



JUDI BOSWORTH, SUPERVISOR

Town of North Hempstead
2016

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

N A S S A U C O U N T Y , N E W Y O R K

FOR THE YEAR ENDED DECEMBER 31, 2016

**TOWN OF NORTH HEMPSTEAD
NEW YORK**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2016**

Prepared by the Office of the Town Comptroller
Averil Smith, CPA
Comptroller

TOWN OF NORTH HEMPSTEAD
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2016
TABLE OF CONTENTS

INTRODUCTORY SECTION

Letters of Transmittal	2-9
Map	10
Principal Officials	11
Organizational Chart	12
Certificate of Achievement for Excellence in Financial Reporting	13

FINANCIAL SECTION

Independent Auditors' Report.....	16-18
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REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis (MD&A).....	20-31
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BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements	
Statement of Net Position	34-35
Statement of Activities	36-37
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet.....	38-39
Reconciliation of the Governmental Funds Balance Sheet to The Statement of Net Position.....	41
Statement of Revenues, Expenditures, and Changes in Fund Balances	42-43
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, And Changes in Fund Balances to the Statement of Activities.....	44
Fiduciary Fund Financial Statements	
Statement of Fiduciary Assets and Liabilities.....	45
Notes to Financial Statements	47-90

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

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	
General Fund	92-95
Highway Fund.....	96-97
Solid Waste Management Authority.....	98-99
Part Town.....	100-101
Pension Plan – Schedule of Pension Contributions	102
Pension Plan – Schedule of Proportionate Share of the Net Pension Liability	103
Postemployment Benefits Healthcare Costs – Schedule of Funding Progress	104

(Continued)

TOWN OF NORTH HEMPSTEAD
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2016
TABLE OF CONTENTS

FINANCIAL SECTION (Continued)

OTHER SUPPLEMENTARY INFORMATION

Combining Fund Statements	
Nonmajor Governmental Funds	
Combining Balance Sheet.....	106-107
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	108-109
Schedule of Revenues, Expenditures and Changes in Fund Balance –	
Budget and Actual – Nonmajor Special Revenue Funds	
Fire Protection Districts.....	110
Lighting District.....	111
Park Districts.....	112-113
Sidewalk District.....	114-115
Refuse and Garbage Districts.....	117
Public Parking District.....	118-119
Water District.....	120
Fiduciary Funds	
Statement of Changes in Agency Assets and Liabilities.....	121

DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS

Combining Statement of Net Position.....	124-127
Combining Statement of Activities.....	128-131

STATISTICAL SECTION

Financial Trends

Net Position by Component – Last Ten Years.....	134-135
Changes in Net Position – Last Ten Years.....	136-137
Governmental Activities Tax Revenues by Source – Last Ten Years.....	139
Fund Balances of Governmental Funds – Last Ten Years.....	140-141
Changes in Fund Balances of Governmental Funds – Last Ten Years.....	142-143

Revenue Capacity

General Governmental Tax Revenues by Source – Last Ten Years.....	144
Assessed Value, State Equalization Rate, and Estimated Full Value of Real Property – Last Ten Years.....	145
Property Tax Rates – Direct and Overlapping Governments – Last Ten Years.....	146-147
Principal Property Taxpayers – Current Year and Nine Years Ago.....	148
Property Tax Levies and Collections – Last Ten Years.....	149

(Continued)

TOWN OF NORTH HEMPSTEAD
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2016
TABLE OF CONTENTS

STATISTICAL SECTION (Continued)

Debt Capacity

Ratios of Outstanding Debt by Type – Last Ten Years	150
Ratios of General Bonded Debt Outstanding – Last Ten Years.....	151
Direct and Overlapping Governmental Activities Debt.....	152
Legal Debt Margin Information	153

Demographic and Economic Information

Demographic and Economic Statistics – Last Ten Years	154
Principal Employers – Current Year and Nine Years Ago.....	155

Operating Information

Full-time Government Employees by Function – Last Ten Years	156-157
Operating Indicators by Function – Last Ten Years.....	158-159
Capital Asset Statistics by Function – Last Ten Years.....	160-161

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**INTRODUCTORY
SECTION**

Town Board
VIVIANA L. RUSSELL
PETER J. ZUCKERMAN
ANGELO P. FERRARA
ANNA M. KAPLAN
LEE R. SEEMAN
DINA M. DE GIORGIO

TOWN OF NORTH HEMPSTEAD OFFICE OF THE SUPERVISOR



TOWN HALL
220 PLANDOME ROAD
MANHASSET, NY 11030
(516) 869-6311
FAX (516) 627-4204



Supervisor
JUDI BOSWORTH

Town Clerk
WAYNE H. WINK, JR.

Receiver of Taxes
CHARLES BERMAN

June 29, 2017

Honorable Members of the Town Board
and Residents 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 ("the Town") for the year ended December 31, 2016. The financial statements have been audited by the accounting firm selected by the Town Board, Albrecht, Viggiano, Zureck & Company, P.C. The auditors' unmodified opinion is included in this report.

The Town received its sixth Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association ("GFOA") for the December 31, 2015 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, 2016 financial report continues to meet the requirements of the Certificate of Achievement Program.

This report is published to provide the Town Board, Town employees, residents, 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 enhances the accounting and financial reporting of the Town to the Town Board and in turn to the residents of the Town of North Hempstead.

Sincerely,

A handwritten signature in blue ink that reads "Judi Bosworth".

Judi Bosworth
Town Supervisor

Supervisor
JUDI BOSWORTH

TOWN OF NORTH HEMPSTEAD



Town Board
VIVIANA L. RUSSELL
PETER J. ZUCKERMAN
ANGELO P. FERRARA
ANNA M. KAPLAN
LEE SEEMAN
DINA M. DE GIORGIO

COMPTROLLER'S OFFICE
220 PLANDOME ROAD
MANHASSET, NY 11030

PHONE (516) 869-7740
FAX (516) 869-7762

Deputy Supervisor
ALINE KHATCHADOURIAN

Town Clerk
WAYNE H. WINK, JR.

Receiver of Taxes
CHARLES BERMAN

Comptroller
AVERIL SMITH

Chief Deputy Comptroller
DENNIS MORGAN

Deputy Comptroller
TANIA ORENSTEIN

June 29, 2017

Honorable Members of the Town Board
and Residents 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 (the "Town") for the year ended December 31, 2016.

The CAFR is prepared by the Comptroller's Office with assistance from many members of the Town government. The Town and its management are responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. The Town has established a comprehensive system of internal control concerning its finances and the internal controls provide management with confidence in the accuracy of the information presented in the CAFR. Our internal controls have the objective of providing 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 unmodified auditors' report dated June 29, 2017, for the Town and its discretely presented nonmajor component units as of December 31, 2016. 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 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 19th 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 miniature golf course and four multi-purpose athletic fields. It also includes 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.

In 2016 the Town completed planning for its newest park, Alvan O. Petrus Park in Port Washington. A new greenhouse was constructed at Clark Botanic Gardens, increasing the Town's horticultural capabilities.

Other Town-wide recreational opportunities include seasonal pool facilities in Port Washington, Manhasset, and New Cassel, and numerous athletic fields at parks throughout the Town.

The Town has two major recreational facilities. The "Yes We Can" Community Center in New Cassel opened in 2012 with one NBA-sized basketball court, two high school courts, a fitness center, dance and TV studios, and community meeting rooms. The Tully Center has an indoor pool and offers many recreational classes in exercise rooms.

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 PSEG-Long Island, which operates the Long Island Power Authority's transmission and distribution system 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 10 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 also travel from nearby John F. Kennedy International, LaGuardia 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.

