

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

Year Ended December 31, 2025

TOWN OF HEMPSTEAD, NEW YORK

FINANCIAL STATEMENTS
Year Ended December 31, 2025

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TOWN OF HEMPSTEAD, NEW YORK

FINANCIAL STATEMENTS
Year Ended December 31, 2025

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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, 2025 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, 2025, 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, 2025 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 91.90% of the assets, 90.00% of net position, and 89.19% of revenues of the discretely presented component units as of December 31, 2025, 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 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplementary information consisting of combining fund statements of nonmajor governmental funds and schedules of revenues, expenditures, and changes in fund balances – budget and actual for nonmajor funds, and combining 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 September 21, 2026, 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 and is issued separately as part of the Single Audit report package.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Hauppauge, New York

September 21, 2026

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2025

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, 2025. This section is only an introduction and should be read in conjunction with the Town's financial statements, which immediately follows this section.

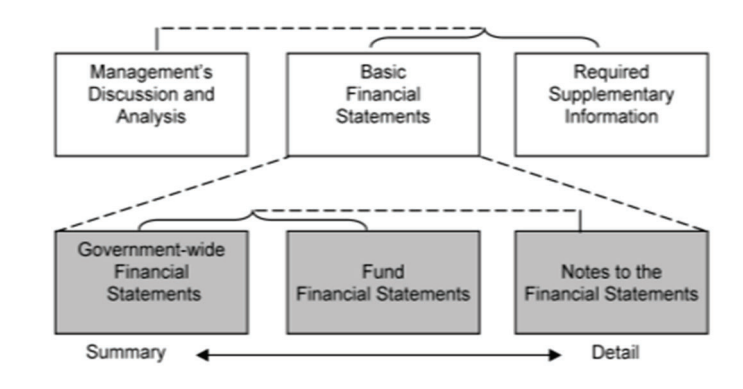
FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of the Town's primary government's governmental activities exceeded its assets and deferred outflows of resources at the close of 2025 by \$948,182,708 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 \$1,072,743,912.
- The net change in the Town's governmental activities net position was an increase of \$39,207,705 for the year ended December 31, 2025, compared to an increase of \$23,099,728 in the prior year. The most significant factor driving this fluctuation was a decrease in pension expense of \$14,321,325, reflecting the impact of market conditions on investments and the resulting net investment appreciation. Other postemployment benefits ("OPEB") expense also decreased \$4,012,929, resulting from an increase in the discount rate used in the actuarial valuation from 4.08% to 4.83%.
- The Town's governmental activities long-term bonded debt increased by 15.07% to \$660,822,785. The Town's business-type activities have no debt.
- The assets of the Town's primary government's business-type activities exceeded its liabilities at the close of 2025 by \$1,895,231.
- As of the close of 2025, the Town's governmental funds reported combined ending fund balances of \$256,513,471, a decrease of \$14,077,194 from the prior year. The combined ending fund balances excluding the Capital Projects Fund balance, totaled \$248,816,243, of which \$17,313,845 is not in spendable form, and \$231,502,398, or 93.04%, 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 2025, the Town's total fund balance for the General Fund was \$45,519,197, which decreased by \$20,940,228 from the prior year; revenues and other financing sources totaled \$208,388,327 while expenditures and other financing uses totaled \$229,328,555.

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, 2025

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 are indicators of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's buildings, roads, drainage, and other assets to assess the overall health of the Town.

The statement of activities presents information showing how the Town's net position changed during the most recent year. Revenues and expenses are reported by activity to give the reader an understanding of how each of the Town's activities is being supported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods. This method is known as the accrual basis of accounting and is different from the modified accrual basis of accounting used in the Town's fund financial statements.

The Town's government-wide financial statements include 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 include 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 report the operations of the Town of Hempstead Local Development Corporation (the "LDC"), 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. The Town has identified, as component units, nine separate legal entities: discretely presented nonmajor: three water districts, one water reclamation district, three library districts, one industrial development agency and one blended LDC mentioned above. These discretely presented entities are reported in a separate column in the government-wide statements and the blended component unit is reported as a proprietary fund.

Information on the determination of inclusion in the reporting entity is shown in Note 1.A and administrative office locations for separately issued component unit financial statements in Note 6.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2025

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.

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, 2025

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, 2025, the Town's governmental activities liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$948,182,708 and the Town's business-type activities assets exceeded its liabilities by \$1,895,231.

Condensed Statements of Net Position
as of December 31, 2025 and 2024

	Governmental Activities		Business -Type Activities	
	2025	2024	2025	2024
Current and other assets:				
Current assets	\$ 336,002,488	\$ 349,381,181	\$ 1,915,033	\$ 2,012,550
Capital assets	936,802,855	853,152,736		
Other non-current assets	51,929,382	58,534,613		
Total assets	<u>1,324,734,725</u>	<u>1,261,068,530</u>	<u>1,915,033</u>	<u>2,012,550</u>
Deferred outflows of resources	<u>131,556,428</u>	<u>198,093,090</u>	<u>-0-</u>	<u>-0-</u>
Total assets and deferred outflows of resources	<u>1,456,291,153</u>	<u>1,459,161,620</u>	<u>1,915,033</u>	<u>2,012,550</u>
Current and other liabilities:				
Current liabilities	200,111,428	194,219,122	19,802	12,052
Long-term liabilities	<u>1,871,672,595</u>	<u>1,766,106,907</u>		
Total liabilities	<u>2,071,784,023</u>	<u>1,960,326,029</u>	<u>19,802</u>	<u>12,052</u>
Deferred inflows of resources	<u>332,689,838</u>	<u>486,226,004</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities and deferred inflows of resources	<u>2,404,473,861</u>	<u>2,446,552,033</u>	<u>19,802</u>	<u>12,052</u>
Net position:				
Net investment in capital assets	318,003,078	266,757,444		
Restricted	1,716,532	1,716,532		
Unrestricted (deficit)	<u>(1,267,902,318)</u>	<u>(1,255,864,389)</u>	<u>1,895,231</u>	<u>2,000,498</u>
Total net position	<u>\$ (948,182,708)</u>	<u>\$ (987,390,413)</u>	<u>\$ 1,895,231</u>	<u>\$ 2,000,498</u>

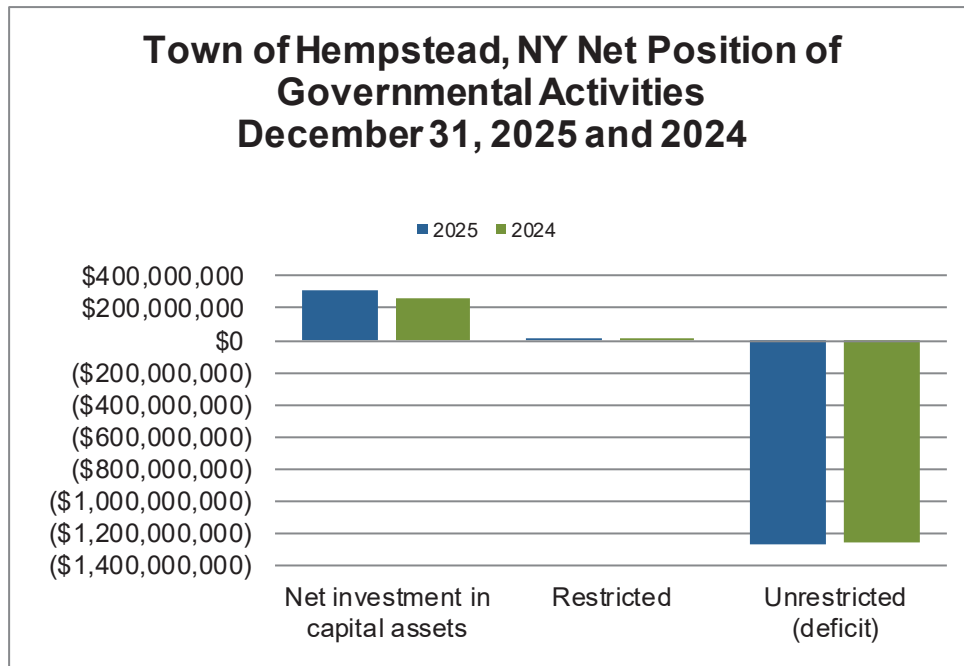
TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The Town's governmental activities net investment in capital assets portion of net position, \$318,003,078, reflects its investment in capital assets (e.g., land, construction in progress, 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, bond anticipation notes, OPEB, Employees' Retirement System net pension liability - proportionate share, length of service award program pension 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, 2025, was a negative/deficit balance of \$948,182,708, a decrease in the deficit of \$39,207,705 from the prior. Net position consists of (a) \$318,003,078 net investment in capital assets, (b) \$1,716,532 restricted, and (b) unrestricted deficit of \$1,267,902,318.

Total governmental activities net position deficit balance decreased by \$39,207,705 as total revenues of \$563,899,797 exceeded total expenditures of \$524,692,092. Revenues and expenditures were \$47,382,074 and \$31,274,097 more than the prior year, respectively. The increase in revenues stems from the increase in real property taxes of \$39,116,361, as the Town pierced the tax cap during 2025. Additional increase is attributable to the Town recognizing a litigation settlement for contamination in the current year of \$9,457,008, which they did not receive in the prior year. The most notable increase in expenses is attributable to the increase in capital outlay of \$26,643,911. See Capital Asset and Debt Administration section below for detail of major capital asset events.

Business-type activities net position decreased by \$105,267 to \$1,895,231 at December 31, 2025.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Changes in Net Position

For the years ended December 31, 2025 and 2024

	Governmental Activities		Business - Type Activities	
	2025	2024	2025	2024
Program Revenues:				
Charges for services	\$ 109,919,416	\$ 109,504,261	\$ 44,750	\$ 23,000
Operating grants and contributions	13,987,933	10,056,942		
Capital grants and contributions	23,117,346	30,850,697		
	<u>147,024,695</u>	<u>150,411,900</u>	<u>44,750</u>	<u>23,000</u>
General Revenues:				
Real property taxes	292,810,321	253,693,960		
Real property tax items	10,637,826	10,947,659		
Non-property tax items	63,003,823	62,172,941		
Interest earnings	12,207,550	14,364,343	26,640	34,639
State aid - mortgage tax	22,523,544	19,709,506		
State aid - other unrestricted	3,848,885	3,848,884		
Litigation settlement for contamination	9,457,008			
Other	2,386,145	1,368,530		
	<u>416,875,102</u>	<u>366,105,823</u>	<u>26,640</u>	<u>34,639</u>
Total Revenues	<u>563,899,797</u>	<u>516,517,723</u>	<u>71,390</u>	<u>57,639</u>
Program Expenses:				
General government support	108,943,595	100,559,773		
Education	9,031,457	8,472,195		
Public safety	45,136,342	45,911,760		
Transportation	71,045,832	57,351,954		
Economic assistance and opportunity	14,436,902	15,633,311	176,657	149,925
Culture and recreation	100,351,287	98,082,538		
Home and community services	156,661,167	153,269,485		
Interest and other debt related costs	19,085,510	14,136,979		
Total Expenses	<u>524,692,092</u>	<u>493,417,995</u>	<u>176,657</u>	<u>149,925</u>
Change in Net Position	39,207,705	23,099,728	(105,267)	(92,286)
Net Position - Beginning	(987,390,413)	(1,010,490,141)	2,000,498	2,092,784
Net Position - Ending	<u>\$ (948,182,708)</u>	<u>\$ (987,390,413)</u>	<u>\$ 1,895,231</u>	<u>\$ 2,000,498</u>

Net position for the years ended December 31, 2025 and 2024, from all governmental activities, increased (excluding effects of change in accounting principle) by \$39,207,705 and \$23,099,728, respectively. Net position from the business-type activities for the years ended December 31, 2025 and 2024, (decreased) by (\$105,267) and (\$92,286) respectively.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Key elements of the governmental activities are:

- Total program revenues of \$147,024,695 decreased by \$3,387,205 or 2.25% from the prior year. This decrease was driven by a decrease in capital grants and contributions of \$7,733,351, offset by an increase in operating grants and contributions of \$3,930,991 which are discussed below. Notable changes in program revenues by type are as follows:
 - Charges for services remained consistent over the prior year, increasing \$415,155 or 0.38%.
 - Operating grants in total increased by \$3,930,991 from the prior year. This increase was most notable in transportation, which increased by \$2,773,484 primarily related to an increase in Federal Emergency Management Agency ("FEMA") grant funds recognized. Culture and recreation also increased \$1,295,683 related to an increase in grant funds recognized from FEMA as well as the Office of Children and Family Services.
 - Total capital grants decreased by \$7,733,351, which is most notable in home and community services, which decreased \$8,353,736 attributable to a decrease in revenue recognized related to the New York State Environmental Facilities Corporation of \$9,690,244 with prior year. This was offset by an increase in transportation of \$1,182,649 related to FEMA grant funds recognized.
- General revenues of \$416,875,102 increased by \$50,769,279 from the prior year. The increase was primarily due to an increase in real property taxes of \$39,116,361 attributable to the Town piercing the tax cap in 2025. Additional increase is attributable to the Town recognizing revenue related to a litigation settlement for contamination of \$9,457,008, for which there was no related revenue in the prior year.
- Overall expenses of \$524,692,092 are \$31,274,097 more than the prior year with increases in all functional areas except public safety and economic assistance and opportunity. Below discusses fluctuations by functional area in more detail.
- **Noteworthy changes in functional expenses** from the prior year, by function, are as follows:
 - General government support - The \$8,383,822 increase in general government support is primarily due to the increases in fees and services of \$3,702,067, depreciation expense of \$2,823,501, and public works administration of \$1,061,260.
 - Public safety – Expenditures in this function remained consistent, decreasing \$775,418 or 1.69%.
 - Transportation - The increase of \$13,693,878 in transportation expenses is primarily due to the following: an increase in highway fund expenditures of \$7,216,196 related to maintenance of streets and snow removal as well as a \$6,281,792 increase in depreciation expense.
 - Economic assistance and opportunity - The decrease of \$1,196,409 is primarily due to a \$419,807 decrease in allocated employee benefits as well as a decrease in expenses related to the Work Force Investment Act of \$708,988.
 - Culture and recreation - The culture and recreation expenses increased by \$2,268,749 from the prior year. This is attributable to an increase in depreciation expense of \$1,675,327 as well as an increase in parks expenses of \$3,642,719. This increase was offset by a decrease in employee benefits of \$2,601,487.
 - Home and community services - The \$3,391,682 increase in home and community expenses is primarily related to the following: \$2,805,936 in cost of garbage collection and disposal, \$2,694,125 in water administration, purification, and transmission and distribution costs. These increases were offset by a decrease in allocated employee benefits of \$2,444,461.
 - Interest expense increased \$4,948,531 as the amount of outstanding debt increased from the prior year. Additionally, the Town issued a refunding bond during 2025, for which \$379,463 of related interest expense was paid.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

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

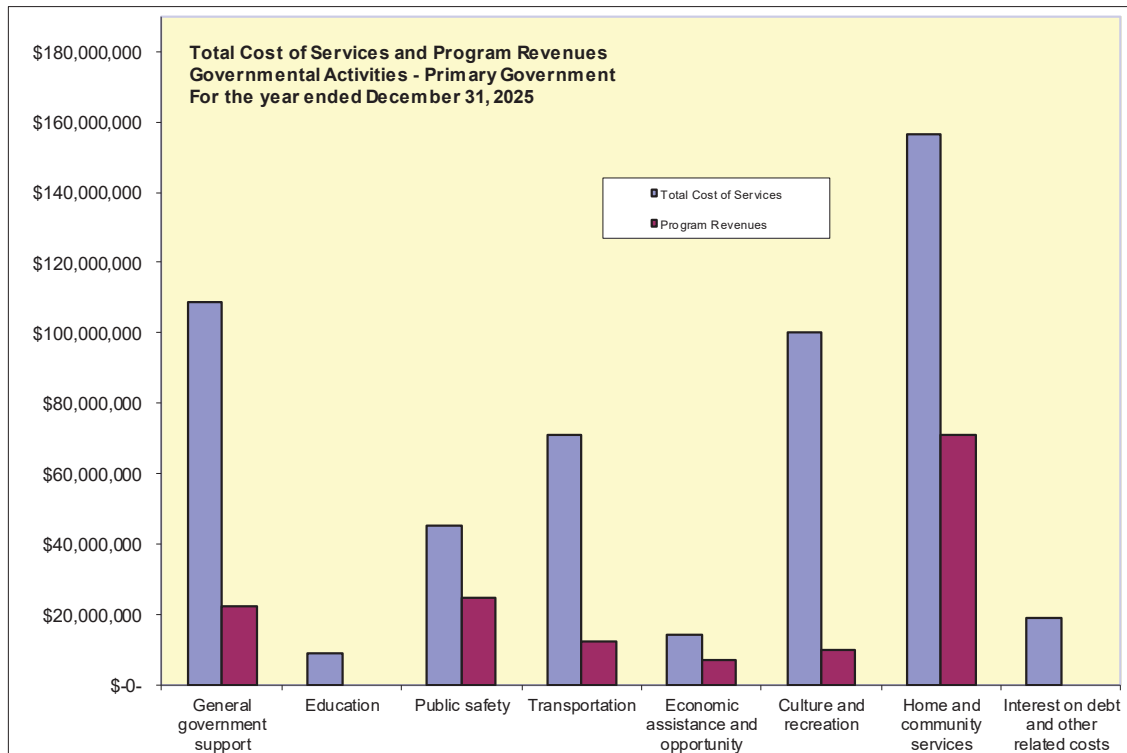
Net Cost of Services

Governmental Activities

For the years ended December 31, 2025 and 2024

	Total Cost (Expense) of Services		Program Revenues		Net Cost (Revenue) of Services	
	2025	2024	2025	2024	2025	2024
General government support	\$ 108,943,595	\$ 100,559,773	\$ 22,226,618	\$ 28,570,385	\$ 86,716,977	\$ 71,989,388
Education	9,031,457	8,472,195			9,031,457	8,472,195
Public safety	45,136,342	45,911,760	24,684,656	22,430,245	20,451,686	23,481,515
Transportation	71,045,832	57,351,954	12,159,034	8,181,202	58,886,798	49,170,752
Economic assistance and opportunity	14,436,902	15,633,311	6,929,046	6,297,405	7,507,856	9,335,906
Culture and recreation	100,351,287	98,082,538	9,929,610	9,210,767	90,421,677	88,871,771
Home and community services	156,661,167	153,269,485	71,095,731	75,721,896	85,565,436	77,547,589
Interest and other debt related costs	19,085,510	14,136,979			19,085,510	14,136,979
	<u>\$ 524,692,092</u>	<u>\$ 493,417,995</u>	<u>\$ 147,024,695</u>	<u>\$ 150,411,900</u>	<u>\$ 377,667,397</u>	<u>\$ 343,006,095</u>

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



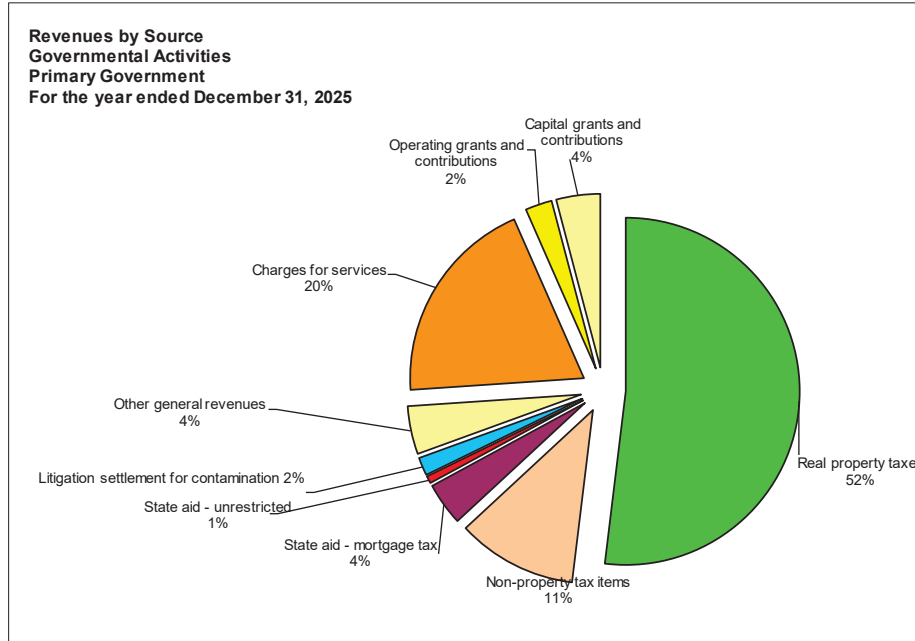
The total cost of all governmental activities this year was \$524,692,092. The net cost of these services after being subsidized by program revenues of \$147,024,695 was \$377,667,397.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

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



Revenue by Source
For the Years ended December 31, 2025 and 2024

	2025	2024
Real property taxes	\$ 292,810,321	\$ 253,693,960
Non-property tax items	63,003,823	62,172,941
State aid - mortgage tax	22,523,544	19,709,506
State aid - unrestricted	3,848,885	3,848,884
Litigation settlement for contamination	9,457,008	
Other general revenues	25,231,521	26,680,532
Charges for services	109,919,416	109,504,261
Operating grants and contributions	13,987,933	10,056,942
Capital grants and contributions	23,117,346	30,850,697
	<u>\$ 563,899,797</u>	<u>\$ 516,517,723</u>

The business-type activities net position decreased by \$105,267. Revenue from charges for services increased from the prior year to \$44,750, while interest income decreased by \$7,999 to \$26,640. Expenses of \$176,657 increased \$26,732 from the prior year's expenses of \$149,925.

