

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

Year Ended December 31, 2023

TOWN OF HEMPSTEAD, NEW YORK

FINANCIAL STATEMENTS
Year Ended December 31, 2023

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FINANCIAL STATEMENTS
Year Ended December 31, 2023

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Hempstead, New York (the "Town"), as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2023, and the respective changes in financial position, and where applicable, cash flows, thereof 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 of the business-type activities and proprietary fund as of December 31, 2023 and changes in financial position, and where applicable cash flows thereof for the year then ended. We did not audit the financial statements of seven of the eight discretely presented component units, which represent 90.96% of the assets, 86.71% of net position, and 86.52% of revenues of the discretely presented component units as of December 31, 2023, and the respective changes in financial position for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the business-type activities and proprietary fund pertaining to the Town of Hempstead Local Development Corporation, and discretely presented component units consisting of Town of Hempstead Industrial Development Agency, Lakeview Public Library District, Uniondale Public Library District, Cathedral Gardens Water District, Franklin Square Water District, West Hempstead – Hempstead Gardens Water Districts and the Greater Atlantic Beach Water Reclamation District, are based solely on the reports of the other auditors.

Basis for Opinions

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

Emphasis of Matters

Change in Reporting Entity

As described in Note 7 to the financial statements, the Town has determined that one of its previously reported discretely presented component units no longer meets the criteria of a component unit, and accordingly is excluded from these financial statements.

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 as of January 1, 2023.

Change in Accounting Principle

We draw attention to Notes 1H and 7 in the notes to the financial statements which discloses the effects of the Town's adoption of the Governmental Accounting Standards Board ("GASB") Statement No. 87, "Leases" and Statement No. 96, "Subscription-Based Information Technology Arrangements". The Town's net position and fund balances as of January 1, 2023 were restated.

Other

As described in Note 7 to the financial statements, the Town's net position as of January 1, 2023 was restated to recognize a previously unrecorded energy performance contract liability.

Our opinions on the financial statements have not been modified with respect to these matters.

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 judgment, 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 statements for discretely presented component units, as described in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, and the procedures as described above, the other supplementary information referred to in the previous paragraph is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2024, 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
November 14, 2024

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2023

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, 2023. This section is only an introduction and should be read in conjunction with the Town's financial statements, which immediately follows this section.

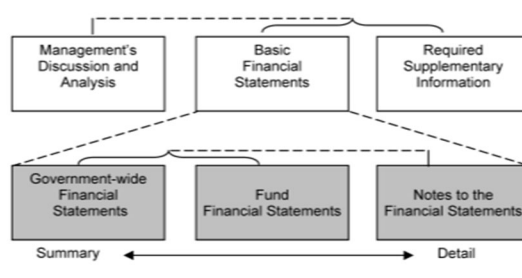
FINANCIAL HIGHLIGHTS

- Effective, January 1, 2023, the Town implemented Governmental Standards Accounting Board ("GASB") Statement No. 87, "Leases" and Statement No. 96, "Subscription-Based Information Technology Arrangements" ("SBITA"). As a result of implementing these standards, net position and governmental fund balance as of January 1, 2023 were increased by \$284,800.
- 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 2023 by \$1,001,776,529 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 \$1,191,853,612.
- The net change in the Town's net position (excluding the effects of the restatement) was a decrease of \$44,030,458 for the year ended December 31, 2023. This is a significant change from the \$80,525,517 increase in net position in the prior year. The most significant factor affecting the fluctuation in the change in net position from the prior year is due to the increase in other postemployment benefits ("OPEB") expense of \$40,258,921 from the prior year as the discount rate used in the current actuarial valuation increased from 3.72% to 3.06% and the increase in pension expense of \$38,034,280 from the prior year due to effect of market conditions on value of investments resulting in net investment loss.
- The Town's governmental activities long-term bonded debt decreased by 10.87% to \$429,686,802. 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 2023 by \$2,092,784.
- As of the close of 2023, the Town's governmental funds reported combined ending fund balances of \$200,830,247 a decrease of \$92,639,527 from the prior year. The combined ending fund balances excluding the Capital Projects Fund balance, totaled \$234,269,374, of which \$15,741,976 is not in spendable form, and \$218,527,398 93.28%, 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 2023, the Town's total fund balance for the General Fund was \$66,240,486, which decreased by \$3,217,849 (excluding effects of change in accounting principle) from the prior year; revenues and other financing sources totaled \$215,213,746 while expenditures and other financing uses totaled \$218,431,595.

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.

Components Of The Annual Financial Report



TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2023

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 (discretely presented nonmajor: three water districts, one water reclamation district, three library districts; blended an industrial development agency).

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, 2023

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 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 all its governmental funds, except for: 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, 2023

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, 2023, the Town's governmental activities liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$1,001,776,529 and the Town's business-type activities assets exceeded its liabilities by \$2,092,784.

Condensed Statements of Net Position
as of December 31, 2023 and 2022

	Governmental Activities		Business -Type Activities	
	2023	2022*	2023	2022*
Current and other assets:				
Current assets	\$ 275,495,842	\$ 397,532,658	\$2,102,515	\$ 2,188,764
Capital assets	785,011,173	700,532,579		
Other non-current assets	60,295,902	98,025,058		
Total assets	1,120,802,917	1,196,090,295	2,102,515	2,188,764
Deferred outflows of resources	237,331,585	208,098,711	-0-	-0-
Total assets and deferred outflows of resources	1,358,134,502	1,404,189,006	2,102,515	2,188,764
Current and other liabilities:				
Current liabilities	200,442,137	169,875,957	9,731	9,573
Long-term liabilities	1,797,573,878	1,579,693,042		
Total liabilities	1,998,016,015	1,749,568,999	9,731	9,573
Deferred inflows of resources	361,895,016	612,650,878	-0-	-0-
Total liabilities and deferred inflows of resources	2,359,911,031	2,362,219,877	9,731	9,573
Net position:				
Net investment in capital assets	332,001,766	295,337,643		
Restricted	1,337,867	2,867,735		
Unrestricted (deficit)	(1,335,116,162)	(1,256,236,249)	2,092,784	2,179,191
Total net position	\$(1,001,776,529)	\$ (958,030,871)	\$2,092,784	\$ 2,179,191

* As restated

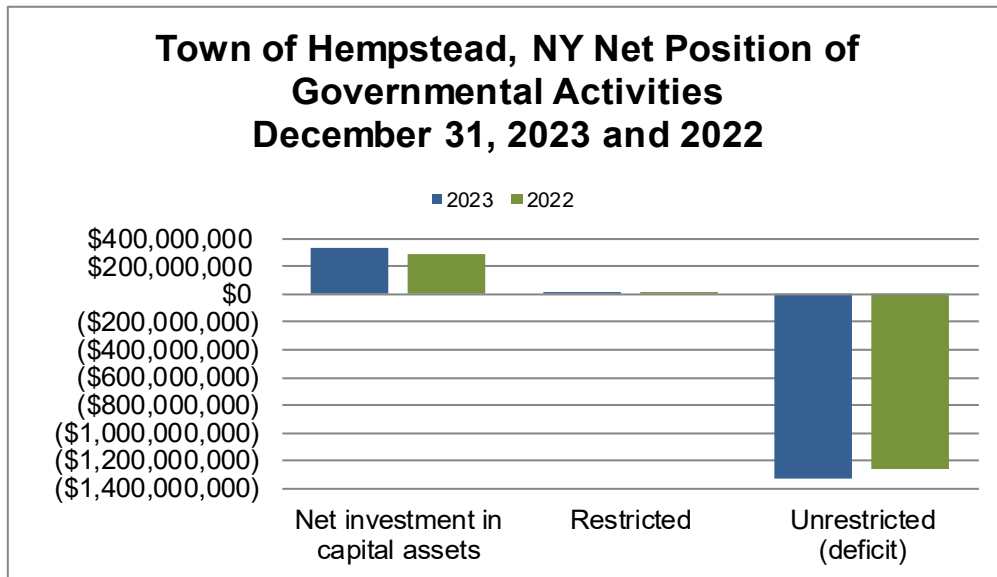
TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The Town's governmental activities net investment in capital assets portion of net position, \$332,001,766, 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, including but not limited to bonds payable, 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, 2023, was a negative/deficit balance of \$1,001,776,529, an increase in the deficit of \$44,030,458 from the prior year (excluding cumulative effect of change in accounting principles and other restatements). Net position consists of (a) \$332,001,766 net investment in capital assets, (b) \$1,337,867 restricted, and (b) unrestricted deficit of \$1,335,116,162.

Total governmental activities net position deficit balance increased by \$44,030,458 (excluding cumulative effect of change in accounting principles and other restatements) as total expenditures of \$556,909,856 exceeded total revenues of \$512,879,398. Revenues were \$30,230,687 less than the prior year, and expenditures were \$94,325,288 more than the prior year. By far, the most notable impact on the fluctuation in revenues stems from the decrease in operating and capital grants (federal and state aid), which is discussed below. The increase in expenses is primarily due to increases in OPEB and pension expenses. OPEB expense increased by \$40,258,921 (\$64,047,470 in 2023 vs. \$23,788,549 in 2022) as the discount rate used in the actuarial valuation decreased from 3.72% to 3.26%, updated healthcare trend rates and mortality tables, and increase in payroll growth rate from 3.00% to 3.50%. Pension expense increased by \$38,034,280 (\$40,781,116 in 2023 vs \$2,746,836 in 2022), primarily due to the investment market conditions resulting in loss from investing activities.

Business-type activities net position decreased by \$86,407 to \$2,092,784 at December 31, 2023.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Changes in Net Position
For the years ended December 31, 2023 and 2022

		Governmental Activities	
		2023	2022*
Program Revenues:			
Charges for services	\$	87,727,812	\$ 74,124,206
Operating grants and contributions		23,703,321	50,072,574
Capital grants and contributions		31,113,282	53,854,612
		142,544,415	178,051,392
General Revenues:			
Real property taxes		253,845,533	250,949,965
Real property tax items		11,080,916	10,508,777
Non-property tax items		62,587,884	61,454,404
Interest earnings		14,513,609	4,016,131
State aid - mortgage tax		17,893,690	32,008,037
State aid - other unrestricted		3,848,885	3,848,885
Other		6,564,466	2,272,494
		370,334,983	365,058,693
Total Revenues		512,879,398	543,110,085
Program Expenses:			
General government support		128,229,314	111,471,541
Education		8,455,830	7,909,322
Public safety		54,144,333	43,910,021
Transportation		62,763,258	54,233,670
Economic assistance and opportunity		17,250,975	12,715,119
Culture and recreation		111,326,859	83,638,566
Home and community services		162,550,913	134,772,489
Interest and other debt related costs		12,188,374	13,933,840
Total Expenses		556,909,856	462,584,568
Change in Net Position		(44,030,458)	80,525,517
Net Position - Beginning as Restated (see Note 7)		(957,746,071)	(1,038,556,388)
Net Position - Ending		\$ (1,001,776,529)	\$ (958,030,871)

*Governmental Activities: The 2022 balances have not been restated for the cumulative effect of adopting Governmental Accounting Standards Board ("GASB") Statement No. 87, "Leases" and Statement No. 96, "Subscription-Based Information Technology Arrangements" as information pertaining to the implementation of the GASB Statements 87 and 96 was not available to restate net position of fiscal year 2022. The 2022 financial information above was restated to reflect recognition of energy performance liability.

Net position balance for the years ended December 31, 2023 and 2022, from all governmental activities, increased/(decreased) (excluding effects of change in accounting principles and other restatements) by (\$44,030,458) and \$80,525,517, respectively. Net position from the business-type activities for the years ended December 31, 2023 and 2022, increased/(decreased) by (\$86,407) and \$114,040 respectively.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Key elements of the governmental activities are:

- Total program revenues of \$142,544,415 decreased by \$35,506,977 or 19.94% from the prior year. By far, the decrease in expenditure driven federal and/or state aid from COVID-19 relief awards and from the community development block disaster recovery award accounts for much of the decrease in program revenues. Notable changes in program revenues by type are as follows:
 - Charges for services increased by \$13,603,606 from the prior year. General government support fees increased by \$13,158,682 as bus stop fines increased by \$13,005,277. Public safety fees increased by \$2,983,770 due to \$2,652,032 more in safety inspection fees. Home and community charges decreased by \$2,667,438 as fees refuse and garbage and ancillary revenues decreased by \$2,658,269 and water services & ancillary fees increased by \$578,324 based on increased water consumption by residents.
 - Operating grants in total decreased by \$26,369,253 from the prior year. The decrease of \$17,377,770 in general government support operating grants is due to \$17,198,766 less in federal COVID-19 funding (\$12,689,605 emergency rental award and \$4,509,161 in CSLFR) based on level of eligible expenses incurred. Economic assistance and opportunity operating grants increased by \$2,297,201 as the Town received more federal and state aid for occupation/workforce purposes. The decrease in operating grants of \$3,054,408 for home and community purposes is primarily due to \$3,275,443 less in federal COVID-19/ARPA revenue based on less eligible expenses incurred.
 - Total capital grants decreased by \$22,741,330 from the prior year stemming from less eligible expenses incurred. The \$29,449,206 decrease in capital grants for transportation purposes is primarily attributable to \$34,755,623 less in the use of the community development block disaster recovery grant and which was offset by a \$5,302,574 increase in the use of state highway improvement awards. Culture and recreational capital grants increased by \$7,636,563 primarily due to an increase in revenue from federal aid received in response to COVID-19 relief awards (CSLFR) in the amount of \$8,144,957 which was offset by a \$508,394 decrease in DASNY grant funding. Home and community capital grants decreased by \$930,380 due to the planned use of the community development block grant and less FEMA public assistance disaster grants.
- General revenues of \$370,334,983 increased by \$5,276,290 from the prior year, which was primarily due to the following increases: \$10,497,478 in interest earning (higher interest rates), \$4,291,972 in other revenue (receipt of settlement) \$3,467,707 in real property taxes and real property tax items, and \$1,133,480 in non-property taxes (sales tax and franchise fees). These increases were offset by \$14,114,347 decrease in state aid - mortgage taxes (effects of higher mortgage interest rates).
- Overall expenses of \$556,909,856 is \$94,325,288 more than the prior year, with increases in all functional areas except for interest expense. This is primarily attributable to the fluctuations in employee benefits. OPEB expense increased by \$40,258,921, which stems from the change in discount rate from 3.72% to 3.26%, updated medical rate trends, and changes to the mortality tables. Pension expense increased by \$38,034,280 primarily due to investment losses (market conditions at the Plan's measurement date) and the expense related to compensated absences increased by \$5,339,223. Below discusses fluctuations by functional area in more detail.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

- **Noteworthy changes in functional expenses** from the prior year, by function, are as follows:
 - General government support - The \$16,757,773 increase in general government support is primarily due to the increases in the following: \$21,541,371 in allocated employee benefits (OPEB, pension and compensated absences), judgment and claims of \$5,742,506, other fees and services \$3,289,294, and which was offset by decreases in: spending pursuant to the various COVID-19 grants of \$12,842,758, information technology costs of \$1,373,580.
 - Public safety - The \$10,234,312 increase in public safety expenses is primarily due to a \$10,841,874 increase in employee benefits costs (OPEB, pension, and compensated absences).
 - Transportation - The increase of \$8,529,588 in transportation expenses is primarily due to the following: a \$7,563,618 increase in employee benefits costs (OPEB, pension, and compensated absences), increase in depreciation/amortization of \$1,823,116. These decreases were offset by decreases in snow removal costs of \$1,001,217 (less severe weather).
 - Economic assistance and opportunity - The increase of \$4,535,856 is primarily due to a \$2,409,731 increase in allocated employee benefits (OPEB, pension, and compensated absences), and increase in \$1,375,540 providing workforce/occupational resources services pursuant to the federal award, as well as increase in administering the aging/nutrition grant of \$447,011.
 - Culture and recreation - The culture and recreation expenses increased by \$27,688,293 from the prior year. This is attributable increase of: \$22,887,370 in employee benefits (OPEB, pension, and compensated absences,), \$3,548,431 salaries for operating the Town's various parks, and \$729,558 in depreciation/amortization.
 - Home and community services - The \$27,778,424 increase in home and community expenses is primarily related to the following increases: \$22,863,432 in employee benefits (OPEB, pension and compensated absences), \$1,142,903 in depreciation/amortization, \$1,270,097 in cost of garbage collection and disposal, as well as various other insignificant fluctuations.
 - Interest expense decreased \$1,745,466 as the amount of outstanding debt decreased from the prior year.