Town hospitals include Northwell Health Systems (formerly 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. The Town includes 31 incorporated villages. In addition, there are 16 unincorporated hamlets in the Town. The Town encompasses an area of over 53.58 square land miles. The Town of North Hempstead's Receiver of Taxes collects taxes for 10 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. The Supervisor is also a member of the Town Board. The other six members of the Town Board 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 on the number of terms that may be served by the Supervisor and 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 and, like the Supervisor, are elected at large.

Services are provided to residents by the following Town Departments: 311 Call Center, Administrative Services, Building and Safety Inspection, Community Services, Comptroller, Department of Environmental Facilities, Department of Services for the Aging, Highway, Human Resources, Information Technology, Parks and Recreation, Planning and Economic Development, Public Safety, Public Works (including Lighting and Sidewalks Divisions), Receiver of Taxes, Town Supervisor, 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, seven village police departments and by the Port Washington Police District whose patrol area is limited to 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 Superintendent of Highways. The Supervisor appoints the Deputy Supervisor, as well as Commissioners, Department heads and other members of her staff.

The Town has 47 special districts, of which 20 are Town operated and included in Primary Governmental Activities for financial reporting purposes. Of the remaining 27 districts, 21 are reported as Discretely Presented Nonmajor 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. The Town Board appoints the Town's Community Development Agency ("CDA") Board of Directors and the CDA is included as a discretely presented nonmajor component unit in the financial statements so as not to be misleading or incomplete.

Each year, the Town Board is required to adopt a budget, no later than November 20, for the following calendar year. It has been the consistent practice of the current Town administration to adopt the budget before Election Day. The budget is prepared by fund, department (which generally equates to function), down to individual expenditure line item. The adopted budget includes major and nonmajor funds and excludes the CDA, capital projects and debt service funds. The CDA is excluded from the budget, as its principal source of revenue is 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. Department heads may reallocate budgeted amounts within their departments without Town Board approval. Transfers between departments require the approval of the Town Board.

Local Economy

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 the Town. This pool of employees and customers further support a wide range of local businesses, from hotels to restaurants to retail establishments.

Based on New York State Department of Labor statistics, the Town's unemployment rate, remained at 3.4% at December 2016 (<https://labor.ny.gov/stats>). This number continues to be substantially below that reported for New York State (4.6%) and the nation (4.9%) for the same period. A review of the Town's historical unemployment trend shows that this is the lowest year-end unemployment rate in 8 years, indicative of a sound economic base. The Statistical Section of this report lists these and a number of additional economic indices whose trends are also favorable.

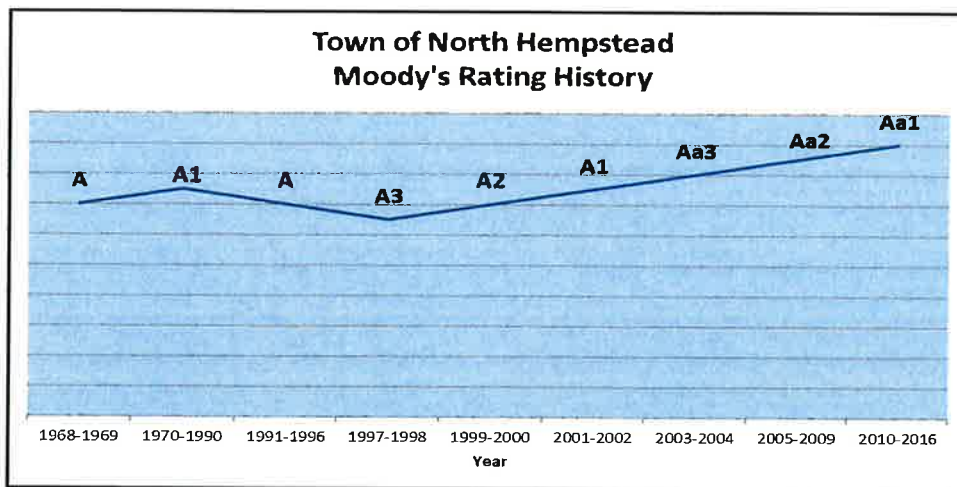
The Town's proximity to New York City also makes it a highly desirable suburban location for commuters, attracted to the ease of access to employment. Residents' access to the Town's highly regarded public, private and parochial schools and overall quality of life is another reason why people choose to live in North Hempstead. In addition, the Town residents are less than a one hour drive from New York City's museums, theaters and other cultural activities.

Impact of Superstorm Sandy on the Town

As a result of Superstorm Sandy (the "Storm") in 2012, the Town sustained damage, mainly from wind, 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 the Town's workforce and outside contractors. Several Town parks and recreational facilities also incurred damage. Town employees undertook emergency protective measures to prepare for and respond to the needs of residents. The Town's costs for emergency protective measures, debris removal and other recovery efforts total approximately \$56 million to date, with the work to continue for several years. Since the Storm, the Town has been reimbursed approximately \$22 million in Federal and State funds. It is expected an additional \$34 million will be reimbursed to the Town in future years for eligible work at North Hempstead Beach Park, Tully Park Aquatic Center and Manorhaven Beach Park.

Long-Term Financial Planning

The Town has achieved an Aa1 bond rating from Moody's Investors Service, affirming the positive outlook.¹ This rating reflects strong fiscal management marked by conservative budgeting and maintenance of solid reserve levels. The Town is committed to remaining fiscally responsible with the goal of maintaining its bond rating in future years.



¹ In 2017, Moody's upgraded the Town to Aaa.

The Town's Capital Plan, which is revised annually, projects the Town's capital projects over the next five years. The estimated cost for each capital project is quantified and the related funding sources identified. This level of granular detail permits Town government to plan with reasonable specificity and budget responsibly, while managing its debt levels.

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 includes the following: Debt Management, Fund Balance, Investment, Purchasing, Capital Asset, Petty Cash and Change Bank, and Employee Reimbursement and Travel. 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 annually.

Major Initiatives

The Town has a significant focus on transparency in government and has made many changes to make information easily available to residents. Specifically:

- Town Board meetings are broadcast live through the Town's website;
- Before Town Board meetings, agendas, and proposed laws, resolutions or ordinances are posted on the Town's website;
- After Town Board meetings, related agendas with votes are posted;
- All Requests for Proposals and Bid items are posted on the Town's website; the awards are also posted after they have been made;
- Town spending is posted in a portal on the website called "Open Gov," which reports dynamically on certain Town financial data;

The Town continues to handle requests for services or information through its 311 calling and tracking system, which received 171,234 resident calls in 2016. Town officials monitor the effectiveness of how the Town addresses constituents' concerns through the management initiative known as "TownStat." In 2016, for the sixth 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.

In 2016, the Town launched its paperless online parking permit and voucher system. Residents of the Port Washington parking district may now purchase parking permits in a convenient and sustainable manner. In 2016, 2,317 permits were purchased through the online system.

The Town has 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 assistance with repairs. Project Independence, which is served by the Town's 311 system, handled 26,481 service requests in 2016, 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.

In 2016, this program was expanded to provide transportation to Town residents with disabilities, the result of a suggestion by the Town's Disability Advisory Committee. Rides are provided on request, to residents with a disability for food shopping and discounted rides for doctor appointments.

The Town's Business, Tourism and Development Corporation, working together with the Arts Advisory Council, held several juried art shows in 2016 for local artists. The artwork which highlighted areas of North Hempstead and its diverse population were displayed in Town Hall for several months.