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.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2025

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (continued)

At December 31, 2025, the Town's governmental funds reported total ending fund balances of \$256,513,471, a decrease of \$14,077,194 from the prior year. The decrease in total governmental funds fund balance is primarily a result of overall expenditures outpacing revenues by \$142,743,212, offset by the issuance of \$115,556,183 in general obligation bonds as and related bond premiums of \$10,535,781.

The category breakdown of fund balance is as follows:

- **Nonspendable fund balance** - \$17,313,845 (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** - \$93,426,141 (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** - \$199,380,507 (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 (deficit)** - (\$53,607,022) is the total residual fund balance in the General Fund of \$2,476,455 and unassigned deficit in the Capital Projects Fund of (\$56,083,477).

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 \$45,519,197, a decrease of \$20,940,228 or 31.51% from the prior year. Of the total fund balance, \$5,882,701 is not in spendable form (inventory and prepaid items), \$1,604,871 is restricted for debt service and \$35,555,170 is assigned for the subsequent year's budget. There is a remaining unassigned fund balance of \$2,476,455 for general purposes.

The General Fund's total expenditures and other financing uses exceeded total revenues and other financing sources by \$20,940,228 for the year. Revenues and other financing sources decreased by \$15,088,468 from the prior year to \$208,388,327, while expenditures and other financing uses increased by \$6,070,699 from the prior year to \$229,328,555.

The decrease in revenues and other financing sources of \$15,088,468 consists of a decrease in revenues of \$6,281,074 and a decrease of \$8,807,394 in other financing sources. The decrease in revenues primarily stems from the \$6,320,708 decrease in fines and forfeitures, \$2,864,527 decrease in non-property tax items, and \$2,636,965 decrease in use of money and property. These decreases were offset by increases in state aid of \$2,297,445 and an increase in interfund revenues of \$2,809,597. The \$8,807,394 decrease in other financing sources is primarily attributable to \$9,089,987 of bond anticipation notes and \$800,000 of general obligation bonds issued in the prior year whereas there were none issued in the general fund during 2025. This was offset by an increase in premiums on issuance of \$755,908.

The increase in expenditures and other financing uses of \$6,070,699 is attributable to an increase in total expenditures of \$5,703,062 and a slight increase in other financing uses of \$367,637. The most notable change from the prior year is the increase in general government support costs which increased \$3,580,865 due to \$3,702,067 more in fees and services, a \$1,061,260 increase in public works administration costs and \$280,680 and \$215,920 more in engineer and town attorney fees, respectively. These increases were offset by a decrease in payroll costs of \$1,789,093. Public safety expenditures increased \$674,341 attributable to an increase in traffic control and control of animal costs. Employee benefit expense increased \$1,536,350, debt services costs increased \$1,022,137 and education costs increased \$559,262. These increases were offset by a decrease home and community services of \$1,546,164 attributable to less conservation and cemetery costs.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2025

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (continued)

Governmental Funds (continued)

Highway Fund

At the end of the current year, the total fund balance of the Highway Fund was \$10,611,626 an increase of \$2,026,225 or 23.60% from the prior year. Of this, the total fund balance, \$5,280,711 is not in spendable form (inventory and prepaid items), \$3,112,976 is restricted for debt service and \$2,217,939 is assigned for the subsequent year's budget.

The Highway Fund's total revenues and other financing sources exceeded expenditures and other financing uses by \$2,026,225 for the year. Revenues and other financing sources increased by \$16,663,684 from the prior year to \$84,517,837 while expenditures and other financing uses increased by \$10,413,434 from the prior year to \$82,491,612.

The increase in revenues and financing sources of \$16,663,684 is primarily attributable to an increase in revenues of \$12,985,533 and other financing sources of \$3,678,151. The increase in revenues of \$12,985,533 is attributable to increases in real property taxes of \$9,712,634 attributable to the Town piercing the tax cap during 2025 as well as federal aid of \$2,349,914, related to an increase in FEMA grant revenue recognized. The increase in other financing sources is attributable to \$3,046,964 more in transfers in (unspent bond proceeds for closed projects).

The increase in expenditures and financing uses of \$10,413,434 is attributable to a \$5,850,796 increase in expenditures and a \$4,562,638 increase in other financing uses. The \$5,850,796 increase in expenditures is primarily attributable to the following: \$5,635,445 increase in street maintenance costs and a \$1,682,918 increase in snow removal costs (more inclement weather), offset by decreases in debt service costs of \$887,991 and employee benefits of \$477,409. The \$4,562,638 increase in other financing uses is attributable to more 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 \$4,851,243, a decrease of \$4,283,575 from the prior year. Of the total fund balance, \$2,045,745 is not in spendable form (inventory and prepaid items), \$756,219 is restricted for debt service and \$2,049,279 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 \$4,283,575 for the year. Revenues and other financing sources increased by \$10,725,682 from the prior year to \$115,786,485 while expenditures and other financing uses increased \$4,923,581 from the prior year to \$120,070,060.

The increase in revenues and financing sources of \$10,725,682 is primarily attributable to an increase in real property taxes of \$9,612,594 due to the Town piercing the tax cap during 2025 as well as the recognition of \$3,700,000 in non-property tax items related to sales tax, compared to none in the prior year. These increases were partially offset by the Town issuing general obligation bonds of \$4,804,658 in the prior year compared to none in the current year.

Total expenditures and other financing uses increased by \$4,923,581 from the prior year. Most notably, there was a \$3,642,719 increase in contractual costs (materials and supplies) and \$509,028 in employee benefits, as well as an increase in transfers out of \$736,964 attributable to more debt service costs, resulting in more transfers to the debt service fund.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2025

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (continued)

Governmental Funds (continued)

Refuse and Garbage Districts Fund

At the end of the current year, the total fund balance of the Refuse and Garbage Districts Fund was \$51,178,991, a slight decrease of \$342,439 or 0.66% from the prior year. Of the total fund balance, \$1,302,541 is not in spendable form (inventory and prepaid items), \$528,699 is restricted for debt service and the remaining \$49,347,751 is in spendable form as follows: \$10,560,524 is assigned for the subsequent year's budget and \$38,787,227 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 \$342,439 for the year. Revenues and other financing sources increased by \$13,225,514 from the prior year to \$141,700,388 and expenditures and other financing uses increased by \$3,590,077 from the prior year to \$142,042,827.

The increase in revenues and other financing sources of \$13,225,514 consists of a \$14,981,421 increase in revenue and \$1,755,907 decrease in other financing sources. The \$13,225,514 increase in revenue is most notably attributable to the \$13,378,537 increase in real property taxes due to the Town piercing the tax cap in 2025. Notable changes in other financing sources are decreases in bond anticipation note proceeds of \$3,552,006, offset by an increase in transfers in (unspent bond proceeds) of \$861,354 and the issuance of \$600,000 in general obligation bonds.

Total expenditures and financing uses of \$142,042,827 increased by \$3,590,077 from the prior year. The cost of providing refuse and garbage collection services (including employee benefits) totaled \$126,486,476, which is 2.7% or \$3,353,669 higher than the prior cost of \$123,132,807. Debt service costs and transfers to the Debt Service Fund remained in line with the prior year.

Water Districts Fund

At the end of the current year, the total fund balance of the Water Districts Fund was \$87,951,284, an increase of \$27,789,424 or 46.19%, from the prior year. Of this amount, \$649,919 is not in spendable form (inventory and prepaid items), \$18,858,078 is restricted for debt service and the remaining \$68,443,297 of the fund balance is in spendable form as follows: \$6,087,510 appropriated for subsequent year budget, and \$62,355,787 is for general water service purposes.

The Water Districts Fund's total revenues and other financing sources exceeded expenditures, and other financing uses by \$27,789,424 for the year. Revenues and other financing sources increased by \$26,962,855 from the prior year to \$64,268,602 while expenditures and other financing uses increased by \$7,346,443 from the prior year to \$36,479,178.

The most notable portion of the increase in revenues and financing sources of \$27,789,424 is attributable to a \$21,773,738 increase in transfers in (unspent bond proceeds for closed projects). Miscellaneous revenue increased \$6,035,344 due to legal settlement proceeds received related to contamination, which were not received in the prior year. Departmental income also increased \$2,014,466 over the prior year due to an increase in metered water sales due to an increase in water rates. These increases were partially offset by a decrease in premium on bonds recognized of \$3,595,316.

Capital Projects Fund

At the end of the current year, the Capital Projects Fund had a total fund balance of \$7,697,228, a decrease of \$35,176,320 from the prior year. Of this amount, \$63,780,705 is restricted for capital projects and the remaining \$56,083,477 deficit is unassigned. The decrease in fund balance stems from a timing difference of when project expenditures are incurred and issuance of long-term debt. During 2025, the Capital Projects Fund received \$110,146,183 in debt issuance proceeds (general obligation bonds) \$21,275,253 in revenues primarily from federal and state grants, and \$4,359,054 in financing arrangements issued (leases and subscription-based information technology arrangements ("SBITA")) while expending \$142,860,758 for various capital/public improvement projects.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2025

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (continued)

Governmental Funds (continued)

Capital Projects Fund (continued)

During 2024, the Capital Projects Fund received \$163,980,497 in debt issuance proceeds (bond anticipation notes), \$27,974,441 in revenues primarily from federal and state grants and \$2,440,705 in financing arrangements issued (leases and SBITAs), while expending \$116,217,647 for various capital/public improvement projects. Transfers to other funds for unspent bond proceeds on closed projects totaled \$28,358,666 and \$2,374,250 for the years ended December 31, 2025 and 2024, respectively.

Debt Service Fund

At the end of the current year, the Debt Service Fund's total fund balance remained at \$0. Debt service expenditures of \$74,949,715 increased by \$12,214,696 from the prior year, primarily due to higher scheduled principal and interest payments. To finance the debt service payments, the operating funds transferred \$74,380,156 to the Debt Service Fund, an increase of \$11,645,137 from the prior year. Additionally, the Town issued a refunding bond in the current year in the amount of \$33,910,000, with payments to refunded bond escrow of \$35,695,000 and premiums recognized on the refunding bond issuance of \$2,354,559.

Nonmajor Governmental Funds

The net change in fund balances was an increase of \$16,849,719 which is attributable to: Town Outside Village Fund of \$9,296,917, Fire Protection Districts of \$4,449,692, Street Lighting Districts Fund of 2,011,842 Special Grants Fund of \$718,276, Library Funding Districts of \$274,613 and Public Parking Districts of \$98,379. Revenues and other financing sources totaled \$87,650,187, which increased by \$6,472,484 from the prior year.

Overall, revenues increased by \$9,016,549 and stems primarily from an increases in real property taxes of \$4,839,086 due to the Town piercing the tax cap during 2025 and departmental income of \$3,639,642. All other revenue fluctuations were insignificant. Other financing sources decreased by \$2,544,065 primarily due to a \$2,529,794 decrease in long term financing (issuances of bonds and bond anticipation notes). Total expenditures and other financing decreased by \$1,033,866 from the prior year to \$70,800,468. The notable changes in expenditures (excluding other financing uses, which remained consistent) are as follows: a decrease in Street Lighting District of \$1,575,763 (debt service payments), a decrease in Special Grants of \$765,621 (costs pertaining to occupational/workforce grants) and a decrease in the Fire Protection Districts of \$461,659 (administrative costs), offset by an increase in Town Outside Village fund of \$934,673 (salaries and employee benefits) and an increase in Public Parking Districts of \$639,632 (administrative costs).

Proprietary Fund

Town of Hempstead Local Development Corporation

The Town of Hempstead Local Development Corporation net position of \$1,895,231 was \$105,267 less than the prior year as operating expenses exceeded operating and non-operating revenues/income. Operating revenues consisting of fees for services of \$44,750 were \$21,750 more than the prior and interest earned totaled \$26,640, which was \$7,999 less than the prior year. Expenses of \$176,657 increased \$26,732 from the prior year.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2025

GENERAL FUND BUDGETARY HIGHLIGHTS

The differences between the 2025 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 \$5,164,254 or 2.40% increase in revenues and a \$4,864,791 or 2.20% increase in expenditures, and a \$827,082 increase in the other financing sources and uses (net use).

Significant modifications to the budgeted revenues are: \$4,655,933 more in state aid (conservative budgeting of mortgage tax revenue). Modifications to other financing sources included modifications to transfers in of \$655,281, due to unspent bond proceeds being transfers back to the fund to pay down future debt service costs.

Of the \$4,864,791 appropriations (expenditures and other financing uses), \$3,300,806 was for general government support purposes and 1,105,074 was for employee benefits. The supplemental appropriations for general government support consisted of \$1,326,462 related to postage, \$1,096,062 for legal fees and \$575,262 related to salaries. Employee benefit supplemental appropriations primarily relate to increases in health insurance costs. 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, 2025, amounts to \$936,802,855. This investment in capital assets includes land, construction in progress, 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.

	Governmental Activities	
	2025	2024
Land and landfills	\$ 95,967,285	\$ 86,967,285
Construction work in progress	4,120,904	3,591,168
Buildings	30,279,105	31,924,355
Infrastructure and improvements other than building	761,491,633	693,571,835
Improvements to park portion of Merrick landfill	3,233,319	3,773,874
Machinery and equipment	34,578,474	27,275,150
Intangibles	7,132,135	6,049,069
Total Net Capital Assets	<u>\$ 936,802,855</u>	<u>\$ 853,152,736</u>

TOWN OF HEMPSTEAD, NEW YORK

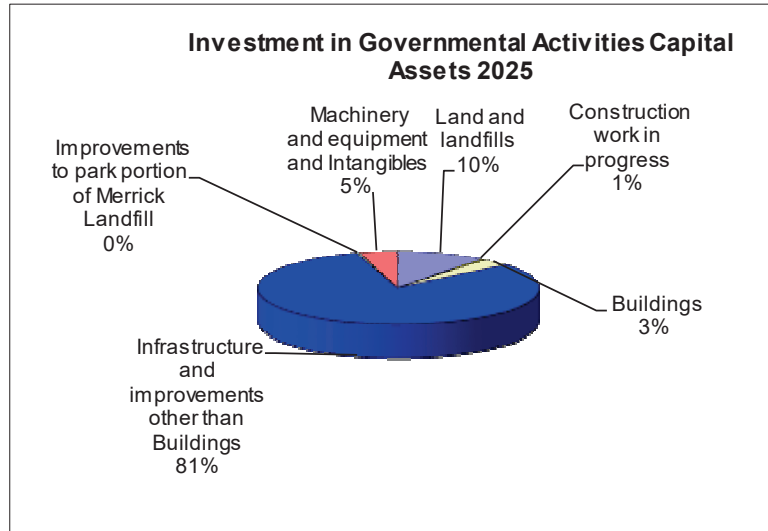
MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2025

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Capital Assets (continued)

The business-type activities have no capital assets as of December 31, 2025.

The composition of capital assets by percentage at December 31, 2025, is as follows:



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 \$660,822,785. 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, 2025 and 2024, is as follows:

	Governmental Activities	
	2025	2024
General obligation bonds	\$ 660,822,785	\$ 574,255,616
Bond anticipation notes		22,162,712
Total	\$ 660,822,785	\$ 596,418,328

The general obligation bonds outstanding at December 31, 2025, increased by 15.07% from the prior year. The Town issued \$171,628,895 in general obligation bonds, during 2025.

In June 2025, Moody's Investors Service revised the outlook on the Town, from negative to stable, affirming the Town's Aaa rating to the Town's 2025 general obligation bonds issued for public improvement purposes. These are the most recent bond ratings for the Town through 2026.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2025

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Debt Administration (continued)

Debt Limit

State statutes limit the amount of general obligation debt a governmental entity may issue to 7% of a 5-year average full valuation. For 2025, the five-year average full valuation is \$128,407,798,807. The current debt limitation (7% of average full valuation) for the Town is \$8,988,545,917 which is significantly in excess of the Town's outstanding debt. The percentage of debt contracting power exhausted as of June 2, 2025 (the date of calculation during 2025) is approximately 4.6%.