The following chart illustrates the total expenses and net costs of services by program function for the Town's governmental activities:

Net Cost of Services
Governmental Activities
For the years ended December 31, 2023 and 2022

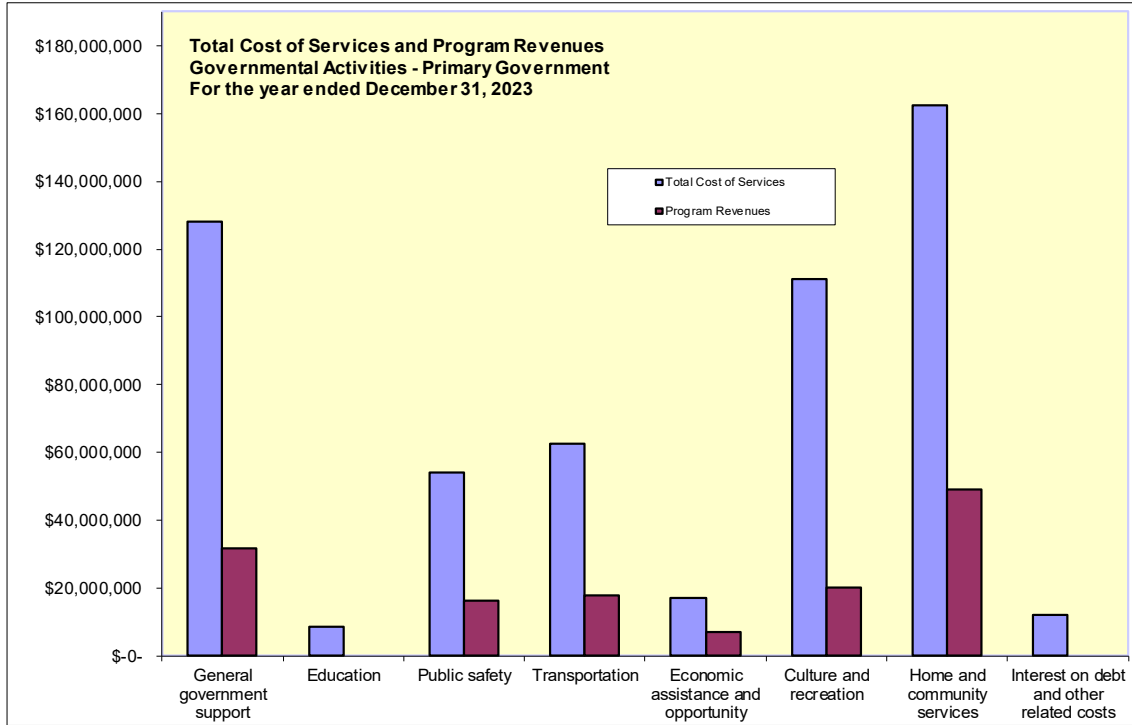
	Total Cost (Expense) of Services		Program Revenues		Net Cost (Revenue) of Services	
	2023	2022	2023	2022	2023	2022
General government support	\$ 128,229,314	\$ 111,471,541	\$ 31,789,331	\$ 36,008,419	\$ 96,439,983	\$ 75,463,122
Education	8,455,830	7,909,322			8,455,830	7,909,322
Public safety	54,144,333	43,910,021	16,352,135	21,518,440	37,792,198	22,391,581
Transportation	62,763,258	54,233,670	17,678,396	46,984,867	45,084,862	7,248,803
Economic assistance and opportunity	17,250,975	12,715,119	7,213,990	4,899,168	10,036,985	7,815,951
Culture and recreation	111,326,859	83,638,566	20,274,134	12,749,124	91,052,725	70,889,442
Home and community services	162,550,913	134,772,489	49,213,546	55,865,772	113,337,367	78,906,717
Interest and other debt related costs	12,188,374	13,933,840	22,883	25,602	12,165,491	13,908,238
	<u>\$ 556,909,856</u>	<u>\$ 462,584,568</u>	<u>\$ 142,544,415</u>	<u>\$ 178,051,392</u>	<u>\$ 414,365,441</u>	<u>\$ 284,533,176</u>

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2023

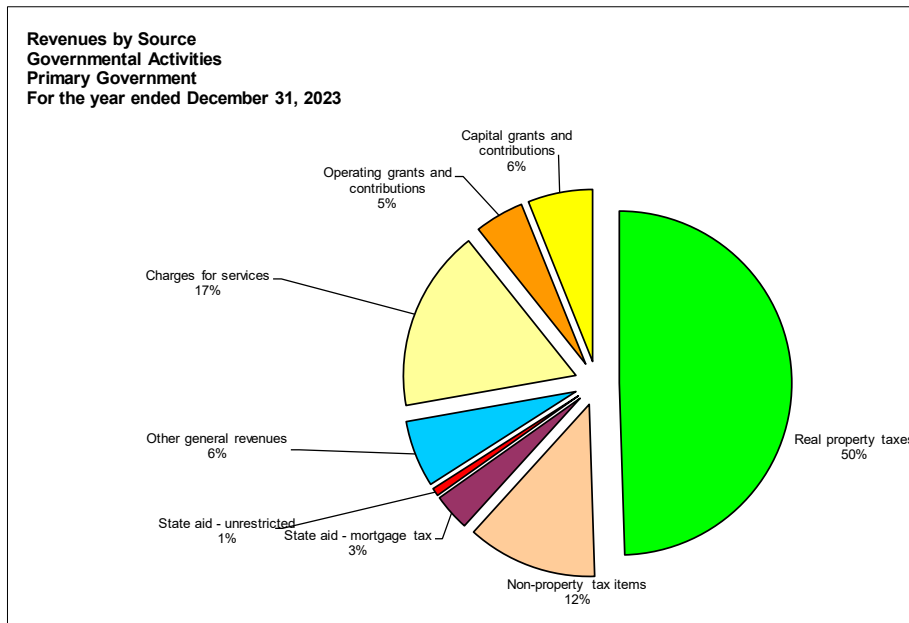
GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

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



The total cost of all governmental activities this year was \$556,909,856. The net cost of these services after being subsidized by program revenues of \$142,544,415 was \$414,365,411.

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, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Revenue by Source

For the Years ended December 31, 2023 and 2022

	2023	2022*
Real property taxes	\$ 253,845,533	\$ 250,949,965
Non-property tax items	62,587,884	61,454,404
State aid - mortgage tax	17,893,690	32,008,037
State aid - unrestricted	3,848,885	3,848,885
Other general revenues	32,158,991	16,797,402
Charges for services	87,727,812	74,124,206
Operating grants and contributions	23,703,321	50,072,574
Capital grants and contributions	31,113,282	53,854,612
	\$ 512,879,398	\$ 543,110,085

The business-type activities net position decreased by \$86,407. Revenue from charges for services decreased by \$229,428 from the prior year to \$23,500, while interest income increased by \$26,682 to \$32,904. Expenses of \$142,811 decreased slightly from the prior year's expenses of \$145,110.

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, 2023, the Town's governmental funds reported total ending fund balances of \$200,830,247, a decrease of \$92,639,527 from the prior year (excluding cumulative effect of change in accounting principle). The decrease in total governmental funds fund balance of \$92,639,527 is primarily a result of the Capital Projects Fund's expenditures and transfer out exceeding its revenues and transfers in by \$72,951,811 and planned use of fund balance of \$55,517,703, although actual results were much better than anticipated.

The category breakdown of fund balance is as follows:

- **Nonspendable fund balance** - \$15,741,976 (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** - \$3,592,364 (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** - \$177,793,542 (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** - \$3,702,365 is the total residual fund balance in the General Fund of \$37,308,661 and unrestricted unassigned deficits in the Capital Projects Fund of \$33,439,127 and \$167,169 in the Special Grants Fund.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2023

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 \$66,240,486, a decrease (excluding effects of cumulative effect of change in accounting principle) of \$3,217,849 or 4.64% from the prior year. Of the total fund balance, \$5,495,783 is not in spendable form (inventory and prepaid items), and \$23,436,042 is assigned for the subsequent year's budget. There is a remaining unassigned fund balance of \$37,308,661 for general purposes.

The General Fund's total expenditures and other financing uses exceeded total revenues and other financing sources by \$3,217,849 for the year. Revenues and other financing sources decreased by \$849,528 from the prior year to \$215,213,746, while expenditures and other financing uses decreased by \$940,526 from the prior year to \$218,431,595.

The decrease in revenues and other financing sources of \$849,528 consists of a decrease in revenues of \$3,686,963 and an increase of \$2,837,435 in other financing sources. The decrease in revenues primarily stems from the following decreases: \$29,147,120 in federal aid based on eligible expenditures incurred (Emergency rental assistance of \$12,689,606, and \$16,457,514 of CSLFR), state aid of \$12,137,972 (decrease in mortgage taxes of \$14,693,653 and an increase in allocated state revenue sharing aid of \$2,074,443 as in the prior year it was considered aid from the County/miscellaneous revenue), and \$2,805,475 in interfund revenues. These decreases were offset by the following increases: \$22,143,242 in non-property taxes (allocated sales tax and franchise fees), \$3,954,151 in use of money and property (higher interest rates), \$12,940,983 fines and forfeitures (bus stop fines of \$12,931,783), and \$1,645,261 in miscellaneous revenue (\$5,451,284 settlement received and a decrease of \$3,548,885 of state revenue sharing as it is now reported as state aid). The \$2,837,435 increase in other financing sources is primarily attributable to \$4,279,038 of proceeds from long-term financing issued and \$1,451,760 less in premiums on bonds received.

The decrease in expenditures and other financing uses of \$940,526 is attributable to a decrease in total expenditures of \$2,933,720 and a decrease in other financing uses of \$1,993,194. Notable changes from the prior year are as follows: \$5,847,665 decrease in general government support costs (\$12,842,758 less in expenditures of the emergency rental assistance award, \$1,373,579 less in information technology/central data processing costs, \$3,590,858 more in capital outlay expenditures, \$3,289,294 more in fees and services costs,) and a \$1,106,460 increase in debt service requirements. The General Fund also had insignificant increases in education of \$546,508, economic assistance and opportunity of \$472,064, culture and recreation of \$309,419 home and community costs of \$110,403 and employee benefits of \$628,602, while public safety and transportation costs decreased by \$218,479 and \$41,032, respectively.

Highway Fund

At the end of the current year, the total fund balance of the Highway Fund was \$12,809,426 a decrease of \$5,972,407 or 31.89% from the prior year (excluding cumulative effect of change in accounting principle). Of this, the total fund balance, \$4,303,652 is not in spendable form (inventory and prepaid items), and \$8,505,774 assigned. Of the \$8,505,774 assigned fund balance, \$5,048,057 is assigned for the subsequent year's budget and \$3,457,717 is assigned for general highway purposes.

The Highway Fund's expenditures and other financing uses exceeded total revenues and other financing sources by \$5,972,407 for the year. Revenues and other financing sources increased by \$600,859 from the prior year to \$66,198,390 while expenditures and other financing uses decreased by \$778,638 from the prior year to \$72,170,797.

The increase in revenues and financing sources of \$600,859 is primarily attributable to an increase in revenues of \$1,731,745 and a decrease in other financing sources of \$1,130,886. The increase in revenues is primarily due to increases in real property taxes of \$837,818 and in use of money and property of \$860,837 (higher interest rates). The decrease in other financing sources is attributable to \$1,568,772 less in premiums on issuance, \$450,000 less in issuance of debt, and a \$887,866 increase in transfers in (unspent bond proceeds for closed projects).

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2023

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (continued)

Governmental Funds (continued)

Highway Fund (continued)

The increase in expenditures and financing uses of \$778,638 is attributable to a \$1,590,853 decrease in expenditures and a \$2,369,491 increase in other financing uses. The \$1,590,853 decrease in expenditures is primarily attributable to the following: \$507,365 decrease of maintenance and acquisition of highway equipment costs, and a \$1,001,216 decrease in snow removal costs (less inclement weather). The \$2,369,491 increase in other financing uses is attributable to higher debt service costs, resulting in more transfers to the Debt Service Fund.

Park Districts Fund

At the end of the current year, the total fund balance of the Park Districts Fund was \$19,220,494, a decrease of \$8,697,999 from the prior year. Of the total fund balance, \$1,813,491 is not in spendable form (inventory and prepaid items), \$17,407,003 is assigned for park fund purposes. The total assigned fund balance of \$17,407,003 consists of: \$8,462,804 of an appropriation of fund balance for subsequent year's budget and \$8,944,199 is assigned for general park districts fund purposes.

The Park Districts Fund's expenditures and other financing uses exceeded revenues and other financing sources by \$8,697,999 for the year. Revenues and other financing sources decreased by \$11,659,996 from the prior year to \$99,687,692 while expenditures and other financing uses increased \$5,760,541 from the prior year to \$108,385,691.

The decrease in revenues and financing sources of \$11,659,996 is primarily attributable to a decrease in non-property tax items of \$12,900,000 (allocated sales tax), and a decrease in other financing sources of \$592,794 (\$717,758 less in premiums and \$124,964 more in debt proceeds). These decreases were offset by increases in the following: \$ 803,946 real property taxes, \$221,845 real property tax items, and \$548,230 use of money and property (higher interest rates).

The expenditures and financing uses increased by \$5,760,541 from the prior year. Notable fluctuations are: \$5,151,441 increase in salaries and related benefits and a \$969,892 increase transfers out (higher debt service cost) and a decrease in contractual cost (materials and supplies) of \$392,572.

Refuse and Garbage Districts Fund

At the end of the current year, the total fund balance of the Refuse and Garbage Districts Fund was \$61,499,306, a decrease of \$10,408,273 or 14.47% from the prior year. Of the total fund balance, \$1,306,697 is not in spendable form (inventory and prepaid items), and the remaining \$60,192,609 is in spendable form as follows: \$19,024,486 is assigned for the subsequent year's budget and \$41,168,123 is 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 \$10,408,273 for the year. Revenues and other financing sources decreased by \$29,542,099 from the prior year to \$119,638,502 and expenditures and other financing uses decreased by \$21,577,543 from the prior year to \$130,046,775.

The decrease in revenues and other financing sources of \$29,542,099 consists of a \$3,205,169 decrease in revenue and \$26,336,930 decrease in other financing sources. The \$3,205,169 decrease in revenue is attributable to the following notable fluctuations: 1) decreases in: non-property tax items of \$4,000,000 (allocated sales tax revenue), departmental income of \$2,739,698 (refuse and garbage fees), and 2) an increase in use of money and property of \$3,339,502 (higher interest rates). Notable changes in other financing sources are decreases in bond issuance proceeds of \$23,910,000 and premiums on issuance of \$2,426,930.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2023

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (continued)

Governmental Funds (continued)

Refuse and Garbage Districts Fund(continued)

Total expenditures and financing uses of \$130,046,775 decreased by \$21,577,543 from the prior year. The cost of providing refuse and garbage collection services (including employee benefits) totaled \$114,665,916, which is 1.00% or \$1,139,379 higher than the prior cost of \$113,526,537. Debt service costs decreased by \$26,143,706, as a bond anticipation note was repaid. Transfers to the Debt Service Fund totaled \$15,362,562 and \$11,935,778 in 2023 and 2022, respectively

Water Districts Fund

At the end of the current year, the total fund balance of the Water Districts Fund was \$51,988,858, an increase of \$5,808,482 or 12.58%, from the prior year. Of this amount, \$722,069 is not in spendable form (inventory and prepaid items) and the remaining \$51,266,789 of the fund balance is in spendable form as follows: \$674,776 appropriated for subsequent year budget, \$6,097,485 is assigned for water systems treatment for emerging contaminants and \$44,494,528 is for general water service purposes.

The Water Districts Fund's total revenues and other financing sources exceeded expenditures, and other financing uses by \$5,808,482 for the year. Revenues and other financing sources increased by \$1,962,533 from the prior year to \$31,448,556 while expenditures and other financing uses decreased by \$583,930 from the prior year to \$25,640,074.

The increase in revenues and financing sources of \$1,962,533 is mainly attributable to a \$603,112 increase in departmental income (water fees based on consumption) and a \$1,600,394 increase in use of money and property (higher interest rates). The increase in expenditures and financing uses of \$583,930 is primarily attributable to \$1,503,864 increase in capital outlay costs, \$206,067 increase in salaries and related benefits, \$967,613 less in cost of supplies, purification and distribution incurred in providing water services to constituents, and \$213,687 more in transfers out for debt service. .

Capital Projects Fund

At the end of the current year, the Capital Projects Fund had a total fund deficit balance of \$33,439,127, a decrease of \$72,951,811 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 2023, the Capital Projects Fund received \$24,221,772 in debt issuance proceeds (bond anticipation notes) and \$30,325,760 in revenues primarily from federal and state grants, while expending \$122,520,792 for various capital/public improvement projects. During 2022, the Capital Projects Fund received \$57,819,799 in debt issuance proceeds and \$52,679,715 of revenues primarily from federal and state grants, while expending \$129,926,347 for various capital/public improvement projects. Transfers to other funds for unspent bond proceeds on closed projects totaled \$4,978,551 and 4,254,546 for the years ended December 31, 2023 and 2022, respectively.

Debt Service Fund

At the end of the current year, the Debt Service Fund's total fund balance decreased from \$893,216 to \$-0- during the current year. Debt service expenditures of \$70,247,298 increased by \$10,178,893 from the prior year, primarily due to higher scheduled principal payments. To finance the debt service payments, the operating funds transferred to the Debt Service Fund \$69,331,199, an increase of \$9,424,329 from the prior year.

Nonmajor Governmental Funds

The net change in fund balances was an increase of \$3,693,546 which is attributable to: Town Outside Village Fund of \$3,770,748, Fire Protection Districts of \$1,545,478, Street Lighting Districts Fund of (\$1,105,901), Public Parking Districts Fund of \$182,770, Library Funding Districts Fund of \$104,272, and Special Grants Fund of (\$803,821). Revenues and other financing sources totaled \$74,500,209, which increased by \$5,578,664 from the prior year.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2023

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (continued)

Nonmajor Governmental Funds (continued)

Overall, revenues increased by \$4,010,268 and stems from the following notable fluctuations: real property taxes and tax items increased by \$1,497,302, non-property tax items decreased by \$4,109,762 (allocated sales tax and franchise fees), use of money and property increased by \$659,511 (higher interest rates), departmental income increased by \$2,137,268 (safety inspection fees), state aid increased by \$2,330,325 (allocated state revenue sharing aid) and federal aid increased by \$1,866,921 (grants for occupational/workforce resources). Other financing sources increased by \$1,568,396 primarily due to \$1,644,209 increase in long term financing (issuances of bonds and financing arrangements). Total expenditures and other financing uses increased by \$2,808,062 from the prior year to \$70,806,663. The notable changes in expenditures (excluding other financing uses) are as follows: an increase in Special Grants \$3,453,342 (costs pertaining to occupational/workforce grants) and a decrease in Town Outside Village Fund of \$814,850 (cost savings in providing public safety/safety inspection services).

Proprietary Fund

Town of Hempstead Local Development Corporation

The Town of Hempstead Local Development Corporation net position of \$2,092,784 was \$86,407 less than the prior year as operating expenses exceeded operating and non-operating revenues/income. Program revenues consisting of fees for services of \$23,500 were \$229,428 less than the prior year due to the number and size of projects it closed during the year and interest earned totaled \$32,904, an increase of \$26,682 from the prior year due to higher interest rates. Expenses of \$142,811 were consistent with that of the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The differences between the 2023 original budget and the final amended budget are adopted by Town Board Resolution throughout the year. During the year the General Fund's budget was modified as follows: a \$33,828,857 or 18.57% increase in revenues and a \$19,847,749 or 10.28% increase in expenditures appropriations, and a \$3,723,817 decrease in the other financing sources and uses (net use).

Significant modifications to the budgeted revenues are: \$13,005,277 more in fines and forfeitures (additional bus stop violations), \$3,627,364 more in miscellaneous revenue (settlement received), \$2,370,118 of state aid (conservative budgeting of mortgage tax revenue), and \$13,898,326 of federal aid (COVID 19 relief awards based on eligible spending). As a result of executing various lease and SBITA financing arrangements during the year, other financing sources – financing arrangements issued budget was modified by \$3,590,858.

Of the \$19,769,503 supplemental appropriations (expenditures and other financing uses), \$19,222,823 was for general government support purposes. The significant supplemental appropriations consisted of \$12,519,910 for the emergency rental assistance program grant expenditures, \$3,590,858 of capital outlay associated with lease and SBITA financing arrangements executed, and \$2,494,383 of additional fees and services. There are no variances that are expected to have a significant effect on future services or liquidity.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets, net of accumulated depreciation/amortization for its governmental type activities as of December 31, 2023, amounts to \$785,011,173. This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, bridges, and intangible assets.

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.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

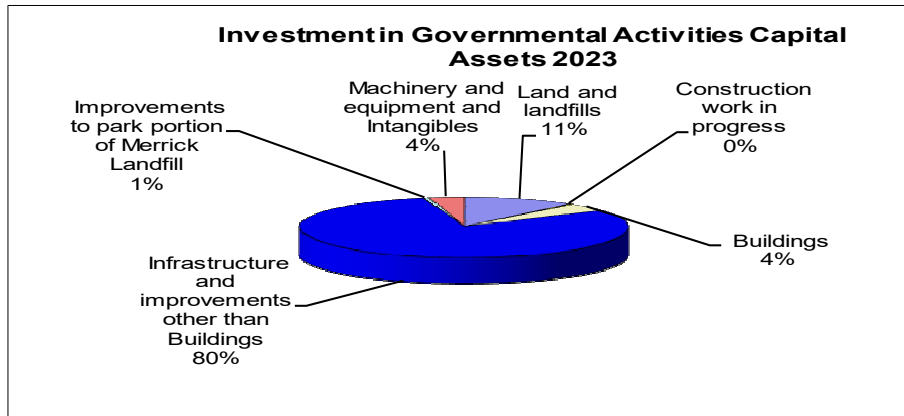
Capital Assets (continued)

	Governmental Activities	
	2023	2022*
Land and landfills	\$ 86,967,285	\$ 86,967,285
Construction work in progress	2,531,174	2,400,191
Buildings	33,891,654	36,096,573
Infrastructure and improvements other than building	630,274,508	550,029,015
Improvements to park portion of Merrick landfill	4,314,429	4,854,984
Machinery and equipment	20,492,126	19,341,626
Intangibles	6,539,997	842,905
Total Net Capital Assets	\$ 785,011,173	\$ 700,532,579

* The 2022 capital asset balances have not been restated for cumulative effect of change in accounting principle.