The Town's Office of Sustainability holds a variety of classes at Clark Botanic Garden to encourage residents to learn to garden greener, save water and use natural fertilizing methods. Classes include "How to Build a Rain Garden," "Native Plant Gardening," a "Recycle the Rain" using rain barrels and "Learn How to Compost."

For the second year the Town's Animal Shelter co-sponsored with not-for-profit The Shelter Connection to offer free microchips to dogs and cats of Town residents through the "Pet Microchip Clinic." Microchipping allows dogs and cats to be electronically identified through a unique, permanent, tamper-proof identification number, increasing the odds of reuniting them with their owners if they became lost or stolen.

This is a service performed for 116 pets in 2016. Also in 2016, for the second year, through its Animal Shelter and in conjunction with the Nassau County Department of Health the Town offered a free rabies clinic. In 2016, 131 pets were treated.

The Town currently has Intermunicipal Agreements ("IMA's") with over 70 municipal entities, including incorporated villages, and school, library, water, water pollution control, and police districts. These agreements cover a broad range of shared 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 established a number of recurring festivals and programs. Amongst the many festivals and events that the Town hosts are:

- **Polar Plunge**, where hundreds of brave souls dive into Hempstead Harbor at North Hempstead Beach Park each winter in support of the Special Olympics;
- **Spring Festival**, a family-friendly event that celebrates spring and the environment at the Town's beautiful Clark Botanic Garden;
- **Asian-American Festival**, celebrates the Town's vibrant Asian culture and diversity;
- **Memorial Day Fireworks**, a commemoration ceremony for the Town's Veterans highlighted by a fireworks display over the water;
- **Summer Concert Series**, the Town presents an exciting schedule of summer concerts, at many of the Town's parks;
- **FunDay Monday**, events for the Town's senior residents featuring fun activities, including live music, line dancing, book club, Zumba and Tai Chi;
- **KidStock**, a day of fun and music for children held at Clark Botanic Garden;
- **BeachFeast**, a celebration of food, spirits and fun at North Hempstead Beach Park;
- **Spooky Walk**, a Halloween celebration featuring a spooky trail through the garden at Clark Botanic Garden;

The Town's TV station, North Hempstead TV (NHTV), broadcasts 24/7 with quality programs that educate and entertain. NHTV was recognized in 2016 by the Alliance for Community Media with an award for the Best Entertainment and Arts Series for the nature show "Off the Trail."

With these cornerstones 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 31, 2015. This was the sixth 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. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's 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.

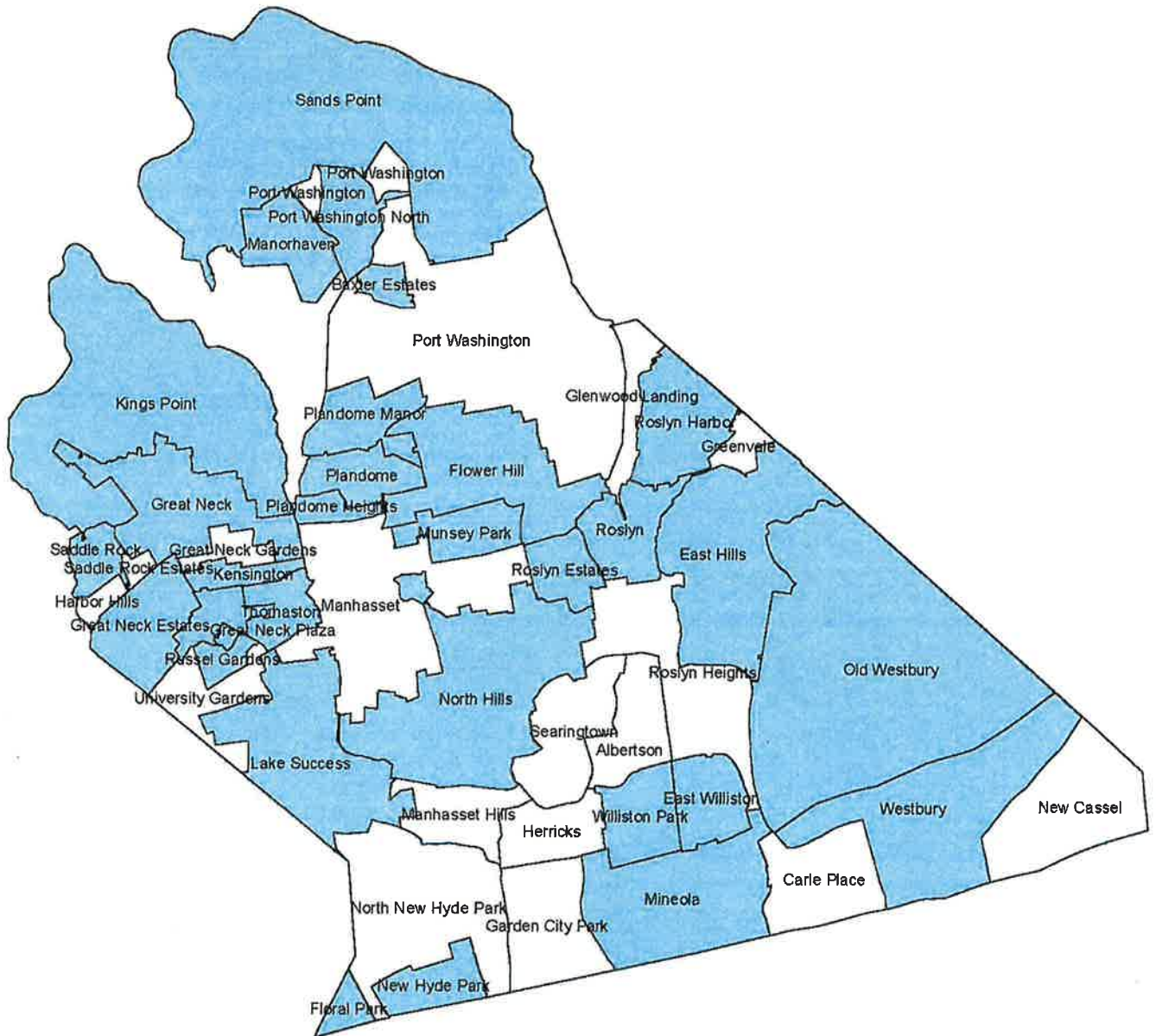
Finally, I would like to thank the Supervisor and Members of the Town Board for their continuing support in planning and conducting the financial operations of the Town of North Hempstead in a responsible manner.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Averil Smith", with a large, stylized flourish extending to the right.

Averil Smith, CPA
Town of North Hempstead
Comptroller

TOWN OF NORTH HEMPSTEAD



TOWN OF NORTH HEMPSTEAD
PRINCIPAL OFFICIALS
December 31, 2016

ELECTED OFFICIALS

TOWN BOARD:

SUPERVISOR

JUDI BOSWORTH

DISTRICT 1 - COUNCILWOMAN

VIVIANA RUSSELL

DISTRICT 2 - COUNCILMAN

PETER J. ZUCKERMAN

DISTRICIT 3 - COUNCILMAN

ANGELO P. FERRARA

DISTRICT 4 - COUNCILWOMAN

ANNA M. KAPLAN

DISTRICT 5 - COUNCILWOMAN

LEE R. SEEMAN

DISTRICIT 6 - COUNCILWOMAN

DINA M. DeGIORGIO

TOWN CLERK:

WAYNE H. WINK, JR.

