets, December 31, 2020 | | \$ | 3,526,007 |
| Changes during the year: | | | |
| (+) Plan contributions | \$ | | 287,770 |
| (+) Investment income earned | | | 127,937 |
| (+/-) Changes in fair market value of investments | | | 8,717 |
| (-) Plan benefit withdrawals | | | (485,856) |
| (-) Administrative and other fees/charges | | | (8,882) |
| | | | (70,314) |
| Plan assets, December 31, 2021 | | \$ | 3,455,693 |

Contributions and Administration Fees

| | | | |
|---|-------------|----|---------|
| Amount of sponsor's required contribution for 2021: | Recommended | \$ | 281,721 |
|---|-------------|----|---------|

Amount of sponsor's actual contribution paid:

| | | | |
|-------------------------|----|---------|----|
| Plan contributions | \$ | 281,721 | |
| Administrative fees | | 6,049 | |
| Amount paid to the plan | | 287,770 | \$ |

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

H. LENGTH OF SERVICE AWARD PROGRAM PLAN (continued)

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 2021 (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: | RP2014 combined male mortality tables male projected to 2021 |
| Post entitlement lump sums: | 1983 GAM (Unisex) with 3% interest |

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.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

I. OTHER POSTEMPLOYMENT BENEFITS (continued)

Plan Description (continued)

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, starting at a rate of \$148/month, based on the standard 2021 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 \$2,165 in 2021 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.

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

As of January 1, 2020, the effective date of the most recent OPEB valuation, there are 3,465 participants in the plan, consisting of 1,720 active employees and 1,745 of retired employees.

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 \$1,441,026,026 was measured as of December 31, 2021 (measurement date) and was determined by an actuarial valuation as of January 1, 2020, 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.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

I. OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions and Other Inputs (continued)

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, 2020 actuarial valuation and measured as of December 31, 2020, was determined using the following actuarial assumptions and other inputs:

| | |
|---|---|
| Census collection date | January 1, 2020 |
| Discount rate | 2.06% |
| Healthcare cost trend rates (pre 65/post 65): | |
| Year 1 (Pre65/Post 65) | 11.28% to 12.7% / 0.23% to .71% |
| Year 2 & thereafter | 7%, decrease 0.5% per year to ultimate 4.24% in 2090 |
| Actuarial cost method | Entry Age Normal (percent of salary) |
| Participation rate | 100% of future eligible retirees will elect coverage |
| Mortality rate | Pub-2010 General Employees & Retirees Headcount tables- Weighted Mortality fully generational using Scale MP 2021 |
| Implicit rate subsidy age factors | 83.26% at age 40, increasing to 159.93% at age 60 |

The discount rate used to measure the liability was 2.06% 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, 2020 measurement date | \$ 1,392,474,232 |
| Changes for the year: | |
| Service costs | 62,422,997 |
| Interest | 28,182,898 |
| Assumption changes | (6,690,660) |
| Benefit payments | (35,363,441) |
| | <hr/> |
| Balance as of the December 31, 2021 measurement date | <u>\$ 1,441,026,026</u> |

Changes in assumptions and other inputs used in measuring the liability from December 31, 2020 to December 31, 2021 include a change in the discount rate from 2.12% in 2020 to 2.06% in 2021, the payroll growth rate was updated to 3.00%, change in the mortality assumption from SOA RF 2014 Adjusted to 2006 Total Dataset Mortality (SOA Scale MP 2018) to Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021 and Pub-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-21, and the morbidity assumptions were updated to use the Dale Yamamoto model published by the SOA to give a better projection of anticipated costs as adjusted by age.

The total OPEB liability for the nonmajor component units totaled \$52,691,520.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

I. OTHER POSTEMPLOYMENT BENEFITS (continued)

Sensitivity of the Total OPEB liability to Changes in the Discount and Healthcare Cost Trend Rates

The following presents the total OPEB liability at December 31, 2021, 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% | Current | 1% |
| | Decrease (1.06%) | Assumption (2.06%) | Increase (3.06%) |
| Town's total OPEB liability | \$ 1,723,822,376 | \$ 1,441,026,026 | \$ 1,220,797,209 |
| Nonmajor component units total OPEB liability | \$ 63,424,256 | \$ 52,691,520 | \$ 44,335,260 |

The following presents the total OPEB liability at December 31, 2021, 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% | Current | 1% |
| | Decrease (0.0% to 11.7%) | Assumption (0.23% to 12.7%) | Increase (1.23% to 13.7%) |
| Town's total OPEB liability | \$ 1,165,017,641 | \$ 1,441,026,026 | \$ 1,818,925,038 |
| Nonmajor component units total OPEB liability | \$ 43,066,902 | \$ 52,691,520 | \$ 65,551,233 |

OPEB Expense and Deferred Outflows/Inflows of Resources

For the year ended December 31, 2021, the Town recognized OPEB expense of \$125,665,094. At December 31, 2021, 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 | | \$ 91,143,855 |
| Changes in assumptions | \$ 180,265,035 | |
| Total | \$ 180,265,035 | \$ 91,143,855 |

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, 2022 | \$ 35,059,199 |
| 2023 | 35,059,199 |
| 2024 | 16,673,657 |
| 2025 | 2,329,125 |
| | \$ 89,121,180 |

The OPEB related deferred outflows of resources and deferred inflows of resources for the nonmajor component units totaled \$8,627,120 and \$3,688,225, respectively.

A copy of the Town of Hempstead Retiree Medical Program 2021 Actuarial Valuation is available by contacting the Town of Hempstead, Office of the Comptroller, Hempstead, New York.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

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, 2021, the liability of the compensated absences was \$66,494,734 for the primary government's governmental activities. The liability for compensated absences for the nonmajor component units amounted to \$2,443,469.

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, 2021 was \$669. At December 31, 2021, 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.

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, general liability reserves and other garbage taxes and local utilities liabilities 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.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

4. COMMITMENTS AND CONTINGENCIES (continued)

A. RISK RETENTION (continued)

| Primary Government, Governmental Activities | Workers' Compensation | | General Liability | | Other Garbage Taxes and Local Utilities | |
|---|--------------------------|----------------------|----------------------|---------------------|--|----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Unpaid claims and claim adjustment expenditures at the beginning of the year | \$ 34,473,036 | \$ 33,803,244 | \$ 9,965,941 | \$ 4,531,227 | \$ 26,031,843 | \$ 643,838 |
| 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 | 9,308,405 | 12,008,007 | 1,611,488 | 7,539,886 | | |
| Garbage taxes and local utilities claims | | | | | -0- | 25,388,005 |
| Total incurred claims and claim adjustment expenditures | 9,308,405 | 12,008,007 | 1,611,488 | 7,539,886 | -0- | 25,388,005 |
| Payments: | | | | | | |
| Claim and claim adjustment expenditures attributable to insured events of the current and prior years | 10,128,405 | 11,338,215 | 1,703,042 | 2,105,172 | 26,031,843 | -0- |
| Total unpaid claims and claim adjustment expenditures at the end of the year | <u>\$ 33,653,036</u> | <u>\$ 34,473,036</u> | <u>\$ 9,874,387</u> | <u>\$ 9,965,941</u> | <u>\$ -</u> | <u>\$ 26,031,843</u> |

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.

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 Appellate Division reversed the trial court on those appeals, and the Town has been ordered to pay interest at 9% on those judgments. The Town has moved to reargue and for leave to appeal from the lead Verizon case, and has settled the remaining cases.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2021

4. COMMITMENTS AND CONTINGENCIES (continued)

B. LITIGATION (continued)

Garbage Taxes and Local Utilities (continued)

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 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 judgments (at the lower interest rates). The Town issued bond anticipation notes on October 28, 2021 in the amount of \$26,031,844.00 to satisfy the remaining liability (accrual in claims and judgments payable).

Pursuant to the executed Town/County Agreement dated September 27, 2016, whereby the County will reimburse the Town 70% of the judgment, the Town has recorded a receivable (due from other governments) of \$58,825,236, of which \$7,622,650 is current and \$51,202,586 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) within the County for amounts paid for its cost of educating County residents attending 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 judgment, 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. On December 23, 2020, the Appellate Division issued a Decision & Order, which reversed the Supreme Court and: (a) denied the County's cross-motion for summary judgment seeking to dismiss the Complaint(s); (b) granted the cities and town's motions for summary judgment; and (c) remitted the matter to the Supreme Court to calculate the amount due to the Towns in withheld sales tax revenues.

On or about January 25, 2021, the County filed a motion to reargue or for leave to appeal to the Court of Appeals from the Decision & Order. That motion has been denied.