The business-type activities have no capital assets of December 31, 2023 and 2022.

The composition of capital assets by percentage at December 31, 2023, 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 \$429,686,802 and long-term bond anticipation notes totaled \$25,206,772. 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, 2023 and 2022, is as follows:

	Governmental Activities	
	2023	2022
General obligation bonds	\$ 429,686,802	\$ 482,116,109
Bond anticipation notes	25,206,772	-
Total	\$ 454,893,574	\$ 482,116,109

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Debt Administration (continued)

Long-Term Debt (continued)

The general obligation bonds outstanding at December 31, 2023, decreased by 10.87% from the prior year. Although the Town did not issue any general obligation bonds during 2023, the Town issued \$25,206,772 of bond anticipation notes to temporarily finance the cost of various public improvement projects and litigation/tort payments.

In August 2022, Moody's Investor Service assigned an Aaa with stable outlook rating to the Town's 2022 general obligation bonds issued for public improvement purposes. These are the most recent bond ratings for the Town through 2023. In April 2024, Moody's Investor Services affirmed the Aaa and revised the outlook to negative.

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 2023, the five-year average full valuation is \$126,243,849,768. The current debt limitation (7% of average full valuation) for the Town is \$8,837,069,484 which is significantly in excess of the Town's outstanding debt. The percentage of debt contracting power exhausted as of April 18, 2023 (the date of calculation during 2023) is approximately 4.1%.

Additional information on the Town's indebtedness is shown in Note 3.F 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 2024 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 2023 average unemployment rate of 3.3% compares favorably to New York State's 4.2% and the United States' 3.6%. 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 2022 5-Year Estimates, more than six out of every ten households in the Town – 63.2% – have annual incomes of \$100,000 or more, compared to 41.7% in New York State and 37.3% nationwide. Mean household income in the Town of Hempstead is \$165,607, compared to New York State's \$120,883 and the United States' \$105,833. In addition, 82% 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 53% 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.
- Families across the Town of Hempstead have been impacted by rising costs. Whether at the gas pump or shopping for groceries, their wallets are more stressed than any time in recent memory. In the midst of these financial challenges, town commissioners and department heads are being asked to think outside the box and find ways to do more with less. Working with the Town of Hempstead CSEA Local 880, the Town's administration and the town workforce developed a comprehensive plan for 2024 that allows us to continue offering our township's high-quality programs and services at the lowest possible cost.
- Despite all the hurdles we have faced since the COVID-19 pandemic began in 2020, the Town of Hempstead is holding the line on taxes for the fourth year in a row by freezing taxes for the 2024 Town Budget. This comes on the heels of freezing taxes in 2021, cutting taxes in 2022 and freezing taxes again in 2023. The 2024 Town Budget maintains all government operations, with zero increase in taxes. In short, the 2024 budget respects both the wallets of taxpayers while simultaneously affording them some of the finest municipal services available.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2023

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

- The Town of Hempstead is the largest township in the United States of America. With a total size of 142 square miles and population of nearly 800,000 people, our town is bigger than several American states. We are responsible for maintaining more than 1,200 miles of town roadways, overseeing garbage and recycling collection, snow removal and providing water services. A new state-of-the-art facility at The Sands in Lido Beach enables our Department of Senior Enrichment to provide life-enhancing programs to thousands of our senior citizens, while a state-of-the-art facility at Camp ANCHOR in Lido Beach serves children and adults with special needs. The Town's Department of Conservation and Waterways administers the Renewable Energy Park in Point Lookout, a national model of environmental conservation and sustainability efforts.
- The 2024 Town Budget amounts to \$522.5 million, a modest increase over the 2023 spending plan. The 2024 budget represents no increase in town property taxes, which have remained flat since 2020. What's more, the Town currently enjoys the highest possible credit rating for a municipality, providing additional tax relief to residents. Wall Street's financial experts have praised Hempstead Town's budgeting and monetary practices. Recently, Moody's Investors Services affirmed the Town's credit rating to Aaa, but revised the outlook to negative. Indeed, the town's rating is higher than those of New York State, New York City and Nassau County. This credit rating is critical to the financial health of the town, particularly during this period of inflation and rising interest rates. The Aaa score provides our municipality with the ability to invest in our suburban communities at a time when others are cutting back.
- Despite holding the line on taxes four years in a row, Hempstead Town has invested more than \$20 million in town parks. The results can be seen across America's largest township. From a multipurpose athletic field in Levittown to a revamped indoor pool facility at Echo Park in West Hempstead and the creation of dozens of pickleball courts in recent years, we are modernizing our recreational facilities for the enjoyment of residents of all ages.
- With pristine oceanfront beaches, parkland and nature preserves, the Town of Hempstead boasts a diverse array of plants, animals and marine life. Our township embraces and respects this delicate ecosystem, and is making great strides to build a green future that incorporates renewable energy, reduced carbon emissions and protection of all species. To that end we have embarked on an environmental plan termed "Vision 2040." By that year, it is our mission to have the entire town fleet of vehicles operating completely on carbon-free, 100 percent renewable energy. This plan is challenging, but it is necessary to protect our environment for future generations.
- This plan is already underway. We have several electrical and hydrogen fuel cell vehicles currently conducting town business throughout our community. We recently tested a fully electric sanitation vehicle, and even welcomed a showcase of a zero-emission tractor trailer. Unlike other "clean energy projects," which use fossil fuels to create renewables, our strategy employs wind, solar, hydrogen and other technologies. What's more, the Town of Hempstead has partnered with National Grid to launch the Hy-Grid Project, an experimental project that seeks to heat homes using a blend of safe hydrogen fuel. The project is one of the first in the nation and will be an example to follow as technology evolves to make this green energy more readily available.
- Chapter 97 of the Laws of 2011 (the "Tax Cap Law") was enacted on June 24, 2011. The Tax Cap Law limits annual increases of the Town's overall real property tax to no more than the lesser of 2% or the rate of inflation. The Tax Cap law took effect with the 2012 budget year. Certain increases to the tax levy are excluded from the limitations imposed by the Tax Cap Law, including exclusions for certain expenditures for retirement system contributions and tort judgments payable by the Town. In addition, if the Town uses less than the amount of its allowable tax levy increase in a given fiscal year it may include the unused portion, up to one and one-half percent (1.5%), in calculating its tax levy limit for the following fiscal year. Furthermore, the Town Board may override the limitations if the Town Board enacts, by vote of at least sixty percent of the voting power of the Town Board, a local law to override such limit for the upcoming budget year. The Tax Cap Law does not provide exclusion for debt service on general obligations issued by the Town.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2023

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

- The adopted budget for the fiscal year beginning January 1, 2024, freezes the total property tax levy at the same amount as the 2023 budget.
- When all these factors are considered, the Town's combined fund balances are expected to decline by the close of 2024.

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 \$54,000,000 of local government assistance for the expected shared sales tax revenue in its 2024 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, 2023**

	Primary Government			Nonmajor Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 189,680,654	\$ 2,102,515	\$ 191,783,169	\$ 38,169,260
Cash and cash equivalents- restricted	2,313,637		2,313,637	5,511,423
Receivables	18,542,973		18,542,973	1,895,270
Leases receivable, due within one year	806,287		806,287	392,223
Due from other governments	43,578,492		43,578,492	52,907
Prepaid items	13,784,636		13,784,636	356,705
Inventories	6,696,850		6,696,850	
Other assets	92,313		92,313	
Total Current Assets	<u>275,495,842</u>	<u>2,102,515</u>	<u>277,598,357</u>	<u>46,377,788</u>
Non-Current Assets:				
Receivables, service concession arrangements	6,508,191		6,508,191	
Lease receivable	14,616,726		14,616,726	8,603,043
Due from other governments	35,957,286		35,957,286	
Other assets			-	150,457
Length of service award program plan assets	3,213,699		3,213,699	
Non-depreciable capital assets	89,498,459		89,498,459	2,370,568
Depreciable capital assets, net of depreciation/amortization	695,512,714		695,512,714	57,557,027
Total Non-Current Assets	<u>845,307,075</u>	<u>-0-</u>	<u>845,307,075</u>	<u>68,681,095</u>
Total Assets	<u>1,120,802,917</u>	<u>2,102,515</u>	<u>1,122,905,432</u>	<u>115,058,883</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension - employees' retirement system	88,427,670		88,427,670	3,839,828
Pension - length of service award program	79,255		79,255	
Other postemployment benefits	148,824,660		148,824,660	3,201,541
Total Deferred Outflows of Resources	<u>237,331,585</u>	<u>-0-</u>	<u>237,331,585</u>	<u>7,041,369</u>
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued expenses	57,290,962	9,731	57,300,693	1,136,004
Due to other governments			-	11,677,304
Unearned revenue	347,151		347,151	106,312
Other liabilities	1,554,688		1,554,688	
Guarantee, bid and escrow deposits liabilities	6,332,117		6,332,117	2,482,443
Non-current liabilities due within one year	134,917,219		134,917,219	1,646,769
Total Current Liabilities	<u>200,442,137</u>	<u>9,731</u>	<u>200,451,868</u>	<u>17,048,832</u>
Non-Current Liabilities				
Due in more than one year	1,797,573,878		1,797,573,878	54,483,341
Total Non-Current Liabilities	<u>1,797,573,878</u>	<u>-0-</u>	<u>1,797,573,878</u>	<u>54,483,341</u>
Total Liabilities	<u>1,998,016,015</u>	<u>9,731</u>	<u>1,998,025,746</u>	<u>71,532,173</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts on refunding bonds	6,422,428		6,422,428	
Pension - employees' retirement system	6,239,548		6,239,548	361,002
Pension - length of service award program	534,324		534,324	
Deferred service concession arrangement receipts	7,204,845		7,204,845	
Other postemployment benefits	326,631,550		326,631,550	6,019,441
Lease related	14,862,321		14,862,321	8,620,327
Total Deferred Inflows of Resources	<u>361,895,016</u>	<u>-0-</u>	<u>361,895,016</u>	<u>15,000,770</u>
NET POSITION				
Net investment in capital assets	332,001,766		332,001,766	32,038,292
Restricted for:				
Culture and recreation				15,908
Home and community services and economic assistance and opportunity				4,933,852
Home and community services - cemetery, nonexpendable	1,337,867		1,337,867	
Unrestricted (deficit)	(1,335,116,162)	2,092,784	(1,333,023,378)	(1,420,743)
Total Net Position	<u>\$ (1,001,776,529)</u>	<u>\$ 2,092,784</u>	<u>\$ (999,683,745)</u>	<u>\$ 35,567,309</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, 2023**

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		Total	
					Governmental Activities	Business-type Activities		
Primary Government								
Governmental Activities:								
General government support	\$ 128,229,314	\$ 17,833,838	\$ 13,955,493	\$ -0-	\$ (96,439,983)	\$ -0-	\$ (96,439,983)	
Education	8,455,830				(8,455,830)		(8,455,830)	
Public safety	54,144,333	15,782,489	521,143	48,503	(37,792,198)		(37,792,198)	
Transportation	62,763,258	416,921	48,873	17,212,602	(45,084,862)		(45,084,862)	
Economic assistance and opportunity	17,250,975	104,966	7,109,024		(10,036,985)		(10,036,985)	
Culture and recreation	111,326,859	7,212,778	289,919	12,771,437	(91,052,725)		(91,052,725)	
Home and community services	162,550,913	46,376,820	1,755,986	1,080,740	(113,337,367)		(113,337,367)	
Interest and other debt related costs	12,188,374		22,883		(12,165,491)		(12,165,491)	
Total Governmental Activities	556,909,856	87,727,812	23,703,321	31,113,282	(414,365,441)	-0-	(414,365,441)	
Business-Type Activities:								
Local Development Corporation	142,811	23,500				(119,311)	(119,311)	
Total Business-Type Activities	142,811	23,500	-0-	-0-	-0-	(119,311)	(119,311)	
Total Primary Government	\$ 557,052,667	\$ 87,751,312	\$ 23,703,321	\$ 31,113,282	(414,365,441)	(119,311)	(414,484,752)	
Nonmajor Component Units								
Economic assistance and opportunity	\$ 1,075,551	\$ 1,330,422	\$ -0-	\$ -0-				\$ 254,871
Culture and recreation	10,211,202	46,897	37,894					(10,126,411)
Home and community services	12,478,964	5,614,622	50,000	337,176				(6,477,166)
Total Component Units	\$ 23,765,717	\$ 6,991,941	\$ 87,894	\$ 337,176				(16,348,706)
General Revenues								
Real property taxes					253,845,533		253,845,533	14,497,087
Real property tax items					11,080,916		11,080,916	679,647
Non-property taxes:								
Sales tax distribution by county, unrestricted					52,676,744		52,676,744	
Franchise fees					9,911,140		9,911,140	
Interest earnings - unrestricted					14,513,609	32,904	14,546,513	1,702,491
State aid - mortgage tax					17,893,690		17,893,690	
State aid - other unrestricted					3,848,885		3,848,885	18,496
Other					6,564,466		6,564,466	181,060
Total General Revenues and Transfers					370,334,983	32,904	370,367,887	17,078,781
Change in Net Position					(44,030,458)	(86,407)	(44,116,865)	730,075
Net Position at Beginning of Year, as restated (Note 7)					(957,746,071)	2,179,191	(955,566,880)	34,837,234
Net Position at End of Year					\$ (1,001,776,529)	\$ 2,092,784	\$ (999,683,745)	\$ 35,567,309

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

TOWN OF HEMPSTEAD, NEW YORK

**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023**

	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	\$ 56,604,490	\$ 4,534,465	\$ 17,117,238	\$ 51,126,831	\$ 43,325,744	\$ 1,796	\$ -0-	\$ 16,970,090	\$ 189,680,654
Cash and cash equivalent - restricted								2,313,637	2,313,637
Receivables	1,713,364	255,797	419,546	4,601,821	8,580,573	189,174		2,086,044	17,846,319
Lease receivable	2,109,077	2,250,218			11,063,718				15,423,013
Due from other funds	8,260,296	6,084,140	2,973,273	14,862,335	1,596,191	47,724		767,105	34,591,064
Due from other governments	16,393,271		1,583,948	372,878	114,297	15,774,209		1,717,239	35,955,842
Inventories	2,164,845	3,564,703	229,743	85,004	236,775			415,780	6,696,850
Prepaid items	3,330,938	738,949	1,583,748	1,221,693	485,294			346,637	7,707,259
Length of service award program plan assets								3,213,699	3,213,699
Other assets								92,313	92,313
Total Assets	\$ 90,576,281	\$ 17,428,272	\$ 23,907,496	\$ 72,270,562	\$ 65,402,592	\$ 16,012,903	\$ -0-	\$ 27,922,544	\$ 313,520,650
LIABILITIES									
Accounts payable and accrued liabilities	\$ 12,288,560	\$ 1,582,458	\$ 3,049,429	\$ 9,804,356	\$ 821,081	\$ 22,162,150		\$ 3,312,840	\$ 53,020,874
Due to other funds	2,934,726	564,369	1,348,793	678,941	39,858	27,067,178		1,957,199	34,591,064
Unearned revenue	123,324			6,631		217,196			347,151
Other liabilities	632,538	160,465	288,780	281,328	44,370	5,506		141,701	1,554,688
Guarantee, bid and escrow deposits liabilities	6,332,117								6,332,117
Total Liabilities	22,311,265	2,307,292	4,687,002	10,771,256	905,309	49,452,030	\$ -0-	5,411,740	95,845,894
DEFERRED INFLOWS OF RESOURCES									
Lease related	2,024,530	2,139,218				10,698,573			14,862,321
Unavailable revenue - water fees						1,809,852			1,809,852
Unavailable revenue - sidewalk repair		172,336							172,336
Total Deferred Inflows of Resources	2,024,530	2,311,554	-0-	-0-	12,508,425	-0-	-0-	-0-	16,844,509
FUND BALANCES									
Nonspendable	5,495,783	4,303,652	1,813,491	1,306,697	722,069			2,100,284	15,741,976
Restricted								3,592,364	3,592,364
Assigned	23,436,042	8,505,774	17,407,003	60,192,609	51,266,789			16,985,325	177,793,542
Unassigned	37,308,661					(33,439,127)		(167,169)	3,702,365
Total Fund Balances	66,240,486	12,809,426	19,220,494	61,499,306	51,988,858	(33,439,127)	-0-	22,510,804	200,830,247
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 90,576,281	\$ 17,428,272	\$ 23,907,496	\$ 72,270,562	\$ 65,402,592	\$ 16,012,903	\$ -0-	\$ 27,922,544	\$ 313,520,650

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, 2023**

Total Fund Balances - Governmental Funds		\$ 200,830,247
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets less accumulated depreciation/amortization are included in the statement of net position:		
Capital assets - non-depreciable	\$ 89,498,459	
Capital assets - depreciable and amortizable	1,326,038,378	
Accumulated depreciation/amortization	<u>(630,525,664)</u>	785,011,173
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	6,077,377	
Long-term receivables and due from other governments	<u>50,784,781</u>	56,862,158
Revenues earned but are unavailable in the governmental fund statements		
		1,982,188
Deferred outflows of resources not reported in the governmental fund statements:		
Pension - employees' retirement system	88,427,670	
Other postemployment benefits	<u>148,824,660</u>	237,331,585
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	(429,686,802)	
Bond anticipation notes payable	(25,206,772)	
Finance purchases payable	(2,176,502)	
Energy performance contract payable	(1,325,449)	
Lease liabilities	(2,426,232)	
Subscription liabilities	(3,384,858)	
Employees' retirement system net pension liability	(114,100,086)	
Length of service award program plan pension liability	(5,030,919)	
Compensated absences	(68,791,014)	
Claims and judgments	(51,750,632)	
Estimated liability for landfill closure and postclosure care costs	(783,522)	
Pollution remediation obligations	(3,282,800)	
Total other postemployment benefits liability	<u>(1,191,853,612)</u>	(1,899,799,200)
Deferred inflows of resources not reported in governmental fund statements:		
Deferred gain on debt refundings	(6,422,428)	
Pension - employees' retirement system	(6,239,548)	
Pension - length of service award program	(534,324)	
Service concession arrangements	(7,204,845)	
Other postemployment benefits	<u>(326,631,550)</u>	(347,032,695)
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		(32,691,897)
Interest payable and accrued liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported in the funds. However, these liabilities are included in the statement of net position.		
		<u>(4,270,088)</u>
Net Position of Governmental Activities		<u>\$ (1,001,776,529)</u>