RECEIVER OF TAXES:

CHARLES BERMAN

APPOINTED OFFICIALS

DEPUTY SUPERVISOR:

ALINE KHATCHADOURIAN

TOWN ATTORNEY:

ELIZABETH BOTWIN

DIRECTOR OF COMMUNICATION:

CAROLE TROTTERE

SENIOR POLICY ADVISOR:

ROBERT J. TROIANO, JR.

INTERGOVERNMENTAL COORDINATOR:

RACHAEL BRINN

DIRECTOR OF LEGISLATIVE AFFAIRS:

STEPHANIE HEANEY

DIRECTOR OF PURCHASING:

MOIRA LABARBERA

DIRECTOR OF FINANCE:

JESSICA LAMENDOLA

DIRECTOR OF CONSTITUENT AFFAIRS:

STEPHEN MAZZA

DIRECTOR OF SUSTAINABILITY:

ERIN REILLEY

COMMISSIONER OF PUBLIC SAFETY (*acting*):

SHAWN BROWN

COMMISSIONER OF COMMUNITY SERVICES and DEPARTMENT OF SERVICES OF THE AGING (DOSA):

KIMBERLY A. CORCORAN - GALANTE

COMMISSIONER OF PUBLIC WORKS:

PAUL DIMARIA

SUPERINTENDENT OF HIGHWAYS (*acting*):

JOSEPH GERACI

COMMISSIONER OF INFORMATION TECHNOLOGY:

DANIEL GUILLERMO

COMMISSIONER OF ADMINISTRATIVE SERVICES:

PETER M. HODA

EXECUTIVE DIRECTOR OF SOLID WASTE MANAGEMENT:

ROBERT LANGE

COMMISSIONER OF PLANNING:

MICHAEL A. LEVINE

COMMISSIONER OF 311 CALL CENTER

VINCENT MALIZIA

COMMISSIONER OF BUILDINGS:

JOHN NIEWENDER

COMPTROLLER:

AVERIL SMITH

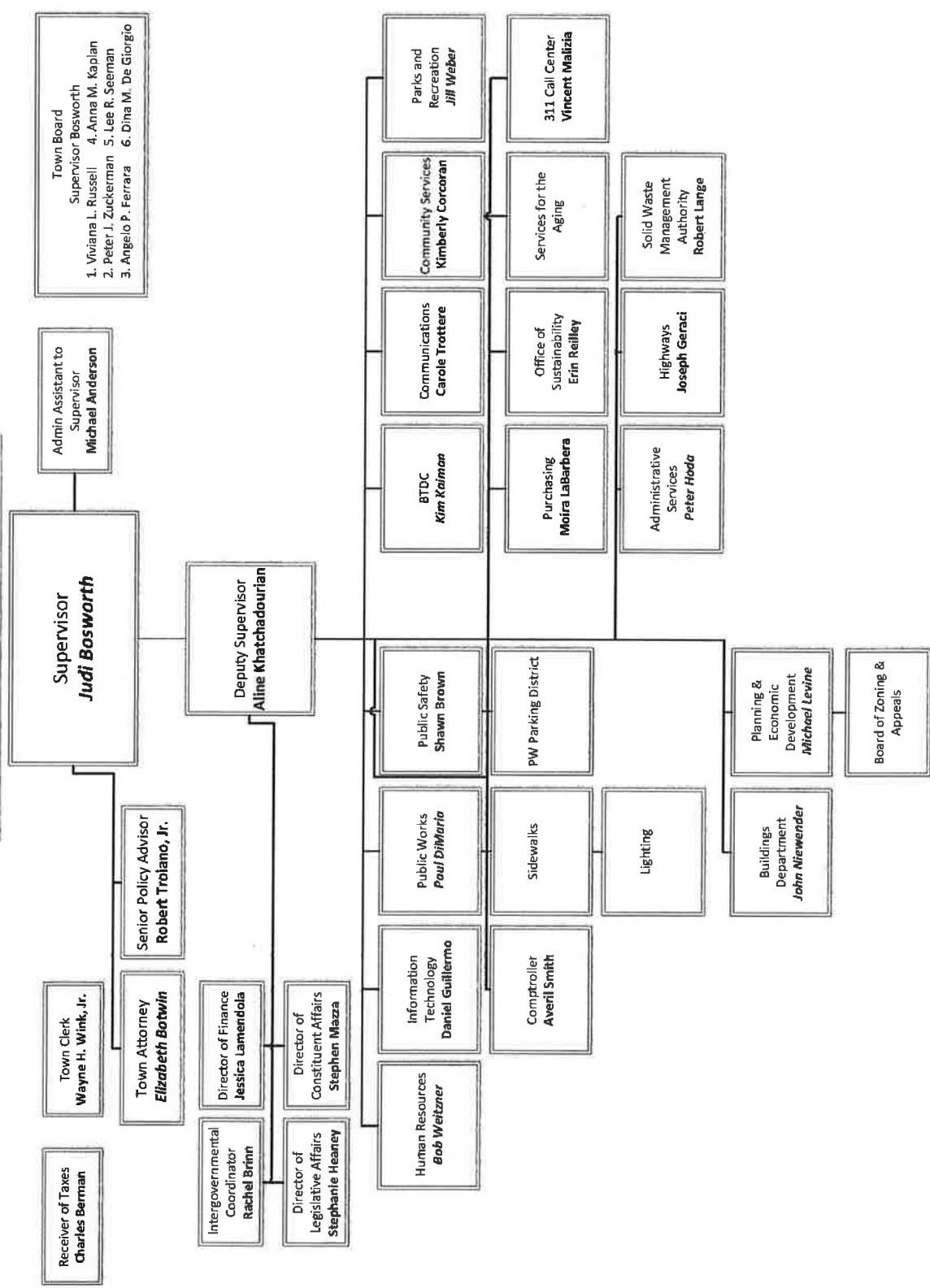
COMMISSIONER OF PARKS & RECREATION:

JILL WEBER

COMMISSIONER OF HUMAN RESOURCES:

ROBERT WEITZNER

Town of North Hempstead Organizational Chart 2016





Government Finance Officers Association

**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, 2015

Executive Director/CEO

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**FINANCIAL
SECTION**



CERTIFIED PUBLIC ACCOUNTANTS

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 nonmajor 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, 2016, 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 nonmajor 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 95.4%, 95.2% and 94.8% respectively, of the assets, net position and revenues of the aggregate discretely presented nonmajor 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 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, 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, which are discretely presented nonmajor component units, 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 basic financial statements are free of material misstatement.

PERSONAL SERVICE. TRUSTED ADVICE.

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

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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 nonmajor component units, each major fund and the aggregate remaining fund information of the Town of North Hempstead, New York as of December 31, 2016, 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, schedule of pension contributions for the pension plan, schedule of proportionate share of the net pension liability for the pension plan, schedule 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 basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. 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 June 29, 2017, 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, Viggiano, Zureck & Company, P.C.

Hauppauge, New York
June 29, 2017

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis

TOWN OF NORTH HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2016

The management of the Town of North Hempstead (the "Town") provides this narrative overview and analysis of the Town's financial statements for the year ended December 31, 2016. We encourage readers to consider the information presented here together with additional information furnished in our letters of transmittal, which can be found in the introductory section of this comprehensive annual financial report (CAFR).

