

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

Year Ended December 31, 2022

TOWN OF HEMPSTEAD, NEW YORK

FINANCIAL STATEMENTS
Year Ended December 31, 2022

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TOWN OF HEMPSTEAD, NEW YORK

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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

Adverse, Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented nonmajor component units, each major fund, and the aggregate remaining fund information of the Town of Hempstead, New York (the "Town"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Summary of Opinions

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

Adverse Opinion on the Aggregate Discretely Presented Nonmajor Component Units

In our opinion, because of the significance of the matter discussed in the Basis of Adverse, Qualified and Unmodified Opinions section of our report and the reports of other auditors, the financial statements referred to above do not present fairly the financial position of the Aggregate Discretely Presented Nonmajor Component Units of the Town as of December 31, 2022, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinions on the Governmental Activities, General Fund, Highway Fund, Refuse and Garbage Districts Fund, Water Districts Fund, and the Aggregate Remaining Fund Information

In our opinion, except for the effects of not implementing the provisions of Government Accounting Standards Board ("GASB") Statement No. 87, "Leases" described in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, and 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, General Fund, Highway Fund, Refuse and Garbage Districts Fund, Water Districts Fund and Aggregate Remaining Fund Information of the Town, as of December 31, 2022, and the respective changes in financial position, and where applicable, cash flows, thereof.

Adverse, Qualified and Unmodified Opinions (continued)

Unmodified Opinions on the Business-type Activities, Park Districts Fund, Capital Projects Fund and Debt Service Fund

In our opinion, the financial statements referred to above present fairly, in all material respect, the respective financial position of the Business-type Activities, Park Districts Fund, Capital Projects Fund and Debt Service Fund of the Town as of December 31, 2022, and changes in financial position and, where applicable cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit 100% of the assets, net position, and revenues and expenses of the business-type activities and proprietary fund as of December 31, 2022, and changes in financial position, and where applicable cash flows thereof for the year then ended.

We did not audit the financial statements of six of the seven discretely presented nonmajor component units, which represent 88.86% of the assets, 94.56% of net position, and 86.06% of revenues of the discretely presented nonmajor component units as of December 31, 2022. 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 nonmajor component units consisting of Town of Hempstead Industrial Development Agency, Lakeview Public Library District, Uniondale Public Library District, Cathedral Gardens Water District, Franklin Square Water District, and West Hempstead – Hempstead Gardens Water Districts are based solely on the report of the other auditors.

Basis for Adverse, Qualified and Unmodified Opinions

Matter Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Nonmajor Component Units

The Town's Aggregate Discretely Presented Nonmajor Component Units' column does not include the financial statements of the Town of Hempstead Housing Authority and the Greater Atlantic Beach Water Reclamation District. Accounting principles generally accepted in the United States of America require the aforementioned component unit financial statements be reported with the financial data of the Town unless the Town also issues financial statements for the financial reporting entity that include the financial data for its component units. We were not engaged to prepare, and the Town has not issued such reporting entities financial statements. Because of the departure from accounting principles generally accepted in the United States of America, the assets and deferred outflows of resources, liabilities and deferred inflows of resources, net position, revenues and expenses of the Aggregate Discretely Presented Nonmajor Component Units could not be determined.

Matter Giving Rise to Qualified Opinion on the Governmental Activities, General Fund, Highway Fund, Refuse and Garbage Districts Fund, Water Districts Fund, and the Aggregate Remaining Fund Information

Accounting principles generally accepted in the United States of America requires that leases be measured and accounted for pursuant to the provisions of GASB Statement No. 87, "Leases", with an effective date of January 1, 2022, for the Town. With the exception of the business-type activities and the discretely presented nonmajor component units, the Town did not implement the provisions of GASB Statement No. 87.

Generally, for agreements meeting the definition of a lease as defined by GASB, a lessor would report a lease receivable and deferred inflows of resources based on the present value of the expected payments to be received upon implementation and the deferred inflows of resources would be amortized based on a rational and systematic manner; a lessee would report a lease payable and right to use asset equal to the present value of payments to be made over the lease term upon implementation and the right-to-use-asset would be amortized on a rational and systematic manner. The amount by which this departure would affect the assets, liabilities, deferred inflows of resources, revenues and expense and net position/fund balance has not been determined.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") 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, six of the seven discretely presented nonmajor 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 adverse, qualified, and unmodified opinions.

Emphasis of Matter

Restatement of Net Position – Discretely Presented Nonmajor Component Units

As described in Note 7 to the financial statements, the Town's discretely presented nonmajor component units' net position was restated. Our opinion has been modified with respect to this matter.

Change in Accounting Principle

We draw attention to Note 11 in the notes to the financial statements which discloses the effects of the Town's component units' adoption of the Governmental Accounting Standards Board ("GASB") Statement No. 87, "Leases". Our opinion on the financial statements of the business-type activities and the aggregate discretely presented nonmajor component units 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.

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 nonmajor 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, except for the effects of the GAAP departure described in the Adverse, Qualified and Unmodified Opinions section of this report on the combining fund statements of nonmajor governmental funds and the Parking Districts Fund, schedule of revenues, expenditures and changes in fund balances – budget and actual, the other supplementary information referred to in the previous paragraph are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2023, 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
September 29, 2023

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2022

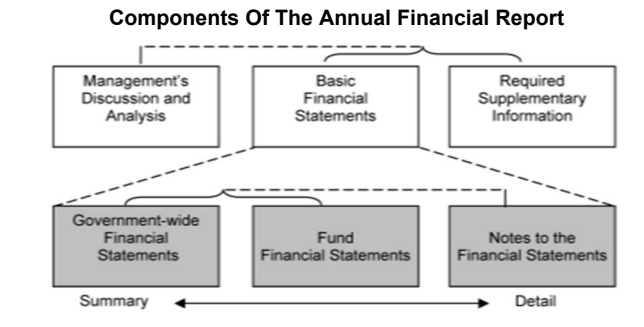
As management of the Town of Hempstead (the "Town"), we offer readers of the financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2022. This section is only an introduction and should be read in conjunction with the Town's financial statements, 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 2022 by \$956,374,093 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 \$1,008,614,354.
- The Town's total net position deficit related to its governmental activities decreased by \$80,525,517 as the 2022 revenues exceeded expenses. The most significant factor affecting the reduction in the deficit net position is due to the decrease in other postemployment benefits ("OPEB") expense of \$101,876,545 from the prior year as the discount rate used in the current actuarial valuation increased from 2.06% to 3.72%
- The Town's governmental activities long-term bonded debt was \$482,116,109 which was an increase of 9.14% from the prior year. 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 2022 by \$2,179,191.
- 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"). 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 2022 the Town recognized ERA revenue of \$25,362,668 and CSLFR revenue of \$22,194,577.
- As of the close of 2022, the Town's governmental funds reported combined ending fund balances of \$293,184,974 a decrease of \$20,807,652 from the prior year. The combined ending fund balances excluding the Capital Projects Fund balance, totaled \$253,672,290, of which \$15,009,236 is not in spendable form, and \$238,663,054, or 94.08%, 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 2022, the Town's total fund balance for the General Fund was \$69,415,180, which decreased by \$3,308,847 from the prior year; revenues and other financing sources totaled \$216,063,274 while expenditures and other financing uses totaled \$219,372,121.

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, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2022

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 has identified, as component units, nine separate legal entities (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. However, the Town of Hempstead Housing Authority and the Greater Atlantic Beach Water Reclamation District financial statements were not available and therefor excluded from this financial statement.

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

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2022

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 one type of fiduciary fund that is known as a Custodial Fund.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2022

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, 2022, the Town's governmental activities liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$956,374,903 and the Town's business-type activities assets exceeded its liabilities by \$2,179,191.

Condensed Statements of Net Position
as of December 31, 2022 and 2021

	Governmental Activities		Business -Type Activities	
	2022	2021	2022	2021
Current and other assets:				
Current assets	\$ 397,532,658	\$ 424,008,457	\$2,188,764	\$ 2,075,314
Capital assets	700,532,579	610,330,545		
Other non-current assets	98,025,058	62,559,778		
Total assets	<u>1,196,090,295</u>	<u>1,096,898,780</u>	<u>2,188,764</u>	<u>2,075,314</u>
Deferred outflows of resources	<u>208,098,711</u>	<u>302,505,940</u>	<u>-0-</u>	<u>-0-</u>
Total assets and deferred outflows of resources	<u>1,404,189,006</u>	<u>1,399,404,720</u>	<u>2,188,764</u>	<u>2,075,314</u>
Current and other liabilities:				
Current liabilities	169,875,957	194,193,785	9,573	10,163
Long-term liabilities	1,578,036,264	1,984,569,994		
Total liabilities	<u>1,747,912,221</u>	<u>2,178,763,779</u>	<u>9,573</u>	<u>10,163</u>
Deferred inflows of resources	<u>612,650,878</u>	<u>257,540,551</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities and deferred inflows of resources	<u>2,360,563,099</u>	<u>2,436,304,330</u>	<u>9,573</u>	<u>10,163</u>
Net position:				
Net investment in capital assets	295,337,643	230,097,202		
Restricted	2,867,735	3,938,087		
Unrestricted (deficit)	<u>(1,254,579,471)</u>	<u>(1,270,934,899)</u>	<u>2,179,191</u>	<u>2,065,151</u>
Total net position	<u>\$ (956,374,093)</u>	<u>\$ (1,036,899,610)</u>	<u>\$2,179,191</u>	<u>\$ 2,065,151</u>

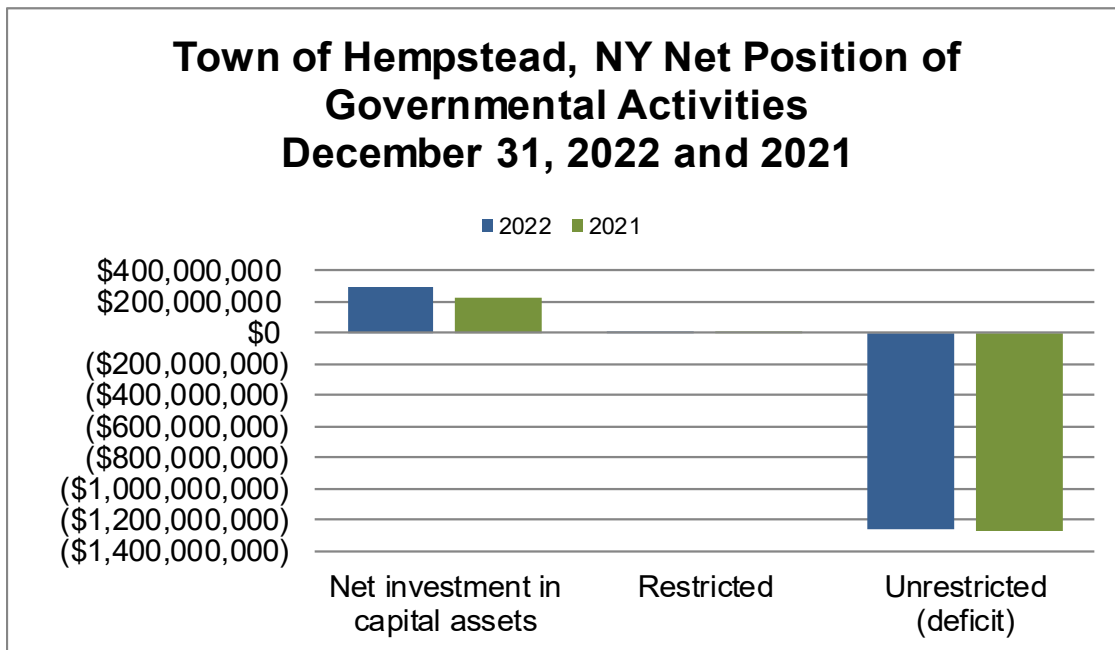
TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The Town's governmental activities net investment in capital assets portion of net position, \$295,337,643, 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, 2022, was a negative \$956,374,093, a reduction in the deficit of \$80,525,517 from the prior year. Net position consists of (a) \$295,337,643 investment in capital assets, (b) net position restricted by statute or specific purposes of \$2,867,735 and (c) unrestricted deficit of \$1,254,579,471.

Total governmental activities net position deficit balance decreased by \$80,525,517 in the current year as revenues increased by \$33,991,650 from the prior year and expenses decreased by \$75,735,746 from the prior year. The decrease in expenses is primarily due to reduction in OPEB expense of \$101,876,545 (\$23,788,549 in 2022 vs. \$125,665,094 in 2021) as the discount rate used in the actuarial valuation increased from 2.06% to 3.72%, updated healthcare trend rates and increase in payroll growth rate from 3.00% to 3.50%.

Business-type activities net position increased by \$114,040 to \$2,179,191 at December 31, 2022.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Changes in Net Position

For the years ended December 31, 2022 and 2021

	Governmental Activities		Business - Type Activities	
	2022	2021	2022	2021
Program Revenues:				
Charges for services	\$ 74,124,206	\$ 69,607,514	\$ 252,928	\$ 556,330
Operating grants and contributions	50,072,574	49,289,419		
Capital grants and contributions	53,854,612	17,290,424		
	<u>178,051,392</u>	<u>136,187,357</u>	<u>252,928</u>	<u>556,330</u>
General Revenues:				
Real property taxes	250,949,965	253,682,755		
Real property tax items	10,508,777	10,282,003		
Non-property tax items	61,454,404	58,563,580		
Interest earnings and financing income	4,016,131	795,243	6,222	
State aid - mortgage tax	32,008,037	42,327,982		
State aid - other unrestricted	3,848,885	-		
Other	2,272,494	6,529,515		
	<u>365,058,693</u>	<u>372,181,078</u>	<u>6,222</u>	<u>-</u>
Transfers	-	750,000	-	(750,000)
Total Revenues	<u>543,110,085</u>	<u>509,118,435</u>	<u>259,150</u>	<u>(193,670)</u>
Program Expenses:				
General government support	111,471,541	127,570,802		
Education	7,909,322	8,184,675		
Public safety	43,910,021	56,601,879		
Transportation	54,233,670	60,665,762		
Economic assistance and opportunity	12,715,119	15,444,357	145,110	154,227
Culture and recreation	83,638,566	101,419,537		
Home and community services	134,772,489	157,981,963		
Interest and other debt related costs	13,933,840	10,451,339		
Total Expenses	<u>462,584,568</u>	<u>538,320,314</u>	<u>145,110</u>	<u>154,227</u>
Change in Net Position	80,525,517	(29,201,879)	114,040	(347,897)
Net Position - Beginning	(1,036,899,610)	(1,007,697,731)	2,065,151	2,413,048
Net Position - Ending	<u>\$ (956,374,093)</u>	<u>\$ (1,036,899,610)</u>	<u>\$ 2,179,191</u>	<u>\$ 2,065,151</u>

Net position balance for the years ended December 31, 2022 and 2021, from all governmental activities, increased/(decreased) by \$80,525,517 and (\$29,201,879) respectively. Net position from the business-type activities for the years ended December 31, 2022 and 2021, increased/(decreased) by \$114,040 and (\$347,897), respectively.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Key elements of the governmental activities are:

- Total program revenues of \$178,051,392 increased by \$41,864,035 or 30.74% from the prior year. By far, the increase in revenues from federal aid received in response to COVID-19 relief awards (CARES Act and ARPA) and the community development block grant disaster recovery (federal and state) aid had the most significant impact on program revenues. Specifically, there was a \$18,846,883 decrease in CARES Act grant revenue and a \$24,905,530 increase in ARPA funded grants (emergency rental assistance and coronavirus state and local fiscal recovery), and a \$36,954,989 increase in community development block grant disaster recovery. Notable changes in program revenues by type are as follows:
 - Charges for services increased by \$4,516,692 from the prior year. General government support fees increased by \$1,056,129 as rental income increased by \$561,512 and street opening fees increased by \$432,200. Public safety fees decreased by \$1,073,857 due to \$1,278,663 less in safety inspection fees. Home and community charges increased by \$4,076,267 as fees for water services & ancillary revenues increased by \$2,804,007 based on increased water consumption by residents and refuse and garbage fees and ancillary revenues increased by \$1,628,812.
 - Operating grants in total increased slightly by \$783,155 from the prior year, however there were significant changes in the amount of grants by function. The fluctuation in operating grants for general government support purposes and culture and recreation purposes of \$3,764,728 (increase) and \$2,005,247 (decrease), respectively, is primarily due to use of the various COVID-19 grants described above. The decrease in operating grants of \$1,174,315 for home and community purposes is primarily due to the planned use of the community development block grant.
 - Total capital grants increased by \$36,564,188 from the prior year. The \$29,918,910 increase in capital grants for transportation purposes is primarily attributable to a \$32,969,455 increase in the use of the community development block disaster recovery grant and which was offset by a \$2,916,652 decrease in the use of state highway improvement awards. Culture and recreational capital grants increased by \$4,897,872 primarily due to an increase in revenue from federal aid received in response to COVID-19 relief awards (ARPA) in the amount of \$4,487,577 and \$647,297 in DASNY grant funding. Home and community capital grants increased by \$1,899,859 due to the planned use of the community development block grant.
- General revenues decreased by \$7,122,385 from the prior year, which was primarily due to the following decreases: \$10,319,945 in state aid - mortgage taxes (effects from higher interest rates), a \$4,257,021 in other revenue (refunds of prior year appropriations and miscellaneous local sources), and a \$2,732,790 in real property taxes. These decreases were offset by an increase in interest earnings (higher interest rates) of \$3,220,888, a \$2,890,824 increase in non-property tax items (sales-tax), \$3,848,885 increase in state aid - other unrestricted (AIM payment).
- Transfers decreased by \$750,000 as the governmental activities received a one-time transfer during 2021 from the business-type activities to be used for various programs administered by the Department of Occupational Resources.
- Overall expenses of \$462,584,568 is \$75,735,746 less than the prior year, in all functional areas except for interest expense. This is primarily attributable to the fluctuations in employee benefits. OPEB expense decreased by \$101,875,545, which stems from the change in discount rate from 2.06% to 3.72%, updated medical rate trends, and changes to the mortality tables. Additionally, pension expense decreased by \$9,159,483 and the expense related to compensated absences decreased by \$8,335,752.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

- **Noteworthy changes in functional expenses** from the prior year, by function, are as follows:
 - General government support - The \$16,099,261 decrease in general government support is primarily due to the following fluctuations: \$27,382,917 decrease in allocated employee benefits (OPEB, pension, compensated absences and workers compensation expenses), and an increases in: spending pursuant to the various COVID-19 grants, judgment and claims of \$1,748,726, pollution remediation expense of \$1,391,880, information technology costs of \$1,400,705 and parks operations apportionment of \$1,596,073.
 - Public safety - The \$12,691,858 decrease in public safety expenses is primarily due to a \$13,563,320 decrease in employee benefits costs (OPEB, pension, compensated absences, and workers compensation expenses). This decrease was offset by a \$1,400,705 increase in the operational costs (salaries and supplies) of providing safety inspection fees, police, traffic controls and control of animal services.
 - Transportation - The decrease of \$6,432,092 in transportation expenses is primarily due to the following: a \$9,809,383 decrease in employee benefits costs (OPEB, pension, compensated absences, and workers compensation expenses) and a decrease of \$1,253,587 in snow removal costs (less severe weather). These decreases were offset by increases in the cost of street maintenance of \$2,914,406 and cost of street lighting of \$1,298,592.
 - Economic assistance – The decrease of \$2,729,238 is primarily due to a \$4,130,051 decrease in allocated employee benefits (OPEB, pension, compensated absences, and workers compensation expenses), which was offset by increases administering the program for aging/nutrition and the workforce/occupational resource grants of \$1,349,476.
 - Culture and recreation - The culture and recreation expenses decreased by \$17,780,971 from the prior year. This is attributable to a \$24,462,515 decrease in employee benefits (OPEB, pension, compensated absences, and workers compensation expenses). This decrease was offset by an increase in the operational costs of parks and recreation of \$4,339,013 (primarily salaries and wages), \$946,380 increase in pollution remediation expense, and \$312,258 of repairs not meeting capitalization threshold.
 - Home and community services - The \$23,209,474 decrease in home and community expenses is primarily related to a \$29,649,138 decrease in employee benefits (OPEB, pension, compensated absences, and workers compensation expenses). This decrease was offset by the following increases: \$2,279,081 in the cost of garbage collection, \$1,334,522 in costs of providing water services and \$2,076,660 in pollution remediation costs.
 - Interest expense increased \$3,482,501 as the outstanding long-term bonds balance increased.