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 2026 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 2025 average unemployment rate of 3.4% compares favorably to New York State's 4.3% and the United States' 4.3%. Household income in the Town also compares favorably to both the state and the nation. According to the U.S. Census Bureau's American Community Survey 2024 5-Year Estimates, more than six out of every ten households in the Town – 65.5% – have annual incomes of \$100,000 or more, compared to 43.9% in New York State and 40.5% nationwide. Mean household income in the Town of Hempstead is \$175,592, compared to New York State's \$128,247 and the United States' \$113,530. In addition, 82.2% of housing units in the Town of Hempstead are owner-occupied, compared to 54.3% in New York State and 65.2% nationwide. The median home value in the Town is more than 50% higher than the State median, and more than 90% higher than the national median. These factors provide a stable tax environment enabling the Town to reliably project tax revenue.
- The Town of Hempstead is the largest and most diverse township in the entire nation, home to nearly 800,000 residents. Our population is larger than several states and rivals major cities like San Francisco, Seattle, and Denver. Town services include maintaining 1,200 miles of roadway, managing 200+ parks and recreational facilities, sanitation services for 85,000 homes, clean water for over 121,000 customers, programs for more than 200,000 senior residents, birth and death certificates, marriage licenses, building permits, code enforcement, and much more.
- A core focus of the 2026 budget is efficiency through smart governance. One such way we have accomplished this is through right-sizing the Town's workforce. A retirement incentive program in 2025 helped lower long-term costs and resulted in the lowest staffing levels in over a decade, with more than 200 fewer employees than in 2016. In 2026 the Town will see a savings of millions of dollars in salary and payroll tax expenses. The 2026 budget also includes a \$5 million cut in the Town's General Fund, which translates into an 18% cut in General Fund taxes. This cut will have no adverse effect on Town services, which will remain intact and fully funded. Furthermore, a host of enhancements to parks and roadways will result in the investment of millions of dollars towards capital improvements throughout the Town. Coupled with our Aaa credit rating by Moody's Investor Services, it's clear the Town's conservative fiscal management is paying dividends for our residents.
- During tough economic times, families must tighten their belts and evaluate and balance priorities. In the same spirit of fiscal responsibility, the Town of Hempstead 2026 budget was crafted to provide meaningful relief to families grappling with inflation and rising costs without compromising essential town services. Despite significant challenges, including over \$15 million in additional unfunded mandates from New York State, the Town's 2026 budget cuts taxes while preserving vital services, investing in infrastructure, and supporting residents of all ages.

TOWN OF HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2025

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

- The 2026 Town Budget amounts to \$576 million, a modest positive adjustment in comparison to the 2025 spending plan. Positive adjustments to expenditures in the 2026 budget are responsive to non-discretionary factors beyond the Town's control, including: a 5% increase in refuse disposal costs, an 11% increase in utilities costs, as well as a 10% increase and an 8% increase in pension fund and health insurance costs respectively, as mandated by New York State. Together, these additional costs total more than \$15 million of unfunded mandates.
- The Town of Hempstead 2026 budget is the result of fiscal responsibility, bipartisan collaboration, and a deep commitment to preserving the suburban quality of life. By focusing on key areas such as economic development, environmental stewardship, and operational efficiency, we are making sure that the Town of Hempstead remains a place where families thrive, businesses grow, and future generations can afford to live.
- Chapter 97 of the Laws of 2011 (the "Tax Cap Law") was enacted on June 24, 2011. The Tax Cap Law limits annual increases of the Town's overall real property tax to no more than the lesser of 2% or the rate of inflation. The Tax Cap law took effect with the 2012 budget year. Certain increases to the tax levy are excluded from the limitations imposed by the Tax Cap Law, including exclusions for certain expenditures for retirement system contributions and tort judgments payable by the Town. In addition, if the Town uses less than the amount of its allowable tax levy increase in a given fiscal year it may include the unused portion, up to one and one-half percent (1.5%), in calculating its tax levy limit for the following fiscal year. Furthermore, the Town Board may override the limitations if the Town Board enacts, by vote of at least sixty percent of the voting power of the Town Board, a local law to override such limit for the upcoming budget year. The Tax Cap Law does not provide exclusion for debt service on general obligations issued by the Town.
- The adopted budget for the fiscal year beginning January 1, 2026 decreases the total property tax levy by \$5 million from the amount in the 2025 budget.
- When all these factors are considered, the Town's combined fund balances are expected to decline by the close of 2026.

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 2001-2027. The Town has included \$48,500,000 of local government assistance for the expected shared sales tax revenue in its 2026 budget. After 2027, 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, 2025

	Primary Government			Nonmajor Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 206,063,341	\$ 1,915,033	\$ 207,978,374	\$ 42,979,694
Cash and cash equivalents- restricted	28,554,522		28,554,522	5,675,603
Receivables	14,640,704		14,640,704	2,030,303
Legal settlement receivable, due within one year	1,232,502		1,232,502	117,108
Leases receivable, due within one year	954,318		954,318	593,819
Due from other governments	61,540,936		61,540,936	742,053
Due from component units	800,000		800,000	
Prepaid items	13,983,134		13,983,134	500,709
Inventories	8,142,409		8,142,409	
Other assets	90,622		90,622	
Total Current Assets	336,002,488	1,915,033	337,917,521	52,639,289
Non-Current Assets:				
Receivables, service concession arrangements	5,324,883		5,324,883	
Legal settlement receivable	2,191,115		2,191,115	538,937
Lease receivable	20,387,484		20,387,484	6,127,131
Due from other governments	20,711,986		20,711,986	
Other assets			-0-	153,636
Length of service award program plan assets	3,313,914		3,313,914	
Non-depreciable capital assets	100,088,189		100,088,189	9,459,095
Depreciable capital assets, net of depreciation/amortization	836,714,666		836,714,666	56,555,684
Total Non-Current Assets	988,732,237	-0-	988,732,237	72,834,483
Total Assets	1,324,734,725	1,915,033	1,326,649,758	125,473,772
DEFERRED OUTFLOWS OF RESOURCES				
Pension - employees' retirement system	56,236,746		56,236,746	2,678,819
Pension - length of service award program	134,750		134,750	
Other postemployment benefits	75,184,932		75,184,932	2,247,657
Total Deferred Outflows of Resources	131,556,428	-0-	131,556,428	4,926,476
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued expenses	62,309,154	19,802	62,328,956	2,422,524
Due to other governments	17,501		17,501	12,719,576
Due to primary government			-0-	800,000
Unearned revenue	143,879		143,879	191,629
Other liabilities	4,103,285		4,103,285	
Guarantee, bid and escrow deposits liabilities	3,252,119		3,252,119	65,106
Non-current liabilities due within one year	130,285,490		130,285,490	2,555,355
Total Current Liabilities	200,111,428	19,802	200,131,230	18,754,190
Non-Current Liabilities				
Due in more than one year	1,871,672,595		1,871,672,595	55,429,788
Total Non-Current Liabilities	1,871,672,595	-0-	1,871,672,595	55,429,788
Total Liabilities	2,071,784,023	19,802	2,071,803,825	74,183,978
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts on refunding bonds	7,846,184		7,846,184	
Pension - employees' retirement system	3,768,627		3,768,627	186,741
Pension - length of service award program	1,284,163		1,284,163	
Deferred service concession arrangement receipts	5,916,537		5,916,537	
Other postemployment benefits	293,839,983		293,839,983	3,045,074
Lease related	20,034,344		20,034,344	5,925,664
Total Deferred Inflows of Resources	332,689,838	-0-	332,689,838	9,157,479
NET POSITION				
Net investment in capital assets	318,003,078		318,003,078	36,373,794
Restricted for:				
Culture and recreation				17,836
Home and community services	1,716,532		1,716,532	5,623,100
Unrestricted (deficit)	(1,267,902,318)	1,895,231	(1,266,007,087)	5,044,061
Total Net Position	\$ (948,182,708)	\$ 1,895,231	\$ (946,287,477)	\$ 47,058,791

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, 2025

Function/Program	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions		Total Primary Government		Nonmajor Component Units
			Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government							
Governmental Activities:							
General government support	\$ 108,943,595	\$ 21,621,390	\$ 518,313	\$ 86,915	\$ (86,716,977)	\$ (86,716,977)	
Education	9,031,457				(9,031,457)	(9,031,457)	
Public safety	45,136,342	24,561,492	123,164		(20,451,686)	(20,451,686)	
Transportation	71,045,832	351,430	2,897,246	8,910,358	(58,886,798)	(58,886,798)	
Economic assistance and opportunity	14,436,902	152,193	6,776,853		(7,507,856)	(7,507,856)	
Culture and recreation	100,351,287	8,391,498	1,538,112		(90,421,677)	(90,421,677)	
Home and community services	156,661,167	54,841,413	2,134,245		(85,565,436)	(85,565,436)	
Interest and other debt related costs	19,085,510				(19,085,510)	(19,085,510)	
Total Governmental Activities	524,692,092	109,919,416	13,987,933	23,117,346	(377,667,397)	(377,667,397)	
Business-Type Activities:							
Local Development Corporation	176,657	44,750			(131,907)	(131,907)	
Total Business-Type Activities	176,657	44,750	-0-	-0-	(131,907)	(131,907)	
Total Primary Government	\$ 524,868,749	\$ 109,964,166	\$ 13,987,933	\$ 23,117,346	(377,667,397)	(377,799,304)	
Nonmajor Component Units							
Economic assistance and opportunity	\$ 1,072,445	\$ 1,111,349	\$ -0-	\$ -0-			\$ 38,904
Culture and recreation	9,610,829	42,148	15,816				(9,552,865)
Home and community services	12,837,340	6,009,652		1,649,886			(5,177,802)
Total Component Units	\$ 23,520,614	\$ 7,163,149	\$ 15,816	\$ 1,649,886			(14,691,763)
General Revenues							
Real property taxes					292,810,321	292,810,321	15,547,858
Real property tax items					10,637,826	10,637,826	842,367
Non-property taxes:							
Sales tax distribution by county, unrestricted					53,750,633	53,750,633	
Franchise fees					9,253,190	9,253,190	
Interest earnings - unrestricted							
State aid - mortgage tax					12,207,550	12,234,190	1,942,498
State aid - other unrestricted					22,523,544	22,523,544	
Federal Aid					3,848,885	3,848,885	115,162
Litigation settlement for contamination					9,457,008	9,457,008	515,708
Other					2,386,145	2,386,145	
Total General Revenues and Transfers					416,875,102	416,901,742	2,680,701
Change in Net Position					39,207,705	39,102,438	6,952,531
Net Position at Beginning of Year, as originally reported					(987,390,413)	(985,389,915)	40,166,118
Cumulative effect of change in accounting principle (Note 7)							(59,858)
Net Position at Beginning of Year, as restated (Note 7)					(987,390,413)	(985,389,915)	40,106,260
Net Position at End of Year					\$ (948,182,708)	\$ (946,287,477)	\$ 47,058,791

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

TOWN OF HEMPSTEAD, NEW YORK

BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2025

	MAJOR FUNDS							Total Governmental Funds
	General	Highway	Park Districts	Refuse and Garbage Districts	Water Districts	Capital Projects	Debt Service	
ASSETS								
Cash and cash equivalents	\$ 24,625,147	\$ 932,083	\$ 9,510,918	\$ 46,086,203	\$ 43,926,058	\$ 40,752,778	\$ -0-	\$ 206,063,341
Cash and cash equivalent - restricted	1,604,871	3,112,976	756,219	528,699	18,858,078			28,554,522
Receivables	16,587	338,495	21,647	3,303,724	8,331,112			14,049,050
Lease receivable	2,355,713	2,193,205	69,233		16,723,651			21,341,802
Legal settlement receivable				3,423,617				3,423,617
Due from other funds	13,783,363	6,040,262	5,310,550	10,181,113	22,198,493	3,839,296		62,251,514
Due from other governments	29,117,623	2,695,648	617,346	911,963	23,352	17,834,582		53,918,286
Due from component units	800,000							800,000
Inventories	2,583,625	4,646,401	209,368	99,715	238,024			8,142,409
Prepaid items	3,299,076	634,310	1,836,377	1,202,826	411,895			7,833,569
Length of service award program plan assets								3,313,914
Other assets	861	88,358	1,403					90,622
Total Assets	\$ 78,186,866	\$ 20,681,738	\$ 18,333,061	\$ 62,314,243	\$ 114,134,280	\$ 62,426,656	\$ -0-	\$ 409,782,646
LIABILITIES								
Accounts payable and accrued liabilities	\$ 17,497,387	\$ 2,499,080	\$ 3,103,311	\$ 10,159,156	\$ 1,071,828	\$ 20,285,742		\$ 57,529,607
Due to other funds	7,323,414	4,781,229	9,829,277	528,531	3,627,058	34,296,520		62,251,514
Due to other governments	17,501							17,501
Unearned revenue				2,179		141,700		143,879
Other liabilities	2,464,968	405,543	479,171	445,386	79,429	5,466		4,103,285
Guarantee, bid and escrow deposits liabilities	3,173,991	78,128						3,252,119
Total Liabilities	30,477,261	7,763,980	13,411,759	11,135,252	4,778,315	54,729,428	\$ -0-	127,297,905
DEFERRED INFLOWS OF RESOURCES								
Lease related								
Unavailable revenue - water fees	2,190,408	1,979,276	70,059		15,794,601			20,034,344
Unavailable revenue - legal settlement					2,186,453			2,186,453
Unavailable revenue - sidewalk repair		326,856			3,423,617			3,423,617
Total Deferred Inflows of Resources	2,190,408	2,306,132	70,059	-0-	21,404,671	-0-	-0-	25,971,270
FUND BALANCES								
Nonspendable	5,882,701	5,280,711	2,045,745	1,302,541	649,919			17,313,845
Restricted	1,604,871	3,112,976	756,219	528,699	18,858,078	63,780,705		93,426,141
Assigned	35,555,170	2,217,939	2,049,279	49,347,751	68,443,297			199,380,507
Unassigned	2,476,455					(56,083,477)		(53,607,022)
Total Fund Balances	45,519,197	10,611,626	4,851,243	51,178,991	87,951,294	7,697,228	-0-	256,513,471
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 78,186,866	\$ 20,681,738	\$ 18,333,061	\$ 62,314,243	\$ 114,134,280	\$ 62,426,656	\$ -0-	\$ 409,782,646

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, 2025

Total Fund Balances - Governmental Funds		\$ 256,513,471
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	\$ 100,088,189	
Capital assets - depreciable and amortizable	1,541,269,735	
Accumulated depreciation/amortization	<u>(704,555,069)</u>	
		936,802,855
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	6,149,565	
Long-term receivables and due from other governments	<u>34,251,173</u>	
		40,400,738
Revenues earned but are unavailable in the governmental fund statements		5,936,926
Deferred outflows of resources not reported in the governmental fund statements:		
Pension - employees' retirement system	56,236,746	
Pension - length of service award program	134,750	
Other postemployment benefits	<u>75,184,932</u>	
		131,556,428
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	(660,822,785)	
Finance purchases payable	(90,293)	
Energy performance contract payable	(662,751)	
Lease liabilities	(1,852,639)	
Subscription liabilities	(4,801,987)	
Employees' retirement system net pension liability	(85,541,282)	
Length of service award program plan pension liability	(4,324,506)	
Compensated absences	(70,814,578)	
Claims and judgments	(53,627,307)	
Estimated liability for landfill closure and postclosure care costs	(703,447)	
Pollution remediation obligations	(4,413,900)	
Total other postemployment benefits liability	<u>(1,072,743,912)</u>	
		(1,960,399,387)
Deferred inflows of resources not reported in governmental fund statements:		
Deferred gain on debt refundings	(7,846,184)	
Pension - employees' retirement system	(3,768,627)	
Pension - length of service award program	(1,284,163)	
Service concession arrangements	(5,916,537)	
Other postemployment benefits	<u>(293,839,983)</u>	
		(312,655,494)
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		(41,558,698)
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>(4,779,547)</u>
Net Position of Governmental Activities		\$ <u>(948,182,708)</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, 2025

MAJOR FUNDS									
	General	Highway	Park Districts	Refuse and Garbage Districts	Water Districts	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES									
Real property taxes	\$ 27,942,722	\$ 65,630,238	\$ 61,286,088	\$ 98,810,951	\$ 6,514,670	\$ -0-	\$ -0-	\$ 32,625,652	\$ 292,810,321
Real property tax items	326,464	2,475,768	3,055,893	2,219,513	272,363			2,287,825	10,637,826
Non-property tax items	49,700,633		3,700,000					9,603,190	63,003,823
Departmental income	9,213,035		2,335,880	15,830,228	22,868,638			23,815,992	74,063,773
Intergovernmental charges	54,853	3,000	994,348	4,970,716	230,950				6,253,867
Use of money and property	2,692,516	1,254,577	1,161,789	7,944,901	4,534,448			1,586,380	19,174,611
Licenses and permits	1,681,791			38,719					1,720,510
Fines and forfeitures	18,151,802			2,500				701,118	18,855,420
Sale of property and compensation for loss	32,773	29,234		702,345	14,211			56,018	834,581
Miscellaneous revenue	1,615,555	176,595	469	8,211,912	6,035,344	250,000		1,025,260	17,315,135
Interfund revenues	69,423,807		40,992,388	643,561	28,125			2,487,166	113,575,047
State aid	25,236,427	269,565	954,078	31,276	1,328	18,903,869		1,849,114	47,245,657
Federal aid	55,798	2,426,083	547,966	281,488	11,949	2,121,384		10,664,218	16,108,886
Total Revenues	206,128,176	72,265,060	115,028,899	139,688,110	40,512,026	21,275,253	-0-	86,701,933	681,599,457
EXPENDITURES									
Current:									
General government support	121,057,726							25,811	121,083,537
Education	9,031,457								9,031,457
Public safety	16,347,822							25,585,256	41,913,078
Transportation	1,571,372	42,169,445						15,057,587	58,798,404
Economic assistance and opportunity	5,140,613							5,419,006	10,559,619
Culture and recreation	5,950		85,105,863					1,443,883	86,555,696
Home and community services	11,715,231			99,107,641	20,819,300			10,540,392	142,182,564
Employee benefits	49,549,684	12,389,442	28,776,740	27,378,835	4,283,992	142,860,758		9,505,966	131,884,659
Capital Outlay									142,860,758
Debt Service:									
Principal	3,196,569	5,341	101,888	16,521	40,570		49,366,726	512,948	53,240,563
Interest	331,315	38,058	103,492	75,167	15,798		25,013,430	85,515	25,662,775
Debt issuance costs							190,096		190,096
Interest on current refunding							379,463		379,463
Total Expenditures	217,947,739	54,602,286	114,087,983	126,578,164	25,159,660	142,860,758	74,949,715	68,156,364	824,342,669
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,819,563)	17,662,774	940,916	13,109,946	15,352,366	(121,585,505)	(74,949,715)	18,545,569	(142,743,212)
Other Financing Sources (Uses)									
Transfers in	655,280	4,819,801	1,367	883,579	22,036,373	262,614	74,380,156		103,039,170
Transfers out	(11,380,816)	(27,889,326)	(5,982,077)	(15,464,663)	(11,319,518)	(28,358,666)		(2,644,104)	(103,039,170)
Payments to refunded bond escrow agent - debt service principal							(35,695,000)		(35,695,000)
Issuance of general obligation bonds									115,556,183
Issuance of refunding bonds									33,910,000
Leases issued									692,348
Subscriptions issued									3,666,706
Premium on bonds	1,604,871	3,112,976	756,219	528,699	1,230,203		2,354,559	948,254	10,535,781
Total Other Financing Sources (Uses)	(9,120,665)	(15,636,549)	(5,224,491)	(13,452,385)	12,437,058	86,409,185	74,949,715	(1,695,850)	128,666,018
Net Change in Fund Balances	(20,940,228)	2,026,225	(4,283,575)	(342,439)	27,789,424	(35,176,320)	-0-	16,849,719	(14,077,194)
Fund Balance at Beginning of Year	66,459,425	8,585,401	9,134,818	51,521,430	60,161,870	42,873,548	-0-	31,854,173	270,590,665
Fund Balance at End of Year	\$ 45,519,197	\$ 10,611,626	\$ 4,851,243	\$ 51,178,991	\$ 87,951,294	\$ 7,697,228	\$ -0-	\$ 48,703,892	\$ 256,513,471