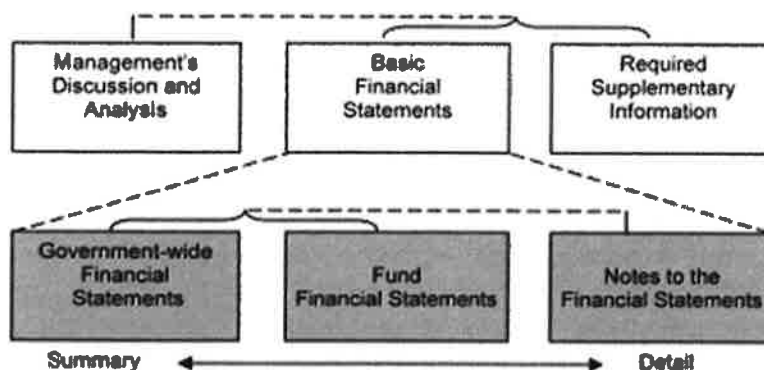
FINANCIAL HIGHLIGHTS

- The Town closed the year with a positive net position. Its assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of 2016 by \$175,020,580. The Town's total net position at December 31, 2016 increased by \$4,591,630 over the previous year.
- As of the close of 2016, the Town's governmental funds reported combined ending fund balance of \$43,768,997 an increase of \$53,154,137 when compared to the fund deficit of \$9,385,140 at the end of 2015. The issuance of long-term bonds of \$54,591,465 in 2016 significantly impacted the combined governmental fund balance. As a result of the bond issuance, the capital projects fund balance changed from a deficit of \$42,319,456 in 2015 to a fund balance of \$5,409,074 at the end of 2016.
- As of the close of 2016, the Town reduced its total outstanding debt by \$3,818,125. Short-term debt was reduced by \$42,094,365, while long-term debt increased by \$38,276,240 over the prior year. This change is part of the Town's strategy to lock in lower interest rates as it manages its debt. The debt reduction over the past two years is \$13,960,604.
- The Town's general fund balance was \$14,318,310 at the close of 2016, an increase of \$2,626,851 or up 22.5% from the prior year fund balance. This increase was mainly because mortgage tax and payments in lieu of taxes ("PILOTS") receipts were higher than 2015 by \$1,858,057 and \$648,524, respectively. The assigned and unassigned fund balance for the general fund was \$11,822,803 or 17.2% of total general fund actual expenditures and other uses.
- The Town's highway fund balance was \$6,996,080 at the close of 2016, an increase of \$1,559,186 or up 28.7% from the prior year. This increase was mainly due to an increase in payments in lieu of taxes of \$1,118,805 and a decrease in snow removal expenses of \$475,143 in 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is 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, 2016

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. These statements include both the governmental activities of the Town itself (known as the primary government) and of its legally separate nonmajor component units for which the Town is financially accountable. Financial information for these nonmajor component units is reported separately (discretely presented) from the financial information presented for the primary government.

The Statement of Net Position presents financial information on all of the Town's assets, liabilities and deferred inflows/outflows of resources 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 non-financial 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 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.

Governmental Activities

The Town's basic services are reported here, including: general government support; highways; sidewalks; public safety; transportation; fire; lighting; parks; refuse and garbage; 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 users to help cover the cost of certain services.

Program expenses for our report purposes are broadly categorized by function in the Statement of Activities. Below is a more comprehensive list of the primary governmental services included within these categories:

- **General governmental support** – captures all other expenses not included below
- **Education** – community college tuition payments
- **Public safety** – animal shelter, building, code enforcement, emergency management services, fire protection, parking enforcement, security
- **Health** – registrar of vital statistics
- **Transportation** – highway, lighting, public parking, sidewalk and snow removal
- **Economic assistance and opportunity** – community services, programs for the aging and veterans
- **Culture and recreation** – parks, pools and special recreation facilities
- **Home and community services** – board of appeals, landfill, planning board, sanitation and water

Nonmajor Component Units

The nonmajor 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). They are legally separate entities that are not operating departments of the Town. All of the Town's component units are deemed to be nonmajor.

Information on separately issued financial statements is shown in Note 5 to the financial statements.

TOWN OF NORTH HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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.

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 twelve (12) 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 major funds. The Town has five (5) major funds, however, for purposes of the presentation of the Town's financials and ease of comparison with earlier years, the part town and highway funds, which comprise the town outside village fund, are presented as separate funds. These funds have been combined by operation of State law. The general fund, solid waste management authority (SWMA), debt service funds, capital projects fund and town outside village (TOV) 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 for either the capital projects fund or 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.

TOWN OF NORTH HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found following the basic financial statements.

Other Information

In addition to the basic financial statements this report contains required and other supplementary information immediately following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's net position, including all capital assets, all debt, and all known future payment obligations, is positive. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$175,020,580 at the close of 2016.

Condensed Statement of Net Position
Governmental Activities - Primary Government
as of December 31,

	2016	2015
Current and other assets:		
Current assets	\$ 70,007,368	\$ 69,499,343
Capital assets, net	401,093,003	402,178,921
Other non-current assets	7,516,914	2,880,000
Total assets	478,617,285	474,558,264
Deferred outflows of resources	19,671,816	5,050,921
Current and other liabilities:		
Current liabilities	54,056,965	101,025,521
Long-term liabilities	267,104,954	208,118,280
Total liabilities	321,161,919	309,143,801
Deferred inflows of resources	2,106,602	36,434
Net position:		
Net investment in capital assets	242,330,248	239,681,379
Restricted	6,470,022	
Unrestricted	(73,779,690)	(69,252,429)
Total net position	\$ 175,020,580	\$ 170,428,950

By far the largest portion of the Town's net position, \$242,330,248, reflects its net investment in capital assets (e.g. land, buildings, machinery and equipment, intangibles - software and infrastructure); less any outstanding debt used to acquire these assets. The Town uses its capital assets to provide services to its citizens; consequently the Town has no plans to sell the assets and it pays the associated principal and interest from its operating budget.

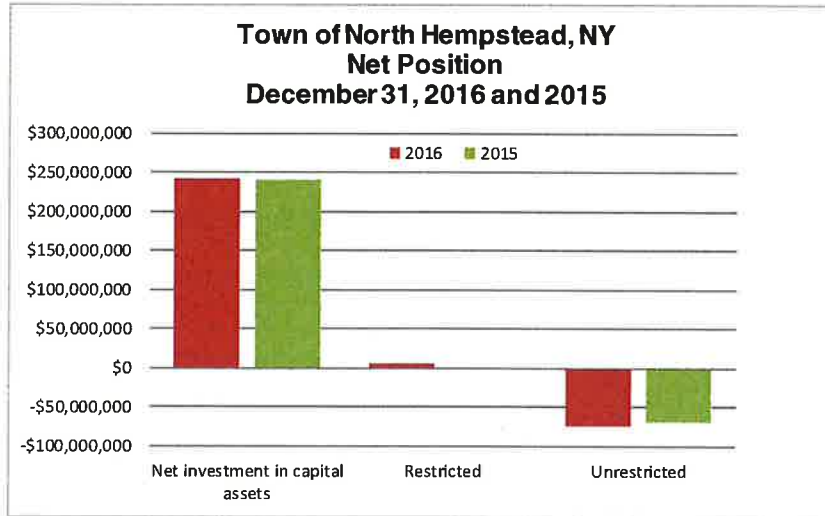
The Town's obligation to its current and future retirees for postemployment health care benefits (OPEB) has been calculated at \$74,824,759 for 2016. The OPEB liability continues to grow and increased in 2016 by \$8,284,849. Additional information on postemployment benefit healthcare costs can be found in Note 3.F to the financial statements.

The OPEB liability is the largest component of the Town's unrestricted net position, which has a deficit balance of \$73,779,690.

TOWN OF NORTH HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The other components are primarily similar long-term liabilities, which include bonds payable, future payments due to the employees' retirement system, compensated absences, claims and judgments, landfill closure and postclosure care costs and net pension liability – proportionate share. OPEB and these other long term obligations will be funded as they become payable in future periods.