The Court has directed the parties to engage in an accounting of monies due and owing to the Town. On September 19, 2022, a meeting was held with the County to discuss the County's accounting of the disputed charge backs. Based upon the available data, the County determined that it incorrectly charged back the Town between \$3,537,092.62-\$4,414,998.06 for the time-period 2010-2019. The County's accounting is currently being reviewed and analyzed. A settlement conference with the Court is scheduled for November 21, 2022.

Tax Certiorari Claims

In common with other municipalities, there are a number of tax certiorari proceedings pending involving properties that are subject to the levy of Town taxes. Plaintiffs in these matters have asserted that their properties are over-assessed for real property tax purposes and are seeking assessment reductions. Historically, certiorari claims have been settled through negotiations, resulting in amounts, at times, substantially less than originally claims. Many settlements provide for future adjustments with no direct outlay of monies. The Town does not expect that future settlements will have a material impact on the Town's financial statements.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2021

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 up to seven million dollars. These cases are in various stages of litigation. The Town has accrued \$9,874,387 of general liability claims pertaining to these lawsuits. However, if the 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
Year Ended December 31, 2021

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, 2021, the Town has recorded a liability of \$834,698 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, 2021 has commitments for capital acquisitions and improvements of \$3,183,960 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, 2021, 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 | \$ 64,661 |
| Highway | 3,300 |
| Park Districts | 31,448 |
| Refuse and Garbage Districts | 378 |
| Water Districts | 9,958 |
| | <u>\$ 109,745</u> |

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. Obligor 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 Year Ended December 31, 2021

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, 2021, the Town's governmental activities has estimated pollution remediation obligations amounts at \$2,766,400, of which \$877,200 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, 2021, the Town reports a receivable and deferred inflow of resources in the government-wide statements in the amount of \$315,000.

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. In December 2020, the agreement was amended. Pursuant to the amended agreement, Dover Gourmet will pay the Town an annual license fee of \$560,291 for fifteen years commencing in 2021. 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 \$8,404,358 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, 2021, the Town reports a receivable and deferred inflows of resources of \$8,283,153 in the government-wide statements.

The agreement also stipulates that Dover Gourmet Corp. will pay to the Town various other amounts, including but not limited to rent, PILOTS, reimbursement of lifeguard fees, utilities, toll booth fees. At December 31, 2021, the Town reports a related receivable of \$404,624 in the governmental funds and government-wide statements, of which \$381,077 is reported as deferred inflows of resources in the governmental funds' statements.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2021

4. COMMITMENTS AND CONTINGENCIES (continued)

I. OTHER

Grant Funding

The Town participates in various Federal Grant Programs, including programs awarded under the CARES Act and the ARP Act. These programs are subject to program compliance, program compliance audits pursuant to the Uniform Grant Guidance, and compliance audits in the future by the granting agency. Accordingly, the Town's compliance with applicable grant requirements may be established at a future date. 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.

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, 2021, 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 evidence 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 and 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.

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TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

5. TAX ABATEMENTS (continued)

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, 2021, the agreements the IDAs and the Town ratified, resulted in the following:

| | Industrial Development Agency | | | |
|--------------------------|-------------------------------|-------------------|-------------------|---------------------|
| | Town of | | | |
| | Hempstead | Nassau County | Town of Hempstead | Total |
| Real property tax abated | \$ 6,542,531 | \$ 1,484,711 | \$ 215,790 | \$ 8,243,032 |
| PILOTs received | 2,856,544 | 659,120 | 99,446 | 3,615,110 |
| Net | <u>\$ 3,685,987</u> | <u>\$ 825,591</u> | <u>\$ 116,344</u> | <u>\$ 4,627,922</u> |

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 January 1, 2021, the tax lien date for the 2021 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.

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, 2021:

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 | \$ 5,559,000 | \$ 13,082 | \$ 809,811 | \$ 1,195,402 | \$ 1,543,907 | \$ 405,775 | \$ 13,082 | | \$ 3,223,727 |
| Town of Hempstead Housing Authority | 4,002,453 | 19,317,255 | 7,131,275 | 2,690,585 | 24,340,130 | 5,630,220 | 19,312,157 | | (21,522,109) |
| Lakeview Public Library District | 4,169,839 | 1,961,467 | 276,564 | 115,135 | 62,107 | 373,981 | 1,961,467 | \$ 1,000 | 3,894,180 |
| Roosevelt Public Library District | 989,318 | 10,510,111 | 603,189 | 627,268 | 5,473,362 | 655,655 | 4,922,698 | | 423,635 |
| Uniondale Public Library District | 6,990,124 | 5,351,432 | 1,973,325 | 234,625 | 4,949,299 | 2,301,565 | 5,334,180 | 16,553 | 1,478,659 |
| Cathedral Gardens Water District | 212,390 | | | 8,044 | | | | | 204,346 |
| Franklin Square Water District | 3,979,843 | 9,536,131 | 781,592 | 1,078,869 | 15,228,887 | 1,110,153 | 2,169,843 | 2,106,420 | (7,396,606) |
| West Hempstead - Hempstead Gardens Water District | 10,555,983 | 28,659,026 | 3,667,326 | 1,343,851 | 25,142,829 | 1,390,677 | 13,817,187 | 3,286,523 | (2,098,732) |
| Greater Atlantic Beach Water Reclamation District | 1,409,338 | 3,323,906 | 941,918 | 339,534 | 7,130,948 | 954,060 | 1,525,631 | 1,021,181 | (5,296,192) |
| | <u>\$ 37,868,288</u> | <u>\$ 78,672,410</u> | <u>\$ 16,185,000</u> | <u>\$ 7,633,313</u> | <u>\$ 83,871,469</u> | <u>\$ 12,822,086</u> | <u>\$ 49,056,245</u> | <u>\$ 6,431,677</u> | <u>\$ (27,089,092)</u> |

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

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

Condensed Statement of Activities:

| | Program | | | | General Revenue | | Net Position | | | |
|---|----------------------|----------------------|------------------------------------|----------------------------------|-----------------------|-----------------------------------|---------------------|---------------------|------------------------|----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Net Expense (Revenue) | Real Property Taxes and Tax Items | Other | Change | (As Restated) 1/1/2021 | 12/31/2021 |
| Town of Hempstead Industrial Development Agency | \$ 852,677 | \$ 1,603,192 | | | \$ (750,515) | | \$ 21,644 | \$ 772,159 | \$ 2,464,650 | \$ 3,236,809 |
| Town of Hempstead Housing Authority | 14,069,845 | 7,094,010 | \$ 4,583,119 | \$ 1,474,025 | 918,691 | | 630,731 | (287,960) | (1,921,992) | (2,209,952) |
| Lakeview Public Library District | 1,100,474 | 761 | | | 1,099,713 | \$ 1,447,307 | 103,290 | 450,884 | 5,405,763 | 5,856,647 |
| Roosevelt Public Library District | 3,031,536 | 1,884 | 36,841 | | 2,992,811 | 3,125,197 | 1,154 | 133,540 | 5,212,793 | 5,346,333 |
| Uniondale Public Library District | 4,065,075 | 12,159 | | 5,305 | 4,047,611 | 4,210,552 | 54,497 | 217,438 | 6,611,954 | 6,829,392 |
| Cathedral Gardens Water District | 43,146 | 4,455 | | | 38,691 | 69,105 | 11 | 30,425 | 173,921 | 204,346 |
| Franklin Square Water District | 3,918,893 | 2,024,716 | | 3,091,500 | (1,197,323) | 1,117,922 | 247,289 | 2,562,534 | (5,682,877) | (3,120,343) |
| West Hempstead - Hempstead Gardens Water District | 5,770,216 | 2,784,069 | | 2,919,781 | 66,366 | 2,974,027 | 17,478 | 2,925,139 | 12,079,839 | 15,004,978 |
| Greater Atlantic Beach Water Reclamation District | 2,236,533 | 209,498 | | 68,117 | 1,958,918 | 1,800,217 | 15,357 | (143,344) | (2,606,036) | (2,749,380) |
| | <u>\$ 35,088,395</u> | <u>\$ 13,734,744</u> | <u>\$ 4,619,960</u> | <u>\$ 7,558,728</u> | <u>\$ 9,174,963</u> | <u>\$ 14,744,327</u> | <u>\$ 1,091,451</u> | <u>\$ 6,660,815</u> | <u>\$ 21,738,015</u> | <u>\$ 28,398,830</u> |

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

7. CHANGES TO PREVIOUSLY ISSUED REPORT

The Town's 2020 financial statements for the nonmajor discretely presented component units did not include the financial information pertaining to one of the component units, the Town of Hempstead Housing Authority, as it was not available at the time the Town issued its 2020 financial statements. The 2021 financial statements of the nonmajor discretely presented component units does include the Town of Hempstead Housing Authority's financial information . Accordingly, the nonmajor discretely presented component unit's January 1, 2021 net position balance as originally reported of \$23,660,007 was restated by \$1,921,992 to \$21,738,015.

