



# TOWN OF **North Hempstead**

**NASSAU COUNTY, NEW YORK**

**TOWN HALL  
220 PLANDOME ROAD  
MANHASSET, NY 11030**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2012**

**TOWN OF NORTH HEMPSTEAD  
NEW YORK**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2012**

Prepared by the Office of the Town Comptroller  
Kathleen H. Mitterway, CPA, CFE, CIA, CISA  
Town Comptroller

**TOWN OF NORTH HEMPSTEAD**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2012**  
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**INTRODUCTORY  
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*Supervisor*  
JON KAIMAN

*Town Board*  
VIVIANA RUSSELL  
THOMAS K. DWYER  
ANGELO P. FERRARA  
ANNA M. KAPLAN  
LEE SEEMAN  
DINA M. DEGIORGIO

*Town Clerk*  
LESLIE GROSS

*Receiver of Taxes*  
CHARLES BERMAN

## TOWN OF NORTH HEMPSTEAD OFFICE OF THE SUPERVISOR

TOWN HALL  
220 PLANDOME ROAD  
MANHASSET, NY 11030  
(516) 869-7700  
FAX (516) 627-4204



*Supervisor*  
JON KAIMAN

August 15, 2013

Honorable Members of the Town Board  
and Citizens of the Town of North Hempstead:

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Town of North Hempstead, New York for the year ended December 31, 2012. The financial statements have been audited by the accounting firm selected by the Town Board, Albrecht, Viggiano, Zureck & Company, P.C. The auditors' unqualified opinion is included in this report.

The Town received its second Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for the December 31, 2011 report. Certificates are awarded to those governments whose annual financial reports are judged to conform to generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. It is my belief that the December 31, 2012, financial report continues to meet the requirements of the Certificate of Achievement Program.

This report is published to provide the Town Board, Town employees, citizens, bond holders and other interested parties with detailed information concerning the Town's operations and financial positions.

The preparation of this report could not have been accomplished without the dedicated effort of the entire staff of the Comptroller's Office and the cooperation of other Town departments. Their hard work towards enhancing the accounting and financial reporting of the Town has led to the improved quality of the information provided to the Town Board and the citizens of the Town of North Hempstead.

Sincerely,

  
Jon Kaiman  
Town Supervisor



*Supervisor*  
JON KAIMAN

*Town Board*  
VIVIANA RUSSELL  
THOMAS K. DWYER  
ANGELO P. FERRARA  
ANNA M. KAPLAN  
LEE SEEMAN  
DINA M. DEGIORGIO

*Town Clerk*  
LESLIE GROSS

*Receiver of Taxes*  
CHARLES BERMAN

**TOWN OF NORTH HEMPSTEAD  
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*Comptroller*  
KATHLEEN H. MITTERWAY

*Deputy Comptrollers*  
ANGELO J. FERRARA  
KRISTIE HANSEN-HIGHTOWER

August 15, 2013

Honorable Members of the Town Board  
and Citizens of the Town of North Hempstead:

The Comprehensive Annual Financial Report of the Town of North Hempstead, New York (the "Town") for the year ended December 31, 2012, prepared by the Office of the Comptroller, is submitted herewith.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with those responsible for the management of Town government. Such responsibility is predicated on a comprehensive system of internal control that has been established for this purpose as well as to safeguard the Town's assets. The cost of a system of internal control should not exceed its anticipated benefits; therefore, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Albrecht, Viggiano, Zureck & Co. P.C., Certified Public Accountants, have issued an unqualified auditors' report dated August 15, 2013, for the Town and its discretely presented component units as of December 31, 2012, and the year then ended. Their report may be found at the beginning of the Financial Section.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

**Profile of the Government**

Originally, the Town of North Hempstead was part of the Town of Hempstead, which was a tract of land that was purchased by a group of 30 settlers in 1643. The Town of Hempstead spanned the width of Long Island from the Long Island Sound to the Atlantic Ocean.

In the 1770's, residents in the northern part of the Town predominantly sympathized with the forces for independence. On September 23, 1775, a group of leading residents adopted a declaration seceding from the Town of Hempstead, and British rule generally, creating what would become the Town of North Hempstead. British forces occupied the Town, after the Battle of New York in 1776, an occupation that did not end until the end of 1783. The division of Hempstead into North and South was ratified by the New York State Legislature in 1784, and North Hempstead officially became a separate township.

In the 19<sup>th</sup> century, North Hempstead became the seat of Queens County, which included the three eastern towns of North Hempstead, Hempstead and Oyster Bay. In 1899, these towns formed the new Nassau County when the remainder of Queens County joined New York City. The cities of Glen Cove and Long Beach were later created out of portions of Oyster Bay and Hempstead, respectively.

The Town is located at the western end of Nassau County adjacent to the Borough of Queens in New York City. On the East, it is bordered by the Town of Oyster Bay, on the South by the Town of Hempstead and on the North by the Long Island Sound.

North Hempstead includes all of Manhasset Bay and portions of both Little Neck Bay and Hempstead Harbor. The Town has two beaches, one within Manhasset Bay and one within Hempstead Harbor. Manhasset Bay in Port Washington is also the location of the Town Dock, which hosts a public mooring field, a kayak launch, docking facilities, and also serves as a fishing spot and the starting point for a harborside trail. The Town maintains boat launching sites on Manhasset Bay and Hempstead Harbor.

In 1997, the Town opened the Harbor Links golf and athletic complex on a reclaimed sand mine in Port Washington. The complex includes an award-winning, Audubon-certified 18-hole championship golf course, a 9-hole executive course, a renovated miniature golf course and four multi-purpose athletic fields. A clubhouse with a pro shop, men's and women's locker rooms, a grill room and a 300-person capacity ball room was opened in 2006.

The Town has an indoor pool and outdoor athletic stadium at the remodeled Aquatic Activity Center in New Hyde Park, seasonal pool facilities in New Hyde Park, Port Washington, Manhasset, and New Cassel, and numerous baseball and multi-purpose athletic fields at parks throughout the Town.

Water is received from the Water Authority of Western Nassau, the Water Authority of Great Neck North and eight Commissioner Operated Water Districts within the Town. Electricity and natural gas are furnished by the Long Island Power Authority and National Grid, respectively.

The Town is within easy commuting distance of New York City. The Long Island Rail Road, which has frequently scheduled trains, accommodates daily commutes and trips to New York City on three lines from ten stations within the Town. The Town is connected with New York City and other nearby points by four main east-west highways: Route 25A (Northern Boulevard), Route 25 (Jericho Turnpike), Northern State Parkway and the Long Island Expressway. Town residents may avail themselves of air travel from nearby John F. Kennedy International, La Guardia or Long Island-MacArthur Airports.

Colleges and universities located in or near the Town include Adelphi University, Long Island University (C.W. Post University), New York Institute of Technology, SUNY at Old Westbury and the U.S. Merchant Marine Academy at Kings Point.

There are numerous public libraries located within the Town. Throughout the year, they offer various programs of general interest to adults and children. The Capital One Theater at Westbury offers programs featuring well known artists in the music and entertainment fields. The Tilles Center at Long Island University offers programs of classical and popular music. In addition, Town residents are less than a one hour drive from New York City's museums, theaters and other cultural activities.

Town hospitals include North Shore-Long Island Jewish Medical Center, St. Francis Hospital and Winthrop University Hospital.

The Town of North Hempstead is governed by Town Law and other general laws of the State of New York and various local laws and ordinances. It is classified by New York State as a suburban town. Included in the Town are thirty-one incorporated villages. In addition, there are sixteen unincorporated hamlets in the Town. These include Albertson, Carle Place, Garden City Park, Great Neck Gardens, Greenvale, Harbor Hills, Herricks, Manhasset, New Cassel, North New Hyde Park, Port Washington, Roslyn Heights, Saddle Rock Estates, Seasingtown, Strathmore and University Gardens. The Town encompasses an area of 53.58 square land miles.

The Town of North Hempstead's Receiver of Taxes collects taxes for ten public school districts within the Town of North Hempstead and three school districts that have parcels in North Hempstead, but are largely in other adjacent towns.

The chief executive officer of the Town is the Supervisor, who is elected for a term of two years and is eligible for the right of succession. The Supervisor is also a member of the Town Board. In addition to the Supervisor, there are six members of the Town Board who are elected to four-year terms. The terms are staggered so that every two years, three council members run for election. There is no limitation to the number of terms that may be served by members of the Town Board. The Supervisor is elected at large while council members are elected through council districts. The Town Clerk and Receiver of Taxes are elected for four-year terms.

Services are provided to residents by the following Town Departments: Administrative Services; Building and Safety Inspection; Community Services; Comptroller's; Department of Services for the Aging; Human Resources; Information Technology; Intermunicipal Coordination; Parks and Recreation; Planning and Economic Development; Public Safety; Public Works (including Highway, Lighting and Sidewalks); Receiver of Taxes; Supervisor's Office; Town Attorney and Town Clerk. Certain sanitation services are provided through the Town's Solid Waste Management Authority ("SWMA"). SWMA's assets, liabilities, revenues and expenditures are included in the financial statements of the Town.

Police protection is provided by Nassau County, six village police departments and by the Port Washington Police District whose patrol area is limited to selected portions of the Port Washington peninsula. Fire protection is provided by four independent fire districts and seven fire protection districts which are funded through contracts and are considered to be Town operated for financial reporting purposes.

The Town Board appoints the Town Attorney, Comptroller and other Departmental Commissioners. The Supervisor appoints the Deputy Supervisor, the Director of Finance and various members of his office staff.

The Town has 46 special districts, of which 19 are Town operated and included in Primary Governmental Activities for financial reporting purposes. Of the remaining 27 districts, 21 are reported as "Discretely Presented Component Units" and 6 districts (2 library funding and 4 fire) are excluded. Inclusion in or exclusion from the financial statements is determined by whether there is a financial or operational interdependence between the Town and the District. Generally, the interdependence is predicated on the authority or lack of authority of the District to tax and borrow. Where such authority is lacking, the Town taxes and borrows in its own name, on behalf of the District. In the case of the Town's Community Development Agency ("CDA"), the Town Board appoints the CDA Board of Directors.

Each year, the Town Board is required to adopt a budget, no later than November 20<sup>th</sup>, for the following calendar year. The budget is prepared by fund, department (which generally equates to function) down to individual expenditure line item. The adopted budget includes the Town's General Fund, Highway, Part Town, SWMA and all the Special Districts enumerated above, except for CDA, Capital Projects and the Debt Service Funds. CDA is excluded from the budget, as its principal source of revenue is not property taxes, but rather funding from the U.S. Department of Housing and Urban Development. Capital Projects are budgeted on an individual project basis, with debt service and related costs budgeted in the Town operated General, Highway, Public Parking, Sidewalk, Lighting and three Park District funds, respectively. NYS legislation enacted in 2006 permitted the merging of the Highway and Part Town funds into the Town Outside Villages ("TOV") fund and financial reporting may be done on a combined basis, prospectively. Department heads may reallocate budgeted amounts within their departments without Town Board approval. Transfers between departments require the Supervisor's approval and that of the Town Board.

### **Local Economy**

In 2008, North Hempstead was named one of CNN Money Magazine's "100 Best Places to Live", citing the Town's solid economic foundation as one of the reasons. In 2009, North Hempstead was ranked #2 in CNN Money Magazine's "Best Places to Live for a Healthy Retirement" and in 2010, North Hempstead was ranked #12 in CNN Money Magazine's "Top-Earning Towns in America".

The Town's award-winning hospitals and other medical providers offer an employment base for a largely highly educated and affluent population. These facilities not only employ thousands of local residents, across a wide spectrum of occupations, but also bring thousands of patients and their families to Town. This pool of employees and customers further support a wide range of local businesses, from hotels to restaurants to retail establishments.

The Town's low unemployment rate, which continues to fall below medians for both the County and the metropolitan region, according to the Federal Bureau of Labor Statistics, is indicative of a sound economic base. The Statistical Section of this report lists these and a number of additional economic indices whose trends are favorable.

The Town's proximity to New York City also makes it a highly desirable suburban location for commuters, attracted both by the ease of access to employment as well as the Town's highly regarded schools and overall quality of life.

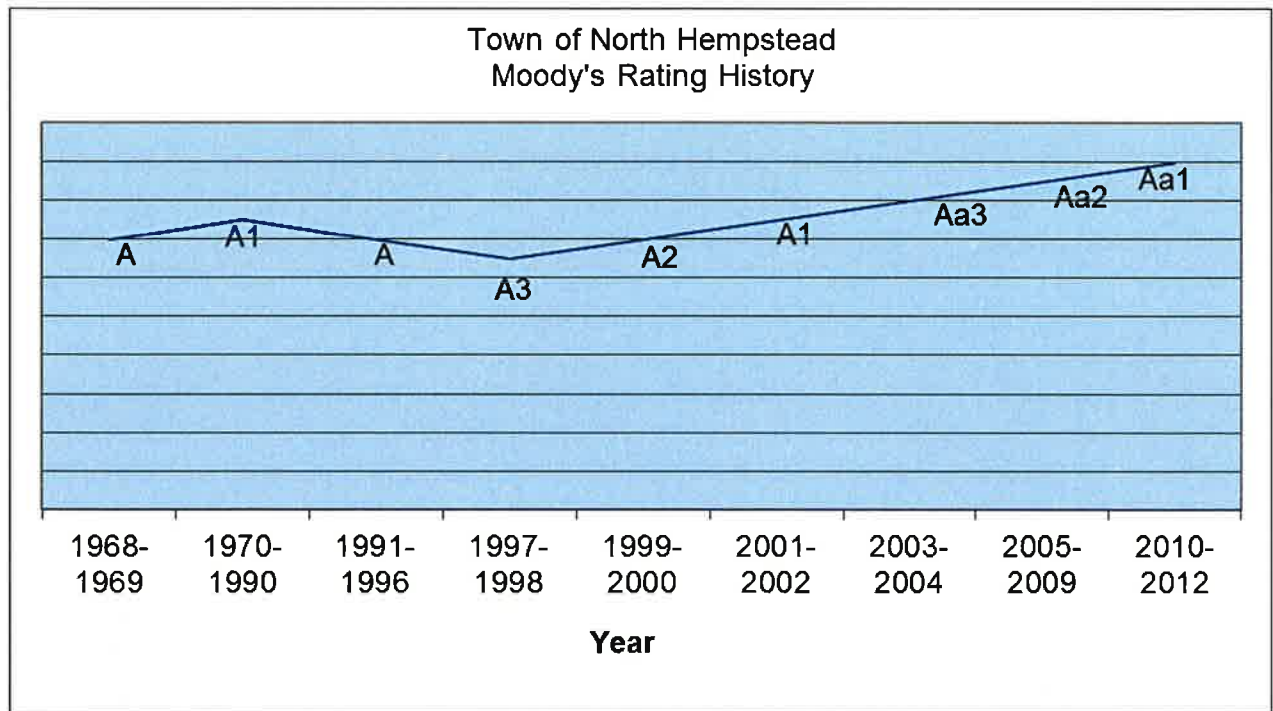
### Impact of Hurricane Sandy on the Town

As a result of Hurricane Sandy (the “Storm”), the Town sustained damage, mainly from downed trees and floodwaters. Many Town roads had numerous large trees fall, damaging sidewalks and obstructing the right-of-ways. Fallen trees and debris were removed by Town workforce and outside contractors. Several Town Parks also incurred damage. There was damage to various recreational facilities, due to flooding issues. The Town employees undertook various emergency protective measures to prepare and respond to the needs of residents. The Town’s costs for emergency protective measures, debris removal and other recovery efforts total approximately \$11.5 million to date, with the work to continue for several months. The Town has assessed most of the damage from the Storm, including damage to signage, comfort stations and smaller auxiliary structures. No Town-owned facilities or structures were damaged beyond repair.

Since the Storm, the Town has been in contact with officials from the Federal and State governments and it is expected that a substantial portion of the expenses associated with the foregoing will be reimbursed by Federal and/or State agencies.

### Long-Term Financial Planning

The Town has achieved an Aa1 bond rating from Moody’s Investors Service. This rating reflects strong fiscal management marked by conservative budgeting and maintenance of solid reserve levels. The Town is committed to maintaining and trying to upgrade its current bond rating in future years.



The Town’s Capital Plan, which is revised annually, projects for five years those items of a capital nature that management has determined are likely to need replacement or are new to the Town. An estimated dollar amount required for each capital project is quantified and the related funding sources identified. This level of granular detail permits Town government to plan in reasonable detail and budget or borrow, as appropriate.

## **Relevant Financial Policies**

The Town of North Hempstead is governed by financial policies pursuant to laws of the State of New York. In addition, the Town has adopted and adheres to a set of Financial Management Policies that include the following: Debt Management Policy, Fund Balance Policy, Investment Policy, Purchasing Policy, Capital Asset Policy, Petty Cash and Change Bank and Employee Reimbursement and Travel Policy. The annual budgetary process contributes to prudent fiscal planning, by using conservative revenue and expenditure forecasting in the preparation of Town budgets. All policies are designed to strengthen internal controls and are reviewed and readopted annually.

## **Major Initiatives**

In 2012, the Town's 311 constituent response system responded to 199,281 resident calls to the North Hempstead 311 Call Center. Every call was logged in, documented, directed to its proper place and tracked to resolution. From those calls in 2012, North Hempstead 311 Call Center opened 62,393 Service Requests and provided immediate information responses to 147,491 callers. During Hurricane Sandy, the 311 Call Center shifted to a 24-hour operation and answered 37,533 calls. The 311 constituent response system permits our residents to make one call to Town Hall and get all the information that they need to resolve any Town related problem that they have. The Town was the first suburban community in the USA to install a 311 system, and plans further expansion of the service in the years ahead.

Through the management initiative known locally as "TownStat", Town officials monitor the efficiency and effectiveness of how the Town addresses constituents' concerns. TownStat and the Town's 311 constituent response system work together to capture our residents' questions and service requests. The 311 Call Center provides answers and when necessary, directs service requests to the correct service delivery point, as well as follow-up to ensure that performance management standards are met. Performance management aids in cost reduction, resource prioritization, and quality improvement. It encourages accountability and transparency, fostering the type of government we in North Hempstead have come to expect. In 2012, for the second consecutive year, the Town received the Certificate of Distinction from the International City/County Management Association (ICMA) for North Hempstead's TownStat Performance Measurement and Management Program.

Since the inception of the School Recycling Partnership Program five years ago, over 34,000 students in nine of North Hempstead's 11 school districts have recycled an average of 1,800 tons of paper, 350 tons of comingled recyclables (plastic, aluminum, and glass) and collected an estimated 110 tons of electronic waste. The increase in recycling rates will help offset the Town's costs, but the real winner is the environment. In 2009, the Town received the New York State Environmental Excellence Award for this program and received an A+ by the Citizens Campaign for the Environment for their recycling efforts. In 2012, the Town's e-Waste collection gathered over 130 tons of unwanted electronics.

Partnering with the Nassau County Police Department and the Town's schools and local pharmacies, North Hempstead hosted the County's first Pharmaceutical Collection Program in October 2010. To date, through 2012, the program has collected close to 10,000 pounds of expired and unwanted prescription drugs, keeping them out of the drinking water system and landfills. Pharmaceutical Collection Program helps the environment in part by discouraging people from using the typical disposal method, flushing unused pills or dumping them in the solid waste stream. The U.S. Environmental Protection Agency ("EPA") reported that, in addition to steroids and antibiotics, more than one hundred pharmaceuticals and personal care products have been identified in drinking water across the country. In 2011, the Town was presented the U.S. Environmental Protection Agency 2011 Environmental Quality Award for its Pharmaceutical Collection Program. The EPA cited the Town for its "outstanding commitment to protecting and enhancing environmental quality and public health."

Long Island's first Composting Cooperative program began in April 2010. Participating residents are given a composter for a nominal fee and free instructional demonstration on proper composting techniques. To date, the Town has distributed over 1,000 composters to its residents. The Town also initiated two programs to enhance recycling of yard waste and paper by offering residents two new receptacles. Residents are now able to purchase paper compostable leaf bags, eliminating the use of thousands of plastic bags from the waste stream. Residents can also purchase an easy to use bin for paper recycling which helps the Town collect more paper, increase the recycling rate and reduce the use of plastic bags.

In the fall of 2010, the Town became the first municipality in the United States to partner with cosmetics giant Estee Lauder on a new recycling program for plastic bottle caps. Using collected caps they have been able to develop ways to make new caps to use on their Aveda products that are shipped world-wide. In the spring of 2012, we introduced the "May We Have Your Caps" contest in which all schools participated in a Caps Collection event. This new initiative brought in nearly 2 tons of caps this year for a total of 3,946 lbs. of caps that would have gone into landfills, littered our beaches and hurt our marine life.

In April 2012, the Town of North Hempstead announced another first in Long Island aimed at protecting the environment and conserving water thereby reducing water bills. Dubbed "Recycle the Rain," the program offers residents 50-gallon rain barrels at a discounted rate. The latest in a growing collection of environmental initiatives, the "Recycle the Rain" program can save residents as much as 1,800 gallons of water in one season. Leading environmental organizations note that rain barrels help to keep waterways free of storm water runoff, which can seriously pollute streams, lakes and estuaries.

In 2012, North Hempstead held the first ever "Trashion" Show, another green initiative, linking art and the environment. The "Trashion" Show encouraged students from the Town's nine public school districts and one private school, participating in the School Recycling Partnership Program, to make fashionable clothing out of recycled trash and model their creations on the runway.

The 4<sup>th</sup> Annual Recycled Artwork Contest invited students to use their creativity to promote recycling in their schools and community. The contest is intended to spread the powerful message of reduce, reuse and recycle. Over 1,000 students participated and the entries were judged by the North Hempstead Arts Advisory Committee. Each student was instructed to use materials that would have otherwise been garbage. The winners were honored at the Great Neck Arts Center, in a special ceremony, and all entries were displayed for one month in the gallery at the Great Neck Arts Center.

The 5<sup>th</sup> Annual Earth Day Video Contest gives the students, in our award winning Recycling Partnership Program, the opportunity to create a "PSA" (Public Service Announcement) to educate the residents of North Hempstead about critical environmental issues. This year's theme was "Plastic Ain't My Bag", where the students highlighted hazards plastic bags pose on the environment, and proposed remedies to reduce our reliance on their excessive use. Entries are judged by the Town's Ecological Commission and the winners will have their videos shown on the Town cable and You Tube station which reaches 260,000 residents in North Hempstead and the North Shore area and will be recognized at a Town award ceremony.

The Office of Intermunicipal Coordination ("OIC") stands as a model of government partnerships to improve the way governments and municipal corporations communicate and work together. The Town currently has Intermunicipal Agreements ("IMA's") with over 70 municipal entities, including incorporated villages, school, library, water, water pollution control, and police districts. The OIC provides a broad range of services, including: repaving, street sweeping, storm basin cleaning, street sanding, snow removal, tree pruning, sign making, and dumping services at reduced costs, for the benefit of the taxpayers.

The Town has also placed a special emphasis on ensuring the health and well-being of our senior population. Project Independence, our nationally-recognized "aging-in-place" senior program continues to expand throughout North Hempstead, with six local offices. The program successfully links seniors with services ranging from medical and social service providers, to taxi rides for trips to the supermarket and doctor's appointments, to handyman assistance. Project Independence, now matched up with the Town's 311 system, handled 23,603 service requests in 2012, and has helped thousands of North Hempstead seniors maintain and improve their quality of life, making it easier for them to remain in their homes and part of our community.

The Town continues to keep quality of life at the top of the priority list. The remodeled Aquatic Activity Center in New Hyde Park contains an indoor pool with a water slide, zero-entry area, five water features for family fun, a lap-lane area for traditional swimming, a pool-level party room, and a completely remodeled gym. Additionally, memberships have increased 78%, from pre-renovation levels.

The newly re-opened Manorhaven Park and Pool Complex in Port Washington, which features a 25,000 square foot main pool area and a 12,000 square foot bathhouse complex with event space and food service, has become even more popular, with 4,853 memberships, a 279% increase since the 2010 remodeling. Manorhaven recorded more than 40,456 individual visits during the summer of 2012, a 38% increase from 2011, a new record. The pool features two water slides, a kiddie pool, and an expanded pool deck with a resort-like feel. The park also includes a playground, resurfaced tennis courts, and a skate spot which we expect will become one of the parks most popular new features.

In September 2012, the Town held the grand opening of the "Yes We Can" Community Center in Westbury. The new Platinum Leadership in Energy and Environmental Design (LEED) certified "Yes We Can" Community Center is an environmentally advanced structure with solar walls, 60 geothermal wells, reusable grey water and many other green components includes two National Basketball Association (NBA) sized basketball courts, a dance studio, a TV studio, an internet café, a senior's lounge, computer rooms, a stage and more.

Across the Town, we have established a number of festivals and programs including North Hempstead Day, which commemorates the Town's historical beginnings when The Town separated from the Town of Hempstead and Great Britain on September 23, 1775.

Among the many festivals the Town hosts are:

- **Polar Plunge**, where hundreds of brave souls dive into Manhasset Bay each winter in conjunction with and support from the Special Olympics;
- **EcoFest**, at the Town's botanical garden, where thousands come to learn, have fun, and celebrate the environment;
- **Memorial Day**, Fireworks commemoration;
- **Asian American Festival**, to celebrate the Town's growing ethnic diversity;
- **Family Beach Fest**, end of summer celebration;
- **Spooky Week**, featuring the "Spooky Walk" and "Not So Spooky Walk" Halloween celebrations;
- **Kid-Stock**, an open-air family music festival, with live entertainment for kids and parents alike.

In 2012, the Town, in connection with the Great Neck Arts Center, sponsored the Gold Coast International Film Festival, which featured 25 feature length films and 25 short films and showcased the Town and the "North Shore, the Gold Coast of Long Island", its great homes, colleges, and cultural centers. Several thousand people came out for the films and special events, which included preview screenings of the Academy Award winning film, "Silver Linings Playbook", Dustin Hoffman's directorial debut "Quartet", Academy Award nominated film "A Royal Affair" and a 50th anniversary screening of "West Side Story." Actor/director Edward Burns received the Festival's Artist of Distinction in Film Award and appeared in person at a screening of his new film "A Fitzgerald Family Christmas."

With these cornerstones of good government in place, the Town will strive to continue to provide high quality service delivered in a transparent, accountable and efficient manner.

### **Reporting Achievement**

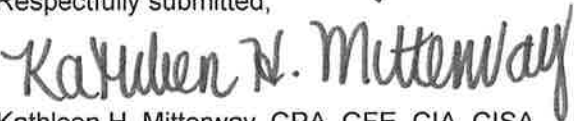
The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of North Hempstead for its Comprehensive Annual Financial Report (CAFR) for the year ended December 2011. This was the second consecutive year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

## Acknowledgements

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Comptroller's Office and the guidance of our independent auditors, Albrecht, Viggiano, Zureck & Co., P.C. I would like to express my sincere appreciation to all members of the department who assisted in, and contributed to, its preparation.

Finally, I would like to thank the Supervisor and the councilmembers of the Town Board for their continuing interest and support in planning and conducting the financial operations of the Town of North Hempstead in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink that reads "Kathleen H. Mitterway". The signature is written in a cursive, flowing style.

Kathleen H. Mitterway, CPA, CFE, CIA, CISA  
Town of North Hempstead  
Town Comptroller



**TOWN OF NORTH HEMPSTEAD**  
PRINCIPAL OFFICIALS  
December 31, 2012

**ELECTED OFFICIALS**

**TOWN BOARD:**

SUPERVISOR	JON KAIMAN
DISTRICT 1 - COUNCILWOMAN	VIVIANA RUSSELL
DISTRICT 2 - COUNCILMAN	THOMAS K. DWYER
DISTRICT 3 - COUNCILMAN	ANGELO P. FERRARA
DISTRICT 4 - COUNCILWOMAN	ANNA M. KAPLAN
DISTRICT 5 - COUNCILWOMAN	LEE R. SEEMAN
DISTRICT 6 - COUNCILWOMAN	DINA M. DeGIORGIO

**TOWN CLERK:**

LESLIE GROSS

**RECEIVER OF TAXES:**

CHARLES BERMAN

**APPOINTED OFFICIALS**

**DEPUTY SUPERVISOR:**

CHRISTOPHER G. SENIOR

**TOWN ATTORNEY:**

RICHARD S. FINKEL until 7/1/2012  
JOHN RIORDAN effective 8/13/2012

**CHIEF OF STAFF**

JO-ANNE TAORMINA effective 5/28/12

**COMPTROLLER:**

KATHLEEN H. MITTERWAY

**SUPERINTENDENT OF HIGHWAYS:**

THOMAS P. TIERNAN

**COMMISSIONER OF ADMINISTRATIVE SERVICES:**

PETER M. HODA

**COMMISSIONER OF BUILDINGS:**

KEVIN M. CRONIN

**COMMISSIONER OF COMMUNITY SERVICES:**

KIMBERLY A. CORCORAN - GALANTE

**COMMISSIONER OF SERVICES FOR THE AGING**

EVELYN ROTH until 2/3/12  
CAISY L. MEYERS effective 5/28/2012

**COMMISSIONER OF FINANCE:**

JO-ANNE TAORMINA until 5/28/2012  
ROBERT WEITZNER effective 5/28/2012

**COMMISSIONER OF INFORMATION TECHNOLOGY:**

FRANK PRISCIANDARO

**COMMISSIONER OF PARKS & RECREATION:**

JENNIFER FAVA effective 3/12/2012

**COMMISSIONER OF PLANNING:**

MICHAEL A. LEVINE

**COMMISSIONER OF PUBLIC SAFETY:**

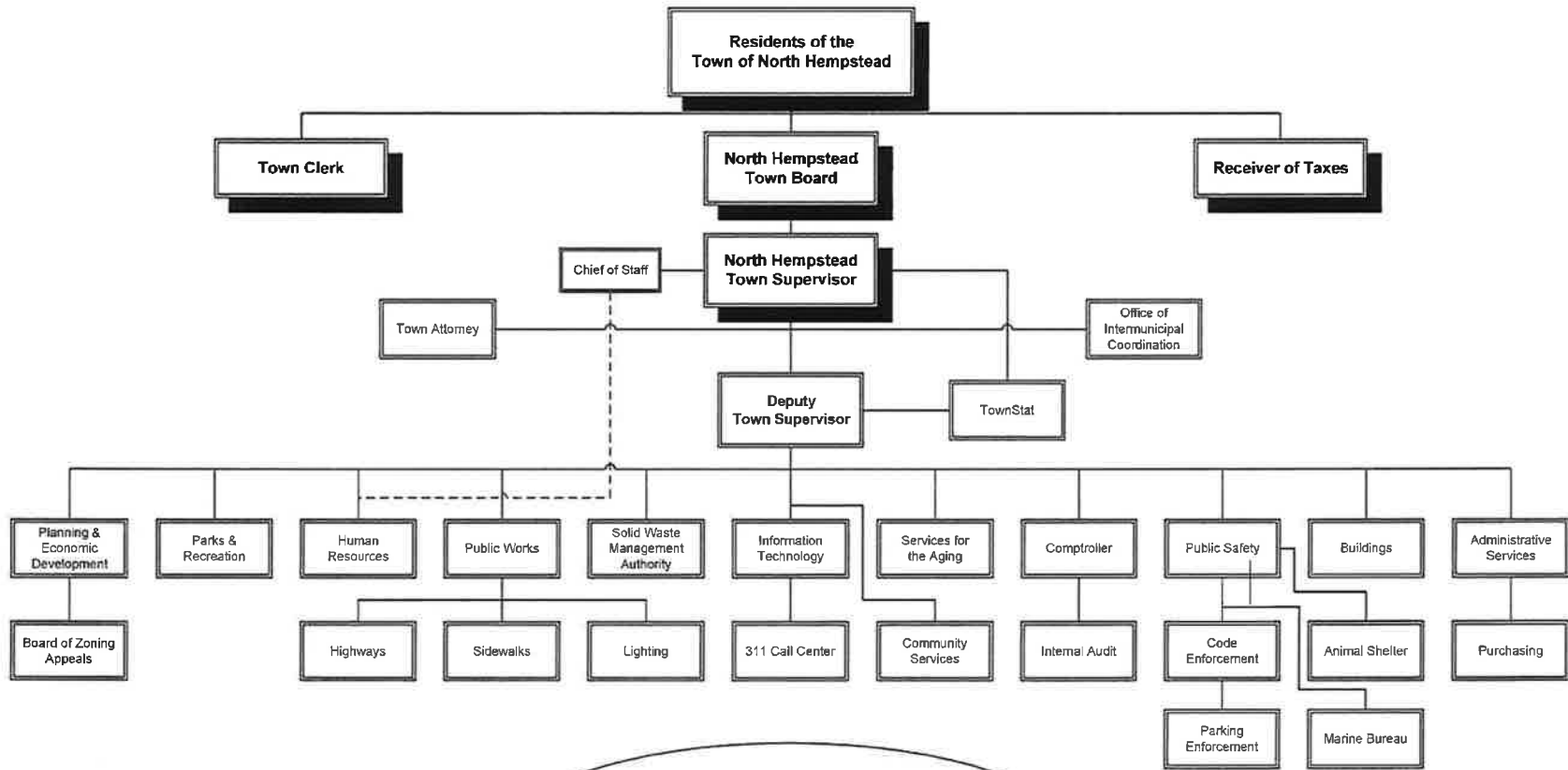
ANDREW DeMARTIN

**COMMISSIONER OF PUBLIC WORKS:**

PAUL DIMARIA

**EXECUTIVE DIRECTOR OF SOLID WASTE MANAGEMENT:**

IGOR SIKIRIC



**The Town of North Hempstead**



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of North Hempstead  
New York

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Moynell*

President

*Jeffrey R. Emswiler*

Executive Director

**FINANCIAL  
SECTION**



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of North Hempstead, New York, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of eighteen of the twenty-one component units, Carle Place Garbage District, Glenwood Garbage District, Port Washington Garbage District, Roslyn Garbage District, Belgrave Water Pollution Control District, Great Neck Water Pollution Control District, Port Washington Water Pollution Control District, Carle Place Water District, Garden City Park Water District, Manhasset-Lakeville Water District, Port Washington Water District, Roslyn Water District, Westbury Water District, Great Neck Park District, Port Washington Police District, Shelter Rock Public Library District, Town of North Hempstead Community Development Agency, and Greater Port Washington Business Improvement District, which represent 96.0%, 87.5% and 95.2% respectively, of the assets, net position and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion, insofar as it relates to the amounts included for those eighteen component units, is based solely on the report of the other auditors.

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 the component units presented discretely in these financial statements, Carle Place Garbage District, Glenwood Garbage District, Port Washington Garbage District, Roslyn Garbage District, Belgrave Water Pollution Control District, Great Neck Water Pollution Control District, Port Washington Water Pollution Control District, Albertson Water District, Garden City Park Water District, Glenwood Water District, Port Washington Water District, Roslyn Water District, Westbury Water District, Great Neck Park District, Manhasset Park District, Shelter Rock Public Library District, and Greater Port Washington Business Improvement District, were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

PERSONAL SERVICE. TRUSTED ADVICE.

ALBRECHT, VIGGIANO, ZURECK & COMPANY, P.C.

245 PARK AVENUE, 24TH FLOOR  
NEW YORK, NY 10167  
T: 212.792.4075

25 SUFFOLK COURT  
HAUPPAUGE, NY 11788-3715  
T: 631.434.9500 F: 631.434.9518

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Town of North Hempstead, New York as of December 31, 2012, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, scheduling of funding progress for the postemployment benefits healthcare costs and the budgetary comparison information be presented to supplement the basic financial statements. Such information, 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 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of North Hempstead, New York's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 the basic financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the combining and individual nonmajor financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2013, on our consideration of the Town of North Hempstead, New York'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 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 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 of North Hempstead, New York's internal control over financial reporting and compliance.

*Albrecht, Veggiore, Zwick & Co., P.C.*

Hauppauge, New York  
August 15, 2013



## **REQUIRED SUPPLEMENTARY INFORMATION**

### **Management's Discussion and Analysis**

**TOWN OF NORTH HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 December 31, 2012

As management of the Town of North Hempstead (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial statements of the Town for the year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letters of transmittal, which can be found in the introductory section of this comprehensive annual financial report (CAFR).