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, 2022 and 2021

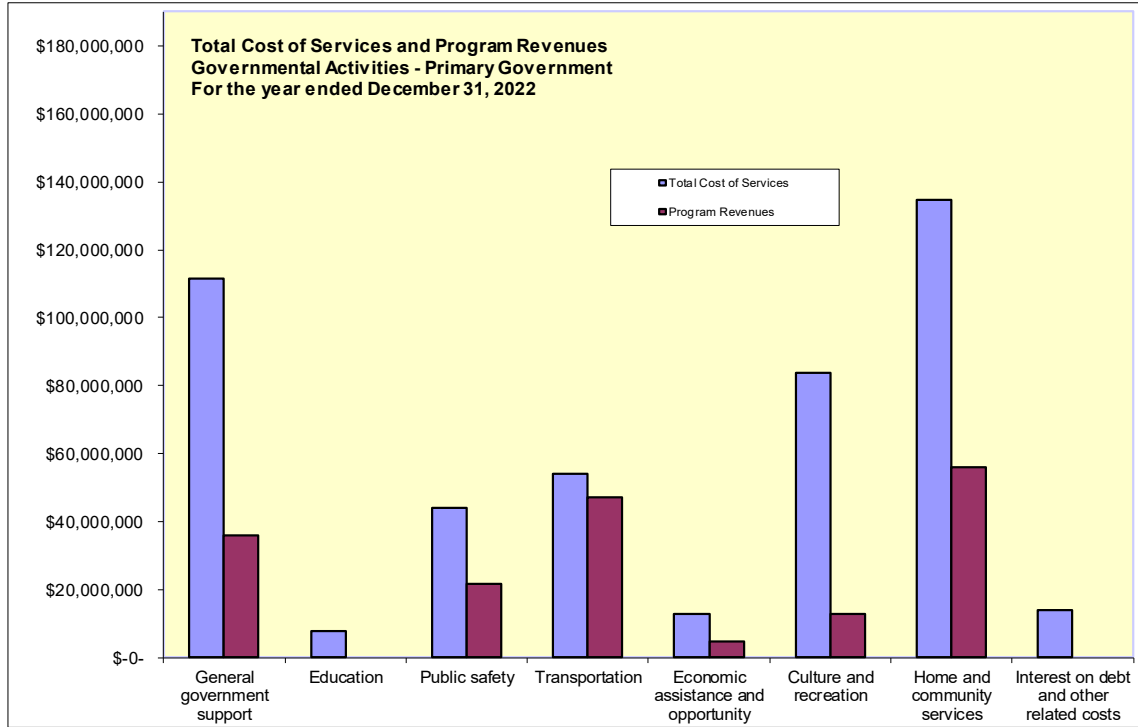
	Total Cost (Expense) of Services		Program Revenues		Net Cost (Revenue) of Services	
	2022	2021	2022	2021	2022	2021
General government support	\$ 111,471,541	\$ 127,570,802	\$ 36,008,419	\$ 31,187,562	\$ 75,463,122	\$ 96,383,240
Education	7,909,322	8,184,675			7,909,322	8,184,675
Public safety	43,910,021	56,601,879	21,518,440	23,045,647	22,391,581	33,556,232
Transportation	54,233,670	60,665,762	46,984,867	17,143,988	7,248,803	43,521,774
Economic assistance and opportunity	12,715,119	15,444,357	4,899,168	4,326,685	7,815,951	11,117,672
Culture and recreation	83,638,566	101,419,537	12,749,124	9,381,250	70,889,442	92,038,287
Home and community services	134,772,489	157,981,963	55,865,772	51,073,961	78,906,717	106,908,002
Interest and other debt related costs	13,933,840	10,451,339	25,602	28,264	13,908,238	10,423,075
	<u>\$ 462,584,568</u>	<u>\$ 538,320,314</u>	<u>\$ 178,051,392</u>	<u>\$ 136,187,357</u>	<u>\$ 284,533,176</u>	<u>\$ 402,132,957</u>

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2022

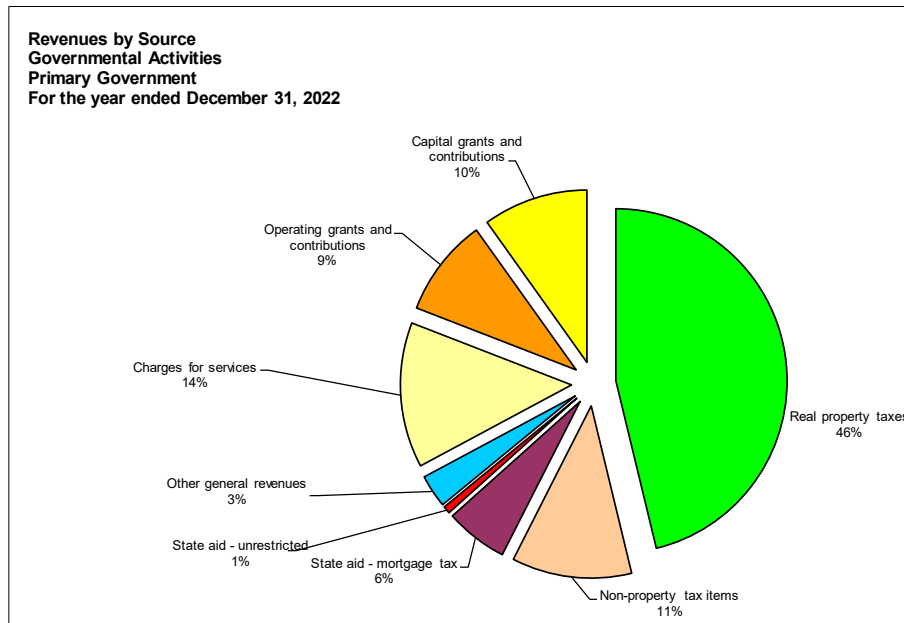
GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

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



The total cost of all governmental activities this year was \$462,584,568. The net cost of these services after being subsidized by program revenues of \$178,051,392 was \$284,533,176.

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



TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Revenue by Source

For the Years ended December 31, 2022 and 2021

	2022	2021
Real property taxes	\$ 250,949,965	\$ 253,682,755
Non-property tax items	61,454,404	58,563,580
State aid - mortgage tax	32,008,037	42,327,982
State aid - unrestricted	3,848,885	-0-
Other general revenues	16,797,402	17,606,761
Charges for services	74,124,206	69,607,514
Operating grants and contributions	50,072,574	49,289,419
Capital grants and contributions	53,854,612	17,290,424
Transfers		750,000
	\$ 543,110,085	\$ 509,118,435

The business-type activities net position increased by \$114,040. Revenue from charges for services decreased by \$303,402 from the prior year to \$252,928, while interest income increased by \$6,222. Expenses of \$145,110 decreased slightly from the prior year's expenses of \$154,227. In 2021, there was a one-time transfer of \$750,000 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, 2022, the Town's governmental funds reported total ending fund balances of \$293,184,974, a decrease of \$20,807,652 from the prior year. The decrease in total governmental funds of \$20,807,652 is primarily a result of the Capital Projects Fund's expenditures and transfer out exceeding its revenues and transfers in by \$23,199,888.

The category breakdown of fund balance is as follows:

- **Nonspendable fund balance** - \$15,009,236 (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** - \$76,836,937 (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** - \$187,722,255 (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** - \$13,616,546 is the total residual fund balance in the General Fund of \$40,828,310 and unrestricted unassigned deficit in Capital Projects Fund of \$27,211,764.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2022

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 \$69,415,180, a decrease of \$3,308,847 or 4.55% from the prior year. Of the total fund balance, \$5,608,942 is not in spendable form (inventory and prepaid items), \$1,494,274 is restricted (primarily debt service) and \$21,483,654 is assigned for the subsequent year's budget and for purchases on order. There is a remaining unassigned fund balance of \$40,828,310 for general purposes.

The General Fund's total expenditures and other financing uses exceeded total revenues and other financing sources by \$3,308,847 for the year. Revenues and other financing sources decreased by \$22,756,832 from the prior year to \$216,063,274, while expenditures and other financing uses increased by \$11,584,120 from the prior year to \$219,372,121.

The decrease in revenues and other financing sources of \$22,756,832 consists of a decrease in revenues of \$23,325,931 and an increase in other financing sources of \$569,099. The decrease in revenues primarily stems from the following decreases: non-property tax items of \$19,989,579 (allocated sales tax), state aid of \$10,266,941 (mortgage taxes due to increase in interest rates), and \$2,734,148 of real property taxes. These decreases were offset by increases in: federal aid of \$4,982,493 (increase in Emergency rental of \$17,958,520 and ARPA of \$2,459,421 offset by a decrease in Cares Act of \$15,435,459), interfund revenue of \$3,180,633 and use of money and property of \$1,056,560 (higher interest rates). The \$569,099 increase in other financing sources is due to \$978,592 more in premiums on debt issuance and \$409,493 less in transfers from other funds.

The increase in expenditures and other financing uses of \$11,584,120 is attributable to an increase in total expenditures of \$11,686,511 and a decrease in other financing uses of \$102,391. Notable changes from the prior year are as follows: \$7,922,976 increase in general government support costs (\$3,531,055 more in COVID-19 CARES Act grants, \$1,596,073 more in parks operating apportionment and \$1,400,705 more in information technology/central data processing costs); \$1,306,913 increase in public safety costs (police and control of animals), \$1,028,438 increase in home and community costs (conservation and cemetery costs) and a \$1,279,478 increase in employee benefits (increased medical insurance and workers compensation costs with a decrease in retirement costs).

Highway Fund

At the end of the current year, the total fund balance of the Highway Fund was \$18,726,488 a decrease of \$5,794,628 or 23.63% from the prior year. Of this, the total fund balance, \$3,842,785 is not in spendable form (inventory and prepaid items), \$1,862,869 is restricted for debt service, and \$13,020,834 assigned. Of the \$13,020,834 assigned fund balance, \$5,656,109 for the subsequent year's budget and purchases on order, and \$7,364,725 is assigned for general highway purposes.

The Highway Fund's expenditures and other financing uses exceeded total revenues and other financing sources by \$5,794,628 for the year. Revenues and other financing sources decreased by \$3,862,773 from the prior year to \$65,597,531 while expenditures and other financing uses increased by \$2,822,570 from the prior year to \$71,392,159.

The decrease in revenues and financing sources of \$3,862,773 is primarily attributable to decreases in both revenues of \$2,393,452 and other financing sources of \$1,469,321. The decrease in revenues is primarily due to a decrease in real property taxes of \$2,314,944. The decrease in other financing sources is attributable to decreases in proceeds from debt issuance of \$930,000 and premiums on issuance of \$1,487,913 and an increase in transfers from other funds of \$948,592 (unspent bond proceeds).

The increase in expenditures and financing uses of \$2,822,570 is attributable to a \$1,898,271 increase in expenditures and a \$924,299 increase in other financing uses. The \$1,898,271 increase in expenditures is primarily attributable to the following: \$2,914,406 increase of maintenance and acquisition of highway equipment costs, and a \$1,253,587 decrease in snow removal costs (less inclement weather), and a \$314,692 increase in employee benefits and \$249,525 less in interest on bond anticipation notes. The \$924,299 increase in other financing uses attributable to higher debt service costs, resulting in more transfers to the Debt Service Fund.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2022

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 \$27,918,493, an increase of \$8,722,538 from the prior year. Of the total fund balance, \$1,631,559 is not in spendable form (inventory and prepaid items), \$737,977 is restricted for debt service and \$25,548,957 is assigned for park fund purposes. The total assigned fund balance of \$25,548,957 consists of: \$3,868,355 of an appropriation of fund balance for subsequent year's budget and purchases on order and \$21,680,602 assigned for general park fund purposes.

The Park Districts Fund's revenues and other financing sources exceeded total expenditures and other financing uses exceeded by \$8,722,538 for the year. Revenues and other financing sources increased by \$16,078,542 from the prior year to \$111,347,688 while expenditures and other financing uses increased \$5,408,859 from the prior year to \$102,625,150.

The increase in revenues and financing sources of \$16,078,542 is primarily attributable to increases in non-property tax items of \$15,400,000 (allocated of sales tax), \$417,752 in departmental income, \$212,527 in use of money (higher interest rates), \$1,596,073 in interfund revenue and \$2,183,109 less in federal aid of (Coronavirus Relief Fund/CARES Act for COVID-19 relief).

The expenditures and financing uses increased by \$5,408,859 from the prior year. Notable fluctuations are: \$4,999,921 increase in salaries and related benefits and a \$325,411 increase in contractual costs.

Refuse and Garbage Districts Fund

At the end of the current year, the total fund balance of the Refuse and Garbage Districts Fund was \$71,907,579, a decrease of \$2,443,717 or 3.29% from the prior year. Of the total fund balance, \$1,212,541 is not in spendable form (inventory and prepaid items), \$266,743 is restricted for debt service and the remaining \$70,428,295 is in spendable form as follows: \$19,860,631 is assigned for the subsequent year's budget and purchases on order and \$50,567,664 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 \$2,443,717 for the year. Revenues and other financing sources increased by \$6,728,574 from the prior year to \$149,180,601 and expenditures and other financing uses increased by \$3,207,719 from the prior year to \$151,624,318.

The increase in revenues and other financing sources of \$6,728,574 consists of a \$6,709,072 increase in revenue and \$19,502 increase in other financing sources. The \$6,709,072 increase in revenue is attributable to increases in: non-property tax items of \$4,000,000 (allocated sales tax revenue), departmental income of \$1,228,120 (refuse and garbage fees), use of money and property of \$849,295 (higher interest rates) and miscellaneous revenue of \$1,471,502 (utility case settlement installment). These increases were offset by a \$1,289,899 decrease in real property taxes and tax items. Notable changes in other financing sources are a decrease in bond issuance proceeds of \$2,031,844 and an increase in premiums on issuance of \$2,060,340.

Total expenditures and financing uses of \$151,624,318 increased by \$3,207,719 from the prior year. The cost of providing refuse and garbage collection services (including employee benefits) totaled \$113,526,537, which is \$22,787,954 less than the prior year and is primarily attributable to a \$26,031,844 judgment and claims settlement payment pertaining to a utility companies' litigation in 2021, a \$964,807 increase in salaries and employee benefits (healthcare benefits) and \$2,279,083 increase in cost of garbage collection services. Debt service expenditures of \$26,162,003 reflects the principal and interest payment due on the bond anticipation note. Transfers to the Debt Service Fund totaled \$11,935,778 and \$12,102,108 in 2022 and 2021, respectively.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2022

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 \$45,994,076, an increase of \$4,429,879 or 10.66%, from the prior year. Of this amount, \$572,953 is not in spendable form (inventory and prepaid items), \$155,754 is restricted for debt service, and the remaining \$45,265,369 of the fund balance is in spendable form as follows: \$1,591,327 appropriated for subsequent year budget and purchases on order, \$7,179,568 is assigned for water systems treatment for emerging contaminants and \$36,494,474 is for general water service purposes.

The Water Districts Fund's total revenues and other financing sources exceeded expenditures and other financing uses by \$4,429,879 for the year. Revenues and other financing sources decreased by \$1,017,445 from the prior year to \$29,486,023 while expenditures and other financing uses increased by \$3,970,721 from the prior year to \$25,056,144.

The decrease in revenues and financing sources of \$1,017,445 is mainly attributable to a \$1,400,135 increase in departmental income (water fees based on consumption), a \$534,754 increase in use of money and property (higher interest rates) and a \$2,927,319 decrease in premiums on debt issuance. The increase in expenditures and financing uses of \$3,970,721 is attributable to \$2,636,199 more in transfers out for debt service requirements and \$1,334,522 more in the costs (salary, benefits, and supplies) of providing water services to constituents.