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, 2025

Net Change in Fund Balances - Total Governmental Funds \$ (14,077,194)

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	\$ 142,852,981	
Depreciation/amortization expense	(59,202,862)	
		83,650,119

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		(224,186)
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Net change in deferred outflows of resources not reported in the governmental fund statements:

Pension - employees' retirement system	(20,266,829)	
Pension - length of service award program	38,960	
Other postemployment benefits	(46,308,793)	
		(66,536,662)

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	3,498,037	
Premiums on bonds, net of amortization	(2,883,401)	
Deferred gains on debt refunding	(2,028,014)	
		(9,036,028)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Neither transaction has any effect on net position:

Proceeds from sale of bonds	(137,718,895)	
Proceeds for sale of refunding bonds	(33,910,000)	
Proceeds from leases issued	(692,348)	
Proceeds from subscriptions issued	(3,666,706)	
Principal payment of bonds	85,061,726	
Principal payment of bond anticipation notes	22,162,712	
Principal payment of financed purchases payable	79,815	
Principal payment of energy performance contract payable	331,356	
Principal payment of lease liability	929,802	
Principal payment of subscription liability	2,532,864	
		(64,889,674)

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:

Changes in net pension liability/(asset)- proportionate share	(9,064,024)	
Length of service award program plan pension liability	565,638	
Compensated absences	1,858,296	
Claims and judgments, net of estimated recoveries	(3,985,688)	
Estimated liability for landfill closure and postclosure care costs	54,002	
Pollution remediation obligations	(982,000)	
Total other postemployment benefits liability	(33,542,460)	
Accrued interest payable	1,522,458	
		(43,573,778)

Net change in deferred inflows of resources not reported in the governmental fund statements:

Pension - employees' retirement system	37,465,249	
Pension - length of service award program	(545,699)	
Other postemployment benefits	116,975,558	
		153,895,108

Change in Net Position of Governmental Activities \$ 39,207,705

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

TOWN OF HEMPSTEAD, NEW YORK

**PROPRIETARY FUND
STATEMENT OF NET POSITION
December 31, 2025**

		<u>Town of Hempstead Local Development Corporation</u>
ASSETS		
Cash and cash equivalents		<u>\$ 1,915,033</u>
	Total Assets	<u>1,915,033</u>
LIABILITIES		
Accounts payable and accrued liabilities		<u>19,802</u>
	Total Liabilities	<u>19,802</u>
NET POSITION		
Unrestricted		<u>1,895,231</u>
	Total Net Position	<u><u>\$ 1,895,231</u></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, 2025

	<u>Town of Hempstead Local Development Corporation</u>
OPERATING REVENUES	
Fees for services	<u>\$ 44,750</u>
Total Operating Revenues	<u>44,750</u>
OPERATING EXPENSES	
Contractual and professional fees	23,977
Rent	33,000
Compensation and related costs	103,294
Advertising	5,000
Office, meeting and travel	<u>11,386</u>
Total Operating Expenses	<u>176,657</u>
Loss from Operations	<u>(131,907)</u>
NON-OPERATING INCOME	
Interest income	<u>26,640</u>
Net Change in Net Position	(105,267)
Net Position at Beginning of Year	<u>2,000,498</u>
Net Position at End of Year	<u><u>\$ 1,895,231</u></u>

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

TOWN OF HEMPSTEAD, NEW YORK

PROPRIETARY FUND
STATEMENT OF CASH FLOWS
Year Ended December 31, 2025

	Town of Hempstead Local Development Corporation
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from services provided	\$ 44,750
Payments for personal services and employee benefits	(103,294)
Payments to suppliers and service providers	(65,613)
Net Cash from Operating Activities	<u>(124,157)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	26,640
Net Cash from Investing Activities	<u>26,640</u>
Net Change in Cash and Cash Equivalents	(97,517)
Cash and Cash Equivalents at Beginning of Year	<u>2,012,550</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,915,033</u></u>
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES	
Loss from operations	\$ (131,907)
Adjustments to reconcile operating loss to net cash from operations:	
Increase in accounts payable and accrued liabilities	<u>7,750</u>
Net Cash from Operating Activities	<u><u>\$ (124,157)</u></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, 2025

	Custodial Fund
ASSETS	
Cash and cash equivalents	\$ 54,335,445
Taxes Receivable - other governments	<u>1,192,515,237</u>
Total Assets	<u><u>\$ 1,246,850,682</u></u>
LIABILITIES	
Due to other governments	<u>\$ 1,246,850,682</u>
Total Liabilities	<u><u>\$ 1,246,850,682</u></u>

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

TOWN OF HEMPSTEAD, NEW YORK

FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended December 31, 2025

	<u>Custodial Fund</u>
ADDITIONS	
Real property taxes collected for other governments	\$ 3,141,981,492
Other taxes collected for other governments	<u>108,508</u>
Total Additions	<u>3,142,090,000</u>
DEDUCTIONS	
Payment of real property taxes to other governments	3,141,981,492
Payment of other taxes collected for other governments	<u>108,508</u>
Total Deductions	<u>3,142,090,000</u>
Net Change in Fiduciary Net Position	-0-
Net Position at Beginning of Year	<u>-0-</u>
Net Position at End of Year	<u><u>\$ -0-</u></u>

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

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2025

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TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2025

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, 2025

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, 2025

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, 2025

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 revenues, 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:

Lido Beach - Point Lookout	Merrick - North Merrick
Town of Hempstead - Refuse and Garbage Collection	Town of Hempstead – Refuse and Disposal

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, 2025

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, 2025

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 or promote the creation or expansion of business and jobs 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, 2025

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

Fiduciary Fund

Fiduciary funds utilize the accrual basis of accounting.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. 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.

2. 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.

3. 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.

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TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

4. 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
Leased assets – infrastructure improvements	20 years
Subscription assets	6 years
Infrastructure:	
Roads	30 years
Curbs and sidewalks	20 years
Drainage system	30 years
Street lighting	25 years
Improvements	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, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The Town has entered various lease and subscription-based information technology agreements ("SBITA"). 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, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

6. 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.

7. 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.

8. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the balance sheet or the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of 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) the Town's contributions to the Employees' Retirement System 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.

9. 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, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

10. LONG-TERM OBLIGATIONS

In the government-wide financial statements, liabilities for long-term obligations consisting of general obligation bonds, bond anticipation notes, financed purchases payable, energy performance contract payable, lease liabilities, subscription liabilities, employees' retirement systems net pension liability - 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 using the effective interest rate method.

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.

11. 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, retainage payable, 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, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

11. NET POSITION AND FUND EQUITY CLASSIFICATIONS (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.

12. FUND BALANCE POLICIES

The Town has adopted a fund balance policy by resolution. The policy applies to the assigned and unassigned fund balance accounts of all Town funds, excluding the Capital Projects, Debt Service, Special Grant, and Permanent Funds. For emergency purposes, the policy requires the Town to designate a portion of unassigned fund balance in the General Fund and assigned fund balance in all other applicable funds equal to one-twelfth of annual operating expenses, including debt service and capital transfers, as presented in the Town's most recent audited financial statements.

In addition to the emergency designation, the Town is to maintain assigned and unassigned fund balance equal to one-sixth of annual operating expenses, including debt service and capital transfers. When the required fund balance levels fall below the amounts established by the policy, the Town is to replenish those balances through the budgetary process over a period of five years. The policy further provides that excess assigned and unassigned fund balance above an additional one-fourth of annual operating expenditures, including debt service and capital transfers, is to be appropriated for future operating expenditures.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. REVENUES AND EXPENDITURES/EXPENSES

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

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 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 compensated absences represents the vacation, holiday, personal and sick time ("leave"/"leave days") and salary related payments which have been earned for services previously rendered by employees in accordance with the Town's various collective bargaining and other agreements, accumulates, is allowed to be carried over to subsequent year(s), and is deemed more likely than not (by management) to be used for time off or otherwise paid/settled in the future. The liability is calculated based on each employee's rate of pay and the number of unused leave days accumulated as of year-end, management's assumption that the likelihood of future use (either by use during employment or settlement/payment upon separation from service) is probable, and the salary-related payments that are directly and incrementally associated with payments for the leave. The Town utilizes historical data of past usage patterns to estimate future expected usage and payment of compensated absences. The liability for compensated absences is reflected in the government-wide and proprietary fund financial statements as current and long-term liabilities. In the fund statements, only the compensated absences liability that has matured through employee resignation or retirement and is expected to be payable from expendable available financial resources is reported.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. REVENUES AND EXPENDITURES/EXPENSES (continued)

4. PENSIONS

Employees' Retirement System

The Town participates in the New York State and Local Employees' Retirement System ("the ERS" 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.

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.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. NEW ACCOUNTING PRONOUNCEMENT

GASB Statement No. 102, *Certain Risk Disclosures*, establishes financial reporting requirements for disclosures about certain concentrations and constraints that make a government vulnerable to the risk of a substantial impact. A concentration is a lack of diversity related to a significant inflow or outflow of resources, while a constraint is a limitation imposed by an external party or by formal action of the government's highest level of decision-making authority. The Statement requires governments to evaluate whether an event or events associated with a concentration or constraint have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued that could cause a substantial impact. GASB Statement No. 102 is effective for the Town's fiscal year ended December 31, 2025. Management has evaluated the requirements of this Statement and determined that no such events have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

I. SUBSEQUENT EVENTS

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through September 21, 2026, 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.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2025

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

A. BUDGETARY INFORMATION (continued)

- 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. During 2025, the Town exceeded the 2% property tax cap with proper authority by the governing body. On November 20, 2024, the members of the Town Board adopted the 2025 budget.

B. FUND EQUITY

FUND BALANCE

The following table provides the detail regarding fund balance categories and classifications for the governmental funds which show components of nonspendable fund balances, as well as the purposes for restricted, and assigned fund balance. The unassigned fund balance (deficit) is also shown, 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	\$ 2,583,625	\$ 4,646,401	\$ 209,368	\$ 99,715	\$ 238,024	\$ -0-	\$ 365,276	\$ 8,142,409
Prepaid items	3,299,076	634,310	1,836,377	1,202,826	411,895		449,085	7,833,569
Permanent fund principal							1,337,867	1,337,867
Total Nonspendable	<u>5,882,701</u>	<u>5,280,711</u>	<u>2,045,745</u>	<u>1,302,541</u>	<u>649,919</u>	<u>-0-</u>	<u>2,152,228</u>	<u>17,313,845</u>
Restricted for:								
Debt service	1,604,871	3,112,976	756,219	528,699	18,858,078		954,544	25,815,387
Capital projects						63,780,705		63,780,705
Length of service award program plan benefits							3,313,914	3,313,914
Grantors and donor restrictions							137,470	137,470
Other reserves							378,665	378,665
Total Restricted	<u>1,604,871</u>	<u>3,112,976</u>	<u>756,219</u>	<u>528,699</u>	<u>18,858,078</u>	<u>63,780,705</u>	<u>4,784,593</u>	<u>93,426,141</u>
Assigned to:								
Subsequent year's budget*	35,555,170	2,217,939		10,560,524	6,087,510			54,421,143
Special revenue funds			2,049,279	38,787,227	62,355,787		41,767,071	144,959,364
Total Assigned	<u>35,555,170</u>	<u>2,217,939</u>	<u>2,049,279</u>	<u>49,347,751</u>	<u>68,443,297</u>	<u>-0-</u>	<u>41,767,071</u>	<u>199,380,507</u>
Unassigned, reported in:								
General Fund	2,476,455							2,476,455
Capital Projects						(56,083,477)		(56,083,477)
	<u>2,476,455</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(56,083,477)</u>	<u>-0-</u>	<u>(53,607,022)</u>
Total Fund Balances	<u>\$45,519,197</u>	<u>\$10,611,626</u>	<u>\$ 4,851,243</u>	<u>\$51,178,991</u>	<u>\$ 87,951,294</u>	<u>\$ 7,697,228</u>	<u>\$ 48,703,892</u>	<u>\$ 256,513,471</u>

* excludes sub-funds budgeted surplus

At December 31, 2025, the Capital Projects Fund has a deficit unassigned fund balance of \$56,083,477. This deficit fund balance will be resolved in future years when long-term financing is issued.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2025

3. DETAILED NOTES ON ALL FUNDS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents - Primary Government

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

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

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

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

At December 31, 2025, the Town's cash and cash equivalents totaled \$288,936,958. This amount is inclusive of fiduciary fund deposits of \$54,335,445 and restricted cash of \$28,554,522 but exclusive of petty cash of \$16,350 and the blended component unit cash of \$1,915,033. The related bank balances totaled \$297,067,721. Of the bank balance, \$140,084,723 was covered by federal deposit insurance, and \$156,982,998 was covered by collateral with a fair value of \$215,871,157, held by the Town's agent, a third-party financial institution, in the Town's name.

Restricted cash and cash equivalents of \$28,554,522 consists of \$25,815,387 of monies restricted for debt service, \$378,665 of monies held in the Town Outside Village Fund for affordable housing, \$1,337,867 of monies held in the Permanent Fund which may not be spent and \$1,022,603 monies restricted pursuant to grant agreements in the Special Grant Fund.

The bank balances of the blended component unit totaled \$1,915,065 of which \$250,000 was covered by federal deposit insurance and \$1,665,065 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, 2025, the Town did not have any cash and cash equivalents subject to credit risk, interest-rate risk, or concentration of credit risk.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2025

3. DETAILED NOTES ON ALL FUNDS (continued)

A. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Restricted Investments - Primary Government

The Town, as sponsor of a LOSAP Plan, contributes monies to the LOSAP Plan to fund future benefit payments to volunteer firefighters. The assets are held in a rabbi trust. At December 31, 2025, LOSAP Plan assets of \$3,313,914 consist of investments in guaranteed annuity contracts.

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 \$3,313,914 are reported as amortized cost which approximates fair value. These are considered unallocated insurance contracts.

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TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2025

3. DETAILED NOTES ON ALL FUNDS (continued)

B. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At December 31, 2025, 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:

	<u>Receivables</u>	<u>Payables</u>
<u>Major Governmental Funds:</u>		
General	\$ 13,783,363	\$ 7,323,414
Highway	6,040,262	4,781,229
Park Districts	5,310,550	9,829,277
Refuse & Garbage Districts	10,181,113	528,531
Water Districts	22,198,493	3,627,058
Capital Projects	3,839,296	34,296,520
<u>Nonmajor Governmental Funds:</u>		
Town Outside Village	141,513	52,984
Special Grant		1,800,000
Fire Protection Districts	391,629	
Street Lighting District	297,733	12,501
Public Parking Districts	65,525	
Library Funding Districts	2,037	
	<u>\$ 62,251,514</u>	<u>\$ 62,251,514</u>

At December 31, 2025, individual fund interfund transfers balances for the primary government's governmental activities primarily represent funding of debt service and capital projects expenditures, and are stated as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Major Governmental Funds:</u>		
General	\$ 655,280	\$ 11,380,816
Highway	4,819,801	27,889,326
Park Districts	1,367	5,982,077
Refuse & Garbage Districts	883,579	15,464,663
Water Districts	22,036,373	11,319,518
Capital Projects	262,614	28,358,666
Debt Service	74,380,156	
<u>Nonmajor Governmental Funds:</u>		
Town Outside Village		106,099
Special Grant		
Fire Protection Districts		667,325
Street Lighting District		719,405
Public Parking Districts		1,113,540
Permanent		37,735
	<u>\$103,039,170</u>	<u>\$ 103,039,170</u>

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2025

3. DETAILED NOTES ON ALL FUNDS (continued)

C. DUE FROM OTHER GOVERNMENTS

The statement of net position (governmental activities) reports \$81,252,922 due from other governments, of which \$61,540,936 is current and \$20,711,986 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, 2025, the outstanding balance was \$28,334,636 and is reported in statement of net position as due from other governments and which \$20,711,986 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 \$53,918,286 all of which is considered current. These amounts are also reported in the governmental funds balance sheet.