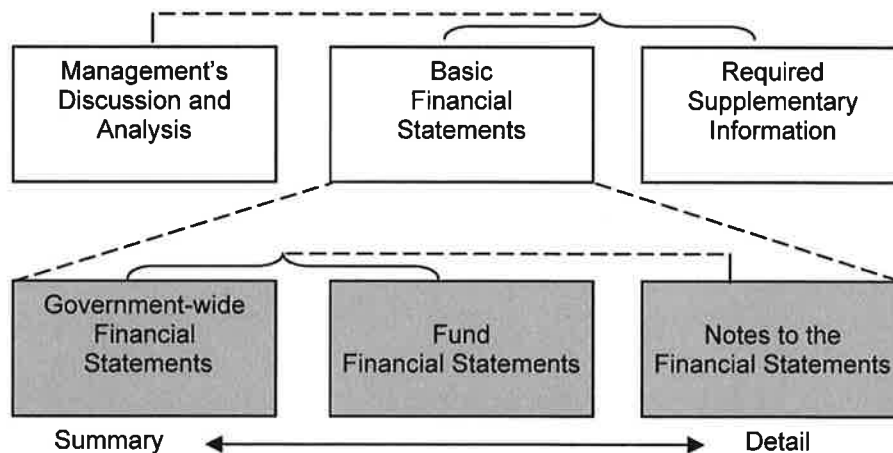
**FINANCIAL HIGHLIGHTS**

- The assets of the Town exceeded its liabilities at the close of 2012 by \$167,229,167 (net position).
- The Town's total net position increased by \$458,296.
- As of the close of 2012, the Town's governmental funds reported combined ending fund deficits of \$36,545,682, an increase of \$9,510,088 in comparison with the prior year. Of this amount, \$6,480,890 is not in spendable form or is required to remain intact. Exclusive of the Capital Projects deficit of \$66,246,267 is \$23,219,695 of total fund balance 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 2012, the Town's total fund balance for the General Fund was \$9,539,108, an increase of 4.2 percent from the prior year. The assigned and unassigned fund balance for the General Fund was \$4,016,926, or 6.3 percent of total General Fund expenditures and other uses.
- The Town's total long-term outstanding debt was \$130,374,838, a decrease of 6.9% from the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise the following 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 NORTH HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2012

**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 and liabilities with the difference between the two reported as net position. Over time, increases or decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's buildings, roads, drainage and other assets to assess the overall health of the Town.

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

The Town's government-wide financial statements includes both the governmental activities of the Town itself (known as the primary government) and of its legally separate component units for which the Town is financially accountable. Financial information for these component units is reported separately (discretely presented) from the financial information presented for the primary government.

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. The reclassification was the result of a functional change between general government support and economic assistance and opportunity.

**Governmental Activities**

The Town's basic services are reported here, including: general government support; education; public safety; transportation; fire; lighting; parks; refuse and garbage; water supply; and community service departments. Property taxes, sales taxes, mortgage taxes, franchise fees, fines, and state and federal grants finance most of these activities. The Town also charges fees to customers to help it cover the cost of certain services it provides.

**Component Units**

Component units are legally separate organizations for which the Town is either financially accountable, or the nature and significance of their relationship with the Town is such that exclusion would cause the Town's financial statements to be misleading or incomplete. These entities are reported in a separate column in the government-wide statements. The Town includes twenty-one separate legal entities in its report (four refuse and garbage districts, three water pollution control districts, eight water districts, two park districts, one police district, one library district, one community development agency, and one business improvement district).

Information on separately issued financial statements is shown in Note 1.A to the financial statements.

**Fund Financial Statements**

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with related liabilities, and residual equity or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions 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 two categories: governmental funds and fiduciary funds.

**TOWN OF NORTH HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2012

**OVERVIEW OF FINANCIAL STATEMENTS** (continued)

**Fund Financial Statements** (continued)

Governmental Funds

The Town's activities are reported in governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating the Town's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the Town's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains thirteen (13) 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 six (6) major funds. The General Fund, Highway Fund, Solid Waste Management Authority (SWMA), Town Outside Village (Part Town) Fund, Debt Service Fund and Capital Projects 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 of this report.

The Town adopts an annual appropriated budget for its General and Special Revenue Funds. Budgetary comparison schedules for the General Fund, Highway Fund, SWMA and Part Town Fund can be found in the section labeled "Required Supplementary Information Other Than Management's Discussion and Analysis". Budgetary comparison schedules for the nonmajor governmental funds are presented in "Other Supplementary Information". The Town does not adopt budgets in the Capital Projects Fund and Debt Service Fund.

The governmental funds financial statements can be found in the "Basic Financial Statements".

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The Fiduciary Fund financial statement can be found in the "Basic Financial Statements" section of this report.

**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.

**TOWN OF NORTH HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2012

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

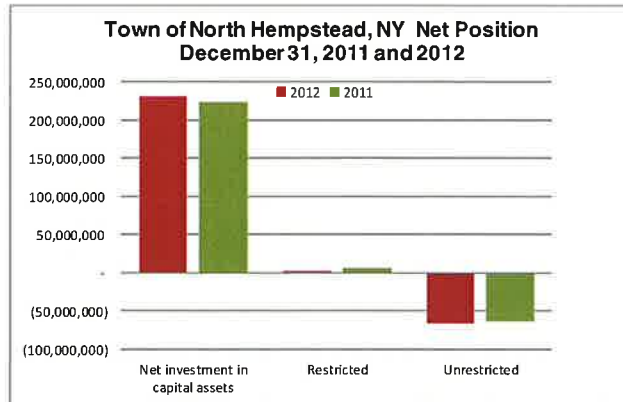
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$167,229,167 at the close of the most recent year.

Condensed Statement of Net Position  
Governmental Activities  
as of December 31,

	2012	2011
Current and other assets:		
Current assets	\$ 77,147,080	\$ 77,570,985
Capital assets, net	406,508,681	396,299,220
Other non-current assets	8,209,035	8,309,788
<b>Total assets</b>	<b>491,864,796</b>	<b>482,179,993</b>
Current and other liabilities:		
Current liabilities	144,750,711	126,079,225
Long-term liabilities	179,884,918	189,329,897
<b>Total liabilities</b>	<b>324,635,629</b>	<b>315,409,122</b>
Net position:		
Net investment in capital assets	231,420,763	223,505,633
Restricted	2,117,638	6,183,772
Unrestricted	(66,309,234)	(62,918,534)
<b>Total net position</b>	<b>\$ 167,229,167</b>	<b>\$ 166,770,871</b>

By far the largest portion of the Town's net position, \$231,420,763, reflects its net investment in capital assets (e.g. land, buildings, machinery and equipment, intangibles and infrastructure); less any related outstanding debt that was used to acquire those assets. The Town uses these capital assets to provide services to its citizens; consequently those 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 balance of unrestricted net position does not necessarily indicate fiscal stress. At the end of the current year, the Town reported a positive balance in the categories of net investment in capital assets and restricted net position. The same situation held true for the prior year. The deficit balance of unrestricted net position arose primarily due to long-term liabilities, which include postemployment benefits healthcare costs (OPEB), compensated absences, claims and judgments, due to the employees retirement system and landfill closure and postclosure care costs, that will be funded through future budgetary appropriations when they become payable in future periods.



The total net position of the Town as of December 31, 2012 was \$167,229,167, an increase of \$458,296 over the prior year. Of this amount \$231,420,763 was the net investment in capital assets, while \$2,117,638 was restricted by statute or other specific purpose leaving a \$66,309,234 unrestricted deficit.

**TOWN OF NORTH HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2012

**GOVERNMENT-WIDE FINANCIAL ANALYSIS** (continued)

Continued recognition of OPEB costs will result in decreases in net position in future years. The unfunded liability for OPEB increased in 2012 by \$6,742,101 bringing the unfunded liability at year-end to \$44,767,965. Additional information on Postemployment Benefits Healthcare Costs can be found in Note 3.F to the financial statements.

Changes in Net Position  
Governmental Activities  
For the years ended December 31,

	2012	2011
Program Revenues		
Charges for services	\$ 35,130,887	\$ 32,476,862
Operating grants and contributions	9,142,273	1,293,242
Capital grants and contributions	29,125	2,498,242
	44,302,285	36,268,346
General Revenues		
Real property taxes	68,261,387	65,134,391
Real property tax items	2,033,313	1,986,292
Non-property tax items	12,441,196	12,029,189
Interest earnings - unrestricted	775,259	1,466,528
Mortgage tax	6,690,606	5,752,767
State aid - unrestricted	1,023,565	1,065,026
Other	1,841,674	3,178,465
	93,067,000	90,612,658
Total Revenues	137,369,285	126,881,004
Program Expenses		
General government support	27,351,522	27,511,643
Education	2,502,099	600,000
Public safety	13,102,628	11,813,435
Health	339,412	393,024
Transportation	24,696,466	26,314,860
Economic assistance and opportunity	2,853,738	3,009,569
Culture and recreation	27,158,800	26,220,885
Home and community services	32,643,032	26,003,597
Interest on debt	6,263,292	6,864,391
	136,910,989	128,731,404
Total Expenses	136,910,989	128,731,404
Change in Net Position	458,296	(1,850,400)
Net Position - Beginning	166,770,871	168,621,271
Net Position - Ending	\$ 167,229,167	\$ 166,770,871

Net position, from all governmental activities, increased by \$458,296 in the current year and had a year-over-year change of \$2,308,696.

Key element(s) of the governmental activities are:

- The \$8,033,939 increase in program revenues was mainly due to an increase of \$7,849,031 in operating grants. This increase stems mostly from \$7,394,971 in Federal Emergency Management Agency (FEMA) reimbursements associated with Hurricane Irene and Superstorm Sandy (offset by related home and community service costs). Charges for services increased \$2,654,025, mainly due to additional SWMA tipping fee revenue, resulting from Superstorm Sandy debris collections, and increased parks revenues. Capital grants and contributions decreased by \$2,469,117 due to non-recurring capital grants.
- Real property taxes increased by \$3,126,996 as a result of the Town Board approved budget. Sales tax, mortgage tax and franchise fees increased by \$389,579, \$937,839 and \$22,428, while interest earnings decreased by \$691,269, respectively, based on economic conditions, consumer spending and housing market conditions.
- Other revenues decreased by \$1,336,791, mainly due to the non-recurring land sale of \$1,275,000 in 2011.

**TOWN OF NORTH HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 December 31, 2012

**GOVERNMENT-WIDE FINANCIAL ANALYSIS** (continued)

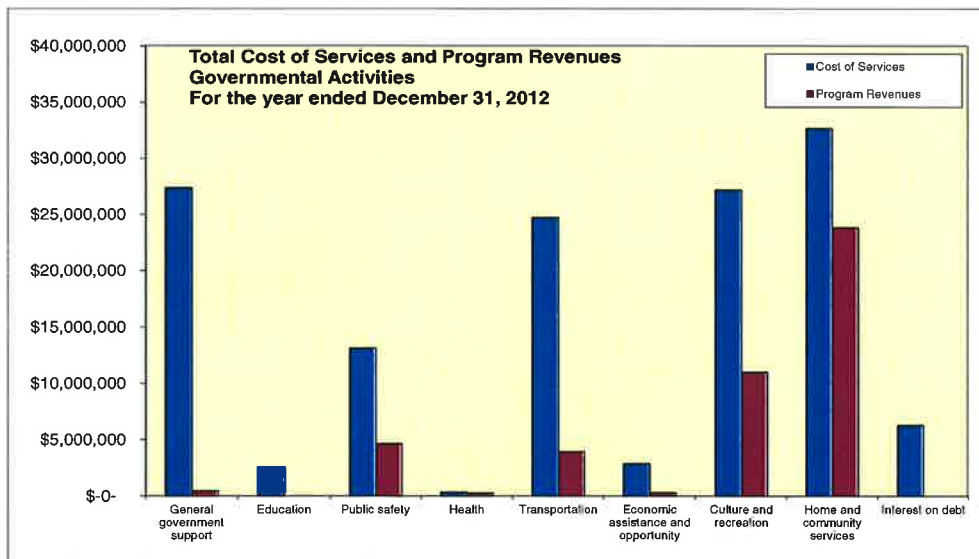
Key element(s) of the governmental activities are: (continued)

- Overall expenses increased by \$8,179,585.
  - Education – the increases result from the 2010-2012 tuition charge back to the Town of \$1,970,383.
  - Public safety – the \$1,289,193 increase in public safety spending resulted from increased full and part-time salaries for the Building and Harbor Patrol/Security departments of \$304,539 and \$343,873, respectively, plus benefits, and increases in contractual expenditures of \$236,758. The increases in the building department are a direct result of part-time and seasonal staff additions to fill vacated full time positions and the increases in Harbor Patrol/Security are from costs associated with Superstorm Sandy.
  - Transportation – the \$1,618,394 decrease was mainly due to suspended purchasing in the Highway Fund and Sidewalk District due to Superstorm Sandy.
  - Culture and recreation – the \$937,915 increase resulted from higher payroll costs related to Superstorm Sandy in 2012.
  - Home and community services – the increase of \$6,639,435 was due to higher 2011 activity in landfill closure and postclosure care activity of \$1,116,252; increased costs associated with Superstorm Sandy of \$4,363,925, and an increase in garbage removal contracts of \$1,019,524.
  - Interest on debt – the decrease of \$601,099, was mainly due to savings from refunded debt and a decrease in long-term debt in 2012.

The following chart illustrates the total expenses by program function for the Town's governmental funds.

Total Cost of Services and Program Revenues  
 Governmental Activities  
 For the years ended December 31,

	Total Cost of Services		Program Revenues		Net Cost of Services	
	2012	2011	2012	2011	2012	2011
General government support	\$ 27,351,522	\$ 27,511,643	\$ 435,752	\$ 340,140	\$ 26,915,770	\$ 27,171,503
Education	2,502,099	600,000			2,502,099	600,000
Public safety	13,102,628	11,813,435	4,624,722	5,088,494	8,477,906	6,724,941
Health	339,412	393,024	263,486	242,072	75,926	150,952
Transportation	24,696,466	26,314,860	3,896,472	3,066,054	20,799,994	23,248,806
Economic assistance and opportunity	2,853,738	3,009,569	282,458	113,732	2,571,280	2,895,837
Culture and recreation	27,158,800	26,220,885	10,962,872	10,000,542	16,195,928	16,220,343
Home and community services	32,643,032	26,003,597	23,836,523	17,417,312	8,806,509	8,586,285
Interest on debt	6,263,292	6,864,391			6,263,292	6,864,391
	<u>\$ 136,910,989</u>	<u>\$ 128,731,404</u>	<u>\$ 44,302,285</u>	<u>\$ 36,268,346</u>	<u>\$ 92,608,704</u>	<u>\$ 92,463,058</u>

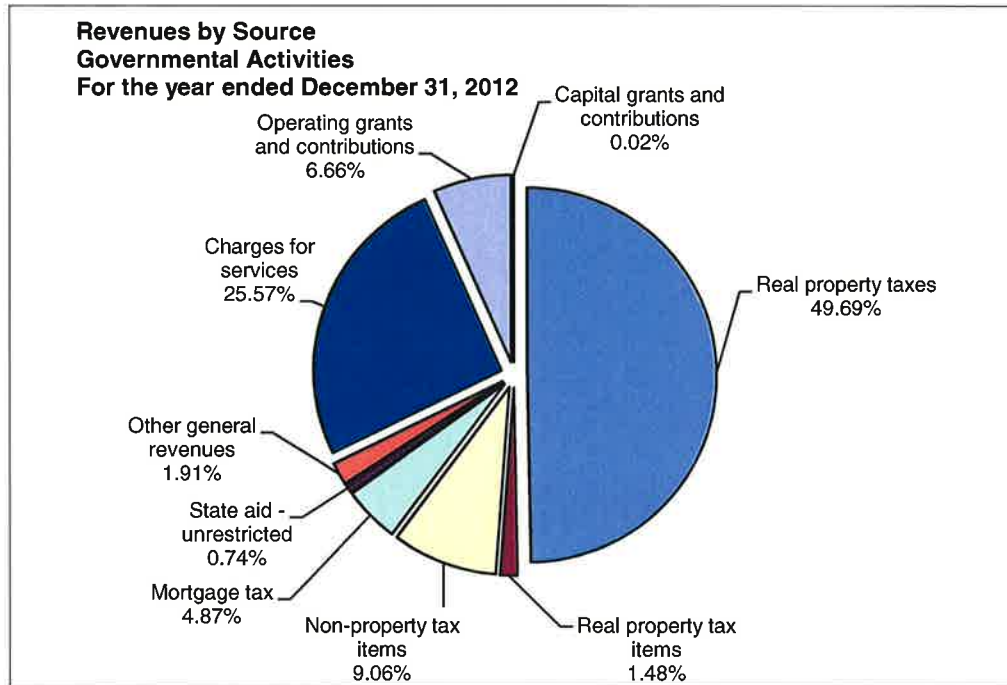


The total cost of all governmental activities this year was \$136,910,989. The net cost of these services after being subsidized by program revenues of \$44,302,285 was \$92,608,704.

**TOWN OF NORTH HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 December 31, 2012

**GOVERNMENT-WIDE FINANCIAL ANALYSIS** (continued)

The following chart illustrates the revenues by source for the Town's governmental funds.



Revenue by Source  
 Years ended December 31,

	2012	2011
Real property taxes	\$ 68,261,387	\$ 65,134,391
Real property tax items	2,033,313	1,986,292
Non-property tax items	12,441,196	12,029,189
Mortgage tax	6,690,606	5,752,767
State aid - unrestricted	1,023,565	1,065,026
Other general revenues	2,616,933	4,644,993
Charges for services	35,130,887	32,476,862
Operating grants and contributions	9,142,273	1,293,242
Capital grants and contributions	29,125	2,498,242
	<u>\$ 137,369,285</u>	<u>\$ 126,881,004</u>

**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, spendable fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the year.

There are no restrictions that are expected to have a significant effect on the availability of fund resources for future use.



**TOWN OF NORTH HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2012

**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS** (continued)

**Governmental Funds** (continued)

At December 31, 2012, the Town's governmental funds reported negative total ending fund balances of \$36,545,682, an increase of \$9,510,088 in comparison with the prior year. The governmental funds reported fund balances, exclusive of the Capital Projects Fund, of \$29,700,585. This change in total governmental fund balances was due principally to the increase in the Capital Projects Fund deficit as explained under "Capital Projects Fund". The category breakdown is as follows:

- **Nonspendable fund balance** – \$6,480,890 (inherently nonspendable) includes the portion of net resources that cannot be spent because they must be maintained intact.
- **Restricted fund balance** – \$2,117,638 (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** – \$20,900,201 (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 funds other than the General Fund.
- **Unassigned fund balance** – (\$66,044,411) (residual net resources) is the total fund balance in the General Fund in excess of nonspendable and assigned fund balance, of \$201,856, and the negative \$66,246,267 in Capital Projects in excess of nonspendable, restricted and assigned fund balances.

The Town began the year with an anticipated \$1,281,757 decrease resulting from the appropriation of fund balance for the 2012 budget. Other changes in total governmental fund balances were primarily due to:

- In 2012 the Capital Projects Fund's fund balance decreased by \$11,200,194, due to the use of short term borrowings to fund ongoing projects in anticipation of grant funding and long term debt issuance. Short term borrowings, versus serial bonds, are not accounted for as revenue but usually have the benefit of reduced interest rates. This reduction in fund balance will be reversed upon the receipt of expected grant funding and the issuance of long term debt.
- The Debt Service Fund had a decrease in fund balance of \$2,728,573 due to the appropriation of reserves in 2012.
- The General Fund, Highway Fund, SWMA, and Part Town Fund had increases in fund balance of \$380,221, \$2,900,418, \$1,557,775, and \$436,136, respectively; while the Nonmajor Governmental Funds had an overall decrease of \$855,871. These items are discussed in greater detail in the individual fund analyses that follow.

**General Fund**

The General Fund is the chief operating fund of the Town. At the end of the current year, the total fund balance of the General Fund was \$9,539,108, increasing \$380,221 or 4.2%. Of this amount, \$5,522,182 is not in spendable form (noncurrent receivable, inventory and prepaids). The remaining \$4,016,926 of the fund balance is in spendable form as follows: \$3,815,070 has been assigned by the Town Board (\$500,000 for subsequent year's budget, \$274,333 for capital projects, \$743,276 for workers' compensation, \$355,793 for insurance, \$283,955 for torts claims, and \$1,657,713 for the senior center) and \$201,856 represents spendable, unassigned fund balance.

The major components of the fund balance increase of \$380,221 are:

- Revenues were higher than anticipated by \$1,326,944, mainly due to additional revenues coming in over budget as follows: sales tax, \$549,894, franchise fees, \$203,105, mortgage tax, \$609,981, parks charges, \$252,003 resulting from the Yes We Can Community Center opening and increased events at Harbor Links, and FEMA assistance, \$653,582, offset by unrealized land sales of \$1,000,000.

**TOWN OF NORTH HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2012

**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS** (continued)

**Governmental Funds** (continued)

**General Fund** (continued)

- There was a transfer of \$2,324,519 to SWMA, as a subsidy, in accordance with the agreement between the Town and SWMA and \$100,000 in green fees transfers to a Harbor Links capital project.
- Reserves in the amount of \$226,406 were appropriated to pay for attorney fees associated with various ongoing litigation cases.
- Transfers out for Bond Anticipation Note principal payments were reduced by \$891,000 due to unspent debt proceeds and grant reimbursements.

**Highway Fund**

At the end of the current year, the total fund balance of the Highway Fund was \$5,247,926, increasing \$2,900,418, or 123.6%, from the prior year. Of this amount, \$768,942 is not in spendable form (inventory and prepaids). The remaining \$4,478,984 of the fund balance is in spendable form as follows; \$150,000 assigned by the Town Board for capital projects and the remaining \$4,328,984 is assigned for highway purposes.

The main reasons for the fund balance increase of \$2,900,418 are:

- FEMA and State Emergency Management Office (SEMO) assistance for Hurricane Irene (2011) and Superstorm Sandy (2012) exceeded the budget by \$1,624,149.
- During the year, the Town appropriated fund balance of \$692,342 to fund Superstorm Sandy costs.
- Transfers out for Bond Anticipation Note principal payments were reduced by \$360,000 due to unspent debt proceeds and grant reimbursements.
- Actual expenditures and transfers out came in under budget by \$1,586,390, resulting from a lack of normal spending after Superstorm Sandy.

**Solid Waste Management Authority**

At the end of the current year, the total fund balance of the Solid Waste Management Authority was \$1,564,283, increasing \$1,557,775 from the prior year. Of this amount, \$41,634 is not in spendable form (prepaids) and \$940,434 is restricted for debt service. The remaining \$582,215 is assigned for solid waste management purposes.

The main reasons for the fund balance increase of \$1,557,775 are:

- Revenues exceeded budgeted amounts by \$450,945, primarily due to additional waste volume from Superstorm Sandy of \$302,562.
- Interest expense savings from refunding debt amounted to \$116,915.
- Expenditures came in under budget by \$1,223,745, of which \$1,024,461 is directly related to storm debris not disposed of until after year end.

**Part Town**

At the end of the current year, the total fund balance of the Part Town Fund was \$7,210,030, increasing \$436,136 or 6.4%, from the prior year. Of this amount, \$112,464 is not in spendable form (prepaids) and the remaining \$7,097,566 of fund balance is assigned for Part Town purposes.

The main reasons for the fund balance increase of \$436,136 are:

- Revenues exceeded budgeted amounts by \$127,971 mainly due to higher than expected building permit revenue offset by decreased court and parking fine revenues and FEMA aid not materializing because associated expenses have not yet met eligibility requirements.
- Expenditures came in under budget by \$308,165, as a direct result of unfilled personnel positions in the Building and Town Clerk departments.

**TOWN OF NORTH HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2012

**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (continued)**

**Governmental Funds** (continued)

**Capital Projects Fund**

At the end of the current year, the Capital Projects Fund had a total unassigned fund balance deficit of \$66,246,267. The deficit will be eliminated with the issuance of long-term bonds in subsequent periods.

The fund balance deficit increased in the Capital Projects Fund by \$11,200,194 during the current year. This was primarily due to:

- Capital expenditures being financed by the issuance of short term debt.

**Nonmajor Governmental Funds**

The fund balance decreased in the Nonmajor Governmental Funds by \$855,871 during the current year. This was primarily due to:

- An originally planned decrease of \$1,281,757 to hold the line on property taxes for 2012.
- Expenditure savings in the Lighting District and Parks Districts of \$279,670 and \$105,842, respectively, from a lack of normal spending after Superstorm Sandy.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The differences between the 2012 original budget and the final amended budget are adopted by Town Board resolution throughout the year. During the year there was a \$1,260,953 increase in the appropriations and other uses between the original and final amended budget. There are no variances that are expected to have a significant effect on future services or liquidity. Please see the "General Fund" section for more details on the comparison of final budgets and actual amounts. The following are the main components of the increase in appropriations:

- Over the course of the year the Town Board revises the budget as needed so that expenditures do not exceed appropriations.
- The Town Board appropriated \$226,406 in fund balance for the payment of litigation settlements and related professional services.
- The Town Board increased appropriations by \$1,034,547, mainly in anticipation of FEMA and New York State grants to fund additional parks expenses of \$124,670, environmental sustainability grant costs of \$220,638 and Superstorm Sandy outlays of \$639,936.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Town's net investment in capital assets for its governmental type activities as of December 31, 2012 amounts to \$406,508,681. This investment in capital assets includes land, construction in progress, building, improvement, machinery and equipment, roads, curb and sidewalks, drainage, street lighting and intangibles.

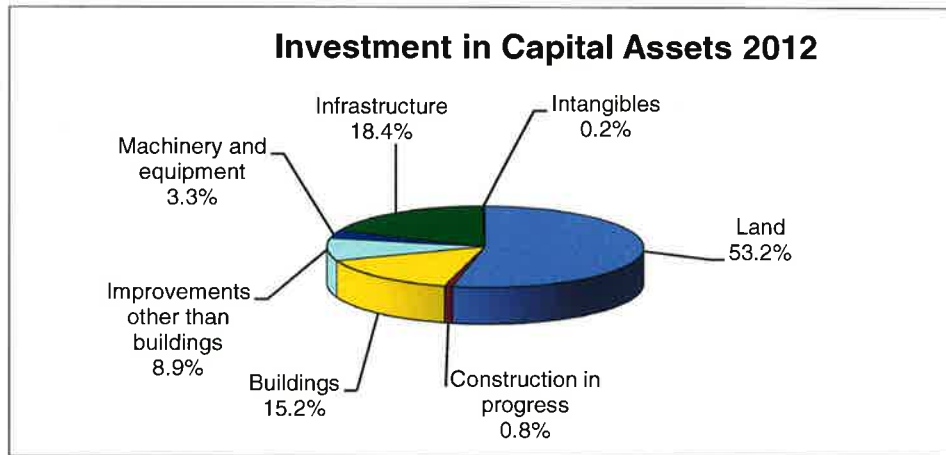
Capital Assets - Net of Depreciation  
as of December 31,

	Governmental Activities	
	2012	2011
Land	\$ 216,306,881	\$ 215,371,102
Construction in progress	3,417,895	19,122,707
Buildings	61,748,275	36,390,799
Improvements other than buildings	36,170,195	36,639,086
Machinery and equipment	13,255,595	12,142,513
Infrastructure	74,677,536	75,674,336
Intangibles	932,304	958,677
Total Capital Assets	\$ 406,508,681	\$ 396,299,220

**TOWN OF NORTH HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 December 31, 2012

**CAPITAL ASSET AND DEBT ADMINISTRATION** (continued)

**Capital Assets** (continued)



Additional information of the Town of North Hempstead's capital assets is shown in Note 3.C to the financial statements.

The Town has five-year capital improvement plans for the General Fund and Highway Fund. The five-year plans allow for the continued improvements to infrastructure, buildings and equipment while remaining consistent with the parameters established in the Town's Debt Management Plan. The Debt Management Plan, adopted in 2000, as amended through 2012, provides the Town with the framework for funding capital projects, and issuing and managing debt. Annually, the Town Board reviews, updates and amends, if necessary, the Capital Plans and Debt Management Plan.

**Long-Term Debt**

At the end of the year, the Town had total long-term bonded debt outstanding of \$130,374,838. General obligation bonds are shown net of premiums.

	Governmental Activities	
	2012	2011
General obligation bonds	\$ 125,326,047	\$ 131,145,587
Revenue bonds	5,048,791	8,880,000
<b>Total</b>	<b>\$ 130,374,838</b>	<b>\$ 140,025,587</b>

In 2012 the Town of North Hempstead's total long-term bonded debt decreased by \$9,650,749 or 6.9%.

In 2012, Moody's Investment Services reaffirmed the Town of North Hempstead's credit rating at "Aa1". The rating is the highest in the Town's history.

Additionally at December 31, 2012 the Town had outstanding short-term bond anticipation notes and revenue anticipation notes of \$87,280,926 and \$6,735,000 respectively, with maturity dates in 2013.

The New York State Constitution limits the power of the Town (and other municipalities and school districts of the State) to issue obligations and to otherwise contract for indebtedness.

Subject to certain enumerated exceptions, the Town shall not give or loan any money or property to, or in aid of, any individual or private corporation or private undertaking, or give or loan its credit to, or in aid of, any of the foregoing or any public corporation.

**TOWN OF NORTH HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2012

**CAPITAL ASSET AND DEBT ADMINISTRATION** (continued)

**Long-Term Debt** (continued)

The Town may contract for indebtedness only for a Town purpose and shall pledge its faith and credit for the payment of principal and interest thereon.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7% of a 5-year average full valuation. The current debt limitation for the Town is \$4,191,624,460, which is significantly in excess of the Town of North Hempstead's outstanding general obligation debt. The percentage of debt contracting exhausted at December 31, 2012 was 7.2% of the current debt limitation.

Additional information on the Town's debt activity may be found in Note 3.D to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Property Tax

The Town has adopted a budget for 2013 that allows for inflation and other adjustments to revenues and expenditures. The 2013 General Fund budget includes a real property tax increase of approximately 7.8% over 2012.

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 that affects the Town and its municipal component units. Beginning in 2012, and lasting through at least June 15, 2016, no local government is authorized to increase its property tax levy by more than 2% or the rate of inflation (whichever is less); however the permitted increase will not be less than 1%. Local governments can exceed the tax levy limit by a 60% vote of the governing body, or local law. There are permitted exceptions and adjustments. At a Special Meeting on November 8, 2012 the Town Board voted to override the 2% tax levy cap for the 2013 budget imposed by the State. A super majority of the members of the Town Board voted in favor of the measure and enacted a local law amending Chapter 24 of the Town Code entitled "Government Operations."

State Aid and Local Assistance

The Town receives financial assistance from New York State and Nassau County. The 2013 budget includes mortgage tax of \$6,384,656; per capita of \$1,023,565 and local government assistance of \$10,816,000. If the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Town, may be affected by a delay in the payment of state aid. The State is not constitutionally obligated to maintain or continue state aid to the Town.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances and to show the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town of North Hempstead, Office of the Comptroller, 220 Plandome Rd., Manhasset, NY 11030.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF NORTH HEMPSTEAD**  
**GOVERNMENT-WIDE FINANCIAL STATEMENT**  
**STATEMENT OF NET POSITION**  
December 31, 2012

	Primary Governmental Activities	Component Units
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and investments	\$ 50,874,309	\$ 82,073,432
Cash - restricted	964,677	1,033,470
Accounts receivable, net of allowances	6,018,566	4,986,998
Prepays	800,476	2,194,998
State and federal aid receivables	6,729,449	
Due from other governments	10,836,367	5,877,871
Inventory of materials and supplies	923,236	462,037
Total Current Assets	77,147,080	96,628,806
<b>Non-Current Assets:</b>		
Notes receivable	2,700,000	
Deferred charges, net of accumulated amortization	5,509,035	601,785
Capital assets not being depreciated	219,724,776	83,586,546
Capital assets, net of accumulated depreciation	186,783,905	143,457,574
Total Non-Current Assets	414,717,716	227,645,905
<b>Total Assets</b>	491,864,796	324,274,711
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	17,923,651	14,368,974
Accrued interest payable	1,929,985	897,950
Bond anticipation notes payable	87,280,926	20,771,108
Revenue anticipation notes payable	6,735,000	
Due to other governments	62,705	35,585
Unearned revenue/deferred revenues	1,600,000	1,536,624
Other liabilities	1,970,383	143,534
<b>Non-Current Liabilities due within one year:</b>		
General obligation bonds payable	23,575,801	8,362,847
Revenue bonds payable	793,831	
Due to employees' retirement system	556,452	17,278
Compensated absences	249,650	1,034,893
Claims and judgments payable	865,000	
Estimated liability for landfill closure and postclosure care costs	1,207,327	
Installment purchase debt		66,238
Total Current Liabilities	144,750,711	47,235,031
<b>Non-Current Liabilities due in more than one year:</b>		
General obligation bonds payable	103,625,092	123,022,980
Revenue bonds payable	4,254,960	
Due to employees' retirement system	3,532,834	172,596
Compensated absences	4,743,354	10,551,305
Claims and judgments payable	4,095,708	
Estimated liability for landfill closure and postclosure care costs	14,865,005	
Postemployment benefits healthcare costs	44,767,965	38,982,352
Installment purchase debt		869,890
Total Non-Current Liabilities	179,884,918	173,599,123
<b>Total Liabilities</b>	324,635,629	220,834,154
<b>NET POSITION</b>		
Net investment in capital assets	231,420,763	97,270,412
Restricted for:		
Debt service	2,117,638	17,827,390
Unrestricted	(66,309,234)	(11,657,245)
<b>Total Net Position</b>	\$ 167,229,167	\$ 103,440,557

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

**TOWN OF NORTH HEMPSTEAD**  
**GOVERNMENT-WIDE FINANCIAL STATEMENT**  
**STATEMENT OF ACTIVITIES**  
Year ended December 31, 2012

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary Government</b>				
Government Activities:				
General government support	\$ 27,351,522	\$ 364,101	\$ 71,651	
Education	2,502,099			
Public safety	13,102,628	4,377,666	247,056	
Health	339,412	263,486		
Transportation	24,696,466	1,660,870	2,235,602	
Economic assistance and opportunity	2,853,738	22,164	260,294	
Culture and recreation	27,158,800	10,368,158	565,589	\$ 29,125
Home and community services	32,643,032	18,074,442	5,762,081	
Interest on debt	6,263,292			
<b>Total Primary Government</b>	<b>\$ 136,910,989</b>	<b>\$ 35,130,887</b>	<b>\$ 9,142,273</b>	<b>\$ 29,125</b>
<b>Component Units</b>				
Public safety	\$ 20,647,388	\$ 3,795	\$ 53,171	
Transportation		590,020		
Culture and recreation	20,459,488	3,560,222		\$ 75,249
Home and community services	52,392,121	20,398,844	1,464,005	5,516,003
	<b>\$ 93,498,997</b>	<b>\$ 24,552,881</b>	<b>\$ 1,517,176</b>	<b>\$ 5,591,252</b>

**General Revenues**

Real property taxes  
Real property tax items  
Sales tax distribution by County  
Franchise fees  
Interest and earnings - unrestricted  
Mortgage tax  
Sale of property and compensation for loss  
State aid - unrestricted  
Federal aid  
Other

Total General Revenues

Change in Net Position

**Net Position - Beginning**

**Prior Period Adjustment**

**Net Position - Beginning of Year Restated**

**Net Position - Ending**

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



Net (Expenses) Revenues and  
Changes in Net Position

Primary Government	Component Units
\$ (26,915,770)	
(2,502,099)	
(8,477,906)	
(75,926)	
(20,799,994)	
(2,571,280)	
(16,195,928)	
(8,806,509)	
(6,263,292)	
<u>(92,608,704)</u>	
	\$ (20,590,422)
	590,020
	(16,824,017)
	<u>(25,013,269)</u>
	<u>(61,837,688)</u>
68,261,387	62,025,514
2,033,313	441,673
10,613,091	
1,828,105	
775,259	1,238,072
6,690,606	
	285,827
1,023,565	23,578
	100,651
<u>1,841,674</u>	<u>1,572,783</u>
<u>93,067,000</u>	<u>65,688,098</u>
<u>458,296</u>	<u>3,850,410</u>
<u>166,770,871</u>	<u>98,303,775</u>
	<u>1,286,372</u>
<u>166,770,871</u>	<u>99,590,147</u>
<u>\$ 167,229,167</u>	<u>\$ 103,440,557</u>