Capital Projects Fund

At the end of the current year, the Capital Projects Fund had a total fund balance of \$39,512,684, a decrease of \$23,199,888 from the prior year. The decrease in fund balance stems from a timing difference of when project expenditures are incurred and issuance of long-term debt. During 2022, the Capital Projects Fund received \$57,819,799 in debt issuance proceeds and \$52,679,715 in revenues primarily from federal and state grants, while expending \$129,926,347 for various capital/public improvement projects. 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.

Debt Service Fund

At the end of the current year, the Debt Service Fund had a total fund balance of \$893,216, which is restricted for future debt service. Debt service expenditures of \$60,068,405 increased by \$2,725,884 from the prior year, primarily due to more interest paid. To finance the debt service payments, the operating funds transferred to the Debt Service Fund \$59,906,870, an increase of \$3,346,193 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 2022, there were no refunding bonds issued.

Nonmajor Governmental Funds

The net change in fund balances was an increase of \$922,944 which is attributable to: Town Outside Village Fund of (\$961,362), Fire Protection Districts of \$2,060,146, Street Lighting Districts Fund of \$325,798, Public Parking Districts Fund of \$350,992, Library Funding Districts Fund of \$81,789, and Special Grants Fund of (\$934,419). Revenues and other financing sources totaled \$68,921,545, which increased by \$5,788,971 from the prior year. Real property taxes and tax items increased by \$4,248,585, non-property tax items increased by \$3,335,933 (allocated sales tax), and departmental income decreased by \$1,220,158 (safety inspection fees) and other financing sources decreased by \$405,740 (less transfers and premiums on bond issuances offset by an increase in bond proceeds). Total expenditures and other financing uses increased by \$2,447,768 from the prior year to \$67,998,601. The notable changes in expenditures (excluding other financing uses) are as follows: Special Grants \$1,463,982 (occupational/workforce grants and community development block grant) and Street Lighting District \$1,298,592 (cost of operating and maintaining street lighting).

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2022

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 were less than revenues by \$114,040 in the current year. Program revenues consisting of fees for services of \$252,928 were \$303,402 less than the prior year due to the number and size of projects it closed during the year and interest earned totaled \$6,222. Expenses of \$145,110 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 2022 original budget and the final amended budget are adopted by Town Board Resolution throughout the year. During the year, there was a \$4,483,527 or 2.02% increase in the General Fund's appropriations between the original and final amended budget.

Of the \$4,483,527 supplemental appropriations, \$2,966,823 of fund balance was appropriated to fund additional salaries costs resulting from early retirement and termination payouts of compensated absences, and \$1,596,073 for Parks operating apportionment. 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, 2022, amounts to \$700,532,579. 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	
	2022	2021
Land and landfills	\$ 86,967,285	\$ 86,967,285
Construction work in progress	2,400,191	3,309,768
Buildings	36,096,573	35,686,526
Infrastructure and improvements other than building	550,029,015	459,759,831
Improvements to park portion of Merrick landfill	4,854,984	5,395,539
Machinery and equipment	19,341,626	18,234,157
Intangibles - Software	842,905	977,439
Total Net Capital Assets	<u>\$ 700,532,579</u>	<u>\$ 610,330,545</u>

The net book value of business-type activities capital assets was \$-0- as of December 31, 2022 and 2021, and there was no depreciation expense reported in the business-type activities capital assets.

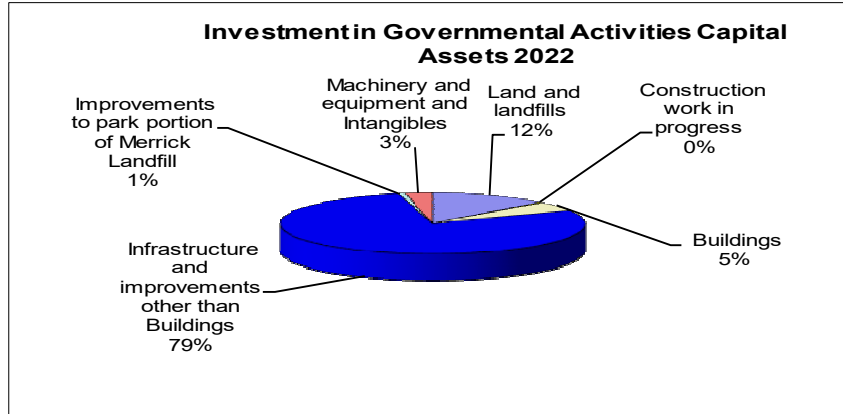
TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2022

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Capital Assets (continued)

The composition of capital assets by percentage at December 31, 2022, is as follows:



There was no activity in the business-type activities capital assets. Additional information on the Town's capital assets is shown in Note 3.E to the financial statements.

Debt Administration

Long-Term Debt

At the end of the current year, the long-term bonded debt outstanding, exclusive of premiums totaled \$482,116,109. 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, 2022 and 2021, is as follows:

	Governmental Activities	
	2022	2021
General obligation bonds	\$ 482,116,109	\$ 441,743,448
Bond anticipation notes	-	26,031,844
Total	\$ 482,116,109	\$ 467,775,292

The general obligation bonds outstanding at December 31, 2022, increased by 9.14% from the prior year. During 2022, the Town issued \$82,954,799 of general obligation bonds for various public improvement projects and to pay off the bond anticipation note of \$26,031,844.

In August 2022, Moody's Investor Service assigned an Aaa with stable outlook rating and S&P Global assigned an AA- rating to the Town's 2021 general obligation bonds issued for public improvement purposes. These are the most recent bond ratings for the Town.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2022

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 2022, the five-year average full valuation is \$114,672,263,014. The current debt limitation (7% of average full valuation) for the Town is \$8,027,058,411 which is significantly in excess of the Town's outstanding debt. The percentage of debt contracting power exhausted as of August 26, 2022 (the date of calculation during 2022) is approximately 4.5%.

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 2023 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 2022 average unemployment rate of 3.0% compares favorably to New York State's 4.3% and the United States' 3.7%. 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 2021 5-Year Estimates, nearly six out of every ten households in the Town – 59.5% – have annual incomes of \$100,000 or more, compared to 38.3% in New York State and 33.6% nationwide. Mean household income in the Town of Hempstead is \$152,419, compared to New York State's \$111,583 and the United States' \$97,196. In addition, more than 80% of housing units in the Town of Hempstead are owner-occupied, compared to 54% in New York State and 65% nationwide. 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.
- As communities across the United States continue to weather an uncertain economy, the Town of Hempstead remains a beacon of stability and economic possibilities. With inflation on the rise and the costs of many everyday goods skyrocketing, Americans from coast to coast have felt the negative impacts of an economy marked by a large degree of uncertainty. While the nation continues to grapple with these pressing economic issues, the Town of Hempstead is working tirelessly to provide taxpayers with real financial relief.
- In keeping with our mission to preserve town programs and services while demonstrating the highest regard for taxpayers, the Town of Hempstead must tighten its belt when it comes to spending – and we have done just that. The adopted Fiscal Year 2023 budget totals \$504.1 million, a sum that represents less than a 1% increase from the 2022 budget which totaled \$500.3 million. This total amount of budgeted spending keeps the township well below the increases found in other municipalities and demonstrates our townwide commitment to keeping costs down where possible even in the face of staggering inflation.
- With these dynamics in mind, the Town is pleased to report that its finances are strong, and we have once again been able to hold the line on taxes. As part of the 2023 Annual Budget the Town of Hempstead is freezing taxes at the same amount as the 2022 budget, \$250.6 million – a coordinated effort to ensure that residents will not be burdened with a higher tax levy from their township government. While taxes will be frozen, municipal services rendered to residents by the Town will remain unchanged. Indeed, the Town of Hempstead's annual budget supports such highly regarded programs as Camp ANCHOR, our Senior Enrichment services, and our Parks Department recreational offerings. What's more, this budget provides our hardworking workforce with the tools needed to care for over 1,200 miles of township roadways, respond to snow emergencies, maintain our beautiful beaches and parks, provide water services to thousands, and much more. In short, this annual budget respects both the wallets of taxpayers, while simultaneously affording them some of the finest municipal services available. And even amidst the tax freeze, the Town is pressing forward with a comprehensive plan to streamline and modernize the delivery of services in order to further benefit Town of Hempstead residents.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2022

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

Town departments continue the work of digitizing our township's departmental services – ensuring we are able to reach all the residents we serve in ways they are comfortable accessing.

- While services and programs remain intact the Town continues to invest millions of dollars in capital projects as we continue our ambitious Parks Enhancement Plan. This plan has seen millions of dollars devoted to our township's many parks, including \$18 million in the past two years alone. This funding has afforded the town the opportunity to make critical improvements to our parks that enhance the experience of residents who patronize these town-operated recreation spaces. Indeed, this funding is credited with allowing parks from all corners of the township to see field improvements, refurbished tennis courts, new pickleball facilities, revamped pools and much more.
- The Town of Hempstead's commitment to proper stewardship of the public's funds has been felt on Main Street with our tax freeze and noticed on Wall Street by financial observers. Indeed, the Town's financial outlook has been lauded by Moody's Investors Services, which last year awarded the Town of Hempstead with a credit rating increase to Aaa. In fact, the Town's budgeting practices were directly cited as a reason for the upgrade, with Moody's staff declaring the Town of Hempstead to have "strong operational oversight," in addition to adhering to "conservative budgeting" strategies. It is these actions undertaken in recent times that led to the "significantly improved financial position" the Town is in, according to Moody's.
- 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, 2023, freezes the total property tax levy at \$250.6 million, the same amount as the 2022 budget.
- When all these factors are considered, the Town's combined fund balances are expected to decline by the close of 2023.
- 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 2001-2025. The Town has included \$52,000,000 of local government assistance for the expected shared sales tax revenue in its 2023 budget. After 2025, 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, NEW YORK

**GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET POSITION
December 31, 2022**

	Primary Government		Total	Nonmajor Component Units
	Governmental Activities	Business-Type Activities		
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 265,178,706	\$ 2,180,764	\$ 267,359,470	\$ 23,283,612
Cash and cash equivalents- restricted	28,742,914		28,742,914	4,550,239
Receivables	15,059,823	8,000	15,067,823	1,679,803
Leases receivable, due within one year			-0-	392,465
Due from other governments	66,263,216		66,263,216	1,421,162
Prepaid items	15,664,185		15,664,185	344,275
Inventories	6,623,814		6,623,814	
Total Current Assets	<u>397,532,658</u>	<u>2,188,764</u>	<u>399,721,422</u>	<u>31,671,556</u>
Non-Current Assets:				
Receivables, service concession arrangements	7,204,845		7,204,845	
Lease receivable, due in more than one year				8,538,789
Due from other governments	43,579,936		43,579,936	
Other assets			-0-	126,553
Net pension asset - proportionate share	43,756,679		43,756,679	1,540,563
Length of service award program plan assets	3,483,598		3,483,598	
Non-depreciable capital assets	89,367,476		89,367,476	8,704,009
Depreciable capital assets, net of depreciation	611,165,103		611,165,103	48,509,566
Total Non-Current Assets	<u>798,557,637</u>	<u>-0-</u>	<u>798,557,637</u>	<u>67,419,480</u>
Total Assets	<u>1,196,090,295</u>	<u>2,188,764</u>	<u>1,198,279,059</u>	<u>99,091,036</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension - employees' retirement system	95,802,428		95,802,428	3,444,479
Other postemployment benefits	112,296,283		112,296,283	3,012,336
Total Deferred Outflows of Resources	<u>208,098,711</u>	<u>-0-</u>	<u>208,098,711</u>	<u>6,456,815</u>
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued expenses	55,884,544	9,573	55,894,117	1,253,821
Due to other governments	1,349,076		1,349,076	47
Unearned revenue	26,781,154		26,781,154	
Other liabilities	8,400,762		8,400,762	187,749
Guarantee, bid and escrow deposits liabilities	86,619		86,619	
Non-current liabilities due within one year	77,373,802		77,373,802	1,321,228
Total Current Liabilities	<u>169,875,957</u>	<u>9,573</u>	<u>169,885,530</u>	<u>2,762,845</u>
Non-Current Liabilities				
Due in more than one year	1,578,036,264		1,578,036,264	44,959,097
Total Non-Current Liabilities	<u>1,578,036,264</u>	<u>-0-</u>	<u>1,578,036,264</u>	<u>44,959,097</u>
Total Liabilities	<u>1,747,912,221</u>	<u>9,573</u>	<u>1,747,921,794</u>	<u>47,721,942</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts on refunding bonds	7,026,686		7,026,686	
Pension - employees' retirement system	151,585,819		151,585,819	5,477,280
Pension - length of service award program	1,239,737		1,239,737	
Deferred service concession arrangement receipts	7,901,499		7,901,499	
Other postemployment benefits	444,897,137		444,897,137	6,400,474
Leases				8,755,346
Total Deferred Inflows of Resources	<u>612,650,878</u>	<u>-0-</u>	<u>612,650,878</u>	<u>20,633,100</u>
NET POSITION				
Net investment in capital assets	295,337,643		295,337,643	28,903,161
Restricted for:				
Culture and recreation				16,743
Home and community services and economic assistance and opportunity	636,652		636,652	7,057,675
Debt service	893,216		893,216	
Home and community services - cemetery, nonexpendable	1,337,867		1,337,867	
Unrestricted (deficit)	(1,254,579,471)	2,179,191	(1,252,400,280)	1,215,230
Total Net Position	<u>\$ (956,374,093)</u>	<u>\$ 2,179,191</u>	<u>\$ (954,194,902)</u>	<u>\$ 37,192,809</u>

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

TOWN OF HEMPSTEAD, NEW YORK

**GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2022**

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue 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	\$ 111,471,541	\$ 4,675,156	\$ 31,333,263	\$ -0-	\$ (75,463,122)	\$ -0-	\$ (75,463,122)	
Education	7,909,322				(7,909,322)		(7,909,322)	
Public safety	43,910,021	12,798,719	8,672,911	46,810	(22,391,581)		(22,391,581)	
Transportation	54,233,670	323,059		46,661,808	(7,248,803)		(7,248,803)	
Economic assistance and opportunity	12,715,119	87,345	4,811,823		(7,815,951)		(7,815,951)	
Culture and recreation	83,638,566	7,195,669	418,581	5,134,874	(70,889,442)		(70,889,442)	
Home and community services	134,772,489	49,044,258	4,810,394	2,011,120	(78,906,717)		(78,906,717)	
Interest and other debt related costs	13,933,840		25,602		(13,908,238)		(13,908,238)	
Total Governmental Activities	462,584,568	74,124,206	50,072,574	53,854,612	(284,533,176)	-0-	(284,533,176)	
Business-Type Activities:								
Economic assistance and opportunity	145,110	252,928				107,818	107,818	
Total Business-Type Activities	145,110	252,928	-0-	-0-	-0-	107,818	107,818	
Total Primary Government	\$ 462,729,678	\$ 74,377,134	\$ 50,072,574	\$ 53,854,612	(284,533,176)	107,818	(284,425,358)	
Nonmajor Component Units								
Economic assistance and opportunity	\$ 837,116	\$ 1,043,574	\$ -0-	\$ -0-				\$ 206,458
Culture and recreation	8,902,823	32,458	24,452					(8,845,913)
Home and community services	8,230,148	5,113,824		1,753,693				(1,362,631)
Total Component Units	\$ 17,970,087	\$ 6,189,856	\$ 24,452	\$ 1,753,693				(10,002,086)
General Revenues								
Real property taxes					250,949,965		250,949,965	11,870,366
Real property tax items					10,508,777		10,508,777	653,707
Non-property taxes:								
Sales tax distribution by county, unrestricted					51,433,502		51,433,502	
Franchise fees					10,020,902		10,020,902	
Interest earnings - unrestricted					4,016,131	6,222	4,022,353	1,052,297
State aid - mortgage tax					32,008,037		32,008,037	
State aid - other unrestricted					3,848,885		3,848,885	74,538
Other					2,272,494		2,272,494	185,825
Total General Revenues and Transfers					365,058,693	6,222	365,064,915	13,836,733
Change in Net Position								
					80,525,517	114,040	80,639,557	3,834,647
Net Position at Beginning of Year, as originally reported								
					(1,036,899,610)	2,065,151	(1,034,834,459)	28,398,830
Adjustment to opening net position for exclusion of component units (Note 7)								
								4,959,332
Net Position at Beginning of Year								
					(1,036,899,610)	2,065,151	(1,034,834,459)	33,358,162
Net Position at End of Year								
					\$ (956,374,093)	\$ 2,179,191	\$ (954,194,902)	\$ 37,192,809

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

TOWN OF HEMPSTEAD, NEW YORK

**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022**

	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	\$ 61,052,111	\$ 11,128,065	\$ 13,257,642	\$ 70,240,827	\$ 39,476,392	\$ 57,919,285		\$ 12,104,384	\$ 265,178,706
Cash and cash equivalent - restricted	22,656,751	1,862,869	737,977	266,743	155,754			3,062,820	28,742,914
Receivables	322,619	328,205	265,060	2,916,312	8,177,998	183,045		2,169,930	14,363,169
Due from other funds	13,100,348	4,460,003	16,568,786	7,018,636	629,956	79,511		4,361,835	46,219,075
Due from other governments	31,388,748		1,067,925	612,857	174,772	20,605,332	\$ 893,216	3,897,716	58,640,566
Inventories	2,452,180	3,175,758	241,383	86,574	188,814			479,105	6,623,814
Prepaid items	3,156,762	667,027	1,390,176	1,125,967	384,139			323,484	7,047,555
Length of service award program plan assets								3,483,598	3,483,598
Total Assets	\$ 134,129,519	\$ 21,621,927	\$ 33,528,949	\$ 82,267,916	\$ 49,187,825	\$ 78,787,173	\$ 893,216	\$ 29,882,872	\$ 430,299,397
LIABILITIES									
Accounts payable and accrued liabilities	\$ 10,893,347	\$ 1,645,863	\$ 2,714,452	\$ 8,660,289	\$ 696,945	\$ 22,489,754		\$ 4,742,476	\$ 51,843,126
Due to other funds	23,892,163	830,347	2,627,229	1,612,485	41,360	11,015,412		6,200,079	46,219,075
Due to other governments	1,349,076								1,349,076
Unearned revenue	21,255,811			12,920		5,512,423			26,781,154
Other liabilities	7,237,323	174,484	268,775	74,643	265,578	256,900		123,059	8,400,762
Guarantee, bid and escrow deposits liabilities	86,619								86,619
Total Liabilities	64,714,339	2,650,694	5,610,456	10,360,337	1,003,883	39,274,489	\$ -0-	11,065,614	134,679,812
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue - water fees					2,189,866				2,189,866
Unavailable revenue - sidewalk repair		244,745							244,745
Total Deferred Inflows of Resources	-0-	244,745	-0-	-0-	2,189,866	-0-	-0-	-0-	2,434,611
FUND BALANCES									
Nonspendable	5,608,942	3,842,785	1,631,559	1,212,541	572,953			2,140,456	15,009,236
Restricted	1,494,274	1,862,869	737,977	266,743	155,754	66,724,448	893,216	4,701,656	76,836,937
Assigned	21,483,654	13,020,834	25,548,957	70,428,295	45,265,369			11,975,146	187,722,255
Unassigned	40,828,310					(27,211,764)			13,616,546
Total Fund Balances	69,415,180	18,726,488	27,918,493	71,907,579	45,994,076	39,512,684	893,216	18,817,258	293,184,974
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 134,129,519	\$ 21,621,927	\$ 33,528,949	\$ 82,267,916	\$ 49,187,825	\$ 78,787,173	\$ 893,216	\$ 29,882,872	\$ 430,299,397