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

	2016	2015
Program Revenues		
Charges for services	\$ 32,345,509	\$ 32,739,104
Operating grants and contributions	1,176,467	2,785,051
Capital grants and contributions	1,501,146	870,020
	<u>35,023,122</u>	<u>36,394,175</u>
General Revenues		
Real property taxes	73,724,772	73,161,136
Real property tax items	5,681,740	2,573,825
Non-property tax items	13,632,320	13,554,251
Mortgage tax	9,556,463	7,698,406
State aid - unrestricted	1,023,565	1,023,565
Other	3,164,226	3,091,289
	<u>106,783,086</u>	<u>101,102,472</u>
Total Revenues	<u>141,806,208</u>	<u>137,496,647</u>
Program Expenses		
General government support	28,779,266	28,189,765
Education	2,325,386	2,199,528
Public safety	15,129,393	14,292,840
Health	390,993	427,110
Transportation	23,473,504	24,270,255
Economic assistance and opportunity	3,798,866	3,626,479
Culture and recreation	28,423,638	26,621,444
Home and community services	29,671,225	27,259,608
Interest on debt	5,222,307	5,812,532
	<u>137,214,578</u>	<u>132,699,561</u>
Total Expenses	<u>137,214,578</u>	<u>132,699,561</u>
Change in Net Position	<u>4,591,630</u>	<u>4,797,086</u>
Net Position - Beginning, as Restated	<u>170,428,950</u>	<u>165,631,864</u>
Net Position - Ending	<u>\$ 175,020,580</u>	<u>\$ 170,428,950</u>

Net position, from all governmental activities, increased by \$4,591,630 in the current year.

TOWN OF NORTH HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Key element(s) of the governmental activities are as follows:

- o Program revenues decreased by \$1,371,053 from the prior year. The primary cause for this decrease was revenues for federal and state reimbursements for Superstorm Sandy were lower by \$948,990 because of the timing of related expenditures. Reduction in departmental revenue for solid waste of \$327,603 also contributed to the overall decline from the previous year.
- o General revenues had a net increase of \$5,680,614 over the prior year. One key component of this increase was mortgage tax revenues increased \$1,858,057, which was driven by economic conditions, consumer spending and housing market conditions. An increase of \$3,107,915 in real property tax items related to payment in lieu of taxes (PILOTs) was due to a transfer of Long Island Power Authority ("LIPA") parcels from the property tax levy to adhere to a state statute. Property tax increased \$563,636 as approved by the Town Board and Nassau County local government assistance revenues (sales taxes) increased by \$190,808.
- o Program expenses increased by \$4,515,017 over the prior year. Home and community services expenses increased by \$2,411,617 mainly due to increases in the liability for monitoring and maintenance for landfill closure and postclosure care costs. Public safety and culture and recreation increased by \$836,553 and \$1,802,194, respectively, mainly due to increases in expenses in relation to pension related items. Culture and recreation additionally increased due to increased parks, recreation and youth activities. Program expenses were lower by \$796,751 for transportation, which was mainly, driven by lower snow removal cost. Interest on debt was also lower by \$590,225 than in 2015.

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

Net Cost of Services
Governmental Activities - Primary Government
for the years ended December 31,

	Total Cost of Services		Program Revenue		Net Cost of Services	
	2016	2015	2016	2015	2016	2015
General government support	\$ 28,779,266	\$ 28,189,765	\$ 438,798	\$ 691,301	\$ 28,340,468	\$ 27,498,464
Education	2,325,386	2,199,528			2,325,386	2,199,528
Public safety	15,129,393	14,292,840	4,521,962	4,333,981	10,607,431	9,958,859
Health	390,993	427,110	302,800	262,706	88,193	164,404
Transportation	23,473,504	24,270,255	2,269,340	2,688,400	21,204,164	21,581,855
Economic assistance and opportunity	3,798,866	3,626,479	455,297	141,749	3,343,569	3,484,730
Culture and recreation	28,423,638	26,621,444	10,239,086	10,212,388	18,184,552	16,409,056
Home and community services	29,671,225	27,259,608	16,795,839	18,063,650	12,875,386	9,195,958
Interest on debt	5,222,307	5,812,532			5,222,307	5,812,532
	<u>\$ 137,214,578</u>	<u>\$ 132,699,561</u>	<u>\$ 35,023,122</u>	<u>\$ 36,394,175</u>	<u>\$ 102,191,456</u>	<u>\$ 96,305,386</u>

The total cost of all governmental activities this year was \$137,214,578. The net cost of these services was \$102,191,456. Program revenues of \$35,023,122 represented 25.5% of the governmental activity cost.

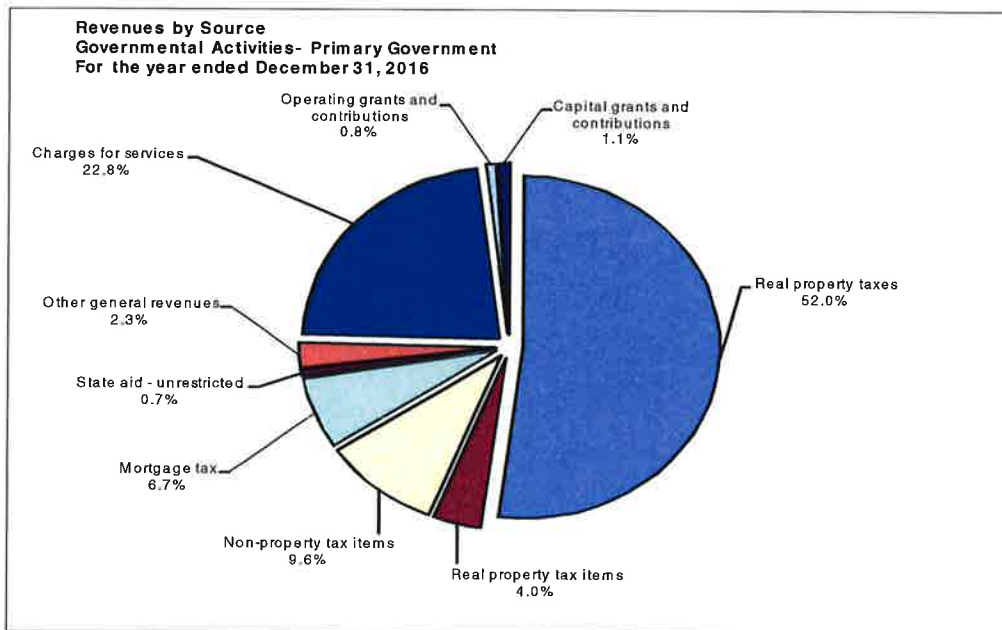
The following chart illustrates the revenues by source for the Town's governmental funds. The Town's revenue increased by \$4,309,561 over the prior year, primarily because of the increase in mortgage tax of \$1,858,057 and PILOTs of \$3,107,915 offset by decreases in federal and state aid reimbursements of \$948,990.

TOWN OF NORTH HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Revenue by Source - Primary Government
 Year ended December 31, 2016

	2016
Real property taxes	\$ 73,724,772
Real property tax items	5,681,740
Non-property tax items	13,632,320
Mortgage tax	9,556,463
State aid - unrestricted	1,023,565
Other general revenues	3,164,226
Charges for services	32,345,509
Operating grants and contributions	1,176,467
Capital grants and contributions	1,501,146
	\$ 141,806,208



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

Governmental Funds

The report on the Town's governmental funds provided information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, spendable fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the year. There are no restrictions that are expected to have a significant effect on the availability of fund resources for future use.