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, 2023**

	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	\$ 25,304,194	\$ 56,758,033	\$ 52,518,924	\$ 85,559,548	\$ 5,626,368	\$ -0-	\$ -0-	\$ 28,078,466	\$ 253,845,533
Real property tax items	1,836,058	2,285,839	2,777,081	1,784,784	278,263			2,118,891	11,080,916
Non-property tax items	50,126,744		2,500,000					9,961,140	62,587,884
Departmental income	7,745,168		2,561,864	11,763,647	22,081,529			15,144,514	59,296,722
Intergovernmental charges	105,838		1,073,297	2,245,221	112,475		22,883		3,559,714
Use of money and property	6,099,412	1,315,375	1,022,780	8,649,971	3,283,733			1,042,535	21,413,806
Licenses and permits	2,760,236			28,196					2,788,432
Fines and forfeitures	13,040,577							566,673	13,607,250
Sale of property and compensation for loss	88,947	62,847	94,756	648,479	2,956	355,037		19,319	1,272,341
Miscellaneous revenue	5,635,333	228,856	243,510	8,115,062	2			857,655	15,080,418
Interfund revenues	64,085,704		36,460,378	751,778	28,125			2,214,250	103,540,235
State aid	20,086,725		289,919			11,089,446		2,384,837	33,850,927
Federal aid	13,922,547					18,881,277		9,766,703	42,570,527
Total Revenues	210,837,483	60,650,950	99,542,509	119,546,686	31,413,451	30,325,760	22,883	72,154,983	624,494,705
EXPENDITURES									
Current									
General government support	119,487,845							220,369	119,708,214
Education	8,455,830								8,455,830
Public safety	15,823,521							24,776,186	40,599,707
Transportation	1,386,810	32,741,827						13,001,481	47,130,118
Economic assistance and opportunity	5,092,995							8,671,792	13,764,787
Culture and recreation	343,475		76,373,021					1,441,149	78,157,645
Home and community services	12,784,207			90,151,160	15,111,065			9,138,352	127,184,784
Employee benefits	42,596,897	11,462,412	26,294,848	24,514,756	3,840,766			8,578,199	117,287,878
Capital Outlay						122,520,792			122,520,792
Debt Service:									
Principal	1,127,867		115,090	17,493	14,621		52,429,307	2,053,195	55,757,573
Interest	66,981		5,542	804	1,056		17,817,991	117,527	18,009,901
Total Expenditures	207,166,428	44,204,239	102,788,501	114,684,213	18,967,508	122,520,792	70,247,298	67,998,250	748,577,229
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,671,055	16,446,711	(3,245,992)	4,862,473	12,445,943	(92,195,032)	(70,224,415)	4,156,733	(124,082,524)
Other Financing Sources (Uses)									
Transfers in	54,711	4,968,343					69,331,199	296,754	74,651,007
Transfers out	(11,265,167)	(27,966,558)	(5,597,190)	(15,362,562)	(6,672,566)	(4,978,551)		(2,808,413)	(74,651,007)
Issuance of bond anticipation notes	610,000	285,000		90,000		24,221,772			25,206,772
Financing arrangements issued	3,669,038		124,964					2,044,209	5,838,211
Premium on bonds	42,514	294,097	20,219	1,816	35,105			4,263	398,014
Total Other Financing Sources (Uses)	(6,888,904)	(22,419,118)	(5,452,007)	(15,270,746)	(6,637,461)	19,243,221	69,331,199	(463,187)	31,442,997
Net Change in Fund Balances	(3,217,849)	(5,972,407)	(8,697,999)	(10,408,273)	5,808,482	(72,951,811)	(893,216)	3,693,546	(92,639,527)
Fund Balance at Beginning of Year, as restated	69,458,335	18,781,833	27,918,493	71,907,579	46,180,376	39,512,684	893,216	18,817,258	293,469,774
Fund Balance at End of Year	\$ 66,240,486	\$ 12,809,426	\$ 19,220,494	\$ 61,499,306	\$ 51,988,858	\$ (33,439,127)	\$ -0-	\$ 22,510,804	\$ 200,830,247

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, 2023**

Net Change in Fund Balances - Total Governmental Funds		\$ (92,639,527)
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/amortization expense. The amount by which capital outlay exceeds depreciation expense in the current period is:		
Capital outlay	\$ 127,509,381	
Depreciation/amortization expense	<u>(44,054,706)</u>	83,454,675
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		(2,539,253)
Net change in deferred outflows of resources not reported in the governmental fund statements:		
Pension - employees' retirement system	(7,374,758)	
Other postemployment benefits	<u>36,528,377</u>	29,232,874
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	(452,422)	
Premiums on bonds, net of amortization	5,082,403	
Amortization of deferred gains on debt refunding	<u>604,258</u>	(2,388,411)
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 bond anticipation notes payable	(25,206,772)	
Proceeds from financing arrangements issued	(5,838,211)	
Principal payment of bonds	52,429,307	
Principal payment of other financing arrangements	<u>3,328,266</u>	24,712,590
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	4,502,332	
Changes in net pension liability/(asset)- proportionate share	(157,856,765)	
Length of service award program plan pension liability	(340,136)	
Compensated absences	(5,339,223)	
Claims and judgments, net of estimated recoveries	(5,587,781)	
Estimated liability for landfill closure and postclosure care costs	(30,975)	
Pollution remediation obligations	(60,200)	
Total other postemployment benefits liability	(183,239,258)	
Accrued interest payable	<u>(228,670)</u>	(348,180,676)
Net change in deferred inflows of resources not reported in the governmental fund statements:		
Pension - employees' retirement system	145,346,271	
Pension - length of service award program	705,412	
Other postemployment benefits	<u>118,265,587</u>	<u>264,317,270</u>
Change in Net Position of Governmental Activities		\$ (44,030,458)

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, 2023**

	<u>Town of Hempstead Local Development Corporation</u>
ASSETS	
Cash and cash equivalents	\$ 2,102,515
Total Assets	<u>2,102,515</u>
LIABILITIES	
Accounts payable and accrued liabilities	<u>9,731</u>
Total Liabilities	<u>9,731</u>
NET POSITION	
Unrestricted	<u>2,092,784</u>
Total Net Position	<u>\$ 2,092,784</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, 2023

	<u>Town of Hempstead Local Development Corporation</u>
OPERATING REVENUES	
Fees for services	\$ 23,500
	<hr/>
Total Operating Revenues	23,500
	<hr/>
OPERATING EXPENSES	
Contractual and professional fees	18,864
Rent	15,000
Compensation and related costs	98,794
Advertising	5,000
Office, meeting and travel	5,153
	<hr/>
Total Operating Expenses	142,811
	<hr/>
Loss from Operations	(119,311)
	<hr/>
NON-OPERATING INCOME	
Interest income	32,904
	<hr/>
Net Change in Net Position	(86,407)
	<hr/>
Net Position at Beginning of Year	2,179,191
	<hr/>
Net Position at End of Year	\$ 2,092,784
	<hr/> <hr/>

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, 2023

	<u>Town of Hempstead Local Development Corporation</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from services provided	\$ 23,500
Payments for personal services and employee benefits	(35,859)
Payments to suppliers and service providers	<u>(98,794)</u>
Net Cash from Operating Activities	<u>(111,153)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>32,904</u>
Net Cash from Investing Activities	<u>32,904</u>
Net Change in Cash and Cash Equivalents	(78,249)
Cash and Cash Equivalents at Beginning of Year	<u>2,180,764</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,102,515</u>
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES	
Loss from operations	\$ (119,311)
Adjustments to reconcile operating loss to net cash from operations:	
Increase in accounts receivable	8,000
Increase in accounts payable and accrued liabilities	<u>158</u>
Net Cash from Operating Activities	<u>\$ (111,153)</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, 2023

	Custodial Fund
ASSETS	
Cash and cash equivalents	\$ 38,097,976
Taxes Receivable - school districts	<u>1,127,368,763</u>
Total Assets	<u>\$ 1,165,466,739</u>
 LIABILITIES	
Due to other governments	<u>\$ 1,165,466,739</u>
Total Liabilities	<u>\$ 1,165,466,739</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, 2023

	Custodial Fund
ADDITIONS	
Real property taxes collected for other governments	\$ 2,985,667,910
Other taxes collected for other governments	108,953
Total Additions	2,985,776,863
 DEDUCTIONS	
Payment of real property taxes to other governments	2,985,776,863
Total Deductions	2,985,776,863
Net Change in Fiduciary Net Position	-0-
Net Position at Beginning of Year	-0-
Net Position at End of Year	\$ -0-

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

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

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TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2023

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, 2023

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 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.

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.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. REPORTING ENTITY (continued)

Condensed financial statements along with the addresses of the administrative office, for these component units are presented in Note 6.

Related Organization - The Town of Hempstead Housing Authority, (the "Housing Authority"), a municipal housing authority for the Town was established pursuant to the Housing Statutes of the State of New York. It was established to serve the public interest by providing low rent housing to qualified individuals in accordance with rules and regulations prescribed by the U.S. Department of Housing and Urban Development and other Federal Agencies. Although the Town Board appoints the governing board members of the Housing Authority, it is not financially accountable for it.

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, 2023

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, 2023

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 it 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, 2023

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	Greater Atlantic Beach Water Reclamation District
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

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, 2023

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 and financing arrangements issued (leases and subscription arrangements executed) 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 are providing services are financed/recovered through user charges, and therefore are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when the liability is incurred, regardless of the timing of related cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and or services in connection with the fund’s principal ongoing operations. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses, as applicable.

Fiduciary Fund

Fiduciary funds utilize the accrual basis of accounting.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 (except intangible right to use leased assets and right to use subscription 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.

Intangible assets lack physical substance, are nonfinancial in nature, and have estimated useful lives extending beyond a single reporting period. All the Town's intangible capital assets have definite useful lives. Right-of-use leased assets ("leased asset") and right-to-use subscription-based information technology assets ("subscription asset") are valued at the present value of the expected lease and subscription payments pursuant to the underlying lease/subscription agreements and adjusted for certain items (if and as applicable) as defined by GASB.

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
Leased assets - equipment	5 years
Leased assets - office space	6 years
Subscription assets	6 years
Infrastructure:	
Roads	30 years
Curbs and sidewalks	20 years
Drainage system	30 years
Street lighting	25 years
Improvements and other	20 years

Assets stemming from lease liabilities, subscription liabilities and energy performance contract liabilities are amortized over the shorter life of the asset or the term of the contractual arrangement.

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, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. LEASES (LESSEE AND LESSOR) AND SIMILAR SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT

The Town has entered various lease and subscription-based information technology (“SBITA”) agreements. Agreements with a maximum possible term of 12 months or less at commencement, the Town recognizes expense/expenditure (as a lessee) or revenue (as lessor) based on the provisions of the agreement. Agreements with a maximum possible term (including options to renew which management expects to exercise) of more than 12 months the Town, as a lessor recognizes an asset and deferred inflows or resources, and as a lessee recognizes a liability and right-to-use intangible capital asset, as discussed below.

Leases

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.

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..

Likewise, at the lease commencement date, the Town as a lessee initially measures the lease liability at the present value of payments expected to be made during the lease term. A leased asset is initially measured as the amount of the initial lease liability less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any incentives received at or before the lease commencement date.

SBITA

A SBITA is defined as a contractual agreement that conveys control of the right to use another parties information technology (“IT”) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a minimum contractual period of greater than one year, in an exchange or exchange like transaction. At subscription commencement date, the Town initially measures the subscription liability at the present value of payments expected to be made during the term of the agreement. A related subscription asset is initially measured at the present value of the liability, less payments made at or before the subscription commencement date, less any vendor incentives received at or before the subscription commencement date, plus capitalizable implementation costs.

Key estimates and judgments related to leases and SBITAs include 1) the discount rate used to present value payments to be received under each individual agreement, 2) agreement term, and 3) payments to be received or paid over the term of the agreement, which generally includes fixed variable amounts.. The Town generally uses an estimated incremental borrowing rate as the discount rate in measuring the leases and SBITAs assets and liabilities The Town monitors changes in circumstances that would require a remeasurement of recorded lease/SBITA assets, liabilities and related deferred inflow of resources if certain changes occur that are expected to significantly affect the amounts recorded.

In the year a lease (lessee) and or SBITA agreement is executed, in the governmental funds, an other financing source (financing arrangements issued) and an expenditure is recognized in an amount equal to the measured related asset value.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

8. 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.

9. 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.

10. 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 leases receivable, 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) service concession arrangements, (3) deferred amounts on refunding bonds transactions and (4) leases receivable. These amounts will be recognized as revenues in the period when earned.

11. 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, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

12. LONG-TERM OBLIGATIONS

In the government-wide financial statements, liabilities for long-term obligations consisting of general obligation bonds, lease liabilities, financed purchases payable, subscription liabilities, 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. 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.

13. 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, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

13. 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.

14. 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, 2023

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, 2023

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. ACCOUNTING STANDARDS ADOPTED

During 2023, the Town adopted the following statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- Statement No. 87, “Leases”
- Statement No. 94, “Public-Private Public-Public Partnerships and Availability Payment Arrangements”
- Statement No. 96, “Subscription-Based Information Technology Arrangements”
- Statement No. 99, “Omnibus”- those requirements related to leases GASB 87, 94 and 96

While the implementation of GASB Statement No. 94 had no impact on the Town’s financial statements, the implementation of GASB Statements No 87 and 96 did have an impact on the Town’s financial statements.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. ACCOUNTING STANDARDS ADOPTED (continued)

GASB Statement No. 87 “Leases” establishes a uniform approach for lease accounting based on the principle that leases (which meet the definition of GASB 87) are financings of the right-to-use an underlying asset. Pursuant to a lease agreement (as defined by GASB) a lessor is required to recognize a receivable and deferred inflows of resources, and a lessor is required to recognize a right-to-use asset (intangible capital asset) and a lease liability. This standard also requires enhanced disclosure which includes a general description of the lease arrangement, the aggregated amount of resource inflows and outflows recognized from lease contracts, and the disclosures of the long-term effect of lease arrangements on a government’s resources. The lease receivable and deferred inflows of resources are measured at the present value of the future payments to be received over the life of the lease contract, and the deferred inflows of resources are amortized over the life of the lease contract. The right-to-use asset and lease liability are measured at the present value of the future payments to be made over the life of the individual lease contract, and adjusted for certain items (as applicable) defined by GASB..

GASB Statement No. 96, “Subscription-Based Information Technology Arrangements”, commonly referred to as “SBITAs”, provides guidance on the accounting and financial reporting for SBITAs (as defined by GASB) for governments. This Statement is based on the principle that SBITAs are financings of the right to use another party’s (a SBITA vendor’s) underlying information technology (IT) software, along or in combination with tangible capital assets (the underlying IT assets). It established that a SBITA resulting in a right-to-use subscription asset (an intangible capital asset) and a corresponding subscription liability. The subscription asset and liability are measured based on the present value of the future payments to be made pursuant to the individual SBITA contract, and which may be adjusted for certain items (if applicable) as defined by GASB. . This standard also requires enhanced disclosure which includes a general description of the SBITA arrangement, the aggregated amount of resource inflows and outflows recognized from subscription contracts, and the disclosures of the long-term effect of SBITA arrangements on a government’s resources.

The implementation of GASB Statements No 87 and 96 on January 1, 2023, resulted in the recognition of the following:

	Primary Government Governmental	Governmental Funds
GASB Statement No. 87		
Lease receivable	\$ 16,193,275	\$ 16,193,275
Deferred Inflows of Resources	15,908,474	15,908,474
Net position and Fund balance	284,801	284,801
Capital assets:		
Leased assets	814,015	
Long-term liabilities:		
Lease liabilities	814,015	
GASB Statement No. 96		
Capital assets:		
Subscription assets	209,904	
Long-term liabilities:		
Subscription liabilities	209,904	

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. SUBSEQUENT EVENTS

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through November 14, 2024, 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 2023 Adopted Budget. On October 19, 2022, the members of the Town Board adopted the 2023 budget.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

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	Nonmajor Governmental Funds	Total
Fund Balances:								
Nonspendable:								
Inventory	\$ 2,164,845	\$ 3,564,703	\$ 229,743	\$ 85,004	\$ 236,775	\$ -0-	\$ 415,780	\$ 6,696,850
Prepaid items	3,330,938	738,949	1,583,748	1,221,693	485,294		346,637	7,707,259
Permanent fund principal							1,337,867	1,337,867
Total Nonspendable	5,495,783	4,303,652	1,813,491	1,306,697	722,069	-0-	2,100,284	15,741,976
Restricted for:								
Length of service award program plan benefits							3,213,699	3,213,699
Other reserves							378,665	378,665
Total Restricted	-0-	-0-	-0-	-0-	-0-	-0-	3,592,364	3,592,364
Assigned to:								
Subsequent year's budget*	23,436,042	5,048,057	8,462,804	19,024,486	674,776		3,468,316	60,114,481
Water systems treatment for emerging contaminants					6,097,485			6,097,485
Special revenue funds		3,457,717	8,944,199	41,168,123	44,494,528		13,517,009	111,581,576
Total Assigned	23,436,042	8,505,774	17,407,003	60,192,609	51,266,789	-0-	16,985,325	177,793,542
Unassigned, reported in:								
General Fund	37,308,661							37,308,661
Capital Projects						(33,439,127)		(33,439,127)
Special Grants							(167,169)	(167,169)
	37,308,661	-0-	-0-	-0-	-0-	(33,439,127)	(167,169)	3,702,365
Total Fund Balances	\$ 66,240,486	\$ 12,809,426	\$ 19,220,494	\$ 61,499,306	\$ 51,988,858	\$ (33,439,127)	\$ 22,510,804	\$ 200,830,247

* excludes sub-funds budgeted surplus

At December 31, 2023, the Capital Projects Fund and the Special Grants Fund have deficit unassigned fund balances of \$33,439,127 and \$167,169, respectively. The Capital Projects Fund's deficit fund balance will be resolved in future years when long-term financing is issued. The Special Grants Fund's deficit fund balance will be resolved through future transfers from the General Fund and recognition of grant revenue.

3. DETAILED NOTES ON ALL FUNDS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents - Primary Government

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

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

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

3. DETAILED NOTES ON ALL FUNDS (continued)

A. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

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

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

At December 31, 2023, the Town's cash and cash equivalents totaled \$230,066,442. This amount is inclusive of fiduciary fund deposits of \$38,097,976 and restricted cash of \$2,313,637 but exclusive of petty cash of \$25,825 and the blended component unit cash of \$2,102,515. The related bank balances totaled \$236,613,413 Of the bank balance, \$129,910,108 was covered by federal deposit insurance, and \$106,703,305 was covered by collateral with a fair value of \$184,040,534, held by the Town's agent, a third-party financial institution, in the Town's name.

Restricted cash and cash equivalents of \$2,313,637 consists of \$1,337,867 of monies held in the Permanent Fund which may not be spent and \$975,770 monies restricted pursuant to grant agreements.

The bank balances of the blended component unit totaled \$2,105,104 of which \$250,000 was covered by federal deposit insurance and \$1,855,104 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, 2023, 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, 2023, LOSAP Plan assets of \$3,213,699 consist of \$3,024,234 of investments in guaranteed annuity contracts and \$189,465 of cash.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

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 \$3,024,234 are reported as amortized cost which approximates fair value. These are considered unallocated insurance contracts.