D. LEASE RECEIVABLES

The Town has executed numerous agreements (25) 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 3.3550%. Under the terms of these agreements, the leases expire at various dates through 2090. At December 31, 2025, the outstanding balance of the lease receivable and related deferred inflow of resources was \$21,341,802 and \$20,034,344, 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, 2025, 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
2026	\$ 954,318	\$ 370,560	\$ 1,324,878	593,819	\$ 142,691	\$ 736,510
2027	906,567	359,560	1,266,127	633,929	128,550	762,479
2028	823,720	347,921	1,171,641	578,771	114,986	693,757
2029	759,664	338,129	1,097,793	606,774	103,319	710,093
2030	700,744	329,491	1,030,235	557,397	91,386	648,783
2031-2035	3,123,957	1,519,941	4,643,898	3,204,102	261,042	3,465,144
2036-2040	3,350,166	1,252,043	4,602,209	546,158	15,487	561,645
2041-2045	3,928,729	882,244	4,810,973			
2046-2050	3,145,624	432,707	3,578,331			
2051-2055	196,793	274,023	470,816			
2056-2060	252,223	256,772	508,995			
2061-2065	319,504	234,818	554,322			
2066-2070	393,358	207,536	600,894			
2071-2075	475,483	174,138	649,621			
2076-2080	573,646	133,825	707,471			
2081-2085	681,181	85,729	766,910			
2086-2090	756,125	28,821	784,946			
	<u>\$ 21,341,802</u>	<u>\$ 7,228,258</u>	<u>\$ 28,570,060</u>	<u>\$ 6,720,950</u>	<u>\$ 857,461</u>	<u>\$ 7,578,411</u>

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2025

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, 2025:

Primary Government	Balance 1/1/2025	Additions	Deletions	Balance 12/31/2025
Governmental Activities:				
Capital assets not being depreciated:				
Land - other than landfills	\$ 56,298,500	\$ 9,000,000		\$ 65,298,500
Landfills	30,668,785			30,668,785
Construction in progress	3,591,168	628,546	\$ 98,810	4,120,904
Total capital assets not being depreciated	90,558,453	9,628,546	98,810	100,088,189
Depreciable/amortizable capital assets:				
Infrastructure and improvements other than buildings	1,179,521,880	111,611,813	12,261,363	1,278,872,330
Buildings	57,893,290	1,020,651	748,909	58,165,032
Improvement to park portion of Merrick landfill	15,741,484			15,741,484
Machinery and equipment	157,641,123	16,308,338	1,130,265	172,819,196
Intangibles:				
Software	2,907,678	23,389		2,931,067
Leased assets	3,433,605	692,348	723,677	3,402,276
Subscription assets	5,671,643	3,666,706	1,003,069	8,335,280
Total depreciable capital assets	1,422,810,703	133,323,245	15,867,283	1,540,266,665
Less accumulated depreciation/amortization:				
Infrastructure and improvements other than buildings	485,950,045	43,692,015	12,261,363	517,380,697
Buildings	25,968,935	2,665,901	748,909	27,885,927
Improvements to park portion of Merrick landfill	11,967,610	540,555		12,508,165
Machinery and equipment	130,365,973	9,005,014	1,130,265	138,240,722
Intangibles:				
Software	2,261,401	141,811		2,403,212
Leased assets	1,338,862	1,016,959	723,677	1,632,144
Subscription assets	2,363,594	2,140,607	1,003,069	3,501,132
Total accumulated depreciation/amortization	\$ 660,216,420	\$ 59,202,862	\$ 15,867,283	703,551,999
Total net depreciable/amortizable capital assets				836,714,666
Total net capital assets - governmental activities				\$ 936,802,855

The following is a summary of the amount of leased assets by major classes of underlying asset for governmental activities as of December 31, 2025:

Primary Government	Leased Asset	Accumulated Amortization	Net
Governmental Activities:			
Infrastructure and improvements other than buildings	\$ 495,050	\$ 99,003	\$ 396,047
Buildings (office space)	2,044,209	988,034	1,056,175
Equipment	863,017	545,107	317,910
	<u>\$ 3,402,276</u>	<u>\$ 1,632,144</u>	<u>\$ 1,770,132</u>

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2025

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	\$ 8,607,954
Public safety	1,340,931
Transportation	28,881,757
Economic assistance and opportunity	505,854
Culture and recreation	8,263,254
Home and community services	11,603,112
Total primary government depreciation expense	<u>\$ 59,202,862</u>

The following is a summary of discretely presented nonmajor component units capital assets for the year ended December 31, 2025:

Discretely Presented Nonmajor Component Units

	Balance 1/1/2025	Additions	Deletions	Balance 12/31/2025
Capital assets not being depreciated:				
Land	\$ 1,493,185			\$ 1,493,185
Construction in progress	8,248,221	\$ 2,498,923	\$ 2,781,234	7,965,910
Total capital assets not being depreciated	9,741,406	2,498,923	2,781,234	9,459,095
Depreciable/amortizable capital assets:				
Buildings	54,147,834	1,050,832		55,198,666
Improvements other than buildings	75,093			75,093
Machinery and equipment	19,168,993	278,690	62,438	19,385,245
Software	7,347			7,347
Infrastructure	32,609,078	2,834,802	3,101	35,440,779
Leased assets	273,615	338,948	15,464	597,099
Total depreciable/amortizable capital assets	106,281,960	4,503,272	81,003	110,704,229
Less: total accumulated depreciation/amortization	\$ 51,109,484	\$ 3,118,227	\$ 79,166	54,148,545
Total net depreciable capital assets				56,555,684
Total net capital assets				<u>\$ 66,014,779</u>

Leased assets (equipment) and accumulated amortization on discretely presented nonmajor component units leased assets totaled \$597,099 and \$199,706, respectively at December 31, 2025.

The Town evaluates significant 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. During the year ended December 31, 2025, the Town has not recorded any such impairment losses.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2025

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, 2025, is as follows:

	Beginning Balance 1/1/2025	New Issues/ Additions	Maturities/ Reductions	Ending Balance 12/31/2025	Non-Current Liabilities Due Within One Year	Non-Current Liabilities
Primary Government						
Governmental Activities:						
Bonds Payable:						
General obligation bonds	\$ 574,255,616	\$ 171,628,895 *	\$ 85,061,726	\$ 660,822,785	\$ 52,445,064	\$ 608,377,721
Plus premiums on bonds	38,675,297	10,535,781	7,652,380	41,558,698		41,558,698
Total Bonds Payable	612,930,913	182,164,676	92,714,106	702,381,483	52,445,064	649,936,419
Bond anticipation notes	22,162,712		22,162,712 *	-0-		-0-
Financed purchases payable	170,108		79,815	90,293	90,293	-0-
Energy performance contract payable	994,107		331,356	662,751	331,369	331,382
Lease liability	2,090,093	692,348	929,802	1,852,639	695,675	1,156,964
Subscription liabilities	3,668,145	3,666,706	2,532,864	4,801,987	2,334,089	2,467,898
Employees' retirement system net pension liability - proportionate share	76,477,258	96,394,458	87,330,434	85,541,282		85,541,282
Length of service award program plan pension liability	4,890,144	395,741	961,379	4,324,506	414,000	3,910,506
Compensated absences **	72,672,874		1,858,296	70,814,578	7,081,000	63,733,578
Claims and judgments	49,641,619	28,538,526	24,552,838	53,627,307	16,310,000	37,317,307
Estimated liability for landfill closure and postclosure care costs	757,449		54,002	703,447	91,500	611,947
Pollution remediation obligations	3,431,900	1,696,593	714,593	4,413,900	1,492,500	2,921,400
Total other postemployment benefits liability	1,039,201,452	94,350,298	60,807,838	1,072,743,912	49,000,000	1,023,743,912
Total Non-Current Liabilities	\$ 1,889,088,774	\$ 407,899,346	\$ 295,030,035	\$ 2,001,958,085	\$ 130,285,490	\$ 1,871,672,595

* A portion of the general obligation bond additions for 2025 of \$171,628,895 were used to pay off the long-term bond anticipation notes outstanding as of 12/31/2024 of \$22,162,712.

** The change in the compensated absences liability is presented as a net change.

	Beginning Balance 1/1/2025	New Issues/ Additions	Maturities/ Reductions	Ending Balance 12/31/2025	Non-Current Liabilities Due Within One Year	Non-Current Liabilities
Nonmajor Component Units:						
Bonds Payable:						
General obligation bonds	\$ 28,926,653	\$ -0-	\$ 1,425,543	\$ 27,501,110	\$ 1,578,831	\$ 25,922,279
Plus premiums on issuance	1,417,183		110,768	1,306,415	84,113	1,222,302
Total Bonds Payable	30,343,836		1,536,311	28,807,525	1,662,944	27,144,581
Lease liability	188,569	338,948	117,007	410,510	123,264	287,246
Employees' retirement system net pension liability - proportionate share	3,455,720	507,822	76,558	3,886,984		3,886,984
Compensated absences	2,233,141	187,581	40,912	2,379,810	554,147	1,825,663
Total other postemployment benefits liability	21,909,522	1,335,600	744,808	22,500,314	215,000	22,285,314
Total Non-Current Liabilities	\$ 58,130,788	\$ 2,369,951	\$ 2,515,596	\$ 57,985,143	\$ 2,555,355	\$ 55,429,788

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, Highway, Park District, Refuse and Garbage Districts, Water Districts, Town Outside Village, Special Grants and Street Lighting District. Financed 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 following funds: General, Town Outside Village and Water. 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, 2025

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 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 had outstanding long-term bond anticipation notes on January 1, 2025 of \$22,162,712, these were refinanced to long-term general obligation bonds on June 24, 2025 bearing interest rates from 4.00%-5.00%.

General Obligation Bonds - The Town borrows money for both the Town and its special districts discretely presented component units in order to finance the acquisition of land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets.

These bonds are direct obligations of the Town and are backed by the full faith and credit of the Town, including bonds of the Town's special districts discretely presented component units, which are payable from tax revenues of the areas benefited. The average interest rates of these bonds vary from 1.93% to 4.69%.

A summary of these bonds are as follows:

	Balance 1/1/2025	Issued	Redeemed	Balance 12/31/2025
Primary Government, Governmental Activities:				
General	\$ 74,206,510	\$ 33,331,431	\$ 14,725,394	\$ 92,812,547
Highway	228,080,094	70,245,933	36,740,876	261,585,151
Park Districts	43,911,286	15,562,359	7,134,784	52,338,861
Refuse and Garbage Districts	70,127,188	9,379,408	13,002,208	66,504,388
Part-town	1,014,337	1,987,690	70,883	2,931,144
Fire Districts	4,834,022	12,996,129	813,219	17,016,932
Lighting District	3,153,333	1,008,220	741,298	3,420,255
Parking Districts	7,562,899	1,667,905	2,093,019	7,137,785
Water District	141,365,947	25,449,820	9,740,045	157,075,722
Total Primary Government	574,255,616	171,628,895	85,061,726	660,822,785
Nonmajor Component Units:				
Library Districts	4,336,422		338,356	3,998,066
Water Districts	24,590,231		1,087,187	23,503,044
Total Nonmajor Component Units	28,926,653	-0-	1,425,543	27,501,110
Total General Obligation Bonds	\$ 603,182,269	\$ 171,628,895	\$ 86,487,269	\$ 688,323,895

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2025

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,	2026	\$ 52,445,064	\$ 28,261,884	\$ 80,706,948
	2027	56,076,170	23,231,056	79,307,226
	2028	55,037,823	20,624,601	75,662,424
	2029	41,714,870	18,372,752	60,087,622
	2030	43,621,649	16,460,604	60,082,253
	2031-2035	153,028,149	60,602,148	213,630,297
	2036-2040	131,355,361	34,463,750	165,819,111
	2041-2045	102,151,771	13,049,020	115,200,791
	2046-2047	25,391,928	1,025,918	26,417,846
Total Primary Government		<u>660,822,785</u>	<u>216,091,733</u>	<u>876,914,518</u>
Nonmajor Component Units:				
Years Ending December 31,	2026	1,578,831	900,540	2,479,371
	2027	1,648,830	821,069	2,469,899
	2028	1,712,177	754,336	2,466,513
	2029	1,780,130	683,810	2,463,940
	2030	1,853,351	614,183	2,467,534
	2031-2035	8,056,851	2,256,224	10,313,075
	2036-2040	6,664,639	1,050,871	7,715,510
	2041-2045	3,808,229	340,997	4,149,226
	2046-2047	398,072	16,082	414,154
Total Nonmajor Component Units		<u>27,501,110</u>	<u>7,438,112</u>	<u>34,939,222</u>
Total Principal and Interest		<u>\$ 688,323,895</u>	<u>\$ 223,529,845</u>	<u>\$ 911,853,740</u>

Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the Town to rebate excess arbitrage earnings from bond proceeds to the federal government. There were no excess arbitrage earnings for the year ended December 31, 2025.

A summary of outstanding bonds by issuance is as follows:

Outstanding Bond Issues				
Outstanding Bond Issue	Average Rate	Original Amount	Outstanding Amount	Final Maturity
General Obligation Serial Bonds-2015, Series A	2.44205%	\$ 67,144,108	\$ 17,755,000	December 15, 2028
General Obligation Serial Bonds-2018, Series A	2.39110%	72,895,000	26,135,000	June 15, 2028
General Obligation Serial Bonds-2018, Series B	2.72100%	55,101,774	29,660,000	September 15, 2031
General Obligation Serial Bonds-2018, Series C	3.17230%	7,600,000	5,540,000	September 15, 2038
General Obligation Refunding Serial Bonds-2018, Series D	2.90460%	27,085,000	8,810,000	August 15, 2038
General Obligation Refunding Serial Bonds - 2019	4.56900%	24,685,000	510,000	April 15, 2035
General Obligation Serial Bonds - 2019 Series A	3.28734%	45,507,182	27,650,000	August 15, 2032
General Obligation Refunding Serial Bonds - 2019, Series B	4.68741%	27,065,000	8,595,000	August 1, 2030
General Obligation Refunding Serial Bonds - 2021, Series A	2.36103%	19,945,000	690,000	August 15, 2025
General Obligation Serial Bonds - 2021	2.07000%	140,048,572	125,985,000	June 15, 2045
General Obligation Refunding Bonds - 2021, Series B	1.92758%	20,695,000	4,485,000	January 1, 2026
General Obligation Bonds - 2022 Series A	2.26000%	58,954,799	48,285,000	March 1, 2035
General Obligation Bonds - 2022 Series B	2.25000%	24,000,000	17,115,000	September 15, 2031
General Obligation Bonds - 2022 Series C	2.45000%	1,247,000	1,120,000	September 15, 2042
General Obligation Bonds - 2024	4.10000%	194,547,269	194,360,000	May 1, 2047
General Obligation Bonds - 2025 Series A	3.60800%	137,718,895	137,718,895	June 1, 2041
General Obligation Refunding Serial Bonds - 2025 Series B	2.49100%	33,910,000	33,910,000	April 1, 2030
		<u>\$ 958,149,599</u>	<u>\$ 688,323,895</u>	

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2025

3. DETAILED NOTES ON ALL FUNDS (continued)

F. INDEBTEDNESS (continued)

LONG-TERM DEBT (continued)

CURRENT REFUNDING OF BONDS

During 2025, the Town issued \$33,910,000 of Public Improvement Refunding Bonds (Series B) with an interest rate of 5% and annual maturities through 2030.

The net proceeds of \$36,074,462 (par amount of bonds \$33,910,000 plus premium of \$2,354,559 less cost of issuance \$190,097) were used to currently refund \$35,695,000 of Series 2017 bonds and \$379,462 was for accrued interest.

The current refunding was done in order to reduce debt payments in the short-term. The refunding transactions decreased total debt service payments by \$1,387,953. The refunding transaction resulting in an economic gain (the difference between the value of the debt service payment on the old and new debt) of \$1,327,494.

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, 2025, 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 December 31, 2025 (latest 2025 calculation) the debt limit is \$8,988,545,917, the total outstanding debt applicable to the limit (total net indebtedness) was \$513,856,423, which is 4.6 % 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, 2025, accumulated amortization totaled \$5,969,019, and the 2025 amortization expense totaled \$640,158.

Future payments on financed purchases payable at December 31, 2025, are as follows:

Primary Government, Governmental Activities:

	Principal	Interest	Total
Year Ending December 31, 2026	<u>\$ 90,293</u>	<u>\$ 3,960</u>	<u>\$ 94,253</u>

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2025

3. DETAILED NOTES ON ALL FUNDS (continued)

F. INDEBTEDNESS (continued)

LONG-TERM DEBT (continued)

DIRECT BORROWINGS (continued)

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, 2025, are as follows:

Primary Government, Governmental Activities:

	Principal	Interest	Total
Years Ending December 31, 2026	\$ 331,369	\$ 16,991	\$ 348,360
2027	331,382	7,282	338,664
	<u>\$ 662,751</u>	<u>\$ 24,273</u>	<u>\$ 687,024</u>

Lease Liabilities

The Town has executed numerous long-term lease agreements (149) for the right to use various equipment and office space (leased assets). At December 31, 2025, the liabilities under these lease agreements totaled \$1,852,639. The discount rates used to measure these liabilities range from 1.86% to 3.59% based on the term of the agreement. The discretely presented nonmajor component units' agreements for equipment leases total \$410,510. The discount rates used to measure these liabilities range from 1.85% to 5.00% 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			Nonmajor Component Units		
	Principal	Interest	Total	Principal	Interest	Total
Years Ending December 31, 2026	\$ 695,675	\$ 38,920	\$ 734,595	\$ 123,264	\$ 15,682	\$ 138,946
2027	618,317	22,101	640,418	104,181	10,204	114,385
2028	422,860	6,916	429,776	87,294	6,206	93,500
2029	115,787	1,439	117,226	94,611	1,413	96,024
2030				1,160	5	1,165
	<u>\$ 1,852,639</u>	<u>\$ 69,376</u>	<u>\$ 1,922,015</u>	<u>\$ 410,510</u>	<u>\$ 33,510</u>	<u>\$ 444,020</u>

Subscription-Based IT Arrangement Liabilities (SBITA)

The Town has executed several subscription-based IT arrangements. These arrangements require monthly payments which total between \$3,437 to \$740,292 annually and mature at various times through 2028. The discount rate used in measuring the subscription liabilities ranges from 0.00% to 2.90%. At December 31, 2025, the subscription liabilities totaled \$4,801,987. 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, 2026	\$ 2,334,089	\$ 93,993	\$ 2,428,082
2027	2,034,124	42,720	2,076,844
2028	433,774	5,878	439,652
	<u>\$ 4,801,987</u>	<u>\$ 142,591</u>	<u>\$ 4,944,578</u>

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2025

3. DETAILED NOTES ON ALL FUNDS (continued)

G. CONDUIT DEBT OBLIGATIONS

The Town of Hempstead Local Development Corporation ("TOHLDC") (a blended nonmajor 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, 2025, the outstanding debt induced by the TOHLDC and TOHIDA and issued by other entities amount to approximately \$572,860,000 and \$53,920,000 respectively.

H. RETIREMENT SYSTEM

Plan Description

The Town participates in the New York State and Local Employees' Retirement System ("ERS" or "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.

Obligation of employers and employees to contribute and benefits to employees are governed by RSSL. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of their funds.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2025

3. DETAILED NOTES ON ALL FUNDS (continued)

H. RETIREMENT SYSTEM (continued)

Vesting

As of April 9, 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 for Tier 1 members. 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: Tier 3, 4 and 5 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 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 five 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 of employment. For Tier 3, 4 and 5 members, each year's compensation used in the final average salary calculation is limited to no more than 10% greater than the average of the previous two years.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2025

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 five 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 five 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 three highest consecutive years of employment. For Tier 6 members, each year's compensation used in the final average salary calculation is limited to no more than 10% greater than the average of the previous two 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, 2025

3. DETAILED NOTES ON ALL FUNDS (continued)

H. RETIREMENT SYSTEM (continued)

Contributions

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

The employer contribution rates for the plan's year ending in 2025 are as follows:

Tier	Plan	Options	Rate
1	75I	41J165	25.4%
2	75I	41J165	23.2%
3	A14	41J165	19.5%
4	A15	41J165	19.5%
5	A15	41J165	16.5%
6	A15	41J100	12.7%

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
2025	\$ 27,560,153	\$ 52,372	\$ (196,771)		27,415,754
2024	26,367,741	(684,481)	(188,257)		25,495,003
2023	21,782,205	673,740	(157,898)	598,401	22,896,448

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TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2025

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, 2025, the Town reported a liability of \$85,541,282 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, 2025, and the total pension asset used to calculate the net pension liability was determined by an actuarial valuation as April 1, 2024. 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.