TOWN OF HEMPSTEAD

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2021

8. SUBSEQUENT EVENTS

Bond Issuances

Subsequent to year end, the Town issued \$58,954,799 of 2022 Series A general obligation bonds, for various public improvement projects of the Town. The bonds were issued at a premium of \$4,565,690. The bonds bear interest at rates ranging from 4.0% to 5.0% and mature in 2035. Bonds maturing on or after March 1, 2029 are subject to early redemption.

Subsequent to year end, the Town issued \$24,000,000 Series B general obligation bonds to refinance a bond anticipation note totaling \$26,031,644 and related accrued interest. The bonds were issued at a premium of \$2,316,671. The bonds bear interest at rates ranging from 4.0% to 5.0% and mature in 2031. Bonds maturing on or after September 15, 2029 are subject to early redemption.

Subsequent to year end, the Town issued \$1,247,000 Series C general obligation for public improvements, on behalf of a component unit. The bonds were issued at a premium of \$634. The bonds bear interest at rates ranging from 3.0% to 5.0% and mature in 2042. Bonds maturing on or after September 15, 2030 are subject to early redemption.

9. NEW PRONOUNCEMENTS

The Governmental Accounting Standards Board ("GASB") adopted various statements with effective dates in subsequent years and the statement(s) mentioned below are expected to have a significant impact on the Town's future financial statements:

GASB Statement No. 87, "*Leases*", as amended by GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", establishes a single model for lease accounting based on the concept that leases are a financing of a "right-to-use" underlying asset. As such, this Statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset. A lessor will be 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.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the Town believes will most impact its financial statements. The Town will evaluate the impact this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

**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

REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2021

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|------------------------|-----------------------|----------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Real property taxes | \$ 28,152,774 | \$ 28,152,774 | \$ 28,213,297 | \$ 60,523 |
| Real property tax items | 2,325,000 | 2,325,000 | 2,497,702 | 172,702 |
| Non-property tax items | 38,125,000 | 38,125,000 | 47,973,081 | 9,848,081 |
| Departmental income | 7,206,000 | 7,206,000 | 7,400,680 | 194,680 |
| Intergovernmental charges | 35,000 | 35,000 | 95,237 | 60,237 |
| Use of money and property | 1,565,000 | 1,565,000 | 1,088,701 | (476,299) |
| Licenses and permits | 2,694,250 | 2,694,250 | 1,955,803 | (738,447) |
| Fines and forfeitures | 20,000 | 20,000 | 53,200 | 33,200 |
| Sale of property and compensation for loss | 87,500 | 87,500 | 110,205 | 22,705 |
| Miscellaneous revenue | 3,628,885 | 3,628,885 | 4,173,113 | 544,228 |
| Interfund revenues | 63,133,711 | 63,133,711 | 63,710,546 | 576,835 |
| State aid | 25,265,000 | 25,265,000 | 42,491,638 | 17,226,638 |
| Federal aid | -0- | 38,087,175 | 38,087,174 | (1) |
| Total Revenues | <u>172,238,120</u> | <u>210,325,295</u> | <u>237,850,377</u> | <u>27,525,082</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government support | 92,328,935 | 120,256,935 | 117,412,534 | 2,844,401 |
| Education | 8,500,000 | 8,184,676 | 8,184,675 | 1 |
| Public safety | 16,232,932 | 16,287,932 | 14,735,087 | 1,552,845 |
| Transportation | 1,314,922 | 1,382,890 | 1,382,707 | 183 |
| Economic assistance and opportunity | 4,221,206 | 4,378,857 | 4,269,940 | 108,917 |
| Culture and recreation | 100,000 | 6,124 | 6,123 | 1 |
| Home and community services | 11,716,787 | 12,225,992 | 11,645,366 | 580,626 |
| Employee benefits | 44,145,633 | 44,107,997 | 40,688,817 | 3,419,180 |
| Debt service: | | | | |
| Principal - capital lease | 63,749 | 63,749 | 63,748 | 1 |
| Interest - capital lease | 24,641 | 24,641 | 24,640 | 1 |
| Total Expenditures | <u>178,648,805</u> | <u>206,919,793</u> | <u>198,413,637</u> | <u>8,506,156</u> |
| Excess of Revenues | | | | |
| Over Expenditures | <u>(6,410,685)</u> | <u>3,405,502</u> | <u>39,436,740</u> | <u>36,031,238</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | | | 454,047 | 454,047 |
| Transfers out | (9,176,466) | (9,539,102) | (9,374,364) | 164,738 |
| Premiums on bonds | 1,000,000 | 1,000,000 | 515,682 | (484,318) |
| Total Other Financing Sources (Uses) | <u>(8,176,466)</u> | <u>(8,539,102)</u> | <u>(8,404,635)</u> | <u>134,467</u> |
| Net Change in Fund Balances* | <u>\$ (14,587,151)</u> | <u>\$ (5,133,600)</u> | 31,032,105 | <u>\$ 36,165,705</u> |
| Fund Balances at Beginning of Year | | | <u>41,691,922</u> | |
| Fund Balances at End of Year | | | <u>\$ 72,724,027</u> | |
| * Budgeted net change in fund balance: | | | | |
| The net change in fund balances was included in the budget as an appropriation of fund balance and purchase orders brought forward. | <u>\$ (14,587,151)</u> | | | |

See independent auditors' report.

TOWN OF HEMPSTEAD

REQUIRED SUPPLEMENTARY INFORMATION
HIGHWAY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2021

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|-----------------------|-----------------------|----------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Real property taxes | \$ 58,235,382 | \$ 58,235,382 | \$ 58,235,159 | \$ (223) |
| Real property tax items | 2,658,000 | 2,658,000 | 2,244,148 | (413,852) |
| Intergovernmental charges | 6,000 | 6,000 | 8,500 | 2,500 |
| Use of money and property | 555,000 | 555,000 | 194,129 | (360,871) |
| Sale of property and compensation for loss | 14,675 | 14,675 | 144,495 | 129,820 |
| Miscellaneous revenue | 240,500 | 248,500 | 414,401 | 165,901 |
| Federal aid | -0- | 71,824 | 71,825 | 1 |
| Total Revenues | <u>61,709,557</u> | <u>61,789,381</u> | <u>61,312,657</u> | <u>(476,724)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Transportation | 31,046,084 | 33,100,654 | 32,362,340 | 738,314 |
| Employee benefits | 11,588,240 | 11,284,959 | 11,284,956 | 3 |
| Debt service: | | | | |
| Interest | -0- | 249,525 | 249,525 | -0- |
| Total Expenditures | <u>42,634,324</u> | <u>44,635,138</u> | <u>43,896,821</u> | <u>738,317</u> |
| Excess of Revenues Over Expenditures | | | | |
| | <u>19,075,233</u> | <u>17,154,243</u> | <u>17,415,836</u> | <u>261,593</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 3,000,000 | 3,000,000 | 3,131,865 | 131,865 |
| Transfers out | (26,330,335) | (26,054,627) | (24,672,768) | 1,381,859 |
| Issuance of debt | -0- | -0- | 1,665,000 | 1,665,000 |
| Premiums on bonds | 2,375,000 | 2,375,000 | 3,350,782 | 975,782 |
| Total Other Financing Sources (Uses) | <u>(20,955,335)</u> | <u>(20,679,627)</u> | <u>(16,525,121)</u> | <u>4,154,506</u> |
| Net Change in Fund Balances* | <u>\$ (1,880,102)</u> | <u>\$ (3,525,384)</u> | 890,715 | <u>\$ 4,416,099</u> |
| Fund Balances at Beginning of Year | | | <u>23,630,401</u> | |
| Fund Balances at End of Year | | | <u>\$ 24,521,116</u> | |
| * Budgeted net change in fund balance: | | | | |
| The net change in fund balances was included in the budget as an appropriation of fund balance and purchase orders brought forward. | | | | |
| | <u>\$ (1,880,102)</u> | | | |

See independent auditors' report.