**TOWN OF NORTH HEMPSTEAD**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2012

	MAJOR FUNDS				
	General	Highway	Solid Waste Management	Part Town	Debt Service
<b>ASSETS</b>					
Cash and investments	\$ 10,177,209	\$ 2,116,800	\$ 93,976	\$ 7,350,983	\$ 1,167,648
Cash - restricted			940,434		24,243
Accounts receivable, net of allowances	1,032,391	18,731	3,343,040	21,835	
Prepays	399,932	210,778	41,634	112,464	
Due from other funds	2,304,104	2,080,952	1,838,574	266,027	9,556
State and federal aid receivable	928,183	5,149,969		21,368	
Due from other governments	8,722,794	122,679		67,160	
Inventory of materials and supplies	365,072	558,164			
Total Assets	<u>\$ 23,929,685</u>	<u>\$ 10,258,073</u>	<u>\$ 6,257,658</u>	<u>\$ 7,839,837</u>	<u>\$ 1,201,447</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 4,860,586	\$ 4,876,945	\$ 1,591,323	\$ 551,557	\$ 24,243
Bond anticipation notes payable					
Revenue anticipation note payable	6,735,000				
Due to other governments	13,663			49,042	
Due to other funds	2,757,244	111,403	3,102,052	10,000	
Deferred revenue	24,084	21,799		19,208	
Total Liabilities	<u>14,390,577</u>	<u>5,010,147</u>	<u>4,693,375</u>	<u>629,807</u>	<u>24,243</u>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	5,522,182	768,942	41,634	112,464	
Restricted			940,434		1,177,204
Assigned	3,815,070	4,478,984	582,215	7,097,566	
Unassigned	201,856				
Total Fund Balances (Deficits)	<u>9,539,108</u>	<u>5,247,926</u>	<u>1,564,283</u>	<u>7,210,030</u>	<u>1,177,204</u>
Total Liabilities and Fund Balances	<u>\$ 23,929,685</u>	<u>\$ 10,258,073</u>	<u>\$ 6,257,658</u>	<u>\$ 7,839,837</u>	<u>\$ 1,201,447</u>

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

<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 23,427,711	\$ 6,539,982	\$ 50,874,309
2,058	511	964,677
380,353	35,668	4,418,566
279,103		800,476
10,000	350,826	6,879,566
	1,913,734	6,729,449
		10,836,367
		923,236
<u>\$ 24,099,225</u>	<u>\$ 8,840,721</u>	<u>\$ 82,426,646</u>
\$ 4,267,703	\$ 1,751,294	\$ 17,923,651
85,359,416	1,921,510	87,280,926
		6,735,000
		62,705
695,623	203,244	6,879,566
22,750	2,639	90,480
<u>90,345,492</u>	<u>3,878,687</u>	<u>118,972,328</u>
	35,668	6,480,890
		2,117,638
	4,926,366	20,900,201
<u>(66,246,267)</u>		<u>(66,044,411)</u>
<u>(66,246,267)</u>	<u>4,962,034</u>	<u>(36,545,682)</u>
<u>\$ 24,099,225</u>	<u>\$ 8,840,721</u>	<u>\$ 82,426,646</u>

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**TOWN OF NORTH HEMPSTEAD**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
December 31, 2012

**Total Fund Balances - Governmental Funds** \$ (36,545,682)

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets less accumulated depreciation are included in the Statement of Net Position:

Capital assets - non-depreciable	\$ 219,724,776	
Capital assets - depreciable	368,530,532	
Accumulated depreciation	<u>(181,746,627)</u>	
		406,508,681

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	(125,326,047)	
Revenue bonds	(5,048,791)	
Premiums on debt issuance	(1,874,846)	
Due to employees' retirement system	(4,089,286)	
Compensated absences	(4,993,004)	
Claims and judgments	(4,960,708)	
Estimated liability for landfill closure and postclosure care costs	(16,072,332)	
Other postemployment obligations	<u>(44,767,965)</u>	
		(207,132,979)

Deferred financing costs (net of accumulated amortization) 5,509,035

Unearned revenue/deferred revenues (1,509,520)

Other liabilities for tuition charge back (1,970,383)

Accounts receivable applicable to the Town's governmental activities are not due and receivable in the current period, and accordingly, are not reported in the funds. However, these assets are included in the Statement of Net Position. 1,600,000

Notes receivable applicable to the Town's governmental activities are not due and receivable in the current period, and accordingly, are not reported in the funds. However, these assets are included in the Statement of Net Position. 2,700,000

Interest payable 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. (1,929,985)

**Net Position of Governmental Activities** \$ 167,229,167

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

**TOWN OF NORTH HEMPSTEAD**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
Year ended December 31, 2012

	MAJOR FUNDS				
	General	Highway	Solid Waste Management	Part Town	Debt Service
<b>REVENUES</b>					
Real property taxes	\$ 22,262,914	\$ 20,598,246		\$ 5,179,334	
Real property tax items	1,301,458	336,224		76,884	
Non-property tax items	12,388,696			52,500	
Departmental income	9,411,725		\$ 16,407,212	950,805	
Intergovernmental charges	6,434	609,636	1,178,020		
Use of money and property	90,846	81,629	157,414	28,164	\$ 293,324
Licenses and permits	274,311	314,888		3,356,125	
Fines and forfeitures	25,000			254,175	
Sale of property and compensation for loss	24,341	49,720	281,337	853	
Miscellaneous local sources	1,032,008	24,471	219,867	7,699	512,591
Interfund revenues	6,027,414	558,204	20,728	119,555	
State aid	8,054,981	895,774	72,276	59,599	
Federal aid	1,074,642	6,327,786	29,741	13,969	
Total Revenues	<u>61,974,770</u>	<u>29,796,578</u>	<u>18,366,595</u>	<u>10,099,662</u>	<u>805,915</u>
<b>EXPENDITURES</b>					
Current:					
General government support	13,921,680	2,425,292		1,754,527	
Education	531,716				
Public safety	1,278,551			4,373,176	
Health				197,082	
Transportation		11,295,673			
Economic assistance and opportunity	2,093,973				
Culture and recreation	15,988,043				
Home and community services	1,529,701	3,899,248	16,104,397	1,135,604	
Employee benefits	8,055,966	4,568,173	704,423	2,193,137	
Debt Service:					
Principal					19,100,317
Interest	71,929				6,950,794
Bonds issuance cost					126,483
Capital Outlay					
Total Expenditures	<u>43,471,559</u>	<u>22,188,386</u>	<u>16,808,820</u>	<u>9,653,526</u>	<u>26,177,594</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>18,503,211</u>	<u>7,608,192</u>	<u>1,557,775</u>	<u>446,136</u>	<u>(25,371,679)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	1,731,926	774,792	2,403,798		23,321,047
Transfers out	(18,367,857)	(5,197,566)	(2,403,798)	(10,000)	(1,539,708)
Debt issuance					604,540
Premiums on debt issuance					
Bond anticipation notes redeemed	(1,487,059)	(285,000)			
Retirement of debt by payment made by funds					10,403,791
Refunding bond Issued					(10,146,564)
Payments to refunded bond escrow agent					
Total Other Financing Sources (Uses)	<u>(18,122,990)</u>	<u>(4,707,774)</u>	<u>-0-</u>	<u>(10,000)</u>	<u>22,643,106</u>
<b>Net Change in Fund Balances</b>	380,221	2,900,418	1,557,775	436,136	(2,728,573)
<b>Fund Balances (Deficits) at Beginning of Year</b>	<u>9,158,887</u>	<u>2,347,508</u>	<u>6,508</u>	<u>6,773,894</u>	<u>3,905,777</u>
<b>Fund Balances (Deficits) at End of Year</b>	<u>\$ 9,539,108</u>	<u>\$ 5,247,926</u>	<u>\$ 1,564,283</u>	<u>\$ 7,210,030</u>	<u>\$ 1,177,204</u>

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

Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
	\$ 20,220,893	\$ 68,261,387
	316,913	2,031,479
		12,441,196
	877,526	27,647,268
		1,794,090
	54,947	706,324
		3,945,324
		279,175
	417	356,668
\$ 33,742	9,409	1,839,787
14,290	97,605	6,837,796
378,998	11,079	9,472,707
397,386	388,428	8,231,952
<u>824,416</u>	<u>21,977,217</u>	<u>143,845,153</u>
	2,112,931	20,214,430
		531,716
	5,698,074	11,349,801
		197,082
	3,961,734	15,257,407
		2,093,973
	901,629	16,889,672
	8,331,013	30,999,963
	863,219	16,384,918
		19,100,317
		7,022,723
		126,483
<u>23,240,864</u>		<u>23,240,864</u>
<u>23,240,864</u>	<u>21,868,600</u>	<u>163,409,349</u>
<u>(22,416,448)</u>	<u>108,617</u>	<u>(19,564,196)</u>
3,208,856	104,202	31,544,621
(3,083,002)	(942,690)	(31,544,621)
9,192,341		9,192,341
		604,540
	(126,000)	(1,898,059)
1,898,059		1,898,059
		10,403,791
		(10,146,564)
<u>11,216,254</u>	<u>(964,488)</u>	<u>10,054,108</u>
(11,200,194)	(855,871)	(9,510,088)
<u>(55,046,073)</u>	<u>5,817,905</u>	<u>(27,035,594)</u>
<u>\$ (66,246,267)</u>	<u>\$ 4,962,034</u>	<u>\$ (36,545,682)</u>

**TOWN OF NORTH HEMPSTEAD**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
Year ended December 31, 2012

**Net Change in Fund Balance - Total Governmental Funds** \$ (9,510,088)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlay exceeds depreciation in the current period is:

Capital outlay	\$ 24,079,218	
Depreciation expense	(13,853,861)	
Loss on sale of capital assets	(15,896)	
	10,209,461	10,209,461

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.

Deferred charges	(160,753)	
Other liabilities for tuition charge back	(1,970,383)	
	(2,131,136)	(2,131,136)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Unearned revenue/deferred revenues	2,884	
Interest income	60,000	
Premiums on debt issuance	(305,496)	
	(242,612)	(242,612)

The issuance of long-term debt and increase in obligations 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.

General obligation debt issued	(14,547,341)	
Repayment of general obligation bond principal	20,366,881	
Revenue bonds issued	(5,048,791)	
Repayment of revenue bond principal	8,880,000	
Due to employees' retirement system	(1,635,620)	
Compensated absences	(322,623)	
Claims and judgments	831,105	
Estimated liability for landfill closure and postclosure care costs	3,559	
Other postemployment obligations	(6,742,101)	
Accrued interest payable	347,602	
	2,132,671	2,132,671

**Change in Net Position of Governmental Activities** \$ 458,296

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



**TOWN OF NORTH HEMPSTEAD**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
December 31, 2012

		Total Agency Funds
<b>ASSETS</b>		
Cash		\$ 45,044,919
	<b>Total Assets</b>	\$ 45,044,919
 <b>LIABILITIES</b>		
Due to school districts		\$ 9,678,450
Other agency liabilities		35,366,469
	<b>Total Liabilities</b>	\$ 45,044,919

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

**TOWN OF NORTH HEMPSTEAD**  
**INDEX FOR NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

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**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of North Hempstead (the "Town"), which was established in 1784, 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 term of two years, and six council members who are elected for terms of four years. The Town Clerk and Receiver of Taxes are elected and serve for four years. The Town Board appoints the Town Attorney, Comptroller, Superintendent of Highways, Executive Director of the Solid Waste Management Authority and the Commissioners of the following departments: Administrative Services, Community Services, Public Works, Public Safety, Building, Finance, Parks and Recreation, Planning, Services for the Aging and Information Technology. The Supervisor serves as the Chief Executive Officer and Chief Fiscal Officer of the Town.

The Town provides a range of municipal services, including public safety, transportation, home and community services, public works and road maintenance, recreation and parks, and general and administrative services.

The basic financial statements of the Town of North Hempstead have been prepared in conformity with generally accepted accounting principles 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 most 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 and financial accountability. Based on the application of these criteria, the following is a summary of certain entities considered in determining the Town's reporting entity.

The Solid Waste Management Authority (the "Authority") is a separate public benefit corporation created by state legislation to provide and account for solid waste management services facilities for the benefit of the Town's inhabitants. The Town Board presides as the Authority's Board. The Authority's management is designated by the Town Board. The Town Board is completely accountable for fiscal matters of the Authority. The Authority is a blended component unit of the Town and is reported as a special revenue fund.

The North Hempstead Community Development Agency (the "Agency") is a separate public benefit corporation, created by state legislation, to promote the safety, health and welfare of the Town's inhabitants and to promote the sound growth and development of the Town. The Agency's Board of Directors is the legislative body responsible for overall operations. The Town appoints the Board of Directors. The Agency is a discretely presented component unit.

Certain special districts of the Town of North Hempstead are separate legal entities and have separately elected boards of commissioners. These special districts provide refuse and garbage, water pollution control, water, park, police, library and business services to residents and businesses within the districts. These special districts are organized under New York State Town Law. Special 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 these districts which are responsible for the payment of annual debt service on the obligations. Budgets and tax rates are approved by the Town. Tax levies of the special districts are collected by the Town Receiver of Taxes. As a result of this fiscal dependency, the Town is financially accountable for these special districts. Accordingly, these special districts have been determined to be component units of the Town and are presented discretely in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government. Condensed financial statements, along with the addresses of the administrative offices for these component units, are presented in Note 5.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. GOVERNMENT-WIDE AND FUND FINANCIALS STATEMENTS**

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting 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 as well as the discretely presented component units. All fiduciary activities are reported in the fund financial statements.

For the most part, the effect of interfund activity has been eliminated from the government-wide financial statements, except for interfund services provided and used.

The government-wide Statement of Activities demonstrates the degree to which 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) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function, and 3) interest earned on grants or capital projects that is required to be used to support a particular program or 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.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Fund Financial Statements**

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, liabilities, fund balances, revenues, and expenditures, 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 governmental funds financial statements is on the major funds. Accordingly, the Town maintains the following fund types:

**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. 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 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 – is a Special Revenue Fund used to account for revenues and expenditures for highway purposes. The major areas of expenditures are repairs and improvements, machinery, and snow and miscellaneous. The major source of revenue is real property taxes.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**B. GOVERNMENT-WIDE AND FUND FINANCIALS STATEMENTS** (continued)

**Fund Financial Statements** (continued)

Solid Waste Management Authority – is a public benefit corporation created in 1984, used to account for solid waste management services for the benefit of the town. The major source of revenue is solid waste disposal fees.

Town Outside Village (Part Town) Fund – is used for revenues and expenditures for certain services provided to the areas of the Town located outside of Incorporated Villages. The major source of revenue is real property taxes and building permits.

Debt Service Fund – is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest and for financial resources that are being accumulated for principal and interest in future years.

Capital Projects Fund – is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Additionally, the Town accounts for and reports the following nonmajor funds:

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:

Albertson	Great Neck
Carle Place	Port Washington
Floral Park Centre	Roslyn
Glenwood	

Lighting District

Park Districts:

Harbor Hills  
Manhasset Bay  
New Hyde Park – Clinton G. Martin

Sidewalk District

Refuse and Garbage Districts:

Albertson – Searingtown – Herricks	New Cassel
Great Neck	New Hyde Park – Garden City Park
Manhasset	

Port Washington Public Parking District

Great Neck Water District

**Fiduciary Funds** – Fiduciary Funds are used to account for assets held by the Town in a trustee or custodial capacity.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**B. GOVERNMENT-WIDE AND FUND FINANCIALS STATEMENTS** (continued)

**Fund Financial Statements** (continued)

Agency Funds – are used for money (and/or property) received and held in the capacity of trustee, custodian or agent.

Town Agency Funds – account for consolidated payroll and other agency liabilities.

Town Clerk Funds – account for permit and license fees collected on behalf of other governments.

Town Receiver of Taxes Agency Funds – account for amounts due to other governments for general and school taxes collected.

**Discretely Presented Component Units**

Certain special districts, that have separately elected boards and provide services to residents and businesses within these districts, follow government fund accounting principles. These districts, which are accounted for as discretely presented component units, are as follows:

Garbage Districts

Carle Place  
Glenwood  
Port Washington  
Roslyn

Water Pollution Control Districts

Belgrave  
Great Neck  
Port Washington

Water Districts

Albertson  
Carle Place  
Garden City Park  
Glenwood  
Manhasset – Lakeville  
Port Washington  
Roslyn  
Westbury

Park Districts

Great Neck  
Manhasset

Port Washington Police District

Shelter Rock Public Library District

North Hempstead Community  
Development Agency

Greater Port Washington Business  
Improvement 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 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.

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.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town generally considers revenues to be available if they are collected within 60 days of the end of the current period. However, certain revenues may be considered available if received within one year after the end of the current year. Expenditures generally are recorded when a liability is incurred, 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 and postemployment benefits healthcare costs are recorded when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources.

Revenues susceptible to accrual include Nassau County local assistance (sales tax), mortgage tax, franchise fees, and charges for services, intergovernmental revenues and operating transfers. Permits, fees, and other similar revenues are not susceptible to accrual because generally they are not measurable until they are received in cash. In those instances where expenditures are the prime factor in determining eligibility for state and federal grants, revenues are recognized when the expenditure is incurred. In the Capital Projects Fund, long-term debt is recognized as revenue upon receipt of the proceeds.

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, reconciliation is presented that briefly explains the adjustments necessary to reconcile ending net position and the change in net position.

**D. ASSETS, LIABILITIES AND NET POSITION/FUND BALANCE**

**1. CASH AND INVESTMENTS**

Cash consists of funds deposited in demand accounts, both interest bearing and non-interest bearing, petty cash, and when utilized, certificates of deposit with maturities of three months or less.

State statutes govern the Town's investment policy. The Town has a written investment policy stating that Town money must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Town is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies investments made by the Cooperative Liquid Asset Security System (CLASS), and repurchase agreements. When repurchase agreements are executed, the fair value of securities must be equal to 102% of the cost of the repurchase agreement.

CLASS is a cooperative investment plan consisting of U.S. Treasury Obligations and repurchase agreements relating to treasury obligations. Investments are stated at cost, which approximates market. CLASS was established as a cooperative investment arrangement organized under the CLASS Municipal Cooperation Agreement made pursuant to New York General Municipal Law, Article 3A and 5-G. The Town had no investments in CLASS for 2012.

It is the Town's policy to require collateral held in the name of the Town for demand deposits, money market deposits and certificates of deposit, if any, for all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

**2. RESTRICTED ASSETS**

In the Solid Waste Management Authority and Debt Service Fund certain cash assets are classified as restricted because their use is restricted by law and/or contractual agreement.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. ASSETS, LIABILITIES AND NET POSITION/FUND BALANCE** (continued)

**3. RECEIVABLES AND PAYABLES**

Receivables include amounts due from federal, state, and other governments or entities for services provided by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred.

Interfund transactions, exclusive of interfund services provided and used, have been eliminated from the government-wide financial statements. In the funds statements interfund transactions include:

a) **Interfund Revenues**

Interfund revenues, quasi-external transactions, in the General Fund, Highway Fund, Part Town Fund and other funds represent amounts charged for services or facilities provided by these funds. The amounts paid by the fund receiving the benefit of the service or facilities are reflected as an expenditure of that fund.

b) **Operating Transfers**

Operating transfers represent payments to the Solid Waste Management Authority, Debt Service and Capital Projects Funds from the other funds for their appropriate share of the debt service or capital project costs.

**4. DUE FROM/TO OTHER FUNDS**

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at the year-end are reported as due from/due to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

**5. INVENTORY AND PREPAID ITEMS**

Inventory in the General and Special Revenue Funds is valued at cost, using the weighted average cost method. Inventory in these funds is 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. The Town uses the consumption method.

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 current assets.

**6. CAPITAL ASSETS**

Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Infrastructure assets are reported at historical cost as of 1980. Contributed assets are reported at fair market value as of 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. Depreciation/amortization on all assets is calculated on the straight-line basis over the following estimated useful lives:

Buildings	45 years
Improvements other than buildings	7-20 years
Machinery and equipment	5-30 years
Infrastructure:	
Roads, curbs and sidewalks	20-25 years
Drainage systems	20-25 years
Street lighting	20 years
Parks	12-45 years
Intangible assets	5-10 years



**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. ASSETS, LIABILITIES AND NET POSITION/FUND BALANCE** (continued)

**6. CAPITAL ASSETS** (continued)

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.

In the fund financial statements capital assets are recorded as capital outlay expenditures in the appropriate governmental fund upon acquisition.

**7. UNEARNED REVENUE/DEFERRED REVENUE**

Unearned revenue/deferred revenue are those where asset recognition criteria have been met, but which revenue recognition criteria have not been met. Such amounts include collections in advance, unearned income and amounts deemed to be "measurable" but not "available" to finance current expenses. Accordingly, the amount has been recorded as deferred revenue in the fund statements and unearned revenue in the government-wide statements.

**8. LONG-TERM OBLIGATIONS**

In the government-wide financial statements, liabilities for long-term obligations consisting of general obligation bonds, revenue bonds, due to employee retirement system, compensated absences, claims and judgments, liability for landfill closure and postclosure care costs, and postemployment benefits healthcare costs are recognized in the statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Bond issuance costs that are immaterial are charged as operating expenses in the fund servicing the debt.

In the fund financial statements governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period in the fund servicing the debt. 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.

**9. NET POSITION AND FUND EQUITY CLASSIFICATIONS**

In the government-wide financial statements, net position is reported in three categories:

- a) Net investment in capital assets — Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Accounts payable in the Capital Projects Fund are capital related debt and are used in the calculation of net investment in capital assets.
- b) 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.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. ASSETS, LIABILITIES AND NET POSITION/FUND BALANCE** (continued)

**9. NET POSITION AND FUND EQUITY CLASSIFICATIONS** (continued)

- c) 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).

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

- 2) 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.
- 3) 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.
- 4) 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 and Town Comptroller have 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.
- 5) Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

**10. NET POSITION AND FUND BALANCE FLOW ASSUMPTIONS**

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 policy to use restricted fund balance resources first, and then unrestricted fund balance resources – committed, assigned and unassigned – in order as needed.

**11. FUND BALANCE POLICIES**

The Town has, by resolution dated September 27, 2011, adopted a fund balance policy that states the Town must maintain a minimum unrestricted (the total of committed, assigned and unassigned) fund balance equal to ten percent of the General Fund operating budget and five percent of the remaining funds operating budgets. Unrestricted fund balance below the minimum should be replenished within three years. Authority to assign fund balance rests with the Town Board and Town Comptroller.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**E. REVENUES AND EXPENDITURES**

**1. REAL PROPERTY TAX ASSESSMENT AND COLLECTION PROCEDURES**

In Nassau County, the assessment and lien of real property for taxation is done by the County Department of Assessment. Real property taxes become a lien during the third week of February for both school and general taxes. 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 North 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 levied on January 1, and are due in two installments, 50% on January 1 and 50% on July 1, payable without penalty to February 10 and August 10, respectively. Penalties are imposed thereafter at the rate of 1% per month, from January 1 and July 1 until August 31, after which taxes are payable to the County Treasurer. The Town retains the total amount of the 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 100% collection of real property taxes.

School District property taxes are levied on October 1, and are also payable in two installments; however, a separate tax bill is sent out for school tax purposes. School property taxes are due in two installments, 50% on October 1 and 50% on April 1, payable without penalty to November 10 and May 10, respectively. The County is also responsible for uncollected school taxes.

**2. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS**

In addition to providing pension benefits, the Town provides health insurance coverage and survivor benefits for retired employees and their survivors. Town employees become eligible for these benefits when an employee completes five or ten years of service, depending upon position, with the Town and can retire. Any employee who has five years of service with the Town, has reached the age of 70, and can retire is eligible for individual benefits.

Health care benefits are currently provided by the New York State Health Insurance Program (NYSHIP) (Empire Plan) whose premiums are based on the benefits paid throughout the State during the year. In addition, the Town offers retirees Health Insurance Plan of New York (HIP) Prime HMO and Island 65 for those retirees over 65.

The Town recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the government funds in the year paid. The liability for postemployment benefits healthcare costs is recorded as a non-current liability in the government-wide statements. The current year increase in the liability is based on the most recent actuarial valuation.

**3. COMPENSATED ABSENCES**

The liability for vested or accumulated vacation or sick leave (compensated absences) is recorded as current and non-current obligations in the government-wide statements. The current portion of this debt is estimated based on historical trends. Compensated absence liabilities and expenditures are reported in the governmental funds only if they have matured, for example, as a result of employee resignations, terminations or retirements.

The amount that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a liability in the funds statement in the respective fund that will pay it.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**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 general purpose 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 and liabilities, 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.

**H. NEW ACCOUNTING PRINCIPLES**

The Town has adopted all of the current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. During the year ended December 31, 2012, the Town adopted:

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*.  
GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. There was no effect on the financial statements.

**I. SUBSEQUENT EVENTS**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date of the financial statements.

**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 Budget Director and to the 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 Director files with the Town Clerk and the Comptroller and presents to the Town Board a tentative budget for the ensuing year.
- c) On or before October 5th, the Town Board receives the tentative budget from the Town Clerk. After review, it adopts the tentative budget as preliminary and sets a date for a budget hearing.
- d) The Town Board conducts a public hearing on the preliminary budget and on or before November 20th, the Town Board meets to adopt the budget then 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.

In order to show the full legal budgetary compliance for the General and certain Special Revenue Funds, detailed individual statements of revenues, expenditures and changes in fund balances – budget and actual, are presented in a separate budget report.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

**A. BUDGETARY INFORMATION (continued)**

- f) Budgets for the General and certain Special Revenue Service Funds, including the Highway Fund, the Solid Waste Management Authority, the Part Town Fund, the Fire Protection Districts, the Lighting District, the Park Districts, the Sidewalk District, the Refuse and Garbage Districts, the Public Parking District and the Water District 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 may be made.
- g) Annual budgets are not prepared for the Capital Projects Fund and the Debt Service Fund. Capital Projects Funds are budgeted on a project basis.

In June 2011, New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which included a 2% property tax cap for municipalities that affects the Town and its municipal component units. Beginning in 2012, and lasting through at least June 15, 2016, no local government is authorized to increase its property tax levy by more than 2% or the rate of inflation (whichever is less); however local governments can exceed the tax levy limit by a 60% vote of the governing body and annually adopting a local law. There are permitted exceptions and adjustments. At a Special Meeting on November 8, 2012 the Town Board voted to override the 2% tax levy cap for the 2013 budget imposed by the State. A super majority of the members of the Town Board voted in favor of the measure and enacted a local law amending Chapter 24 of the Town Code entitled "Government Operations."

**B. FUND EQUITY**

**1. 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 is also shown.

	General Fund	Highway Fund	Solid Waste Management Fund	Part Town Fund	Debt Service Fund	Capital Projects Funds	Other Governmental Funds	Total
<b>Fund Balances (Deficit):</b>								
<b>Nonspendable:</b>								
Long-term receivables	\$ 4,757,178							\$ 4,757,178
Inventory	365,072	\$ 558,164						923,236
Prepays	399,932	210,778	\$ 41,634	\$ 112,464			\$ 35,668	800,476
<b>Total Nonspendable</b>	<b>5,522,182</b>	<b>768,942</b>	<b>41,634</b>	<b>112,464</b>			<b>35,668</b>	<b>6,480,890</b>
<b>Restricted for:</b>								
Debt service			940,434		\$ 1,177,204			2,117,638
<b>Total Restricted</b>			<b>940,434</b>		<b>1,177,204</b>			<b>2,117,638</b>
<b>Assigned to:</b>								
Subsequent year's budget	500,000						959,263	1,459,263
Capital projects	274,333	150,000						424,333
Special revenue funds		4,328,984	582,215	7,097,566			3,967,103	15,975,868
Workers' compensation	743,276							743,276
Insurance	355,793							355,793
Tort claims	283,955							283,955
Senior endowment	1,657,713							1,657,713
<b>Total Assigned</b>	<b>3,815,070</b>	<b>4,478,984</b>	<b>582,215</b>	<b>7,097,566</b>			<b>4,926,366</b>	<b>20,900,201</b>
<b>Unassigned, reported in:</b>								
General Fund	201,856							201,856
Capital Projects Fund						\$(66,246,267)		(66,246,267)
<b>Total Unassigned</b>	<b>201,856</b>					<b>\$(66,246,267)</b>		<b>(66,044,411)</b>
<b>Total Fund Balances (Deficits)</b>	<b>\$ 9,539,108</b>	<b>\$ 5,247,926</b>	<b>\$ 1,564,283</b>	<b>\$ 7,210,030</b>	<b>\$ 1,177,204</b>	<b>\$(66,246,267)</b>	<b>\$ 4,962,034</b>	<b>\$(36,545,682)</b>

**2. DEFICIT FUND EQUITY**

The Capital Projects Fund deficit, in unassigned fund balance, and total fund balance deficit of \$66,246,267, resulted from differences in timing between project expenditures and encumbrances and the recognition of corresponding permanent financing sources. This deficit will be eliminated in subsequent years with the issuance of long-term bonds and operating transfers.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

**B. FUND EQUITY (continued)**

**3. FUND BALANCE RESERVE**

**Debt Reserve**

The Town has established Debt Reserves totaling \$2,117,638. These funds arose from unspent refunding bond proceeds, accrued interest and interest earnings. These funds will be used to pay off outstanding general obligation bond debt as the particular issues become due.

**4. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended December 31, 2012, expenditures and transfers out exceeded appropriations in the General Fund, Park Districts and Refuse and Garbage Districts by \$718,344, \$57,051 and \$5,635, respectively. There is sufficient fund balance in these funds to cover the amount by which expenditures exceed appropriations.

**3. DETAILED NOTES ON ALL FUNDS**

**A. CASH AND INVESTMENTS**

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, a government will be unable to recover the value of its investments or collateral securities that are in possession of an outside party.

Deposits are required to 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, 2012, the Town's deposits were \$96,873,425. This amount is inclusive of Fiduciary fund deposits of \$45,044,919 and restricted cash of \$964,677 but exclusive of petty cash of \$10,480. The bank balance required to be collateralized was \$78,765,884. Of the bank balance, \$8,797,510 was covered by Federal Deposit Insurance, and \$74,166,936 was covered by collateral held by the Town's agent, a third-party financial institution, in the Town's name. Collateral policies appear in Note 1.D.1.

Credit Risk – 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 – Credit risk can arise as a result of failure to adequately diversify investments. Concentration risk disclosure is required for positions of 5 percent or more in securities of a single issuer.

As of December 31, 2012, the Town of North Hempstead did not have any investments subject to credit risk, interest-rate risk or concentration of credit risk.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**B. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

At December 31, 2012, individual fund interfund receivable and payable balances for the primary government, other than \$2,130,000 from the Solid Waste Management Authority, are expected to be paid currently. These balances represent various temporary loans, recharges and reimbursements between funds and are stated as follows:

	<u>Amount Receivable</u>	<u>Amount Payable</u>
<b>Primary Government</b>		
<u>Major Funds:</u>		
General Fund	\$ 2,304,104	\$ 2,757,244
Highway	2,080,952	111,403
Solid Waste Management Authority	1,838,574	3,102,052
Part Town	266,027	10,000
Debt Service	9,556	
Capital Projects Fund	380,353	695,623
<u>Nonmajor Funds:</u>		
Lighting District		500
Park Districts		194,244
Sidewalk District		7,500
Public Parking District		1,000
	<u>\$ 6,879,566</u>	<u>\$ 6,879,566</u>

At December 31, 2012, individual fund interfund transfers balances for the primary government mainly represent receipt and payment of debt service and capital project expenditures, and are stated as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Primary Government</b>		
<u>Major Funds:</u>		
General Fund	\$ 1,731,926	\$ 18,367,857
Highway	774,792	5,197,566
Solid Waste Management Authority	2,403,798	2,403,798
Part Town		10,000
Debt Service	23,321,047	1,539,708
Capital Projects Fund	3,208,856	3,083,002
<u>Nonmajor Funds:</u>		
Park Districts	13,530	59,025
Sidewalk District	50,918	776,277
Refuse and Garbage Districts		40,567
Public Parking District	39,754	66,821
	<u>\$ 31,544,621</u>	<u>\$ 31,544,621</u>

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**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**C. CAPITAL ASSETS**

	Balance 1/1/2012	Additions	Deletions	Construction in Progress Reclassification	Balance 12/31/2012
<b>Primary government</b>					
Capital assets not being depreciated					
Land - other than landfills	\$ 215,371,102	\$ 935,779			\$ 216,306,881
Construction in progress	19,122,707	2,095,237		\$ 17,800,049	3,417,895
Total capital assets not being depreciated	<u>234,493,809</u>	<u>3,031,016</u>		<u>17,800,049</u>	<u>219,724,776</u>
Depreciable capital assets					
Buildings	56,579,901	9,122,502		17,731,258	83,433,661
Improvements other than buildings	52,539,134	2,878,223		68,791	55,486,148
Machinery and equipment	31,363,788	3,024,262	\$ 380,069		34,007,981
Infrastructure	187,875,610	5,838,322			193,713,932
Intangibles - software	1,703,917	184,893			1,888,810
Total depreciable capital assets	<u>330,062,350</u>	<u>21,048,202</u>	<u>380,069</u>	<u>\$ 17,800,049</u>	<u>368,530,532</u>
Less accumulated depreciation					
Buildings	20,189,102	1,496,284			21,685,386
Improvements other than buildings	15,900,048	3,415,905			19,315,953
Machinery and equipment	19,221,275	1,895,284	364,173		20,752,386
Infrastructure	112,201,274	6,835,122			119,036,396
Intangibles - software	745,240	211,266			956,506
Total accumulated depreciation	<u>\$ 168,256,939</u>	<u>\$ 13,853,861</u>	<u>\$ 364,173</u>		<u>181,746,627</u>
Total net depreciable capital assets					<u>186,783,905</u>
Total net capital assets					<u>\$ 406,508,681</u>

The Town depreciated all fixed assets acquired or put in service during 2012 with an effective date of July 1, 2012, or on a six month depreciable basis.

The Town has expended funds to construct a sanitary sewer and pump station and install a sanitary force main at the Harbor Links Golf Course. Under contractual obligation, this project will be turned over to the Port Washington Water Pollution Control District, a component unit of the Town. As of December 31, 2012, the project was completed but title has not yet passed to the Port Washington Water Pollution Control District.

Depreciation expense was charged to governmental functions as follows:

General government support	\$ 581,448
Public safety	179,452
Transportation	6,486,567
Culture and recreation	5,684,867
Home and community services	921,527
Total governmental activities depreciation expense	<u>\$ 13,853,861</u>

The Town of North Hempstead evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The Town's policy is to record an impairment loss in the period when the Town determines that the carrying amount of the asset will not be recoverable. At December 31, 2012, the Town has not recorded any such impairment losses.



**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**C. CAPITAL ASSETS (continued)**

<u>Component units</u>	Balance 1/1/2012	Additions	Deletions	Balance 12/31/2012
Capital assets not being depreciated				
Land	\$ 15,243,458	\$ 357,225	\$ 903,767	\$ 14,696,916
Construction in progress	50,485,939	26,499,626	8,095,935	68,889,630
Total capital assets not being depreciated	<u>65,729,397</u>	<u>26,856,851</u>	<u>8,999,702</u>	<u>83,586,546</u>
Depreciable capital assets				
Buildings	88,527,104	3,768,597	8,085	92,287,616
Improvements other than buildings	39,796,500	310,965	7,500	40,099,965
Machinery and equipment	73,780,996	5,298,046	690,593	78,388,449
Infrastructure	70,333,272	11,172,709	15,790	81,490,191
Total depreciable capital assets	<u>272,437,872</u>	<u>20,550,317</u>	<u>721,968</u>	<u>292,266,221</u>
Less accumulated depreciation				
Buildings	43,337,283	2,079,073	2,418	45,413,938
Improvements other than buildings	18,331,201	1,146,154	7,500	19,469,855
Machinery and equipment	48,402,853	3,860,390	596,992	51,666,251
Infrastructure	30,257,399	2,001,204		32,258,603
Total accumulated depreciation	<u>\$ 140,328,736</u>	<u>\$ 9,086,821</u>	<u>\$ 606,910</u>	<u>148,808,647</u>
Total net depreciable capital assets				<u>143,457,574</u>
Total net capital assets				<u>\$ 227,044,120</u>

**D. INDEBTEDNESS**

**Bond Anticipation Notes (BANs)** – Bond Anticipation Notes (BANs) are used as a temporary means of financing capital expenditures in the Capital Projects Fund. State law requires that BANs issued for capital purposes prior to 2008 be converted to long-term obligations within five years after the original issue date; BANs issued for capital purposes after 2008 need to be converted to long-term obligations within seven years. The notes or renewal thereof may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each 12 month period thereafter. Liabilities for BANs are generally accounted for in the Capital Projects Fund. BANs are expected to be paid from the proceeds of future bond issues or renewal of the notes.

Also included in BANs are borrowings from the State Revolving Fund and Environmental Facilities Corporation (EFC). The Town, three Water Pollution Control Districts and three Water Districts have financed capital projects through the New York State EFC and State Revolving Fund Loans (bond issues). Under the financing plan, the Town and the Districts receive interest subsidies from the United States Environmental Protection Agency and the EFC. Proceeds of notes which have been refinanced by the issuance of serial bonds subsequent to the end of the year, but prior to dating of this financial statement, are reported as a financing source in the appropriate fund. At December 31, 2012, the Town had \$108,052,034 of BANs payable with interest rates ranging from 0.750% to 1.000% with maturities in 2013.