Limited Partnership

The LOSAP plan has \$189,465 of cash held by a limited partnership ("Partnership") stemming from a matured investment. Subsequent to year end, the cash was withdrawn from the limited partnership and was invested in the guaranteed annuity contracts asset.

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 that changes in the values of investment securities will occur in the near-term and that such changes could materially affect the amounts reported.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

3. DETAILED NOTES ON ALL FUNDS (continued)

B. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At December 31, 2023, 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	\$ 8,260,296	\$ 2,934,726
Highway	6,084,140	564,369
Park Districts	2,973,273	1,348,793
Refuse & Garbage Districts	14,862,335	678,941
Water Districts	1,596,191	39,858
Capital Projects	47,724	27,067,178
<u>Nonmajor Governmental Funds:</u>		
Town Outside Village		147,294
Special Grant	296,754	1,800,000
Fire Protection Districts	187,153	
Street Lighting District	130,385	9,905
Public Parking Districts	79,900	
Library Funding Districts	72,913	
	\$ 34,591,064	\$ 34,591,064

At December 31, 2023, 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	\$ 54,711	\$ 11,265,167
Highway	4,968,343	27,966,558
Park Districts		5,597,190
Refuse & Garbage Districts		15,362,562
Water Districts		6,672,566
Capital Projects		4,978,551
Debt Service	69,331,199	
<u>Nonmajor Governmental Funds:</u>		
Town Outside Village		139,209
Special Grant	296,754	
Fire Protection Districts		670,433
Street Lighting District		832,125
Public Parking Districts		1,122,143
Permanent		44,503
	\$ 74,651,007	\$ 74,651,007

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

3. DETAILED NOTES ON ALL FUNDS (continued)

C. DUE FROM OTHER GOVERNMENTS

The statement of net position (governmental activities) reports \$79,535,778 due from other governments, of which \$43,578,492 is current and \$35,957,286 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, 2023, the outstanding balance was \$43,579,936 and is reported in statement of net position as due from other governments and which \$35,957,286 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 \$35,955,842 all of which is considered current. These amounts are also reported in the governmental funds balance sheet.

D. LEASE RECEIVABLE

The Town has executed numerous agreements (17) 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. In measuring the lease receivable balance, the future expected payments to be received pursuant to the agreements were discounted using interest rates ranging from 0.000% to 3.107%. Under the terms of these agreements, the leases expire at various dates through 2090 and allows for annual increases between 0.22% and 4.00%. At December 31, 2023, the outstanding balance of the lease receivable and related deferred inflow of resources was \$15,423,012 and \$14,862,321, respectively.

Two of the component units also have agreements with third parties pertaining to the use of their owned infrastructure assets.

The annual requirements to amortize all lease receivables as of December 31, 2023, is as follows:

Years Ending December 31.:	Primary Government Governmental Activities:			Nonmajor Discretely Presented Component Units:		
	Principal	Interest	Total Principal and Interest	Principal	Interest	Total Principal and Interest
2024	\$ 806,287	\$ 155,907	\$ 962,194	\$ 392,223	\$ 220,293	\$ 612,516
2025	823,049	149,645	972,694	422,032	211,672	633,704
2026	770,827	143,282	914,109	453,333	202,317	655,650
2027	703,463	137,095	840,558	486,193	192,193	678,386
2028	599,096	130,854	729,950	520,682	181,257	701,939
2029-2033	2,385,503	604,670	2,990,173	3,183,011	710,757	3,893,768
2034-2038	1,935,242	525,480	2,460,722	2,284,037	338,272	2,622,309
2039-2043	1,879,952	434,599	2,314,551	590,864	174,041	764,905
2044-2048	1,520,879	344,805	1,865,684	662,891	51,106	713,997
2049-2053	461,805	283,779	745,584			
2054-2058	230,151	264,206	494,357			
2059-2063	290,234	244,210	534,444			
2064-2068	362,913	219,125	582,038			
2069-2073	442,655	188,284	630,939			
2074-2078	531,258	150,843	682,101			
2079-2083	636,891	105,954	742,845			
2084-2088	752,569	52,687	805,256			
2089-2090	290,239	4,117	294,356			
	<u>\$ 15,423,013</u>	<u>\$ 4,139,542</u>	<u>\$ 19,562,555</u>	<u>\$ 8,995,266</u>	<u>\$ 2,281,908</u>	<u>\$ 11,277,174</u>

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

3. DETAILED NOTES ON ALL FUNDS (continued)

E. CAPITAL ASSETS

The following is a summary of governmental activities capital assets for the year ended December 31, 2023:

Primary Government	(As Restated)			Balance
	Balance 1/1/2023	Additions	Deletions	Balance 12/31/2023
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	2,400,191	\$ 130,983	\$ -	2,531,174
Total capital assets not being depreciated	<u>89,367,476</u>	<u>130,983</u>	<u>-</u>	<u>89,498,459</u>
Depreciable/amortizable capital assets:				
Infrastructure and improvements other than buildings	991,732,825	113,871,733	7,150,097	1,098,454,461
Buildings	57,257,334	866,038	792,439	57,330,933
Improvement to park portion of Merrick landfill	15,741,484			15,741,484
Machinery and equipment	139,917,903	6,779,105	1,949,690	144,747,318
Intangibles:				
Software	3,334,859	3,311	499,952	2,838,218
Leased assets	1,207,502	2,166,257	349,653	3,024,106
Subscription assets	209,904	3,691,954		3,901,858
Total depreciable capital assets	<u>1,209,401,811</u>	<u>127,378,398</u>	<u>10,741,831</u>	<u>1,326,038,378</u>
Less accumulated depreciation/amortization:				
Infrastructure and improvements other than buildings	441,703,810	33,626,240	7,150,097	468,179,953
Buildings	21,160,761	3,070,957	792,439	23,439,279
Improvements to park portion of Merrick landfill	10,886,500	540,555		11,427,055
Machinery and equipment	120,576,277	5,628,605	1,949,690	124,255,192
Intangibles:				
Software	2,491,954	134,534	499,952	2,126,536
Leased assets	393,487	565,834	349,653	609,668
Subscription assets		487,981		487,981
Total accumulated depreciation/amortization	<u>\$ 597,212,789</u>	<u>\$ 44,054,706</u>	<u>\$ 10,741,831</u>	<u>630,525,664</u>
Total net depreciable/amortizable capital assets				<u>695,512,714</u>
Total net capital assets - governmental activities				<u>\$ 785,011,173</u>

The following is a summary of the amount of leased assets by major classes of underlying asset for governmental activities as of December 31, 2023:

Primary Government	Leased Asset	Accumulated Amortization	Net
Governmental Activities:			
Infrastructure and improvements other than buildings	\$ 193,848	\$ 129,232	\$ 64,616
Buildings (office space)	2,044,209	170,351	1,873,858
Equipment	786,049	310,085	475,964
	<u>\$ 3,024,106</u>	<u>\$ 609,668</u>	<u>\$ 2,414,438</u>

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

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	\$	4,533,122
Public safety		1,110,881
Transportation		24,210,182
Economic assistance and opportunity		228,443
Culture and recreation		6,301,141
Home and community services		7,670,937
Total primary government depreciation expense	\$	<u>44,054,706</u>

The following is a summary of discretely presented nonmajor component units capital assets for the year ended December 31, 2023

Discretely Presented Nonmajor Component Units

	(As Restated) Balance 1/1/2023	Additions	Deletions	Balance 12/31/2023
Capital assets not being depreciated:				
Land	\$ 1,493,185			\$ 1,493,185
Construction in progress	7,210,824	\$ 2,523,695	\$ 8,857,136	877,383
Total capital assets not being depreciated	<u>8,704,009</u>	<u>2,523,695</u>	<u>8,857,136</u>	<u>2,370,568</u>
Depreciable/amortizable capital assets:				
Buildings	46,939,143	7,282,541	217,374	54,004,310
Improvements other than buildings	66,486	18,435	9,828	75,093
Machinery and equipment	17,820,060	1,175,655	167,490	18,828,225
Software	1,347			1,347
Infrastructure	32,178,070	321,787		32,499,857
Leased assets	99,369	169,132	75,113	193,388
Total depreciable/amortizable capital assets	<u>97,104,475</u>	<u>8,967,550</u>	<u>469,805</u>	<u>105,602,220</u>
Less: total accumulated depreciation/amortization	<u>\$ 45,388,051</u>	<u>\$ 3,049,362</u>	<u>\$ 392,220</u>	<u>48,045,193</u>
Total net depreciable capital assets				<u>57,557,027</u>
Total net capital assets				<u>\$ 59,927,595</u>

Leased assets (equipment) and accumulated amortization on discretely presented nonmajor component units leased assets totaled \$193,388 and \$38,146, respectively at December 31, 2023.

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, 2023, the Town has not recorded any such impairment losses.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

3. DETAILED NOTES ON ALL FUNDS (continued)

F. INDEBTEDNESS

LONG-TERM DEBT

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2023, is as follows:

	(As Restated)					
	Beginning Balance 1/1/2023	New Issues/ Additions	Maturities/ Reductions	Ending Balance 12/31/2023	Non-Current Liabilities Due Within One Year	Non-Current Liabilities
Primary Government						
Governmental Activities:						
Bonds Payable:						
General obligation bonds	\$ 482,116,109	\$ -0-	\$ 52,429,307	\$ 429,686,802	\$ 46,978,455	\$ 382,708,347
Plus premiums on bonds	37,774,300		5,082,403	32,691,897		32,691,897
Total Bonds Payable	519,890,409	-0-	57,511,710	462,378,699	46,978,455	415,400,244
Bond anticipation notes		25,206,772		25,206,772		25,206,772
Financed purchases payable	4,122,399		1,945,897	2,176,502	2,006,394	170,108
Energy performance contract payable	1,656,778		331,329	1,325,449	331,342	994,107
Lease liability	814,015	2,166,257	554,040	2,426,232	660,678	1,765,554
Subscription liabilities	209,904	3,671,954	497,000	3,384,858	794,114	2,590,744
Pension related debt	4,502,332		4,502,332	-0-		
Employees' retirement system net pension liability - proportionate share		132,803,539	18,703,453	114,100,086		114,100,086
Length of service award program plan pension liability	4,690,783	984,529	644,393	5,030,919	640,000	4,390,919
Compensated absences	63,451,791	27,087,696	21,748,473	68,791,014	15,800,000	52,991,014
Claims and judgments	46,162,851	19,292,904	13,705,123	51,750,632	23,633,620	28,117,012
Estimated liability for landfill closure and postclosure care costs	752,547	98,075	67,100	783,522	77,816	705,706
Pollution remediation obligations	3,222,600	673,196	612,996	3,282,800	994,800	2,288,000
Total other postemployment benefits liability	1,008,614,354	218,841,434	35,602,176	1,191,853,612	43,000,000	1,148,853,612
Total Non-Current Liabilities	<u>\$ 1,658,090,763</u>	<u>\$ 430,826,356</u>	<u>\$ 156,426,022</u>	<u>\$ 1,932,491,097</u>	<u>\$ 134,917,219</u>	<u>\$ 1,797,573,878</u>

	(As Restated)					
	Beginning Balance 1/1/2023	New Issues/ Additions	Maturities/ Reductions	Ending Balance 12/31/2023	Non-Current Liabilities Due Within One Year	Non-Current Liabilities
Nonmajor Component Units:						
Bonds Payable:						
General obligation bonds	\$ 28,605,690	\$ -0-	\$ 1,312,492	\$ 27,293,198	\$ 1,366,545	\$ 25,926,653
Plus premiums on issuance	1,436,517		102,515	1,334,002		1,334,002
Total Bonds Payable	30,042,207		1,415,007	28,627,200	1,366,545	27,260,655
Direct borrowings - other loan	11,426		5,919	5,507	5,507	-
Lease liability	38,059	169,132	49,897	157,294	45,555	111,739
Employees' retirement system net pension liability - proportionate share		4,815,927	1,242	4,814,685		4,814,685
Compensated absences	1,767,496	337,748	368,838	1,736,406	74,162	1,662,244
Total other postemployment benefits liability	18,996,870	2,612,403	820,255	20,789,018	155,000	20,634,018
Total Non-Current Liabilities	<u>\$ 50,856,058</u>	<u>\$ 7,935,210</u>	<u>\$ 2,661,158</u>	<u>\$ 56,130,110</u>	<u>\$ 1,646,769</u>	<u>\$ 54,483,341</u>

Liabilities for claims and judgments and landfill closure and landfill postclosure costs are liquidated through future budgetary appropriations in the General Fund. Lease liabilities are liquidated through future budgetary appropriations in the following funds: General, Park District, Refuse and Garbage Districts, Water Districts, Town Outside Village, Special Grants and Street Lighting District. Finance purchases payable and energy performance contract payable are liquidated through future budgetary appropriations in the Street Lighting District Fund. Subscription liabilities will be liquidated through future budgetary appropriations from the General Fund and Park Districts 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.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

3. DETAILED NOTES ON ALL FUNDS (continued)

F. INDEBTEDNESS (continued)

LONG-TERM DEBT (continued)

CHANGES IN LONG-TERM LIABILITIES (continued)

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 May 2023 to temporarily finance certain public improvements throughout the Town and various tort liabilities. The notes bore interest at 5.0% and had a stated maturity date of May 24, 2024. Prior to the maturity date (on May 1, 2024), the bond anticipation notes were refinanced to long-term general obligation bonds, accordingly the bond anticipation notes are reflected as long-term debt. (see Note 8).

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:

	(As Restated)			
	Balance 1/1/2023	Issued	Redeemed	Balance 12/31/2023
Primary Government, Governmental Activities:				
General	\$ 73,771,206	\$ -0-	\$ 8,209,948	\$ 65,561,258
Highway	188,632,853		21,194,989	167,437,864
Park Districts	40,440,518		4,173,915	36,266,603
Refuse and Garbage Districts	90,242,932		11,447,142	78,795,790
Part-town	564,082		119,427	444,655
Fire Districts	5,765,686		456,335	5,309,351
Lighting District	4,058,657		682,508	3,376,149
Parking Districts	5,998,689		888,516	5,110,173
Water District	71,748,270		4,363,311	67,384,959
Other	893,216		893,216	-0-
Total Primary Government	482,116,109	-0-	52,429,307	429,686,802
Nonmajor Component Units:				
Library Districts	4,971,511		312,190	4,659,321
Water Districts	23,634,179		1,000,302	22,633,877
Total Nonmajor Component Units	28,605,690	-0-	1,312,492	27,293,198
Total General Obligation Bonds	\$ 510,721,799	\$ -0-	\$ 53,741,799	\$ 456,980,000

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

3. DETAILED NOTES ON ALL FUNDS (continued)

F. INDEBTEDNESS (continued)

LONG-TERM DEBT (continued)

CHANGES IN LONG-TERM LIABILITIES (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,	2024	\$ 46,978,455	\$ 15,756,564	\$ 62,735,019
	2025	49,179,457	13,602,520	62,781,977
	2026	47,142,493	11,330,028	58,472,521
	2027	44,646,649	9,239,279	53,885,928
	2028	42,947,642	7,290,691	50,238,333
	2029-2033	108,581,163	19,051,695	127,632,858
	2034-2038	42,652,192	7,452,945	50,105,137
	2039-2043	33,203,143	3,523,689	36,726,832
	2044-2045	14,355,608	338,491	14,694,099
	Total Primary Government	429,686,802	87,585,902	517,272,704
Nonmajor Component Units:				
Years Ending December 31,	2024	1,366,545	915,286	2,281,831
	2025	1,425,543	846,580	2,272,123
	2026	1,497,507	774,772	2,272,279
	2027	1,563,351	699,471	2,262,822
	2028	1,622,358	637,121	2,259,479
	2029-2033	7,803,837	2,283,368	10,087,205
	2034-2038	7,887,808	1,145,639	9,033,447
	2039-2043	2,981,857	315,099	3,296,956
	2044-2045	1,144,392	26,984	1,171,376
	Total Nonmajor Component Units	27,293,198	7,644,320	34,937,518
	Total Principal and Interest	\$ 456,980,000	\$ 95,230,222	\$ 552,210,222

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, 2023.

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	\$ 28,770,000	December 15, 2028
General Obligation Serial Bonds-2017, Series A	2.66126%	75,735,000	48,085,000	April 1, 2030
General Obligation Serial Bonds-2018, Series A	2.39110%	72,895,000	41,550,000	June 15, 2028
General Obligation Serial Bonds-2018, Series B	2.72100%	55,101,774	37,970,000	September 15, 2031
General Obligation Serial Bonds-2018, Series C	3.17230%	7,600,000	6,195,000	September 15, 2038
General Obligation Refunding Serial Bonds-2018, Series D	2.90460%	27,085,000	9,850,000	August 15, 2038
General Obligation Refunding Serial Bonds - 2019	4.56900%	24,685,000	590,000	April 15, 2035
General Obligation Serial Bonds - 2019 Series A	3.28734%	45,507,182	34,190,000	August 15, 2032
General Obligation Refunding Serial Bonds - 2019, Series B	4.68741%	27,065,000	15,345,000	August 1, 2030
General Obligation Refunding Serial Bonds - 2021, Series A	2.36103%	19,945,000	8,815,000	August 15, 2025
General Obligation Serial Bonds - 2021	2.07000%	140,048,572	134,290,000	June 15, 2045
General Obligation Refunding Bonds - 2021, Series B	1.92758%	20,695,000	12,850,000	January 1, 2026
General Obligation Bonds - 2022 Series A	2.26000%	58,954,799	55,470,000	March 1, 2035
General Obligation Bonds - 2022 Series B	2.25000%	24,000,000	21,800,000	September 15, 2031
General Obligation Bonds - 2022 Series C	2.45000%	1,247,000	1,210,000	September 15, 2042
		\$ 667,708,435	\$ 456,980,000	

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

3. DETAILED NOTES ON ALL FUNDS (continued)

F. INDEBTEDNESS (continued)

LONG-TERM DEBT (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, 2023, 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 May 24, 2023 (latest 2023 calculation) the debt limit is \$8,471,866,719, the total outstanding debt applicable to the limit (total net indebtedness) was \$365,202,765, which is 4.1326% of the total debt limit.

DIRECT BORROWINGS

Financed Purchases Payable

The Town has entered into long-term purchase agreements which financed the acquisition of street lighting equipment. In the government-wide financial statements, this property is recorded as a capital asset (infrastructure) and the related obligation (financed purchases payable is reported at an amount equal to the present value of minimum future payments payable remaining pursuant to the purchase agreement. Related to these assets, at December 31, 2023, accumulated amortization totaled \$4,688,703, and the 2023 amortization expense totaled \$640,157.

Future payments on financed purchases payable at December 31, 2023, are as follows:

Primary Government, Governmental Activities:

	Principal	Interest	Total
Years Ending December 31, 2024	\$ 2,006,394	\$ 56,270	\$ 2,062,664
2025	79,815	8,573	88,388
2026	90,293	3,960	94,253
	<u>\$ 2,176,502</u>	<u>68,803</u>	<u>2,245,305</u>

Energy Performance Contract Payable

The Town entered into a qualified energy conservation bond lease agreement to finance the costs of energy saving equipment and/ or upgrade existing facilities to enhance energy performance. The liability and a corresponding capital asset (building improvements) was measured based on the present value of future expected payments using a discount rate of 2.93%. The related capital asset is fully depreciated.