TOWN OF HEMPSTEAD

REQUIRED SUPPLEMENTARY INFORMATION
 PARK DISTRICTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 Year Ended December 31, 2021

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|--------------------|-----------------------|----------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Real property taxes | \$ 51,715,419 | \$ 51,715,419 | \$ 51,715,004 | \$ (415) |
| Real property tax items | 2,940,710 | 2,940,710 | 2,641,981 | (298,729) |
| Departmental income | 2,561,620 | 2,561,620 | 1,949,059 | (612,561) |
| Intergovernmental charges | 824,227 | 824,227 | 860,273 | 36,046 |
| Use of money and property | 264,299 | 264,299 | 262,023 | (2,276) |
| Fines and forfeitures | 1,000 | 1,000 | | (1,000) |
| Sale of property and compensation for loss | 1,118 | 1,118 | 9,310 | 8,192 |
| Miscellaneous revenue | 325,000 | 340,000 | 285,358 | (54,642) |
| Interfund revenues | 34,576,486 | 34,576,486 | 34,576,486 | -0- |
| State aid | 116,007 | 216,006 | 240,719 | 24,713 |
| Federal aid | - | 2,183,109 | 2,183,109 | -0- |
| Total Revenues | <u>93,325,886</u> | <u>95,623,994</u> | <u>94,723,322</u> | <u>(900,672)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Culture and recreation | 64,969,281 | 69,756,539 | 68,907,000 | 849,539 |
| Employee benefits | 23,929,248 | 23,709,024 | 23,709,021 | 3 |
| Total Expenditures | <u>88,898,529</u> | <u>93,465,563</u> | <u>92,616,021</u> | <u>849,542</u> |
| Excess of Revenues Over Expenditures | <u>4,427,357</u> | <u>2,158,431</u> | <u>2,107,301</u> | <u>(51,130)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | | | 199,355 | 199,355 |
| Transfers out | (4,635,805) | (4,634,476) | (4,600,270) | 34,206 |
| Premiums on bonds | 127,000 | 127,000 | 346,469 | 219,469 |
| Total Other Financing Sources (Uses) | <u>(4,508,805)</u> | <u>(4,507,476)</u> | <u>(4,054,446)</u> | <u>453,030</u> |
| Net Change in Fund Balances* | <u>\$ (81,448)</u> | <u>\$ (2,349,045)</u> | <u>(1,947,145)</u> | <u>\$ 401,900</u> |
| Fund Balances at Beginning of Year | | | <u>21,143,100</u> | |
| Fund Balances at End of Year | | | <u>\$ 19,195,955</u> | |

*** Budgeted net change in fund balance:**

The net change in fund balances was included in the budget as purchase orders brought forward exceeded revenues raised to restore fund balance, per the fund balance policy

| | |
|--|--------------------|
| | <u>\$ (81,448)</u> |
|--|--------------------|

See independent auditors' report.

TOWN OF HEMPSTEAD

REQUIRED SUPPLEMENTARY INFORMATION
REFUSE AND GARBAGE DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2021

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|-----------------------|-----------------------|----------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Real property taxes | \$ 86,447,382 | \$ 86,447,382 | \$ 86,446,777 | \$ (605) |
| Real property tax items | 1,562,544 | 1,570,044 | 1,630,910 | 60,866 |
| Departmental income | 13,130,000 | 13,130,000 | 13,275,225 | 145,225 |
| Intergovernmental charges | 2,400,000 | 2,400,000 | 2,012,225 | (387,775) |
| Use of money and property | 4,482,700 | 4,475,200 | 4,461,174 | (14,026) |
| Licenses and permits | 37,500 | 37,500 | 35,971 | (1,529) |
| Sale of property and compensation for loss | 201,000 | 201,000 | 563,619 | 362,619 |
| Miscellaneous revenue | 6,660,569 | 6,660,569 | 6,632,932 | (27,637) |
| Interfund revenues | 850,000 | 850,000 | 912,507 | 62,507 |
| Federal aid | -0- | 71,443 | 71,443 | -0- |
| Total Revenues | <u>115,771,695</u> | <u>115,843,138</u> | <u>116,042,783</u> | <u>199,645</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Home and community services: | | | | |
| Cost of refuse and garbage collections | 85,584,150 | 112,832,259 | 112,831,008 | 1,251 |
| Employee benefits | 24,952,305 | 23,970,870 | 23,483,483 | 487,387 |
| Total Expenditures | <u>110,536,455</u> | <u>136,803,129</u> | <u>136,314,491</u> | <u>488,638</u> |
| Excess of Revenues Over Expenditures | <u>5,235,240</u> | <u>(20,959,991)</u> | <u>(20,271,708)</u> | <u>688,283</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | | | 8,994 | 8,994 |
| Transfers out | (12,180,716) | (12,102,111) | (12,102,108) | 3 |
| Issuance of debt | -0- | 26,031,845 | 26,031,844 | (1) |
| Premiums on bonds | 200,000 | 200,000 | 368,406 | 168,406 |
| Total Other Financing Sources (Uses) | <u>(11,980,716)</u> | <u>14,129,734</u> | <u>14,307,136</u> | <u>177,402</u> |
| Net Change in Fund Balances* | <u>\$ (6,745,476)</u> | <u>\$ (6,830,257)</u> | <u>(5,964,572)</u> | <u>\$ 865,685</u> |
| Fund Balances at Beginning of Year | | | <u>80,315,868</u> | |
| Fund Balances at End of Year | | | <u>\$ 74,351,296</u> | |

*** Budgeted net change in fund balance:**

The net change in fund balances was included in the budget as an appropriation of fund balance and purchase orders brought forward.

\$ (6,745,476)

See independent auditors' report.

TOWN OF HEMPSTEAD

REQUIRED SUPPLEMENTARY INFORMATION
 WATER DISTRICTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 Year Ended December 31, 2021

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|---------------------|---------------------|----------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Real property taxes | \$ 5,626,999 | \$ 5,626,999 | \$ 5,626,900 | \$ (99) |
| Real property tax items | 318,311 | 318,311 | 261,410 | (56,901) |
| Departmental income | 15,340,700 | 15,340,700 | 20,078,282 | 4,737,582 |
| Intergovernmental charges | 230,850 | 230,850 | 230,050 | (800) |
| Use of money and property | 1,252,300 | 1,252,300 | 1,148,585 | (103,715) |
| Sale of property and compensation for loss | 5,100 | 5,100 | 7,232 | 2,132 |
| Miscellaneous revenue | 4,000 | 4,000 | 16,149 | 12,149 |
| Interfund revenues | 28,125 | 28,125 | 28,125 | -0- |
| Federal aid | -0- | 2,232 | 2,231 | (1) |
| Total Revenues | <u>22,806,385</u> | <u>22,808,617</u> | <u>27,398,964</u> | <u>4,590,347</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Home and community services | 13,805,879 | 14,159,446 | 13,565,475 | 593,971 |
| Employee benefits | 3,987,617 | 3,799,194 | 3,697,268 | 101,926 |
| Total Expenditures | <u>17,793,496</u> | <u>17,958,640</u> | <u>17,262,743</u> | <u>695,897</u> |
| Excess of Revenues Over Expenditures | <u>5,012,889</u> | <u>4,849,977</u> | <u>10,136,221</u> | <u>5,286,244</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | | | 21,431 | 21,431 |
| Transfers out | (3,937,080) | (3,884,739) | (3,822,680) | 62,059 |
| Premiums on bonds | 72,750 | 72,750 | 3,083,073 | 3,010,323 |
| Total Other Financing Sources (Uses) | <u>(3,864,330)</u> | <u>(3,811,989)</u> | <u>(718,176)</u> | <u>3,093,813</u> |
| Net Change in Fund Balances* | <u>\$ 1,148,559</u> | <u>\$ 1,037,988</u> | 9,418,045 | <u>\$ 8,380,057</u> |
| Fund Balances at Beginning of Year | | | <u>32,146,152</u> | |
| Fund Balances at End of Year | | | <u>\$ 41,564,197</u> | |
| * Budgeted net change in fund balance: | | | | |
| Revenues raised to restore fund balance per fund balance policy, less purchase orders brought forward, as applicable. | <u>\$ 1,148,559</u> | | | |

See independent auditors' report.