The New York State Environmental Facilities Corporation (EFC) completed refinancing, of the EFC's bonds, which will reduce the Town's future interest cost for the Clean Water and Drinking Water State Revolving Funds (SRF). The net present value of the savings is \$207,114, which is entirely contributable to a component unit. There was no change to the principal amounts of the bonds.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**D. INDEBTEDNESS (continued)**

These bond anticipation notes are summarized as follows:

	Balance 1/1/2012	Issued	Redeemed	Balance 12/31/2012
<b>Primary government:</b>				
Capital projects fund:				
General	\$ 61,156,997	\$ 75,111,082	\$ 61,156,997	\$ 75,111,082
Highway	14,233,257	10,248,334	14,233,257	10,248,334
Public parking	4,725,000		4,725,000	-0-
Refuse and Garbage	2,711,980	1,921,510	2,711,980	1,921,510
Total primary government	<u>82,827,234</u>	<u>87,280,926</u>	<u>82,827,234</u>	<u>87,280,926</u>
<b>Component units:</b>				
Garbage districts	1,438,020	981,362	1,438,020	981,362
Water pollution control districts	26,998,138	19,763,478	43,084,291	3,677,325
Water districts	8,445,421	15,024,421	8,445,421	15,024,421
Park districts	700,000	538,000	700,000	538,000
Library district	1,000,000	550,000	1,000,000	550,000
Total component units	<u>38,581,579</u>	<u>36,857,261</u>	<u>54,667,732</u>	<u>20,771,108</u>
Total bond anticipation notes	<u>\$ 121,408,813</u>	<u>\$ 124,138,187</u>	<u>\$ 137,494,966</u>	<u>\$ 108,052,034</u>

Included in the BANs is the \$2,902,842 balance of the \$4,150,000 BAN 2011 – Series D, after a principal pay down of \$1,247,128. This was issued to fund the payment of cases challenging *ad valorem* garbage district taxes that the Town is confident will be reimbursed through the “County Guarantee”. See Note 4.B, Litigation, for further discussion.

**Revenue Anticipation Notes (RANs)** – Revenue Anticipation Notes are used to finance operations repayable by anticipated future revenues. The Town issued RANs to finance cash flow requirements in anticipation of the collection of sales taxes due to the Town during the fiscal years ended December 31, 2010 and 2011 and for the fiscal year ending December 31, 2012, and mortgage tax payments due to the Town for the fiscal year ending December 31, 2012 in the amount of \$6,735,000.

At December 31, 2012, the Town had \$6,735,000 of RANs payable with rates of 0.430% on \$3,000,000 and 0.490% on \$3,735,000 maturing on November 19, 2013.

These revenue anticipation notes are summarized as follows:

	Balance 1/1/2012	Issued	Redeemed	Balance 12/31/2012
<b>Primary government:</b>				
General	\$ 9,150,000	\$ 6,735,000	\$ 9,150,000	\$ 6,735,000
Total primary government	<u>\$ 9,150,000</u>	<u>\$ 6,735,000</u>	<u>\$ 9,150,000</u>	<u>\$ 6,735,000</u>

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**D. INDEBTEDNESS (continued)**

**General Obligation Bonds** – The Town borrows money in order to acquire land or equipment, or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are backed by the full faith and credit of the Town, bear interest at various rates from 0.269% to 8.800% and have maturity dates in 2013 through 2042.

	Balance 1/1/2012	Issued	Redeemed	Refunded	Balance 12/31/2012
<b>Primary government:</b>					
Capital projects fund:					
General	\$ 96,216,293	\$ 6,506,456	\$ 11,510,606	\$ 5,480,000	\$ 85,732,143
Highway	33,918,855	3,441,885	3,276,766		34,083,974
Public parking	64,342	4,599,000	6,998		4,656,344
Sidewalk	671,212		66,145		605,067
Parks	274,885		26,366		248,519
Total primary government	<u>131,145,587</u>	<u>14,547,341</u>	<u>14,886,881</u>	<u>5,480,000</u>	<u>125,326,047</u>
<b>Component units:</b>					
Water pollution control districts	29,176,781	54,148,000	1,937,476		81,387,305
Water districts	31,254,598		3,064,173		28,190,425
Park districts	18,332,940		1,543,749		16,789,191
Police district	147,451		16,038		131,413
Library district	5,047,955		325,441		4,722,514
Business improvement district	107,688		8,242		99,446
Total component units	<u>84,067,413</u>	<u>54,148,000</u>	<u>6,895,119</u>	<u>-0-</u>	<u>131,320,294</u>
Total general obligation bonds	<u>\$ 215,213,000</u>	<u>\$ 68,695,341</u>	<u>\$ 21,782,000</u>	<u>\$ 5,480,000</u>	<u>\$ 256,646,341</u>

Future principal and interest payments to maturity, for both the primary government and the component units, are as follows:

	Principal	Interest	Total Principal and Interest
Year Ending December 31, 2013	\$ 23,356,341	\$ 7,815,530	\$ 31,171,871
2014	22,699,000	6,995,144	29,694,144
2015	22,207,000	6,190,432	28,397,432
2016	22,104,000	5,382,697	27,486,697
2017	19,115,000	4,648,221	23,763,221
2018-2022	78,240,000	14,610,177	92,850,177
2023-2027	29,950,000	5,529,569	35,479,569
2028-2032	12,750,000	3,092,259	15,842,259
2033-2037	13,730,000	1,893,980	15,623,980
2038-2042	12,495,000	661,225	13,156,225
	<u>\$ 256,646,341</u>	<u>\$ 56,819,234</u>	<u>\$ 313,465,575</u>

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**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**D. INDEBTEDNESS (continued)**

The general obligations bonds, by issue, are as follows:

<u>Outstanding Bond Issues</u>	<u>Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>	<u>Final Maturity</u>
Public Improvement Serial Bonds-1984	8.800%	\$ 16,850,000	\$ 450,000	May 1, 2013
Public Improvement Serial Bonds-1986	6.900%	16,065,000	275,000	April 1, 2016
General Obligation Serial Bonds-1986	7.200%	1,500,000	200,000	February 15, 2016
General Obligation Serial Bonds-1992, Series A	6.400%	5,145,000	1,115,000	February 1, 2017
General Obligation Serial Bonds-1992, Series B	6.400%	72,230,000	5,930,000	April 1, 2017
New York State EFC Bonds-1993, Series A	5.600%	698,000	60,000	September 15, 2018
New York State EFC Bonds-1998, Series B	1.391% - 2.974%	2,572,291	770,000	December 15, 2017
New York State EFC Bonds-2001, Series B	1.062% - 3.811%	8,154,789	3,840,000	November 15, 2022
New York State EFC Bonds-2002 Series F	5.371% - 6.181%	1,365,000	770,000	November 15, 2023
New York State EFC Bonds-2002 Series G	0.822% - 2.745%	3,452,513	1,530,000	October 15, 2019
New York State EFC Bonds-2002 Series I	4.490% - 5.380%	1,160,000	366,000	September 15, 2022
General Obligation Serial Bonds-2003	4.000%	20,000,000	1,675,000	February 1, 2016
New York State EFC Bonds-2003 Series A	3.851% - 4.901%	1,160,000	835,000	April 15, 2031
New York State EFC Bonds-2003F	3.170% - 4.500%	985,000	595,000	January 15, 2023
Various Purposes Serial Bonds-2003	3.750% - 4.500%	24,060,000	12,045,000	July 15, 2019
General Obligation Serial Bonds-2004	4.000%	10,315,000	3,885,000	February 1, 2016
General Obligation Serial Bonds-2004	5.200% - 5.400%	3,880,000	235,000	February 15, 2022
General Obligation Serial/Refunding Bds-2004	3.000% - 5.000%	29,510,000	19,250,000	February 15, 2022
New York State EFC Bonds-2004 Series B	3.325% - 4.325%	6,861,511	3,665,000	May 15, 2021
General Obligation Serial Bonds-2004	3.700% - 4.250%	3,700,000	2,345,000	September 1, 2022
General Obligation Serial Bonds-2005	4.000% - 4.250%	16,060,000	12,000,000	April 15, 2025
Refunding Bonds - 2005	4.000% - 5.000%	46,830,000	29,105,000	January 15, 2023
Public Improvement Serial Bonds-2006	4.375% - 4.500%	24,000,000	18,870,000	February 1, 2026
New York State EFC Bonds-2006 Series C	4.031% - 4.861%	3,442,810	2,935,000	April 1, 2036
Public Improvement Serial Bonds-2007	4.000% - 4.250%	11,993,000	8,945,000	June 1, 2021
Public Improvement Serial Bonds-2007Series B	4.125% - 4.350%	5,788,500	4,740,000	November 1, 2027
Various Purposes Serial Bonds-2008	3.500% - 4.250%	13,210,000	10,595,000	June 15, 2022
NYS EFC Bonds-2008, Series A-1, B-1, A-2, B-2	4.270%	1,783,412	595,000	April 1, 2038
Public Improvement Serial Bonds - 2009	3.000% - 4.000%	11,615,000	9,795,000	June 1, 2024
EFC Serial Bonds - 2010 Series C	1.054% - 4.603%	845,000	585,000	October 1, 2039
EFC Refunding - 2010	1.054% - 4.603%	15,173,760	13,765,000	October 1, 2018
Various Purposes Serial Bonds-2010 Series A	2.000% - 2.500%	6,063,000	5,025,000	October 1, 2021
Refunding Serial Bonds - 2010	2.000% - 4.000%	12,065,000	11,195,000	May 1, 2022
Refunding Serial Bonds -2012	3.000% - 4.000%	5,355,000	5,320,000	August 1, 2016
Various Purposes Serial Bonds-2012	0.375% - 2.250%	9,192,341	9,192,341	October 1, 2027
EFC 2012 Series E Bonds	0.269% - 4.098%	54,148,000	54,148,000	November 1, 2042
			<u>\$ 256,646,341</u>	

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**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**D. INDEBTEDNESS (continued)**

**Revenue Bonds** – The Town borrowed money in order to finance the purchase of certain real property. These bonds bear an interest rate of 2.300% and mature on February 1, 2013 through 2018.

Future principal and interest payments to maturity for the Town's revenue bonds are as follows:

	Principal	Interest	Total Principal and Interest
Year Ending December 31, 2013	\$ 793,831	\$ 106,993	\$ 900,824
2014	812,301	88,523	900,824
2015	831,202	69,622	900,824
2016	850,542	50,282	900,824
2017	870,332	30,492	900,824
2018	890,583	10,242	900,825
	\$ 5,048,791	\$ 356,154	\$ 5,404,945

Revenue bonds are paid through annual budgetary appropriation in the Solid Waste Management Authority.

**Advanced Refunding**

The Town issued \$5,048,791 of North Hempstead Solid Waste Management Revenue Refunding bonds, 2012, at a rate of 2.300% to advance refund \$6,650,000 of the Authority's Solid Waste Management (SWMA) Revenue Refunding Bonds – 2003 and pay the related costs of issuance. The Town also liquidated the Debt Service Reserve of \$1,904,579 established in 2003 as part of the 2003 SWMA refunding bonds plus \$158,333 in interest earnings and the GIC termination premium on the Debt Service Reserve for total sources of \$7,111,703. The net proceeds of \$7,058,203 (after payment of \$53,500 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for the future debt service payments on the refunded bonds. As a result the 2003 SWMA bonds are considered defeased.

The Town advance refunded the 2003 SWMA bonds to extend maturity dates for the purpose of reducing its annual payments and provide for level debt service over the life of the refunding bonds. As a result there was a gross debt service loss of \$380,563 and a net present value economic loss of \$101,622.

The Town issued \$5,355,000 of Town of North Hempstead Refunding Serial Bonds, 2012, at various rates from of 2.000% to 4.000% to advance refund \$5,480,000 of the Town of North Hempstead General Obligation Serial bonds - 2003 and pay the related costs of issuance. The net proceeds of \$5,806,334 (including the premium of \$524,317 and payment of \$79,983 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for the future debt service payments on the refunded bonds. As a result the 2003 bonds are considered defeased.

The Town advance refunded the 2003 bonds to realize cumulative dollar and present value debt service savings over the life of the refunding bonds. As a result there was a gross present value savings of \$244,789 and a net present value economic gain of \$246,768.

**Prior-Year Defeasance of Debt**

In the current year, the Town defeased certain general obligations and revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments 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, 2012, \$6,650,000 of revenue bonds outstanding and \$5,480,000 of general obligation bonds outstanding are considered defeased.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**D. INDEBTEDNESS (continued)**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2012, is as follows:

	Balance 1/1/2012	Increases	Reductions	Balance 12/31/2012	Non-current liabilities due within one year	Non-current liabilities
<b>Primary government:</b>						
Bonds Payable:						
General obligation bonds payable	\$ 131,145,587	\$ 14,547,341	\$ 20,366,881	\$ 125,326,047	\$ 23,356,341	\$ 101,969,706
Revenue bonds payable	8,880,000	5,048,791	8,880,000	5,048,791	793,831	4,254,960
Plus deferred amounts:						
Premiums on issuance	1,569,350	604,540	299,044	1,874,846	219,460	1,655,386
Total Bonds Payable	141,594,937	20,200,672	29,545,925	132,249,684	24,369,632	107,880,052
Due to employees' retirement system	2,453,666	1,995,134	359,514	4,089,286	556,452	3,532,834
Compensated absences	4,670,381	3,961,550	3,638,927	4,993,004	249,650	4,743,354
Claims and judgments payable	5,791,813	807,851	1,638,956	4,960,708	865,000	4,095,708
Estimated liability for landfill closure and postclosure care costs	16,075,891		3,559	16,072,332	1,207,327	14,865,005
Postemployment benefits healthcare costs	38,025,864	10,150,254	3,408,153	44,767,965		44,767,965
	<u>\$ 208,612,552</u>	<u>\$ 37,115,461</u>	<u>\$ 38,595,034</u>	<u>\$ 207,132,979</u>	<u>\$ 27,248,061</u>	<u>\$ 179,884,918</u>
<b>Component units:</b>						
Bonds Payable:						
General obligation bonds payable	\$ 84,067,413	\$ 54,148,000	\$ 6,895,119	\$ 131,320,294	\$ 8,356,699	\$ 122,963,595
Plus deferred amounts:						
Premiums on issuance	72,036		6,503	65,533	6,148	59,385
Total Bonds Payable	84,139,449	54,148,000	6,901,622	131,385,827	8,362,847	123,022,980
Due to employees' retirement system	17,762	178,767	6,655	189,874	17,278	172,596
Compensated absences	10,674,953	1,121,166	209,921	11,586,198	1,034,893	10,551,305
Postemployment benefits healthcare costs	32,271,547	9,769,590	3,058,785	38,982,352		38,982,352
Installment purchase debt	999,273		63,145	936,128	66,238	869,890
	<u>\$ 128,102,984</u>	<u>\$ 65,217,523</u>	<u>\$ 10,240,128</u>	<u>\$ 183,080,379</u>	<u>\$ 9,481,256</u>	<u>\$ 173,599,123</u>

Liabilities for claims and judgments and landfill closure and postclosure care costs are liquidated through future appropriations in the General Fund. Long-term liabilities for due to employees' retirement system, compensated absences and postemployment benefits healthcare costs, are paid through future budgetary appropriations in the following funds: General, Highway, Solid Waste Management, Part-Town, Lighting District, Park Districts, Sidewalk District and Public Parking District, depending upon which fund gave rise to the liability.

**E. RETIREMENT SYSTEM**

Plan Description

The Town of North Hempstead participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits.

Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (the "Comptroller") serves as sole trustee and administrative head of the System. 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. The System issues a publicly available financial report that includes financial statements and required supplemental information. That report may be found at <http://www.osc.state.ny.us/retire/publications/index.php> or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244-0001.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**3. DETAILED NOTES ON ALL FUNDS** (continued)

**E. RETIREMENT SYSTEM** (continued)

Funding Policy

The System is non-contributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, employees who joined on or after January 1, 2010 who generally contribute 3% of their salary for the entire length of service, and employees who joined on or after April 1, 2012 who contribute 3% to 6% of their salary, depending upon their annual wages, for the entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the Systems fiscal year ending March 31.

Contributions consist of a group term life insurance portion (GTLI) and a regular pension contribution. Contribution rates for the plan year ended March 31, 2012 are as follows:

<b>Contribution rates</b>		
<b>Tier</b>	<b>Plan/Option</b>	<b>3/31/2012 Rate</b>
1	75I/41J	21.5%
2	75I/41J	19.7%
3	A14/41J	15.8%
4	A15/41J	15.8%
5	A15/41J	12.7%
6	A15/41J2	10.1%

The Town is required to contribute at an actuarially determined rate. The actual contributions were equal to 100% of the actuarially required amounts, using the maximum amortization allowed by law, and also included additional contributions to fund various early retirement incentives made available to Town employees. The credits and miscellaneous adjustments represent modifications made by the NYSERS for prior year's contributions due to differences between estimated and actual salaries for the plan year.

The required contributions, for the Town, for the current year and two preceding years were:

<b>Annual Required Contribution - ERS</b>						
<b>Amount</b>	<b>% of Covered Payroll</b>	<b>Credits &amp; Miscellaneous Adjustments</b>	<b>Prepayment Discount</b>	<b>2010-2012 Amortization/ Deferral</b>	<b>2010 Incentive Installment</b>	<b>Total Payment</b>
2012 \$ 5,442,286	19.35%	\$ 237,854		\$ (1,934,026)	\$ 323,232	\$ 4,069,346
2011 4,391,610	15.74%	(210,713)	\$ (40,682)	(1,084,545)	323,230	3,378,900
2010 3,329,425	12.07%	(83,767)		(349,463)		2,896,195

Chapter 57 of the Laws of 2010 of the State of New York was enacted to allow local employers to amortize a portion of their retirement bill for 10 years in accordance with the following stipulations:

- For State fiscal year 2010-11, the amount in excess of the graded rate of 9.5 percent of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the amortization was instituted.
- For subsequent State fiscal years, the graded rate will increase or decrease by up to one percent depending on the gap between the increase or decrease in the System's average rate and the previous graded rate.
- For subsequent State fiscal years in which the System's average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**E. RETIREMENT SYSTEM (continued)**

Funding Policy (continued)

This law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years, when the local employer opts to participate in the program. The total unpaid liability for the Town for the 2010, 2011 and 2012 amortization years is \$292,505, \$1,034,603 and \$2,117,484, respectively; inclusive of SWMA for 2011 and 2012 of \$78,773 and \$80,003, respectively; and two component unit districts, Shelter Rock Library District, \$189,852, and the Glenwood Water District, \$6,023. The total unpaid liability for the Town only portion of the 2010, 2011 and 2012 amortization years, at the end of the current year of \$275,827, \$977,756 and \$1,995,134 respectively, was recorded in the government-wide statements. Amortization contributions will be paid in ten equal installments, one per year, but may be prepaid at any time. The Town has, for now, opted to amortize over the ten-year period. The interest rate will be established annually for each year's amortization and paid out of current resources. Future principal and interest payments to maturity for the amortization installments are as follows:

2011 Chapter 57, Laws of 2010

	Principal	Interest	Total Principal and Interest
Year Ending December 31, 2013	\$ 30,632	\$ 14,625	\$ 45,257
2014	32,163	13,094	45,257
2015	33,772	11,485	45,257
2016	35,460	9,797	45,257
2017	37,233	8,024	45,257
2018-2020	123,245	12,525	135,770
	\$ 292,505	\$ 69,550	\$ 362,055

2012 Chapter 57, Laws of 2010

	Principal	Interest	Total Principal and Interest
Year Ending December 31, 2013	\$ 98,769	\$ 38,798	\$ 137,567
2014	102,472	35,094	137,566
2015	106,315	31,251	137,566
2016	110,302	27,264	137,566
2017	114,438	23,128	137,566
2018-2021	502,307	47,957	550,264
	\$ 1,034,603	\$ 203,492	\$ 1,238,095

2013 Chapter 57, Laws of 2010

	Principal	Interest	Total Principal and Interest
Year Ending December 31, 2013	\$ 184,708	\$ 63,525	\$ 248,233
2014	190,249	57,983	248,232
2015	195,957	52,276	248,233
2016	201,835	46,397	248,232
2017	207,891	40,342	248,233
2018-2022	1,136,844	104,332	1,241,176
	\$ 2,117,484	\$ 364,855	\$ 2,482,339



**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**E. RETIREMENT SYSTEM (continued)**

Funding Policy (continued)

Chapter 105 of the Laws of 2010 of the New York State Legislature authorized local governments to make available a retirement incentive program with an estimated cost to the Town of \$1,616,154, inclusive of principal and interest. The cost of the program is billed and paid, by the funds incurring the costs, over five years, at an interest rate of 7.5%. Remaining future principal and interest payments to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
Year Ending December 31, 2013	\$ 260,188	\$ 63,043	\$ 323,231
2014	279,702	43,528	323,230
2015	300,679	22,551	323,230
	<u>\$ 840,569</u>	<u>\$ 129,122</u>	<u>\$ 969,691</u>

**F. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS**

Plan Description

The Town, as a single-employer defined benefit plan, per its contract with employees, will pay the full premium costs for the medical benefits, currently provided by the New York State Health Insurance Program (NYSHIP) (Empire Plan), HIP Prime HMO or Island 65. Active and retired employees of the Town have the Empire PPO Plan (Core Plus Enhancements) or HIP Prime HMO. Island 65, available for retirees over 65, is a choice of coverage for retirees, through a self-administered arrangement through Island Group Administration, Inc. 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.

Benefits are provided to substantially all employees who retire with at least five or ten full years of service, depending upon position, with the Town or five full years of service and have reached the age of 70, and can retire. The retiree is also eligible for Medicare Part B reimbursement in the amount of \$1,199, based on the 2012 rate, if they are over the age of sixty-five. The Medicare Part B premium that is charged varies by income level. Medicare Part B reimbursement valuation was assumed at the basic level. Upon death of a retiree the Town ceases to pay the full healthcare costs for the unremarried survivor after three months. The Town does not pay the premium costs for survivors of former employees who became survivors before March 1, 1995 and pays 50% of the premium costs for survivors of former employees who became survivors after March 1, 1995. If at the time of death of the surviving spouse, he or she is survived by a qualified dependent of the former employee for whom there has been continuous coverage under the Town's medical plan, the Town will pay 50% of the premium to continue individual medical coverage for the qualified dependent for as long as such person remains a qualified dependent. The survivor does continue to receive the Medicare reimbursement. These contracts may be renegotiated at various times in the future.

The Town, as administrator of the plan, does not issue a separate report.

The number of participants as of January 1, 2012, the effective date of the OPEB valuation, follows. There have been no significant changes in the number or the type of coverage since that date.

Active employees	401
Retired Employees and spouses	287
Surviving spouses of deceased retirees	49
Total	<u>737</u>

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**3. DETAILED NOTES ON ALL FUNDS** (continued)

**F. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS** (continued)

Plan Description (continued)

As of the 2012 OPEB valuation only retirees are considered enrollees; spouses are not considered to be a separate enrollee.

Funding Policy

The Town currently pays for postemployment health care benefits on a pay-as-you-go basis.

Annual Other Postemployment Benefit Cost

For the year ended December 31, 2012, the Town's annual OPEB cost (expenses) was \$10,150,254. Considering the annual expense as well as the payment of current health insurance premiums and Medicare reimbursements, which totaled \$3,408,153 for retirees and their beneficiaries, the result was an increase in the other postemployment benefits liability of \$6,742,101 for the year ended December 31, 2012. The OPEB cost for the component units for the year ended December 31, 2012, amounted to \$9,126,227. Considering health insurance payments totaling \$2,415,422, the increase in the other postemployment benefits liability for the component units for the year ended December 31, 2012, amounted to \$6,710,805.

Benefit Obligations and Normal Cost

	Medical and Medicare Part B
Actuarial Accrued Liability (AAL)	
Active employees	\$ 57,367,105
Retired employees	51,563,000
Total Actuarial Accrued Liability (AAL)	108,930,105
Actuarial value of plan assets	-0-
Unfunded actuarial accrued liability (UAAL)	\$ 108,930,105
Funded ratio	0%
Normal cost at the beginning of the year	\$ 5,738,000
Amortization cost at the beginning of the year	\$ 7,410,000
Annual covered payroll	\$ 25,647,674
UAAL as a percentage of covered payroll	424.72%

The Town's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, which is an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The unfunded actuarial accrued liability for the Town for the year ended December 31, 2012, amounted to \$108,930,105. The unfunded actuarial accrued liability for the components units for the year ended December 31, 2012, amounted to \$110,811,428.

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**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**F. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS (continued)**

Benefit Obligations and Normal Cost (continued)

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

Level Dollar Amortization

Calculation of ARC under the Projected Unit Credit Cost Method

Normal cost	\$	4,443,377
Amortization of unfunded actuarial liability (UAAL) over 30 years		6,300,740
Annual required contribution (ARC)		10,744,117
Interest on net OPEB obligation		1,521,035
Adjustment to ARC		(2,114,898)
Annual OPEB Cost		10,150,254
Less: Contribution for year ended December 31, 2012		3,408,153
Increase in other postemployment benefits liability		6,742,101
Other postemployment benefits liability at December 31, 2011		38,025,864
Other postemployment benefits liability at December 31, 2012	\$	44,767,965
Percentage of annual OPEB cost contributed		33.6%

Funded Status and Funding Progress

The percentage contributed for the current year and preceding two years was:

		<u>Annual OPEB Cost</u>	<u>Annual Contribution Made</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$	10,150,254	\$ 3,408,153	33.6%	\$ 44,767,965
2011		12,703,281	3,171,942	25.0%	38,025,864
2010		12,215,937	2,694,830	22.1%	28,494,525

The funded status of the plan as of December 31, 2012, is as follows:

<u>Actuarial Valuation Date January 1,</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Projected Unit Credit Cost Method (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b - a) / c)</u>
Town	\$ -0-	\$ 108,930,105	\$ 108,930,105	0%	\$ 25,647,674	424.72%
Component Units	-0-	110,811,428	110,811,428	0%	27,694,057	400.13%

The decrease in the Town's 2012 OPEB liability stemmed from a variety of factors, including lower than anticipated increases in medical premiums, actuarial adjustments concerning the medical premium cumulative trend and mortality tables, and a decrease in the number of active employees from the prior year.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**3. DETAILED NOTES ON ALL FUNDS** (continued)

**F. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS** (continued)

Funded Status and Funding Progress (continued)

The required schedule of funding progress can be found immediately following the notes, in required supplementary information, and presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the employer's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members), and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term liability in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the January 1, 2012, actuarial valuation, the liabilities were computed using the projected unit credit method, the level debt amortization method, and an open 30 year amortization period to amortize the initial unfunded liability. The actuarial assumptions utilized a 4.0% discount rate, and assume that the benefits are not prefunded. The discount rate is required to be set based on the expected earnings of the Town's General Fund. In general, actual premiums applicable to 2012 and 2013 were known at the time of the valuation and have been used in the analysis; for the Island 65 Plan, which is available for a fixed group of retirees, the 2013 costs were assumed equal to the 2012 costs. The actuarial valuation does not separately quantify inflation for OPEB projections. The actuarial valuation does quantify, and apply, premium trends, of which inflation is one component. The valuation assumes a 10.0% healthcare cost trend increase for NYSHIP and Island 65 medical premiums for 2014. The valuation also assumes that healthcare cost trends are subsequently reduced by 0.5% per year with the ultimate trend rate fixed at 5.0% after ten years. The valuation assumes an 8.0% cost trend for Medicare Part B benefits for 2014, subsequently reduced by 0.5% per year, with the ultimate rate fixed at 5.0% after six years.

A copy of the Town of North Hempstead's Retiree Medical Program, December 31, 2012 Valuation is available by contacting the Town of North Hempstead, Office of the Comptroller, 220 Plandome Rd., Manhasset, New York 11030.

**G. COMPENSATED ABSENCES**

Town employees are granted vacation and sick leave, and earn compensatory absences in varying amounts. In the event of termination, or upon retirement, an employee is entitled to payment for accumulated vacation, and sick leave, subject to certain limitations.

Estimated vacation, sick leave and compensatory absences accumulated by Town employees have been recorded in the statements of net position. Payment of vacation time and sick leave is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation, sick leave and compensatory absences when such payments become due. As of December 31, 2012, the value of the accumulated vacation time and sick leave was \$4,993,004 for the primary government. The liability for compensated absences for the component units amounted to \$11,586,198.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**4. COMMITMENTS AND CONTINGENCIES**

**A. RISK RETENTION**

In common with other municipalities, the Town receives numerous notices of claims. The Town carries excess liability insurance coverage of \$1,000,000 per occurrence, with a \$3,000,000 annual aggregate, and is self-insured, up to \$250,000, for claims under this coverage. Although the eventual outcome of these claims cannot presently be determined, the Town Attorney has estimated unsettled claims and litigation to be \$2,804,752. 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 self-insured for property protection on the first \$100,000 per loss except for flood and earthquake, which is \$100,000 per loss with insurance protection coverage of up to \$5,000,000 for any one loss, and a \$5,000,000 annual aggregate. The Town carries building and contents coverage in excess of \$89,229,193.

The Town is self-insured for workers' compensation insurance and general liability insurance. Estimated benefits to be paid are appropriated in the various operating funds of the Town. The Town has provided an umbrella-type policy protecting against a catastrophic loss in the workers' compensation self-insurance protection program with \$500,000 retention, per occurrence, with benefits of up to \$25,000,000. Although the eventual value of these claims cannot presently be determined, the third-party administrator has estimated the workers' liability to be \$2,155,956. The Town is also self-insured for unemployment benefits paid.

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.

The Town estimates general liability reserves by consulting with legal counsel and reviewing past experience with similar claims. The Town estimates its workers' compensation reserves by consulting with the third-party administrator of its workers' compensation program and reviewing 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.

	Workers' Compensation		General Liability	
	2012	2011	2012	2011
Unpaid claims and claim adjustment expenditures at the beginning of the year	\$ 2,636,361	\$ 1,743,734	\$ 3,155,452	\$ 3,549,106
Insured claims and claim adjustment expenditures:				
Provision for the insured events of the current year and increases/decreases in provision for insured events of prior years	165,161	1,533,023	642,690	(257,666)
Total incurred claims and claim adjustment expenditures	165,161	1,533,023	642,690	(257,666)
Payments				
Claim and claim adjustment expenditures attributable to insured events of the current and prior years.	645,566	640,396	993,390	135,988
Total unpaid claims and claim adjustment expenditures at the end of the year.	\$ 2,155,956	\$ 2,636,361	\$ 2,804,752	\$ 3,155,452

**B. LITIGATION**

The Town in the normal course of business is involved in various matters of litigation. Other than the cases described below, in the opinion of the Town Attorney, there is no litigation by or pending against the Town that is not covered or mitigated by insurance, budgetary appropriations or other reasons which could have a materially adverse impact on the financial condition of the Town. In addition, various notices of claim have been filed with the Town. The allegations set forth in the claims relate to various circumstances including personal injury, condemnation proceedings, civil rights violations and administrative determinations by Town officials. Certain claims assert monetary damages, while others seek a specific action or forbearance on the part of the Town.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**4. COMMITMENTS AND CONTINGENCIES** (continued)

**B. LITIGATION** (continued)

There are currently a number of cases against the Town and the Commissioner-operated garbage districts within the Town challenging *ad valorem* garbage district taxes brought by several local utilities. One case by New York Telephone/Verizon has resulted in a judgment of approximately \$1,600,000. The Town has a judgment against Nassau County (the "County") requiring it to pay this judgment under what is colloquially referred to as the "County Guarantee", found in County Administrative Code Section 6-26.00. The Court of Appeals denied the County's motion for leave to appeal the order granting summary judgment to the Town. The County paid \$1,247,128 of the total amount owed. The Court recently issued a decision awarding the Town the interest owing while the case was on appeal and a judgment for the remaining amount has been submitted to the Court. An action by Keyspan has resulted in a judgment of approximately \$2,500,000 which the Town paid. The Town brought a third-party action against the County for reimbursement of the amount paid with interest. The County sought to dismiss that action and their motion was denied. The Town has cross-moved for summary judgment and that motion was denied. Both the County and the Town appealed and that matter is being briefed to the Appellate Division. The remaining cases are in various stages of litigation.

It has been the Town's position that all of these matters are covered by the County Guarantee requiring an eventual payment or reimbursement of any judgments by the County. The Appellate Division recently found the County's attempt to repeal the County Guarantee to be unconstitutional. The County filed an appeal of that decision and it is being briefed before the Court of Appeals. Further, even assuming that there was liability for these judgments, such liability would be apportioned between the Town and the Commissioner-operated districts. It appears that most of the mass properties which were the subject of litigation were recently removed from the tax rolls by the County. On December 15, 2011, the Town issued \$4,150,000 Bond Anticipation Notes – 2011 Series D to fund the payment of these judgments and said note was paid off at maturity on December 14, 2012 with a portion of the proceeds the Town received from the issuance of a Bond Anticipation Note on October 4, 2012, which matures on October 4, 2013.

In 2011, the Town filed a suit against the County as it is withholding sales tax revenue, claiming that the Town should not be charged back amount paid for its cost of educating County residents at the Fashion Institute of Technology ("FIT") under the community college reimbursement provisions of the New York State Education Law. However, the Town contends that FIT is not a community college as defined by the Education Law as it has bachelors and masters degree programs and, accordingly, the County has erroneously charged back to the cities and towns amounts paid by it for educating County residents at FIT. Further, there is no statutory basis to withhold the tax monies. Although the Supreme Court issued an order which upheld the charge back for expenses associated with FIT's two-year programs and the withholding of sales tax monies as a setoff, it found that the County could not charge back for expenses incurred by Town residents enrolled in the baccalaureate or masters' degree program.

The County and the Town both appealed portions of the decision. Several other municipalities and FIT itself have submitted amicus briefs in support and in opposition to the Town's position. The Appellate Division issued a decision which upheld the charge back for both two-year programs and upper level programs. However, the Court also found that the County could not charge back for FIT unless and until the County Legislature passed an authorizing resolution, which has not been done to date. The court also held that the use of self-help to retain sales tax monies where the chargeback amount was in dispute was improper. The Town and the County have both made motions for the Appellate Division to review portions of the decision as well as leave to appeal to the Court of Appeals and those motions were denied. The Town has sought review by the Court of Appeals.

The 2010-2012 FIT tuition charge back to the Town amounts to \$2,637,178.

As of December 31, 2012, liability in the amount of \$1,970,383 has been recorded in the government-wide financial statements related to the above matter.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**4. COMMITMENTS AND CONTINGENCIES** (continued)

**B. LITIGATION** (continued)

The Town is a defendant in an action relating to expenses incurred in repairing an underground Long Island Power Authority ("LIPA") line damaged by the Town during an excavation project. The Town engaged in the proper procedures, notifying One Call prior to the excavation, and LIPA and its agents came out and supposedly marked the locations of all of their lines prior to the Town undertaking the excavation. However, LIPA and its agent failed to mark out the damaged line. The complaint in the action seeks \$5,500,000 in damages and there is no excess coverage for this claim. The General Business Law applies to this claim. The Town moved to dismiss the complaint based upon such statute, which provides that if the utility does not diligently and accurately mark out its lines, it cannot recover for the expenses of repair. The statute does not preclude common law claims, however, LIPA's failure to accurately mark out its own lines would seem to militate against, or on the basis of comparative negligence at least dramatically reduce, the success of such claim regardless of how it is made. The Town's motion to dismiss was denied and that decision was appealed. The Appellate Division reversed the lower court in part, holding that the statutory cause of action against the Town should have been dismissed. However, the common law cause of action remains. The case will now proceed to trial or mediation. Given all of these circumstances, it is the opinion of the Town Attorney that any potential exposure of the Town will not remotely approach \$5,500,000.

In addition to the above referenced cases, the Town is involved in other lawsuits with claims ranging from several hundred to \$5.5 million dollars. These cases are in various stages of litigation and their outcome cannot presently be determined. Pursuant to Local Finance Law, the Town is authorized to issue bonds or notes to finance any judgments and claims decided against the Town, if necessary. In the past, the Town has, on occasion, issued bonds or notes to finance judgments.

The Town is currently defending several personnel litigation matters. However, the current status of these matters does not appear to have a material effect in the Town's financial statements.

As of December 31, 2012, a liability in the amount of \$2,804,752 has been recorded in the government-wide financial statements related to the above matters.

**C. 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 L-4 Landfill stopped receiving waste in 1991 and was closed in 1996. The L-5 Landfill stopped receiving waste in 2002, and the capping was completed in 2004. Postclosure maintenance and monitoring activities for the L-4 and L-5 Landfills are estimated to be approximately \$750,000 per year. Accordingly, as of December 31, 2012, the Town has recorded a liability of \$16,072,332, in the government-wide financial statements, which represents the provision to be made in future budgets for unfunded closure and postclosure landfill costs. As this liability is based on 100% capacity, there are no estimated costs of closure and postclosure care costs remaining to be recognized. Actual costs may vary due to inflation, changes in technology, or changes in regulations or applicable laws.