Future payments at December 31, 2023, are as follows:

Primary Government, Governmental Activities:

	Principal	Interest	Total
Years Ending December 31, 2024	\$ 331,342	\$ 36,409	\$ 367,751
2025	331,356	26,700	358,056
2026	331,369	16,991	348,360
2027	331,382	6,982	338,364
	<u>\$ 1,325,449</u>	<u>\$ 87,082</u>	<u>\$ 1,412,531</u>

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

3. DETAILED NOTES ON ALL FUNDS (continued)

F. INDEBTEDNESS (continued)

LONG-TERM DEBT (continued)

DIRECT BORROWINGS (continued)

Lease Liabilities

The Town has executed numerous long-term lease agreements (124) for the right to use various equipment and office space (leased assets). At December 31, 2023, the liabilities under these lease agreements totaled \$2,426,232. The discount rates used to measure these liabilities ranges from 0.2180% to 3.5910% based on the term of the agreement. Future minimum principal and interest payment requirements for its leasing activities, with a remaining term in excess of one year, are as follows:

Primary Government, Governmental Activities:

	Principal	Interest	Total
Years Ending December 31, 2024	\$ 660,678	\$ 54,053	\$ 714,731
2025	574,791	39,189	613,980
2026	482,771	25,398	508,169
2027	442,795	13,445	456,240
2028	265,197	2,342	267,539
	<u>\$ 2,426,232</u>	<u>\$ 134,427</u>	<u>\$ 2,560,659</u>

Subscription Liabilities

The Town has executed several subscription-based IT arrangements. These arrangements require monthly payments which total between \$18,342 to \$106,667 annually and mature at various times through 2028. The discount rate used in measuring the subscription liabilities ranges from 2.2300% to 2.9010%. At December 31, 2023, the subscription liabilities totaled \$3,384,858. Future minimum principal and interest payment requirements for its SBITA activities, with a remaining term in excess of one year, are as follows:

Primary Government, Governmental Activities:

	Principal	Interest	Total
Years Ending December 31, 2024	\$ 794,114	\$ 75,501	\$ 869,615
2025	747,910	54,392	802,302
2026	732,603	37,251	769,854
2027	734,765	20,706	755,471
2028	375,466	4,186	379,652
Total minimum lease payments	<u>\$ 3,384,858</u>	<u>\$ 192,036</u>	<u>\$ 3,576,894</u>

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TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2023

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, 2023, the outstanding debt induced by the TOHLDC and TOHIDA and issued by other entities amount to approximately \$612,440,000 and \$56,765,000 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, 2023

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 five 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, 2023

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, 2023

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		
2023	\$21,782,205	\$ 673,740	\$ (157,898)	\$ 598,401	\$ 22,896,448	
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	

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 January 1, 2023, of \$4,502,332 was paid off in full during 2023.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

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, 2023, the Town reported a liability of \$114,100,086 for its proportionate share of the net pension liability related to its governmental activities and \$-0- related to its business-type activities. The net pension liability was measured as of March 31, 2023, and the total pension asset used to calculate the net pension liability was determined by an actuarial valuation as April 1, 2022. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

Below are the Town's governmental activities proportionate share of the net pension liability/(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, 2023	\$ 114,100,086	0.5320832%

There was no significant change in the Town's proportionate share of 0.5352770% at March 31, 2022, to 0.5320832% at March 31, 2023.

The net pension liability/(asset) for the nonmajor component units totaled \$4,814,685 at December 31, 2023.

For the year ended December 31, 2023, the Town recognized pension expense of \$40,781,116 in the government-wide statement of activities - governmental activities. At December 31, 2023, 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	\$ 12,152,551	\$ 3,204,361
Changes of assumptions	55,414,361	612,432
Net difference between projected and actual earnings on pension plan investments		670,333
Changes in proportion and differences between the Town's contribution and proportionate share of contributions	4,640,742	1,752,422
Town's contributions subsequent to the measurement date, net of prepaid amounts	16,220,016	
Total	\$ 88,427,670	\$ 6,239,548

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

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, 2024	\$	15,751,528
2025		(5,362,283)
2026		24,339,384
2027		31,239,477
		<u>65,968,106</u>
	\$	<u>65,968,106</u>

The pension related deferred outflows of resources and deferred inflows of resources for the nonmajor component units totaled \$3,839,828 and \$361,002 respectively.

Actuarial Assumptions

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

Actuarial Valuation Date	April 1, 2022
Interest rate	5.90%
Salary increase	4.40%
Cost of living adjustment	1.50%
Inflation rate	2.90%
Decrement tables	April 1, 2015 - March 2020 System Experience Scale MP 2021

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, 2023

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, 2023, are summarized below:

Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Equity:		
Domestic equity	32.00%	4.30%
International equity	15.00%	6.85%
Alternatives:		
Private equity	10.00%	7.50%
Real estate	9.00%	4.60%
Other	10.00%	5.38%-5.84%
Fixed income	23.00%	1.50%
Cash	1.00%	0.00%
	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 liability was 5.9% for the System. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at actuarially determined statutorily required rates. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability/(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)	\$ 275,730,969	\$ 114,100,086	\$ (20,961,320)
Nonmajor component unit's proportionate share of the collective net pension liability/(asset)	\$ 11,635,027	\$ 4,814,685	\$ (884,506)

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	\$ 232,627,259
Less: Plan net position	(211,183,223)
Employers' net pension liability/(asset)	\$ 21,444,036
Ratio of plan net position to the Employers' total pension liability	90.78%

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

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, 2023, the LOSAP Plans' measurement date, the following participants were covered by the benefit terms:

Inactive participants receiving benefits	24
Inactive participants entitled to, but not yet receiving benefits	68
Active participants	<u>108</u>
Total	<u><u>200</u></u>

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

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, 2023, the Town remitted \$268,002 to the plan, which consisted of \$261,753 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, 2023 measurement date was determined using an actuarial valuation as of that same date.

Actuarial Assumptions

The total pension liability as of December 31, 2023 (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	3.77%
Inflation rate	3.15%
Salary Scale	None Assumed

The discount rate and inflation rate used to measure the 2022 LOSAP pension liability was 4.05% and 5.90%, respectively.

Mortality rates were based on the RP-2014 Combined Unisex Projected to 2024 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 \$5,030,919 at December 31, 2023. Below summarizes the change in the total pension liability from January 1, 2023 to December 31, 2023:

Balance at beginning of year	\$	4,690,783
Service costs		78,171
Interest		177,478
Changes of assumptions or other inputs		615,892
Differences between expected and actual experience		112,988
Benefit payments		(644,393)
Balance at end of year	\$	<u>5,030,919</u>

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

3. DETAILED NOTES ON ALL FUNDS (continued)

I. LENGTH OF SERVICE AWARD PROGRAM PLAN (continued)

Sensitivity of the Total Pension Liability to the Discount Rate Assumption

The following presents the Town’s total pension liability calculated using the discount rate of 3.77%, 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 (2.77%) or 1-percentage point higher (4.77%) than the current rate:

	1% Decrease (2.77%)	Current Assumption (3.77%)	1% Increase (4.77%)
Total Pension Liability	\$ 6,034,000	\$ 5,030,919	\$ 4,233,000

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

For the year ended December 31, 2023, the Town recognized LOSAP pension expense of \$199,862.

At December 31, 2023, the Town reported deferred inflows of resources related to the LOSAP pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 79,255	
Changes of assumptions		\$ 534,324
Total	\$ 79,255	\$ 534,324

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

Balance at beginning of year	\$ 4,690,783
Service costs	78,171
Interest	177,478
Changes of assumptions or other inputs	615,892
Differences between expected and actual experience	112,988
Benefit payments	(644,393)
Balance at end of year	\$ 5,030,919

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, 2023

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 2023 and the plan's statement of receipts and disbursements for 2023.

Receipts and Disbursements

Plan assets, December 31, 2022	\$	3,483,598
Changes during the year:		
(+)	\$	268,002
(+)		116,567
(+/-)		(1,726)
(-)		(644,393)
(-)		(8,349)
		(269,899)
Plan assets, December 31, 2023	\$	3,213,699

Contributions and Administration Fees

Amount of sponsor's required contribution for 2023: Recommended \$261,753 - \$280,967

Amount of sponsor's actual contribution paid:

Plan contributions	\$	261,753	
Administrative fees		6,249	
Amount paid to the plan		268,002	\$

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

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 2023 (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 2023
Post entitlement lump sums:	1983 GAM (Unisex) with 3.00% 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, 2023

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 \$165/month, based on the standard 2023 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 2023 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 \$1,191,853,612 was measured as of December 31, 2023 (measurement date) and was determined by an actuarial valuation as of January 1, 2022, with updating procedures used to roll forward 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, 2023

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-term 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, 2023, was determined using the following actuarial assumptions and other inputs:

Census collection date	January 1, 2022
Discount rate	3.26%
Healthcare cost trend rates (pre 65/post 65):	
Year 1:	
Single/Two Person	7.48% / 6.02%
Pre 65/Post 65	15.16% / 20.57%
Year 2 & thereafter	
Pre 65/Post 65	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; 50% of covered : will elect coverage after retiree's death
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 3.26% based on the Bond Buyer's 20-year general obligation bond index. In the prior year, the discount rate used was 3.72%.

Changes in the Total OPEB Liability

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

Total OPEB liability, December 31, 2022 measurement date	\$ 1,008,614,354
Changes for the year:	
Service costs	46,551,962
Interest	38,189,757
Assumption changes	134,099,715
Benefit payments	<u>(35,602,176)</u>
Balance as of the December 31, 2023 measurement date	<u>\$ 1,191,853,612</u>

Changes in assumptions and other inputs used in measuring the liability from December 31, 2022 to December 31, 2023 include: 1) a change in the discount rate from 3.72% in 2022 to 3.26% in 2023, and 2) initial trend rates were advances, the model for trends in subsequent years is based on the Getzen Model as updated through October 2023.

The total OPEB liability for the nonmajor component units totaled \$20,789,018.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

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, 2023, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the discount rate used:

	Discount Rate		
	1% Decrease (2.26%)	Current Assumption (3.26%)	1% Increase (4.26%)
	Town's total OPEB liability	\$ 1,384,612,604	\$ 1,191,853,612
Nonmajor component units total OPEB liability	\$ 24,430,314	\$ 20,789,018	\$ 17,892,424

The following presents the total OPEB liability at December 31, 2023, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the healthcare cost trend rates used:

	Healthcare Cost Trend Rate		
	1% Decrease (5.02%/19.57%)	Current Assumption (6.02%/20.57%)	1% Increase (7.02%/21.57%)
	Town's total OPEB liability	\$ 994,787,189	\$ 1,191,853,612
Nonmajor component units total OPEB liability	\$ 17,583,659	\$ 20,789,018	\$ 23,592,912

OPEB Expense and Deferred Outflows/Inflows of Resources

For the year ended December 31, 2023, the Town recognized OPEB expense of \$64,047,470. At December 31, 2023, 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		\$ 33,925,151
Changes in assumptions	\$ 148,824,660	292,706,399
Total	\$ 148,824,660	\$ 326,631,550

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,	2024	\$ (39,079,791)
	2025	(52,654,603)
	2026	(56,523,168)
	2027	(29,549,328)
		\$ (177,806,890)

The OPEB related deferred outflows of resources and deferred inflows of resources for the nonmajor component units totaled \$3,201,541 and \$6,019,441, respectively.

A copy of the Town of Hempstead Retiree Medical Program 2023 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, 2023

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, 2023, the liability of the compensated absences was \$68,791,004 for the primary government's governmental activities. The liability for compensated absences for the nonmajor component units amounted to \$1,736,406.

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, 2023, was \$44,503. At December 31, 2023, 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 and general liability reserves 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, 2023

4. COMMITMENTS AND CONTINGENCIES (continued)

A. RISK RETENTION (continued)

Primary Government, Governmental Activities	Workers' Compensation		General Liability	
	2023	2022	2023	2022
Unpaid claims and claim adjustment expenditures at the beginning of the year	\$ 34,631,292	\$33,653,036	\$ 11,531,559	\$ 9,874,387
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	10,073,312	13,702,705	9,219,592	5,057,440
Total incurred claims and claim adjustment expenditures	10,073,312	13,702,705	9,219,592	5,057,440
Payments:				
Claim and claim adjustment expenditures attributable to insured events of the current and prior years	10,692,870	12,724,449	3,012,253	3,400,268
Total unpaid claims and claim adjustment expenditures at the end of the year	\$ 34,011,734	\$34,631,292	\$ 17,738,898	\$ 11,531,559

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 were 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 would reimburse the Town for 70% of the sums the Town has already paid to all utility plaintiffs and the County would 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).

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

4. COMMITMENTS AND CONTINGENCIES (continued)

B. LITIGATION (continued)

Garbage Taxes and Local Utilities (continued)

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. 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 MCI 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 (accrual in claims and judgments payable). (See Note 3F).

Pursuant to the executed Town/County Agreement dated September 27, 2016, the County agreed to reimburse the Town 70% of these judgments. The Town has recorded a receivable (due from other governments) of \$43,579,936.43 as of December 31, 2023, of which \$7,622,649.87 is current and \$35,957,286 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 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.

The County 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 was 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.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

4. COMMITMENTS AND CONTINGENCIES (continued)

B. LITIGATION (continued)

FIT Tuition Charge Back (continued)

The County filed a motion to reargue or, in the alternative, for leave to appeal to the Court of Appeals. That motion was denied. 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 nine million dollars. These cases are in various stages of litigation. The Town has accrued \$17,738,898 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 the Town's expert witness from testifying, all of which the Town has opposed. The Court has not issued an opinion at this time.

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 delivering 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, 2023

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, 2023, the Town has recorded a liability of \$783,522 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, 2023, has commitments for capital acquisitions and improvements of \$118,990,807 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, 2023, excluding Capital Projects, there were no outstanding encumbrances expected to be honored upon performance by the vendor in the next year.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

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, 2023, the Town's governmental activities has estimated pollution remediation obligations amounts at \$3,282,800, of which \$994,800 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, 2023, the Town reports a receivable and deferred inflow of resources in the government-wide statements in the amount of \$105,000, all of which is current.

In December 2020, the Town extended its agreement with Dover Gourmet Corp. through April 2036, for the management and maintenance of the Malibu Beach Park. Pursuant to the 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, 2023

4. COMMITMENTS AND CONTINGENCIES (continued)

H. SERVICE CONCESSION ARRANGEMENTS (continued)

At December 31, 2023, the Town reports a receivable and deferred inflow of resources in the government-wide statements in the amount of \$7,099,845, of which \$591,654 is current and \$6,508,191 is long-term. 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, 2023, the Town reports a total receivable and deferred inflows of resources for service concession arrangements of \$7,204,845 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, 2023, 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, 2023

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, 2023, 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	\$ 11,600,765	\$ 2,488,977	\$ 99,944	\$ 14,189,686
PILOTs received	4,027,591	854,455	85,101	4,967,147
Net	\$ 7,573,174	\$ 1,634,522	\$ 14,843	\$ 9,222,539

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, 2023, the tax lien date for the 2023 real property tax and PILOT revenue recognized.

The Town also receives PILOT payments pursuant to laws and regulations, and therefore, is 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, 2023:

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	\$ 16,616,483	\$ -	\$ 7,660	\$ 1,237,263	\$ 11,388,884	\$ 2,322,816	\$ 357,585	\$ 7,660		\$ 3,784,461
Lakeview Public Library District	4,306,739	12,350	2,284,248	287,421	177,239	441,413	31,874	2,273,473	\$ 1,000	3,965,759
Roosevelt Public Library District	829,554	-	9,570,592	437,277	754,239	5,317,813	39,156	4,498,295		227,920
Uniondale Public Library District	6,905,205	-	5,414,986	1,664,772	216,050	5,745,375	1,707,202	5,409,479	14,908	891,949
Cathedral Gardens Water District	231,128				10,242					220,886
Franklin Square Water District	3,551,569	4,249,544	11,862,262	614,362	828,986	15,341,638	4,200,291	3,604,509	2,069,334	(5,767,021)
West Hempstead - Hempstead Gardens Water District	13,099,059	4,491,606	27,738,962	2,260,936	3,434,454	20,314,119	7,264,802	14,649,067	2,446,322	(518,201)
Greater Atlantic Beach Water Reclamation District	838,051		3,048,885	539,338	238,738	5,000,167	1,399,860	1,595,809	418,196	(4,226,496)
	\$ 46,377,788	\$ 8,753,500	\$ 59,927,595	\$ 7,041,369	\$ 17,048,832	\$ 54,483,341	\$ 15,000,770	\$ 32,038,292	\$ 4,949,760	\$ (1,420,743)

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

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) 1/1/2023	12/31/2023
Town of Hempstead Industrial Development Agency	\$ 1,075,551	\$ 1,330,422			\$ (254,871)		\$ 68,354	\$ 323,225	\$ 3,468,896	\$ 3,792,121
Lakeview Public Library District	1,449,472	2,253			1,447,219	\$ 1,489,070	52,837	94,688	6,145,544	6,240,232
Roosevelt Public Library District	3,759,251	21,368	\$ 37,894		3,699,989	3,226,146	17,065	(456,778)	5,182,993	4,726,215
Uniondale Public Library District	5,002,479	23,276			4,979,203	4,214,540	266,109	(498,554)	6,814,890	6,316,336
Cathedral Gardens Water District	57,900	4,620			53,280	70,629	4,204	21,553	199,333	220,886
Franklin Square Water District	3,433,248	2,322,630	50,000	\$ 281,176	779,442	1,172,237	460,627	853,422	(946,600)	(93,178)
West Hempstead - Hempstead Gardens Water District	6,964,399	3,072,070		50,000	3,842,329	3,061,912	1,029,852	249,435	16,327,753	16,577,188
Greater Atlantic Beach Water Reclamation District	2,023,417	215,302		6,000	1,802,115	1,942,200	2,999	143,084	(2,355,575)	(2,212,491)
	<u>\$ 23,765,717</u>	<u>\$ 6,991,941</u>	<u>\$ 87,894</u>	<u>\$ 337,176</u>	<u>\$ 16,348,706</u>	<u>\$ 15,176,734</u>	<u>\$ 1,902,047</u>	<u>\$ 730,075</u>	<u>\$ 34,837,234</u>	<u>\$ 35,567,309</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) Roosevelt Public Library District
27 West Fulton Street
Roosevelt, NY 11575</p> <p>5) Cathedral Gardens Water District
150 Westminster Road
West Hempstead, NY 11552</p> <p>7) West Hempstead - Hempstead Gardens Water District
575 Birch Street
West Hempstead, NY 11550</p> | <p>2) Lakeview Public Library District
P.O. Box 177
Franklin Square, NY 11570</p> <p>4) Uniondale Public Library District
400 Uniondale Avenue
Uniondale, NY 11553</p> <p>6) Franklin Square Water District
P.O. Box 177
Franklin Square, NY 11570</p> <p>8) Greater Atlantic Beach Water Reclamation District**
2150 Bay Blvd.
Atlantic Beach, NY 11509</p> |
|---|--|

7. CHANGES TO PREVIOUSLY ISSUED REPORT

Reporting Entity

Annually, the Town evaluates other organizations to determine if the organizations are deemed a component unit for purposes of inclusion in the Town's financial statements. In prior years, the Town of Hempstead Housing Authority was considered a discretely presented component unit, however in 2023, the Town determined that it no longer met the criteria of a component unit. The Town's 2022 financial statements did not include this organization's financial information, as it was unavailable at the time of issuance of the Town's 2022 financial statements. As such, there is no restatement of net position necessary.