TOWN OF HEMPSTEAD

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFITS LIABILITY
AND RELATED RATIO
Year Ended December 31, 2021**

| | 2021 | 2020 | 2019 | 2018 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| Total OPEB liability: | | | | |
| Balance, beginning of year, as originally reported | \$ 1,392,474,232 | \$ 1,306,759,675 | \$ 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 | 1,392,474,232 | 1,306,759,675 | 1,093,863,073 | 1,051,828,242 |
| Changes for the year: | | | | |
| Service costs | 62,422,997 | 55,009,484 | 51,671,609 | 33,041,631 |
| Interest | 28,182,898 | 28,125,283 | 36,229,424 | 42,439,313 |
| Effects of legislative change, repeal of excise tax | | | (127,765,245) | |
| Difference between expected and actual experience | | (45,071,055) | | |
| Changes in assumptions | (6,690,660) | 82,300,503 | 287,304,327 | |
| Benefit payments | (35,363,441) | (34,649,658) | (34,543,513) | (33,446,113) |
| Balance, end of year | <u>\$ 1,441,026,026</u> | <u>\$ 1,392,474,232</u> | <u>\$ 1,306,759,675</u> | <u>\$ 1,093,863,073</u> |
| Covered-employee payroll | \$ 148,870,857 | \$ 145,505,686 | \$ 148,811,366 | \$ 145,893,496 |
| Total OPEB liability as a percentage of covered-employee payroll | 967.97% | 956.99% | 878.13% | 749.77% |
| Notes to the Schedule: | | | | |
| Measurement date | December 31, 2021 | December 31, 2020 | December 31, 2019 | December 31, 2018 |
| Changes to assumptions: | | | | |
| Discount rate | 2.06% | 2.12% | 2.66% | 4.10% |

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.

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 presented to illustrate the requirements to show information for 10 years. However, until the full 10 year trend is compiled, the Town presents information for those years for which information is available.

See independent auditors' report.

TOWN OF HEMPSTEAD

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Year Ended December 31, 2021**

| As of March 31st, | Proportion of the Employees' Retirement System Net Pension Liability | Proportionate Share of the Net Pension Liability/(Asset) | Covered Payroll | Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Covered Payroll | Plan Fiduciary Net Position as Percentage of Total Pension Liability |
|----------------------|---|--|--------------------|---|---|
| 2021 | 0.5042206% | \$ 502,072 | \$ 154,329,995 | 0.33% | 86.39% |
| 2020 | 0.5395018% | 141,909,890 | 151,638,298 | 93.58% | 86.39% |
| 2019 | 0.5509447% | 39,036,111 | 153,604,900 | 25.41% | 96.27% |
| 2018 | 0.5742699% | 18,534,246 | 154,912,394 | 11.96% | 98.24% |
| 2017 | 0.5993282% | 56,314,216 | 161,468,153 | 34.88% | 94.70% |
| 2016 | 0.6106243% | 98,006,897 | 161,514,609 | 60.68% | 90.70% |
| 2015 | 0.5928557% | 20,023,115 | 159,642,317 | 12.54% | 97.95% |
| 2014 | 0.5928557% | 26,790,317 | 165,680,983 | 16.17% | 97.20% |

Notes to the Schedule:

Amounts presented were determined as the System's measurement date of March 31st.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until the full 10 year trend is compiled, the Town presents information for those years for which information is available.

Changes of assumptions or other inputs:

The discount rate used to measure the proportionate share of the pension liability is based on projection of cash flows and assumes that contributions from plan members will be made at statutorily required rates, actuarially.

Discount rates for the current and previous years are as follows:

| | |
|-----------|-------|
| 2021 | 5.90% |
| 2020 | 6.80% |
| 2016-2019 | 7.00% |
| 2014-2015 | 7.50% |

The decrease in proportionate share of the net pension liability as of March 31, 2021 is mainly attributable to the investment gains the Plan recognized, which was partially offset by the decrease in the discount rate.

See independent auditors' report.

TOWN OF HEMPSTEAD

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
Year Ended December 31, 2021**

| 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 |
|-----------------------------|--|--|--|--------------------|--|
| 2021 | \$ 26,274,992 | \$ 26,274,992 | \$ -0- | \$ 158,694,686 | 16.56% |
| 2020 | 22,382,445 | 22,382,445 | -0- | 151,636,121 | 14.76% |
| 2019 | 22,663,403 | 22,663,403 | -0- | 154,166,633 | 14.70% |
| 2018 | 23,392,433 | 23,392,433 | -0- | 154,973,392 | 15.09% |
| 2017 | 24,872,922 | 24,872,922 | -0- | 165,451,834 | 15.03% |
| 2016 | 26,629,215 | 25,174,401 | 1,454,814 | 161,046,536 | 15.63% |
| 2015 | 29,683,529 | 23,549,087 | 6,134,442 | 161,151,978 | 14.61% |
| 2014 | 30,858,504 | 23,458,504 | 7,400,000 | 163,074,266 | 14.39% |
| 2013 | 34,338,009 | 26,238,009 | 8,100,000 | 152,991,647 | 17.15% |
| 2012 | 28,657,945 | 20,807,945 | 7,850,000 | 146,149,304 | 14.24% |

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.

See independent auditors' report.

TOWN OF HEMPSTEAD

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION LIABILITY - LENGTH OF SERVICE AWARD PROGRAM PLAN
Year Ended December 31, 2021**

| Measurement date | December 31, 2021 | December 31, 2020 | December 31, 2019 | December 31, 2018 | December 31, 2017 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total pension liability: | | | | | |
| Service cost | \$ 278,784 | \$ 204,041 | \$ 159,492 | \$ 167,974 | \$ 135,034 |
| Interest | 157,610 | 172,175 | 191,219 | 176,402 | 173,996 |
| Changes in assumptions | (74,542) | 1,395,945 | 863,957 | (357,895) | 619,043 |
| Differences between expected and actual experience | (832,837) | 42,907 | 36,167 | (39,634) | (33,394) |
| Benefit payments | (485,856) | (38,548) | (173,270) | (67,508) | (200,138) |
| Total pension liability - beginning of year | <u>8,094,868</u> | <u>6,318,348</u> | <u>5,240,783</u> | <u>5,361,444</u> | <u>4,666,903</u> |
| Total pension liability - end of year | <u>\$ 7,138,027</u> | <u>\$ 8,094,868</u> | <u>\$ 6,318,348</u> | <u>\$ 5,240,783</u> | <u>\$ 5,361,444</u> |
| | | | | | |
| Covered payroll | N/A | N/A | N/A | N/A | N/A |
| | | | | | |
| Total pension liability as a percentage of covered-employee payroll | N/A | N/A | N/A | N/A | N/A |

Notes to the Schedule:

The Plan provides benefits to volunteer fire fighters, therefore there is no payroll associated with this Plan.

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

This Schedule is presented to illustrate the requirements to show information for 10 years. However, until the full 10 year trend is compiled, the Town presents information for those years for which information is available.

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

Changes of assumptions or other inputs:

The discount rate used to measure the total LOSAP plan liability was based on the yield to maturity of the Fidelity 20-yr GO AA Bond Index as follows:

| | | | | | |
|--|-------|-------|-------|-------|-------|
| Discount rate used in measuring the total LOSAP plan liability | 1.84% | 2.00% | 2.75% | 3.71% | 3.31% |
|--|-------|-------|-------|-------|-------|

See independent auditors' report.

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

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, 2021**

| | Special Revenue Funds | | | | | | Permanent Fund | Total Nonmajor Governmental Funds |
|---|-------------------------|---------------------|------------------------------|-----------------------------|-----------------------------|------------------------------|---------------------|--------------------------------------|
| | Town Outside Village | Special Grants | Fire Protection Districts | Street Lighting District | Public Parking Districts | Library Funding Districts | | |
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 775,254 | | \$ 1,531,022 | \$ 4,449,365 | \$ 3,253,944 | \$ 347,668 | | \$ 10,357,253 |
| Cash and cash equivalents - restricted | 10,134 | \$ 1,067,992 | | 56,396 | 40,200 | | \$ 1,337,867 | 2,512,589 |
| Receivables | 2,182,467 | | 6,671 | 16,978 | 5,612 | 634 | | 2,212,362 |
| Due from other funds | 360,315 | 19,629 | 885 | 1,847 | 722 | 114 | | 383,512 |
| Due from other governments | 40,923 | 2,282,211 | 30,000 | | | | | 2,353,134 |
| Due from component units | 15,801 | | 50,280 | 61,618 | 1,997 | 37,179 | | 166,875 |
| Inventory | | | | 469,687 | | | | 469,687 |
| Prepaid items | 268,798 | | | | 10,512 | | | 279,310 |
| Length of service award program plan assets | | | 3,455,693 | | | | | 3,455,693 |
| Total Assets | \$ 3,653,692 | \$ 3,369,832 | \$ 5,074,551 | \$ 5,055,891 | \$ 3,312,987 | \$ 385,595 | \$ 1,337,867 | \$ 22,190,415 |
| LIABILITIES | | | | | | | | |
| Accounts payable and accrued liabilities | \$ 1,010,322 | \$ 1,170,095 | \$ 172,378 | \$ 439,450 | \$ 43,281 | \$ 123,971 | | \$ 2,959,497 |
| Due to other funds | 623,651 | 609,573 | | 2,369 | | | | 1,235,593 |
| Other liabilities | 77,411 | 19,093 | | 784 | 3,723 | | | 101,011 |
| Total Liabilities | 1,711,384 | 1,798,761 | 172,378 | 442,603 | 47,004 | 123,971 | \$ -0- | 4,296,101 |
| Fund Balances | | | | | | | | |
| Nonspendable | 268,798 | | | 469,687 | 10,512 | | 1,337,867 | 2,086,864 |
| Restricted | 388,800 | 1,571,071 | 3,455,693 | 56,396 | 40,200 | | | 5,512,160 |
| Assigned | 1,284,710 | | 1,446,480 | 4,087,205 | 3,215,271 | 261,624 | | 10,295,290 |
| Total Fund Balances | 1,942,308 | 1,571,071 | 4,902,173 | 4,613,288 | 3,265,983 | 261,624 | 1,337,867 | 17,894,314 |
| Total Liabilities and Fund Balances | \$ 3,653,692 | \$ 3,369,832 | \$ 5,074,551 | \$ 5,055,891 | \$ 3,312,987 | \$ 385,595 | \$ 1,337,867 | \$ 22,190,415 |

See independent auditors' report.