**D. SOLID WASTE MANAGEMENT AUTHORITY**

The Town is obligated, via agreement, to pay service fees to the Solid Waste Management Authority (SWMA) in an amount equal to the difference between SWMA expenditures, including debt service, and SWMA revenues. If SWMA revenues are insufficient to cover its expenditures, the Town is obligated to pay service fees to the SWMA, as long as the SWMA continues to provide solid waste services to the Town.

**E. CONSTRUCTION AND OTHER CAPITAL ACQUISITION COMMITMENTS**

Construction in progress, commitments for equipment purchases, and other capital acquisition commitments amount to \$4,838,709 at December 31, 2012.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**4. COMMITMENTS AND CONTINGENCIES (continued)**

**F. LEASE COMMITMENTS AND LEASED ASSETS**

Operating Leases

The Town leases equipment and space under non-cancelable operating leases that commenced between August 2009 and July 2012, and expire between July 2013 and October 2017. Total rental expenditures on such leases for the year ended December 31, 2012, totaled \$293,294. The minimum future non-cancelable operating lease payments are as follows:

Year Ending December 31, 2013	\$ 379,729
2014	206,113
2015	138,991
2016	83,482
2017	33,647
Total minimum lease payments	\$ 841,962

**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

At December 31, 2012, the Town has recorded no pollution remediation obligations.

**H. LENGTH OF SERVICE AWARD PROGRAMS (LOSAP)**

The Town of North Hempstead's financial statements are for the year ended December 31, 2012. However, the information contained in this note is based on information for the Length of Service Awards Program for the plan years ending on various dates (see table #1), which are the most recent plan years for which complete information is available.

The Town of North Hempstead along with the respective Fire Companies and other municipalities, as required, sponsor seven Volunteer Firefighters Service Award Programs (the Plans): Albertson Hook & Ladder Engine & Hose Company #1, Alert Engine, Hook and Ladder and Hose Company #1, of Great Neck, Carle Place Fire Department, Floral Park Centre Fire Company, Inc., Glenwood H&L E&H Company, Port Washington Fire Department, Inc. and Roslyn Volunteer Firefighter Service Award Program. The programs took effect on various dates (see table #1 below). The Plans established a defined benefit LOSAP for the active volunteer firefighters of the respective fire companies. All Plans are single-employer defined benefit plans and were established pursuant to Article 11A of General Municipal Law. The Plans provide municipal funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. Two of the Plans, Alert Engine, Hook and Ladder and Hose Company #1 and Roslyn Volunteer Firefighter Service Award Program have multiple sponsors.



**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**4. COMMITMENTS AND CONTINGENCIES** (continued)

**H. LENGTH OF SERVICE AWARD PROGRAMS (LOSAP)** (continued)

**Program Description**

Participation, Vesting, and Service Credit

Active volunteer firefighters, who have reached a specific age (as determined by each Plan) on the last day of the year and who have completed one year of firefighting service (or a probationary period), are eligible to participate in the Plan. Participants acquire a nonforfeitable right to a service award after being credited with five years of firefighting service, or upon attaining the Plan's entitlement age while active, becoming totally and permanently disabled, or upon death while an active member. The Plan's entitlement ages vary, ranging from 55 to 65 (as determined by each Plan) and take effect after the first year of service credit or after the probationary period (as determined by each plan).

In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year, after the establishment of the Plan, in which they become eligible to participate and accumulate a specified number of points. Points are granted for the performance of certain activities, in accordance with a system established by the sponsor, on the basis of a statutory list of activities and point values. A Participant may also receive credit for previous years (as determined by each Plan) of firefighting service (called "Prior Service") rendered prior to the establishment of the Plan.

Benefits

A Participant's benefit under the Plan is the actuarial equivalent of a monthly payment for life equal to \$20 to \$30 (as determined by each Plan), multiplied by the Participant's total number of years of firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed twenty five to forty years (as determined by each Plan), including Prior Service credits. Except in the case of disability or death, benefits are payable when the Participant has attained the entitlement age of 55 to 65 (as determined by each Plan). The program provides statutorily mandated death and disability benefits. Additionally, some Plans provide for line-of-duty disability and/or death benefits (see table #1 on the next page).

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**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2012

**4. COMMITMENTS AND CONTINGENCIES (continued)**

**H. LENGTH OF SERVICE AWARD PROGRAMS (LOSAP) (continued)**

**Program Description (continued)**

Benefit (continued)

**Table #1 Program Description**

	<u>Albertson</u>	<u>Alert</u>	<u>Carle Place</u>	<u>Floral Park Centre</u>
Plan year end date	12/31/2012	12/31/2011	12/31/2013	6/30/2013
Plan established by:		Town of North Hempstead; Villages of Great Neck, Kings Point and Saddle Rock (Joint Sponsoring Board)	Carle Place Fire Dept.	Town of North Hempstead
Sponsored by:	Albertson Hook & Ladder Town of North Hempstead	Same as above	Town of North Hempstead	Town of North Hempstead
Effective date of plan	1/1/1991	1/1/1996	1/1/1991	1/1/1991
Entitlement Age	62	65	62	65
Nonforfeitable right to award after:	5 years	5 years	5 years	5 years
Prior service credit (up to):	5 years	5 years	5 years	5 years
Eligible age	17	17	18	18
Required years of service	One	One	One	One
Benefits:				
Monthly payment	\$20-\$30	\$20	\$20	\$20
Maximum years used to calculate	40	40	30	25
Benefits payable at	Entitlement Age except for disability or death	Entitlement Age except for disability or death	Entitlement Age except for disability or death	Entitlement Age except for disability or death
Optional line-of-duty disability	Yes	Yes	Yes	Yes

**Table #1 Program Description (continued)**

	<u>Glenwood</u>	<u>Port Washington</u>	<u>Roslyn</u>
Plan year end date	12/31/2012	12/31/2012	12/31/2011
Plan established by:			Towns of North Hempstead and Oyster Bay; Villages of Brookville, East Hills, Flower Hill, Old Westbury, Roslyn, Roslyn Estates, Roslyn Harbor
Sponsored by:	Towns of North Hempstead and Oyster Bay, Villages of Brookville and Roslyn Harbor	Port Washington Fire Department	Joint Sponsoring Board
Effective date of plan	Glenwood H&L E&H Company	Port Washington Fire Department	
Entitlement Age	1/1/1990	1/1/1993	1/1/1991
Entitlement Age	55	65	62
Nonforfeitable right to award after:	5 years	5 years	5 years
Prior service credit (up to):	Per Adoption Agreement	5 years	5 years
Eligible age	18	18	18
Required years of service	One	After probationary period	One
Benefits:			
Monthly payment	\$20	\$20	\$20
Maximum years used to calculate	40	40	30
Benefits payable at	Entitlement Age except for disability or death	Entitlement Age except for disability or death	Entitlement Age except for disability or death
Optional line-of-duty disability	Yes	Yes	Yes

**Fiduciary Investment and Control**

Service credit is determined by the governing board of the sponsor, based on information certified to the governing board by each fire company having members who participate in the program. Each fire company must maintain all required records on forms prescribed by the governing board.

Some governing boards of the sponsors retained and designated organizations (see table #2) to assist in the administration of the program. The designated program administrator's functions include duties outlined in the service agreements. Disbursements of program assets for the payment of benefits or administrative expenses are approved by a representative of the Fire Company, the Plans Joint Sponsoring Board, or the Plan Administrator (as determined by each Plan).

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**4. COMMITMENTS AND CONTINGENCIES** (continued)

**H. LENGTH OF SERVICE AWARD PROGRAMS (LOSAP)** (continued)

**Fiduciary Investment and Control** (continued)

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. Program assets are held in compliance with NY GML Article 11-A 217(j). Some Plans have designated trustees (see table #2).

Authority to invest program assets is vested in the sponsor's name in compliance with NY GML Article 11-A 217 (k). Assets are currently invested in group annuity contracts, cash and short-term investments, and government and other securities.

Plan sponsors are required to retain an actuary to determine the amount of the sponsor's contributions to the plan. The actuaries retained by the sponsors for this purpose are outlined in the table below. Portions of the following information are derived from the reports prepared by these actuaries (see table #2 for report dates).

**Table # 2 Fiduciary Information**

	<u>Albertson</u>	<u>Alert</u>	<u>Carle Place</u>	<u>Floral Park Centre</u>
Administrated by:		Ackerman, Levine, Cullen, Brickman & Limmer LLP	VFIS	VFIS
Disbursements approved by:	Penflex, Inc.	Joint Sponsoring Board	Fire Company	Plan Administrator
Plan Trustee	Hempstead	Joint Sponsoring Board	N/A	N/A
Authority to invest assets	RBC Wealth Management	RBC Wealth Management	Town of North Hempstead	Town of North Hempstead
Valuation date	1/1/2013	1/1/2012	1/1/2013	7/1/2012
Actuary report date	4/13/2013	7/5/2012	4/26/2012	8/2/2012

**Table #2 Fiduciary Information** (continued)

	<u>Glenwood</u>	<u>Port Washington</u>	<u>Roslyn</u>
Administrated by:	VFIS	VFIS Benefits Division	Penflex, Inc.
Disbursements approved by:	Fire Company's Board	Plan Administrator	Joint Sponsoring Board
Plan Trustee	N/A	N/A	Joint Sponsoring Board
Authority to invest assets	Hartford Life Insurance Company	Hartford Life Insurance Company	Program Trustee
Valuation date	1/1/2012	12/31/2011	12/31/2011
Actuary report date	1/5/2013	8/2/2012	12/17/2012

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**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**4. COMMITMENTS AND CONTINGENCIES (continued)**

**H. LENGTH OF SERVICE AWARD PROGRAMS (LOSAP) (continued)**

**Fiduciary Investment and Control (continued)**

**Table #3 Program Financial Condition**

	<u>Albertson</u>	<u>Alert</u>	<u>Carle Place</u>	<u>Floral Park Centre</u>
<b>Assets</b>				
Actuarial present value of:				
benefits at 6/30/2012				\$ 516,818
benefits at 1/1/2012		\$ 1,952,052		
benefits at 1/1/2013	\$ 1,970,034		\$ 1,352,463	
Less: assets available for benefits	<u>1,781,231</u>	<u>1,749,042</u>	<u>755,226</u>	<u>312,296</u>
Total unfunded benefits	188,803	203,010	597,237	204,522
Less: unfunded liability for prior service	188,803			
Less: unfunded liability for separate costs		67,751		
Unfunded normal benefits	<u>\$ -0-</u>	<u>\$ 135,259</u>	<u>\$ 597,237</u>	<u>\$ 204,522</u>
<b>Assets Available for Benefits</b>				
Cash & short-term investments	\$ 49,449	% of total	\$ 111,950	% of total
Receivables		2.78%	49	6.40%
Government securities			71,970	0.00%
Other securities/assets	1,727,213	97.22%	1,565,073	4.11%
	<u>1,776,662</u>	100.00%	<u>1,749,042</u>	100.00%
Annuities				
Benefits payable	4,569		\$ 755,226	100.00%
Total assets available for benefits	<u>\$ 1,781,231</u>		<u>\$ 1,749,042</u>	<u>\$ 312,296</u>
<b>Prior Service Costs/Separate Service Costs</b>				
Amortization period	15	15	-0-	-0-
Discount rate	5.50%	5.50%	0.00%	0.00%
<b>Receipts and Disbursements</b>				
Plan assets at beginning of year	\$ 1,282,268	\$ 1,718,422	\$ 701,048	\$ 261,639
Plan contributions	160,533	155,707	150,086	55,000
Investment income earned	228,285	(1,203)	27,723	11,890
Other receipts	174,985		10,910	
Plan benefit withdrawals	(61,830)	(108,025)	(115,947)	(11,760)
Life Insurance Premium			(15,168)	(3,481)
Administrative fees	(3,010)	(7,930)	(3,426)	(992)
Other expenses		(7,929)		
Plan assets at end of year	<u>\$ 1,781,231</u>	<u>\$ 1,749,042</u>	<u>\$ 755,226</u>	<u>\$ 312,296</u>
<b>Contributions</b>				
Recommended by Actuary	\$ 161,476	\$ 155,707	\$ 134,145	\$ 42,603
Actual contribution	\$ 160,533	\$ 155,707	\$ 150,086	\$ 55,000
Town of North Hempstead contribution for plans with multiple sponsors		\$ 11,687		
<b>Administration Fees</b>				
Paid to Plan Administrator	\$ 3,010	\$ 7,930	\$ 3,426	\$ 992
Paid to Trustee				

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**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**4. COMMITMENTS AND CONTINGENCIES (continued)**

**H. LENGTH OF SERVICE AWARD PROGRAMS (LOSAP) (continued)**

**Fiduciary Investment and Control (continued)**

**Table #3 Program Financial Condition (continued)**

	<u>Glenwood</u>		<u>Port Washington</u>		<u>Roslyn</u>
<u>Assets</u>					
Actuarial present value of benefits at 1/1/2012	\$ 1,828,530				
benefits at 12/31/2012			\$ 3,534,116		\$ 2,894,519
Less: assets available for benefits	<u>1,573,836</u>		<u>2,706,550</u>		<u>2,633,312</u>
Total unfunded benefits	254,694		827,566		261,207
Less: unfunded liability for prior service					
Less: unfunded liability for separate costs					84,662
Unfunded normal benefits	<u>\$ 254,694</u>		<u>\$ 827,566</u>		<u>\$ 176,545</u>
<u>Assets Available for Benefits</u>		<u>% of total</u>		<u>% of total</u>	<u>% of total</u>
Cash & short-term investments					\$ 191,921 7.29%
Receivables					3,853 0.15%
Government securities					105,478 4.00%
Other securities/assets					<u>2,332,500 88.56%</u>
					<u>2,633,752 100.00%</u>
Insurance contracts	\$ 1,573,836	100.00%	\$ 2,706,550	100.00%	
Benefits payable					(440)
Total assets available for benefits	<u>\$ 1,573,836</u>		<u>\$ 2,706,550</u>		<u>\$ 2,633,312</u>
<u>Prior Service Costs</u>					
Amortization period	-0-		-0-		-0-
Discount rate	0.00%		0.00%		0.00%
<u>Receipts and Disbursements</u>					
Plan assets at beginning of year	\$ 1,527,728		\$ 2,756,278		\$ 2,512,349
Plan contributions	156,419		475,686		239,952
Investment income earned	62,566		113,465		18,190
Other receipts	10,133		37,060		
Plan benefit withdrawals	(169,255)		(564,176)		(118,700)
Life Insurance Premium	(12,143)		(107,815)		
Administrative fees	(1,612)		(3,948)		(9,952)
Other expenses					(8,527)
Plan assets at end of year	<u>\$ 1,573,836</u>		<u>\$ 2,706,550</u>		<u>\$ 2,633,312</u>
<u>Contributions</u>					
Recommended by Actuary	\$ 168,357		\$ 372,758		\$ 172,708
Actual contribution	\$ 156,419		\$ 475,686		\$ 172,708
Town of North Hempstead contribution for plans with multiple sponsors	\$ 57,855		\$ 194,255		\$ 34,551
<u>Administration Fees</u>					
Paid to Plan Administrator	\$ 1,612		\$ 3,948		\$ 9,952

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2012

**4. COMMITMENTS AND CONTINGENCIES** (continued)

**H. LENGTH OF SERVICE AWARD PROGRAMS (LOSAP)** (continued)

**Funding Methodology and Actuarial Assumptions**

Table #4 Methodology and Assumptions

	<u>Albertson</u>	<u>Alert</u>	<u>Carle Place</u>	<u>Floral Park Centre</u>
Actuarial cost method		Attained Age Normal Frozen Initial Liability		
Assumed rate of return	Entry Age Normal 5.50%	6.25%	Entry Age Normal 4.75%	Entry Age Normal 4.75%
Mortality table used for withdrawals, retirements, active and inactive deaths	*	*	1984 Unisex	1984 Unisex
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value

\* 1994 Uninsured Pensioner Male Mortality Table projected with scale AA to 2007 for Post Entitlement Age Only - all others none

Table #4 Methodology and Assumptions (continued)

	<u>Glenwood</u>	<u>Port Washington</u>	<u>Roslyn Fire</u>
Actuarial cost method			Attained Age Normal Frozen Initial Liability
Assumed rate of return	Entry Age Normal 5.50%	Entry Age Normal 5.50%	6.00%
Mortality table used for withdrawals, retirements, active and inactive deaths	1984 Unisex Pensioner	1984 Unisex Pensioner	*
Asset valuation method	Fair Value	Fair Value	Fair Value

\* 1994 Uninsured Pensioner Male Mortality Table projected with scale AA to 2007 for Post Entitlement Age Only - all others none

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**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**5. CONDENSED FINANCIAL STATEMENTS FOR THE DISCRETELY PRESENTED COMPONENT UNITS**

The following represents condensed financial statements for the discretely presented component units as of, and for the year ended, December 31, 2012:

**Condensed Statement of Net Position:**

	Assets		Liabilities			Net Position	
	Current and Other Assets	Capital Assets Net of Depreciation	Current Liabilities	Bonds and Other Long-Term Liabilities	Investment in Capital Assets	Restricted	Unrestricted
<b><u>GARBAGE DISTRICTS</u></b>							
Carle Place	\$ 246,630		\$ 195,789				\$ 50,841
Glenwood	17,653		1,906				15,747
Port Washington	1,760,909	\$ 24,750	785,928		\$ 24,750		974,981
Roslyn	444,894		159,189				285,705
<b><u>WATER POLLUTION CONTROL DISTRICTS</u></b>							
Belgrave	5,034,943	14,423,065	5,118,489	\$ 7,567,795	5,825,402	\$ 41,512	904,810
Great Neck	20,804,643	53,672,633	6,027,401	55,016,601	14,037,228	5,104	(609,056)
Port Washington	3,569,622	35,402,229	1,555,704	21,195,675	13,491,911	478,874	2,249,687
<b><u>WATER DISTRICTS</u></b>							
Albertson	2,751,438	6,522,835	740,029	5,344,905	2,084,644	1,335,694	(230,999)
Carle Place	3,527,898	4,177,947	182,683	1,984,245	3,598,765	38,230	1,901,922
Garden City Park	6,081,603	8,622,045	448,205	2,114,235	8,079,045	5,195,887	(1,133,724)
Glenwood	165,552	81,790	90,854	54,971	59,795		41,722
Manhasset - Lakeville	9,521,472	34,480,775	6,018,019	12,712,868	23,156,800	16,287	2,098,273
Port Washington	9,821,447	17,005,040	14,495,845	7,788,115	5,394,531	273,643	(1,125,647)
Roslyn	4,213,913	5,080,709	817,055	2,634,298	4,201,150	2,492,454	(850,335)
Westbury	5,067,384	9,805,396	3,776,644	6,368,371	3,710,933	2,605,027	(1,588,195)
<b><u>PARK DISTRICTS</u></b>							
Great Neck	7,475,126	26,150,722	3,179,128	20,731,369	8,891,039	22,714	801,598
Manhasset	1,557,238	2,035,952	151,661	1,787,851	2,025,952		(372,274)
<b><u>OTHER</u></b>							
Port Washington							
Police District	8,598,922	928,419	1,264,295	22,235,682	797,007	989,591	(15,759,234)
Shelter Rock Public							
Library District	2,550,109	6,836,160	1,169,540	5,472,461	1,814,367	294,829	635,072
Community							
Development Agency	3,268,728	2,254,193	986,310	498,747	320	4,037,544	
Port Washington							
Business							
Improvement District	148,682	141,245	70,357	90,934	76,773		51,863
	<u>\$ 96,628,806</u>	<u>\$ 227,645,905</u>	<u>\$ 47,235,031</u>	<u>\$ 173,599,123</u>	<u>\$ 97,270,412</u>	<u>\$ 17,827,390</u>	<u>\$ (11,657,245)</u>

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**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**5. CONDENSED FINANCIAL STATEMENTS FOR THE DISCRETELY PRESENTED COMPONENT UNITS**  
(continued)

**Condensed Statement of Activities:**

	Program			General Revenue		Net Position			
	Expenses	Charges for Services	Operating/ Capital Grants and Contributions	Net Expense (Revenue)	Property Tax	Other	Change	1/1/2012	12/31/2012
<b><u>GARBAGE DISTRICTS</u></b>									
Carle Place	\$ 723,777			\$ 723,777	\$ 752,104	\$ 4,250	\$ 32,577	\$ 18,264	\$ 50,841
Glenwood	70,580			70,580	65,042	14	(5,524)	21,271	15,747
Port Washington	2,083,065			2,083,065	2,177,700	4,781	99,416	900,315	999,731
Roslyn	492,861			492,861	505,581	1,544	14,264	271,441	285,705
<b><u>WATER POLLUTION CONTROL DISTRICTS</u></b>									
Belgrave	2,685,921	\$ 783,223	\$ 413,730	1,488,968	2,327,843	37,247	876,122	5,895,602	6,771,724
Great Neck	4,372,417	1,357,512	5,000,000	(1,985,095)	3,511,493	28,392	5,524,980	7,908,294	13,433,274
Port Washington	6,829,715	1,023,843		5,805,872	4,605,790	98,071	(1,102,011)	17,322,483	16,220,472
<b><u>WATER DISTRICTS</u></b>									
Albertson	2,753,011	1,286,429	23,261	1,443,321	1,614,145	26,531	197,355	2,991,984	3,189,339
Carle Place	2,226,008	738,073		1,487,935	1,640,907	522,572	675,544	4,863,373	5,538,917
Garden City Park	3,976,836	1,310,527		2,666,309	2,349,817	350,214	33,722	12,107,486	12,141,208
Glenwood	359,653	136,217		223,436	300,492	1,603	78,659	22,858	101,517
Manhasset - Lakeville	8,722,671	6,301,287	38,011	2,383,373	2,907,715	509,128	1,033,470	24,237,890	25,271,360
Port Washington	6,180,760	3,529,997		2,650,763	1,446,034	270,450	(934,279)	5,476,806	4,542,527
Roslyn	4,197,782	1,813,209		2,384,573	1,990,112	74,295	(320,166)	6,163,435	5,843,269
Westbury	4,622,808	1,677,033		2,945,775	2,651,210	368,332	73,767	4,653,998	4,727,765
<b><u>PARK DISTRICTS</u></b>									
Great Neck	14,688,404	3,529,378	75,249	11,083,777	11,866,713	408,212	1,191,148	8,524,203	9,715,351
Manhasset	1,630,837	590,020		1,040,817	705,882	16,480	(318,455)	1,972,133	1,653,678
<b><u>OTHER</u></b>									
Port Washington Police District	20,647,388	3,795	53,171	20,590,422	16,701,758	848,274	(3,040,390)	(10,932,246)	(13,972,636)
Shelter Rock Public Library District	4,140,247	30,844		4,109,403	3,725,578	24,520	(359,305)	3,103,573	2,744,268
Community Development Agency	1,807,300	423,316	1,402,733	(18,749)		67,260	86,009	3,951,855	4,037,864
Port Washington Business Improvement District	286,956	18,178	102,273	166,505	179,598	414	13,507	115,129	128,636
	<u>\$ 93,498,997</u>	<u>\$ 24,552,881</u>	<u>\$ 7,108,428</u>	<u>\$ 61,837,688</u>	<u>\$ 62,025,514</u>	<u>\$ 3,662,584</u>	<u>\$ 3,850,410</u>	<u>\$ 99,590,147</u>	<u>\$ 103,440,557</u>

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**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**5. CONDENSED FINANCIAL STATEMENTS FOR THE DISCRETELY PRESENTED COMPONENT UNITS**  
(continued)

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

Carle Place Garbage District P.O. Box 11 Carle Place, NY 11514	Glenwood Garbage District P.O. Box 262 Glenwood Landing, NY 11547	Port Washington Garbage District P.O. Box 608 Pt. Washington, NY 11050
Roslyn Garbage District P.O. Box 1366 Roslyn Heights, NY 11577	Belgrave Water Pollution Control District P.O. Box 408 Great Neck, NY 11023	Port Washington Water Pollution Control District 70 Harbor Road Pt. Washington, NY 11050
Great Neck Water Pollution Control District 236 East Shore Road Great Neck, NY 11023	Albertson Water District P.O. Box 335 Albertson, NY 11507	Carle Place Water District 578 Mineola Avenue Carle Place, NY 11514
Garden City Park Water District 333 Marcus Avenue New Hyde Park, NY 11040	Glenwood Water District 6 Third Street Glenwood Landing, NY 11547	Manhasset-Lakeville Water District 170 E. Shore Road Great Neck, NY 11023
Port Washington Water District 38 Sandy Hollow Rd Pt. Washington, NY 11050	Roslyn Water District 24 West Shore Drive Roslyn, NY 11576	Westbury Water District 160 Drexel Avenue Westbury, NY 11590
Great Neck Park District 5 Beach Road Great Neck, NY 11023	Manhasset Park District 62 Manhasset Avenue Manhasset, NY 11030	Port Washington Police District 500 Pt. Washington Blvd. Pt. Washington, NY 11050
Shelter Rock Public Library 165 Searingtown Road Albertson, NY 11507	North Hempstead Community Development Agency 51 Orchard Street Roslyn Heights, NY 11577	Greater Port Washington Business Improvement District Association, Inc. 329 Main Street P.O. Box 121 Port Washington, NY 11050

**6. SUBSEQUENT EVENTS**

On April 9, 2013, the Town issued \$67,557,380 in Bond Anticipation Notes (BANs) Series A at an interest rate of 0.600% maturing on April 9, 2014. A portion of the BAN proceeds were used to redeem the Town's \$12,701,000 Bond Anticipation Notes – 2012 Series A and \$44,822,062 Bond Anticipation Notes – 2012 Series B at maturity, along with \$2,510,182 in available funds. The BAN's also provided \$12,544,500 in new money for various capital projects.

On June 13, 2013, the Town issued \$9,200,000 of Revenue Anticipation Notes (RANs) payable with rates of 1.250% on \$4,200,000 and 0.390% on \$5,000,000 maturing on May 20, 2014. The RANs were issued to finance cash flow requirements in anticipation of the collection of assistance from the Federal Emergency Management Administration for reimbursement of cash outlays for storm-related damage and costs associated with Superstorm Sandy.

**7. NEW PRONOUNCEMENTS**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 61 *"The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34"*. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. The requirements of the new statement become effective for fiscal periods beginning after June 15, 2012.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 65 *"Items Previously Reported as Assets and Liabilities"*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of the new statement become effective for fiscal periods beginning after December 15, 2012.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**7. NEW PRONOUNCEMENTS** (continued)

The Governmental Accounting Standards Board (GASB) has issued Statement No. 66 *“Technical Corrections 2012 – an amendment of GASB Statements No. 10 and No. 62.”* The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of the new statement become effective for fiscal periods beginning after June 15, 2014.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 *“Accounting and Financial Reporting for Pensions”* – an amendment of GASB Statement No. 27. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The requirements of the new statement become effective for fiscal periods beginning after June 15, 2014.

The Town is currently evaluating the impact of the new pronouncements.

## **REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS**

Schedule of Revenues, Expenditures and  
Changes in Fund Balance – Budget and Actual  
Major Governmental Funds and Schedules

### **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, generally, additional budgetary appropriations are made. The Capital Projects Fund is budgeted on a project basis.

The Town adopts the budget and establishes legal level of control of the budget at the object level expenditures. The object level identifies expenditures by the article purchased or service obtained to carry out a function.

In order to show the full legal level of budgetary compliance for the General and certain Special Revenue Funds, detailed individual statements of expenditures – budget and actual, are presented in a separate budget report.

**TOWN OF NORTH HEMPSTEAD**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES:</b>				
Ad valorem taxes	\$ 22,262,905	\$ 22,262,905	\$ 22,262,914	\$ 9
Total Real Property Taxes	22,262,905	22,262,905	22,262,914	9
<b>REAL PROPERTY TAX ITEMS:</b>				
Payment in lieu of taxes	152,034	152,034	202,492	50,458
Interest and penalties on taxes	950,000	950,000	1,096,146	146,146
Returned check charge: property tax	6,000	6,000	2,820	(3,180)
Total Real Property Tax Items	1,108,034	1,108,034	1,301,458	193,424
<b>NON-PROPERTY TAX ITEMS:</b>				
Nassau County local government assistance	10,063,197	10,063,197	10,613,091	549,894
Franchises-cable TV	1,572,500	1,572,500	1,775,605	203,105
Total Non-Property Tax Items	11,635,697	11,635,697	12,388,696	752,999
<b>DEPARTMENTAL INCOME:</b>				
Comptroller's fees	9,000	9,000	8,580	(420)
Town clerk fees	52,000	52,000	45,165	(6,835)
Other general departmental income	5,500	5,500	8,637	3,137
Public pound charge dog fees	5,000	5,000	6,236	1,236
Other public safety departmental income			15,330	15,330
Parks and recreation charges	1,875,000	1,949,270	2,201,273	252,003
Dock storage leases	35,000	35,000	32,249	(2,751)
Recreational concessions	15,000	15,000	11,248	(3,752)
Special recreational facility charges	7,192,480	7,242,880	7,066,977	(175,903)
Other culture and recreation			16,030	16,030
Total Departmental Income	9,188,980	9,313,650	9,411,725	98,075
<b>INTERGOVERNMENTAL CHARGES:</b>				
Services for other governments	11,300	11,300	6,434	(4,866)
Total Intergovernmental Charges	11,300	11,300	6,434	(4,866)
<b>USE OF MONEY AND PROPERTY:</b>				
Interest and earnings	32,000	32,000	38,471	6,471
Rental of real property	39,750	39,750	52,375	12,625
Total Use of Money and Property	71,750	71,750	90,846	19,096
<b>LICENSES AND PERMITS:</b>				
Games of chance	300	300	280	(20)
Bingo licenses	600	600	990	390
Dog license fund apportionment	35,000	35,000	30,131	(4,869)
Licensing fees	60,000	60,000	49,935	(10,065)
Town permits	120,000	120,000	192,975	72,975
Total Licenses and Permits	215,900	215,900	274,311	58,411

(Continued)

**TOWN OF NORTH HEMPSTEAD**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>FINES AND FORFEITURES:</b>				
Court fines	25,000	25,000	25,000	-0-
Total Fines and Forfeitures	25,000	25,000	25,000	-0-
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS:</b>				
Sale of real property	1,000,000	1,000,000		(1,000,000)
Sale of equipment			10,125	10,125
Insurance recoveries	1,000	2,496	14,216	11,720
Total Sale of Property and Compensation for Loss	1,001,000	1,002,496	24,341	(978,155)
<b>MISCELLANEOUS LOCAL SOURCES:</b>				
Reimbursement of Medicare Part D	225,000	225,000	173,387	(51,613)
Refund of prior year expenditures	11,000	11,000	158,833	147,833
Gifts and donations	48,500	48,500	31,464	(17,036)
Miscellaneous revenue	200,000	209,670	668,324	458,654
Total Miscellaneous Local Sources	484,500	494,170	1,032,008	537,838
<b>INTERFUND REVENUES</b>	<b>6,012,187</b>	<b>6,012,187</b>	<b>6,027,414</b>	<b>15,227</b>
<b>STATE AID:</b>				
State aid - per capita	1,003,094	1,003,094	1,023,565	20,471
State aid - mortgage tax	6,080,625	6,080,625	6,690,606	609,981
State aid - real property tax	5,000	5,000		(5,000)
State aid - records management		29,855	29,855	-0-
State aid - other		3,000	2,117	(883)
State aid - capital projects			29,125	29,125
State aid - programs for the aging			5,000	5,000
State aid - youth program	75,000	75,000	14,449	(60,551)
State aid - recreation for handicap	27,500	27,500	23,386	(4,114)
State aid - culture and recreation	9,890	9,890		(9,890)
State aid - environmental conservation		220,638	205,226	(15,412)
State aid - emergency disaster assistance		5,282	31,652	26,370
Total State Aid	7,201,109	7,459,884	8,054,981	595,097
<b>FEDERAL AID:</b>				
Federal aid - transportation			168,097	168,097
Federal aid - programs for the aging	394,917	394,917	214,125	(180,792)
Federal aid - culture and recreation			31,887	31,887
Federal aid - emergency disaster assistance		639,936	653,582	13,646
Federal aid - home and community services			6,951	6,951
Total Federal Aid	394,917	1,034,853	1,074,642	39,789
Total Revenues	59,613,279	60,647,826	61,974,770	1,326,944

(Continued)

**TOWN OF NORTH HEMPSTEAD**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
CURRENT:				
GENERAL GOVERNMENT SUPPORT:				
Town board	791,347	784,043	784,043	-0-
Supervisor	887,673	741,483	741,483	-0-
Director of finance	515,121	440,938	440,938	-0-
Comptroller	1,737,294	1,910,329	1,910,329	-0-
Internal auditor	78,040	61,104	61,104	-0-
Receiver of taxes	1,040,934	1,038,349	1,038,349	-0-
Townstat	136,818	119,519	119,519	-0-
Purchasing	108,191	114,295	114,295	-0-
Credit card fees	102,000	98,075	98,075	-0-
Fiscal agent fees	40,000	38,483	38,483	-0-
Town clerk	704,328	675,636	675,636	-0-
Town attorney	1,192,451	1,462,927	1,462,927	-0-
Human resources	104,631	111,012	111,012	-0-
Engineering	281,800	218,684	218,684	-0-
Records management	258,566	227,467	227,467	-0-
Call center	468,749	538,676	538,676	-0-
Public Information	524,313	681,874	681,874	-0-
Public works	291,790	263,726	263,726	-0-
General services	1,355,547	1,217,912	1,217,912	-0-
Central printing and mail	614,572	545,789	545,789	-0-
Technology services	1,651,295	1,460,540	1,460,540	-0-
Unallocated insurance	444,845	455,349	455,349	-0-
Other general government support	1,180,757	715,434	715,470	(36)
Total General Government Support	<u>14,511,062</u>	<u>13,921,644</u>	<u>13,921,680</u>	<u>(36)</u>
EDUCATION:				
Community College	1,100,000	531,716	531,716	-0-
Total Education	<u>1,100,000</u>	<u>531,716</u>	<u>531,716</u>	<u>-0-</u>
PUBLIC SAFETY:				
Administration	340,675	420,285	420,285	-0-
Animal shelter	522,141	521,330	521,330	-0-
Harbor patrol	292,466	336,936	336,936	-0-
Total Public Safety	<u>1,155,282</u>	<u>1,278,551</u>	<u>1,278,551</u>	<u>-0-</u>
ECONOMIC ASSISTANCE AND OPPORTUNITY:				
Community services	235,146	275,085	275,085	-0-
Veterans services	10,000	8,400	8,400	-0-
Programs for the aging	1,830,131	1,810,488	1,810,488	-0-
Total Economic Assistance and Opportunity	<u>2,075,277</u>	<u>2,093,973</u>	<u>2,093,973</u>	<u>-0-</u>

(Continued)

**TOWN OF NORTH HEMPSTEAD**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>CULTURE AND RECREATION:</b>				
Arts council		2,600	2,600	-0-
Parks and recreation	1,546,027	1,420,661	1,420,042	619
Parks	6,196,401	6,585,924	6,596,362	(10,438)
Community center	63,000	466,421	466,421	-0-
Special recreation facilities	6,026,225	6,435,628	6,435,628	-0-
Youth activities	1,012,549	1,066,990	1,066,990	-0-
Total Culture and Recreation	<u>14,844,202</u>	<u>15,978,224</u>	<u>15,988,043</u>	<u>(9,819)</u>
<b>HOME AND COMMUNITY SERVICES:</b>				
Environmental facilities	975,000	1,164,603	1,164,603	-0-
Housing authority	229,086	225,523	225,523	-0-
Emergency tenant protection act	7,500	5,620	5,620	-0-
Emergency disaster work		133,955	133,955	-0-
Total Home and Community Services	<u>1,211,586</u>	<u>1,529,701</u>	<u>1,529,701</u>	<u>-0-</u>
<b>EMPLOYEE BENEFITS:</b>				
State employee retirement system	1,860,311	1,914,322	1,915,971	(1,649)
Social security	1,217,944	1,286,692	1,287,491	(799)
Workers' compensation	312,000	415,424	415,424	-0-
Unemployment benefits	50,000	38,125	38,125	-0-
Disability benefits	450	69	69	-0-
Hospital, medical and dental	4,609,813	4,382,175	4,386,023	(3,848)
Other employee benefits	18,000	12,863	12,863	-0-
Total Employee Benefits	<u>8,068,518</u>	<u>8,049,670</u>	<u>8,055,966</u>	<u>(6,296)</u>
Total Current Expenditures	<u>42,965,927</u>	<u>43,383,479</u>	<u>43,399,630</u>	<u>(16,151)</u>
<b>DEBT SERVICE:</b>				
Interest			71,929	(71,929)
Total Debt Service			<u>71,929</u>	<u>(71,929)</u>
Total Expenditures	<u>42,965,927</u>	<u>43,383,479</u>	<u>43,471,559</u>	<u>(88,080)</u>
<b>Excess of Revenues Over Expenditures</b>	<u>16,647,352</u>	<u>17,264,347</u>	<u>18,503,211</u>	<u>1,238,864</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,733,899	1,733,899	1,731,926	(1,973)
Transfers out	(16,003,191)	(17,737,593)	(18,367,857)	(630,264)
Bond anticipation notes redeemed	(2,378,060)	(1,487,059)	(1,487,059)	-0-
Total Other Financing Uses	<u>(16,647,352)</u>	<u>(17,490,753)</u>	<u>(18,122,990)</u>	<u>(632,237)</u>
<b>Net Change in Fund Balances</b>	<u>\$ -0-</u>	<u>\$ (226,406)</u>	380,221	<u>\$ 606,627</u>
<b>Fund Balances at Beginning of Year</b>			9,158,887	
<b>Fund Balances at End of Year</b>			<u>\$ 9,539,108</u>	