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

TOWN OF HEMPSTEAD, NEW YORK

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
December 31, 2022**

Total Fund Balances - Governmental Funds \$ 293,184,974

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets less accumulated depreciation are included in the statement of net position:

Capital assets - non-depreciable	\$ 89,367,476	
Capital assets - depreciable	1,207,984,405	
Accumulated depreciation	<u>(596,819,302)</u>	700,532,579

Other long-term assets in the statement of net position that do not provide current financial resources and are not reported in the governmental funds:

Prepaid items		8,616,630
Net pension asset - proportionate share		43,756,679
Long-term receivables and due from other governments		61,538,696

Deferred outflows of resources not reported in the governmental fund statements:

Pension - employees' retirement system	95,802,428	
Other postemployment benefits	<u>112,296,283</u>	208,098,711

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported in the funds. However these liabilities are included in the statement of net position:

General obligation bonds payable	(482,116,109)	
Capital leases	(4,122,399)	
Pension related debt	(4,502,332)	
Length of service award program plan pension liability	(4,690,783)	
Compensated absences	(63,451,791)	
Claims and judgments	(46,162,851)	
Estimated liability for landfill closure and postclosure care costs	(752,547)	
Pollution remediation obligations	(3,222,600)	
Total other postemployment benefits liability	<u>(1,008,614,354)</u>	(1,617,635,766)

Deferred inflows of resources not reported in governmental fund statements:

Deferred gain on debt refundings	(7,026,686)	
Pension - employees' retirement system	(151,585,819)	
Pension - length of service award program	(1,239,737)	
Service concession arrangements	(7,901,499)	
Other postemployment benefits	<u>(444,897,137)</u>	(612,650,878)

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		(37,774,300)
---	--	--------------

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.

(4,041,418)

Net Position of Governmental Activities

\$ (956,374,093)

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

TOWN OF HEMPSTEAD, NEW YORK

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2022**

	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	\$ 25,479,149	\$ 55,920,215	\$ 51,714,978	\$ 85,472,068	\$ 5,626,728			\$ 26,736,827	\$ 250,949,965
Real property tax items	2,363,481	2,164,393	2,555,236	1,315,720	265,719			1,963,228	10,627,777
Non-property tax items	27,983,502		15,400,000	4,000,000				14,070,902	61,454,404
Departmental income	7,696,906		2,366,811	14,503,345	21,478,417			13,007,246	59,052,725
Intergovernmental charges	46,711	3,000	901,821	2,179,056	230,950		\$ 25,602		3,387,140
Use of money and property	2,145,261	454,538	474,550	5,310,469	1,683,339			383,024	10,451,181
Licenses and permits	2,364,505			32,494					2,396,999
Fines and forfeitures	99,594		3,550					454,913	558,057
Sale of property and compensation for loss	169,722	193,365	4,752	824,213	14,095	\$ 282,793		207,006	1,695,946
Miscellaneous revenue	3,990,072	183,694	596,873	8,104,434	2,896	200,589		1,056,158	14,134,716
Interfund revenues	66,891,179		36,172,559	1,010,056	28,125			2,311,117	106,413,036
State aid	32,224,697		418,581			16,883,783		54,512	49,581,573
Federal aid	43,069,667					35,312,550		7,899,782	86,281,999
Total Revenues	214,524,446	58,919,205	110,609,711	122,751,855	29,330,269	52,679,715	25,602	68,144,715	656,985,518
EXPENDITURES									
Current:									
General government support	125,335,510							93,291	125,428,801
Education	7,909,322								7,909,322
Public safety	16,042,000							25,603,192	41,645,192
Transportation	1,427,842	34,195,444						13,578,350	49,201,636
Economic assistance and opportunity	4,620,931							5,713,433	10,334,364
Culture and recreation	34,056		73,306,013					1,424,988	74,765,057
Home and community services	12,673,804			88,731,663	14,562,623			8,786,297	124,754,387
Employee benefits	41,968,295	11,599,648	24,691,839	24,794,874	4,034,642			8,282,854	115,372,152
Capital Outlay							129,926,347		129,926,347
Debt Service:									
Principal	67,433			26,031,844				1,819,839	70,501,254
Interest	20,955			130,159				17,486,267	17,791,818
Total Expenditures	210,100,148	45,795,092	97,997,852	139,688,540	18,597,265	129,926,347	60,068,405	65,456,681	767,630,330
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,424,298	13,124,113	12,611,859	(16,936,685)	10,733,004	(77,246,632)	(60,042,803)	2,688,034	(110,644,812)
Other Financing Sources (Uses)									
Transfers in	44,554	4,080,457				481,491	59,906,870	174,089	64,687,461
Transfers out	(9,271,973)	(25,597,067)	(4,627,298)	(11,935,778)	(6,458,879)	(4,254,546)		(2,541,920)	(64,687,461)
Issuance of debt		735,000		24,000,000		57,819,799		400,000	82,954,799
Premium on bonds	1,494,274	1,862,869	737,977	2,428,746	155,754			202,741	6,882,361
Total Other Financing Sources (Uses)	(7,733,145)	(18,918,741)	(3,889,321)	14,492,968	(6,303,125)	54,046,744	59,906,870	(1,765,090)	89,837,160
Net Change in Fund Balances	(3,308,847)	(5,794,628)	8,722,538	(2,443,717)	4,429,879	(23,199,888)	(135,933)	922,944	(20,807,652)
Fund Balance at Beginning 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
Fund Balance at End of Year	\$ 69,415,180	\$ 18,726,488	\$ 27,918,493	\$ 71,907,579	\$ 45,994,076	\$ 39,512,684	\$ 893,216	\$ 18,817,258	\$ 293,184,974

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

TOWN OF HEMPSTEAD, NEW YORK

**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, 2022**

Net Change in Fund Balances - Total Governmental Funds		\$ (20,807,652)
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	\$ 129,424,000	
Depreciation expense	<u>(39,221,966)</u>	90,202,034
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		2,243,808
Net change in deferred outflows of resources not reported in the governmental fund statements:		
Pension - employees' retirement system	(25,159,236)	
Pension - length of service award program	(1,279,241)	
Other postemployment benefits	<u>(67,968,752)</u>	(94,407,229)
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	(7,622,650)	
Unavailable revenue - water fees, sidewalk repair and park fees	160,253	
Premiums on bonds, net of amortization	(2,413,427)	
Amortization of deferred gains on debt refunding	<u>604,258</u>	(9,271,566)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position:		
Proceeds from sale of bonds	(82,954,799)	
Principal payment of bonds	42,582,138	
Principal payment of bond anticipation notes	26,031,844	
Principal payment of capital leases	<u>1,887,272</u>	(12,453,545)
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	3,241,406	
Changes in net pension liability/(asset)- proportionate share	44,258,751	
Length of service award program plan pension liability	2,447,244	
Compensated absences	3,042,943	
Claims and judgments, net of estimated recoveries	(2,635,428)	
Estimated liability for landfill closure and postclosure care costs	82,151	
Pollution remediation obligations	(456,200)	
Total other postemployment benefits liability	432,411,672	
Accrued interest payable	<u>(961,633)</u>	481,430,906
Net change in deferred inflows of resources not reported in the governmental fund statements:		
Pension - employees' retirement system	(1,418,220)	
Pension - length of service award program	(1,239,737)	
Other postemployment benefits	<u>(353,753,282)</u>	(356,411,239)
Change in Net Position of Governmental Activities		\$ 80,525,517

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

TOWN OF HEMPSTEAD, NEW YORK

PROPRIETARY FUND
STATEMENT OF NET POSITION
December 31, 2022

	<u>Town of Hempstead Local Development Corporation</u>
ASSETS	
Cash and cash equivalents	\$ 2,180,764
Accounts receivable	<u>8,000</u>
Total Assets	<u>2,188,764</u>
LIABILITIES	
Accounts payable and accrued liabilities	<u>9,573</u>
Total Liabilities	<u>9,573</u>
NET POSITION	
Unrestricted	<u>2,179,191</u>
Total Net Position	<u>\$ 2,179,191</u>

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

TOWN OF HEMPSTEAD, NEW YORK

PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended December 31, 2022

	<u>Town of Hempstead Local Development Corporation</u>
OPERATING REVENUES	
Fees for services	\$ 252,928
Total Operating Revenues	<u>252,928</u>
OPERATING EXPENSES	
Contractual and professional fees	20,039
Rent	15,000
Compensation and related costs	94,223
Advertising	10,000
Office, meeting and travel	<u>5,848</u>
Total Operating Expenses	<u>145,110</u>
Income from Operations	<u>107,818</u>
NON-OPERATING INCOME	
Interest income	<u>6,222</u>
Net Change in Net Position	114,040
Net Position at Beginning of Year	<u>2,065,151</u>
Net Position at End of Year	<u>\$ 2,179,191</u>

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

TOWN OF HEMPSTEAD, NEW YORK

PROPRIETARY FUND
STATEMENT OF CASH FLOWS
Year Ended December 31, 2022

	<u>Town of Hempstead Local Development Corporation</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from services provided	\$ 252,928
Payments for personal services and employee benefits	(51,477)
Payments to suppliers and service providers	<u>(94,223)</u>
Net Cash from Operating Activities	<u>107,228</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>6,222</u>
Net Cash from Investing Activities	<u>6,222</u>
Net Change in Cash and Cash Equivalents	113,450
Cash and Cash Equivalents at Beginning of Year	<u>2,067,314</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,180,764</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES	
Income from operations	\$ 107,818
Adjustments to reconcile operating income to net cash from operations:	
Increase in accounts payable and accrued liabilities	<u>(590)</u>
Net Cash from Operating Activities	<u>\$ 107,228</u>

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

TOWN OF HEMPSTEAD, NEW YORK
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2022

		Custodial Fund
ASSETS		
Cash and cash equivalents	\$	38,886,906
Taxes Receivable - school districts		<u>1,099,971,740</u>
Total Assets	\$	<u><u>1,138,858,646</u></u>
 LIABILITIES		
Due to other governments	\$	<u>1,138,858,646</u>
Total Liabilities	\$	<u><u>1,138,858,646</u></u>

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

TOWN OF HEMPSTEAD, NEW YORK

**FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended December 31, 2022**

	<u>Custodial Fund</u>
ADDITIONS	
Real property taxes collected for other governments	\$ 2,918,531,995
Other taxes collected for other governments	<u>122,576</u>
Total Additions	<u>2,918,654,571</u>
DEDUCTIONS	
Payment of real property taxes to other governments	<u>2,918,654,571</u>
Total Deductions	<u>2,918,654,571</u>
Net Change in Fiduciary Net Position	-0-
Net Position at Beginning of Year	<u>-0-</u>
Net Position at End of Year	<u>\$ -0-</u>

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

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

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TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2022

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 which provide 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, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2022

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 Statues 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. Financial information is omitted for this entity as it is not available.

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, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2022

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. The Reclamation District's financial information is not included in this report as it is unavailable.

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, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

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. 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, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

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 other occupational resource grants.

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, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

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*	

* Financial information for these components units is not included in this report as the information was not available.

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, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

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, grants, 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, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

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

The Town and its discretely presented component units have receivables from various sources as described below.

Property Taxes

Real property taxes are recognized as a receivable on the date of an enforceable lien and when billed. Real property taxes receivable consists of real property taxes billed on behalf of various school districts. These taxes are billed by the Town's Tax Receiver in two installments, January 1st and October 1st. Accordingly, the Town has recorded receivable in the Fiduciary Fund for property taxes billed on behalf of various school districts.

Leases

The Town/primary government did not implement the provisions of GASB Statement No. 87, "Leases", however its components units did and their accounting for leases receivable is described below.

A lease is defined as a contractual agreement that conveys controls of the right to use another entity's nonfinancial asset(s) for a minimum contractual period of greater than one year, in an exchange or exchange like transaction.

Several discretely presented component units are a lessor pursuant to various individual lease agreements which meet the criteria of GASB Statement No. 87, "Leases". At the commencement of a lease, the lessor initially measures the lease receivable at the present value of payments expected to be received during the lease terms. The deferred inflows of resources for leases is equal to the amount of the lease receivable plus any lease payments received in advance which are related to future periods, less any lease incentives paid to, or on behalf of the lessee at or before the commencement of the lease term. Key estimates and judgments related to leases include 1) the discount rate used to present value payments to be received under the lease, 2) lease term, and 3) lease payments to be received.

The discount rate used is the estimated incremental borrowing rate of the lessor. Changes in circumstances that would require remeasurement of its lease receivable are monitored on an ongoing basis.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. RECEIVABLES AND DUE FROM OTHER GOVERNMENTS (continued)

Other Receivables

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, 2022, management 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, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

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, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

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 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 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 and unbilled water fees 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, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

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 of the net pension liability/(asset) - proportionate share, 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/amortization and reduced by the outstanding balances of any bonds, notes, or other borrowings and related deferred outflows of resources and deferred inflows of resources 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, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

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 "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, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

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.

School districts property taxes are levied on October 1st and are due in two installments, 50% on October 1st and 50% on April 1st, and are payable without penalty through November 10th and May 10th, respectively and are accounted for in the fiduciary fund. The County is also responsible for uncollected school taxes.

Property taxes receivable includes restored taxes from prior tax rolls received within 60 days of year end. Taxes are restored when there is a transfer of ownership from a person entitled to an exemption to a person not entitled to an exemption and may result in a difference between budget and actual on the fund financial statements.

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

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/(asset), 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, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. REVENUES AND EXPENDITURES/EXPENSES (continued)

4. PENSIONS (continued)

Length of Service Award Program Plan

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 purposes, 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, 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, *except* for GASB Statement No. 87, "Leases". However, the component units (blended and discretely presented) adopted all GASB statements required to be implemented during 2022, including the provisions of GASB Statement No. 87 during 2022.

I. CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2022, the Town's component units implemented GASB Statement No. 87. This statement requires a lessee to recognize a lease liability and intangible right-to-use asset and requires a lessor to recognize a lease receivable and deferred inflows of resources. As of January 1, 2022, the discretely presented component units recognized a lease receivable and deferred inflow of \$7,682,296, and a lease liability and right-to-use asset of \$86,590.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. SUBSEQUENT EVENTS

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through September 29, 2023, 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.

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 2022 Adopted Budget. On October 24, 2021, the members of the Town Board adopted the 2022 budget.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

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, as applicable.

	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	\$ 2,452,180	\$ 3,175,758	\$ 241,383	\$ 86,574	\$ 188,814			\$ 479,105	\$ 6,623,814
Prepaid items	3,156,762	667,027	1,390,176	1,125,967	384,139			323,484	7,047,555
Permanent fund principal								1,337,867	1,337,867
Total Nonspendable	5,608,942	3,842,785	1,631,559	1,212,541	572,953	\$ -0-	\$ -0-	2,140,456	15,009,236
Restricted for:									
Debt service	1,494,274	1,862,869	737,977	266,743	155,754		893,216	202,741	5,613,574
Capital projects						66,724,448			66,724,448
Length of service award program plan benefits								3,483,598	3,483,598
Grants and donor restrictions								636,652	636,652
Other reserves								378,665	378,665
Total Restricted	1,494,274	1,862,869	737,977	266,743	155,754	66,724,448	893,216	4,701,656	76,836,937
Assigned to:									
Subsequent year's budget	21,446,659	5,655,535	3,843,560	19,846,788	1,590,663			2,134,498	54,517,703
Purchases on order or contractual obligations	36,995	574	24,795	13,843	664			10,931	87,802
Water systems treatment for emerging contaminants					7,179,568				7,179,568
Special revenue funds		7,364,725	21,680,602	50,567,664	36,494,474			9,829,717	125,937,182
Total Assigned	21,483,654	13,020,834	25,548,957	70,428,295	45,265,369	-0-	-0-	11,975,146	187,722,255
Unassigned, reported in:									
General Fund	40,828,310								40,828,310
Capital Projects						(27,211,764)			(27,211,764)
	40,828,310	-0-	-0-	-0-	-0-	(27,211,764)	-0-	-0-	13,616,546
Total Fund Balances	\$69,415,180	\$18,726,488	\$ 27,918,493	\$71,907,579	\$ 45,994,076	\$ 39,512,684	\$ 893,216	\$ 18,817,258	\$ 293,184,974

3. DETAILED NOTES ON ALL FUNDS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents - Primary Government

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

Custodial Credit Risk - Deposits/Investments - Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, a government may be unable to recover deposits, or recover collateral securities that are in possession of an outside agency. Custodial credit risk for investments exists when, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Town does not participate in a multi-municipal cooperation investment pool.