Component Units

The Town's 2022 financial statements for the discretely presented nonmajor component units did not include the financial information pertaining to one of the component units, the Greater Atlantic Beach Water Reclamation District, as the financial information was not available to at the time of issuance of Town's 2022 financial statements. The 2023 financial information for this component unit is included in this report. Accordingly, the discretely presented nonmajor component unit's January 1, 2023, net position balance has been restated.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

7. CHANGES TO PREVIOUSLY ISSUED REPORT (continued)

Cumulative Effect of Change in Accounting Principles

During 2023, the Town adopted the provisions of GASB Statement No. 87, “Leases” and GASB Statement No. 96, “Subscription-Based Information Technology Arrangements”. Accordingly, the net position and fund balances at January 1, 2023 were restated.

Other

When implementing GASB Statement No. 87, it was discovered that a liability pertaining to a long-term energy performance contract had not been included in the Town’s 2022 financial statements. Accordingly, net position at January 1, 2023 was restated.

The effects of the above aforementioned items on the January 1, 2023 net position and fund balances are as follows:

	Primary Government	Discretely Presented	Governmental Funds:		
	Governmental Activities	Component Units	General	Highway	Water
Net position/fund balance, as originally reported	\$ (956,374,093)	\$ 37,192,809	\$ 69,415,180	\$ 18,726,488	\$ 45,994,076
Restate to reflect the inclusion of a component unit's financial information which was omitted from the 2022 financial information as it was not available		(2,355,575)			
Recognition of energy performance contract liability	(1,656,778)				
Cumulative effect of change in accounting principle (Note 1.H)	284,800		43,155	55,345	186,300
Net position/fund balance, as restated	<u>\$ (957,746,071)</u>	<u>\$ 34,837,234</u>	<u>\$ 69,458,335</u>	<u>\$ 18,781,833</u>	<u>\$ 46,180,376</u>

8. SUBSEQUENT EVENTS

Bond Issuance

Subsequent to year-end, the Town issued \$195,547,269 of general obligation bonds to finance various public improvements and general liability claims. Of the \$195,547,269, \$25,206,772 was used to pay off the bond anticipation note issued in May 2023 which was issued to temporarily finance various public improvements and general liability claims. The bonds bear interest at rates ranging from 4% to 5%, and mature in 2047. Bonds maturing subsequent to May 1, 2032 are subject to redemption prior to maturity.

Incentive Program

On December 5, 2023, the Town Board offered to all its active full-time employees (excluding elected officials, members of Boards and Commissioners) an in-house incentive program. Such employees had until May 17, 2024 to elect to participate in the incentive program and those employees were required to separate from full-time work status by May 31, 2024. Employees electing to participate in this program may continue to work part-time at the Town. Pursuant to the incentive program, those eligible employees who elected to participate in the program are entitled to receive: 1) \$2,000 per year of service up to twenty years of service and 2) an additional \$3,000 per year of service exceeding 20 years of service, with payment due within ninety days of retirement. The year of service is defined as a year of state retirement service credit. The cost of the incentive program excluding payroll taxes totaled \$11,245,367 and was recognized as a liability and expenditure in 2024 based on the date the Town was informed of employees’ election. Payments to these participating employees also included their accrued compensated absences of \$8,950,177, resulting in total payments of \$20,195,544.

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.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

9. NEW PRONOUNCEMENTS (continued)

Statement No. 99, "*Omnibus 2022*", this statement enhances the comparability in accounting and reporting to improve the consistency of authoritative literature by addressing 1) practical issues identified in implementing certain GASB statements and 2) accounting and financial reporting for financial guarantees.

The requirements related to leases, Public-Private and Public-Public Partnerships and subscription-based information technology arrangements were implemented this year, and the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for years beginning after June 15, 2023.

Statement No. 100, "*Accounting for Changes and Error Corrections – an amendment of GASB Statement No. 62*", was issued to enhance accounting and financial reporting requirements for accounting changes and error corrections. The Statement defines accounting changes and prescribes the accounting and financial reporting for 1) each type of accounting changes and 2) correction of errors. The requirements of this Statement are effective for years beginning after June 15, 2023.

Statement No. 101, "*Compensated Absences*", was issued to provide updated guidance for the recognition and measurement of compensated absences under a uniformed model and by amending certain previously required disclosures. Among other provision, this Statement requires the liabilities for compensated absences be recognized for 1) leave that has not been used and 2) leave that has been used by not yet paid in cash or settled through noncash means – for leave that is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. The requirements of this Statement are effective for years beginning after December 15, 2023.

Statement No. 102, "*Certain Risk Disclosures*", was issued to enhance disclosures regarding concentrations and/or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The required disclosure includes descriptions of the concentration and/or constraint, each event associated with the concentration/constraint that could cause a substantial impact if it occurred or had begun to occur prior to issuance of the financial statements and actions taken by the government prior to issuance of the financial statements to mitigate the risk. The requirements of this Statement are effective for years beginning after June 15, 2024.

Statement No. 103, "*Financial Reporting Model Improvements*", this Statement has been issued to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for the years beginning after June 15, 2025.

Statement No. 104, "*Disclosure of Certain Capital Assets*", this Statement has been issued to improve disclosures about certain types of capital assets by requiring additional disclosures for capital assets held for resale (historical cost and accumulated depreciation and carrying amount of debt for carrying amount of debt for which capital asset is pledged as collateral) as well as requiring certain types of assets to be disclosed separately in the capital asset footnote (such as right to use assets recognized from lease liabilities, subscription liabilities and public-private and public-public partnerships and availability payment arrangements). The requirements of this Statement are effective for the years beginning after June 15, 2025.

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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 24,659,430	\$ 25,304,907	\$ 25,304,194	\$ (713)
Real property tax items	2,251,041	2,251,041	1,836,058	(414,983)
Non-property tax items	52,000,000	52,000,000	50,126,744	(1,873,256)
Departmental income	8,054,250	8,054,250	7,745,168	(309,082)
Intergovernmental charges	95,000	95,000	105,838	10,838
Use of money and property	1,865,000	1,865,000	6,099,412	4,234,412
Licenses and permits	2,049,200	2,051,623	2,760,236	708,613
Fines and forfeitures	20,000	13,025,277	13,040,577	15,300
Sale of property and compensation for loss	111,000	112,350	88,947	(23,403)
Miscellaneous revenue	1,945,443	5,572,807	5,635,333	62,526
Interfund revenues	63,807,183	64,085,705	64,085,704	(1)
State aid	25,265,000	27,635,118	20,086,725	(7,548,393)
Federal aid	-0-	13,898,326	13,922,547	24,221
Total Revenues	182,122,547	215,951,404	210,837,483	(5,113,921)
EXPENDITURES				
Current:				
General government support	102,919,422	122,142,245	119,487,845	2,654,400
Education	9,000,000	8,455,830	8,455,830	-0-
Public safety	16,889,290	17,589,290	15,823,521	1,765,769
Transportation	1,512,926	1,512,926	1,386,810	126,116
Economic assistance and opportunity	5,521,679	5,520,179	5,092,995	427,184
Culture and recreation	100,000	343,475	343,475	-0-
Home and community services	12,837,550	12,921,249	12,784,207	137,042
Employee benefits	43,068,708	43,212,130	42,596,897	615,233
Debt service:				
Principal	1,127,867	1,127,867	1,127,867	-0-
Interest	66,981	66,981	66,981	-0-
Total Expenditures	193,044,423	212,892,172	207,166,428	5,725,744
Excess of Revenues Over Expenditures	(10,921,876)	3,059,232	3,671,055	611,823
Other Financing Sources (Uses)				
Transfers in	-0-	54,713	54,711	(2)
Transfers out	(11,561,778)	(11,483,532)	(11,265,167)	218,365
Issuance of bond anticipation notes	-0-		610,000	610,000
Financing arrangements issued	-0-	3,590,858	3,669,038	78,180
Premiums on bonds	1,000,000	1,000,000	42,514	(957,486)
Total Other Financing Sources (Uses)	(10,561,778)	(6,837,961)	(6,888,904)	(50,943)
Net Change in Fund Balances*	\$ (21,483,654)	\$ (3,778,729)	(3,217,849)	\$ 560,880
Fund Balances at Beginning of Year			69,415,180	
Cumulative Effect of Change in Accounting Principle (Note 7)			43,155	
Fund Balances at End of Year			\$ 66,240,486	

* **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.

\$ (21,483,654)

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 55,919,554	\$ 56,758,798	\$ 56,758,033	\$ (765)
Real property tax items	2,658,000	2,658,000	2,285,839	(372,161)
Intergovernmental charges	6,250	6,250	-0-	(6,250)
Use of money and property	414,000	414,000	1,315,375	901,375
Sale of property and compensation for loss	64,500	64,500	62,847	(1,653)
Miscellaneous revenue	205,000	205,000	228,856	23,856
Total Revenues	59,267,304	60,106,548	60,650,950	544,402
EXPENDITURES				
Current:				
Transportation	33,300,374	34,172,189	32,741,827	1,430,362
Employee benefits	11,881,273	11,503,366	11,462,412	40,954
Total Expenditures	45,181,647	45,675,555	44,204,239	1,471,316
Excess of Revenues Over Expenditures				
	14,085,657	14,430,993	16,446,711	2,015,718
Other Financing Sources (Uses)				
Transfers in	5,000,000	5,000,000	4,968,343	(31,657)
Transfers out	(28,268,972)	(28,215,326)	(27,966,558)	248,768
Issuance of bond anticipation notes			285,000	285,000
Premiums on bonds	3,000,000	3,000,000	294,097	(2,705,903)
Total Other Financing Sources (Uses)	(20,268,972)	(20,215,326)	(22,419,118)	(2,203,792)
Net Change in Fund Balances*	\$ (6,183,315)	\$ (5,784,333)	(5,972,407)	\$ (188,074)
Fund Balances at Beginning of Year			18,726,488	
Cumulative Effect of Change in Accounting Principle (Note 7)			55,345	
Fund Balances at End of Year			\$ 12,809,426	
* Budgeted net change in fund balance:				
The net change in fund balances was included in the budget as an appropriation of fund balance and purchase orders brought forward.				
	\$ (6,183,315)			

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 51,674,625	\$ 52,519,584	\$ 52,518,924	\$ (660)
Real property tax items	2,783,727	2,783,727	2,777,081	(6,646)
Non-property tax items		2,500,000	2,500,000	-0-
Departmental income	2,209,120	2,409,327	2,561,864	152,537
Intergovernmental charges	915,707	915,707	1,073,297	157,590
Use of money and property	330,600	330,600	1,022,780	692,180
Sale of property and compensation for loss	1,118	1,118	94,756	93,638
Miscellaneous revenue	76,000	226,073	243,510	17,437
Interfund revenues	36,460,378	36,460,378	36,460,378	-0-
State aid	101,007	121,657	289,919	168,262
Total Revenues	<u>94,552,282</u>	<u>98,268,171</u>	<u>99,542,509</u>	<u>1,274,338</u>
EXPENDITURES				
Current:				
Culture and recreation	68,941,645	76,462,476	76,373,021	89,455
Employee benefits	23,958,879	26,294,848	26,294,848	-0-
Debt service:				
Principal	115,090	115,090	115,090	-0-
Interest	5,542	5,542	5,542	-0-
Total Expenditures	<u>93,021,156</u>	<u>102,877,956</u>	<u>102,788,501</u>	<u>89,455</u>
Excess of Revenues Over Expenditures	<u>1,531,126</u>	<u>(4,609,785)</u>	<u>(3,245,992)</u>	<u>1,363,793</u>
Other Financing Sources (Uses)				
Transfers in				
Transfers out	(5,716,987)	(5,691,315)	(5,597,190)	94,125
Issuance of bond anticipation notes			124,964	124,964
Financing arrangements issued			20,219	(304,781)
Premiums on bonds	325,000	325,000	20,219	(304,781)
Total Other Financing Sources (Uses)	<u>(5,391,987)</u>	<u>(5,366,315)</u>	<u>(5,452,007)</u>	<u>(85,692)</u>
Net Change in Fund Balances*	<u>\$ (3,860,861)</u>	<u>\$ (9,976,100)</u>	<u>(8,697,999)</u>	<u>\$ 1,278,101</u>
Fund Balances at Beginning of Year			<u>27,918,493</u>	
Fund Balances at End of Year			<u>\$ 19,220,494</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.

\$ (3,860,861)

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 85,437,103	\$ 85,561,036	\$ 85,559,548	\$ (1,488)
Real property tax items	1,304,567	1,304,567	1,784,784	480,217
Departmental income	14,175,000	14,175,000	11,763,647	(2,411,353)
Intergovernmental charges	2,000,000	2,000,000	2,245,221	245,221
Use of money and property	4,860,950	4,860,950	8,649,971	3,789,021
Licenses and permits	35,000	35,000	28,196	(6,804)
Sale of property and compensation for loss	826,000	826,000	648,479	(177,521)
Miscellaneous revenue	8,198,758	8,198,758	8,115,062	(83,696)
Interfund revenues	900,000	900,000	751,778	(148,222)
Total Revenues	<u>117,737,378</u>	<u>117,861,311</u>	<u>119,546,686</u>	<u>1,685,375</u>
EXPENDITURES				
Current:				
Home and community services:				
Cost of refuse and garbage collections	97,561,866	97,540,136	90,151,160	7,388,976
Employee benefits	25,214,735	25,214,735	24,514,756	699,979
Debt service:				
Principal	17,493	17,493	17,493	-0-
Interest	804	804	804	-0-
Total Expenditures	<u>122,794,898</u>	<u>122,773,168</u>	<u>114,684,213</u>	<u>8,088,955</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,057,520)</u>	<u>(4,911,857)</u>	<u>4,862,473</u>	<u>9,774,330</u>
Other Financing Sources (Uses)				
Transfers out	(15,003,111)	(15,381,763)	(15,362,562)	19,201
Issuance of bond anticipation notes			90,000	90,000
Premiums on bonds	200,000	200,000	1,816	(198,184)
Total Other Financing Sources (Uses)	<u>(14,803,111)</u>	<u>(15,181,763)</u>	<u>(15,270,746)</u>	<u>(88,983)</u>
Net Change in Fund Balances*	<u>\$ (19,860,631)</u>	<u>\$ (20,093,620)</u>	<u>(10,408,273)</u>	<u>\$ 9,685,347</u>
Fund Balances at Beginning of Year			<u>71,907,579</u>	
Fund Balances at End of Year			<u>\$ 61,499,306</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.

\$ (19,860,631)

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 5,626,623	\$ 5,626,623	\$ 5,626,368	\$ (255)
Real property tax items	262,049	262,049	278,263	16,214
Departmental income	19,516,350	19,516,350	22,081,529	2,565,179
Intergovernmental charges	229,950	229,950	112,475	(117,475)
Use of money and property	1,166,150	1,166,150	3,283,733	2,117,583
Sale of property and compensation for loss	6,500	6,500	2,956	(3,544)
Miscellaneous revenue	4,200	4,200	2	(4,198)
Interfund revenues	28,125	28,125	28,125	-0-
Total Revenues	26,839,947	26,839,947	31,413,451	4,573,504
EXPENDITURES				
Current:				
Home and community services	17,909,148	18,357,753	15,111,065	3,246,688
Employee benefits	3,823,764	3,840,772	3,840,766	6
Debt service:				
Principal	14,621	14,621	14,621	-0-
Interest	1,056	1,056	1,056	-0-
Total Expenditures	21,748,589	22,214,202	18,967,508	3,246,694
Excess of Revenues Over Expenditures	5,091,358	4,625,745	12,445,943	7,820,198
Other Financing Sources (Uses)				
Transfers out	(6,707,685)	(6,707,570)	(6,672,566)	35,004
Premiums on bonds	25,000	25,000	35,105	10,105
Total Other Financing Sources (Uses)	(6,682,685)	(6,682,570)	(6,637,461)	45,109
Net Change in Fund Balances*	\$ (1,591,327)	\$ (2,056,825)	5,808,482	\$ 7,865,307
Fund Balances at Beginning of Year			45,994,076	
Cumulative Effect of Change in Accounting Principle (Note 7)			186,300	
Fund Balances at End of Year			\$ 51,988,858	
* 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.				
	\$ (1,591,327)			

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, 2023**

	2023	2022	2021	2020	2019	2018
Total OPEB liability:						
Balance, beginning of year, as originally reported	\$ 1,008,614,354	\$ 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	1,008,614,354	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	46,551,962	37,292,337	62,422,997	55,009,484	51,671,609	33,041,631
Interest	38,189,757	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		(32,526,438)		(45,071,055)		
Changes in assumptions	134,099,715	(439,492,431)	(6,690,660)	82,300,503	287,304,327	
Benefit payments	<u>(35,602,176)</u>	<u>(34,478,187)</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>\$ 1,191,853,612</u>	<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	\$ 162,349,505	\$ 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	734.13%	643.01%	967.97%	956.99%	878.13%	749.77%

Notes to the Schedule:

Measurement date	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Changes to assumptions:						
Discount rate	3.26%	3.72%	2.06%	2.12%	2.66%	4.10%

Other Significant Changes from 2022 to 2023

Initial trend rates were advanced, the model for trends in subsequent years is based on the Getzan Model as updated through October 2023.

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, 2023

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
2023	0.5320832%	\$ 114,100,086	\$ 162,803,022	70.08%	90.78%
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.