**TOWN OF NORTH HEMPSTEAD**  
**HIGHWAY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2012**

<b>REVENUES</b>	Budgeted Amounts		<b>Actual</b>	<b>Variance with Final Budget</b>
	Original	Final		
<b>REAL PROPERTY TAXES:</b>				
Ad valorem taxes	\$ 20,593,958	\$ 20,593,958	\$ 20,598,246	\$ 4,288
Total Real Property Taxes	20,593,958	20,593,958	20,598,246	4,288
<b>REAL PROPERTY TAX ITEMS:</b>				
Payment in lieu of taxes	321,918	321,918	332,302	10,384
Interest and penalties on taxes			3,922	3,922
Total Real Property Tax Items	321,918	321,918	336,224	14,306
<b>INTERGOVERNMENTAL CHARGES:</b>				
Services for other governments	75,000	598,000	609,636	11,636
Total Intergovernmental Charges	75,000	598,000	609,636	11,636
<b>USE OF MONEY AND PROPERTY:</b>				
Interest and earnings	11,998	11,998	15,727	3,729
Rental of real property			65,902	65,902
Total Use of Money and Property	11,998	11,998	81,629	69,631
<b>LICENSES AND PERMITS:</b>				
Permits - road restoration fee	275,000	275,000	314,888	39,888
Total Licenses and Permits	275,000	275,000	314,888	39,888
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS:</b>				
Recovery of damage to Town property	1,000	1,000	49,720	48,720
Total Sale of Property and Compensation for Loss	1,000	1,000	49,720	48,720
<b>MISCELLANEOUS LOCAL SOURCES:</b>				
Refund of prior year expenditures	1,000	1,000	23,585	22,585
Miscellaneous revenue			886	886
Total Miscellaneous Local Sources	1,000	1,000	24,471	23,471
<b>INTERFUND REVENUES</b>	747,934	747,934	558,204	(189,730)
<b>STATE AID:</b>				
State aid - consolidated highway aid	503,157	503,157	503,168	11
State aid - emergency disaster assistance		204,828	392,606	187,778
Total State Aid	503,157	707,985	895,774	187,789
<b>FEDERAL AID:</b>				
Federal aid - emergency disaster assistance		4,891,415	6,327,786	1,436,371
Total Federal Aid		4,891,415	6,327,786	1,436,371
Total Revenues	22,530,965	28,150,208	29,796,578	1,646,370

(Continued)



**TOWN OF NORTH HEMPSTEAD**  
**HIGHWAY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
<b>GENERAL GOVERNMENT SUPPORT:</b>				
Unallocated insurance	194,003	195,104	194,218	886
Other general government support	2,488,628	2,629,496	2,231,074	398,422
Total General Government Support	<u>2,682,631</u>	<u>2,824,600</u>	<u>2,425,292</u>	<u>399,308</u>
<b>TRANSPORTATION:</b>				
Administration	3,173,257	4,723,381	4,304,077	419,304
Garage	4,978,615	5,576,607	5,346,899	229,708
Snow removal	880,000	665,800	411,999	253,801
Services for other governments	714,358	647,258	632,469	14,789
Signs	505,390	526,787	526,787	-0-
Traffic safety	72,860	73,442	73,442	-0-
Total Transportation	<u>10,324,480</u>	<u>12,213,275</u>	<u>11,295,673</u>	<u>917,602</u>
<b>HOME AND COMMUNITY SERVICE:</b>				
Emergency disaster work		4,078,843	3,899,248	179,595
Total Home and Community Service		<u>4,078,843</u>	<u>3,899,248</u>	<u>179,595</u>
<b>EMPLOYEE BENEFITS:</b>				
State employee retirement system	832,442	864,296	864,296	-0-
Social security	528,139	553,351	553,351	-0-
Workers' compensation	234,000	365,802	365,802	-0-
Unemployment benefits	25,000	33,459	33,459	-0-
Disability benefits	200	24	24	-0-
Hospital, medical and dental	2,851,414	2,746,241	2,746,241	-0-
Other employee benefits	10,000	5,000	5,000	-0-
Total Employee Benefits	<u>4,481,195</u>	<u>4,568,173</u>	<u>4,568,173</u>	<u>-0-</u>
Total Expenditures	<u>17,488,306</u>	<u>23,684,891</u>	<u>22,188,386</u>	<u>1,496,505</u>
<b>Excess of Revenues Over Expenditures</b>	<u>5,042,659</u>	<u>4,465,317</u>	<u>7,608,192</u>	<u>3,142,875</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	774,792	774,792	774,792	-0-
Transfers out	(5,172,451)	(5,287,451)	(5,197,566)	89,885
Bond anticipation notes redeemed	(645,000)	(645,000)	(285,000)	360,000
Total Other Financing Sources (Uses)	<u>(5,042,659)</u>	<u>(5,157,659)</u>	<u>(4,707,774)</u>	<u>449,885</u>
<b>Net Change in Fund Balances</b>	<u>\$ -0-</u>	<u>\$ (692,342)</u>	<u>2,900,418</u>	<u>\$ 3,592,760</u>
<b>Fund Balances at Beginning of Year</b>			<u>2,347,508</u>	
<b>Fund Balances at End of Year</b>			<u>\$ 5,247,926</u>	

**TOWN OF NORTH HEMPSTEAD**  
**SOLID WASTE MANAGEMENT AUTHORITY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
Year ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
DEPARTMENTAL INCOME:				
Solid waste	\$ 16,004,150	\$ 16,004,150	\$ 16,322,694	\$ 318,544
Other	100,500	100,500	84,518	(15,982)
Total Departmental Income	<u>16,104,650</u>	<u>16,104,650</u>	<u>16,407,212</u>	<u>302,562</u>
INTERGOVERNMENTAL CHARGES:				
Services for other governments	1,175,000	1,175,000	1,178,020	3,020
Total Intergovernmental Charges	<u>1,175,000</u>	<u>1,175,000</u>	<u>1,178,020</u>	<u>3,020</u>
USE OF MONEY AND PROPERTY:				
Interest and earnings	1,000	1,000	582	(418)
Rental of real property	50,000	50,000	156,832	106,832
Total Use of Money and Property	<u>51,000</u>	<u>51,000</u>	<u>157,414</u>	<u>106,414</u>
SALE OF PROPERTY AND COMPENSATION FOR LOSS:				
Recycling	415,000	415,000	281,337	(133,663)
Total Sale of Property and Compensation for Loss	<u>415,000</u>	<u>415,000</u>	<u>281,337</u>	<u>(133,663)</u>
MISCELLANEOUS LOCAL SOURCES:				
Reimbursement of Medicare Part D			15,830	15,830
Refund of prior years expenditures			199,043	199,043
Gifts and donations			3,150	3,150
Miscellaneous revenue			1,844	1,844
Total Miscellaneous Local Sources			<u>219,867</u>	<u>219,867</u>
INTERFUND REVENUES			<u>20,728</u>	<u>20,728</u>
STATE AID:				
State aid - recycling grant	70,000	70,000		(70,000)
State aid - environmental conservation	100,000	100,000	62,362	(37,638)
State aid - emergency disaster assistance			9,914	9,914
Total State Aid	<u>170,000</u>	<u>170,000</u>	<u>72,276</u>	<u>(97,724)</u>
FEDERAL AID:				
Federal aid - emergency disaster assistance			29,741	29,741
Total Federal Aid			<u>29,741</u>	<u>29,741</u>
Total Revenues	<u>17,915,650</u>	<u>17,915,650</u>	<u>18,366,595</u>	<u>450,945</u>

(Continued)

**TOWN OF NORTH HEMPSTEAD**  
**SOLID WASTE MANAGEMENT AUTHORITY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
Year ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
CURRENT:				
HOME AND COMMUNITY SERVICES:				
Administration	1,035,034	1,024,244	983,286	40,958
Leachate	514,135	532,066	472,139	59,927
Transfer station	14,475,030	14,384,821	13,360,360	1,024,461
Scale house	287,260	335,859	335,859	-0-
Maintenance	314,171	354,378	354,378	-0-
Equipment	87,000	61,469	25,837	35,632
Recycling	52,000	52,000	46,045	5,955
Office of sustainability	387,700	379,458	371,778	7,680
Emergency disaster work		154,715	154,715	-0-
Total Home and Community Services	<u>17,152,330</u>	<u>17,279,010</u>	<u>16,104,397</u>	<u>1,174,613</u>
EMPLOYEE BENEFITS:				
State employee retirement system	144,920	145,431	145,431	-0-
Social security	90,337	102,217	102,217	-0-
Workers' compensation	15,000	23,219	23,219	-0-
Disability benefits	100	100		100
Hospital, medical and dental	511,763	481,388	433,556	47,832
Other employee benefits	1,200	1,200		1,200
Total Employee Benefits	<u>763,320</u>	<u>753,555</u>	<u>704,423</u>	<u>49,132</u>
Total Expenditures	<u>17,915,650</u>	<u>18,032,565</u>	<u>16,808,820</u>	<u>1,223,745</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		<u>(116,915)</u>	<u>1,557,775</u>	<u>1,674,690</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,520,713	2,520,713	2,403,798	(116,915)
Transfers out	(2,520,713)	(2,403,798)	(2,403,798)	-0-
Total Other Financing Sources (Uses)		<u>116,915</u>		<u>(116,915)</u>
<b>Net Change in Fund Balances</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>1,557,775</u>	<u>\$ 1,557,775</u>
<b>Fund Balances at Beginning of Year</b>			<u>6,508</u>	
<b>Fund Balances at End of Year</b>			<u>\$ 1,564,283</u>	

**TOWN OF NORTH HEMPSTEAD**  
**PART TOWN**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES:</b>				
Ad valorem taxes	\$ 5,179,327	\$ 5,179,327	\$ 5,179,334	\$ 7
Total Real Property Taxes	5,179,327	5,179,327	5,179,334	7
<b>REAL PROPERTY TAX ITEMS:</b>				
Payment in lieu of taxes	73,617	73,617	75,987	2,370
Interest and penalties on taxes			897	897
Total Real Property Tax Items	73,617	73,617	76,884	3,267
<b>NON-PROPERTY TAX ITEMS:</b>				
Franchises-cable TV	52,500	52,500	52,500	-0-
Total Non-Property Tax Items	52,500	52,500	52,500	-0-
<b>DEPARTMENTAL INCOME:</b>				
Parking enforcement	614,000	614,000	552,301	(61,699)
Registrar of vital statistics	245,000	245,000	263,486	18,486
Zoning board fees	135,000	135,000	135,018	18
Total Departmental Income	994,000	994,000	950,805	(43,195)
<b>USE OF MONEY AND PROPERTY:</b>				
Interest and earnings	19,000	19,000	28,164	9,164
Total Use of Money and Property	19,000	19,000	28,164	9,164
<b>LICENSES AND PERMITS:</b>				
Building permits	3,050,000	3,050,000	3,356,125	306,125
Total Licenses and Permits	3,050,000	3,050,000	3,356,125	306,125
<b>FINES AND FORFEITURES:</b>				
Court fines	275,000	275,000	254,175	(20,825)
Total Fines and Forfeitures	275,000	275,000	254,175	(20,825)
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS:</b>				
Insurance recoveries			853	853
Total Sale of Property and Compensation for Loss			853	853
<b>MISCELLANEOUS LOCAL SOURCES:</b>				
Refund of prior year expenditures			7,699	7,699
Total Miscellaneous Local Sources			7,699	7,699
INTERFUND REVENUES	100,000	100,000	119,555	19,555
<b>STATE AID:</b>				
State aid - planning studies		54,565	56,065	1,500
State aid - emergency disaster assistance			3,534	3,534
Total State Aid		54,565	59,599	5,034
<b>FEDERAL AID:</b>				
Federal aid - other		3,368	3,368	-0-
Federal aid - emergency disaster assistance		143,794	10,601	(133,193)
Federal aid - home and community services		26,520		(26,520)
Total Federal Aid		173,682	13,969	(159,713)
Total Revenues	9,743,444	9,971,691	10,099,662	127,971

(Continued)

**TOWN OF NORTH HEMPSTEAD**  
**PART TOWN**  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
Year ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
<b>GENERAL GOVERNMENT SUPPORT:</b>				
Unallocated insurance	108,251	108,370	108,370	-0-
Other general government support	1,741,241	1,646,157	1,646,157	-0-
Total General Government Support	<u>1,849,492</u>	<u>1,754,527</u>	<u>1,754,527</u>	<u>-0-</u>
<b>PUBLIC SAFETY:</b>				
Parking enforcement	270,370	263,970	263,970	-0-
Building	3,773,637	3,763,297	3,504,764	258,533
Security	532,887	604,442	604,442	-0-
Total Public Safety	<u>4,576,894</u>	<u>4,631,709</u>	<u>4,373,176</u>	<u>258,533</u>
<b>HEALTH:</b>				
Registrar of vital statistics	263,498	246,714	197,082	49,632
Total Health	<u>263,498</u>	<u>246,714</u>	<u>197,082</u>	<u>49,632</u>
<b>HOME AND COMMUNITY SERVICES:</b>				
Board of appeals	384,086	320,572	320,572	-0-
Planning and development - staff	607,568	758,160	758,160	-0-
Brownfields		54,565	54,565	-0-
Emergency disaster work		2,307	2,307	-0-
Total Home and Community Services	<u>991,654</u>	<u>1,135,604</u>	<u>1,135,604</u>	<u>-0-</u>
<b>EMPLOYEE BENEFITS:</b>				
State employee retirement system	485,529	522,869	522,869	-0-
Social security	388,125	366,952	366,952	-0-
Workers' compensation	99,000	121,635	121,635	-0-
Disability benefits	100	17	17	-0-
Unemployment benefits	5,000	1,726	1,726	-0-
Hospital, medical and dental	1,071,752	1,177,538	1,177,538	-0-
Other employee benefits	2,400	2,400	2,400	-0-
Total Employee Benefits	<u>2,051,906</u>	<u>2,193,137</u>	<u>2,193,137</u>	<u>-0-</u>
Total Expenditures	<u>9,733,444</u>	<u>9,961,691</u>	<u>9,653,526</u>	<u>308,165</u>
<b>Excess of Revenues Over Expenditures</b>	<u>10,000</u>	<u>10,000</u>	<u>446,136</u>	<u>436,136</u>
<b>Other Financing Uses</b>				
Transfers out	(10,000)	(10,000)	(10,000)	-0-
Total Other Financing Uses	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-0-</u>
<b>Net Change in Fund Balances</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	436,136	<u>\$ 436,136</u>
<b>Fund Balances at Beginning of Year</b>			6,773,894	
<b>Fund Balances at End of Year</b>			<u>\$ 7,210,030</u>	

**TOWN OF NORTH HEMPSTEAD**  
**TOWN OF NORTH HEMPSTEAD RETIREE MEDICAL PROGRAM**  
**POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS**  
**SCHEDULE OF FUNDING PROGRESS**  
December 31, 2012

Actuarial Valuation Date January 1,	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) - Projected Unit Credit Cost Method ( b )	Unfunded AAL (UAAL) ( b - a )	Funded Ratio ( a / b )	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll (( b - a ) / c )
2012	\$ -0-	\$ 108,930,105 <sup>1</sup>	\$ 108,930,105	0%	\$ 25,647,674	424.72%
2011	-0-	133,271,000 *	133,271,000 *	0%	30,863,411	431.81%
2010	-0-	125,785,000	125,785,000	0%	30,437,386	413.26%
2009	-0-	124,832,000 *	124,832,000 *	0%	29,701,483	420.29%
2008	-0-	117,768,000	117,768,000	0%	29,008,187	405.98%

\* Roll forward

<sup>1</sup> The decrease in the Town's OPEB liability stemmed from a variety of factors, including lower than anticipated increases in medical premiums, actuarial adjustments concerning the medical premium cumulative trend and mortality tables, and a decrease in the number of active employees from the prior year.

Additional Postemployment Benefit Healthcare Costs information is shown in Note 3.F to the financial statements.

## **OTHER SUPPLEMENTARY INFORMATION**

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

**TOWN OF NORTH HEMPSTEAD**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
December 31, 2012

	Special Revenue Funds				
	Fire Protection Districts	Lighting District	Park Districts	Sidewalk District	Refuse and Garbage Districts
<b>ASSETS</b>					
Cash and investments	\$ 807,923	\$ 1,132,301	\$ 638,312	\$ 824,437	\$ 2,403,530
Accounts receivable, net of allowances			504	7	
Prepays		2,471	7,429	21,753	
State and federal aid receivables		21,811	202,339	126,676	
Due from other governments	283	43		63	1,913,326
<b>Total Assets</b>	<b>\$ 808,206</b>	<b>\$ 1,156,626</b>	<b>\$ 848,584</b>	<b>\$ 972,936</b>	<b>\$ 4,316,856</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 39,929	\$ 415,555	\$ 72,084	\$ 159,387	\$ 1,019,632
Bond anticipation notes payable					1,921,510
Due to other funds		500	194,244	7,500	
Deferred revenue		88		129	2,422
<b>Total Liabilities</b>	<b>39,929</b>	<b>416,143</b>	<b>266,328</b>	<b>167,016</b>	<b>2,943,564</b>
<b>Fund Balances</b>					
Nonspendable		2,471	7,429	21,753	
Assigned	768,277	738,012	574,827	784,167	1,373,292
<b>Total Fund Balances</b>	<b>768,277</b>	<b>740,483</b>	<b>582,256</b>	<b>805,920</b>	<b>1,373,292</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 808,206</b>	<b>\$ 1,156,626</b>	<b>\$ 848,584</b>	<b>\$ 972,936</b>	<b>\$ 4,316,856</b>



Public Parking District	Water District	Total Nonmajor Governmental Funds
\$ 721,083	\$ 12,396	\$ 6,539,982
4,015		511
19		35,668
		350,826
		1,913,734
<u>\$ 725,117</u>	<u>\$ 12,396</u>	<u>\$ 8,840,721</u>

\$ 32,467	\$ 12,240	\$ 1,751,294
1,000		1,921,510
		203,244
		2,639
<u>33,467</u>	<u>12,240</u>	<u>3,878,687</u>

4,015		35,668
<u>687,635</u>	<u>156</u>	<u>4,926,366</u>
<u>691,650</u>	<u>156</u>	<u>4,962,034</u>
<u>\$ 725,117</u>	<u>\$ 12,396</u>	<u>\$ 8,840,721</u>

**TOWN OF NORTH HEMPSTEAD**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
Year ended December 31, 2012

	Special Revenue Funds				
	Fire Protection Districts	Lighting District	Park Districts	Sidewalk District	Refuse and Garbage Districts
<b>REVENUES</b>					
Real property taxes	\$ 6,121,811	\$ 2,050,895	\$ 1,073,773	\$ 3,013,199	\$ 7,599,799
Real property tax items	112,284	37,392	444	54,921	107,344
Departmental income			346,535		
Use of money and property	7,785	5,582	17,446	5,024	15,790
Sale of property and compensation for loss					
Miscellaneous local sources			40		9,338
Interfund revenues		861	76,873	19,871	
State aid		3,025	872	7,152	
Federal aid		35,252	204,954	148,132	
Total Revenues	<u>6,241,880</u>	<u>2,133,007</u>	<u>1,720,937</u>	<u>3,248,299</u>	<u>7,732,271</u>
<b>EXPENDITURES</b>					
Current:					
General government support	681,219	117,138	285,745	518,102	310,045
Public safety	5,698,074				
Transportation		1,892,383		1,629,027	
Culture and recreation			901,629		
Home and community services		148,468	179,487		7,951,138
Employee benefits		72,387	204,041	472,155	
Total Expenditures	<u>6,379,293</u>	<u>2,230,376</u>	<u>1,570,902</u>	<u>2,619,284</u>	<u>8,261,183</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(137,413)</u>	<u>(97,369)</u>	<u>150,035</u>	<u>629,015</u>	<u>(528,912)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in			13,530	50,918	
Transfers out			(59,025)	(776,277)	(40,567)
Bond anticipation notes redeemed					
Total Other Financing Uses			<u>(45,495)</u>	<u>(725,359)</u>	<u>(40,567)</u>
<b>Net Change in Fund Balances</b>	<u>(137,413)</u>	<u>(97,369)</u>	<u>104,540</u>	<u>(96,344)</u>	<u>(569,479)</u>
<b>Fund Balances at Beginning of Year</b>	<u>905,690</u>	<u>837,852</u>	<u>477,716</u>	<u>902,264</u>	<u>1,942,771</u>
<b>Fund Balances at End of Year</b>	<u>\$ 768,277</u>	<u>\$ 740,483</u>	<u>\$ 582,256</u>	<u>\$ 805,920</u>	<u>\$ 1,373,292</u>

Public Parking District	Water District	Total Nonmajor Governmental Funds
\$ 309,996	\$ 51,420	\$ 20,220,893
4,528		316,913
530,991		877,526
3,262	58	54,947
417		417
31		9,409
		97,605
30		11,079
90		388,428
<u>849,345</u>	<u>51,478</u>	<u>21,977,217</u>
200,682		2,112,931
		5,698,074
440,324		3,961,734
		901,629
460	51,460	8,331,013
114,636		863,219
<u>756,102</u>	<u>51,460</u>	<u>21,868,600</u>
93,243	18	108,617
39,754		104,202
(66,821)		(942,690)
(126,000)		(126,000)
<u>(153,067)</u>		<u>(964,488)</u>
(59,824)	18	(855,871)
751,474	138	5,817,905
<u>\$ 691,650</u>	<u>\$ 156</u>	<u>\$ 4,962,034</u>

**TOWN OF NORTH HEMPSTEAD**  
**FIRE PROTECTION DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES:</b>				
Ad valorem taxes	\$ 6,121,811	\$ 6,121,811	\$ 6,121,811	\$ -0-
Total Real Property Taxes	6,121,811	6,121,811	6,121,811	-0-
<b>REAL PROPERTY TAX ITEMS:</b>				
Payment in lieu of taxes	117,971	117,971	112,284	(5,687)
Total Real Property Tax Items	117,971	117,971	112,284	(5,687)
<b>USE OF MONEY AND PROPERTY:</b>				
Interest and earnings	7,293	7,293	7,785	492
Total Use of Money and Property	7,293	7,293	7,785	492
Total Revenues	6,247,075	6,247,075	6,241,880	(5,195)
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
<b>GENERAL GOVERNMENT SUPPORT:</b>				
Unallocated insurance	244,584	282,440	277,820	4,620
Other general government support	405,309	405,379	403,399	1,980
Total General Government Support	649,893	687,819	681,219	6,600
<b>PUBLIC SAFETY:</b>				
Fire protection	5,797,442	5,759,516	5,698,074	61,442
Total Public Safety	5,797,442	5,759,516	5,698,074	61,442
Total Expenditures	6,447,335	6,447,335	6,379,293	68,042
<b>Net Change in Fund Balances</b>	<b>\$ (200,260)</b>	<b>\$ (200,260)</b>	<b>(137,413)</b>	<b>\$ 62,847</b>
<b>Fund Balances at Beginning of Year</b>			<b>905,690</b>	
<b>Fund Balances at End of Year</b>			<b>\$ 768,277</b>	

**TOWN OF NORTH HEMPSTEAD**  
**LIGHTING DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
Year ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES:</b>				
Ad valorem taxes	\$ 2,050,895	\$ 2,050,895	\$ 2,050,895	\$ -0-
Total Real Property Taxes	2,050,895	2,050,895	2,050,895	-0-
<b>REAL PROPERTY TAX ITEMS:</b>				
Payment in lieu of taxes	36,213	36,213	36,980	767
Interest and penalties on taxes			412	412
Total Real Property Tax Items	36,213	36,213	37,392	1,179
<b>USE OF MONEY AND PROPERTY:</b>				
Interest and earnings	4,600	4,600	5,582	982
Total Use of Money and Property	4,600	4,600	5,582	982
<b>INTERFUND REVENUES</b>				
			861	861
<b>STATE AID:</b>				
State aid - emergency disaster assistance			3,025	3,025
Total State Aid			3,025	3,025
<b>FEDERAL AID:</b>				
Federal aid - transportation capital projects			4,367	4,367
Federal aid - emergency disaster assistance		130,005	30,885	(99,120)
Total Federal Aid		130,005	35,252	(94,753)
Total Revenues	2,091,708	2,221,713	2,133,007	(88,706)
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
<b>GENERAL GOVERNMENT SUPPORT:</b>				
Unallocated insurance	5,398	5,412	5,404	8
Other general government support	111,735	197,270	111,734	85,536
Total General Government Support	117,133	202,682	117,138	85,544
<b>TRANSPORTATION:</b>				
Lighting	2,162,568	2,172,053	1,892,383	279,670
Total Transportation	2,162,568	2,172,053	1,892,383	279,670
<b>HOME AND COMMUNITY SERVICE:</b>				
Emergency disaster work		148,468	148,468	-0-
Total Home and Community Service		148,468	148,468	-0-
<b>EMPLOYEE BENEFITS:</b>				
State employee retirement system	22,222	24,740	24,740	-0-
Social security	15,331	15,809	15,809	-0-
Workers' compensation	1,050	1,409	1,409	-0-
Hospital, medical and dental	31,307	30,377	30,329	48
Other employee benefits	100	100	100	-0-
Total Employee Benefits	70,010	72,435	72,387	48
Total Expenditures	2,349,711	2,595,638	2,230,376	365,262
<b>Net Change in Fund Balances</b>	<b>\$ (258,003)</b>	<b>\$ (373,925)</b>	<b>(97,369)</b>	<b>\$ 276,556</b>
<b>Fund Balances at Beginning of Year</b>			<b>837,852</b>	
<b>Fund Balances at End of Year</b>			<b>\$ 740,483</b>	

**TOWN OF NORTH HEMPSTEAD**  
**PARK DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2012**

<b>REVENUES</b>	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REAL PROPERTY TAXES:</b>				
Ad valorem taxes	\$ 1,073,773	\$ 1,073,773	\$ 1,073,773	\$ -0-
Total Real Property Taxes	1,073,773	1,073,773	1,073,773	-0-
<b>REAL PROPERTY TAX ITEMS:</b>				
Payment in lieu of taxes	365	365	407	42
Interest and penalties on taxes			37	37
Total Real Property Tax Items	365	365	444	79
<b>DEPARTMENTAL INCOME:</b>				
Recreational concessions	7,500	7,500	7,500	-0-
Special recreational facility charges	359,000	359,000	339,035	(19,965)
Total Departmental Income	366,500	366,500	346,535	(19,965)
<b>INTERGOVERNMENTAL CHARGES:</b>				
Services for other governments	82,391			-0-
Total Intergovernmental Charges	82,391			-0-
<b>USE OF MONEY AND PROPERTY:</b>				
Interest and earnings	16,548	16,548	17,446	898
Total Use of Money and Property	16,548	16,548	17,446	898
<b>MISCELLANEOUS LOCAL SOURCES:</b>				
Miscellaneous revenue			40	40
Total Miscellaneous Local Sources			40	40
<b>INTERFUND REVENUES</b>		82,391	76,873	(5,518)
<b>STATE AID:</b>				
State aid - emergency disaster assistance			872	872
Total State Aid			872	872
<b>FEDERAL AID:</b>				
Federal aid - emergency disaster assistance		27,430	204,954	177,524
Total Federal Aid		27,430	204,954	177,524
Total Revenues	1,539,577	1,567,007	1,720,937	153,930

(Continued)

**TOWN OF NORTH HEMPSTEAD**  
**PARK DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
Year ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
<b>GENERAL GOVERNMENT SUPPORT:</b>				
Credit card fees	1,250	2,426	2,426	-0-
Unallocated insurance	18,522	18,613	18,542	71
Other general government support	280,583	264,826	264,777	49
Total General Government Support	<u>300,355</u>	<u>285,865</u>	<u>285,745</u>	<u>120</u>
<b>CULTURE AND RECREATION:</b>				
Parks and pools	980,031	1,007,471	901,629	105,842
Total Culture and Recreation	<u>980,031</u>	<u>1,007,471</u>	<u>901,629</u>	<u>105,842</u>
<b>HOME AND COMMUNITY:</b>				
Emergency disaster work			179,487	(179,487)
Total Home and Community			<u>179,487</u>	<u>(179,487)</u>
<b>EMPLOYEE BENEFITS:</b>				
State employee retirement system	63,990	61,183	50,975	10,208
Social security	51,971	54,224	51,400	2,824
Workers' compensation	4,060	5,141	5,082	59
Hospital, medical and dental	106,436	105,632	95,834	9,798
Other employee benefits	750	750	750	-0-
Total Employee Benefits	<u>227,207</u>	<u>226,930</u>	<u>204,041</u>	<u>22,889</u>
Total Expenditures	<u>1,507,593</u>	<u>1,520,266</u>	<u>1,570,902</u>	<u>(50,636)</u>
<b>Excess of Revenues Over Expenditures</b>	<u>31,984</u>	<u>46,741</u>	<u>150,035</u>	<u>103,294</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	3,100	3,100	13,530	10,430
Transfers out	(37,853)	(52,610)	(59,025)	(6,415)
Total Other Financing Uses	<u>(34,753)</u>	<u>(49,510)</u>	<u>(45,495)</u>	<u>4,015</u>
<b>Net Change in Fund Balances</b>	<u>\$ (2,769)</u>	<u>\$ (2,769)</u>	104,540	<u>\$ 107,309</u>
<b>Fund Balances at Beginning of Year</b>			477,716	
<b>Fund Balances at End of Year</b>			<u>\$ 582,256</u>	

**TOWN OF NORTH HEMPSTEAD**  
**SIDEWALK DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES:</b>				
Ad valorem taxes	\$ 3,013,194	\$ 3,013,194	\$ 3,013,199	\$ 5
Total Real Property Taxes	3,013,194	3,013,194	3,013,199	5
<b>REAL PROPERTY TAX ITEMS:</b>				
Payment in lieu of taxes	53,382	53,382	54,302	920
Interest and penalties on taxes			619	619
Total Real Property Tax Items	53,382	53,382	54,921	1,539
<b>USE OF MONEY AND PROPERTY:</b>				
Interest and earnings	3,699	3,699	5,024	1,325
Total Use of Money and Property	3,699	3,699	5,024	1,325
<b>INTERFUND REVENUES</b>				
			19,871	19,871
<b>STATE AID:</b>				
State aid - emergency disaster assistance			7,152	7,152
Total State Aid			7,152	7,152
<b>FEDERAL AID:</b>				
Federal aid - emergency disaster assistance		99,530	148,132	48,602
Total Federal Aid		99,530	148,132	48,602
Total Revenues	3,070,275	3,169,805	3,248,299	78,494
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
<b>GENERAL GOVERNMENT SUPPORT:</b>				
Unallocated insurance	27,084	27,113	27,113	-0-
Other general government support	490,232	490,989	490,989	-0-
Total General Government Support	517,316	518,102	518,102	-0-
<b>TRANSPORTATION:</b>				
Sidewalks	1,582,902	1,633,494	1,629,027	4,467
Total Transportation	1,582,902	1,633,494	1,629,027	4,467
<b>EMPLOYEE BENEFITS:</b>				
State employee retirement system	125,437	134,523	134,523	-0-
Social security	70,207	79,451	79,451	-0-
Disability benefits	100	4	4	-0-
Workers' compensation	7,000	6,703	6,703	-0-
Hospital, medical and dental	221,159	251,374	251,374	-0-
Other employee benefits	100	100	100	-0-
Total Employee Benefits	424,003	472,155	472,155	-0-
Total Expenditures	2,524,221	2,623,751	2,619,284	4,467
<b>Excess of Revenues Over Expenditures</b>	546,054	546,054	629,015	82,961
<b>Other Financing Sources (Uses)</b>				
Transfers in	50,918	50,918	50,918	-0-
Transfers out	(776,277)	(776,277)	(776,277)	-0-
Total Other Financing Uses	(725,359)	(725,359)	(725,359)	-0-
<b>Net Change in Fund Balances</b>	\$ (179,305)	\$ (179,305)	(96,344)	\$ 82,961
<b>Fund Balances at Beginning of Year</b>			902,264	
<b>Fund Balances at End of Year</b>			\$ 805,920	



**TOWN OF NORTH HEMPSTEAD**  
**REFUSE AND GARBAGE DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES:</b>				
Ad valorem taxes	\$ 7,599,789	\$ 7,599,789	\$ 7,599,799	\$ 10
Total Real Property Taxes	7,599,789	7,599,789	7,599,799	10
<b>REAL PROPERTY TAX ITEMS:</b>				
Payment in lieu of taxes	78,667	78,667	70,183	(8,484)
Other tax items	32,616	32,616	32,616	-0-
Interest and penalties on taxes			4,545	4,545
Total Real Property Tax Items	111,283	111,283	107,344	(3,939)
<b>USE OF MONEY AND PROPERTY:</b>				
Interest and earnings	9,897	9,897	15,790	5,893
Total Use of Money and Property	9,897	9,897	15,790	5,893
<b>MISCELLANEOUS LOCAL SOURCES:</b>				
Premium on obligations			9,338	9,338
Total Miscellaneous Local Sources			9,338	9,338
Total Revenues	7,720,969	7,720,969	7,732,271	11,302
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
<b>GENERAL GOVERNMENT SUPPORT:</b>				
Other general government support	309,384	310,045	310,045	-0-
Total General Government Support	309,384	310,045	310,045	-0-
<b>HOME AND COMMUNITY SERVICE:</b>				
Sanitation	7,986,731	7,970,638	7,951,138	19,500
Total Home and Community Service	7,986,731	7,970,638	7,951,138	19,500
Total Expenditures	8,296,115	8,280,683	8,261,183	19,500
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(575,146)	(559,714)	(528,912)	30,802
<b>Other Financing Uses</b>				
Transfers out		(15,432)	(40,567)	(25,135)
Total Other Financing Uses		(15,432)	(40,567)	(25,135)
<b>Net Change in Fund Balances</b>	\$ (575,146)	\$ (575,146)	(569,479)	\$ 5,667
<b>Fund Balances at Beginning of Year</b>			1,942,771	
<b>Fund Balances at End of Year</b>			\$ 1,373,292	

**TOWN OF NORTH HEMPSTEAD**  
**PUBLIC PARKING DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2012**

REVENUES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REAL PROPERTY TAXES:</b>				
Ad valorem taxes	\$ 309,996	\$ 309,996	\$ 309,996	\$ -0-
Total Real Property Taxes	309,996	309,996	309,996	-0-
<b>REAL PROPERTY TAX ITEMS:</b>				
Payment in lieu of taxes	4,856	4,856	4,528	(328)
Total Real Property Tax Items	4,856	4,856	4,528	(328)
<b>DEPARTMENTAL INCOME:</b>				
Parking permits		25,000	25,000	-0-
Parking permits	47,500	47,500	50,705	3,205
Parking lots	332,500	332,500	276,242	(56,258)
Parking meter fees	150,000	150,000	179,044	29,044
Total Departmental Income	530,000	555,000	530,991	(24,009)
<b>USE OF MONEY AND PROPERTY:</b>				
Interest and earnings	2,299	2,299	3,262	963
Total Use of Money and Property	2,299	2,299	3,262	963
<b>FINES AND FORFEITURES:</b>				
Court fines	25,000			-0-
Total Fines and Forfeitures	25,000			-0-
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS:</b>				
Insurance recoveries			417	417
Total Sale of Property and Compensation for Loss			417	417
<b>MISCELLANEOUS LOCAL SOURCES:</b>				
Refund of prior year expenditures			11	11
Miscellaneous revenue			20	20
Total Miscellaneous Local Sources			31	31
<b>STATE AID:</b>				
State aid - emergency disaster assistance			30	30
Total State Aid			30	30
<b>FEDERAL AID:</b>				
Federal aid - emergency disaster assistance		7,035	90	(6,945)
Total Federal Aid		7,035	90	(6,945)
Total Revenues	872,151	879,186	849,345	(29,841)

(Continued)