TOWN OF HEMPSTEAD

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2021**

| | Special Revenue Funds | | | | | | | Total Nonmajor Governmental Funds |
|--|-------------------------|---------------------|------------------------------|-----------------------------|-----------------------------|------------------------------|---------------------|---|
| | Town Outside Village | Special Grants | Fire Protection Districts | Street Lighting District | Public Parking Districts | Library Funding Districts | Permanent Fund | |
| Revenues | | | | | | | | |
| Real property taxes | \$ 3,530,179 | | \$ 5,828,926 | \$ 9,815,003 | \$ 2,917,272 | \$ 1,354,238 | | \$ 23,445,618 |
| Real property tax items | 136,566 | | 218,740 | 524,153 | 48,199 | 78,194 | | 1,005,852 |
| Non-property tax items | 10,590,496 | | 144,473 | | | | | 10,734,969 |
| Departmental income | 13,742,948 | \$ 472,429 | | | 12,027 | | | 14,227,404 |
| Use of money and property | 1,515 | 35 | | 16,877 | 33,310 | 1,350 | \$ 669 | 53,756 |
| Fines and forfeitures | 268,231 | 5,600 | | | | | | 273,831 |
| Sale of property and compensation for loss | 6,423 | | | 9,948 | | | | 16,371 |
| Miscellaneous revenue | 597,504 | 780,067 | 30,000 | 199 | 184 | | | 1,407,954 |
| Interfund revenues | | | | | 2,473,323 | | | 2,473,323 |
| State aid | 54,512 | | | | | | | 54,512 |
| Federal aid | 1,082,816 | 7,173,598 | | | | | | 8,256,414 |
| Total Revenues | <u>30,011,190</u> | <u>8,431,729</u> | <u>6,222,139</u> | <u>10,366,180</u> | <u>5,484,315</u> | <u>1,433,782</u> | <u>669</u> | <u>61,950,004</u> |
| Expenditures | | | | | | | | |
| Current: | | | | | | | | |
| General government support | 363,495 | | | | | | | 363,495 |
| Public safety | 20,808,619 | | 5,208,597 | | | | | 26,017,216 |
| Transportation | | | | 8,008,598 | 4,118,871 | | | 12,127,469 |
| Economic assistance and opportunity | | 4,721,421 | | | | | | 4,721,421 |
| Culture and recreation | 65 | | | | | 1,432,409 | | 1,432,474 |
| Home and community services | 5,319,030 | 2,670,846 | | | | | | 7,989,876 |
| Employee benefits | 6,170,008 | 1,117,940 | 736,065 | | 235,809 | | | 8,259,822 |
| Debt Service: | | | | | | | | |
| Principal - capital lease | | | | 1,766,710 | | | | 1,766,710 |
| Interest - capital lease | | | | 207,566 | | | | 207,566 |
| Total Expenditures | <u>32,661,217</u> | <u>8,510,207</u> | <u>5,944,662</u> | <u>9,982,874</u> | <u>4,354,680</u> | <u>1,432,409</u> | <u>-0-</u> | <u>62,886,049</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(2,650,027)</u> | <u>(78,478)</u> | <u>277,477</u> | <u>383,306</u> | <u>1,129,635</u> | <u>1,373</u> | <u>669</u> | <u>(936,045)</u> |
| Other Financing Sources (Uses) | | | | | | | | |
| Transfers in | | 325,000 | | 840 | | | | 325,840 |
| Transfers out | (133,551) | | (549,668) | (1,004,415) | (976,481) | | (669) | (2,664,784) |
| Premiums on bonds | 10,134 | | | 56,396 | 40,200 | | | 106,730 |
| Transfer from business-type activity | | 750,000 | | | | | | 750,000 |
| Total Other Financing Sources (Uses) | <u>(123,417)</u> | <u>1,075,000</u> | <u>(549,668)</u> | <u>(947,179)</u> | <u>(936,281)</u> | <u>-0-</u> | <u>(669)</u> | <u>(1,482,214)</u> |
| Net Change in Fund Balances | <u>(2,773,444)</u> | <u>996,522</u> | <u>(272,191)</u> | <u>(563,873)</u> | <u>193,354</u> | <u>1,373</u> | <u>-0-</u> | <u>(2,418,259)</u> |
| Fund Balances at Beginning of Year | <u>4,715,752</u> | <u>574,549</u> | <u>5,174,364</u> | <u>5,177,161</u> | <u>3,072,629</u> | <u>260,251</u> | <u>1,337,867</u> | <u>20,312,573</u> |
| Fund Balances at End of Year | <u>\$ 1,942,308</u> | <u>\$ 1,571,071</u> | <u>\$ 4,902,173</u> | <u>\$ 4,613,288</u> | <u>\$ 3,265,983</u> | <u>\$ 261,624</u> | <u>\$ 1,337,867</u> | <u>\$ 17,894,314</u> |

See independent auditors' report.

TOWN OF HEMPSTEAD

**TOWN OUTSIDE VILLAGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Real property taxes | \$ 3,530,719 | \$ 3,530,719 | \$ 3,530,179 | \$ (540) |
| Real property tax items | 153,520 | 153,520 | 136,566 | (16,954) |
| Non-property tax items | 10,725,000 | 10,725,000 | 10,590,496 | (134,504) |
| Departmental income | 15,800,000 | 15,800,000 | 13,742,948 | (2,057,052) |
| Use of money and property | 13,000 | 13,000 | 1,515 | (11,485) |
| Fines and forfeitures | 1,300,000 | 1,300,000 | 268,231 | (1,031,769) |
| Sale of property and compensation for loss | 1,000 | 1,000 | 6,423 | 5,423 |
| Miscellaneous revenue | 1,187,500 | 1,187,500 | 597,504 | (589,996) |
| State aid | 54,512 | 54,512 | 54,512 | -0- |
| Federal aid | -0- | 1,082,816 | 1,082,816 | -0- |
| Total Revenues | <u>32,765,251</u> | <u>33,848,067</u> | <u>30,011,190</u> | <u>(3,836,877)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government support | 361,500 | 363,495 | 363,495 | -0- |
| Public safety | 20,775,079 | 21,916,108 | 20,808,619 | 1,107,489 |
| Culture and recreation | 1,500 | 1,500 | 65 | 1,435 |
| Home and community services | 5,329,521 | 5,365,613 | 5,319,030 | 46,583 |
| Employee benefits | 6,681,666 | 6,680,526 | 6,170,008 | 510,518 |
| Total Expenditures | <u>33,149,266</u> | <u>34,327,242</u> | <u>32,661,217</u> | <u>1,666,025</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(384,015)</u> | <u>(479,175)</u> | <u>(2,650,027)</u> | <u>(2,170,852)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 4,000 | 4,000 | | (4,000) |
| Transfers out | (134,407) | (133,551) | (133,551) | -0- |
| Premiums on bonds | -0- | -0- | 10,134 | 10,134 |
| Total Other Financing Sources (Uses) | <u>(130,407)</u> | <u>(129,551)</u> | <u>(123,417)</u> | <u>6,134</u> |
| Net Change in Fund Balances* | <u>\$ (514,422)</u> | <u>\$ (608,726)</u> | <u>(2,773,444)</u> | <u>\$ (2,164,718)</u> |
| Fund Balances at Beginning of Year | | | <u>4,715,752</u> | |
| Fund Balances at End of Year | | | <u>\$ 1,942,308</u> | |

*** Budgeted net change in fund balance:**

The net change in fund balances was included in the budget as an appropriation of fund balance and purchase orders brought forward.

\$ (514,422)

See independent auditors' report.