At December 31, 2016, the Town's governmental funds reported total ending fund balance of \$43,768,997, as compared to deficit of \$9,385,140 at December 31, 2015, an increase of \$53,154,137. This change in total governmental fund balances was due principally to the long-term bonds acquired in 2016. Below is the breakdown of the governmental fund balance:

- **Nonspendable fund balance** – \$3,357,957 (inherently nonspendable) includes the portion of net resources that cannot be spent because they must be maintained intact.
- **Restricted fund balance** – \$6,470,022 (externally enforceable limitations on use) includes amounts subject to limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments.

TOWN OF NORTH HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Governmental Funds (continued)

- **Assigned fund balance** – \$26,731,936 (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** – \$7,209,082 (residual net resources) is the total fund balance in the general fund and capital projects fund in excess of nonspendable and assigned fund balance.

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 \$14,318,310, increasing \$2,626,851 or 22.5% from the prior year's fund balance. Of this amount, \$2,495,507 is nonspendable (long-term receivables, inventory and prepaids). The remaining \$11,822,803 of the fund balance is spendable as follows: \$3,552,773 has been assigned by the Town Board, (\$744,019 for workers' compensation, \$722,834 for insurance, \$1,189,487 for senior housing related programs, \$274,333 for capital projects and \$622,100 for 2017 budget) and \$8,270,030 represents spendable, unassigned fund balance.

The major components of the increase versus the adopted budget were as follows:

- Revenues and other financing sources were higher than budgeted by \$4,481,956. Mortgage tax actual revenues were higher than budget by \$2,106,463 due to the real estate related economic activity in the Town. Federal and State aid revenues, exclusive of mortgage tax exceeded budgeted amounts by \$548,700, PILOTs exceeded budgeted amounts by \$647,942 and unanticipated insurance recoveries of \$280,808 also contributed to the positive variance. Lower than budgeted franchise fees of \$188,119, Nassau County local government assistance revenues (sales tax) of \$92,061 and golf course revenues of \$396,087, offset these positive variances. The general fund other financing sources also reflects \$1,734,129 of unbudgeted funds transferred in to facilitate early payoff of certain bond anticipation notes, with the offsetting expenditure included in the general fund as other financing uses.
- Expenditures, excluding the transfer to pay off the debt discussed in the previous paragraph, were favorable to budget by \$274,516. Several departments had favorable spending variances including Comptroller, Department of Services for the Aging, Department of Information Technology, Department of Public Safety, Unallocated Insurance and Town Attorney of \$302,854, \$151,239, \$115,129, \$130,253, \$152,100 and \$177,401, respectively. These positive variances reflects spending discipline and restraint across the Town. These positive variances were partially offset by the unfavorable spending experienced for community college and workers' compensation expenditures of \$775,385 and \$168,404, respectively.

Highway Fund

At the end of 2016, the highway fund balance was \$6,996,080, an increase of \$1,559,186, or 28.7%, from the prior year. Of this amount, \$516,320 is nonspendable for inventory and prepaid expenses (\$208,616 and \$307,704, respectively). The remaining fund balance is spendable and available for highway operating purposes except for \$1,190,789 which has been assigned by the Town Board for capital projects and the subsequent year's budget (\$150,000 and \$1,040,789, respectively).

The main reasons for the fund balance increase of \$1,599,186 are as follows:

- Excluding other financing sources of \$1,424,000, transferred-in to the highway fund to facilitate early payoff of certain bond anticipation notes, revenues in the highway fund exceeded budget by \$1,361,581. This increase was mainly due to PILOTs revenue exceeding budget by \$1,117,908. Other revenue drivers were unbudgeted Federal and State aid payments totaling \$106,521. Revenues for work performed for other departments exceeded 2016 budget by \$105,767. Sale of equipment, transportation services and miscellaneous permits exceeded budget by \$50,760, \$49,836, and \$10,288, respectively.

TOWN OF NORTH HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Governmental Funds (continued)

Highway Fund (continued)

- Excluding other financing uses of \$1,424,000 included in the highway fund debt expenditures for early payoff of certain bond anticipation notes discussed in the previous paragraph, expenditures were generally in line with budget.

Solid Waste Management Authority

At the end of 2016, the total fund balance of the Solid Waste Management Authority was \$2,737,657, decreasing by \$18,034, or less than one percent, from the prior year. Except for \$18,016 in non-spendable form for inventory, \$384,183 is assigned for the 2017 budget and the remaining amount is spendable and available for solid waste management purposes.

In 2016, reduced solid waste tonnage processed drove a decline in actual revenues and related expenditures of \$666,227 and \$648,193, respectively. This caused the small decrease in fund balance at the end of 2016.

Part Town

At the end of 2016, the part town fund had a total assigned for part town purposes fund balance of \$5,904,231, of which \$332,633 is assigned for the 2017 budget. Except for \$247,029 in non-spendable form for prepaids, the total fund balance of the part town fund was \$6,151,260, an increase of \$286,847, or 4.9%.

- Part town revenues came in \$38,506 over budget primarily because of \$379,520 in higher than anticipated PILOTs which were offset by lower than expected parking enforcement revenues and state aid, which were \$295,042 and \$75,000 below budget, respectively.
- Favorable spending variances of \$248,341 added to this favorable variance. This was primarily driven by use of "in-house" counsel for professional services, personnel temporarily utilized in other funds and unused contingency of \$63,500, \$76,681 and \$62,187, respectively.

Capital Projects Fund

At the end of 2016, the total fund balance of the capital projects fund was \$5,409,074. Of this amount, \$6,470,022 is restricted for certain capital projects. The remaining (\$1,060,948) is unassigned.

The balance increased in the capital projects fund by \$47,728,530 during the current year. Primarily because of:

- Proceeds from the sale of bonds in the amount \$54,591,465.
- Capital outlay and equipment expenditures were \$11,719,397.
- Bond anticipation notes were redeemed from appropriations of \$5,925,209.
- State and Federal Aid revenues were \$859,456.

Nonmajor Governmental Funds

At the end of 2016, the total fund balance of the nonmajor governmental funds was \$5,856,682, increasing \$1,409,990 or 31.7%, from the prior year. Of this amount, \$81,085 is non-spendable for prepaids. The remaining \$5,775,597 of the fund balance is assigned and spendable as follows: \$1,264,593 for 2017 budgeted expenditures, \$944,789 for long term receivables and \$3,566,215 of fund balance is assigned for nonmajor governmental fund purposes in their respective funds.

The primary reasons for the positive variance over budget were as follows:

- Port Washington public parking had favorable revenue variances against the budget for meter, parking lot and parking permit revenues of \$72,892, \$53,666, and \$34,760, respectively. Board approved fee increases was the primary cause of this change.

TOWN OF NORTH HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Governmental Funds (continued)

Nonmajor Governmental Funds (continued)

- The lighting district had positive variance in payroll and payroll related expenditures of \$64,209 as there was no longer a dedicated full time employee assigned to the district. Additionally, the lighting district operations spent \$53,193 less than budgeted for capital outlay.
- The park districts' federal aid revenues in 2016 exceeded budget by \$124,686.
- At the end of 2016, \$181,194 of the budgeted contingency remained unused collectively by the nonmajor governmental funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The differences between the 2016 original budget and the final amended budget as adopted by Town Board resolution throughout the year were de minimis. 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. Over the course of the year the Town Board revises the budget as needed so that expenditures do not exceed appropriations.