**TOWN OF NORTH HEMPSTEAD**  
**PUBLIC PARKING DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
<b>GENERAL GOVERNMENT SUPPORT:</b>				
Credit card fees	3,000	3,000	2,898	102
Unallocated insurance	8,212	8,247	8,221	26
Other general government support	214,547	189,563	189,563	-0-
Total General Government Support	<u>225,759</u>	<u>200,810</u>	<u>200,682</u>	<u>128</u>
<b>TRANSPORTATION:</b>				
Parking	484,062	470,886	440,324	30,562
Total Transportation	<u>484,062</u>	<u>470,886</u>	<u>440,324</u>	<u>30,562</u>
<b>HOME AND COMMUNITY SERVICE:</b>				
Emergency disaster work		500	460	40
Total Home and Community Service		<u>500</u>	<u>460</u>	<u>40</u>
<b>EMPLOYEE BENEFITS:</b>				
State employee retirement system	35,192	35,192	31,854	3,338
Social security	21,529	21,528	20,567	961
Workers' compensation	4,550	4,003	2,806	1,197
Hospital, medical and dental	57,223	59,374	59,309	65
Other employee benefits	100	100	100	-0-
Total Employee Benefits	<u>118,594</u>	<u>120,197</u>	<u>114,636</u>	<u>5,561</u>
Total Expenditures	<u>828,415</u>	<u>792,393</u>	<u>756,102</u>	<u>36,291</u>
<b>Excess of Revenues Over Expenditures</b>	<u>43,736</u>	<u>86,793</u>	<u>93,243</u>	<u>6,450</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	39,754	39,754	39,754	-0-
Transfers out	(76,764)	(66,821)	(66,821)	-0-
Bond anticipation notes redeemed	(73,000)	(126,000)	(126,000)	-0-
Total Other Financing Uses	<u>(110,010)</u>	<u>(153,067)</u>	<u>(153,067)</u>	<u>-0-</u>
<b>Net Change in Fund Balances</b>	<u>\$ (66,274)</u>	<u>\$ (66,274)</u>	<u>(59,824)</u>	<u>\$ 6,450</u>
<b>Fund Balances at Beginning of Year</b>			<u>751,474</u>	
<b>Fund Balances at End of Year</b>			<u>\$ 691,650</u>	

**TOWN OF NORTH HEMPSTEAD**  
**WATER DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
REAL PROPERTY TAXES:				
Ad valorem taxes	\$ 51,420	\$ 51,420	\$ 51,420	\$ -0-
Total Real Property Taxes	<u>51,420</u>	<u>51,420</u>	<u>51,420</u>	<u>-0-</u>
USE OF MONEY AND PROPERTY:				
Interest and earnings	<u>40</u>	<u>40</u>	<u>58</u>	<u>18</u>
Total Use of Money and Property	<u>40</u>	<u>40</u>	<u>58</u>	<u>18</u>
Total Revenues	<u>51,460</u>	<u>51,460</u>	<u>51,478</u>	<u>18</u>
<b>EXPENDITURES</b>				
CURRENT:				
HOME AND COMMUNITY SERVICE:				
Water	<u>51,460</u>	<u>51,460</u>	<u>51,460</u>	<u>-0-</u>
Total Home and Community Service	<u>51,460</u>	<u>51,460</u>	<u>51,460</u>	<u>-0-</u>
Total Expenditures	<u>51,460</u>	<u>51,460</u>	<u>51,460</u>	<u>-0-</u>
<b>Net Change in Fund Balances</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>18</u>	<u>\$ 18</u>
<b>Fund Balances at Beginning of Year</b>			<u>138</u>	
<b>Fund Balances at End of Year</b>			<u>\$ 156</u>	

**TOWN OF NORTH HEMPSTEAD**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN AGENCY ASSETS AND LIABILITIES**  
Year ended December 31, 2012

<b>ASSETS</b>	Balance January 1, 2012	Additions	Deductions	Balance December 31, 2012
<i>Town Agency Fund</i>				
Cash	\$ 17,474,978	\$ 301,343,404	\$ 283,554,847	\$ 35,263,535
<b>Total Assets - Town Agency Fund</b>	<u>17,474,978</u>	<u>301,343,404</u>	<u>283,554,847</u>	<u>35,263,535</u>
<i>Town Clerk Agency Fund</i>				
Cash	40,673	641,341	579,086	102,928
<b>Total Assets - Town Clerk Agency Fund</b>	<u>40,673</u>	<u>641,341</u>	<u>579,086</u>	<u>102,928</u>
<i>Town Receiver of Taxes Agency Fund</i>				
Cash	2,618,844	1,206,840,507	1,199,780,895	9,678,456
<b>Total Assets - Town Receiver of Taxes Agency Fund</b>	<u>2,618,844</u>	<u>1,206,840,507</u>	<u>1,199,780,895</u>	<u>9,678,456</u>
<b>Total Assets</b>	<u>\$ 20,134,495</u>	<u>\$ 1,508,825,252</u>	<u>\$ 1,483,914,828</u>	<u>\$ 45,044,919</u>
<b>LIABILITIES</b>				
<i>Town Agency Fund</i>				
Other liabilities	\$ 17,474,978	\$ 301,343,404	\$ 283,554,847	\$ 35,263,535
<b>Total Liabilities - Town Agency Fund</b>	<u>17,474,978</u>	<u>301,343,404</u>	<u>283,554,847</u>	<u>35,263,535</u>
<i>Town Clerk Agency Fund</i>				
Other liabilities	40,673	641,341	579,086	102,928
<b>Total Liabilities - Town Clerk Agency Fund</b>	<u>40,673</u>	<u>641,341</u>	<u>579,086</u>	<u>102,928</u>
<i>Town Receiver of Taxes Agency Fund</i>				
Due to school districts	2,618,758	838,167,841	831,108,149	9,678,450
Other liabilities	86	368,672,666	368,672,746	6
<b>Total Liabilities - Town Receiver of Taxes Agency Fund</b>	<u>2,618,844</u>	<u>1,206,840,507</u>	<u>1,199,780,895</u>	<u>9,678,456</u>
<b>Total Liabilities</b>	<u>\$ 20,134,495</u>	<u>\$ 1,508,825,252</u>	<u>\$ 1,483,914,828</u>	<u>\$ 45,044,919</u>

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## DISCRETELY PRESENTED COMPONENT UNITS

The component units of the Town provide water, water pollution control, garbage, parks, police, library, community development, and business improvement services to residents and businesses within the districts. These districts are organized under New York State Town Law and have separately elected boards. Long-term debt, backed by the full faith and credit of the Town, and other matters result in interdependency with the Town.

### NOTES TO DISCRETELY PRESENTED COMPONENT UNITS

Various component units had prior period adjustments on the government-wide financial statements resulting from events that occurred in prior periods. These adjustments to beginning balances are detailed as follows:

Manhasset-Lakeville Water District – The District increased its beginning net position by \$508,144 to properly reflect a long-term receivable resulting from a sale of land in prior years.

Shelter Rock Public Library District – The District increased its beginning net position by \$428,228 to properly reflect a change in its method of recording purchases of Library books and audio visual materials.

Town of North Hempstead Community Development Agency – The Agency increased its beginning net position by \$350,000 to properly reflect the recognition associated with a loan made for economic development activities under the Agency's program administration of community development block grant funds.

**TOWN OF NORTH HEMPSTEAD**  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING STATEMENT OF NET POSITION  
DECEMBER 31, 2012

	<b>GARBAGE DISTRICTS</b>				<b>WATER POLLUTION CONTROL DISTRICTS</b>		
	Carle Place	Glenwood	Port Washington	Roslyn	Belgrave	Great Neck	Port Washington
<b>ASSETS</b>							
<b>Current Assets:</b>							
Cash and investments	\$ 50,820	\$ 15,757	\$ 1,133,702	\$ 283,586	\$ 4,953,287	\$ 20,669,177	\$ 3,292,829
Cash - restricted							
Accounts receivable, net of allowances				1,587	7,651	3,696	84,982
Prepays	2	17	1,984	1,910	34,176	74,613	183,704
Due from other governments	195,808	1,879	625,223	157,508	39,829	57,157	
Inventory of materials and supplies				303			8,107
Total Current Assets	<u>246,630</u>	<u>17,653</u>	<u>1,760,909</u>	<u>444,894</u>	<u>5,034,943</u>	<u>20,804,643</u>	<u>3,569,622</u>
<b>Non-current Assets:</b>							
Deferred charges, net of accumulated depreciation						490,614	58,927
Capital assets, net of depreciation			24,750		14,423,065	53,182,019	35,343,302
Total Non-Current Assets			<u>24,750</u>		<u>14,423,065</u>	<u>53,672,633</u>	<u>35,402,229</u>
Total Assets	<u>246,630</u>	<u>17,653</u>	<u>1,785,659</u>	<u>444,894</u>	<u>19,458,008</u>	<u>74,477,276</u>	<u>38,971,851</u>
<b>LIABILITIES</b>							
<b>Current Liabilities:</b>							
Accounts payable			160,588	862	919,092	3,951,895	338,420
Accrued interest payable					73,253	143,648	141,611
Bond anticipation notes payable	195,789	1,906	625,340	158,327	3,677,325		
Due to other governments					7,562	15,640	
Deferred revenues							87,000
Other liabilities							
<b>Non-Current Liabilities due within one year:</b>							
General obligation bonds payable					441,257	1,916,218	988,673
Due to employees' retirement system							
Compensated absences							
Installment purchase debt							
Total Current Liabilities	<u>195,789</u>	<u>1,906</u>	<u>785,928</u>	<u>159,189</u>	<u>5,118,489</u>	<u>6,027,401</u>	<u>1,555,704</u>
<b>Non-Current Liabilities due in more than one year:</b>							
General obligation bonds payable					6,542,298	53,801,080	17,697,779
Due to employees' retirement system							
Compensated absences					40,106	24,185	332,957
Postemployment benefits healthcare costs					985,391	1,191,336	3,164,939
Installment purchase debt							
Total Non-Current Liabilities					<u>7,567,795</u>	<u>55,016,601</u>	<u>21,195,675</u>
Total Liabilities	<u>195,789</u>	<u>1,906</u>	<u>785,928</u>	<u>159,189</u>	<u>12,686,284</u>	<u>61,044,002</u>	<u>22,751,379</u>
<b>NET POSITION</b>							
Net investment in capital assets			24,750		5,825,402	14,037,228	13,491,911
Restricted					41,512	5,104	478,874
Unrestricted	50,841	15,747	974,981	285,705	904,810	(609,058)	2,249,687
Total Net Position	<u>\$ 50,841</u>	<u>\$ 15,747</u>	<u>\$ 999,731</u>	<u>\$ 285,705</u>	<u>\$ 6,771,724</u>	<u>\$ 13,433,274</u>	<u>\$ 16,220,472</u>



**WATER DISTRICTS**

Albertson	Carle Place	Garden City Park	Glenwood	Manhasset - Lakeville	Port Washington	Roslyn	Westbury
\$ 1,830,617	\$ 2,710,103	\$ 5,551,983	\$ 137,965	\$ 7,088,944	\$ 8,713,751	\$ 3,559,921	\$ 3,577,310
236,754	293,398	271,370	22,622	1,656,929	729,733	283,652	564,405
684,067	57,204	142,301		101,759	104,247	169,421	108,946
	397,929	67,692	4,965	467,995	273,716	100,693	786,688
	69,264	48,257		205,845		100,226	30,035
<u>2,751,438</u>	<u>3,527,898</u>	<u>6,081,603</u>	<u>165,552</u>	<u>9,521,472</u>	<u>9,821,447</u>	<u>4,213,913</u>	<u>5,067,384</u>
52,244							
<u>6,470,591</u>	<u>4,177,947</u>	<u>8,622,045</u>	<u>81,790</u>	<u>34,480,775</u>	<u>17,005,040</u>	<u>5,080,709</u>	<u>9,805,396</u>
<u>6,522,835</u>	<u>4,177,947</u>	<u>8,622,045</u>	<u>81,790</u>	<u>34,480,775</u>	<u>17,005,040</u>	<u>5,080,709</u>	<u>9,805,396</u>
<u>9,274,273</u>	<u>7,705,845</u>	<u>14,703,648</u>	<u>247,342</u>	<u>44,002,247</u>	<u>26,826,487</u>	<u>9,294,622</u>	<u>14,872,780</u>
121,893	49,366	311,167	32,280	1,175,759	2,202,299	619,557	3,333,963
42,804	14,844	14,512	120	193,566	70,111	11,191	72,662
120,000			48,000	3,164,474	11,691,947		
			6,373	935			
	7,164			6,955			
	25,287	14,526		33,571	46,083	22,628	
455,332	86,022	108,000	4,081	1,442,759	485,405	163,679	370,019
<u>740,029</u>	<u>182,683</u>	<u>448,205</u>	<u>90,854</u>	<u>6,018,019</u>	<u>14,495,845</u>	<u>817,055</u>	<u>3,776,644</u>
4,211,988	852,859	435,000	17,914	9,881,216	5,109,454	715,880	3,912,298
395,259	42,496	198,357	2,847	146,894	336,714	410,372	142,094
737,658	1,088,890	1,480,878	34,210	2,684,758	2,341,947	1,508,046	2,313,979
<u>5,344,905</u>	<u>1,984,245</u>	<u>2,114,235</u>	<u>54,971</u>	<u>12,712,868</u>	<u>7,788,115</u>	<u>2,634,298</u>	<u>6,368,371</u>
<u>6,084,934</u>	<u>2,166,928</u>	<u>2,562,440</u>	<u>145,825</u>	<u>18,730,887</u>	<u>22,283,960</u>	<u>3,451,353</u>	<u>10,145,015</u>
2,084,644	3,598,765	8,079,045	59,795	23,156,800	5,394,531	4,201,150	3,710,933
1,335,694	38,230	5,195,887		16,287	273,643	2,492,454	2,605,027
(230,999)	1,901,922	(1,133,724)	41,722	2,098,273	(1,125,647)	(850,335)	(1,588,195)
<u>\$ 3,189,339</u>	<u>\$ 5,538,917</u>	<u>\$ 12,141,208</u>	<u>\$ 101,517</u>	<u>\$ 25,271,360</u>	<u>\$ 4,542,527</u>	<u>\$ 5,843,269</u>	<u>\$ 4,727,765</u>

(Continued)

**TOWN OF NORTH HEMPSTEAD**  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING STATEMENT OF NET POSITION  
DECEMBER 31, 2012

	<u>PARK DISTRICTS</u>		<u>POLICE DISTRICT</u>	<u>PUBLIC LIBRARY DISTRICT</u>	<u>COMMUNITY DEVELOPMENT AGENCY</u>
	<u>Great Neck</u>	<u>Manhasset</u>	<u>Port Washington</u>	<u>Shelter Rock</u>	<u>Town of North Hempstead</u>
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and investments	\$ 7,008,404	\$ 1,523,172	\$ 7,665,276	\$ 2,243,031	
Cash - restricted					\$ 1,033,470
Accounts receivable, net of allowances	30,094		41,402	3,854	722,369
Prepays	238,579		892,244	52,503	31,388
Due from other governments	198,049	34,066		250,721	1,481,501
Inventory of materials and supplies					
Total Current Assets	<u>7,475,126</u>	<u>1,557,238</u>	<u>8,598,922</u>	<u>2,550,109</u>	<u>3,268,728</u>
<b>Non-current Assets:</b>					
Deferred charges, net of accumulated depreciation					
Capital assets, net of depreciation	<u>26,150,722</u>	<u>2,035,952</u>	<u>928,419</u>	<u>6,836,160</u>	<u>2,254,193</u>
Total Non-Current Assets	<u>26,150,722</u>	<u>2,035,952</u>	<u>928,419</u>	<u>6,836,160</u>	<u>2,254,193</u>
Total Assets	<u>33,625,848</u>	<u>3,593,190</u>	<u>9,527,341</u>	<u>9,386,269</u>	<u>5,522,921</u>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts payable	451,345	141,661	205,125	254,981	37,377
Accrued interest payable	101,844		2,564	14,721	
Bond anticipation notes payable	538,000			550,000	
Due to other governments			5,075		
Deferred revenue	485,714			858	948,933
Other liabilities				1,439	
<b>Non-Current Liabilities due within one year:</b>					
General obligation bonds payable	1,535,987	10,000	16,638	330,263	
Due to employees' retirement system				17,278	
Compensated absences			1,034,893		
Installment purchase debt	<u>66,238</u>				
Total Current Liabilities	<u>3,179,128</u>	<u>151,661</u>	<u>1,264,295</u>	<u>1,169,540</u>	<u>986,310</u>
<b>Non-Current Liabilities due in more than one year:</b>					
General obligation bonds payable	15,243,204		114,774	4,396,302	
Due to employees' retirement system				172,596	
Compensated absences	592,363	194,202	7,533,007	124,492	34,960
Postemployment benefits healthcare costs	4,025,912	1,593,649	14,587,901	779,071	463,787
Installment purchase debt	<u>869,890</u>				
Total Non-Current Liabilities	<u>20,731,369</u>	<u>1,787,851</u>	<u>22,235,682</u>	<u>5,472,461</u>	<u>498,747</u>
Total Liabilities	<u>23,910,497</u>	<u>1,939,512</u>	<u>23,499,977</u>	<u>6,642,001</u>	<u>1,485,057</u>
<b>NET POSITION</b>					
Net investment in capital assets	8,891,039	2,025,952	797,007	1,814,367	320
Restricted	22,714		989,591	294,829	4,037,544
Unrestricted	<u>801,598</u>	<u>(372,274)</u>	<u>(15,759,234)</u>	<u>635,072</u>	
Total Net Position	<u>\$ 9,715,351</u>	<u>\$ 1,653,678</u>	<u>\$(13,972,636)</u>	<u>\$ 2,744,268</u>	<u>\$ 4,037,864</u>

**BUSINESS  
IMPROVEMENT  
DISTRICT**

<u>Port Washington</u>	<u>Totals</u>
\$ 63,797	\$ 82,073,432
	1,033,470
32,500	4,986,998
	2,194,998
52,385	5,877,871
	462,037
<u>148,682</u>	<u>96,628,806</u>
	601,785
<u>141,245</u>	<u>227,044,120</u>
<u>141,245</u>	<u>227,645,905</u>
<u>289,927</u>	<u>324,274,711</u>
61,344	14,368,974
499	897,950
	20,771,108
	35,585
	1,536,624
	143,534
8,514	8,362,847
	17,278
	1,034,893
	66,238
<u>70,357</u>	<u>47,235,031</u>
90,934	123,022,980
	172,596
	10,551,305
	38,982,352
	869,890
<u>90,934</u>	<u>173,599,123</u>
<u>161,291</u>	<u>220,834,154</u>
76,773	97,270,412
	17,827,390
<u>51,863</u>	<u>(11,657,245)</u>
<u>\$ 128,636</u>	<u>\$ 103,440,557</u>

**TOWN OF NORTH HEMPSTEAD**  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING STATEMENT OF ACTIVITIES  
Year Ended December 31, 2012

	<u>GARBAGE DISTRICTS</u>				<u>WATER POLLUTION CONTROL DISTRICTS</u>		
	<u>Carle Place</u>	<u>Glenwood</u>	<u>Port Washington</u>	<u>Roslyn</u>	<u>Belgrave</u>	<u>Great Neck</u>	<u>Port Washington</u>
<b>REVENUES</b>							
Program revenues							
Charges for services					\$ 783,223	\$ 1,357,512	\$ 1,023,843
Operating grants and contributions					413,730	5,000,000	
Capital grants and contributions					2,327,843	3,511,493	4,605,790
Real property taxes	\$ 752,104	\$ 65,042	\$ 2,177,700	\$ 505,581			
Real property tax items	2,824						
Interest and earnings - unrestricted	1,426	14	1,404	707	37,247	11,757	15,767
Sale of property and compensation for loss							8,184
Miscellaneous revenue			3,377	837		16,635	34,091
State aid							
Federal aid							40,029
Total Revenues	<u>756,354</u>	<u>65,056</u>	<u>2,182,481</u>	<u>507,125</u>	<u>3,562,043</u>	<u>9,897,397</u>	<u>5,727,704</u>
<b>EXPENSES</b>							
Current:							
Public safety							
Culture and recreation							
Home and community service	723,777	70,580	2,083,065	492,861	2,685,921	4,372,417	6,829,715
Total Expenses	<u>723,777</u>	<u>70,580</u>	<u>2,083,065</u>	<u>492,861</u>	<u>2,685,921</u>	<u>4,372,417</u>	<u>6,829,715</u>
<b>Change in Net Position</b>	<u>32,577</u>	<u>(5,524)</u>	<u>99,416</u>	<u>14,264</u>	<u>876,122</u>	<u>5,524,980</u>	<u>(1,102,011)</u>
<b>Net Position at Beginning of Year</b>	<u>18,264</u>	<u>21,271</u>	<u>900,315</u>	<u>271,441</u>	<u>5,895,602</u>	<u>7,908,294</u>	<u>17,322,483</u>
<b>Prior Period Adjustment</b>							
<b>Net Position at Beginning Year as Restated</b>	<u>18,264</u>	<u>21,271</u>	<u>900,315</u>	<u>271,441</u>	<u>5,895,602</u>	<u>7,908,294</u>	<u>17,322,483</u>
Net Position at End of Year	<u>\$ 50,841</u>	<u>\$ 15,747</u>	<u>\$ 999,731</u>	<u>\$ 285,705</u>	<u>\$ 6,771,724</u>	<u>\$ 13,433,274</u>	<u>\$ 16,220,472</u>

**WATER DISTRICTS**

Albertson	Carle Place	Garden City Park	Glenwood	Manhasset - Lakeville	Port Washington	Roslyn	Westbury
\$ 1,286,429 23,261	\$ 738,073	\$ 1,310,527	\$ 136,217	\$ 6,301,287 38,011	\$ 3,529,997	\$ 1,813,209	\$ 1,677,033
1,614,145	1,640,907	2,349,817	300,492	2,907,715	1,446,034	1,990,112	2,651,210
10,436	291,975	16,509	759	343,135	33,922	15,685	310,002
11,409 4,686	39,368 177,341 3,280 10,608	333,705	844	165,993	236,528	58,610	58,330
<u>2,950,366</u>	<u>2,901,552</u>	<u>4,010,558</u>	<u>438,312</u>	<u>9,756,141</u>	<u>5,246,481</u>	<u>3,877,616</u>	<u>4,696,575</u>
<u>2,753,011</u>	<u>2,226,008</u>	<u>3,976,836</u>	<u>359,653</u>	<u>8,722,671</u>	<u>6,180,760</u>	<u>4,197,782</u>	<u>4,622,808</u>
<u>2,753,011</u>	<u>2,226,008</u>	<u>3,976,836</u>	<u>359,653</u>	<u>8,722,671</u>	<u>6,180,760</u>	<u>4,197,782</u>	<u>4,622,808</u>
<u>197,355</u>	<u>675,544</u>	<u>33,722</u>	<u>78,659</u>	<u>1,033,470</u>	<u>(934,279)</u>	<u>(320,166)</u>	<u>73,767</u>
<u>2,991,984</u>	<u>4,863,373</u>	<u>12,107,486</u>	<u>22,858</u>	<u>23,729,746</u>	<u>5,476,806</u>	<u>6,163,435</u>	<u>4,653,998</u>
				<u>508,144</u>			
<u>2,991,984</u>	<u>4,863,373</u>	<u>12,107,486</u>	<u>22,858</u>	<u>24,237,890</u>	<u>5,476,806</u>	<u>6,163,435</u>	<u>4,653,998</u>
<u>\$ 3,189,339</u>	<u>\$ 5,538,917</u>	<u>\$ 12,141,208</u>	<u>\$ 101,517</u>	<u>\$ 25,271,360</u>	<u>\$ 4,542,527</u>	<u>\$ 5,843,269</u>	<u>\$ 4,727,765</u>

(Continued)

**TOWN OF NORTH HEMPSTEAD**  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING STATEMENT OF ACTIVITIES  
Year Ended December 31, 2012

	<u>PARK DISTRICTS</u>		<u>POLICE DISTRICT</u>	<u>PUBLIC LIBRARY DISTRICT</u>	<u>COMMUNITY DEVELOPMENT AGENCY</u>
	<u>Great Neck</u>	<u>Manhasset</u>	<u>Port Washington</u>	<u>Shelter Rock</u>	<u>Town of North Hempstead</u>
<b>REVENUES</b>					
Program revenues					
Charges for services	\$ 3,529,378	\$ 590,020	\$ 3,795	\$ 30,844	\$ 423,316
Operating grants and contributions			53,171		1,402,733
Capital grants and contributions	75,249				
Real property taxes	11,866,713	705,882	16,701,758	3,725,578	
Real property tax items			438,849		
Interest and earnings - unrestricted	36,548	16,089	77,122	5,189	11,965
Sale of property and compensation for loss	112,436		113,938	492	
Miscellaneous revenue	259,228	391	158,373	8,519	55,295
State aid			9,978	10,320	
Federal aid			50,014		
Total Revenues	<u>15,879,552</u>	<u>1,312,382</u>	<u>17,606,998</u>	<u>3,780,942</u>	<u>1,893,309</u>
<b>EXPENSES</b>					
Current:					
Public safety			20,647,388		
Culture and recreation	14,688,404	1,630,837		4,140,247	
Home and community service					1,807,300
Total Expenses	<u>14,688,404</u>	<u>1,630,837</u>	<u>20,647,388</u>	<u>4,140,247</u>	<u>1,807,300</u>
<b>Change in Net Position</b>	<u>1,191,148</u>	<u>(318,455)</u>	<u>(3,040,390)</u>	<u>(359,305)</u>	<u>86,009</u>
<b>Net Position at Beginning of Year</b>	<u>8,524,203</u>	<u>1,972,133</u>	<u>(10,932,246)</u>	<u>2,675,345</u>	<u>3,601,855</u>
<b>Prior Period Adjustment</b>				428,228	350,000
<b>Net Position at Beginning Year as Restated</b>	<u>8,524,203</u>	<u>1,972,133</u>	<u>(10,932,246)</u>	<u>3,103,573</u>	<u>3,951,855</u>
Net Position at End of Year	<u>\$ 9,715,351</u>	<u>\$ 1,653,678</u>	<u>\$(13,972,636)</u>	<u>\$ 2,744,268</u>	<u>\$ 4,037,864</u>

**BUSINESS  
IMPROVEMENT  
DISTRICT**

<u>Port Washington</u>	<u>Totals</u>
\$ 18,178	\$ 24,552,881
	1,517,176
102,273	5,591,252
179,598	62,025,514
	441,673
414	1,238,072
	285,827
	1,572,783
	23,578
	100,651
<u>300,463</u>	<u>97,349,407</u>
	20,647,388
	20,459,488
<u>286,956</u>	<u>52,392,121</u>
<u>286,956</u>	<u>93,498,997</u>
	13,507
	<u>3,850,410</u>
<u>115,129</u>	<u>98,303,775</u>
	1,286,372
<u>115,129</u>	<u>99,590,147</u>
<u>\$ 128,636</u>	<u>\$ 103,440,557</u>

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## STATISTICAL SECTION

This part of the Town of North Hempstead's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

<b><u>Contents</u></b>	<b>Page</b>
<b>Financial Trends</b> <i>These schedules contain information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>	124-134
<b>Revenue Capacity</b> <i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i>	135-139
<b>Debt Capacity</b> <i>These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.</i>	140-143
<b>Demographic and Economic Information</b> <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	144-145
<b>Operating Information</b> <i>These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.</i>	146-151

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Town implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

**TOWN OF NORTH HEMPSTEAD**  
**Net Position by Component**  
**Last Ten Years**  
**(accrual basis of accounting)**

<u>As of December 31,</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental activities					
Net investment in capital assets	\$ 231,420,763	\$ 223,505,633	\$ 217,695,935	\$ 81,566,768	\$ 76,605,301
Restricted	2,117,638	6,283,772	5,557,086	4,730,567	11,493,040
Unrestricted	<u>(66,309,234)</u>	<u>(62,918,534)</u>	<u>(54,631,750)</u>	<u>(39,184,455)</u>	<u>(41,691,280)</u>
Total primary government net position	<u>\$ 167,229,167</u>	<u>\$ 166,870,871</u>	<u>\$ 168,621,271</u>	<u>\$ 47,112,880</u>	<u>\$ 46,407,061</u>

Source: Town of North Hempstead Audited Financial Statements  
Statement of Net Position

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 63,227,590	\$ 62,581,787	\$ 54,723,278	\$ 48,766,916	\$ 36,538,610
17,282,036	2,124,163	2,253,146	817,335	910,158
<u>(34,576,956)</u>	<u>(41,151,509)</u>	<u>(49,621,405)</u>	<u>(47,950,096)</u>	<u>(54,221,451)</u>
<u>\$ 45,932,670</u>	<u>\$ 23,554,441</u>	<u>\$ 7,355,019</u>	<u>\$ 1,634,155</u>	<u>\$ (16,772,683)</u>

**TOWN OF NORTH HEMPSTEAD**  
**Changes in Net Position**  
**Last Ten Years**  
**(accrual basis of accounting)**

Year ended December 31,	2012	2011	2010	2009	2008
<b>Expenses</b>					
Governmental activities:					
General government support	\$ 27,351,522	\$ 27,001,662	\$ 25,899,656	\$ 23,933,803	\$ 23,840,684
Education	2,502,099	600,000	601,906	571,367	629,492
Public safety	13,102,628	11,813,435	10,541,116	10,859,785	11,382,404
Health	339,412	393,024	311,324	336,891	318,914
Transportation	24,696,466	26,314,860	23,896,533	23,299,489	22,076,865
Economic assistance and opportunity	2,853,738	3,519,550	2,931,069	2,098,481	3,135,811
Culture and recreation	27,158,800	26,220,885	24,971,385	24,682,702	22,643,001
Home and community service	32,643,032	26,003,597	26,943,688	22,950,170	23,993,678
Interest on debt	6,263,292	6,864,391	7,050,021	7,319,311	8,106,577
Total primary government expenses	<u>\$ 136,910,989</u>	<u>\$ 128,731,404</u>	<u>\$ 123,146,698</u>	<u>\$ 116,051,999</u>	<u>\$ 116,127,426</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government support	\$ 364,101	\$ 322,246	\$ 316,511	\$ 268,864	\$ 321,849
Public safety	4,377,666	5,032,348	4,157,137	3,632,095	4,491,380
Health	263,486	242,072	241,740		
Transportation	1,660,870	1,173,076	1,464,958	1,231,699	958,363
Economic assistance and opportunity	22,164				
Culture and recreation	10,368,158	9,192,518	8,488,338	8,291,163	8,876,165
Home and community service	18,074,442	16,514,602	15,917,596	13,360,668	14,796,616
Operating grants and contributions	9,142,273	1,293,242	3,688,338	3,752,788	2,788,957
Capital grants and contributions	29,125	2,498,242	9,070,051	905,706	1,170,927
Total primary government program revenues	<u>\$ 44,302,285</u>	<u>\$ 36,268,346</u>	<u>\$ 43,344,669</u>	<u>\$ 31,442,983</u>	<u>\$ 33,404,257</u>
<b>Net (Expense) Revenue</b>					
Total primary government net expense	<u>\$ (92,608,704)</u>	<u>\$ (92,463,058)</u>	<u>\$ (79,802,029)</u>	<u>\$ (84,609,016)</u>	<u>\$ (82,723,169)</u>
<b>General Revenues</b>					
Governmental Activities:					
Real property taxes	\$ 68,261,387	\$ 65,134,391	\$ 63,816,162	\$ 61,685,941	\$ 56,422,999
Real property tax items	2,033,313	1,986,292	1,808,357	1,772,707	2,108,771
Non-property tax items	12,441,196	12,029,189	11,272,681	10,553,049	11,177,944
Interest earnings - unrestricted	775,259	1,466,528	1,328,722	796,401	1,270,556
Mortgage tax	6,690,606	5,752,767	5,863,439	5,643,419	7,677,222
Sale of property and compensation for loss					
State aid - unrestricted	1,023,565	1,065,026	1,044,454	1,111,654	1,111,654
Licenses and permits					
Other	1,841,674	3,178,465	116,176,605	3,751,664	1,342,723
Total primary government	<u>\$ 93,067,000</u>	<u>\$ 90,612,658</u>	<u>\$ 201,310,420</u>	<u>\$ 85,314,835</u>	<u>\$ 81,111,869</u>
<b>Change in Net Position</b>					
Total primary government change in net position	<u>\$ 458,296</u>	<u>\$ (1,850,400)</u>	<u>\$ 121,508,391</u>	<u>\$ 705,819</u>	<u>\$ (1,611,300)</u>

Source: Town of North Hempstead Audited Financial Statements  
Statement of Activities

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 20,421,287	\$ 19,851,465	\$ 18,651,307	\$ 22,032,064	\$ 11,617,344
282,439	412,968	507,426		
9,566,154	7,549,558	8,107,827	6,948,076	8,793,172
253,083	227,241	296,061	167,292	
15,695,095	20,033,989	13,652,265	15,335,273	16,331,484
2,456,352	2,566,294	2,310,049	1,480,033	
14,212,650	20,081,358	15,823,332	11,325,157	14,678,341
23,945,836	21,593,176	22,542,284	25,533,743	20,062,267
8,439,201	8,028,366	10,167,563	9,884,111	11,070,932
<u>\$ 95,272,097</u>	<u>\$ 100,344,415</u>	<u>\$ 92,058,114</u>	<u>\$ 92,705,749</u>	<u>\$ 82,553,540</u>
\$ 333,594	\$ 380,498	\$ 179,686	\$ 159,613	\$ 134,110
4,153,285	3,460,226	3,329,947	3,189,193	863,164
1,176,630	1,301,180	993,226	1,926,068	1,382,557
8,475,019	7,402,057	6,380,882	6,405,645	5,699,443
12,372,598	15,399,978	14,990,887	15,465,155	16,814,285
5,366,607	613,681	841,284	521,731	1,651,048
1,024,300	744,739			1,903,860
<u>\$ 32,902,033</u>	<u>\$ 29,302,359</u>	<u>\$ 26,715,912</u>	<u>\$ 27,667,405</u>	<u>\$ 28,448,467</u>
<u>\$ (62,370,064)</u>	<u>\$ (71,042,056)</u>	<u>\$ (65,342,202)</u>	<u>\$ (65,038,344)</u>	<u>\$ (54,105,073)</u>
\$ 54,216,380	\$ 51,660,364	\$ 50,158,581	\$ 49,894,446	\$ 48,972,304
2,712,672	2,281,401	1,522,506	2,071,859	1,110,538
11,058,164	10,813,890	10,331,465	10,111,751	9,643,766
2,201,639	2,295,875	1,581,364	768,355	1,202,328
12,071,333	14,173,192	15,827,682	16,366,560	
			1,845,568	
1,502,952	1,469,508	1,247,154	1,448,571	12,312,486
		1,342,723		2,135,952
985,153	538,595	1,461,199	938,073	782,717
<u>\$ 84,748,293</u>	<u>\$ 83,232,825</u>	<u>\$ 83,472,674</u>	<u>\$ 83,445,183</u>	<u>\$ 76,160,091</u>
<u>\$ 22,378,229</u>	<u>\$ 12,190,769</u>	<u>\$ 18,130,472</u>	<u>\$ 18,406,839</u>	<u>\$ 22,055,018</u>

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**TOWN OF NORTH HEMPSTEAD**  
**Governmental Activities Tax Revenues By Source**  
**Last Ten Years**  
**(accrual basis of accounting)**

<u>Year Ended</u> <u>December 31,</u>	<u>Real Property Tax</u>	<u>Real Property Tax</u> <u>Items</u>	<u>Non-Property Tax</u> <u>Items</u>	<u>Total</u>
2012	\$ 68,261,387	\$ 2,033,313	\$ 12,441,196	\$ 82,735,896
2011	65,134,391	1,986,292	12,029,189	79,149,872
2010	63,816,162	1,808,357	11,272,681	76,897,200
2009	61,685,941	1,772,707	10,553,049	74,011,697
2008	56,422,999	2,108,771	11,177,944	69,709,714
2007	54,216,380	2,712,672	11,058,164	67,987,216
2006	51,660,364	2,281,401	10,813,890	64,755,655
2005	50,158,581	1,522,506	10,331,465	62,012,552
2004	49,894,446	2,071,859	10,111,751	62,078,056
2003	48,972,304	1,110,533	9,643,766	59,726,603

Source: Town of North Hempstead Audited Financial Statements  
Statement of Activities

**TOWN OF NORTH HEMPSTEAD**  
**Fund Balances of Governmental Funds**  
**Last Ten Years**  
**(modified accrual basis of accounting)**