<u>Measurement Date</u>	<u>Net Pension Liability/(Asset)</u>	<u>Allocation of the System's Total Net Liability</u>
March 31, 2025	\$ 85,541,282	0.4989074%

There was no significant change in the Town's proportionate share of 0.5194038% at March 31, 2024, to 0.4989074% at March 31, 2025.

The net pension liability/(asset) proportionate share for the discretely presented nonmajor component units totaled \$3,886,984 at December 31, 2025.

For the year ended December 31, 2025, the Town recognized pension expense of \$19,485,651 in the government-wide statement of activities - governmental activities and \$952,890 for the discretely presented nonmajor component units. At December 31, 2025, the Town and discretely presented nonmajor component units reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Primary Government</u>		<u>Nonmajor Component Units</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 21,231,922	\$ 1,001,522	\$ 964,775	\$ 45,509
Changes of assumptions	3,587,431		163,012	
Net difference between projected and actual earnings on pension plan investments	6,711,330		304,963	
Changes in proportion and differences between the Town's contribution and proportionate share of contributions	4,144,247	2,767,105	320,543	141,232
Town's contributions subsequent to the measurement date, net of prepaid amounts	20,561,816		925,526	
Total	<u>\$ 56,236,746</u>	<u>\$ 3,768,627</u>	<u>\$ 2,678,819</u>	<u>\$ 186,741</u>

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2025

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 and the discretely presented component unit 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:

	Primary Government	Nonmajor Component Units
Years Ending December 31, 2026	\$ 15,838,239	\$ 750,983
2027	22,257,326	1,059,699
2028	(7,045,732)	(287,110)
2029	856,470	42,980
	<u>\$ 31,906,303</u>	<u>\$ 1,566,552</u>

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, 2024
Interest rate	5.90%
Salary increase	4.30%
Cost of living adjustment	1.50%
Inflation rate	2.90%
Decrement tables	April 1, 2015 - March 2020 System Experience Scale MP 2021

Demographic assumptions used in the April 1, 2024 actuarial valuation are based on the results of an actuarial experience study completed April 1, 2020. Demographic assumptions are primarily based on System experience over the period April 1, 2015 – March 31, 2020. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries' Scale MP-2021.

To set the long-term expected rate of return on pension plan investments consideration was given to a building-block method using best estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) 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, 2025

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, 2025, are summarized below:

Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Equity:		
Domestic equity	25.00%	3.54%
International equity	14.00%	6.57%
Alternatives:		
Private equity	15.00%	7.25%
Real estate	12.00%	4.95%
Other	11.00%	5.25%-5.55%
Fixed income	22.00%	2.00%
Cash	1.00%	0.25%
	<u>100.00%</u>	

The real rate of return is net of the long-term inflation assumption of 2.9%.

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. 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 statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability/(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 assumption:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Town's proportionate share of the collective net pension liability/(asset)	<u>\$ 247,567,238</u>	<u>\$ 85,541,282</u>	<u>\$ (49,750,497)</u>
Nonmajor component unit's proportionate share of the collective net pension liability/(asset)	<u>\$ 11,249,517</u>	<u>\$ 3,886,984</u>	<u>\$ (2,260,655)</u>

Pension Plan Fiduciary Net Position

The components of the current year net pension liability/(asset) (measured as of March 31, 2025) of the employers as of the respective valuation dates were as follows:

	(Dollars in Thousands)
Employers' total pension liability	\$ 247,600,239
Less: Plan net position	(230,454,512)
Employers' net pension liability/(asset)	<u>\$ 17,145,727</u>
Ratio of plan net position to the Employers' total pension liability	93.08%

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2025

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 & EMS Services; however, all Plan provisions and amendments must 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. Effective January 1, 2026, the maximum years of credited service was increased from 40 to 50 years. Unless a Participant elects to be paid in a lump-sum payment, benefits are paid as a life annuity with payments guaranteed for at least 10 years. Benefit payments commence on the Plan anniversary date following attainment of entitlement age. The payment election is irrevocable once made. However, upon disability, the participant may apply for benefits regardless of whether 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, 2025, the LOSAP Plans' measurement date, the following participants were covered by the benefit terms:

Inactive participants or beneficiaries receiving benefits	68
Inactive participants entitled to, but not yet receiving benefits	32
Active participants	<u>110</u>
Total	<u><u>210</u></u>

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2025

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, 2025, the Town remitted \$260,961 to the plan, which consisted of \$254,597 of contributions and \$6,364 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, 2025 measurement date was determined using an actuarial valuation as of the same date.

Actuarial Assumptions

The total pension liability as of December 31, 2025 (the measurement and actuarial date) was determined by using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal
Discount rate	4.83%
Inflation rate	2.60%
Salary Scale	None Assumed

The discount rate and inflation rate used to measure the 2024 LOSAP pension liability was 4.08% and 2.77%, respectively.

Mortality rates were based on the RP2014 Combined Unisex Projected to 2026 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 Bond Buyer 20-Year GO AA Bond Index.

LOSAP Total Pension Liability

The Town's total pension liability related to the LOSAP plan totaled \$4,324,506 at December 31, 2025. Below summarizes the change in the total pension liability from January 1, 2025 to December 31, 2025:

Balance at beginning of year	\$	4,890,144
Service costs		117,289
Interest		192,550
Change in benefit terms		39,890
Changes of assumptions or other inputs		(566,085)
Differences between expected and actual experience		46,012
Benefit payments		(395,294)
Balance at end of year	\$	<u>4,324,506</u>

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2025

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 4.83%, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.83%) or 1-percentage point higher (5.83%) than the current rate:

	1% Decrease (3.83%)	Current Assumption (4.83%)	1% Increase (5.83%)
Total Pension Liability (Asset)	\$ 5,143,000	\$ 4,324,506	\$ 3,668,000

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

For the year ended December 31, 2025, the Town recognized LOSAP pension expense of \$296,505.

At December 31, 2025, 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	\$ 134,750	
Changes of assumptions		\$ 1,284,163
Total	\$ 134,750	\$ 1,284,163

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

Years Ending December 31,	2026	\$ (53,649)
	2027	(53,649)
	2028	(53,649)
	2029	(53,649)
	2030	(53,649)
	2031 & thereafter	(881,168)
		\$ (1,149,413)

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, 2025

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 & EMS 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 May 2026 and the plan's statement of receipts and disbursements for 2025.

Receipts and Disbursements

Plan assets, December 31, 2024		\$	3,331,447
Changes during the year:			
(+) Plan contributions	\$	260,961	
(+) Investment income earned		122,807	
(-) Plan benefit withdrawals		(395,294)	
(-) Administrative and other fees/charges		<u>(6,007)</u>	
			(17,533)
Plan assets, December 31, 2025		\$	<u>3,313,914</u>

Contributions and Administration Fees

Amount of sponsor's required contribution for 2025:	Recommended	\$254,597 - \$303,490	
Amount of sponsor's actual contribution paid:			
Plan contributions	\$	254,597	
Administrative fees		<u>6,364</u>	
Amount paid to the plan			\$ <u>260,961</u>

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2025

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 1, 2026 (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 Post-Entitlement: RP2014 Combined Projected to 2026-Unisex

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. In addition, employees hired on or after April 23, 2013 retiring after 12/31/2028 with 15 or more years of service will receive a 100% subsidy. 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, 2025

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 \$185.00/month, based on the standard 2025 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 United Healthcare in 2025 and EmblemHealth Plan going forward. The maximum coverage benefit was \$2,400 per annum in 2025 and \$3,000 per annum in 2026. The per person rates used in this valuation are based on national spending for dental care in 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, 2024, the effective date of the most recent OPEB valuation, there are 3,349 participants in the plan, consisting of 1,678 active employees and 1,671 retired employees.

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

Total OPEB Liability

The Town's total OPEB liability of \$1,072,743,912 was measured as of December 31, 2025 (measurement date) and was determined by an actuarial valuation as of January 1, 2024, 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 reported as part of non-current liabilities due within one year and 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.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2025

3. DETAILED NOTES ON ALL FUNDS (continued)

J. OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2024, actuarial valuation and measured as of December 31, 2025, was determined using the following actuarial assumptions and other inputs:

Census collection date	January 1, 2024
Discount rate	4.83%
Healthcare cost trend rates (pre 65/post 65):	
Year 1:	
Pre 65	8.92%
Post 65	8.07%
Year 2 & thereafter	
Pre 65/Post 65	9.00% / 5.75%
Ultimate inflation rate	4.75%
Actuarial cost method	Entry Age Normal (percent of salary)
Participation rate	Assumed 95% of future retirees eligible for coverage will elect coverage under the empire plan
Mortality rate	Pub-2010 General Disabled Retirees & Employees & Headcount Tables Weighted Mortality fully generational using Scale MP 2021

The discount rate was based on the Bond Buyer's 20-year general obligation bond index based on the 20 year AA municipal bond rate as of December 31, 2025.

Changes in the Total OPEB Liability

The following table shows the elements of the Town's and the discretely presented nonmajor component units' total OPEB liability:

	Primary Government	Nonmajor Component Units
Total OPEB liability, December 31, 2024 measurement date	\$ 1,039,201,452	\$ 21,909,522
Changes for the year:		
Service costs	31,573,307	692,051
Interest	12,267,665	931,747
Plan change	50,509,326	
Assumption changes	(13,793,540)	(404,714)
Differences between expected and actual experience	-0-	(32,983)
Benefit payments	(47,014,298)	(595,309)
Balance as of the December 31, 2025 measurement date	<u>\$ 1,072,743,912</u>	<u>\$ 22,500,314</u>

Changes in assumptions and other inputs used in measuring the liability from December 31, 2024 to December 31, 2025 include: 1) a change in the discount rate from 4.08% in 2024 to 4.83% in 2025, 2) initial trend rates were advances, the model for trends in subsequent years is based on the Getzen Model as updated through 2025, 3) retirement and withdrawal rates were updated to reflect the Annual Report to the Comptroller on Actuarial Assumptions dated August 2023 for ERS, and 4) a change was made to the plan that will change the contribution rate for employees hired after April 23, 2013 if they retire after 12/31/2028 with 15 or more years of service.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2025

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, 2025, 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 (3.83%)	Current Assumption (4.83%)	1% Increase (5.83%)
Town's total OPEB liability	\$ 1,231,049,625	\$ 1,072,743,912	\$ 942,891,018
Nonmajor component units total OPEB liability	\$ 26,358,830	\$ 22,500,314	\$ 19,413,823

The following presents the total OPEB liability at December 31, 2025, 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 (7.07%/3.75%)	Current Assumption (8.07%/4.75%)	1% Increase (9.07%/5.75%)
Town's total OPEB liability	\$ 907,710,663	\$ 1,072,743,912	\$ 1,284,529,496
Nonmajor component units total OPEB liability	\$ 19,047,261	\$ 22,500,314	\$ 26,908,894

OPEB Expense and Deferred Outflows/Inflows of Resources

For the year ended December 31, 2025, the Town recognized OPEB expense of \$9,889,993. At December 31, 2025, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Primary Government		Nonmajor Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 45,291,957	\$ 284,840,805	\$ 1,030,658	\$ 953,861
Changes in assumptions	29,892,975	8,999,178	1,216,999	2,091,213
Total	<u>\$ 75,184,932</u>	<u>\$ 293,839,983</u>	<u>\$ 2,247,657</u>	<u>\$ 3,045,074</u>

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

		Primary Government	Nonmajor Component Units
Years Ending December 31,	2026	\$ (88,328,870)	\$ 40,670
	2027	(61,355,030)	(161,614)
	2028	(31,805,702)	(161,617)
	2029	(31,805,702)	(234,865)
	2030	(5,359,747)	(119,186)
	Thereafter	-0-	(160,805)
		<u>\$ (218,655,051)</u>	<u>\$ (797,417)</u>

A copy of the Town of Hempstead Retiree Medical Program 2025 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, 2025

3. DETAILED NOTES ON ALL FUNDS (continued)

K. COMPENSATED ABSENCES

Town employees are granted paid leave days (vacation, sick leave and earned compensatory absences) in varying amounts pursuant to respective collective bargaining agreements. The liability includes estimated future usage of accumulated leave and settlement/payment upon termination, as well as related costs. In the event of separation from employment, an employee is entitled to payment for accumulated vacation, and sick leave, subject to certain limitations. Management believes that sufficient resources will be made available for the payments of the accumulated leave when such payments become due. As of December 31, 2025, the liability for compensated absences was \$70,814,578 for the primary government's governmental activities. The liability for compensated absences for the nonmajor component units amounted to \$2,379,810.

L. TERMINATION BENEFITS INCENTIVE PROGRAM

In February and May of 2025, 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 September 2, 2025 to elect to participate in the incentive program and those employees were required to separate from full-time work status by December 31, 2025. This program was subsequently amended to allow for notification by December 15 and separation by December 31, 2025. 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 credit in a retirement system or pension plan administered by New York State or any of its political subdivisions, up to \$40,000 and 2) an additional \$3,000 per each additional full year of service credit exceeding 20 years of service, with payment due within ninety days of separation. The cost of the incentive program excluding payroll taxes totaled \$4,730,000. These amounts were recognized as a liability and expenditure in 2025 based on the date the Town was informed of employees' election.

M. 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, 2025, was \$37,735. At December 31, 2025, 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.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2025

4. COMMITMENTS AND CONTINGENCIES (continued)

A. RISK RETENTION (continued)

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.

Primary Government, Governmental Activities	Workers' Compensation		General Liability	
	2025	2024	2025	2024
Unpaid claims and claim adjustment expenditures at the beginning of the year	\$ 34,314,090	\$34,011,734	\$ 15,327,529	\$ 17,738,898
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	16,955,080	12,608,566	11,583,446	1,959,159
Total incurred claims and claim adjustment expenditures	16,955,080	12,608,566	11,583,446	1,959,159
Payments:				
Claim and claim adjustment expenditures attributable to insured events of the current and prior years	14,848,756	12,306,210	9,704,082	4,370,528
Total unpaid claims and claim adjustment expenditures at the end of the year	\$ 36,420,414	\$34,314,090	\$ 17,206,893	\$ 15,327,529

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, 2025

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 \$28,334,636 as of December 31, 2025, of which \$7,622,650 is current and \$20,711,986 is long term. See Note 3C.

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.

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 \$17,206,893 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. See Note 4A.

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 (together with chemical companies Covestro LLC, Bayer Corp., and Occidental Chemical Corp.) ("Defendants") seeking recovery from the Defendants for their actions which the Town alleges caused the disposal and release of hazardous materials into the Town's Levittown Water District water supply.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2025

4. COMMITMENTS AND CONTINGENCIES (continued)

B. LITIGATION (continued)

Environmental (continued)

In December 2021, Defendants each filed summary judgment motions seeking the dismissal of the Town's federal and state claims. The Town timely filed and perfected its appeal before the United States Court of Appeals for the Second Circuit in August 2025. It is anticipated that the appeal will be fully briefed and scheduled for oral argument by the end of 2026.

Water District Settlements

The Town's Water Fund recognized \$6,033,391 in settlement proceeds related to PFAS litigation during 2025. Legal fees of \$1,463,400 associated with the litigation were deducted from the proceeds. In addition, the Town recognized a receivable and deferred inflow of resources of \$3,423,617 for remaining settlement payments due in varying installments from 2026 through 2033. These amounts will be recognized as revenue as they become available.

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, Reworld Waste, LLC Hempstead Company (formerly Covanta) (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 (the "TOHIDA") 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.

The Town may, under certain circumstances, terminate the new service agreement; however, if the Town terminates the agreement because the cost to the Town of uncontrollable circumstances under the service agreement exceeds a specified amount, the Town is obligated to make a termination payment corresponding to 25% of the Town's pro rata share (as defined in the new agreement) of any outstanding indebtedness incurred by the Company to finance the cost of prior uncontrollable circumstances.

Under this service agreement, the Town has incurred certain contingent liabilities with respect to the resource recovery facility. The Town has obligated itself to pay service fees for the processing of a minimum of 420,000 tons (the "Annual Tonnage") of Town Waste (as defined in the service agreement) each year, whether or not such tonnage is actually delivered to the Facility. The Annual Tonnage is subject to adjustment in accordance with the terms of the new service agreement. In the event the Annual Tonnage is not provided, the Town must pay service fees as if the Annual Tonnage had been delivered, although any shortfall payment obligation is subject to reduction through mitigation.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2025

4. COMMITMENTS AND CONTINGENCIES (continued)

D. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the Town to place a final cover on its landfill sites and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. The Oceanside Landfill stopped receiving waste in July 1989 and the Merrick Landfill stopped receiving waste in 1984. Accordingly, as of December 31, 2025, the Town has recorded a liability of \$703,447 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, 2025, has commitments for capital acquisitions and improvements of \$54,182,416 in the Capital Projects Fund that it are 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, 2025, excluding Capital Projects, there were no outstanding encumbrances expected to be honored upon performance by the vendor in the next year.

G. POLLUTION REMEDIATION OBLIGATIONS

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

The Town:

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

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.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2025

4. COMMITMENTS AND CONTINGENCIES (continued)

G. POLLUTION REMEDIATION OBLIGATIONS (continued)

At December 31, 2025, the Town's governmental activities has estimated pollution remediation obligations amounts at \$4,413,900, of which \$1,492,500 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 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.

At December 31, 2025, the Town reports a receivable and deferred inflow of resources in the government-wide statements in the amount of \$5,916,538, of which \$591,655 is current and \$5,324,883 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.

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, and toll booth fees.

I. OTHER

Grant Funding

The Town participates in various Federal Grant Programs and 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 IDAs 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, 2025, the tax abatement program which may be offered by the IDA's on qualified projects, and which impacts the Town's revenues, relates to real property tax abatements. 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.

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2025

5. TAX ABATEMENTS (continued)

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.