TOWN OF HEMPSTEAD

**FIRE PROTECTION DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|------------------|--------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Real property taxes | \$ 5,830,770 | \$ 5,830,770 | \$ 5,828,926 | \$ (1,844) |
| Real property tax items | 696,617 | 696,617 | 218,740 | (477,877) |
| Non-property tax items | 12,600 | 12,600 | 144,473 | 131,873 |
| Miscellaneous revenue | -0- | -0- | 30,000 | 30,000 |
| Total Revenues | <u>6,539,987</u> | <u>6,539,987</u> | <u>6,222,139</u> | <u>(317,848)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | 5,242,382 | 5,266,647 | 5,208,597 | 58,050 |
| Employee benefits | 652,500 | 816,570 | 736,065 | 80,505 |
| Total Expenditures | <u>5,894,882</u> | <u>6,083,217</u> | <u>5,944,662</u> | <u>138,555</u> |
| Excess of Revenues Over Expenditures | <u>645,105</u> | <u>456,770</u> | <u>277,477</u> | <u>(179,293)</u> |
| Other Financing (Uses) | | | | |
| Transfers out | (549,668) | (549,668) | (549,668) | -0- |
| Total Other Financing (Uses) | <u>(549,668)</u> | <u>(549,668)</u> | <u>(549,668)</u> | <u>-0-</u> |
| Net Change in Fund Balances* | <u>\$ 95,437</u> | <u>\$ (92,898)</u> | <u>(272,191)</u> | <u>\$ (179,293)</u> |
| Fund Balances at Beginning of Year | | | <u>5,174,364</u> | |
| Fund Balances at End of Year | | | <u>\$ 4,902,173</u> | |
| * Budgeted net change in fund balance: | | | | |
| Revenues raised to restore fund balance per fund balance policy, less purchase orders brought forward. | <u>\$ 95,437</u> | | | |

See independent auditors' report.

TOWN OF HEMPSTEAD

**STREET LIGHTING DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|-------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Real property taxes | \$ 9,815,728 | \$ 9,815,728 | \$ 9,815,003 | \$ (725) |
| Real property tax items | 636,236 | 636,236 | 524,153 | (112,083) |
| Use of money and property | 11,520 | 11,520 | 16,877 | 5,357 |
| Sale of property and compensation for loss | 25,000 | 25,000 | 9,948 | (15,052) |
| Miscellaneous revenue | -0- | -0- | 199 | 199 |
| Total Revenues | <u>10,488,484</u> | <u>10,488,484</u> | <u>10,366,180</u> | <u>(122,304)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Transportation | 7,212,532 | 8,238,969 | 8,008,598 | 230,371 |
| Debt service: | | | | |
| Principal - capital lease | 1,766,710 | 1,766,710 | 1,766,710 | -0- |
| Interest - capital lease | 207,566 | 207,566 | 207,566 | -0- |
| Total Expenditures | <u>9,186,808</u> | <u>10,213,245</u> | <u>9,982,874</u> | <u>230,371</u> |
| Excess of Revenues Over Expenditures | | | | |
| | <u>1,301,676</u> | <u>275,239</u> | <u>383,306</u> | <u>108,067</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | | | 840 | 840 |
| Transfers out | (1,000,852) | (1,004,415) | (1,004,415) | -0- |
| Premiums on bonds | 5,000 | 5,000 | 56,396 | 51,396 |
| Total Other Financing Sources (Uses) | <u>(995,852)</u> | <u>(999,415)</u> | <u>(947,179)</u> | <u>52,236</u> |
| Net Change in Fund Balances* | <u>\$ 305,824</u> | <u>\$ (724,176)</u> | <u>(563,873)</u> | <u>\$ 160,303</u> |
| Fund Balances at Beginning of Year | | | <u>5,177,161</u> | |
| Fund Balances at End of Year | | | <u>\$ 4,613,288</u> | |
| * Budgeted net change in fund balance: | | | | |
| Revenues raised to restore fund balance per fund balance policy, less purchase orders brought forward. | <u>\$ 305,824</u> | | | |

See independent auditors' report.

TOWN OF HEMPSTEAD

**PUBLIC PARKING DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|------------------|------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Real property taxes | \$ 2,917,554 | \$ 2,917,554 | \$ 2,917,272 | \$ (282) |
| Real property tax items | 111,973 | 111,973 | 48,199 | (63,774) |
| Departmental income | 18,000 | 18,000 | 12,027 | (5,973) |
| Use of money and property | 35,040 | 35,040 | 33,310 | (1,730) |
| Miscellaneous revenue | -0- | -0- | 184 | 184 |
| Interfund revenues | 2,473,323 | 2,473,323 | 2,473,323 | -0- |
| Total Revenues | <u>5,555,890</u> | <u>5,555,890</u> | <u>5,484,315</u> | <u>(71,575)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Transportation | 4,268,179 | 4,269,141 | 4,118,871 | 150,270 |
| Employee benefits | 248,128 | 248,062 | 235,809 | 12,253 |
| Total Expenditures | <u>4,516,307</u> | <u>4,517,203</u> | <u>4,354,680</u> | <u>162,523</u> |
| Excess of Revenues Over Expenditures | | | | |
| | <u>1,039,583</u> | <u>1,038,687</u> | <u>1,129,635</u> | <u>90,948</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers out | (995,031) | (994,135) | (976,481) | 17,654 |
| Premiums on bonds | -0- | -0- | 40,200 | 40,200 |
| Total Other Financing Sources (Uses) | <u>(995,031)</u> | <u>(994,135)</u> | <u>(936,281)</u> | <u>57,854</u> |
| Net Change in Fund Balances* | <u>\$ 44,552</u> | <u>\$ 44,552</u> | 193,354 | <u>\$ 148,802</u> |
| Fund Balances at Beginning of Year | | | <u>3,072,629</u> | |
| Fund Balances at End of Year | | | <u>\$ 3,265,983</u> | |

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

\$ 44,552

See independent auditors' report.

TOWN OF HEMPSTEAD

LIBRARY FUNDING DISTRICTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 Year Ended December 31, 2021

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|------------------|--------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Real property taxes | \$ 1,354,250 | \$ 1,354,250 | \$ 1,354,238 | \$ (12) |
| Real property tax items | 77,431 | 77,431 | 78,194 | 763 |
| Use of money and property | 790 | 790 | 1,350 | 560 |
| Total Revenues | <u>1,432,471</u> | <u>1,432,471</u> | <u>1,433,782</u> | <u>1,311</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Culture and recreation | 1,429,992 | 1,450,507 | 1,432,409 | 18,098 |
| Total Expenditures | <u>1,429,992</u> | <u>1,450,507</u> | <u>1,432,409</u> | <u>18,098</u> |
| Excess of Revenues Over Expenditures | <u>2,479</u> | <u>(18,036)</u> | <u>1,373</u> | <u>19,409</u> |
| Net Change in Fund Balances* | <u>\$ 2,479</u> | <u>\$ (18,036)</u> | <u>1,373</u> | <u>\$ 19,409</u> |
| Fund Balances at Beginning of Year | | | <u>260,251</u> | |
| Fund Balances at End of Year | | | <u>\$ 261,624</u> | |
| * Budgeted net change in fund balance: | | | | |
| Revenues raised to restore fund balance per fund balance policy, less purchase orders brought forward. | <u>\$ 2,479</u> | | | |

See independent auditors' report.