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:

2023	5.90%
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, 2023**

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
2023	\$ 20,898,893	\$ 20,898,893	\$ -0-	\$ 166,722,371	12.54%
2022	24,426,251	24,426,251	-0-	162,611,418	15.02%
2021	24,707,584	22,382,445	2,325,139	158,694,686	14.10%
2020	22,382,445	22,663,403	(280,958)	151,636,121	14.95%
2019	22,663,403	23,392,433	(729,030)	154,166,633	15.17%
2018	23,392,433	24,872,922	(1,480,489)	154,973,392	16.05%
2017	24,872,922	25,174,401	(301,479)	165,451,834	15.22%
2016	26,629,215	23,549,087	3,080,128	161,046,536	14.62%
2015	29,683,529	23,458,504	6,225,025	161,151,978	14.56%
2014	30,858,504	26,238,009	4,620,495	163,074,266	16.09%

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, 2023**

Measurement date	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Total pension liability:							
Service cost	\$ 78,171	\$ 172,769	\$ 278,784	\$ 204,041	\$ 159,492	\$ 167,974	\$ 135,034
Interest	177,478	128,092	157,610	172,175	191,219	176,402	173,996
Changes in assumptions	615,892	16,049	(74,542)	1,395,945	863,957	(357,895)	619,043
Differences between expected and actual experience	112,988	(2,403,803)	(832,837)	42,907	36,167	(39,634)	(33,394)
Benefit payments	(644,393)	(360,351)	(485,856)	(38,548)	(173,270)	(67,508)	(200,138)
Total pension liability - beginning 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>	<u>4,666,903</u>
Total pension liability - end of year	<u>\$ 5,030,919</u>	<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	N/A
Total pension liability as a percentage of covered-employee payroll	N/A	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	3.77%	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, 2023**

	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	\$ 3,315,993	\$ -0-	\$ 5,505,736	\$ 4,001,058	\$ 3,772,990	\$ 374,313	\$ -0-	\$ 16,970,090	
Cash and cash equivalents - restricted		975,770					1,337,867	2,313,637	
Receivables	2,056,149		6,671	16,978	5,612	634		2,086,044	
Due from other funds		296,754	187,153	130,385	79,900	72,913		767,105	
Due from other governments	41,014	1,675,282		943				1,717,239	
Inventory				415,780				415,780	
Prepaid items	333,592				13,045			346,637	
Length of service award program plan assets			3,213,699					3,213,699	
Other assets		92,313						92,313	
Total Assets	\$ 5,746,748	\$ 3,040,119	\$ 8,913,259	\$ 4,565,144	\$ 3,871,547	\$ 447,860	\$ 1,337,867	\$ 27,922,544	
LIABILITIES									
Accounts payable and accrued liabilities	\$ 741,274	\$ 1,379,368	\$ 405,462	\$ 718,656	\$ 68,080	\$ -0-	\$ -0-	\$ 3,312,840	
Due to other funds	147,294	1,800,000		9,905				1,957,199	
Other liabilities	106,486	27,920		3,398	3,722	175		141,701	
Total Liabilities	995,054	3,207,288	405,462	731,959	71,802	175	-0-	5,411,740	
Fund Balances									
Nonspendable	333,592			415,780	13,045		1,337,867	2,100,284	
Restricted	378,665		3,213,699					3,592,364	
Assigned	4,039,437		5,294,098	3,417,405	3,786,700	447,685		16,985,325	
Unassigned (deficit)		(167,169)						(167,169)	
Total Fund Balances	4,751,694	(167,169)	8,507,797	3,833,185	3,799,745	447,685	1,337,867	22,510,804	
Total Liabilities and Fund Balances	\$ 5,746,748	\$ 3,040,119	\$ 8,913,259	\$ 4,565,144	\$ 3,871,547	\$ 447,860	\$ 1,337,867	\$ 27,922,544	

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, 2023**

		Special Revenue Funds							
		Town Outside Village	Special Grants	Fire Protection Districts	Street Lighting District	Public Parking Districts	Library Funding Districts	Permanent Fund	Total Nonmajor Governmental Funds
Revenues									
	Real property taxes	\$ 6,932,158	\$ -0-	\$ 6,780,132	\$ 10,098,115	\$ 2,877,535	\$ 1,390,526	\$ -0-	\$ 28,078,466
	Real property tax items	188,236		1,251,437	560,219	52,347	66,652		2,118,891
	Non-property tax items	9,911,140					50,000		9,961,140
	Departmental income	15,119,634	10,800			14,080			15,144,514
	Use of money and property	78,091	29,437	419,407	212,993	219,926	38,178	44,503	1,042,535
	Fines and forfeitures	566,473	200						566,673
	Sale of property and compensation for loss				19,319				19,319
	Miscellaneous revenue	531,630	326,025						857,655
	Interfund revenues					2,214,250			2,214,250
	State aid	1,828,954	555,883						2,384,837
	Federal aid	406,301	9,360,402						9,766,703
	Total Revenues	<u>35,562,617</u>	<u>10,282,747</u>	<u>8,450,976</u>	<u>10,890,646</u>	<u>5,378,138</u>	<u>1,545,356</u>	<u>44,503</u>	<u>72,154,983</u>
Expenditures									
Current:									
	General government support	220,369							220,369
	Public safety	19,461,409		5,314,777					24,776,186
	Transportation				9,192,752	3,808,729			13,001,481
	Economic assistance and opportunity		8,671,792						8,671,792
	Culture and recreation	65					1,441,084		1,441,149
	Home and community services	5,601,315	3,537,037						9,138,352
	Employee benefits	6,358,019	1,035,396	920,288		264,496			8,578,199
Debt Service:									
	Principal	11,429	165,917		1,875,849				2,053,195
	Interest	370	17,389		99,768				117,527
	Total Expenditures	<u>31,652,976</u>	<u>13,427,531</u>	<u>6,235,065</u>	<u>11,168,369</u>	<u>4,073,225</u>	<u>1,441,084</u>	<u>-0-</u>	<u>67,998,250</u>
	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,909,641</u>	<u>(3,144,784)</u>	<u>2,215,911</u>	<u>(277,723)</u>	<u>1,304,913</u>	<u>104,272</u>	<u>44,503</u>	<u>4,156,733</u>
Other Financing Sources (Uses)									
	Transfers in		296,754						296,754
	Transfers out	(139,209)		(670,433)	(832,125)	(1,122,143)		(44,503)	(2,808,413)
	Financing arrangements issued		2,044,209						2,044,209
	Premiums on bonds	316			3,947				4,263
	Total Other Financing Sources (Uses)	<u>(138,893)</u>	<u>2,340,963</u>	<u>(670,433)</u>	<u>(828,178)</u>	<u>(1,122,143)</u>	<u>-0-</u>	<u>(44,503)</u>	<u>(463,187)</u>
	Net Change in Fund Balances	<u>3,770,748</u>	<u>(803,821)</u>	<u>1,545,478</u>	<u>(1,105,901)</u>	<u>182,770</u>	<u>104,272</u>	<u>-0-</u>	<u>3,693,546</u>
	Fund Balances at Beginning of Year	<u>980,946</u>	<u>636,652</u>	<u>6,962,319</u>	<u>4,939,086</u>	<u>3,616,975</u>	<u>343,413</u>	<u>1,337,867</u>	<u>18,817,258</u>
	Fund Balances at End of Year	<u>\$ 4,751,694</u>	<u>\$ (167,169)</u>	<u>\$ 8,507,797</u>	<u>\$ 3,833,185</u>	<u>\$ 3,799,745</u>	<u>\$ 447,685</u>	<u>\$ 1,337,867</u>	<u>\$ 22,510,804</u>

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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 6,844,975	\$ 6,932,671	\$ 6,932,158	\$ (513)
Real property tax items	135,000	135,000	188,236	53,236
Non-property tax items	10,500,000	10,500,000	9,911,140	(588,860)
Departmental income	13,450,000	13,450,000	15,119,634	1,669,634
Use of money and property	2,500	2,500	78,091	75,591
Fines and forfeitures	1,300,000	1,300,000	566,473	(733,527)
Sale of property and compensation for loss	1,500	1,500		(1,500)
Miscellaneous revenue	2,074,442	300,000	531,630	231,630
State aid	54,500	1,828,943	1,828,954	11
Federal aid		406,301	406,301	-0-
Total Revenues	34,362,917	34,856,915	35,562,617	705,702
EXPENDITURES				
Current:				
General government support	211,500	220,371	220,369	2
Public safety	20,520,210	20,520,210	19,461,409	1,058,801
Culture and recreation	1,500	1,500	65	1,435
Home and community services	5,473,263	5,860,912	5,601,315	259,597
Employee benefits	6,438,410	6,429,539	6,358,019	71,520
Debt service:				
Principal	11,429	11,429	11,429	-0-
Interest	370	370	370	-0-
Total Expenditures	32,656,682	33,044,331	31,652,976	1,391,355
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,706,235	1,812,584	3,909,641	2,097,057
Other Financing Sources (Uses)				
Transfers out	(139,754)	(139,754)	(139,209)	545
Premiums on bonds	10,000	10,000	316	(9,684)
Total Other Financing Sources (Uses)	(129,754)	(129,754)	(138,893)	(9,139)
Net Change in Fund Balances*	\$ 1,576,481	\$ 1,682,830	3,770,748	\$ 2,087,918
Fund Balances at Beginning of Year			980,946	
Fund Balances at End of Year			\$ 4,751,694	
* Budgeted net change in fund balance:				
Revenues raised to restore fund balance per fund balance policy, less purchase orders brought forward, as applicable.	\$ 1,576,481			

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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 6,780,214	\$ 6,780,214	\$ 6,780,132	\$ (82)
Real property tax items	217,410	217,410	1,251,437	1,034,027
Use of money and property	14,500	14,500	419,407	404,907
Total Revenues	<u>7,012,124</u>	<u>7,012,124</u>	<u>8,450,976</u>	<u>1,438,852</u>
EXPENDITURES				
Current:				
Public safety	5,430,808	5,349,707	5,314,777	34,930
Employee benefits	581,500	966,755	920,288	46,467
Total Expenditures	<u>6,012,308</u>	<u>6,316,462</u>	<u>6,235,065</u>	<u>81,397</u>
Excess of Revenues Over Expenditures	<u>999,816</u>	<u>695,662</u>	<u>2,215,911</u>	<u>1,520,249</u>
Other Financing (Uses)				
Transfers out	(685,519)	(670,433)	(670,433)	-0-
Total Other Financing (Uses)	<u>(685,519)</u>	<u>(670,433)</u>	<u>(670,433)</u>	<u>-0-</u>
Net Change in Fund Balances*	<u>\$ 314,297</u>	<u>\$ 25,229</u>	<u>1,545,478</u>	<u>\$ 1,520,249</u>
Fund Balances at Beginning of Year			<u>6,962,319</u>	
Fund Balances at End of Year			<u>\$ 8,507,797</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>\$ 314,297</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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 9,909,160	\$ 10,098,475	\$ 10,098,115	\$ (360)
Real property tax items	525,000	525,000	560,219	35,219
Use of money and property	20,000	20,000	212,993	192,993
Sale of property and compensation for loss	10,000	10,000	19,319	9,319
Total Revenues	<u>10,464,160</u>	<u>10,653,475</u>	<u>10,890,646</u>	<u>237,171</u>
EXPENDITURES				
Current:				
Transportation	9,632,697	9,632,697	9,192,752	439,945
Debt service:				
Principal	1,875,849	1,875,849	1,875,849	-0-
Interest	99,768	99,768	99,768	-0-
Total Expenditures	<u>11,608,314</u>	<u>11,608,314</u>	<u>11,168,369</u>	<u>439,945</u>
Excess of Revenues Over Expenditures	<u>(1,144,154)</u>	<u>(954,839)</u>	<u>(277,723)</u>	<u>677,116</u>
Other Financing Sources (Uses)				
Transfers out	(832,125)	(832,125)	(832,125)	-0-
Premiums on bonds	50,000	50,000	3,947	(46,053)
Total Other Financing Sources (Uses)	<u>(782,125)</u>	<u>(782,125)</u>	<u>(828,178)</u>	<u>(46,053)</u>
Net Change in Fund Balances*	<u>\$ (1,926,279)</u>	<u>\$ (1,736,964)</u>	<u>(1,105,901)</u>	<u>\$ 631,063</u>
Fund Balances at Beginning of Year			<u>4,939,086</u>	
Fund Balances at End of Year			<u>\$ 3,833,185</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.

\$ (1,926,279)

See independent auditors' report.

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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 2,865,614	\$ 2,877,687	\$ 2,877,535	\$ (152)
Real property tax items	49,686	49,686	52,347	2,661
Departmental income	12,250	12,250	14,080	1,830
Use of money and property	41,450	41,450	219,926	178,476
Interfund revenues	2,214,250	2,214,250	2,214,250	-0-
Total Revenues	<u>5,183,250</u>	<u>5,195,323</u>	<u>5,378,138</u>	<u>182,815</u>
EXPENDITURES				
Current:				
Transportation	4,001,254	3,983,978	3,808,729	175,249
Employee benefits	247,281	264,498	264,496	2
Total Expenditures	<u>4,248,535</u>	<u>4,248,476</u>	<u>4,073,225</u>	<u>175,251</u>
Excess of Revenues Over Expenditures	<u>934,715</u>	<u>946,847</u>	<u>1,304,913</u>	<u>358,066</u>
Other Financing Sources (Uses)				
Transfers out	(1,142,934)	(1,142,993)	(1,122,143)	20,850
Total Other Financing Sources (Uses)	<u>(1,142,934)</u>	<u>(1,142,993)</u>	<u>(1,122,143)</u>	<u>20,850</u>
Net Change in Fund Balances*	<u>\$ (208,219)</u>	<u>\$ (196,146)</u>	182,770	<u>\$ 378,916</u>
Fund Balances at Beginning of Year			<u>3,616,975</u>	
Fund Balances at End of Year			<u>\$ 3,799,745</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.

\$ (208,219)

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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 1,390,543	\$ 1,390,543	\$ 1,390,526	\$ (17)
Real property tax items	79,254	79,254	66,652	(12,602)
Non-property tax items		50,000	50,000	-0-
Use of money and property	3,050	3,050	38,178	35,128
Total Revenues	<u>1,472,847</u>	<u>1,522,847</u>	<u>1,545,356</u>	<u>22,509</u>
EXPENDITURES				
Current:				
Culture and recreation	1,506,174	1,506,174	1,441,084	65,090
Total Expenditures	<u>1,506,174</u>	<u>1,506,174</u>	<u>1,441,084</u>	<u>65,090</u>
Excess of Revenues Over Expenditures	<u>(33,327)</u>	<u>16,673</u>	<u>104,272</u>	<u>87,599</u>
Net Change in Fund Balances*	<u>\$ (33,327)</u>	<u>\$ 16,673</u>	<u>104,272</u>	<u>\$ 87,599</u>
Fund Balances at Beginning of Year			<u>343,413</u>	
Fund Balances at End of Year			<u>\$ 447,685</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.

\$ (33,327)

See independent auditors' report.

TOWN OF HEMPSTEAD, NEW YORK

**DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
December 31, 2023**

	Town of Hempstead Industrial Development Agency	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	\$ 16,573,766	\$ 4,279,508	\$ 803,918	\$ 6,789,476	\$ 226,508	\$ 1,050,904	\$ 8,055,352	\$ 389,828	\$ 38,169,260
Cash and cash equivalents restricted				14,480		1,650,177	3,428,570	418,196	5,511,423
Receivables, net of allowance:	42,717					621,373	1,231,180		1,895,270
Leases receivable, due within one year						146,507	245,716		392,223
Due from other governments		173		997	4,620	47,117			52,907
Prepaid items and Other		27,058	25,636	100,252		35,491	138,241	30,027	356,705
Total Current Assets	16,616,483	4,306,739	829,554	6,905,205	231,128	3,551,569	13,099,059	838,051	46,377,788
Non-Current Assets:									
Other		12,350				138,107			150,457
Lease receivable, due in more than one year						4,111,437	4,491,606		8,603,043
Capital assets, net of depreciation	7,660	2,284,248	9,570,592	5,414,986		11,862,262	27,738,962	3,048,885	59,927,595
Total Non-Current Assets	7,660	2,296,598	9,570,592	5,414,986	-0-	16,111,806	32,230,568	3,048,885	68,681,095
Total Assets	16,624,143	6,603,337	10,400,146	12,320,191	231,128	19,663,375	45,329,627	3,886,936	115,058,883
DEFERRED OUTFLOWS OF RESOURCES	1,237,263	287,421	437,277	1,664,772	-0-	614,362	2,260,936	539,338	7,041,369
LIABILITIES									
Current liabilities:									
Accounts payable and accrued liabilities	1,829	65,704	351,947	210,543	10,242	183,264	249,429	63,046	1,136,004
Due to other governments	11,387,055					271,700		18,549	11,677,304
Unearned revenue		106,312							106,312
Escrow payable							2,482,443		2,482,443
Non-current liabilities due within one year		5,223	402,292	5,507		374,022	702,582	157,143	1,646,769
Total Current Liabilities	11,388,884	177,239	754,239	216,050	10,242	828,986	3,434,454	238,738	17,048,832
Non-Current Liabilities									
Due in more than one year	2,322,816	441,413	5,317,813	5,745,375		15,341,638	20,314,119	5,000,167	54,483,341
Total Liabilities	13,711,700	618,652	6,072,052	5,961,425	10,242	16,170,624	23,748,573	5,238,905	71,532,173
DEFERRED INFLOWS OF RESOURCES	357,585	31,874	39,156	1,707,202	-0-	4,200,291	7,264,802	1,399,860	15,000,770
NET POSITION									
Net investment in capital assets	7,660	2,273,473	4,498,295	5,409,479		3,604,509	14,649,067	1,595,809	32,038,292
Restricted		1,000		14,908		2,069,334	2,446,322	418,196	4,949,760
Unrestricted (deficit)	3,784,461	3,965,759	227,920	891,949	220,886	(5,767,021)	(518,201)	(4,226,496)	(1,420,743)
Total Net Position	\$ 3,792,121	\$ 6,240,232	\$ 4,726,215	\$ 6,316,336	\$ 220,886	\$ (93,178)	\$ 16,577,188	\$ (2,212,491)	\$ 35,567,309

See independent auditors' report.

TOWN OF HEMPSTEAD, NEW YORK

**DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
Year Ended December 31, 2023**

	Town of Hempstead Industrial Development Agency	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	\$ 1,330,422	\$ 2,253	\$ 21,368	\$ 23,276	\$ 4,620	\$ 2,322,630	\$ 3,072,070	\$ 215,302	\$ 6,991,941
Operating grants and contributions			37,894			50,000			87,894
Capital grants and contributions						281,176	50,000	6,000	337,176
Real property taxes		1,489,070	3,138,617	3,671,555	70,629	1,172,237	3,012,779	1,942,200	14,497,087
Other real property tax items			87,529	542,985			49,133		679,647
Use of money and property - interest and earnings	68,354	40,159	17,065	242,396	4,204	460,301	867,013	2,999	1,702,491
Miscellaneous local sources		10,951	6,944			326	162,839		181,060
State aid - unrestricted		1,727	16,769						18,496
Total Revenues	1,398,776	1,544,160	3,302,473	4,503,925	79,453	4,286,670	7,213,834	2,166,501	24,495,792
EXPENSES									
Economic assistance and opportunity	1,075,551								1,075,551
Culture and recreation		1,449,472	3,759,251	5,002,479					10,211,202
Home and community services					57,900	3,433,248	6,964,399	2,023,417	12,478,964
Total Expenses	1,075,551	1,449,472	3,759,251	5,002,479	57,900	3,433,248	6,964,399	2,023,417	23,765,717
Change in Net Position	323,225	94,688	(456,778)	(498,554)	21,553	853,422	249,435	143,084	730,075
Net Position - Beginning of Year	3,468,896	6,145,544	5,182,993	6,814,890	199,333	(946,600)	16,327,753	-0-	37,192,809
Adjustment to opening net position for inclusion of component unit (Note 7)								(2,355,575)	(2,355,575)
Net Position at Beginning of Year, as Restated	3,468,896	6,145,544	5,182,993	6,814,890	199,333	(946,600)	16,327,753	(2,355,575)	34,837,234
Net Position - End of Year	\$ 3,792,121	\$ 6,240,232	\$ 4,726,215	\$ 6,316,336	\$ 220,886	\$ (93,178)	\$ 16,577,188	\$ (2,212,491)	\$ 35,567,309

See independent auditors' report.