<u>As of December 31,</u>	<u>2012</u>	<u>2011 <sup>(1)</sup></u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund					
Reserved			\$ 2,395,670	\$ 519,264	\$ 552,305
Unreserved			9,915,603	11,636,395	17,289,914
Nonspendable	\$ 5,522,182	\$ 4,677,860			
Assigned	3,815,070	3,970,756			
Unassigned	201,856	510,271			
Total General Fund	<u>\$ 9,539,108</u>	<u>\$ 9,158,887</u>	<u>\$ 12,311,273</u>	<u>\$ 12,155,659</u>	<u>\$ 17,842,219</u>
All other governmental funds					
Reserved			\$ 35,247,468	\$ 20,071,816	\$ 18,548,411
Unreserved, reported in:					
Special revenue funds			10,041,155	7,810,240	5,750,366
Capital projects funds			(54,504,415)	(18,493,070)	(6,046,966)
Debt service fund			752,320	2,812,787	2,477,787
Nonspendable	\$ 958,708	\$ 3,692,838			
Restricted	2,117,638	6,183,772			
Assigned	17,085,131	12,080,353			
Unassigned	(66,246,267)	(58,151,444)			
Total All Other Governmental Funds	<u>\$ (46,084,790)</u>	<u>\$ (36,194,481)</u>	<u>\$ (8,463,472)</u>	<u>\$ 12,201,773</u>	<u>\$ 20,729,598</u>

Note <sup>(1)</sup>: Components of Fund Balance have been reclassified, beginning with the December 21, 2011 CAFR in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*

Source: Town of North Hempstead Office of the Comptroller and audited Financial Statements  
Balance Sheet



<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 559,395 17,840,400	\$ 602,523 20,142,431	\$ 21,681 20,477,742	\$ 127,867 20,226,247	\$ 2,723,422 8,505,742
<u>\$ 18,399,795</u>	<u>\$ 20,744,954</u>	<u>\$ 20,499,423</u>	<u>\$ 20,354,114</u>	<u>\$ 11,229,164</u>
\$ 17,311,971 8,264,263 825,420 2,126,273	\$ 12,968,754 12,612,181 (7,351,830) 1,646,265	\$ 12,988,696 12,848,692 (10,492,594) 1,382,758	\$ 12,274,359 13,614,207 (17,468,084) 288,624	\$ 12,962,587 12,408,148 (16,988,837) 44,958
<u>\$ 28,527,927</u>	<u>\$ 19,875,370</u>	<u>\$ 16,727,552</u>	<u>\$ 8,709,106</u>	<u>\$ 8,426,856</u>

**TOWN OF NORTH HEMPSTEAD**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Years**  
**(modified accrual basis of accounting)**

Year ended December 31,	2012	2011	2010	2009	2008
<b>Revenues</b>					
Real property taxes	\$ 68,261,387	\$ 65,134,391	\$ 63,816,162	\$ 61,685,941	\$ 56,422,999
Real property tax items	2,031,479	1,983,764	1,808,357	1,772,707	2,108,771
Non-property tax items	12,441,196	12,029,189	11,272,681	10,553,049	11,177,944
Departmental income	27,647,268	25,665,439	24,400,667	23,203,649	25,662,941
Intergovernmental charges	1,794,090	1,375,209	1,622,331	578,911	856,683
Use of money and property	706,324	1,229,803	1,216,559	842,928	1,323,318
License and permits	3,945,324	4,388,479	3,745,966	2,876,128	4,069,511
Fines and forfeitures	279,175	349,525	301,504	395,050	162,710
Sale of property and compensation for loss	356,668	1,776,050	459,710	2,204,692	601,074
Miscellaneous revenue	1,839,787	1,240,997	120,830,435	4,336,599	2,805,462
Interfund revenues	6,837,796	7,088,604	6,186,021	6,545,301	6,257,139
State aid	9,472,707	7,861,711	9,429,326	7,926,549	9,684,298
Federal aid	8,231,952	2,706,105	5,390,644	707,018	965,817
<b>Total Revenues</b>	<b>143,845,153</b>	<b>132,829,266</b>	<b>250,480,363</b>	<b>123,628,522</b>	<b>122,098,667</b>
<b>Expenditures</b>					
General government support	20,214,430	18,885,445	18,041,263	17,174,514	16,915,724
Education	531,716	600,000	601,906	571,367	629,492
Public safety	11,349,801	10,120,902	9,276,505	9,354,264	9,898,211
Health	197,082	214,121	181,135	191,946	189,337
Transportation	15,257,407	16,370,205	15,645,227	14,285,581	14,105,804
Economic assistance and opportunity	2,093,973	2,396,237	2,075,798	1,442,441	2,105,211
Culture and recreation	16,889,672	16,381,463	16,326,553	16,051,879	15,601,723
Home and community service	30,999,963	25,220,268	24,568,372	22,457,155	23,308,180
Employee benefits	16,384,918	15,228,229	13,265,108	12,829,691	12,761,276
<b>Debt Service</b>					
Principal	19,100,317	17,524,153	18,803,632	19,597,605	18,440,527
Interest	7,022,723	7,072,317	6,988,606	7,540,463	8,329,626
Other charges	126,483		130,757		
Capital outlay	23,240,864	33,775,975	148,094,890	22,361,001	10,439,461
<b>Total Expenditures</b>	<b>163,409,349</b>	<b>163,789,315</b>	<b>273,999,752</b>	<b>143,857,907</b>	<b>132,724,572</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,564,196)	(30,960,049)	(23,519,389)	(20,229,385)	(10,625,905)
<b>Other Financing Sources (Uses)</b>					
Transfers in	31,544,621	29,944,267	35,647,342	30,969,268	27,543,991
Transfers out	(31,544,621)	(29,944,267)	(35,647,342)	(30,969,268)	(27,543,991)
Debt issuance	9,192,341		2,879,000	6,015,000	2,270,000
Premium on debt issuance	604,540	76,654	410,228		
Bond anticipation notes redeemed	(1,898,059)	(1,460,000)	(383,500)		
Retirement of debt payment made by funds	1,898,059	1,460,000	383,500		
Refunding bonds issued	10,403,791		7,547,603		
Payments to refund bond escrow agent	(10,146,564)		(7,827,073)		
<b>Total Other Financing Sources</b>	<b>10,054,108</b>	<b>76,654</b>	<b>3,009,758</b>	<b>6,015,000</b>	<b>2,270,000</b>
<b>Net Change in Fund Balances</b>	<b>\$ (9,510,088)</b>	<b>\$ (30,883,395)</b>	<b>\$ (20,509,631)</b>	<b>\$ (14,214,385)</b>	<b>\$ (8,355,905)</b>
Debt service as a percentage of noncapital expenditures	18.75%	18.72%	20.55%	22.4%	22.0%

Source: Town of North Hempstead Audited Financial Statements  
Statement of Revenues, Expenditure, and Changes in Fund Balance

	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
\$	54,216,380	\$ 51,660,364	\$ 50,158,581	\$ 49,894,446	\$ 48,972,304
	2,712,672	2,281,401	1,522,506	2,071,859	1,110,538
	11,058,164	10,813,890	10,331,465	10,111,751	9,643,766
	22,989,409	24,634,712	23,059,773	23,663,869	24,004,900
	564,285	718,260	314,185	1,007,691	966,278
	2,087,042	2,181,278	1,581,364	874,392	752,335
	3,507,525	2,770,710	2,653,415	2,362,171	2,387,378
	159,663	157,575	248,730	261,340	50,150
	277,099	427,912	167,014	1,778,851	320,500
	4,954,459	260,265	1,490,244	1,553,287	571,735
	5,450,233	5,174,044	4,882,312	4,074,801	3,788,915
	13,831,969	16,478,668	17,324,015	18,143,409	15,614,376
	58,223	522,452	592,105	193,453	253,018
	<u>121,867,123</u>	<u>118,081,531</u>	<u>114,325,709</u>	<u>115,991,320</u>	<u>108,436,193</u>
	16,174,256	16,289,286	14,265,315	10,264,926	8,614,312
	282,439	412,968	507,426		
	8,694,795	7,511,865	7,273,249	8,145,434	8,161,085
	179,701	159,313	216,956		
	13,436,869	11,743,873	9,292,569	10,850,662	9,575,977
	1,929,023	2,036,580	1,766,579		
	14,985,315	13,876,255	11,862,827	12,003,478	10,910,362
	21,693,967	23,775,327	24,292,675	24,681,057	24,907,126
	12,229,435	12,548,262	11,776,837	10,319,301	9,218,942
	18,733,803	16,244,807	16,971,276	17,934,906	17,109,058
	8,735,528	9,283,941	9,558,185	9,915,105	10,494,205
			1,989,226		
	10,541,134	10,883,705	13,805,282	10,148,286	5,060,233
	<u>127,616,265</u>	<u>124,766,182</u>	<u>123,578,402</u>	<u>114,263,155</u>	<u>104,051,300</u>
	<u>(5,749,142)</u>	<u>(6,684,651)</u>	<u>(9,252,693)</u>	<u>1,728,165</u>	<u>4,384,893</u>
	32,502,871	28,820,840	32,609,941	28,080,577	28,355,912
	(32,502,871)	(28,820,840)	(32,609,941)	(28,080,577)	(28,355,912)
	12,056,540	10,078,000	13,507,000	37,138,761	44,180,346
			2,177,350		
			38,935,987		
			(39,124,111)	(29,459,726)	(43,736,346)
	<u>12,056,540</u>	<u>10,078,000</u>	<u>15,496,226</u>	<u>7,679,035</u>	<u>444,000</u>
\$	<u>6,307,398</u>	<u>\$ 3,393,349</u>	<u>\$ 6,243,533</u>	<u>\$ 9,407,200</u>	<u>\$ 4,828,893</u>
	24.8%	22.5%	24.8%	27.2%	28.5%

**TOWN OF NORTH HEMPSTEAD**  
**General Governmental Tax Revenues By Source**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

<b>Year Ended December 31,</b>	<b>Real Property Tax<sup>1</sup></b>	<b>Sales Tax<sup>2</sup></b>	<b>Mortgage Tax<sup>3</sup></b>	<b>Franchise Tax</b>	<b>Total</b>
2012	\$ 68,261,387	\$ 10,613,091	\$ 6,690,606	\$ 1,828,105	\$ 87,393,189
2011	65,134,391	10,223,512	5,752,767	1,805,677	82,916,347
2010	63,816,162	9,550,499	5,863,439	1,722,182	80,952,282
2009	61,685,941	9,005,021	5,643,419	1,548,028	77,882,409
2008	56,422,999	9,724,584	7,677,222	1,453,360	75,278,165
2007	54,216,380	9,745,787	12,071,333	1,312,377	77,345,877
2006	51,660,364	9,645,396	14,173,192	1,168,494	76,647,446
2005	50,158,581	9,227,420	15,827,682	1,104,045	76,317,728
2004	49,894,446	9,033,724	16,366,560	1,078,027	76,372,757
2003	48,972,304	8,624,707	12,259,724	1,019,059	70,875,794

Source: Town of North Hempstead Audited Financial Statements  
Statement of Revenues, Expenditure, and Changes in Fund Balance

- <sup>1</sup> Primary government
- <sup>2</sup> Classified as Nassau County local assistance
- <sup>3</sup> Classified as part of State Aid

**Town of North Hempstead**  
**Assessed Value, State Equalization Rate, and Estimated Full Value of Real Property**  
**Last Ten Years**

<b>Year Ended December 31,</b>	<b>Residential Property 1 to 4 Family Homes</b>	<b>Residential Property Condominia and Cooperatives</b>	<b>Utility Property</b>	<b>All Other Property</b>	<b>Total Net Assessed Value</b>	<b>State Equalization Rate</b>	<b>Full Valuation</b>	<b>Total Direct Tax Rate</b>
2012	\$ 110,586,676	\$ 9,792,042	\$ 8,830,153	\$ 48,767,035	\$ 177,975,906	0.33%	\$ 53,932,092,727	\$ 118.848
2011	116,480,241	10,753,627	8,852,979	56,526,239	192,613,086	0.35%	55,032,310,286	101.791
2010	132,570,851	10,243,443	8,477,047	54,793,312	206,084,653	0.33%	62,449,894,848	96.924
2009	133,075,463	9,655,173	8,204,377	51,658,844	202,593,857	0.32%	63,310,580,313	96.505
2008	129,604,894	8,624,417	7,459,244	48,342,052	194,030,607	0.30%	64,676,869,000	92.669
2007	122,364,045	7,836,398	7,143,895	44,661,722	182,006,060 <sup>1</sup>	0.30%	60,668,686,667	94.180
2006	206,543,361	7,447,777	5,695,638	43,451,172	263,137,948 <sup>1</sup>	0.50%	52,627,589,600	62.168
2005	335,172,557	6,845,499	5,661,149	43,021,519	390,700,724	0.82%	47,646,429,756	39.896
2004	342,996,484	7,421,796	5,545,802	43,400,710	399,364,792 <sup>2</sup>	0.90%	44,373,865,778	38.648
2003	567,190,027	36,196,867	101,354,590	268,513,118	973,254,602	2.41%	40,384,008,382	15.566

Note: Assessed values are established by the Nassau County Department of Assessment

Sources: Town of North Hempstead Budgets and Official Statements

<sup>1</sup> 2006 rate increases are due to decreases in assessed valuations by Nassau County.

<sup>2</sup> Nassau County completed a county-wide reassessment in 2004 wherein it reassessed all properties within the County based on approximately 1% of full value.

**TOWN OF NORTH HEMPSTEAD**  
**Property Tax Rates**  
**Direct and Overlapping Governments**  
**Last Ten Years**

**GOVERNMENTAL FUNDS**

**TOWN OPERATED DISTRICTS**

Year Ended December 31,	Town <sup>1</sup> Outside Villages				TOWN OPERATED DISTRICTS						
	General	Highway	Part-Town		Fire Protection	Garbage	Lighting	Parks	Public Parking	Sidewalk	Water
2012	\$ 12.509	\$ 36.269			\$ 21.969	\$ 17.380	\$ 2.823	\$ 20.510	\$ 1.141	\$ 4.148	\$ 2.099
2011	10.464	32.673			19.502	10.758	2.647	18.830	1.069	3.875	1.974
2010	9.404	29.436			18.276	15.043	2.349	15.995	0.999	3.625	1.798
2009	9.164	28.738			18.541	15.824	2.233	15.727	1.009	3.482	1.787
2008	8.504	26.751			18.408	16.182	2.090	14.592	1.004	3.327	1.811
2007	8.780	27.100			17.962	17.532	2.041	14.396	1.044	3.380	1.946
2006	5.795		\$ 17.179	\$ 1.616	11.838	12.186	1.367	7.963	0.671	2.293	1.260
2005	3.903		11.563	1.109	7.932	7.647	0.869	4.161	0.438	1.452	0.824
2004	3.819		11.360	1.089	7.699	7.332	0.825	3.924	0.429	1.391	0.780
2003	1.523		4.260	0.357	3.022	2.716	0.316	2.294	0.213	0.517	0.347

Source: Adopted Town Budgets

<sup>1</sup> NYS Legislation, Senate Bill No. 7570, permitted the consolidation of the Highway into the Part-Town (Town Outside Village) Fund.

<sup>2</sup> 2006 rate increases are due to decreases in assessed valuations by Nassau County.

<sup>3</sup> Nassau County completed a county-wide reassessment in 2004 wherein it reassessed all properties within the County based on approximately 1% of full value.

Includes all classes of property for each Fund/District

<b>Town Direct Rate</b>	<b>County Direct Rate</b>	<b>School Direct Rate</b>	<b>Total Direct &amp; Overlapping Rate</b>
\$ 118.848	128.89	\$ 458.86	\$ 706.60
101.791	119.43	423.99	645.22
96.924	110.06	389.58	596.56
96.505	92.62	396.29	585.42
92.669	113.80	406.07	612.53
94.180 <sup>2</sup>	119.42	394.15	607.75
62.168 <sup>2</sup>	79.92	256.12	398.21
39.896	53.61	172.50	266.00
38.648 <sup>3</sup>	52.43	168.75	259.83
15.566	20.84	69.25	105.65

**Town of North Hempstead  
Principal Property Taxpayers  
Current Year and Nine Years Ago**

2012				
Rank	Taxpayer	Nature of Business	Assessed Valuation	Percentage of Total Assessed Valuation <sup>(1) (2)</sup>
1	Long Island Power Authority	Utility	\$ 6,286,845	3.53%
2	Keyspan Gas East	Utility	3,906,702	2.20%
3	1 Park Lake Success LLC	Real Estate	1,452,184	0.82%
4	Verizon New York	Utility	1,288,114	0.72%
5	We're Associates Inc.	Real Estate	909,625	0.51%
6	Fifth Avenue of Long Island Realty Assoc.	Real Estate	880,430	0.49%
7	Feiga-Olive Tree/Marcus Ave LLC	Real Estate	869,361	0.49%
8	CK-HP LLC	Real Estate	611,076	0.34%
9	Country Glen LLC	Real Estate	610,104	0.34%
10	600 Community LLC	Real Estate	373,201	0.21%
	Total		<u>\$ 17,187,642</u>	<u>9.66%</u>

2003				
Rank	Taxpayer	Nature of Business	Assessed Valuation	Percentage of Total Assessed Valuation <sup>(1) (2)</sup>
1	Long Island Power Authority	Utility	\$ 109,827,563	11.28%
2	NY Telephone Company	Utility	28,357,565	2.91%
3	Fifth Avenue of Long Island Realty Assoc.	Retail	3,215,530	0.33%
4	Reckson Associates	Office Buildings	2,760,000	0.28%
5	Federated Department Stores	Retail	2,689,090	0.28%
6	BDG Management LTD	Office Buildings	2,338,000	0.24%
7	Met Life RE Investment	Office Buildings	2,304,690	0.24%
8	Lake Success Shopping Center	Retail	2,224,660	0.23%
9	Chase Manhattan Bank	Banking	1,930,450	0.20%
10	IPARK Lake Success	Office Buildings	1,414,490	0.15%
	Total		<u>\$ 157,062,038</u>	<u>16.14%</u>

Source: Town of North Hempstead 2012 and 2003 Official Statements

<sup>1</sup> Nassau County completed a county-wide reassessment in 2004 wherein it reassessed all properties within the County based on approximately 1% of full value.

<sup>2</sup> See Assessed Valuation, State Equalization Rate and Estimated Full Value of Real Property for total net assessed value.



**Town of North Hempstead  
Property Tax Levies and Collections  
Last Ten Years**

<u>Year Ended December 31,</u>	<u>Tax Levy For Town</u>	<u>Total Tax Levy<sup>1</sup></u>	<u>Amount Collected<sup>2</sup></u>	<u>Percent of Total Tax Levy Collected</u>	<u>Amount Uncollected<sup>2</sup></u>	<u>Percent of Total Tax Levy Uncollected</u>
2012	\$ 146,495,666	\$ 375,892,701	\$ 367,877,825	97.87%	\$ 8,014,876	2.13%
2011	139,663,972	369,704,857	362,617,428	98.08%	7,087,429	1.92%
2010	135,200,465	362,025,228	353,981,362	97.78%	8,043,866	2.22%
2009	132,256,987	319,905,676	313,611,841	98.03%	6,293,835	1.97%
2008	123,632,214	344,434,261	337,510,707	97.99%	6,923,554	2.01%
2007	119,033,554	336,388,044	329,563,031	97.97%	6,825,013	2.03%
2006	115,060,611	325,360,939	319,175,699	98.10%	6,185,240	1.90%
2005	110,445,336	319,905,676	313,611,941	98.03%	6,293,735	1.97%
2004	107,351,616	316,724,188	309,989,056	97.87%	6,735,132	2.13%
2003	97,809,793	300,603,279	294,031,943	97.81%	6,571,336	2.19%

Source: Town of North Hempstead Official Statements

<sup>1</sup> Total tax levy consists of Town of North Hempstead, Special Districts and Nassau County.

<sup>2</sup> The Town retains 100% of the amount levied for Town, Highway and Special District purposes; taxes uncollected at the expiration of the warrant are returned to the County for collection and enforcement. As a result there are no Town taxes collected in subsequent years.

**Town of North Hempstead  
Ratios of Outstanding Debt by Type  
Last Ten Years**

<b>Governmental Activities</b>					
<b>Year Ended December 31,</b>	<b>General Obligation Bonds</b>	<b>Revenue Bonds</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income<sup>1</sup></b>	<b>Per Capita<sup>1</sup></b>
2012	\$ 125,326,047	\$ 5,048,791	\$ 130,374,838	0.14%	\$ 578
2011	131,145,587	8,880,000	140,025,587	0.15%	620
2010	146,514,740	11,035,000	157,549,740	0.18%	696
2009	160,142,656	13,130,000	173,272,656	0.20%	764
2008	171,685,261	15,170,000	186,855,261	0.20%	826
2007	185,870,788	17,155,000	203,025,788	0.23%	901
2006	190,598,051	19,105,000	209,703,051	0.26%	933
2005	196,764,858	19,105,000	215,869,858	0.29%	964
2004	200,287,258	19,235,000	219,522,258	0.31%	985
2003	195,688,403	19,955,000	215,643,403	0.38%	972

Note: Details regarding the outstanding debt may be found in the notes to the financial statements.

As of the 2011 CAFR the Town is no longer reporting bond anticipation notes on this schedule in accordance with Q&A - 9.24.1

At December 31, 2012, the Town had \$87,280,926 in short-term bond anticipation notes not being presented.

At December 31, 2012, the Town had \$6,735,000 in short-term revenue anticipation notes maturing on November 19, 2013.

<sup>1</sup> See the schedule of Demographic and Economic Statistics for personal income and population

**Town of North Hempstead  
Ratios of General Bonded Debt Outstanding  
Last Ten Years**

<u>Year Ended December 31,</u>	<u>General Obligation Bonds</u>	<u>Percentage of Total Net Assessed Valuation<sup>1</sup></u>	<u>Percentage of Full Taxable Value<sup>1</sup> of Property</u>	<u>Per Capita<sup>2</sup></u>
2012	\$ 125,326,047	70.42%	0.23%	\$ 555
2011	131,145,587	68.09%	0.24%	581
2010	146,514,740	71.09%	0.23%	647
2009	160,142,656	79.05%	0.25%	706
2008	171,685,261	88.48%	0.27%	759
2007	185,870,788	102.12%	0.31%	825
2006	190,598,051	72.43%	0.36%	848
2005	196,764,858	50.36%	0.41%	879
2004	200,287,258	50.15% <sup>3</sup>	0.45%	899
2003	195,688,403	20.11%	0.48%	882

Note: Details regarding outstanding debt can be found in the notes to the financial statements.

- <sup>1</sup> See the Schedule of Assessed Value, Equalization Rate and Estimated Full Value of Real Property
- <sup>2</sup> Population data can be found in the Schedule of Demographic and Economic Statistics
- <sup>3</sup> Nassau County completed a county-wide reassessment in 2004 wherein it reassessed all properties within the County based on approximately 1% of full value.

**Town of North Hempstead  
Direct and Overlapping Governmental Activities Debt  
As of December 31, 2012**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Direct:</b>			
Town of North Hempstead	\$ 130,374,838	100.00%	\$ 130,374,838
<b>Overlapping:</b>			
Nassau County	\$ 3,039,560,500	24.70%	\$ 750,771,444
Incorporated Villages	144,222,611	varied <sup>1</sup>	144,222,611
School Districts	279,902,324	varied <sup>2</sup>	279,902,324
Fire Districts	2,920,000	100.00%	2,920,000
Water Pollution Control Districts	131,413	100.00%	131,413
Water Districts	16,789,191	100.00%	16,789,191
Park Districts	28,190,425	100.00%	28,190,425
Police District	4,722,514	100.00%	4,722,514
Library District	99,446	100.00%	99,446
Business Improvement District	81,387,305	100.00%	81,387,305
<b>Total overlapping debt</b>			<u>1,309,136,673</u>
<b>Total direct and overlapping debt</b>			<u>\$ 1,439,511,511</u>

Note: As of the 2011 CAFR the Town is no longer reporting bond anticipation notes on this schedule in accordance with GASB 44 paragraph 45.

At December 31, 2012, the Town had \$87,280,926 in short-term bond anticipation notes not being presented.

At December 31, 2012, the Town had \$6,735,000 in short-term revenue anticipation notes maturing on November 19, 2013.

The taxpayers share of overlapping debt is based upon the amount of the Town's equalized property values taken as a percentage of each separate units' total values,

Source: Town of North Hempstead Comptroller's Office December 2012 Official Statement  
Special Report on Municipal Affairs, 2010 released by the NYS Office of the Comptroller and County Officials

<sup>1</sup> Six of the villages located in the Town are also partially located in one of the neighboring towns.

<sup>2</sup> One of the school districts located in the Town is also partially located in one of the neighboring towns.

**Town of North Hempstead  
Legal Debt Margin Information  
December 31, 2012**

Year Ended December 31,	Net Assessed Valuation	State Equalization Rate	Full Valuation
2012	\$ 177,975,906	0.33%	\$ 53,932,092,727
2011	192,613,086	0.35%	55,032,310,286
2010	206,084,653	0.33%	62,449,894,848
2009	202,593,857	0.32%	63,310,580,313
2008	194,030,607	0.30%	64,676,869,000
Total Five Year Full Valuation			299,401,747,174
Five Year Average Full Valuation of Taxable Real Property			59,880,349,435
Constitutional Debt Limit (7% of Average Full Valuation)			4,191,624,460
Outstanding Bonded Indebtedness at December 31st			261,695,132
Outstanding Bond Anticipation Notes at December 31st			108,052,034
Less: 2013 Appropriations for Non-Exempt Debt Principal			24,918,420
Less: Exclusions			43,214,846
Net Indebtedness Subject to Debt Limit			301,613,900
Net Debt Contracting Margin			\$ 3,890,010,560
Percentage of Net Debt Contracting Margin Available			92.80%
Percentage of Net Debt Contracting Power Exhausted			7.20%

Last Ten Years

Year	Constitutional Debt Limit	Total Net Debt Subject to Limit	Net Debt Contracting Margin	Percentage of Debt Contracting Power Exhausted	Percentage of Net Debt Contracting Margin Available
2012	\$ 4,191,624,460	\$ 301,613,900	\$ 3,890,010,560	7.20%	92.80%
2011	4,285,936,776	280,613,809	4,005,322,967	6.55%	93.45%
2010	4,252,270,686	266,350,279	3,985,920,407	6.26%	93.74%
2009	4,045,022,175	225,179,837	3,819,842,338	5.57%	94.43%
2008	3,723,316,751	216,981,938	3,506,334,813	5.83%	94.17%
2007	3,439,808,123	214,779,024	3,225,029,099	6.24%	93.76%
2006	3,082,169,945	220,913,890	2,861,256,055	7.17%	92.83%
2005	2,783,075,006	211,879,579	2,571,195,427	7.61%	92.39%
2004	2,523,939,144	224,711,913	2,299,227,231	8.90%	91.10%
2003	2,256,642,631	236,382,517	2,020,260,114	10.47%	89.53%

Source: Town of North Hempstead Comptroller's Office

**Town of North Hempstead  
Demographic and Economic Statistics  
Last Ten Years**

<b>Year Ended December 31,</b>	<b>Population<sup>1</sup></b>	<b>Personal Income<sup>2</sup> (billions of dollars)</b>	<b>Per Capita Income<sup>2</sup></b>	<b>Median Family Income<sup>3,4</sup></b>	<b>Unemployment Rate<sup>5</sup></b>	<b>Number of Households Estimate<sup>1</sup></b>	<b>Average Household Size Estimates<sup>1</sup></b>	<b>Population Density Per Square Mile</b>
2012	225,717	\$ 91,120	\$ 67,776	\$ 121,511	6.1%	78,333	2.84	4,213
2011	225,717	91,120	67,776	121,511	5.8%	78,333	2.84	4,213
2010	226,322	88,059	65,665	115,307	6.8%	78,084	2.87	4,224
2009	226,874	85,239	63,989	112,059	6.5%	78,333	2.89	4,234
2008	226,109	91,326	68,918	119,773	4.4%	78,097	2.86	4,220
2007	225,291	87,168	65,934	115,697	3.4%	77,764	2.86	4,205
2006	224,774	80,878	61,044	114,567	3.5%	77,420	2.85	4,195
2005	223,870	75,462	56,639	106,764	3.7%	77,420	2.85	4,178
2004	222,836	70,402	52,618	108,948	4.3%	77,108	2.85	4,159
2003	221,968	57,167	49,625	105,219	4.3%	77,126	2.84	4,143

Data Sources:

- 1 Long Island Power Authority Population survey - 2012 data not available.
- 2 U.S. Department of Commerce, Bureau of Economic Analysis for Nassau County, 2012 data is estimated
- 3 2005-2010 U.S. Census Bureau Data. 2001-2004 see note 4.
- 4 Long Island Business News/Doing Business on Long Island 2004.
- 5 State of New York, Department of Labor - Division of Statistics - [www.workforcenewyork.org/li](http://www.workforcenewyork.org/li)  
(Note: Percentages are not seasonally adjusted).

**Town of North Hempstead  
Principal Employers  
Current Year and Nine Years Ago**

**2012**

<b>Rank</b>	<b>Name</b>	<b>Type of Business</b>	<b>Number of Employees</b>
1	North Shore University Hospital at Manhasset	Hospital	7,824
2	Winthrop - University Hospital	Hospital	6,600
3	Long Island Jewish Medical Center	Hospital	6,500
4	St. Francis Hospital	Hospital	3,090
5	ProHEALTH Care Associates	Comprehensive Multi-Specialty Medical Practice	3,000
6	Broadridge Financial Solutions Inc.	Finance	1,500
7	New York Community Bankcorp Inc.	Banking	1,208
8	Canon USA	Imaging Solution Provider	1,167
9	Astoria Federal Savings & Loan Association	Banking	1,148
10	Parker Jewish Institute Alzheimer Center	Skilled Nursing and Rehabilitation Center	1,036
10	Parker Jewish Institute for Health Care & Rehabilitation	Skilled Nursing and Rehabilitation Center	1,036

**2003**

<b>Rank</b>	<b>Name</b>	<b>Type of Business</b>	<b>Number of Employees</b>
1	North Shore - Long Island Jewish Health System	Hospital	39,244
2	Winthrop - University Hospital	Hospital	3,000
3	St. Francis Hospital	Hospital	2,323
4	PALL Corporation	Technology	1,900
5	Transervice Lease	Private Company	935
6	CMP Media	Technology	900
7	The NPD Group	Private Company	881
8	Canon USA	Technology	795
9	Thomson Industries	Technology	600
10	Systemax	Technology	500

Source: 2012 - Long Island Business News 2012 Book of Lists  
2003 - Town of North Hempstead Official Statements  
Percentage of total Town employment is not available.

**Town of North Hempstead  
Full-Time Equivalent Government Employees by Function  
Last Ten Years**

<b>Function</b>	<b>Full-Time Equivalent</b>				
	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
General government	89	84	78	89	94
Highways	90	94	89	94	92
Parks and recreation	76	79	82	90	96
Buildings and planning	50	42	39	46	35
Public works	26	25	21	17	22
Community services	28	16	21	24	23
Town clerk	19	21	21	21	17
Receiver of taxes	18	17	14	13	14
Public safety	32	28	25	23	20
Solid waste management	15	15	18	10	9
<b>Total</b>	<b>443</b>	<b>421</b>	<b>408</b>	<b>427</b>	<b>422</b>

Source: Town of North Hempstead Human Resource Department records



<b>Employees as of December 31,</b>				
<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
83	88	77	78	60
102	93	93	73	70
93	86	82	84	84
51	38	44	41	41
20	22	21	33	38
20	19	18	15	17
16	19	17	15	15
13	13	15	15	15
15	16	10	19	21
11	9	8	8	7
<b>424</b>	<b>403</b>	<b>385</b>	<b>381</b>	<b>368</b>

**Town of North Hempstead  
Operating Indicators by Function  
Last Ten Years**

Year Ended December 31,	2012	2011	2010	2009	2008
<b>Function</b>					
<b>Town Clerk</b>					
Vital statistic documents	26,956	25,931	25,893	26,205	23,953
Dog licenses	5,261	5,440	5,339	5,612	5,844
Business licenses	1,432	1,365	1,062	1,104	1,329
Marriage licenses	972	905	910	1,009	1,137
Dumping permits	2,293	567	2,698	1,260	1,136
<b>Building</b>					
Building permits issued	4,884	4,625	4,053	4,336	4,399
<b>Public Safety</b>					
Dogs adopted or reclaimed by owners	337	274	366	365	354
<b>Fire</b>					
Number of fire protection districts	11	11	11	11	11
<b>Parking</b>					
Number of parking meters	511 <sup>1</sup>	805	807	803	775
Parking lots and garage revenue	\$ 276,242	\$ 337,401	\$ 308,602	\$ 335,286	\$ 335,032
Annual meter revenue	\$ 179,044	\$ 169,216	\$ 153,552	\$ 149,814	\$ 151,156
Parking permit revenue	\$ 50,705	\$ 50,540	\$ 45,945	\$ 47,445	\$ 47,687
<b>Highways and Streets</b>					
Street resurfacing (lane miles)	15	11	14	14	14
Number of trees planted	277	244	505	456	559
Number of trees trimmed	1,036	2,078	1,334	955	1,170
Number of trees removed	617	585	692	424	365
Road opening permits issued	608	668	754	721	855
Abandoned vehicles removed	6	9	10	8	12
Signs installed	1,128	1,580	1,688	1,457	1,450
<b>Sanitation (tons per annum)</b>					
Residential and commercial waste collected	159,650	173,472	166,610	135,769	142,860
Recyclables collected	9,714	11,550	12,181	13,050	2,557
Yardwaste	42,621	18,291	19,014	16,576	19,961
Construction and demolition debris	10,207	6,598	4,323	4,491	6,671
<b>Culture and recreation</b>					
Beach permits issued	3,403	3,380	3,000	3,175	3,120
Registration for adult programs	423	355	340	339	898
Registration for summer programs	7,213	6,223 <sup>2</sup>	3,150	3,104	1,477
Cultural passes issued	310	815	1,265	1,250	1,200

Source: Various government departments

<sup>1</sup> During 2012, Port Washington Public Parking replaced 300 single space meters, with 6 multi-space meters.

<sup>2</sup> Tully Park and new Manorhaven Pool reopened in 2011.

	2007	2006	2005	2004	2003
	25,745	24,858	25,441	24,353	23,169
	5,843	5,961	5,677	5,953	5,907
	1,346	1,408	1,400	1,204	1,024
	1,099	1,337	1,378	1,449	1,423
	1,065	1,324	1,241	1,136	1,130
	1,881	4,081	4,472	5,451	5,381
	343	369	398	411	447
	11	11	11	11	11
	775	775	775	725	700
\$	344,567	\$ 340,178	\$ 329,678	\$ 317,258	\$ 317,011
\$	157,392	\$ 163,601	\$ 158,195	\$ 149,330	\$ 147,357
\$	48,853	\$ 59,997	\$ 49,810	\$ 49,605	\$ 50,820
	14	13	12	13	11
	598	802	419	54	804
	1,086	997	440	832	442
	519	438	259	354	364
	762	1,042	930	929	780
	16	18	53	42	66
	815	868	641	1,013	1,302
	143,301	171,397	182,566	192,912	208,590
	2,208	3,178	5,734	5,996	6,409
	19,353	25,426	20,532	21,418	21,553
	5,482	8,650	7,627	10,295	11,136
	1,608	1,592	1,553	1,191	1,226
	1,277	1,223	1,167	971	1,012
	2,096	2,077	2,020	1,641	1,964
	1,200	1,200	1,200	1,200	1,200

**Town of North Hempstead  
Capital Asset Statistics by Function  
Last Ten Years**

Year Ended December 31,	2012	2011	2010	2009	2008
<b>Function</b>					
General Government					
Town Hall and annex	2	2	2	2	2
Sanitation					
Transfer station	1	1	1	1	1
Annual tonnage processed	222,790	210,007	198,526	161,564	172,049
Highways and Streets					
Streets (miles)	275	275	275	275	275
Culture and recreation					
Parks acreage	837	841	841 <sup>1</sup>	722 <sup>1</sup>	883
Parks	48	48	48 <sup>1</sup>	41 <sup>1</sup>	22
Swimming pools	6	6	6	6	6
Beaches	2	3	3	3	3
Docks	2	2	2	2	2
Boat ramps	2	2	2	2	2
Golf courses (18 hole)	1	1	1	1	1
Golf courses (9 hole)	1	1	1	1	1
Driving range	1	1	1	1	1
Miniature golf course	1	1	1	1	1
Tennis courts	37	35	35	35	35
Community centers	4	3	3	3	2

Source: Various government departments

<sup>1</sup> 2010 and 2009 reflect adjustments made due to classification errors in prior years.  
There is no data available for corrections to years prior to 2009.

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
2	2	2	2	2
1	1	1	1	1
170,344	208,652	216,459	230,621	247,688
274	268	268	268	269
833	672	672	672	672
22	15	15	15	15
6	5	5	5	5
3	2	2	2	2
2	2	2	2	2
2	2	2	2	2
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
35	31	31	31	31
2	2	2	2	2