Deposits are required be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either:

- Uncollateralized
- Collateralized with securities held by the pledging financial institution, or
- Collateralized with securities held by the pledging financial institution's trust department or agent but not in the Town's name.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

A. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

At December 31, 2022, the Town's cash and cash equivalents totaled \$332,782,551. This amount is inclusive of fiduciary fund deposits of \$38,886,906 and restricted cash of \$28,742,914 but exclusive of petty cash of \$25,975 and the blended component unit cash of \$2,180,764. The related bank balances totaled \$346,047,138. Of the bank balance, \$169,665,234 was covered by federal deposit insurance, and \$176,381,905 was covered by collateral with a fair value of \$337,184,788, held by the Town's agent, a third-party financial institution, in the Town's name.

Restricted cash and cash equivalents of \$28,742,914 consists of \$1,337,867 of monies held in the Permanent Fund which may not be spent, \$22,684,689 monies restricted pursuant to grant agreements and \$4,720,358 of monies restricted for debt service.

The bank balances of the blended component unit totaled \$2,184,157 of which \$250,000 was covered by federal deposit insurance and \$1,934,157 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, 2022, 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, 2022, LOSAP Plan assets of \$3,483,598 consist of \$3,294,108 of investments in guaranteed annuity contracts and \$189,490 of a limited partnership interest.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

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 \$3,294,108 are reported as amortized cost which approximates fair value. These are considered unallocated insurance contracts.

Limited Partnership

The LOSAP plan's \$189,490 investment in a limited partnership ("Partnership") is measured at net asset value ("NAV") per share (or its equivalent) as of December 31, 2022, 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, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

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, 2022, 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	\$ 13,100,348	\$ 23,892,163
Highway	4,460,003	830,347
Park Districts	16,568,786	2,627,229
Refuse & Garbage Districts	7,018,636	1,612,485
Water Districts	629,956	41,360
Capital Projects	79,511	11,015,412
<u>Nonmajor Governmental Funds:</u>		
Town Outside Village	2,000,005	3,833,065
Special Grant		2,330,998
Fire Protection Districts	225,341	
Street Lighting District	2,044,610	36,016
Public Parking Districts	34,076	
Library Funding Districts	57,803	
	\$ 46,219,075	\$ 46,219,075

At December 31, 2022, 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	\$ 44,554	\$ 9,271,973
Highway	4,080,457	25,597,067
Park Districts		4,627,298
Refuse & Garbage Districts		11,935,778
Water Districts		6,458,879
Capital Projects	481,491	4,254,546
Debt Service	59,906,870	
<u>Nonmajor Governmental Funds:</u>		
Town Outside Village		129,437
Special Grant		
Fire Protection Districts	174,089	549,915
Street Lighting District		830,142
Public Parking Districts		987,872
Permanent		44,554
	\$ 64,687,461	\$ 64,687,461

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

C. DUE FROM OTHER GOVERNMENTS

The statement of net position (governmental activities) reports \$109,843,152 due from other governments, of which \$66,263,216 is current and \$43,579,936 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, 2022, the outstanding balance was \$51,202,586 and is reported in statement of net position as due from other governments and which \$43,579,936 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 \$893,216 is considered long-term and \$58,640,566 is considered current. These amounts are also reported in the governmental funds balance sheet.

D. LEASE RECEIVABLE

Two of the component units have executed agreements with third parties pertaining to the use of their owned infrastructure assets. The Town will receive monthly or annual payments from each lessee as stipulated in each agreement. Under the terms of these agreements, the leases expire at various dates between 2034 and 2041 and allows for annual increases between CPI index and 3% - 5%.

The annual requirements to amortize all lease receivables as of December 31, 2022, is as follows:

Nonmajor Component Units:

Years Ending December 31,	Principal	Interest	Total Principal and Interest
2023	\$ 392,465	\$ 188,776	\$ 581,241
2024	421,241	180,523	601,764
2025	451,418	171,620	623,038
2026	483,057	162,030	645,087
2027	516,223	151,721	667,944
2028-2032	3,136,839	576,105	3,712,944
2033-2037	3,058,153	207,336	3,265,489
2038-2041	471,858	17,810	489,668
Total Principal and Interest Receivable	<u>\$ 8,931,254</u>	<u>\$ 1,655,921</u>	<u>\$ 10,587,175</u>

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

E. CAPITAL ASSETS

Capital asset activities for the year ended December 31, 2022, are as follows:

Primary Government	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022
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	3,309,768	\$ 34,575	\$ 944,152	2,400,191
Total capital assets not being depreciated	<u>90,277,053</u>	<u>34,575</u>	<u>944,152</u>	<u>89,367,476</u>
Depreciable capital assets:				
Infrastructure and improvements other than buildings	875,143,810	120,531,661	3,942,646	991,732,825
Buildings	54,617,460	3,269,903	630,029	57,257,334
Improvement to park portion of Merrick landfill	15,741,484			15,741,484
Machinery and equipment	136,293,722	6,532,013	2,907,832	139,917,903
Intangibles - software	5,109,859		1,775,000	3,334,859
Total depreciable capital assets	<u>1,086,906,335</u>	<u>130,333,577</u>	<u>9,255,507</u>	<u>1,207,984,405</u>
Less accumulated depreciation:				
Infrastructure and improvements other than buildings	415,383,979	30,262,477	3,942,646	441,703,810
Buildings	18,930,934	2,859,856	630,029	21,160,761
Improvements to park portion of Merrick landfill	10,345,945	540,555		10,886,500
Machinery and equipment	118,059,565	5,424,544	2,907,832	120,576,277
Intangibles - software	4,132,420	134,534	1,775,000	2,491,954
Total accumulated depreciation/amortization	<u>\$ 566,852,843</u>	<u>\$ 39,221,966</u>	<u>\$ 9,255,507</u>	<u>596,819,302</u>
Total net depreciable capital assets				<u>611,165,103</u>
Total net capital assets - governmental activities				<u>\$ 700,532,579</u>
Discretely Presented Nonmajor Component Units	(As Restated)			
	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022
Capital assets not being depreciated:				
Land	\$ 1,493,185			\$ 1,493,185
Construction in progress	14,286,714	\$ 3,201,465	\$ 10,277,355	7,210,824
Total capital assets not being depreciated	<u>15,779,899</u>	<u>3,201,465</u>	<u>10,277,355</u>	<u>8,704,009</u>
Depreciable/amortizable capital assets:				
Buildings	44,966,552	850,387	(30,246)	45,847,185
Improvements other than buildings	58,286	8,200		66,486
Machinery and equipment	13,839,271	608,974	122,197	14,326,048
Software	1,347			1,347
Infrastructure	17,692,318	9,411,615		27,103,933
Right-to-use assets	15,464	83,905		99,369
Total depreciable/amortizable capital assets	<u>76,573,238</u>	<u>10,963,081</u>	<u>91,951</u>	<u>87,444,368</u>
Less: total accumulated depreciation/amortization	<u>\$ 36,310,411</u>	<u>\$ 2,728,725</u>	<u>\$ 104,334</u>	<u>38,934,802</u>
Total net depreciable capital assets				<u>48,509,566</u>
Total net capital assets				<u>\$ 57,213,575</u>

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

E. CAPITAL ASSETS (continued)

Depreciation/amortization expense by function for *governmental activities* is as follows:

General government support	\$ 3,613,480
Public safety	1,181,910
Transportation	22,375,346
Economic assistance and opportunity	32,709
Culture and recreation	5,490,487
Home and community services	6,528,034
Total primary government depreciation expense	\$ 39,221,966

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, 2022, the Town has not recorded any such impairment losses.

F. INDEBTEDNESS

LONG-TERM DEBT

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2022, is as follows:

	Beginning Balance 1/1/2022	New Issues/ Additions	Maturities/ Reductions	Ending Balance 12/31/2022	Non-Current Liabilities Due Within One Year	Non-Current Liabilities
Primary Government						
Governmental Activities:						
Bonds Payable:						
General obligation bonds	\$ 441,743,448	\$ 82,954,799	\$ 42,582,138	\$ 482,116,109	\$ 51,659,307	\$ 430,456,802
Plus premiums on bonds	35,360,873	6,882,361	4,468,934	37,774,300		37,774,300
Total Bonds Payable	477,104,321	89,837,160	47,051,072	519,890,409	51,659,307	468,231,102
Bond anticipation notes	26,031,844		26,031,844	-		
Direct Borrowing - capital leases	6,009,671		1,887,272	4,122,399	1,945,898	2,176,501
Pension related debt	7,743,738		3,241,406	4,502,332	2,362,397	2,139,935
Employees' retirement system net pension liability - proportionate share	502,072		502,072	-		
Length of service award program plan pension liability	7,138,027	316,910	2,764,154	4,690,783		4,690,783
Compensated absences	66,494,734	34,298,377	37,341,320	63,451,791	6,346,000	57,105,791
Claims and judgments	43,527,423	18,760,145	16,124,717	46,162,851	13,775,000	32,387,851
Estimated liability for landfill closure and postclosure care costs	834,698		82,151	752,547	67,100	685,447
Pollution remediation obligations	2,766,400	1,238,367	782,167	3,222,600	1,218,100	2,004,500
Total other postemployment benefits liability	1,441,026,026	74,085,384	506,497,056	1,008,614,354		1,008,614,354
Total Non-Current Liabilities	\$ 2,079,178,954	\$ 218,536,343	\$ 642,305,231	\$ 1,655,410,066	\$ 77,373,802	\$ 1,578,036,264
(As Restated)						
	Beginning Balance 1/1/2022	New Issues/ Additions	Maturities/ Reductions	Ending Balance 12/31/2022	Non-Current Liabilities Due Within One Year	Non-Current Liabilities
Nonmajor Component Units:						
Bonds Payable:						
General obligation bonds	\$ 26,882,030	\$ 1,247,000	\$ 935,005	\$ 27,194,025	\$ 1,163,206	\$ 26,030,819
Plus premiums on issuance	1,293,851		75,273	1,218,578		1,218,578
Total Bonds Payable	28,175,881	1,247,000	1,010,278	28,412,603	1,163,206	27,249,397
Direct borrowings - other loan	17,252		5,826	11,426	5,919	5,507
Lease liability	86,590	8,792	57,323	38,059	27,284	10,775
Employees' retirement system net pension liability - proportionate share	17,940		17,940	-		
Compensated absences	1,543,500	325,620	261,941	1,607,179	124,819	1,482,360
Total other postemployment benefits liability	23,711,869	2,217,586	9,718,397	16,211,058		16,211,058
Total Non-Current Liabilities	\$ 53,553,032	\$ 3,798,998	\$ 11,071,705	\$ 46,280,325	\$ 1,321,228	\$ 44,959,097

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

F. INDEBTEDNESS (continued)

LONG-TERM DEBT (continued)

CHANGES IN LONG-TERM LIABILITIES (continued)

Liabilities for claims and judgments and landfill closure and landfill postclosure costs are liquidated through future budgetary appropriations in the General Fund. Capital lease obligations are liquidated through budgetary appropriations in the Street Lighting District 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 4B). The notes bear interest at 0.50% and mature in October 2022. These bond anticipation notes were refinanced to long-term general obligation bonds in September 2022. There are no bond anticipation notes outstanding at December 31, 2022.

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 bonds are direct obligations of the Town and 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 1.93% to 4.69%.

A summary of these bonds are as follows:

	Balance 1/1/2022	Issued	Redeemed	Balance 12/31/2022
Primary Government, Governmental Activities:				
General	\$ 61,174,261	\$ 19,289,079	\$ 6,692,134	\$ 73,771,206
Highway	182,907,219	24,054,430	18,328,796	188,632,853
Park Districts	34,325,810	9,529,185	3,414,477	40,440,518
Refuse and Garbage Districts	73,459,367	25,472,177	8,688,612	90,242,932
Part-town	575,348	95,744	107,010	564,082
Fire Districts	4,933,166	1,200,000	367,480	5,765,686
Lighting District	4,702,881		644,224	4,058,657
Parking Districts	5,469,002	1,302,993	773,306	5,998,689
Water District	73,167,245	2,011,191	3,430,166	71,748,270
Other	1,029,149		135,933	893,216
Total Primary Government	<u>441,743,448</u>	<u>82,954,799</u>	<u>42,582,138</u>	<u>482,116,109</u>
Nonmajor Component Units:				
	(As Restated)			
Library Districts	5,267,646		296,135	4,971,511
Water Districts	21,614,384	1,247,000	638,870	22,222,514
Total Nonmajor Component Units	<u>26,882,030</u>	<u>1,247,000</u>	<u>935,005</u>	<u>27,194,025</u>
Total General Obligation Bonds	<u>\$ 468,625,478</u>	<u>\$ 84,201,799</u>	<u>\$ 43,517,143</u>	<u>\$ 509,310,134</u>

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

F. INDEBTEDNESS (continued)

LONG-TERM DEBT (continued)

General Obligation Bonds (continued)

A summary of these bonds are as follows:

Future principal and interest payments to maturity are as follows:

		Principal	Interest	Total Principal and Interest
Primary Government, Governmental Activities:				
Years Ending December 31,	2023	\$ 51,659,307	\$ 17,817,991	\$ 69,477,298
	2024	47,123,455	15,777,089	62,900,544
	2025	49,329,457	13,620,146	62,949,603
	2026	47,297,493	11,344,278	58,641,771
	2027	44,806,649	9,248,879	54,055,528
	2028-2032	140,448,957	24,007,010	164,455,967
	2033-2037	47,369,345	8,662,490	56,031,835
	2038-2042	32,788,836	4,244,201	37,033,037
	2043-2045	21,292,610	748,610	22,041,220
Total Primary Government		<u>482,116,109</u>	<u>105,470,694</u>	<u>587,586,803</u>
Nonmajor Component Units:				
Years Ending December 31,	2023	1,163,206	908,125	2,071,331
	2024	1,209,402	859,867	2,069,269
	2025	1,263,162	799,018	2,062,180
	2026	1,324,650	735,329	2,059,979
	2027	1,382,637	668,671	2,051,308
	2028-2032	7,341,759	2,514,582	9,856,341
	2033-2037	7,785,655	1,364,856	9,150,511
	2038-2042	4,026,164	421,324	4,447,488
	2043-2045	1,697,390	59,678	1,757,068
Total Nonmajor Component Units		<u>27,194,025</u>	<u>8,331,450</u>	<u>35,525,475</u>
Total Principal and Interest		<u>\$ 509,310,134</u>	<u>\$ 113,802,144</u>	<u>\$ 623,112,278</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, 2022.

A summary of outstanding bonds by issuance is as follows:

Outstanding Bond Issue	Average Rate	Original Amount	Outstanding Amount	Final Maturity
General Obligation Serial Bonds-2015, Series A	2.44205%	\$ 67,144,108	\$ 34,985,000	December 15, 2028
General Obligation Serial Bonds-2017, Series A	2.66126%	75,735,000	53,920,000	April 1, 2030
General Obligation Serial Bonds-2018, Series A	2.39110%	72,895,000	48,700,000	June 15, 2028
General Obligation Serial Bonds-2018, Series B	2.72100%	55,101,774	41,830,000	September 15, 2031
General Obligation Serial Bonds-2018, Series C	3.17230%	7,600,000	6,505,000	September 15, 2038
General Obligation Refunding Serial Bonds-2018, Series D	2.90460%	27,085,000	10,345,000	August 15, 2038
General Obligation Refunding Serial Bonds - 2019	4.56900%	24,685,000	7,040,000	April 15, 2035
General Obligation Serial Bonds - 2019 Series A	3.28734%	45,507,182	37,230,000	August 15, 2032
General Obligation Refunding Serial Bonds - 2019, Series B	4.68741%	27,065,000	18,480,000	August 1, 2030
General Obligation Refunding Serial Bonds - 2021, Series A	2.36103%	19,945,000	12,600,000	August 15, 2025
General Obligation Serial Bonds - 2021	2.07000%	140,048,572	138,140,000	June 15, 2045
General Obligation Refunding Bonds - 2021, Series B	1.92758%	20,695,000	16,745,000	January 1, 2026
General Obligation Bonds - 2022 Series A	2.26000%	58,954,799	58,954,799	March 1, 2035
General Obligation Bonds - 2022 Series B	2.25000%	24,000,000	24,000,000	September 15, 2031
General Obligation Bonds - 2022 Series C	2.45000%	1,247,000	1,247,000	September 15, 2042
Less general obligation bonds pertaining to discretely presented component units not included in this report			(1,411,665)	
		<u>\$ 667,708,435</u>	<u>\$ 509,310,134</u>	

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

F. INDEBTEDNESS (continued)

LONG-TERM DEBT (continued)

General Obligation Bonds (continued)

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, 2022, there are no outstanding bonds considered defeased.

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. As of August 26, 2022 (latest 2022 calculation) the debt limit is \$8,027,058,411. As of August 26, 2022, the latest 2022 calculation date, the total outstanding debt applicable to the limit (total net indebtedness) was \$360,945,215, which is 4.4966% of the total debt limit.

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 (infrastructure) 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 \$640,158 of amortization expense related to these assets during 2022.

Future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2022, are as follows:

Primary Government, Governmental Activities:

Years Ending December 31, 2023	\$ 2,062,664
2024	2,062,664
2025	88,388
2026	<u>94,252</u>
Total minimum lease payments	4,307,968
Less: amount representing interest	<u>(185,569)</u>
Present value of minimum lease payments	<u>\$ 4,122,399</u>

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

G. 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, 2022, the outstanding debt induced by the TOHLDC and TOHIDA and issued by other entities amount to approximately \$629,855,000 and \$58,225,000, respectively.

H. 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.

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.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

H. RETIREMENT SYSTEM (continued)

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.

Subsequent to the measurement date (March 31, 2022), legislation was passed that reduced the number of years of service credit from ten years to five years. Therefore, all Members are vested when they reach five years of service credit.

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.