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, 2025, 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	\$ 15,832,041	\$ 2,459,844	\$ 20,120	\$ 18,312,005
PILOTs received	4,728,018	1,032,839	4,776	5,765,633
Net	\$ 11,104,023	\$ 1,427,005	\$ 15,344	\$ 12,546,372

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, 2025, the tax lien date for the 2025 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, 2025:

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	\$ 18,510,448		\$ 275,159	\$ 1,202,799	\$ 12,779,829	\$ 2,931,634	\$ 307,402	\$ 1,621		\$ 3,967,920
Lakeview Public Library District	4,934,675		2,228,314	209,758	166,031	400,340	4,914	2,217,198	\$ 155	4,584,109
Roosevelt Public Library District	1,870,514		8,291,797	321,941	1,379,881	4,364,940	31,908	4,016,790		690,733
Uniondale Public Library District	5,671,923		6,062,541	1,097,103	157,706	4,936,312	2,116,090	6,010,032	17,681	(406,254)
Cathedral Gardens Water District	179,594		5,100		10,558			5,100.0		169,036
Franklin Square Water District	5,925,352	\$ 2,611,699	16,712,008	397,648	1,172,687	18,561,455	1,850,392	6,508,349	2,093,616	(4,539,792)
West Hempstead - Hempstead Gardens Water District	13,778,051	4,208,005	29,522,391	1,351,821	2,536,776	19,928,342	4,530,223	15,776,302	3,152,413	2,936,212
Greater Atlantic Beach Water Reclamation District	1,768,732		2,917,469	345,406	550,722	4,306,765	316,550	1,838,402	377,071	(2,357,903)
	<u>\$ 52,639,289</u>	<u>\$ 6,819,704</u>	<u>\$ 66,014,779</u>	<u>\$ 4,926,476</u>	<u>\$ 18,754,190</u>	<u>\$ 55,429,788</u>	<u>\$ 9,157,479</u>	<u>\$ 36,373,794</u>	<u>\$ 5,640,936</u>	<u>\$ 5,044,061</u>

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2025

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) 1/1/2025 12/31/2025
Town of Hempstead Industrial Development Agency	\$ 1,072,445	\$ 1,111,349			\$ (38,904)		\$ 103,473	\$ 142,377	\$ 3,827,164 \$ 3,969,541
Lakeview Public Library District	1,475,241	3,419			1,471,822	\$ 1,547,869	213,966	290,013	6,511,449 6,801,462
Roosevelt Public Library District	3,331,431	12,098	\$ 15,816		3,303,517	3,233,930	32,146	(37,441)	4,744,964 4,707,523
Uniondale Public Library District	4,804,157	26,631			4,777,526	4,346,798	304,705	(126,023)	5,747,482 5,621,459
Cathedral Gardens Water District	109,292	4,884			104,408	73,467	3,441	(27,500)	201,636 174,136
Franklin Square Water District	4,817,098	2,635,863		\$ 901,250	1,279,985	1,495,136	2,337,720	2,552,871	1,509,302 4,062,173
West Hempstead - Hempstead Gardens Water District	6,214,274	3,159,739		748,636	2,305,899	3,208,227	1,726,653	2,628,981	19,235,946 21,864,927
Greater Atlantic Beach Water Reclamation District	1,696,676	209,166			1,487,510	2,484,798	531,965	1,529,253	(1,671,683) (142,430)
	<u>\$ 23,520,614</u>	<u>\$ 7,163,149</u>	<u>\$ 15,816</u>	<u>\$ 1,649,886</u>	<u>\$ 14,691,763</u>	<u>\$ 16,390,225</u>	<u>\$ 5,254,069</u>	<u>\$ 6,952,531</u>	<u>\$ 40,106,260</u> <u>\$ 47,058,791</u>

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

Discretely Presented Nonmajor Component Units

- | | |
|---|--|
| <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> |
|---|--|

Blended Nonmajor Component Unit - Proprietary Fund

- 9) Town of Hempstead Local Development Corporation
350 Front Street
Hempstead, NY 11550

7. CHANGES TO PREVIOUSLY ISSUED REPORT

Cumulative Effect of Change in Accounting Principles

During 2025, the Greater Atlantic Beach Water Reclamation District, a component unit of the Town, adopted the provisions of GASB Statement No. 101, "Compensated Absences". As a result, the January 1, 2025 net position was restated as follows:

	Discretely Presented Component Units
Net position, as originally reported	\$ 40,166,118
Cumulative effect of change in accounting principle	(59,858)
Net position, as restated	<u>\$ 40,106,260</u>

TOWN OF HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2025

8. SUBSEQUENT EVENTS

Bond Issuance

Subsequent to year-end, the Town issued \$90,560,881 of bond anticipation notes consisting of \$77,960,331 Bond Anticipation Notes, 2026 Series A, to finance various capital improvements, equipment purchases, and infrastructure projects, and \$12,600,550 Bond Anticipation Notes, 2026 Series B, to finance retirement incentive payouts and settlements. The Series A Notes bear interest at 4.00% and mature on June 18, 2027, and are not subject to redemption prior to maturity. The Series B Notes bear interest at 3.25%, mature on June 18, 2027, and are subject to optional redemption on or after December 18, 2026.

Retirement Incentive

In June 2026 the Town Board offered to all its active full-time employees (excluding elected officials, members of Boards and Commissioners) an in-house retirement incentive program. Such employees had until September 1, 2026 to elect to participate in the incentive program and those employees were required to separate from full-time work status by December 31, 2026. 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 credit in a retirement system or pension plan administered by New York State or any of its political subdivisions, up to \$40,000 and 2) an additional \$3,000 per each additional full year of service credit exceeding 20 years of service, with payment due within ninety days of separation. The cost of the incentive program excluding payroll taxes totaled \$760,000.

9. NEW PRONOUNCEMENTS

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

Statement No. 103, "*Financial Reporting Model Improvements*", 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*", 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 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.

Statement No. 105, "*Subsequent Events*", has been issued to improve the financial reporting requirements for subsequent events (recognized/nonrecognized), thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The requirements of this Statement are effective for reporting periods beginning after June 15, 2026.

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, 2025**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Real property taxes	\$ 28,338,856	\$ 28,338,856	\$ 27,942,722	\$ (396,134)
Real property tax items	2,360,000	2,360,000	326,464	(2,033,536)
Non-property tax items	51,000,000	51,000,000	49,700,633	(1,299,367)
Departmental income	7,704,285	7,704,285	9,213,035	1,508,750
Intergovernmental charges	95,000	95,000	54,853	(40,147)
Use of money and property	3,555,000	3,555,000	2,692,516	(862,484)
Licenses and permits	2,786,100	2,787,000	1,681,791	(1,105,209)
Fines and forfeitures	29,020,000	29,020,000	18,151,802	(10,868,198)
Sale of property and compensation for loss	112,500	113,340	32,773	(80,567)
Miscellaneous revenue	2,280,443	2,759,198	1,615,555	(1,143,643)
Interfund revenues	69,310,637	69,310,637	69,423,807	113,170
State aid	18,515,000	23,170,933	25,236,427	2,065,494
Federal aid		27,826	55,798	27,972
Total Revenues	215,077,821	220,242,075	206,128,176	(14,113,899)
EXPENDITURES				
Current:				
General government support	122,580,234	125,881,040	121,057,726	4,823,314
Education	9,000,000	9,031,458	9,031,457	1
Public safety	17,127,040	17,417,018	16,347,822	1,069,196
Transportation	1,665,815	1,668,539	1,571,372	97,167
Economic assistance and opportunity	5,314,024	5,393,922	5,140,613	253,309
Culture and recreation	50,000	5,950	5,950	-0-
Home and community services	12,796,316	12,895,219	11,715,231	1,179,988
Employee benefits	48,645,905	49,750,979	49,549,684	201,295
Debt service:				
Principal	3,196,570	3,196,570	3,196,569	1
Interest	404,872	404,872	331,315	73,557
Total Expenditures	220,780,776	225,645,567	217,947,739	7,697,828
Excess of Revenues Over Expenditures	(5,702,955)	(5,403,492)	(11,819,563)	(6,416,071)
Other Financing Sources (Uses)				
Transfers in		655,281	655,280	(1)
Transfers out	(11,611,051)	(11,439,250)	(11,380,816)	58,434
Premiums on bonds	1,000,000	1,000,000	1,604,871	604,871
Total Other Financing Sources (Uses)	(10,611,051)	(9,783,969)	(9,120,665)	663,304
Net Change in Fund Balances*	\$ (16,314,006)	\$ (15,187,461)	(20,940,228)	\$ (5,752,767)
Fund Balances at Beginning of Year			66,459,425	
Fund Balances at End of Year			\$ 45,519,197	

*** 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.

\$ (16,314,006)

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, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Real property taxes	\$ 64,477,771	\$ 65,630,900	\$ 65,630,238	\$ (662)
Real property tax items	2,300,000	2,300,000	2,475,768	175,768
Departmental income				
Intergovernmental charges	3,000	3,000	3,000	-0-
Use of money and property	792,500	792,500	1,254,577	462,077
Sale of property and compensation for loss	62,500	62,500	29,234	(33,266)
Miscellaneous revenue	205,000	205,000	176,595	(28,405)
State aid		269,565	269,565	-0-
Federal aid		2,426,083	2,426,083	
Total Revenues	67,840,771	71,689,548	72,265,060	575,512
EXPENDITURES				
Current:				
Transportation	35,668,575	42,174,836	42,169,445	5,391
Employee benefits	13,527,986	12,389,445	12,389,442	3
Debt service:				
Principal	5,341	5,341	5,341	-0-
Interest	54,037	38,059	38,058	1
Total Expenditures	49,255,939	54,607,681	54,602,286	5,395
Excess of Revenues				
Over Expenditures	18,584,832	17,081,867	17,662,774	580,907
Other Financing Sources (Uses)				
Transfers in		5,000,000	4,819,801	(180,199)
Transfers out	(28,058,707)	(27,889,328)	(27,889,326)	2
Issuance of general obligation bonds		4,320,000	4,320,000	-0-
Premiums on bonds	1,600,000	3,112,976	3,112,976	-0-
Total Other Financing Sources (Uses)	(26,458,707)	(15,456,352)	(15,636,549)	(180,197)
Net Change in Fund Balances*	\$ (7,873,875)	\$ 1,625,515	2,026,225	\$ 400,710
Fund Balances at Beginning of Year			8,585,401	
Fund Balances at End of Year			\$ 10,611,626	
* 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.				
	\$ (7,873,875)			

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, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Real property taxes	\$ 60,062,103	\$ 61,286,776	\$ 61,286,088	\$ (688)
Real property tax items	2,787,600	2,787,600	3,055,893	268,293
Non-property tax items	2,310,000	2,310,000	3,700,000	1,390,000
Departmental income	2,635,785	2,635,785	2,335,880	(299,905)
Intergovernmental charges	1,000,959	1,000,959	994,348	(6,611)
Use of money and property	432,925	441,936	1,161,789	719,853
Sale of property and compensation for loss	1,100	1,100	0	(1,100)
Miscellaneous revenue	251,000	251,231	469	(250,762)
Interfund revenues	40,992,388	41,992,388	40,992,388	(1,000,000)
State aid	80,000	1,054,080	954,078	(100,002)
Federal aid		547,967	547,966	(1)
Total Revenues	110,553,860	114,309,822	115,028,899	719,077
EXPENDITURES				
Current:				
Culture and recreation	74,570,412	85,295,200	85,105,863	189,337
Employee benefits	28,879,075	28,776,742	28,776,740	2
Debt service:				
Principal	101,888	101,888	101,888	-0-
Interest	143,300	103,492	103,492	-0-
Total Expenditures	103,694,675	114,277,322	114,087,983	189,339
Excess of Revenues Over Expenditures	6,859,185	32,500	940,916	908,416
Other Financing Sources (Uses)				
Transfers in		1,367	1,367	-0-
Transfers out	(5,975,578)	(6,006,033)	(5,982,077)	23,956
Premiums on bonds	325,000	392,645	756,219	363,574
Total Other Financing Sources (Uses)	(5,650,578)	(5,612,021)	(5,224,491)	387,530
Net Change in Fund Balances*	\$ 1,208,607	\$ (5,579,521)	(4,283,575)	\$ 1,295,946
Fund Balances at Beginning of Year			9,134,818	
Fund Balances at End of Year			\$ 4,851,243	
* Budgeted net change in fund balance:				
Revenues raised to restore fund balance per fund balance policy, less purchase orders brought forward, as applicable	\$ 1,208,607			

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, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Real property taxes	\$ 98,611,236	\$ 98,812,383	\$ 98,810,951	\$ (1,432)
Real property tax items	1,889,863	1,889,863	2,219,513	329,650
Non-property tax items	2,000,000	2,000,000		(2,000,000)
Departmental income	13,000,000	13,000,000	15,830,228	2,830,228
Intergovernmental charges	3,500,000	3,500,000	4,970,716	1,470,716
Use of money and property	6,117,100	6,117,100	7,944,901	1,827,801
Licenses and permits	25,000	25,000	38,719	13,719
Fines & forfeitures		2,500	2,500	-0-
Sale of property and compensation for loss	630,000	630,000	702,345	72,345
Miscellaneous revenue	8,099,761	8,100,736	8,211,912	111,176
Interfund revenues	1,000,000	1,000,000	643,561	(356,439)
State aid		31,277	31,276	(1)
Federal aid		281,488	281,488	-0-
Total Revenues	134,872,960	135,390,347	139,688,110	4,297,763
EXPENDITURES				
Current:				
Home and community services:				
Cost of refuse and garbage collections	98,284,184	99,107,658	99,107,641	17
Employee benefits	27,463,631	27,378,838	27,378,835	3
Debt service:				
Principal	16,521	16,521	16,521	-0-
Interest	104,358	75,168	75,167	1
Total Expenditures	125,868,694	126,578,185	126,578,164	21
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,004,266	8,812,162	13,109,946	4,297,784
Other Financing Sources (Uses)				
Transfers in		883,579	883,579	
Transfers out	(15,472,679)	(15,464,666)	(15,464,663)	3
Issuance of general obligation bonds		600,000	600,000	-0-
Premiums on bonds	100,000	101,486	528,699	427,213
Total Other Financing Sources (Uses)	(15,372,679)	(13,879,601)	(13,452,385)	427,216
Net Change in Fund Balances*	\$ (6,368,413)	\$ (5,067,439)	(342,439)	\$ 4,725,000
Fund Balances at Beginning of Year			51,521,430	
Fund Balances at End of Year			\$ 51,178,991	

*** 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.

\$ (6,368,413)

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, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Real property taxes	\$ 6,537,624	\$ 6,537,624	\$ 6,514,670	\$ (22,954)
Real property tax items	280,915	280,915	272,363	(8,552)
Departmental income	21,785,310	21,785,310	22,868,638	1,083,328
Intergovernmental charges	230,125	230,125	230,950	825
Use of money and property	1,763,830	1,763,830	4,534,448	2,770,618
Sale of property and compensation for loss	5,500	12,300	14,211	1,911
Miscellaneous revenue	450	6,034,411	6,035,344	933
Interfund revenues	28,125	28,125	28,125	-0-
State aid		1,328	1,328	-0-
Federal aid		11,949	11,949	-0-
Total Revenues	30,631,879	36,685,917	40,512,026	3,826,109
EXPENDITURES				
Current:				
Home and community services	19,211,221	21,461,801	20,819,300	642,501
Employee benefits	4,439,221	4,439,221	4,283,992	155,229
Debt service:				
Principal	40,570	40,570	40,570	-0-
Interest	22,246	22,246	15,798	6,448
Total Expenditures	23,713,258	25,963,838	25,159,660	804,178
Excess of Revenues Over Expenditures	6,918,621	10,722,079	15,352,366	4,630,287
Other Financing Sources (Uses)				
Transfers in		22,036,345	22,036,373	28
Transfers out	(11,366,783)	(11,357,535)	(11,319,518)	38,017
Issuance of general obligation bonds		490,000	490,000	
Premiums on bonds	25,000	1,194,413	1,230,203	35,790
Total Other Financing Sources (Uses)	(11,341,783)	12,363,223	12,437,058	73,835
Net Change in Fund Balances*	\$ (4,423,162)	\$ 23,085,302	27,789,424	\$ 4,704,122
Fund Balances at Beginning of Year			60,161,870	
Fund Balances at End of Year			\$ 87,951,294	
* Budgeted net change in fund balance:				
Revenues raised to restore fund balance per fund balance policy, less purchase orders brought forward, as applicable	\$ (4,423,162)			

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, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability:								
Balance, beginning of year, as originally reported	\$ 1,039,201,452	\$ 1,191,853,612	\$ 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								536,966,008
Balance, beginning of year, as restated	1,039,201,452	1,191,853,612	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	31,573,307	30,535,069	46,551,962	37,292,337	62,422,997	55,009,484	51,671,609	33,041,631
Interest	12,267,665	41,616,474	38,189,757	36,793,047	28,182,898	28,125,283	36,229,424	42,439,313
Plan changes	50,509,326						(127,765,245)	
Effects of legislative change, repeal of excise tax		44,368,993		(32,526,438)		(45,071,055)		
Difference between expected and actual experience		(224,319,405)	134,099,715	(439,492,431)	(6,690,660)	82,300,503	287,304,327	
Changes in assumptions	(13,793,540)							
Benefit payments	(47,014,298)	(44,853,291)	(35,602,176)	(34,478,187)	(35,363,441)	(34,649,658)	(34,543,513)	(33,446,113)
Balance, end of year	\$ 1,072,743,912	\$ 1,039,201,452	\$ 1,191,853,612	\$ 1,008,614,354	\$ 1,441,026,026	\$ 1,392,474,232	\$ 1,306,759,675	\$ 1,093,863,073
Covered-employee payroll	\$ 157,072,057	\$ 151,760,442	\$ 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	682.96%	684.76%	734.13%	643.01%	967.97%	956.99%	878.13%	749.77%

Notes to the Schedule:

Measurement date December 31, 2025 December 31, 2024 December 31, 2023 December 31, 2022 December 31, 2021 December 31, 2020 December 31, 2019 December 31, 2018

Changes to assumptions:

Discount rate 4.83% 4.08% 3.26% 3.72% 2.06% 2.12% 2.66% 4.10%

Other Significant Changes from 2024 to 2025

Initial trend rates were advanced, the model for trends in subsequent years is based on the Getzian Model as updated through 2025.

The retirement and withdrawal rates were updated to reflect the Annual Report to the Comptroller on Actuarial Assumptions dated

August 2023 for ERS.

A change was made to the plan that will change the contribution rate for employees hired after April 23, 2013 if they retire after 12/31/2028 with 15 or more years of service

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.

This Schedule only includes the Primary Government, component unit information can be found on their respective separately issued financial statements.

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, 2025**

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
2025	0.4989074%	\$ 85,541,282	\$ 163,325,167	52.37%	93.08%
2024	0.5194038%	76,477,258	168,000,097	45.52%	93.88%
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%

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:

2022-2025	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.

This Schedule only includes the Primary Government, component unit information can be found on their respective separately issued financial statements.

See independent auditors' report.

TOWN OF HEMPSTEAD, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PENSION CONTRIBUTIONS Year Ended December 31, 2025

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
2025	\$ 26,935,567	\$ 26,935,567	\$ -0-	\$ 170,432,624	15.80%
2024	25,198,629	25,198,629	-0-	164,002,621	15.36%
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%

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, 2025

Measurement date	December 31, 2025	December 31, 2024	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	\$ 117,289	\$ 126,361	\$ 78,171	\$ 172,769	\$ 278,784	\$ 204,041	\$ 159,492	\$ 167,974	\$ 135,034
Interest	192,550	184,383	177,478	128,092	157,610	172,175	191,219	176,402	173,996
Change in benefit terms	39,890								
Changes in assumptions	(566,085)	(207,908)	615,892	16,049	(74,542)	1,395,945	863,957	(357,895)	619,043
Differences between expected and actual experience	46,012	21,841	112,988	(2,403,803)	(832,837)	42,907	36,167	(39,634)	(33,394)
Benefit payments	(395,294)	(265,452)	(644,393)	(360,351)	(485,856)	(38,548)	(173,270)	(67,508)	(200,138)
Total pension liability - beginning of year	4,890,144	5,030,919	4,690,783	7,138,027	8,094,868	6,318,348	5,240,783	5,361,444	4,666,903
Total pension liability - end of year	\$ 4,324,506	\$ 4,890,144	\$ 5,030,919	\$ 4,690,783	\$ 7,138,027	\$ 8,094,868	\$ 6,318,348	\$ 5,240,783	\$ 5,361,444
Covered payroll	N/A	N/A	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	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 in benefit terms:

The Plan was amended on January 1, 2026 to increase years of service from 40 to 50 years.