TOWN OF HEMPSTEAD

**DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
December 31, 2021**

| | Town of Hempstead Industrial Development Agency | Town of Hempstead Housing Authority | Lakeview Public Library District | Roosevelt Public Library District | Uniondale Public Library District | Cathedral Gardens Water District | Franklin Square Water District | West Hempstead - Hempstead Gardens Water District | Greater Atlantic Beach Water Reclamation District | Totals |
|---|---|--|-------------------------------------|---|--------------------------------------|-------------------------------------|-----------------------------------|--|---|---------------|
| ASSETS | | | | | | | | | | |
| Current assets: | | | | | | | | | | |
| Cash and cash equivalents | \$ 5,510,827 | \$ 2,519,605 | \$ 4,163,559 | \$ 874,969 | \$ 6,787,163 | \$ 207,935 | \$ 1,225,828 | \$ 4,347,417 | \$ 301,031 | \$ 25,938,334 |
| Cash and cash equivalents restricted | | 617,366 | | | | | 1,741,479 | 3,802,856 | 1,021,181 | 7,182,882 |
| Receivables, net of allowance | | | | | | | | | | |
| Receivables | 48,173 | 590,323 | | | 106,080 | | 536,295 | 972,631 | 40,981 | 2,294,483 |
| Due from other governments | | | 151 | 6,599 | 904 | 4,455 | 439,910 | 1,333,839 | | 1,785,858 |
| Due from primary government | | | | | | | | | | |
| Prepaid items | | 63,540 | 6,129 | 107,750 | 95,977 | | 36,331 | 99,240 | 46,145 | 455,112 |
| Inventory of materials and supplies | | 211,619 | | | | | | | | 211,619 |
| Total Current Assets | 5,559,000 | 4,002,453 | 4,169,839 | 989,318 | 6,990,124 | 212,390 | 3,979,843 | 10,555,983 | 1,409,338 | 37,868,288 |
| Non-Current Assets: | | | | | | | | | | |
| Other | | 5,098 | | | | | -0- | | | 5,098 |
| Capital assets, net of depreciation | 13,082 | 19,312,157 | 1,961,467 | 10,510,111 | 5,351,432 | | 9,536,131 | 28,659,026 | 3,323,906 | 78,667,312 |
| Total Non-Current Assets | 13,082 | 19,317,255 | 1,961,467 | 10,510,111 | 5,351,432 | -0- | 9,536,131 | 28,659,026 | 3,323,906 | 78,672,410 |
| Total Assets | 5,572,082 | 23,319,708 | 6,131,306 | 11,499,429 | 12,341,556 | 212,390 | 13,515,974 | 39,215,009 | 4,733,244 | 116,540,698 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | | | | |
| | 809,811 | 7,131,275 | 276,564 | 603,189 | 1,973,325 | -0- | 781,592 | 3,667,326 | 941,918 | 16,185,000 |
| LIABILITIES | | | | | | | | | | |
| Current liabilities: | | | | | | | | | | |
| Accounts payable and accrued liabilities | 1,347 | 417,997 | 115,135 | 286,136 | 228,799 | 8,044 | 801,259 | 847,618 | 91,158 | 2,797,493 |
| Due to primary government | 1,194,055 | | | | | | | | | 1,194,055 |
| Due to other governments | | 1,552,776 | | | | | | | 106,947 | 1,659,723 |
| Escrow payable | | 617,366 | | | | | | 47,800 | | 665,166 |
| Unearned revenue | | 24,902 | | | | | | 6,950 | | 31,852 |
| Non-current liabilities due within one year: | | | | | | | | | | |
| General obligations bonds payable | | | | 296,135 | | | 277,610 | 361,260 | 141,429 | 1,076,434 |
| Compensated absences | | 77,544 | | 44,997 | | | | 80,223 | | 202,764 |
| Direct borrowings - other loans | | | | | 5,826 | | | | | 5,826 |
| Non-current liabilities due in more than one year: | | | | | | | | | | |
| General obligation bonds payable | | | | 4,971,511 | | | 7,034,867 | 13,940,647 | 1,411,665 | 27,358,690 |
| Unamortized bond premium | | | | 319,767 | | | 379,730 | 594,354 | 245,181 | 1,539,032 |
| Compensated absences | 92,079 | 697,887 | 60,955 | 179,989 | 252,234 | | 419,122 | 413,901 | 124,538 | 2,240,705 |
| Direct borrowings - other notes payable | | | | | 11,426 | | | | | 11,426 |
| Total other postemployment benefits liability | 1,450,586 | 23,632,064 | | | 4,680,350 | | 7,391,745 | 10,189,188 | 5,347,587 | 52,691,520 |
| Employees' retirement system net pension liability | 1,242 | 10,179 | 1,152 | 2,095 | 5,289 | | 3,423 | 4,739 | 1,977 | 30,096 |
| Total Liabilities | 2,739,309 | 27,030,715 | 177,242 | 6,100,630 | 5,183,924 | 8,044 | 16,307,756 | 26,486,680 | 7,470,482 | 91,504,782 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | | | |
| | 405,775 | 5,630,220 | 373,981 | 655,655 | 2,301,565 | -0- | 1,110,153 | 1,390,677 | 954,060 | 12,822,086 |
| NET POSITION | | | | | | | | | | |
| Net investment in capital assets | 13,082 | 19,312,157 | 1,961,467 | 4,922,698 | 5,334,180 | | 2,169,843 | 13,817,187 | 1,525,631 | 49,056,245 |
| Restricted | | | 1,000 | | 16,553 | | 2,106,420 | 3,286,523 | 1,021,181 | 6,431,677 |
| Unrestricted (deficit) | 3,223,727 | (21,522,109) | 3,894,180 | 423,635 | 1,478,659 | 204,346 | (7,396,606) | (2,098,732) | (5,296,192) | (27,089,092) |
| Total Net Position | \$ 3,236,809 | \$ (2,209,952) | \$ 5,856,647 | \$ 5,346,333 | \$ 6,829,392 | \$ 204,346 | \$ (3,120,343) | \$ 15,004,978 | \$ (2,749,380) | \$ 28,398,830 |

See independent auditors' report.

TOWN OF HEMPSTEAD

**DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
December 31, 2021**

| | Town of Hempstead Industrial Development Agency | Town of Hempstead Housing Authority | Lakeview Public Library District | Roosevelt Public Library District | Uniondale Public Library District | Cathedral Gardens Water District | Franklin Square Water District | West Hempstead - Hempstead Gardens Water District | Greater Atlantic Beach Water Reclamation District | Totals |
|--|--|--|-------------------------------------|--------------------------------------|--------------------------------------|-------------------------------------|-----------------------------------|--|---|----------------------|
| REVENUES | | | | | | | | | | |
| Program revenues: | | | | | | | | | | |
| Charges for services | \$ 1,603,192 | \$ 7,094,010 | \$ 761 | \$ 1,884 | \$ 12,159 | \$ 4,455 | \$ 2,024,716 | \$ 2,784,069 | \$ 209,498 | \$ 13,734,744 |
| Operating grants and contributions | | 4,583,119 | | 36,841 | | | | | | 4,619,960 |
| Capital grants and contributions | | 1,474,025 | | | 5,305 | | 3,091,500 | 2,919,781 | 68,117 | 7,558,728 |
| Real property taxes | | | 1,447,307 | 3,125,197 | 3,671,398 | 69,105 | 1,117,922 | 2,477,369 | 1,800,217 | 13,708,515 |
| Other real property tax items | | | | | 539,154 | | | 496,658 | | 1,035,812 |
| Use of money and property - interest and earnings | 21,644 | 725 | 88,346 | 678 | 7,519 | 11 | 243,159 | | 5,287 | 367,369 |
| Sale of property and compensation for loss | | 164,270 | | | | | 4,001 | | | 168,271 |
| Miscellaneous local sources | | 465,736 | 9,805 | 476 | 11,894 | | 129 | 17,478 | 10,070 | 515,588 |
| State aid - unrestricted | | | 5,139 | | 35,084 | | | | | 40,223 |
| Total Revenues | 1,624,836 | 13,781,885 | 1,551,358 | 3,165,076 | 4,282,513 | 73,571 | 6,481,427 | 8,695,355 | 2,093,189 | 41,749,210 |
| EXPENSES | | | | | | | | | | |
| Economic assistance and opportunity | 852,677 | | | | | | | | | 852,677 |
| Culture and recreation | | | 1,100,474 | 3,031,536 | 4,065,075 | | | | | 8,197,085 |
| Home and community services | | 14,069,845 | | | | 43,146 | 3,918,893 | 5,770,216 | 2,236,533 | 26,038,633 |
| Total Expenses | 852,677 | 14,069,845 | 1,100,474 | 3,031,536 | 4,065,075 | 43,146 | 3,918,893 | 5,770,216 | 2,236,533 | 35,088,395 |
| Change in Net Position | 772,159 | (287,960) | 450,884 | 133,540 | 217,438 | 30,425 | 2,562,534 | 2,925,139 | (143,344) | 6,660,815 |
| Net Position - Beginning of Year | 2,464,650 | -0- | 5,405,763 | 5,212,793 | 6,611,954 | 173,921 | (5,682,877) | 12,079,839 | (2,606,036) | 23,660,007 |
| Adjustment to opening net position for inclusion of component unit (Note 7) | | (1,921,992) | | | | | | | | (1,921,992) |
| Net Position at Beginning of Year, as Restated | 2,464,650 | (1,921,992) | 5,405,763 | 5,212,793 | 6,611,954 | 173,921 | (5,682,877) | 12,079,839 | (2,606,036) | 21,738,015 |
| Net Position - End of Year | \$ 3,236,809 | \$ (2,209,952) | \$ 5,856,647 | \$ 5,346,333 | \$ 6,829,392 | \$ 204,346 | \$ (3,120,343) | \$ 15,004,978 | \$ (2,749,380) | \$ 28,398,830 |

See independent auditors' report.