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.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

H. RETIREMENT SYSTEM (continued)

Benefits Provided (continued)

Tier 6

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

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

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

Disability Retirement Benefits

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

Ordinary Death Benefits

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

Post-Retirement Benefit Increases

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

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

H. RETIREMENT SYSTEM (continued)

Benefits Provided (continued)

Contributions

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

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

Primary Government, Governmental Activities:

Annual Required Contribution - ERS						
Amount	Credits & Miscellaneous Adjustments	Prepayment Discount	Amortization Payments	Total Payment		
2022	\$22,778,715	\$ 85,685	\$ (149,166)	\$ 3,509,045	\$	26,224,279
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

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, 2022, is \$4,502,332. Amortization contributions will be paid in ten equal installments, one per year, but may be prepaid at any time. The Town has, for now, opted to amortize over the ten-year period. The interest rate will be established annually for each year's amortization and paid out of current resources.

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

Primary Government, Governmental Activities:

	Principal	Interest	Total
Years Ending December 31, 2023	\$ 2,362,397	\$ 147,856	\$ 2,510,253
2024	1,471,860	68,198	1,540,058
2025	668,075	21,446	689,521
	\$ 4,502,332	\$ 237,500	\$ 4,739,832

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

H. RETIREMENT SYSTEM (continued)

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

At December 31, 2022, the Town reported an asset of \$43,756,679 for its proportionate share of the net pension asset related to its governmental activities and \$-0- related to its business-type activities. The net pension asset was measured as of March 31, 2022, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as April 1, 2021. The Town's proportion of the net pension asset 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/(asset) of the System and its related employer allocation percentage.

Measurement Date	Net Pension Liability/(Asset)	Allocation of the System's Total Net Liability
March 31, 2022	\$ (43,756,679)	0.5352770%

There was no significant change in the Town's proportionate share of 0.5042206% at March 31, 2021, to 0.5352770% at March 31, 2022.

The net pension liability/(asset) for the nonmajor component units totaled \$(1,540,563).

For the year ended December 31, 2022, the Town recognized pension expense of \$2,746,836 in the government-wide statement of activities - governmental activities. At December 31, 2022, 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	\$ 3,313,754	\$ 4,298,127
Changes of assumptions	73,024,990	1,232,217
Net difference between projected and actual earnings on pension plan investments		143,284,790
Changes in proportion and differences between the Town's contribution and proportionate share of contributions	5,436,095	2,770,685
Town's contributions subsequent to the measurement date, net of prepaid amounts	14,027,589	
Total	\$ 95,802,428	\$ 151,585,819

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

H. RETIREMENT SYSTEM (continued)

Pension Liabilities/(Assets), 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, 2023	\$ (10,455,138)
2024	(15,584,673)
2025	(36,824,573)
2026	<u>(6,946,596)</u>
	<u>\$ (69,810,980)</u>

The pension related deferred outflows of resources and deferred inflows of resources for the nonmajor component units totaled \$3,444,479 and \$5,477,280, respectively.

Actuarial Assumptions

The total pension asset 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 asset to the measurement date. The actuarial valuations used the following actuarial assumptions:

Actuarial Valuation Date	April 1, 2021
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

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 previous actuarial valuation as of April 1, 2020, used the same assumptions for the measure of the total pension liability.

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, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

H. 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, 2022, are summarized below:

Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Equity:		
Domestic equity	32.00%	3.30%
International equity	15.00%	5.85%
Alternatives:		
Private equity	10.00%	6.50%
Real estate	9.00%	5.00%
Other	10.00%	3.78% - 5.80%
Fixed income	23.00%	0.00%
Cash	1.00%	-1.00%
	100.00%	

The real rate of return is net of the long-term inflation assumption of 2.5%.

Discount Rate

The discount rate used to calculate the total pension asset 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/(asset).

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to the Discount Rate Assumption

The following presents the Town's proportionate share of the net pension liability/(asset) calculated using the discount rate of 5.9%, as well as what the Town's proportionate share of the net pension liability/(asset) 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/(asset)	\$ 112,629,215	\$ (43,756,679)	\$ (174,565,934)
Nonmajor component unit's proportionate share of the collective net pension liability/(asset)	\$ 3,964,365	\$ (1,540,563)	\$ (6,144,438)

Pension Plan Fiduciary Net Position

The components of the current year net pension liability/(asset) (measured as of March 31, 2022) of the employers as of the respective valuation dates were as follows:

	(Dollars in Thousands)
Employers' total pension liability	\$ 223,874,888
Less: Plan net position	(232,049,473)
Employers' net pension liability/(asset)	\$ (8,174,585)
Ratio of plan net position to the Employers' total pension liability	103.65%

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

I. LENGTH OF SERVICE AWARD PROGRAM PLAN

Plan Description

The Town established and is the sponsor of a defined benefit length of 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 line 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, 2022, the LOSAP Plans' measurement date, the following participants were covered by the benefit terms:

Inactive participants receiving benefits	29
Inactive participants entitled to, but not yet receiving benefits	64
Active participants	<u>110</u>
Total	<u><u>203</u></u>

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

I. 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, 2022, the Town remitted \$282,152 to the plan, which consisted of \$275,903 of contributions and \$6,249 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, 2022, measurement date was determined using an actuarial valuation as of that same date.

Actuarial Assumptions

The total pension liability as of December 31, 2022 (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	4.05%
Inflation rate	5.90%
Salary Scale	None Assumed

The discount rate and inflation rate used to measure the 2021 LOSAP pension liability was 1.84% and 5.00%, respectively.

Mortality rates were based on the RP-2014 Combined Unisex Projected to 2023 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 \$4,690,783 at December 31, 2022. Below summarizes the change in the total pension liability from January 1, 2022 to December 31, 2022:

Balance at beginning of year	\$	7,138,027
Service costs		172,769
Interest		128,092
Changes of assumptions or other inputs		(2,403,803)
Differences between expected and actual experience		16,049
Benefit payments		(360,351)
		(360,351)
Balance at end of year	\$	4,690,783

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

I. 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 4.05%, 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 (3.05%) or 1-percentage point higher (5.05%) than the current rate:

	1% Decrease (3.05%)	Current Assumption (4.05%)	1% Increase (5.05%)
Total Pension Liability	\$ 5,542,000	\$ 4,690,783	\$ 4,003,000

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

For the year ended December 31, 2022, the Town recognized LOSAP pension expense of \$432,085.

At December 31, 2022, the Town reported deferred inflows of resources related to the LOSAP pension from the following sources:

	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,239,737
Total	\$ 1,239,737

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

Years Ending December 31,	2023	\$ (55,787)
	2024	(55,787)
	2025	(55,787)
	2026	(55,787)
	2027	(55,787)
	2028-2029	(960,802)
		\$ (1,239,737)

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, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

I. 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 2022 and the plan's statement of receipts and disbursements for 2022.

Receipts and Disbursements

Plan assets, December 31, 2021		\$	3,455,693
Changes during the year:			
(+)	Plan contributions	\$	282,152
(+)	Investment income earned		127,615
(+/-)	Changes in fair market value of investments		(12,539)
(-)	Plan benefit withdrawals		(360,351)
(-)	Administrative and other fees/charges		(8,972)
			27,905
Plan assets, December 31, 2022		\$	3,483,598

Contributions and Administration Fees

Amount of sponsor's required contribution for 2022:	Recommended	\$	275,903
Amount of sponsor's actual contribution paid:			
Plan contributions		\$	275,903
Administrative fees			6,249
Amount paid to the plan			\$ 282,152

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

I. 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 2022
Post entitlement lump sums:	1983 GAM (Unisex) with 4.75% interest

J. 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, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

J. 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 \$170/month, based on the standard 2022 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 \$2,400 in 2022 through the term of the union agreement (year 2025).

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 survivors 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 survivors continue to receive 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, 2022, the effective date of the most recent OPEB valuation, there are 3,474 participants in the plan, consisting of 1,791 active employees and 1,683 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 \$1,008,614,354 was measured as of December 31, 2022 (measurement date) and was determined by an actuarial valuation as of January 1, 2022, 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, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

J. 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-terms liability actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

The total OPEB liability in the January 1, 2022, actuarial valuation and measured as of December 31, 2022, was determined using the following actuarial assumptions and other inputs:

Census collection date	January 1, 2022
Discount rate	3.72%
Healthcare cost trend rates (pre 65/post 65):	
Year 1:	
Empire Plan Single	12.45% / 21.44%
Empire Plan Family	14.91% / 11.94%
HIP	7.51% / 1.68%
Year 2 & thereafter	7.5% / 4.54%
Ultimate inflation rate	4.54%
Actuarial cost method	Entry Age Normal (percent of salary)
Participation rate	100% of future eligible retirees will elect coverage
Mortality rate	Pub-2010 General Disabled Retirees & Employees & Headcount Tables Weighted Mortality fully generational using Scale MP 2021

The discount rate used to measure the liability was 3.72% based on the Bond Buyer's 20-year general obligation bond index. In the prior year, the discount rate used was 2.06%.

Changes in the Total OPEB Liability

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

Total OPEB liability, December 31, 2021 measurement date	\$ 1,441,026,026
Changes for the year:	
Service costs	37,292,337
Interest	36,793,047
Assumption changes	(439,492,431)
Differences between expected and actual experience	(32,526,438)
Benefit payments	(34,478,187)
	(400,704,000)
Balance as of the December 31, 2022 measurement date	\$ 1,008,614,354

Changes in assumptions and other inputs used in measuring the liability from December 31, 2021 to December 31, 2022 include: 1) a change in the discount rate from 2.06% in 2021 to 3.72% in 2022, 2) the payroll growth rate was updated to 3.50% from 3.00% in 2021, and 3) initial trend rates were advances, the model for trends in subsequent years is based on the Getzen Model as updated through September 2022.

The total OPEB liability for the nonmajor component units totaled \$16,211,058.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

J. 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, 2022, 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 (2.72%)	Assumption (3.72%)	Increase (4.72%)
Town's total OPEB liability	\$ 1,162,291,191	\$ 1,008,614,354	\$ 883,879,119
Nonmajor component units total OPEB liability	\$ 19,107,728	\$ 16,211,058	\$ 13,910,453

The following presents the total OPEB liability at December 31, 2022, 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 (6.5% to 20.44%)	Assumption (7.5% to 21.44%)	Increase (8.5% to 21.44%)
Town's total OPEB liability	\$ 856,322,037	\$ 1,008,614,354	\$ 1,208,154,657
Nonmajor component units total OPEB liability	\$ 14,530,703	\$ 16,211,058	\$ 18,860,415

OPEB Expense and Deferred Outflows/Inflows of Resources

For the year ended December 31, 2022, the Town recognized OPEB expense of \$23,788,549. At December 31, 2022, 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		\$ 47,784,144
Changes in assumptions	\$ 112,296,283	397,112,993
Total	\$ 112,296,283	\$ 444,897,137

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,	2023	\$ (50,296,835)
	2024	(68,682,377)
	2025	(82,257,189)
	2026	(86,125,754)
	2027	(45,238,699)
		\$ (332,600,854)

The OPEB related deferred outflows of resources and deferred inflows of resources for the nonmajor component units totaled \$3,012,336 and \$6,400,474, respectively.

A copy of the Town of Hempstead Retiree Medical Program 2022 Actuarial Valuation is available by contacting the Town of Hempstead, Office of the Comptroller, Hempstead, New York.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

K. 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, 2022, the liability of the compensated absences was \$63,451,791 for the primary government's governmental activities. The liability for compensated absences for the nonmajor component units amounted to \$1,607,179.

L. 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, 2022, was \$44,554. At December 31, 2022, 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, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

4. COMMITMENTS AND CONTINGENCIES (continued)

A. RISK RETENTION (continued)

Primary Government, Governmental Activities	Workers' Compensation		General Liability		Other Garbage Taxes and Local Utilities	
	2022	2021	2022	2021	2022	2021
Unpaid claims and claim adjustment expenditures at the beginning of the year	\$ 33,653,036	\$34,473,036	\$ 9,874,387	\$ 9,965,941	\$ -0-	\$ 26,031,843
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	13,702,705	9,308,405	5,057,440	1,611,488		
Total incurred claims and claim adjustment expenditures	13,702,705	9,308,405	5,057,440	1,611,488	-0-	-0-
Payments:						
Claim and claim adjustment expenditures attributable to insured events of the current and prior years	12,724,449	10,128,405	3,400,268	1,703,042	-0-	26,031,843
Total unpaid claims and claim adjustment expenditures at the end of the year	\$ 34,631,292	\$33,653,036	\$ 11,531,559	\$ 9,874,387	\$ -0-	\$ -0-

The Town carries insurance for property protection in excess of \$250,000,000 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. Plaintiff utility companies sued the Town and its garbage districts on the theory that the ad valorem levies imposed upon 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 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 plaintiffs in the first instance and directed the County to reimburse the Town for the sums the Town pays 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 satisfied those judgments subject to pending appeals and cross-appeals regarding the appropriate rate of interest.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

4. COMMITMENTS AND CONTINGENCIES (continued)

B. LITIGATION (continued)

Garbage Taxes and Local Utilities (continued)

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 moved to reargue and for leave to appeal from the lead Verizon case and has settled the remaining cases. In addition, the Town settled the MC1 litigation at a reduced interest rate and the Court 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 to satisfy the remaining liability (See Note 3F).

Pursuant to the executed Town/County Agreement dated September 27, 2016, the County will reimburse the Town 70% of these judgments. The Town has recorded a receivable (due from other governments) of \$51,202,586 as of December 31, 2022, of which \$7,622,650 is current and \$43,579,936 is long term. (See Note 3F)

The Town filed a motion to leave to the Court of Appeals in the Verizon Action challenging the rate of interest, which was denied. No further legal action is currently required on these cases.

FIT Tuition Charge Back

The Town has instituted an action against the County asserting a claim for unjust enrichment and for an accounting of monies being held by the County from sales tax payments due to the Town as a setoff against monies that the County asserts the Town is responsible to pay to the County for payments made by the County to the Fashion Institute of Technology ("F.I.T."). The monies being held by the County were done so as a result of the New York State Court of Appeals decision in Matter of Town of N. Hempstead v. County of Nassau, 24 N.Y.3d 67, wherein the Court determined that: (1) the County is entitled to chargeback Towns for payments made for Town students attending any program at F.I.T. and (2) the County is entitled to off-set the amounts due from Towns to the County by withholding the sales tax revenues that the County collected on behalf of the Towns.

To date the County has held back over \$17 million dollars as a set off from sales tax monies otherwise payable to the Town. The basis of the Town's action against the County is the fact that New York State Education Law directs the County to follow certain procedural requirements prior to providing payment to F.I.T. for tuition costs associated with Town residents enrolled at F.I.T.

In early 2018, the Town made a motion for summary judgment based on the County's failure to comply with Education Law when making certain payments to F.I.T. In July 2018, the Supreme 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 appealed from the Supreme Court's decision. On December 23, 2020, the Appellate Division reversed that decision and granted the Town's motion for summary judgment and remitted the matter back to the Supreme Court to calculate the amount due to the Town. The Appellate Division also awarded the Town costs and a judgment in the amount of \$5,013 was entered against the County, plus interest, which is still outstanding. The County filed a motion to reargue or, in the alternative, for leave to appeal to the Court of Appeals. That motion was denied.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

4. COMMITMENTS AND CONTINGENCIES (continued)

B. LITIGATION (continued)

FIT Tuition Charge Back (continued)

On or about August 10, 2023, this matter was resolved pursuant to a Stipulation of Settlement. Pursuant to the settlement, the Town received the \$3,900,000 payment on August 24, 2023, and a stipulation of discontinuance was filed August 31, 2023. There is no further action required on this matter.

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. No liability has been accrued in the financial statements.

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 \$11,531,559 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 TOHIDA; (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.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

4. COMMITMENTS AND CONTINGENCIES (continued)

C. RESOURCE RECOVERY FACILITY (continued)

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.

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, 2022, the Town has recorded a liability of \$752,547 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, 2022, has commitments for capital acquisitions and improvements of \$98,655,292 in the Capital Projects Fund that it is anticipated will be paid for by the issuance of general obligation bonds and grant funding.

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, 2022, 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	\$ 36,995
Highway	574
Park Districts	24,795
Refuse and Garbage Districts	13,843
Water Districts	664
Nonmajor Funds:	
Town Outside Village	10,931
	<u>\$ 87,802</u>

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

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

4. COMMITMENTS AND CONTINGENCIES (continued)

G. POLLUTION REMEDIATION OBLIGATIONS

The Town's policy is to estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired. Obligating events include the following:

The Town:

- Is compelled to take remediation action because of imminent endangerment.
- Violates a pollution related permit or license.
- Is named or will be named as a responsible party or potentially responsible party for a remediation.
- Is named or will be named in a lawsuit to compel pollution remediation.
- Commences or obligates itself to remediate pollution.

Pollution remediation activities include the removal and disposal of sediment and soil from dry wells contaminated by automotive lubricants, and from spills related to removal and replacement of underground storage tanks for waste oil, heating oil, and automotive fuels. Other pollution remediation obligations include asbestos abatement and removal. Estimates are based on known liabilities from existing 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, 2022, the Town's governmental activities has estimated pollution remediation obligations amounts at \$3,222,600, of which \$1,218,100 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, 2024. 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, 2022, the Town reports a receivable and deferred inflow of resources in the government-wide statements in the amount of \$210,000.

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.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

4. COMMITMENTS AND CONTINGENCIES (continued)

H. SERVICE CONCESSION ARRANGEMENTS (continued)

At December 31, 2022, the Town reports a receivable and deferred inflow of resources in the government-wide statements in the amount of \$7,691,499. 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, 2022, the Town reports a total receivable and deferred inflows of resources for service concession arrangements of \$7,901,499 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.