Changes of assumptions or other inputs:

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

Discount rate used in measuring the total LOSAP plan liability	4.83%	4.08%	3.77%	4.05%	1.84%	2.00%	2.75%	3.71%	3.31%
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OTHER SUPPLEMENTARY INFORMATION

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

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

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, 2025

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Town Outside Village	Special Grants	Fire Protection Districts	Street Lighting District	Public Parking Districts	Library Funding Districts	Permanent Fund	
ASSETS								
Cash and cash equivalents	\$ 20,880,127	\$ -0-	\$ 10,428,464	\$ 3,770,946	\$ 4,422,767	\$ 727,850	\$ -0-	\$ 40,230,154
Cash and cash equivalents - restricted	495,681	1,022,603	754,446	52,085	30,997		1,337,867	3,693,679
Receivables	2,031,785		884	2,736	1,702	378		2,037,485
Due from other funds	141,513		391,629	297,733	65,525	2,037		898,437
Due from other governments	40,321	2,475,853		201,598				2,717,772
Inventory				365,276				365,276
Prepaid items	435,202				13,883			449,085
Length of service award program plan assets			3,313,914					3,313,914
Total Assets	\$ 24,024,629	\$ 3,498,456	\$ 14,889,337	\$ 4,690,374	\$ 4,534,874	\$ 730,265	\$ 1,337,867	\$ 53,705,802
LIABILITIES								
Accounts payable and accrued liabilities	\$ 777,730	\$ 1,529,526	\$ 140,301	\$ 408,295	\$ 57,251	\$ -0-	\$ -0-	2,913,103
Due to other funds	52,984	1,800,000		12,501				1,865,485
Other liabilities	181,425	31,460	884	2,948	6,227	378		223,322
Total Liabilities	1,012,139	3,360,986	141,185	423,744	63,478	378	-0-	5,001,910
Fund Balances								
Nonspendable	435,202			365,276	13,883		1,337,867	2,152,228
Restricted	495,681	137,470	4,068,360	52,085	30,997			4,784,593
Assigned	22,081,607		10,679,792	3,849,269	4,426,516	729,887		41,767,071
Total Fund Balances	23,012,490	137,470	14,748,152	4,266,630	4,471,396	729,887	1,337,867	48,703,892
Total Liabilities and Fund Balances	\$ 24,024,629	\$ 3,498,456	\$ 14,889,337	\$ 4,690,374	\$ 4,534,874	\$ 730,265	\$ 1,337,867	\$ 53,705,802

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, 2025**

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Town Outside Village	Special Grants	Fire Protection Districts	Street Lighting District	Public Parking Districts	Library Funding Districts	Permanent Fund	
Revenues								
Real property taxes	\$ 8,031,045	\$ -0-	\$ 7,654,902	\$ 11,811,849	\$ 3,528,307	\$ 1,599,549	\$ -0-	\$ 32,625,652
Real property tax items	204,573		1,332,852	616,663	53,516	80,221		2,287,825
Non-property tax items	9,253,190		350,000					9,603,190
Departmental income	23,780,129	19,981			15,882			23,815,992
Use of money and property	447,747	24,240	544,838	204,673	288,829	38,318	37,735	1,586,380
Fines and forfeitures	701,118							701,118
Sale of property and compensation for loss				56,018				56,018
Miscellaneous revenue	625,292	399,170	57	25	716			1,025,260
Interfund revenues					2,487,166			2,487,166
State aid	1,828,954			20,160				1,849,114
Federal aid				181,438				10,664,218
	44,872,048	10,482,780	9,882,649	12,890,826	6,374,416	1,718,088	37,735	86,701,933
Total Revenues								
Expenditures								
Current:								
General government support	25,811							25,811
Public safety	20,617,499		4,947,757		4,850,507			25,565,256
Transportation				10,207,080				15,057,587
Economic assistance and opportunity		5,419,006				1,443,475		5,419,006
Culture and recreation	408	3,953,771						1,443,883
Home and community services	6,586,621	403,452	572,322		331,431			10,540,392
Employee benefits	8,198,761							9,505,966
Debt Service:								
Principal	112,337	396,182		4,429				512,948
Interest	44,611	35,484		155	5,265			85,515
	35,586,048	10,207,895	5,520,079	10,211,664	5,187,203	1,443,475	-0-	68,156,364
Total Expenditures								
	9,286,000	718,276	4,362,570	2,679,162	1,187,213	274,613	37,735	18,545,569
Excess (Deficiency) of Revenues Over (Under) Expenditures								
Other Financing Sources (Uses)								
Transfers out	(106,099)		(667,325)	(719,405)	(1,113,540)		(37,735)	(2,644,104)
Premiums on bonds	117,016		754,447	52,085	24,706			948,254
Total Other Financing Sources (Uses)	10,917	-0-	87,122	(667,320)	(1,088,834)	-0-	(37,735)	(1,695,850)
Net Change in Fund Balances	9,296,917	718,276	4,449,692	2,011,842	98,379	274,613	-0-	16,849,719
Fund Balances at Beginning of Year	13,715,573	(580,806)	10,298,460	2,254,788	4,373,017	455,274	1,337,867	31,854,173
Fund Balances at End of Year	\$ 23,012,490	\$ 137,470	\$ 14,748,152	\$ 4,266,630	\$ 4,471,396	\$ 729,887	\$ 1,337,867	\$ 48,703,892

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, 2025**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
REVENUES				
Real property taxes	\$ 7,977,643	\$ 7,977,643	\$ 8,031,045	\$ 53,402
Real property tax items	188,250	188,250	204,573	16,323
Non-property tax items	9,500,000	9,500,000	9,253,190	(246,810)
Departmental income	16,900,000	16,900,000	23,780,129	6,880,129
Use of money and property	27,000	27,000	447,747	420,747
Fines and forfeitures	500,000	701,119	701,118	(1)
Sale of property and compensation for loss	1,500	1,500	-0-	(1,500)
Miscellaneous revenue	500,000	512,444	625,292	112,848
State aid	1,828,942	1,828,942	1,828,954	12
Federal aid			0	-0-
Total Revenues	37,423,335	37,636,898	44,872,048	7,235,150
EXPENDITURES				
Current:				
General government support	213,000	25,813	25,811	2
Public safety	20,568,599	20,617,506	20,617,499	7
Culture and recreation	1,500	1,500	408	1,092
Home and community services	6,429,449	6,854,013	6,586,621	267,392
Employee benefits	7,519,442	8,198,763	8,198,761	2
Debt service:				
Principal	112,337	112,337	112,337	-0-
Interest	62,125	44,612	44,611	1
Total Expenditures	34,906,452	35,854,544	35,586,048	268,496
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,516,883	1,782,354	9,286,000	7,503,646
Other Financing Sources (Uses)				
Transfers out	(106,252)	(106,100)	(106,099)	1
Premiums on bonds	7,500	7,500	117,016	109,516
Total Other Financing Sources (Uses)	(98,752)	(98,600)	10,917	109,517
Net Change in Fund Balances*	\$ 2,418,131	\$ 1,683,754	9,296,917	\$ 7,613,163
Fund Balances at Beginning of Year			13,715,573	
Fund Balances at End of Year			\$ 23,012,490	
* Budgeted net change in fund balance:				
Revenues raised to restore fund balance per fund balance policy, less purchase orders brought forward, as applicable.	\$ 2,418,131			

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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, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 7,655,086	\$ 7,655,086	\$ 7,654,902	\$ (184)
Real property tax items	1,249,167	1,259,282	1,332,852	73,570
Non-property tax items		350,000	350,000	
Use of money and property	52,400	347,219	544,838	197,619
Miscellaneous revenue			57	57
Total Revenues	8,956,653	9,611,587	9,882,649	271,062
EXPENDITURES				
Current:				
Public safety	5,813,636	5,766,144	4,947,757	818,387
Employee benefits	670,250	717,174	572,322	144,852
Total Expenditures	6,483,886	6,483,318	5,520,079	963,239
Excess of Revenues Over Expenditures				
	2,472,767	3,128,269	4,362,570	1,234,301
Other Financing (Uses)				
Transfers out	(670,243)	(667,325)	(667,325)	-0-
Premiums on bonds		754,447	754,447	-0-
Total Other Financing (Uses)	(670,243)	87,122	87,122	-0-
Net Change in Fund Balances*	\$ 1,802,524	\$ 3,215,391	4,449,692	\$ 1,234,301
Fund Balances at Beginning of Year			10,298,460	
Fund Balances at End of Year			\$ 14,748,152	
* Budgeted net change in fund balance:				
Revenues raised to restore fund balance per fund balance policy, less purchase orders brought forward, as applicable.	\$ 1,802,524			

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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, 2025**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Real property taxes	\$ 11,522,261	\$ 11,812,349	\$ 11,811,849	\$ (500)
Real property tax items	525,000	525,000	616,663	91,663
Use of money and property	1,500	20,380	204,673	184,293
Sale of property and compensation for loss	20,000	56,019	56,018	(1)
Miscellaneous revenue	50,000	50,000	25	(49,975)
State aid		20,160	20,160	
Federal aid		181,439	181,438	(1)
Total Revenues	12,118,761	12,665,347	12,890,826	225,479
EXPENDITURES				
Current:				
Transportation	10,140,552	10,207,087	10,207,080	7
Debt service:				
Principal	4,429	4,429	4,429	-0-
Interest	155	155	155	-0-
Total Expenditures	10,145,136	10,211,671	10,211,664	7
Excess of Revenues				
Over Expenditures	1,973,625	2,453,676	2,679,162	225,486
Other Financing Sources (Uses)				
Transfers out	(720,701)	(719,405)	(719,405)	-0-
Premiums on bonds		52,086	52,085	(1)
Total Other Financing Sources (Uses)	(720,701)	(667,319)	(667,320)	(1)
Net Change in Fund Balances*	\$ 1,252,924	\$ 1,786,357	2,011,842	\$ 225,485
Fund Balances at Beginning of Year			2,254,788	
Fund Balances at End of Year			\$ 4,266,630	
* Budgeted net change in fund balance:				
Revenues raised to restore fund balance per fund balance policy, less purchase orders brought forward, as applicable.	\$ 1,252,924			

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, 2025**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Real property taxes	\$ 3,510,880	\$ 3,530,635	\$ 3,528,307	\$ (2,328)
Real property tax items	46,318	47,417	53,516	6,099
Non-property tax items	15,000	15,000		(15,000)
Departmental income	15,000	15,000	15,882	882
Use of money and property	81,741	95,131	288,829	193,698
Miscellaneous revenue		475	716	241
Interfund revenues	2,487,166	2,487,166	2,487,166	-0-
Total Revenues	6,156,105	6,190,824	6,374,416	183,592
EXPENDITURES				
Current:				
Transportation	4,454,083	4,999,246	4,850,507	148,739
Employee benefits	319,757	331,432	331,431	1
Debt service:				
Interest	7,500	5,266	5,265	1
Total Expenditures	4,781,340	5,335,944	5,187,203	148,741
Excess of Revenues Over Expenditures	1,374,765	854,880	1,187,213	332,333
Other Financing Sources (Uses)				
Transfers out	(1,125,885)	(1,124,700)	(1,113,540)	11,160
Premiums on bonds		24,708	24,706	(2)
Total Other Financing Sources (Uses)	(1,125,885)	(1,099,992)	(1,088,834)	11,158
Net Change in Fund Balances*	\$ 248,880	\$ (245,112)	98,379	\$ 343,491
Fund Balances at Beginning of Year			4,373,017	
Fund Balances at End of Year			\$ 4,471,396	
* Budgeted net change in fund balance:				
Revenues raised to restore fund balance per fund balance policy, less purchase orders brought forward, as applicable.	\$ 248,880			

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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, 2025**

		Budgeted Amounts			Variance with Final Budget
		Original	Final	Actual	
REVENUES					
Real property taxes		\$ 1,600,793	\$ 1,600,793	\$ 1,599,549	\$ (1,244)
Real property tax items		66,900	66,900	80,221	13,321
Non-property tax items					-0-
Use of money and property		7,425	14,715	38,318	23,603
Total Revenues		1,675,118	1,682,408	1,718,088	35,680
EXPENDITURES					
Current:					
Culture and recreation		1,573,172	1,573,172	1,443,475	129,697
Total Expenditures		1,573,172	1,573,172	1,443,475	129,697
Excess of Revenues Over Expenditures					
		101,946	109,236	274,613	165,377
Net Change in Fund Balances*		\$ 101,946	\$ 109,236	274,613	\$ 165,377
Fund Balances at Beginning of Year				455,274	
Fund Balances at End of Year				\$ 729,887	

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TOWN OF HEMPSTEAD, NEW YORK

DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS COMBINING STATEMENT OF NET POSITION December 31, 2025

	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	\$ 18,483,991	\$ 4,904,228	\$ 1,816,154	\$ 5,532,048	\$ 174,710	\$ 2,856,429	\$ 7,909,671	\$ 1,302,463	\$ 42,979,694
Cash and cash equivalents restricted				15,500		1,635,865	3,647,167	377,071	5,675,603
Receivables, net of allowance:	26,457			3,886		779,731	1,220,229		2,030,303
Legal settlement receivable, due within one year						117,108			117,108
Leases receivable, due within one year		184	4,353	1,061	4,884	233,148	360,671		593,819
Due from other governments		30,263	50,007	119,428		250,512	481,059		742,053
Prepaid items and Other						52,559	159,254	89,198	500,709
Total Current Assets	18,510,448	4,934,675	1,870,514	5,671,923	179,594	5,925,352	13,778,051	1,768,732	52,639,289
Non-Current Assets:									
Other						153,636			153,636
Legal settlement receivable, due in more than one year						538,937			538,937
Lease receivable, due in more than one year						1,919,126	4,208,005		6,127,131
Capital assets, net of depreciation	275,159	2,228,314	8,291,797	6,062,541	5,100	16,712,008	29,522,391	2,917,469	66,014,779
Total Non-Current Assets	275,159	2,228,314	8,291,797	6,062,541	5,100	19,323,707	33,730,396	2,917,469	72,834,483
Total Assets	18,785,607	7,162,989	10,162,311	11,734,464	184,694	25,249,059	47,508,447	4,686,201	125,473,772
	1,202,799	209,758	321,941	1,097,103	-0-	397,648	1,351,821	345,406	4,926,476
DEFERRED OUTFLOWS OF RESOURCES									
LIABILITIES									
Current liabilities:									
Accounts payable and accrued liabilities	1,769	56,218	159,991	145,646	10,558	335,192	1,650,337	62,813	2,422,524
Due to primary government			800,000						800,000
Due to other governments	12,719,576								12,719,576
Unearned revenue		106,312							106,312
Bond anticipation notes									
Escrow payable							65,106	85,317	65,106
Unearned revenue							821,333	402,592	2,555,355
Non-current liabilities due within one year	58,484	3,501	419,890	12,060		837,495			
Total Current Liabilities	12,779,829	166,031	1,379,881	157,706	10,558	1,172,687	2,536,776	550,722	18,754,190
Non-Current Liabilities									
Due in more than one year	2,931,634	400,340	4,364,940	4,936,312		18,561,455	19,928,342	4,306,765	55,429,788
Total Liabilities	15,711,463	566,371	5,744,821	5,094,018	10,558	19,734,142	22,465,118	4,857,487	74,183,978
	307,402	4,914	31,908	2,116,090	-0-	1,850,392	4,530,223	316,550	9,157,479
DEFERRED INFLOWS OF RESOURCES									
NET POSITION									
Net investment in capital assets	1,621	2,217,198	4,016,790	6,010,032	5,100	6,508,349	15,776,302	1,838,402	36,373,794
Restricted		155		17,681		2,093,616	3,152,413	377,071	5,640,936
Unrestricted (deficit)	3,967,920	4,584,109	690,733	(406,254)	169,036	(4,539,792)	2,936,212	(2,357,903)	5,044,061
Total Net Position	\$ 3,969,541	\$ 6,801,462	\$ 4,707,523	\$ 5,621,459	\$ 174,136	\$ 4,062,173	\$ 21,864,927	\$ (142,430)	\$ 47,058,791

See independent auditors' report.

TOWN OF HEMPSTEAD, NEW YORK

DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS

COMBINING STATEMENT OF ACTIVITIES

Year Ended December 31, 2025

	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	\$	1,111,349	\$	3,419	\$	12,098	\$	26,631	\$	4,884	\$	2,635,863	\$	3,159,739	\$	209,166	\$	7,163,149
Operating grants and contributions						15,816											15,816	
Capital grants and contributions																		1,649,886
Real property taxes				1,547,869		3,138,770		3,687,043		73,467		901,250		748,636		2,484,798		15,547,858
Other real property tax items						95,160		659,755						87,452				842,367
Use of money and property - interest and earnings	59,349			191,894		26,878		190,029		3,441		453,518		1,001,132		16,257		1,942,498
Sale of property and compensation for loss																		1,883,626
Miscellaneous local sources	44,124			234		5,268		21,352				576		725,521				797,075
State aid - unrestricted				21,838				93,324										115,162
Federal aid - unrestricted																515,708		515,708
Total Revenues		1,214,822		1,765,254		3,293,990		4,678,134		81,792		7,369,969		8,843,255		3,225,929		30,473,145
EXPENSES																		
Economic assistance and opportunity		1,072,445						4,804,157										1,072,445
Culture and recreation				1,475,241		3,331,431				109,292		4,817,098		6,214,274		1,696,676		9,610,829
Home and community services																		12,837,340
Total Expenses		1,072,445		1,475,241		3,331,431		4,804,157		109,292		4,817,098		6,214,274		1,696,676		23,520,614
Change in Net Position		142,377		290,013		(37,441)		(126,023)		(27,500)		2,552,871		2,628,981		1,529,253		6,952,531
Net Position - Beginning of Year		3,827,164		6,511,449		4,744,964		5,747,482		201,636		1,509,302		19,235,946		(1,611,825)		40,166,118
Cumulative Effect of Change in Accounting Principle (Note 7)																(59,858)		(59,858)
Net Position at Beginning of Year, as Restated		3,827,164		6,511,449		4,744,964		5,747,482		201,636		1,509,302		19,235,946		(1,671,683)		40,106,260
Net Position - End of Year	\$	3,969,541	\$	6,801,462	\$	4,707,523	\$	5,621,459	\$	174,136	\$	4,062,173	\$	21,864,927	\$	(142,430)	\$	47,058,791

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