



HEMPSTEAD VISIONS

February 2013

Finance Issue

Village Announces Surplus for 2012

Mayor Wayne J. Hall Secures \$13.8 Million Surplus in 8-Year Term

Hempstead Village is pleased to announce that the Village general fund recorded a \$2.3 million surplus for the year ending May 31, 2012, making this the sixth consecutive year with no deficit. Since Mayor Wayne J. Hall began his first term in 2005, the Village of Hempstead has accumulated \$13.8 million in surplus, reflecting his administration's continued commitment to strong fiscal oversight.

Mayor Hall remains committed to working within the tax cap and will deliver a 2013-14 budget that comes in under the cap. In the 2012-13 budget, the Village appropriated \$3.1 million of the unassigned surplus, including a portion of its reserves, to balance the budget. This appropriation allowed for an overall tax levy increase slightly below 1 percent (.92), which is well below the 2 percent tax cap mandated by New York State.



Mayor Wayne J. Hall with Superintendent of Parks and Recreation George Sandas at Lincoln Field.

Since 2005, this commitment has reflected a fiscal improvement, which has put visible improvements into motion. Among them are (1) the community's brand new artificial turf at Lincoln Field (2) new Department of Public Works equipment (3) the complete foundation-up restoration of 28 streets Villagewide and (4) the in-house resurfacing of an additional 82 Village

streets (5) more than 200 new catch basins (6) 3,000 linear feet of curb and gutter restoration and (7) new fire equipment and vehicles.

The Village government is committed to the fiscal health of Hempstead and will continue to maintain a long view. The fiscal recovery is a result of careful stewardship, making difficult but prudent business decisions, cutting expenses (see article on the back cover), debt refunding and hiring freezes, among many other measures. Mayor Hall and the Village administration have worked hard to balance the budget and cut property taxes. Furthermore, since Mayor Hall took office and implemented his financial recovery plan, there has been no cash flow borrowing, and the Village's outstanding debt level remains moderate.

Years ago, the Village's bond rating was one step above junk bond status. Little was invested in infrastructure and equipment; expenditures were erratic; budget estimates were unrealistic; and broken promises of fiscal turnaround damaged the Village's credibility. Prior to Mayor Hall's term, there were many deficits and double-digit tax increases. Since taking office, Mayor Hall has aggressively pursued old outstanding tax liens (mostly on commercial properties), increased non-property tax revenues, implemented the financial recovery plan and reduced the tax levy.

Mayor Hall has faced new challenges since taking office, which include New York State's introduction of the tax levy cap. The cap limits annual increases in the tax levy to 2 percent, or the rate of inflation, whichever is lower. The Village of Hempstead plans to adopt a budget that is at or below the tax cap for the 2013-14 fiscal year, just as it has for three out of the last five years.

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Cost-Cutting Initiatives Continue

Upon taking office eight years ago, Mayor Hall immediately set out to stop the fiscal bleeding, end excessive tax hikes and reduce legal costs. Eight years later, the Village's finances are stable, there is a surplus, and there are reserves in place to assist the Mayor's administration with keeping taxes stabilized. Eight years ago, the Village established a legal department in-house, thereby significantly reducing the high cost of contracting with outside attorneys. This decision has saved residents over \$1.9 million in legal expenses.

The latest steps the administration has taken to cut costs include:

- Aggressively pursuing judgments in matters where Village code was violated with particular attention paid to quality of life violations
- Planning to implement the 311 call center for Village residents' convenience; this will be staffed by operators who can answer residents' questions, record/route service requests accurately and monitor the service requests from receipt to completion.
- Holding the line on expenditure growth while maintaining a hiring freeze and aggressively managing staffing levels through attrition and resource realignment
- Working closely with its labor unions to secure fair labor contracts while obtaining meaningful concessions that have immediate and long-range positive cost reduction implications (e.g., employee healthcare, contributions for new CSEA employees)
- Refunding debt to save the Village \$1.8 million in debt service payments

Village Uses Surplus to Launch Shotspotter

A New Measure to Protect and Defend Residents

Hempstead piloted new Shotspotter sensors throughout the Village in February to ensure resident safety. The Shotspotter tool was purchased with part of the budget surplus, which is a direct result of the current administration's responsible management of funds. This gunshot locator system will provide wide-area acoustic surveillance for gunshots, as well as other large explosive occurrences. These sensors will provide police officers with immediate information and intelligence to respond quickly and safely to gunfire incidents.

Hempstead Village Reaffirms 'A' Rating From S&P

In a report released in August, Standard & Poor's Rating Services assigned its 'A' long-term rating and stable outlook to Hempstead Village, reflecting S&P's expectation that the Village's finances will continue to strengthen. According to S&P, "The Village's financial profile has improved, largely due to the implementation of a financial recovery plan, which aims to improve tax and fee collections while holding the line on expenditure growth."

Mayor Replenishes Water Fund After Years of Negative Balance

As of May 31, 2012, the Village Water Fund (Special Revenue Fund) has a cumulative fund balance of \$1.4 million, due largely to the reduction of expenditures and increase in projected revenues.

Before Mayor Hall took office eight years ago, the former administration depleted the Hempstead Village Water Fund balance. Instead of addressing the structural deficit, the prior administration appropriated surplus from the water fund to supplement budget shortfalls in the General Fund for years. Bit by bit, the fund was eventually depleted, creating a deficit that was further exacerbated by old and slow running meters. Mayor Hall addressed these issues and replaced the meters with new and efficient radio read meters. He aggressively prosecuted theft of water in the Village and has thus balanced the fund.

Mayor Hall's goal has been to ensure the Water Fund is self-sustaining. With sufficient water reserves, the Village is able to fund its capital projects without borrowing and adding additional debt load where possible. Mayor Hall remains committed and will not appropriate Water Funds to supplement the General Fund operations.