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, 2022, 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.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

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 term 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, 2022, 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	\$ 214,442	\$ 8,241,684
PILOTs received	2,856,544	659,120	100,011	3,615,675
Net	\$ 3,685,987	\$ 825,591	\$ 114,431	\$ 4,626,009

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, 2022, the tax lien date for the 2022 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, 2022:

Condensed Statement of Net Position:

	Assets				Liabilities			Net Position		
	Current Assets	Other Assets	Capital Assets Net of Depreciation	Deferred Outflows of Resources	Current Liabilities	Non-Current Liabilities	Deferred Inflows of Resources	Net Investment in Capital Assets	Restricted	Unrestricted
Town of Hempstead Industrial Development Agency	\$ 4,731,581	\$ 102,540	\$ 7,464	\$ 790,195	\$ 22,227	\$ 1,403,758	\$ 736,899	\$ 7,464		\$ 3,461,432
Lakeview Public Library District	4,036,053	95,471	2,327,746	215,101	88,164	87,768	352,895	2,311,834	\$ 1,000	3,832,710
Roosevelt Public Library District	990,881	167,212	9,983,388	451,387	662,180	5,142,277	605,418	4,696,618		486,375
Uniondale Public Library District	6,896,486	437,870	5,560,502	1,509,229	248,902	3,798,763	3,541,532	5,549,076	15,743	1,250,071
Cathedral Gardens Water District	216,654				17,321					199,333
Franklin Square Water District	3,871,024	4,238,040	10,977,933	652,923	689,074	14,971,665	5,025,781	2,338,666	1,993,555	(5,278,821)
West Hempstead - Hempstead Gardens Water District	10,928,877	5,164,772	28,356,542	2,837,980	1,034,977	19,554,866	10,370,575	13,999,503	5,064,120	(2,735,870)
	\$ 31,671,556	\$ 10,205,905	\$ 57,213,575	\$ 6,456,815	\$ 2,762,845	\$ 44,959,097	\$ 20,633,100	\$ 28,903,161	\$ 7,074,418	\$ 1,215,230

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

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) 1/1/2022	12/31/2022
Town of Hempstead Industrial Development Agency	\$ 837,116	\$ 1,043,574			\$ (206,458)		\$ 25,629	\$ 232,087	\$ 3,236,809	\$ 3,468,896
Lakeview Public Library District	1,276,791	1,862			1,274,929	\$ 1,487,252	76,574	288,897	5,856,647	6,145,544
Roosevelt Public Library District	3,332,779	12,146	\$ 24,452		3,296,181	3,126,480	6,361	(163,340)	5,346,333	5,182,993
Uniondale Public Library District	4,293,253	18,450			4,274,803	4,143,309	116,992	(14,502)	6,829,392	6,814,890
Cathedral Gardens Water District	79,711	4,620			75,091	69,967	111	(5,013)	204,346	199,333
Franklin Square Water District	2,283,675	2,203,412		\$ 749,324	(669,061)	1,143,472	361,210	2,173,743	(3,120,343)	(946,600)
West Hempstead - Hempstead Gardens Water District	5,866,762	2,905,792		1,004,369	1,956,601	2,553,593	725,783	1,322,775	15,004,978	16,327,753
	<u>\$ 17,970,087</u>	<u>\$ 6,189,856</u>	<u>\$ 24,452</u>	<u>\$ 1,753,693</u>	<u>\$ 10,002,086</u>	<u>\$ 12,524,073</u>	<u>\$ 1,312,660</u>	<u>\$ 3,834,647</u>	<u>\$ 33,358,162</u>	<u>\$ 37,192,809</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> |
|---|---|

** Financial information for these entities are not included in the Town's financial statements as it is not available.

7. CHANGES TO PREVIOUSLY ISSUED REPORT

The Town's 2021 financial statements for the discretely presented nonmajor component units included the financial information pertaining to two of the component units, the Town of Hempstead Housing Authority, and Greater Atlantic Beach Water Reclamation District. Financial information for those two component units is excluded from this report as that financial information was not available at the time of issuance of this report. Accordingly, the discretely presented nonmajor component unit's January 1, 2021, net position balance as originally reported of \$28,398,830 was restated by \$4,959,332 to \$33,358,162.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

8. SUBSEQUENT EVENTS

Bond Anticipation Note Issuances

Subsequent to year-end, the Town issued \$25,206,772 of Bond Anticipation Notes to temporarily finance \$24,221,772 of various public improvement projects and \$985,000 of judgments and claims. The bond anticipation notes bear interest at 5.00% and mature in May 2024.

Other

Subsequent to year end, the Town entered into a settlement agreement with County pertaining to the FIT tuition charge case, and whereby the County would reimburse the Town \$3,900,000. (See Note 4B).

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:

Statement No. 96, “*Subscription-Based Information Technology Arrangements*”, this Statement has been issued to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (“SBITAs”) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, “*Leases*”, as amended. The requirements of this Statement are effective for the year ending December 31, 2023.

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/(Asset)

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, NEW YORK

**REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 25,661,314	\$ 25,661,314	\$ 25,479,149	\$ (182,165)
Real property tax items	2,051,041	2,051,041	2,363,481	312,440
Non-property tax items	44,550,000	27,983,502	27,983,502	-0-
Departmental income	7,900,750	7,900,750	7,696,906	(203,844)
Intergovernmental charges	110,000	110,000	46,711	(63,289)
Use of money and property	1,777,500	1,837,500	2,145,261	307,761
Licenses and permits	1,935,600	1,935,600	2,364,505	428,905
Fines and forfeitures	20,000	20,000	99,594	79,594
Sale of property and compensation for loss	112,500	112,500	169,722	57,222
Miscellaneous revenue	3,623,885	3,623,885	3,990,072	366,187
Interfund revenues	66,464,187	66,464,187	66,891,179	426,992
State aid	30,265,000	30,265,000	32,224,697	1,959,697
Federal aid	26,750,554	43,069,669	43,069,667	(2)
Total Revenues	211,222,331	211,034,948	214,524,446	3,489,498
EXPENDITURES				
Current:				
General government support	125,871,549	130,041,212	125,335,510	4,705,702
Education	9,500,000	7,909,323	7,909,322	1
Public safety	16,876,309	17,476,309	16,042,000	1,434,309
Transportation	1,300,511	1,427,845	1,427,842	3
Economic assistance and opportunity	4,503,487	4,779,875	4,620,931	158,944
Culture and recreation	100,000	34,056	34,056	-0-
Home and community services	11,874,015	12,685,462	12,673,804	11,658
Employee benefits	42,702,302	42,580,607	41,968,295	612,312
Debt service:				
Principal - capital lease	67,433	67,433	67,433	-0-
Interest - capital lease	20,955	20,955	20,955	-0-
Total Expenditures	212,816,561	217,023,077	210,100,148	6,922,929
Excess of Revenues Over Expenditures	(1,594,230)	(5,988,129)	4,424,298	10,412,427
Other Financing Sources (Uses)				
Transfers in	-0-	-0-	44,554	44,554
Transfers out	(9,041,238)	(9,318,249)	(9,271,973)	46,276
Premiums on bonds	1,000,000	1,000,000	1,494,274	494,274
Total Other Financing Sources (Uses)	(8,041,238)	(8,318,249)	(7,733,145)	585,104
Net Change in Fund Balances*	\$ (9,635,468)	\$ (14,306,378)	(3,308,847)	\$ 10,997,531
Fund Balances at Beginning of Year			72,724,027	
Fund Balances at End of Year			\$ 69,415,180	
* 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.				
	\$ (9,635,468)			

See independent auditors' report.

TOWN OF HEMPSTEAD, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION
HIGHWAY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 55,920,235	\$ 55,920,235	\$ 55,920,215	\$ (20)
Real property tax items	2,658,000	2,658,000	2,164,393	(493,607)
Intergovernmental charges	6,250	6,250	3,000	(3,250)
Use of money and property	375,000	375,000	454,538	79,538
Sale of property and compensation for loss	64,675	64,675	193,365	128,690
Miscellaneous revenue	205,000	205,000	183,694	(21,306)
Total Revenues	59,229,160	59,229,160	58,919,205	(309,955)
EXPENDITURES				
Current:				
Transportation	32,714,188	34,719,341	34,195,444	523,897
Employee benefits	11,733,237	11,697,282	11,599,648	97,634
Total Expenditures	44,447,425	46,416,623	45,795,092	621,531
Excess of Revenues Over Expenditures				
	14,781,735	12,812,537	13,124,113	311,576
Other Financing Sources (Uses)				
Transfers in	3,000,000	3,000,000	4,080,457	1,080,457
Transfers out	(25,690,570)	(25,639,503)	(25,597,067)	42,436
Issuance of debt		735,000	735,000	-0-
Premiums on bonds	2,750,000	2,750,000	1,862,869	(887,131)
Total Other Financing Sources (Uses)	(19,940,570)	(19,154,503)	(18,918,741)	235,762
Net Change in Fund Balances*	\$ (5,158,835)	\$ (6,341,966)	(5,794,628)	\$ 547,338
Fund Balances at Beginning of Year			24,521,116	
Fund Balances at End of Year			\$ 18,726,488	
* 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.				
	\$ (5,158,835)			

See independent auditors' report.

TOWN OF HEMPSTEAD, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION
 PARK DISTRICTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 51,715,362	\$ 51,715,361	\$ 51,714,978	\$ (383)
Real property tax items	2,783,727	2,783,727	2,555,236	(228,491)
Non-property tax items		15,400,000	15,400,000	-0-
Departmental income	2,536,620	2,536,620	2,366,811	(169,809)
Intergovernmental charges	853,789	853,789	901,821	48,032
Use of money and property	374,849	374,849	474,550	99,701
Fines and forfeitures	1,000	1,000	3,550	2,550
Sale of property and compensation for loss	1,118	1,118	4,752	3,634
Miscellaneous revenue	275,000	350,000	596,873	246,873
Interfund revenues	36,172,559	36,172,559	36,172,559	-0-
State aid	116,007	287,201	418,581	131,380
Total Revenues	94,830,031	110,476,224	110,609,711	133,487
EXPENDITURES				
Current:				
Culture and recreation	68,450,719	73,489,788	73,306,013	183,775
Employee benefits	24,299,178	24,691,841	24,691,839	2
Total Expenditures	92,749,897	98,181,629	97,997,852	183,777
Excess of Revenues Over Expenditures	2,080,134	12,294,595	12,611,859	317,264
Other Financing Sources (Uses)				
Transfers out	(4,650,052)	(4,627,303)	(4,627,298)	5
Premiums on bonds	250,000	250,000	737,977	487,977
Total Other Financing Sources (Uses)	(4,400,052)	(4,377,303)	(3,889,321)	487,982
Net Change in Fund Balances*	\$ (2,319,918)	\$ 7,917,292	8,722,538	\$ 805,246
Fund Balances at Beginning of Year			19,195,955	
Fund Balances at End of Year			\$ 27,918,493	

* **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 \$ (2,319,918)

See independent auditors' report.

TOWN OF HEMPSTEAD, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION
 REFUSE AND GARBAGE DISTRICTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 85,472,781	\$ 85,472,782	\$ 85,472,068	\$ (714)
Real property tax items	1,304,566	1,304,566	1,315,720	11,154
Non-property tax items		4,000,000	4,000,000	-0-
Departmental income	14,205,000	14,205,000	14,503,345	298,345
Intergovernmental charges	1,765,000	1,765,000	2,179,056	414,056
Use of money and property	4,805,800	4,805,800	5,310,469	504,669
Licenses and permits	37,500	37,500	32,494	(5,006)
Sale of property and compensation for loss	503,500	503,500	824,213	320,713
Miscellaneous revenue	8,286,826	8,286,826	8,104,434	(182,392)
Interfund revenues	900,000	900,000	1,010,056	110,056
Total Revenues	<u>117,280,973</u>	<u>121,280,974</u>	<u>122,751,855</u>	<u>1,470,881</u>
EXPENDITURES				
Current:				
Home and community services:				
Cost of refuse and garbage collections	90,701,393	88,745,897	88,731,663	14,234
Employee benefits	24,137,179	24,794,877	24,794,874	3
Debt service:				
Principal		26,031,844	26,031,844	-0-
Interest	275,000	130,161	130,159	2
Total Expenditures	<u>115,113,572</u>	<u>139,702,779</u>	<u>139,688,540</u>	<u>14,239</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,167,401</u>	<u>(18,421,805)</u>	<u>(16,936,685)</u>	<u>1,485,120</u>
Other Financing Sources (Uses)				
Transfers out	(11,926,764)	(11,935,779)	(11,935,778)	1
Issuance of debt		24,000,000	24,000,000	-0-
Premiums on bonds	200,000	200,000	2,428,746	2,228,746
Total Other Financing Sources (Uses)	<u>(11,726,764)</u>	<u>12,264,221</u>	<u>14,492,968</u>	<u>2,228,747</u>
Net Change in Fund Balances*	<u>\$ (9,559,363)</u>	<u>\$ (6,157,584)</u>	<u>(2,443,717)</u>	<u>\$ 3,713,867</u>
Fund Balances at Beginning of Year			<u>74,351,296</u>	
Fund Balances at End of Year			<u>\$ 71,907,579</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.

\$ (9,559,363)

See independent auditors' report.

TOWN OF HEMPSTEAD, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION
 WATER DISTRICTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 5,626,847	\$ 5,626,847	\$ 5,626,728	\$ (119)
Real property tax items	299,864	299,864	265,719	(34,145)
Departmental income	21,503,300	21,503,300	21,478,417	(24,883)
Intergovernmental charges	229,950	229,950	230,950	1,000
Use of money and property	1,343,500	1,343,500	1,683,339	339,839
Sale of property and compensation for loss	6,100	6,100	14,095	7,995
Miscellaneous revenue	4,200	104,200	2,896	(101,304)
Interfund revenues	28,125	28,125	28,125	-0-
Total Revenues	<u>29,041,886</u>	<u>29,141,886</u>	<u>29,330,269</u>	<u>188,383</u>
EXPENDITURES				
Current:				
Home and community services	15,257,005	15,396,712	14,562,623	834,089
Employee benefits	3,800,188	4,034,643	4,034,642	1
Total Expenditures	<u>19,057,193</u>	<u>19,431,355</u>	<u>18,597,265</u>	<u>834,090</u>
Excess of Revenues Over Expenditures	<u>9,984,693</u>	<u>9,710,531</u>	<u>10,733,004</u>	<u>1,022,473</u>
Other Financing Sources (Uses)				
Transfers out	(6,490,362)	(6,473,991)	(6,458,879)	15,112
Premiums on bonds	2,675,000	2,575,000	155,754	(2,419,246)
Total Other Financing Sources (Uses)	<u>(3,815,362)</u>	<u>(3,898,991)</u>	<u>(6,303,125)</u>	<u>(2,404,134)</u>
Net Change in Fund Balances*	<u>\$ 6,169,331</u>	<u>\$ 5,811,540</u>	4,429,879	<u>\$ (1,381,661)</u>
Fund Balances at Beginning of Year			<u>41,564,197</u>	
Fund Balances at End of Year			<u>\$ 45,994,076</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>\$ 6,169,331</u>			

See independent auditors' report.

TOWN OF HEMPSTEAD, NEW YORK

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFITS LIABILITY
AND RELATED RATIO
Year Ended December 31, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:					
Balance, beginning of year, as originally reported	\$ 1,441,026,026	\$ 1,392,474,232	\$ 1,306,759,675	\$ 1,093,863,073	\$ 514,862,234
Cumulative effect of implementation of GASB Statement No. 75					<u>536,966,008</u>
Balance, beginning of year, as restated	1,441,026,026	1,392,474,232	1,306,759,675	1,093,863,073	1,051,828,242
Changes for the year:					
Service costs	37,292,337	62,422,997	55,009,484	51,671,609	33,041,631
Interest	36,793,047	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	(34,478,187)		(45,071,055)		
Changes in assumptions	(439,492,431)	(6,690,660)	82,300,503	287,304,327	
Benefit payments	<u>(32,526,438)</u>	<u>(35,363,441)</u>	<u>(34,649,658)</u>	<u>(34,543,513)</u>	<u>(33,446,113)</u>
Balance, end of year	<u>\$ 1,008,614,354</u>	<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	\$ 156,859,425	\$ 148,870,857	\$ 145,505,686	\$ 148,811,366	\$ 145,893,496
Total OPEB liability as a percentage of covered-employee payroll	643.01%	967.97%	956.99%	878.13%	749.77%
Notes to the Schedule:					
Measurement date	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Changes to assumptions:					
Discount rate	3.72%	2.06%	2.12%	2.66%	4.10%

Other Significant Changes from 2021 to 2022

Initial trend rates were advanced, the model for trends in subsequent years is based on the Getzan Model as updated through September 2022.

Payroll growth rate increased from 3.00% to 3.50% .

There are no assets accumulated 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, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)
 Year Ended December 31, 2022

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
2022	0.5352770%	\$ (43,756,679)	\$ 159,213,905	-27.48%	103.65%
2021	0.5042206%	259,777,583	154,329,995	168.33%	99.95%
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:

2022	5.90%
2021	5.90%
2020	6.80%
2016-2019	7.00%
2014-2015	7.50%

The change from a proportionate share of a liability to an asset at March 31, 2022 is primarily attributable to investment gains the Plan recognized during the fiscal year ended March 31, 2022.

See independent auditors' report.

TOWN OF HEMPSTEAD, NEW YORK

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
Year Ended December 31, 2022**

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
2022	\$ 24,426,251	\$ 24,426,251	\$ -0-	\$ 162,611,418	15.02%
2021	24,707,584	24,707,584	-0-	158,694,686	15.57%
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%

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, NEW YORK

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION LIABILITY - LENGTH OF SERVICE AWARD PROGRAM PLAN
Year Ended December 31, 2022**

Measurement date	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Total pension liability:						
Service cost	\$ 172,769	\$ 278,784	\$ 204,041	\$ 159,492	\$ 167,974	\$ 135,034
Interest	128,092	157,610	172,175	191,219	176,402	173,996
Changes in assumptions	16,049	(74,542)	1,395,945	863,957	(357,895)	619,043
Differences between expected and actual experience	(2,403,803)	(832,837)	42,907	36,167	(39,634)	(33,394)
Benefit payments	(360,351)	(485,856)	(38,548)	(173,270)	(67,508)	(200,138)
Total pension liability - beginning 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>	<u>4,666,903</u>
Total pension liability - end of year	<u>\$ 4,690,783</u>	<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	N/A
Total pension liability as a percentage of covered-employee payroll	N/A	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 accumulated 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	4.05%	1.84%	2.00%	2.75%	3.71%	3.31%
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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, NEW YORK

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2022**

	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	\$ 1,560,660		\$ 3,799,284	\$ 2,912,702	\$ 3,587,714	\$ 244,024		\$ 12,104,384
Cash and cash equivalents - restricted	6,963	\$ 1,522,212	92,933		102,845		\$ 1,337,867	3,062,820
Receivables	2,044,431		6,671	16,978	5,612	96,238		2,169,930
Due from other funds	2,000,005		225,341	2,044,610	34,076	57,803		4,361,835
Due from other governments	34,683	3,833,033	30,000					3,897,716
Inventory				479,105				479,105
Prepaid items	311,310				12,174			323,484
Length of service award program plan assets			3,483,598					3,483,598
Total Assets	\$ 5,958,052	\$ 5,355,245	\$ 7,637,827	\$ 5,453,395	\$ 3,742,421	\$ 398,065	\$ 1,337,867	\$ 29,882,872
LIABILITIES								
Accounts payable and accrued liabilities	\$ 1,053,307	\$ 2,359,096	\$ 675,508	\$ 478,293	\$ 121,620	\$ 54,652		\$ 4,742,476
Due to other funds	3,833,065	2,330,998		36,016				6,200,079
Other liabilities	90,734	28,499			3,826			123,059
Total Liabilities	4,977,106	4,718,593	675,508	514,309	125,446	54,652	\$ -0-	11,065,614
Fund Balances								
Nonspendable	311,310			479,105	12,174		1,337,867	2,140,456
Restricted	385,628	636,652	3,576,531		102,845			4,701,656
Assigned	284,008		3,385,788	4,459,981	3,501,956	343,413		11,975,146
Total Fund Balances	980,946	636,652	6,962,319	4,939,086	3,616,975	343,413	1,337,867	18,817,258
Total Liabilities and Fund Balances	\$ 5,958,052	\$ 5,355,245	\$ 7,637,827	\$ 5,453,395	\$ 3,742,421	\$ 398,065	\$ 1,337,867	\$ 29,882,872

See independent auditors' report.

TOWN OF HEMPSTEAD, NEW YORK

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2022**

	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	\$ 5,844,892		\$ 6,780,329	\$ 9,814,014	\$ 2,907,025	\$ 1,390,567		\$ 26,736,827
Real property tax items	163,151		1,191,638	503,624	46,473	58,342		1,963,228
Non-property tax items	12,020,902			2,000,000		50,000		14,070,902
Departmental income	12,457,312	\$ 536,681			13,253			13,007,246
Use of money and property	15,541	6,602	164,925	71,117	72,482	7,803	\$ 44,554	383,024
Fines and forfeitures	454,913							454,913
Sale of property and compensation for loss		158,403		48,603				207,006
Miscellaneous revenue	617,715	438,302		48	93			1,056,158
Interfund revenues					2,311,117			2,311,117
State aid	54,512							54,512
Federal aid		7,899,782						7,899,782
Total Revenues	31,628,938	9,039,770	8,136,892	12,437,406	5,350,443	1,506,712	44,554	68,144,715
Expenditures								
Current:								
General government support	93,291							93,291
Public safety	20,398,246		5,204,946					25,603,192
Transportation				9,307,190	4,271,160			13,578,350
Economic assistance and opportunity		5,713,433						5,713,433
Culture and recreation	65					1,424,923		1,424,988
Home and community services	5,615,892	3,170,405						8,786,297
Employee benefits	6,360,332	1,090,351	588,907		243,264			8,282,854
Debt Service:								
Principal - capital lease				1,819,839				1,819,839
Interest - capital lease				154,437				154,437
Total Expenditures	32,467,826	9,974,189	5,793,853	11,281,466	4,514,424	1,424,923	-0-	65,456,681
Excess (Deficiency) of Revenues Over (Under) Expenditures	(838,888)	(934,419)	2,343,039	1,155,940	836,019	81,789	44,554	2,688,034
Other Financing Sources (Uses)								
Transfers in			174,089					174,089
Transfers out	(129,437)		(549,915)	(830,142)	(987,872)		(44,554)	(2,541,920)
Issuance of debt					400,000			400,000
Premiums on bonds	6,963		92,933		102,845			202,741
Total Other Financing Sources (Uses)	(122,474)	-0-	(282,893)	(830,142)	(485,027)	-0-	(44,554)	(1,765,090)
Net Change in Fund Balances	(961,362)	(934,419)	2,060,146	325,798	350,992	81,789	-0-	922,944
Fund Balances at Beginning of Year	1,942,308	1,571,071	4,902,173	4,613,288	3,265,983	261,624	1,337,867	17,894,314
Fund Balances at End of Year	\$ 980,946	\$ 636,652	\$ 6,962,319	\$ 4,939,086	\$ 3,616,975	\$ 343,413	\$ 1,337,867	\$ 18,817,258

See independent auditors' report.

TOWN OF HEMPSTEAD, NEW YORK

TOWN OUTSIDE VILLAGE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 5,845,230	\$ 5,845,230	\$ 5,844,892	\$ (338)
Real property tax items	135,000	135,000	163,151	28,151
Non-property tax items	10,650,000	12,650,000	12,020,902	(629,098)
Departmental income	15,100,000	15,100,000	12,457,312	(2,642,688)
Use of money and property	11,650	11,650	15,541	3,891
Fines and forfeitures	1,300,000	1,300,000	454,913	(845,087)
Sale of property and compensation for loss	1,500	1,500		(1,500)
Miscellaneous revenue	952,500	952,500	617,715	(334,785)
State aid	54,512	54,512	54,512	-0-
Total Revenues	<u>34,050,392</u>	<u>36,050,392</u>	<u>31,628,938</u>	<u>(4,421,454)</u>
EXPENDITURES				
Current:				
General government support	326,500	326,500	93,291	233,209
Public safety	20,712,099	20,712,099	20,398,246	313,853
Culture and recreation	1,500	1,500	65	1,435
Home and community services	5,577,280	5,707,902	5,615,892	92,010
Employee benefits	6,495,455	6,495,455	6,360,332	135,123
Total Expenditures	<u>33,112,834</u>	<u>33,243,456</u>	<u>32,467,826</u>	<u>775,630</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>937,558</u>	<u>2,806,936</u>	<u>(838,888)</u>	<u>(3,645,824)</u>
Other Financing Sources (Uses)				
Transfers in				
Transfers out	(130,223)	(130,223)	(129,437)	786
Premiums on bonds	10,000	10,000	6,963	(3,037)
Total Other Financing Sources (Uses)	<u>(120,223)</u>	<u>(120,223)</u>	<u>(122,474)</u>	<u>(2,251)</u>
Net Change in Fund Balances*	<u>\$ 817,335</u>	<u>\$ 2,686,713</u>	<u>(961,362)</u>	<u>\$ (3,648,075)</u>
Fund Balances at Beginning of Year			<u>1,942,308</u>	
Fund Balances at End of Year			<u>\$ 980,946</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>\$ 817,335</u>			

See independent auditors' report.

TOWN OF HEMPSTEAD, NEW YORK

**FIRE PROTECTION DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 6,780,420	\$ 6,780,420	\$ 6,780,329	\$ (91)
Real property tax items	213,190	213,190	1,191,638	978,448
Use of money and property	23,475	23,475	164,925	141,450
Total Revenues	<u>7,017,085</u>	<u>7,017,085</u>	<u>8,136,892</u>	<u>1,119,807</u>
EXPENDITURES				
Current:				
Public safety	5,378,521	5,361,185	5,204,946	156,239
Employee benefits	657,000	674,336	588,907	85,429
Total Expenditures	<u>6,035,521</u>	<u>6,035,521</u>	<u>5,793,853</u>	<u>241,668</u>
Excess of Revenues Over Expenditures	<u>981,564</u>	<u>981,564</u>	<u>2,343,039</u>	<u>1,361,475</u>
Other Financing (Uses)				
Transfers in			174,089	174,089
Transfers out	(549,915)	(549,915)	(549,915)	-0-
Premiums on bonds			92,933	92,933
Total Other Financing (Uses)	<u>(549,915)</u>	<u>(549,915)</u>	<u>(282,893)</u>	<u>267,022</u>
Net Change in Fund Balances*	<u>\$ 431,649</u>	<u>\$ 431,649</u>	2,060,146	<u>\$ 1,628,497</u>
Fund Balances at Beginning of Year			<u>4,902,173</u>	
Fund Balances at End of Year			<u>\$ 6,962,319</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>\$ 431,649</u>			

See independent auditors' report.

TOWN OF HEMPSTEAD, NEW YORK

**STREET LIGHTING DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 9,814,065	\$ 9,814,065	\$ 9,814,014	\$ (51)
Real property tax items	609,684	609,684	503,624	(106,060)
Non-property tax items		2,000,000	2,000,000	-0-
Use of money and property	50,100	50,100	71,117	21,017
Sale of property and compensation for loss	25,000	25,000	48,603	23,603
Miscellaneous revenue			48	48
Total Revenues	<u>10,498,849</u>	<u>12,498,849</u>	<u>12,437,406</u>	<u>(61,443)</u>
EXPENDITURES				
Current:				
Transportation	9,271,935	9,307,194	9,307,190	4
Debt service:				
Principal - capital lease	1,819,839	1,819,839	1,819,839	-0-
Interest - capital lease	154,437	154,437	154,437	-0-
Total Expenditures	<u>11,246,211</u>	<u>11,281,470</u>	<u>11,281,466</u>	<u>4</u>
Excess of Revenues Over Expenditures	<u>(747,362)</u>	<u>1,217,379</u>	<u>1,155,940</u>	<u>(61,439)</u>
Other Financing Sources (Uses)				
Transfers out	(834,770)	(830,142)	(830,142)	-0-
Premiums on bonds	50,000	50,000		(50,000)
Total Other Financing Sources (Uses)	<u>(784,770)</u>	<u>(780,142)</u>	<u>(830,142)</u>	<u>(50,000)</u>
Net Change in Fund Balances*	<u>\$ (1,532,132)</u>	<u>\$ 437,237</u>	<u>325,798</u>	<u>\$ (111,439)</u>
Fund Balances at Beginning of Year			<u>4,613,288</u>	
Fund Balances at End of Year			<u>\$ 4,939,086</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, as applicable.

\$ (1,532,132)

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TOWN OF HEMPSTEAD, NEW YORK

**PUBLIC PARKING DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 2,907,297	\$ 2,907,298	\$ 2,907,025	\$ (273)
Real property tax items	55,275	55,275	46,473	(8,802)
Departmental income	14,000	14,000	13,253	(747)
Use of money and property	46,885	46,885	72,482	25,597
Miscellaneous revenue			93	93
Interfund revenues	2,311,117	2,311,117	2,311,117	-0-
Total Revenues	<u>5,334,574</u>	<u>5,334,575</u>	<u>5,350,443</u>	<u>15,868</u>
EXPENDITURES				
Current:				
Transportation	3,972,712	4,354,544	4,271,160	83,384
Employee benefits	256,103	243,265	243,264	1
Total Expenditures	<u>4,228,815</u>	<u>4,597,809</u>	<u>4,514,424</u>	<u>83,385</u>
Excess of Revenues Over Expenditures	<u>1,105,759</u>	<u>736,766</u>	<u>836,019</u>	<u>99,253</u>
Other Financing Sources (Uses)				
Transfers out	(996,918)	(993,870)	(987,872)	5,998
Issuance of debt		200,000	400,000	200,000
Premiums on bonds	-0-	-0-	102,845	102,845
Total Other Financing Sources (Uses)	<u>(996,918)</u>	<u>(793,870)</u>	<u>(485,027)</u>	<u>308,843</u>
Net Change in Fund Balances*	<u>\$ 108,841</u>	<u>\$ (57,104)</u>	<u>350,992</u>	<u>\$ 408,096</u>
Fund Balances at Beginning of Year			<u>3,265,983</u>	
Fund Balances at End of Year			<u>\$ 3,616,975</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>\$ 108,841</u>			

See independent auditors' report.

TOWN OF HEMPSTEAD, NEW YORK

**LIBRARY FUNDING DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 1,390,588	\$ 1,390,587	\$ 1,390,567	\$ (20)
Real property tax items	79,254	79,254	58,342	(20,912)
Non-property tax items		50,000	50,000	-0-
Use of money and property	735	735	7,803	7,068
Total Revenues	<u>1,470,577</u>	<u>1,520,576</u>	<u>1,506,712</u>	<u>(13,864)</u>
EXPENDITURES				
Current:				
Culture and recreation	1,468,990	1,468,990	1,424,923	44,067
Total Expenditures	<u>1,468,990</u>	<u>1,468,990</u>	<u>1,424,923</u>	<u>44,067</u>
Excess of Revenues Over Expenditures				
	<u>1,587</u>	<u>51,586</u>	<u>81,789</u>	<u>30,203</u>
Net Change in Fund Balances*	<u>\$ 1,587</u>	<u>\$ 51,586</u>	<u>81,789</u>	<u>\$ 30,203</u>
Fund Balances at Beginning of Year			<u>261,624</u>	
Fund Balances at End of Year			<u>\$ 343,413</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>\$ 1,587</u>			

See independent auditors' report.

TOWN OF HEMPSTEAD, NEW YORK

**DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
December 31, 2022**

	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	\$ 4,711,201	\$ -0-	\$ 3,987,693	\$ 907,954	\$ 6,802,955	\$ 212,034	\$ 1,148,521	\$ 5,513,254	\$ -0-	\$ 23,283,612
Cash and cash equivalents restricted							1,149,214	3,401,025		4,550,239
Receivables, net of allowance:	20,380			3,454	3,707		596,688	1,055,574		1,679,803
Leases receivable, due within one year							164,358	228,107		392,465
Due from other governments			16,724		9,947	4,620	784,220	605,651		1,421,162
Prepaid items and Other			31,636	79,473	79,877		28,023	125,266		344,275
Total Current Assets	4,731,581		4,036,053	990,881	6,896,486	216,654	3,871,024	10,928,877		31,671,556
Non-Current Assets:										
Other							126,553			126,553
Lease receivable, due in more than one year							3,801,467	4,737,322		8,538,789
Net pension asset - proportionate share	102,540		95,471	167,212	437,870	-0-	310,020	427,450		1,540,563
Capital assets, net of depreciation	7,464		2,327,746	9,983,388	5,560,502		10,977,933	28,356,542		57,213,575
Total Non-Current Assets	110,004	-0-	2,423,217	10,150,600	5,998,372	-0-	15,215,973	33,521,314	-0-	67,419,480
Total Assets	4,841,585	-0-	6,459,270	11,141,481	12,894,858	216,654	19,086,997	44,450,191	-0-	99,091,036
DEFERRED OUTFLOWS OF RESOURCES										
	790,195		215,101	451,387	1,509,229	-0-	652,923	2,837,980		6,456,815
LIABILITIES										
Current liabilities:										
Accounts payable and accrued liabilities	22,180		83,027	280,382	242,983	17,321	329,890	278,038		1,253,821
Due to other governments	47									47
Escrow payable								187,749		187,749
Non-current liabilities due within one year			5,137	381,798	5,919		359,184	569,190		1,321,228
Total Current Liabilities	22,227		88,164	662,180	248,902	17,321	689,074	1,034,977		2,762,845
Non-Current Liabilities										
Due in more than one year	1,403,758		87,768	5,142,277	3,798,763		14,971,665	19,554,866		44,959,097
Total Liabilities	1,425,985	-0-	175,932	5,804,457	4,047,665	17,321	15,660,739	20,589,843	-0-	47,721,942
DEFERRED INFLOWS OF RESOURCES										
	736,899	-0-	352,895	605,418	3,541,532	-0-	5,025,781	10,370,575	-0-	20,633,100
NET POSITION										
Net investment in capital assets	7,464		2,311,834	4,696,618	5,549,076		2,338,666	13,999,503		28,903,161
Restricted			1,000		15,743		1,993,555	5,064,120		7,074,418
Unrestricted (deficit)	3,461,432		3,832,710	486,375	1,250,071	199,333	(5,278,821)	(2,735,870)		1,215,230
Total Net Position	\$ 3,468,896	\$ -0-	\$ 6,145,544	\$ 5,182,993	\$ 6,814,890	\$ 199,333	\$ (946,600)	\$ 16,327,753	\$ -0-	\$ 37,192,809

See independent auditors' report.

TOWN OF HEMPSTEAD, NEW YORK

**DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
Year Ended December 31, 2022**

	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	\$ 1,043,574	\$ -0-	\$ 1,862	\$ 12,146	\$ 18,450	\$ 4,620	\$ 2,203,412	\$ 2,905,792	\$ -0-	\$ 6,189,856
Operating grants and contributions				24,452						24,452
Capital grants and contributions							749,324	1,004,369		1,753,693
Real property taxes			1,435,383	3,039,309	3,671,595	69,967	1,143,472	2,510,640		11,870,366
Other real property tax items			51,869	87,171	471,714			42,953		653,707
Use of money and property - interest and earnings	25,629		48,854	6,361	55,928	111	355,091	560,323		1,052,297
Sale of property and compensation for loss							446			446
Miscellaneous local sources			7,129		7,117		5,673	165,460		185,379
State aid - unrestricted			20,591		53,947					74,538
Total Revenues	1,069,203	-0-	1,565,688	3,169,439	4,278,751	74,698	4,457,418	7,189,537	-0-	21,804,734
EXPENSES										
Economic assistance and opportunity	837,116									837,116
Culture and recreation			1,276,791	3,332,779	4,293,253					8,902,823
Home and community services						79,711	2,283,675	5,866,762		8,230,148
Total Expenses	837,116	-0-	1,276,791	3,332,779	4,293,253	79,711	2,283,675	5,866,762	-0-	17,970,087
Change in Net Position	232,087	-0-	288,897	(163,340)	(14,502)	(5,013)	2,173,743	1,322,775	-0-	3,834,647
Net Position - Beginning 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
Adjustment to opening net position for inclusion of component unit (Note 7)		2,209,952							2,749,380	4,959,332
Net Position at Beginning of Year, as Restated	3,236,809	-0-	5,856,647	5,346,333	6,829,392	204,346	(3,120,343)	15,004,978	-0-	33,358,162
Net Position - End of Year	\$ 3,468,896	\$ -0-	\$ 6,145,544	\$ 5,182,993	\$ 6,814,890	\$ 199,333	\$ (946,600)	\$ 16,327,753	\$ -0-	\$ 37,192,809

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