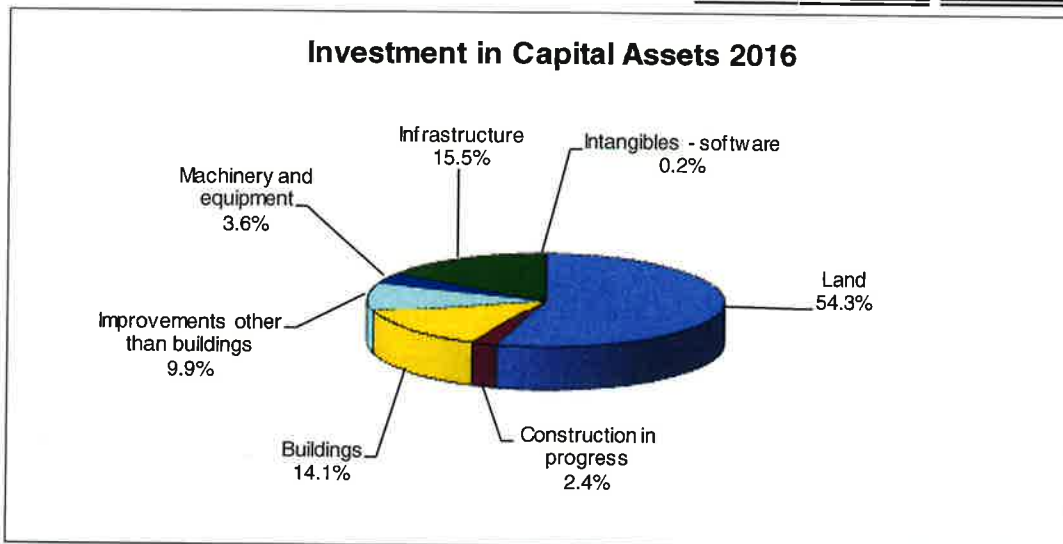
CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's net investment in capital assets for its governmental type activities as of December 31, 2016 amounts to \$401,093,003. This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, roads, curb and sidewalks, drainage, street lighting and intangibles.

Capital Assets - Net of Depreciation
 as of December 31,

	Governmental Activities	
	2016	2015
Land	\$ 217,629,085	\$ 217,620,646
Construction in progress	9,736,935	8,720,199
Buildings	56,400,426	58,253,723
Improvements other than buildings	39,656,542	38,016,433
Machinery and equipment	14,605,981	14,707,347
Infrastructure	62,374,302	64,182,980
Intangibles - software	689,732	677,593
Total Capital Assets	\$ 401,093,003	\$ 402,178,921



TOWN OF NORTH HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2016

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 a five-year capital plan. The five-year plan allows for continued improvements to infrastructure, buildings and equipment while issuing and managing Town debt. The capital plan is revised, updated, and re-adopted annually.

Debt

At the end of 2016, the Town had reduced total debt outstanding including serial bonds, revenue bonds, and bond anticipation notes (BANs) by \$3,818,125 from the prior year.

Short-Term Debt

As of December 31, 2016, the Town had outstanding short-term bond anticipation notes of \$18,852,081 with maturity dates in 2017. This is a decrease of \$42,094,365, or 69.1% from 2015 largely due to the conversion of BANS to long-term debt.

Outstanding Short-Term Debt
as of December 31,

	Governmental Activities	
	2016	2015
Bond anticipation notes	\$ 18,852,081	\$ 60,946,446
Total	\$ 18,852,081	\$ 60,946,446

Long-Term Debt

As of December 31, 2016, the Town had outstanding long-term bonded debt of \$161,001,005. This is an increase of \$38,276,240, or 31.2%, over the prior year as a result of conversion of BANS to long-term debt. Outstanding long-term bonds are as follows:

Outstanding Long-Term Debt
as of December 31,

	Governmental Activities	
	2016	2015
General obligation bonds	\$ 159,240,091	\$ 120,113,309
Revenue bonds	1,760,914	2,611,456
Total	\$ 161,001,005	\$ 122,724,765

In 2016, Moody's Investment Services upgraded the Town's credit rating to "Aa1" with a positive outlook. In 2017 the Town's credit rating was upgraded to "Aaa". This is the highest available rating.

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. The Town may contract for indebtedness only for a Town.

The State Constitution and statutes limit the amount of general obligation debt a governmental entity may issue to 7% of a 5-year average full valuation. As of December 31, 2016, the Town had exhausted 7.70% of its constitutionally available debt limit, which is \$3,348,986,662.

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

TOWN OF NORTH HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Property Tax

The Town Board adopted a budget for 2017 that stayed within the 0.68% limit on property tax increases permitted by state law without a super-majority vote.

State Aid and Local Assistance

The Town receives financial assistance from New York State and Nassau County. The 2017 budget includes mortgage tax of \$7,700,000; State aid - per capita of \$1,023,565 and local government assistance (sales tax) of \$11,430,000. 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. After 2017, the legislation providing for County local government assistance expires.

Collective Bargaining

The Town's Union employees are represented by a collective bargaining agreement with the Civil Service Employees Association, Local 1000, AFSCME, AFL-CIO. The collective bargaining agreement expired on December 31, 2016 and is currently under negotiations.

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.

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BASIC FINANCIAL STATEMENTS

TOWN OF NORTH HEMPSTEAD
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET POSITION
December 31, 2016

	Primary Governmental Activities	Nonmajor Component Units
ASSETS		
Current Assets:		
Cash and investments	\$ 58,727,760	\$ 47,917,200
Cash - restricted		15,389,958
Accounts receivable, net of allowances	2,749,164	3,211,208
Prepays	1,519,222	2,255,675
State and federal aid receivables	1,076,727	
Due from other governments	5,369,257	2,333,385
Due from primary government		23,864,566
Inventory of materials and supplies	565,238	632,285
Total Current Assets	70,007,368	95,604,277
Non-Current Assets:		
Due from other governments	4,576,914	
Notes receivable	2,940,000	
Loan Receivable		1,199,970
Property held for resale		1,611,146
Capital assets not being depreciated	227,366,020	50,580,448
Capital assets, net of accumulated depreciation	173,726,983	212,561,536
Total Non-Current Assets	408,609,917	265,953,100
Total Assets	478,617,285	361,557,377
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding		36,739
Pensions	19,671,816	22,639,760
Total Deferred Outflows of Resources	19,671,816	22,676,499

(continued)

TOWN OF NORTH HEMPSTEAD
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET POSITION
December 31, 2016

	Primary Governmental Activities	Nonmajor Component Units
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	10,822,289	6,739,747
Accrued interest payable	1,986,830	701,444
Bond anticipation notes payable	18,852,081	26,946,116
Due to other governments	1,910,690	251,611
Due to primary government		10,392
Unearned revenue	373,734	3,628,413
Other liabilities		537,292
General obligation bonds payable	16,631,603	9,091,183
Revenue bonds payable	870,332	
Due to employees' retirement system	781,950	1,100
Compensated absences	255,257	112,216
Claims and judgments payable	641,000	
Estimated liability for landfill closure and postclosure care costs	931,199	
Installment purchase debt		95,267
Total Current Liabilities	54,056,965	48,114,781
Non-Current Liabilities due in more than one year:		
Unearned revenue		177,713
General obligation bonds payable	146,287,864	122,512,733
Revenue bonds payable	890,582	
Due to employees' retirement system	5,019,432	6,354
Compensated absences	4,849,886	11,581,888
Claims and judgments payable	4,647,377	
Estimated liability for landfill closure and postclosure care costs	12,844,027	
Installment purchase debt		506,897
Net pension liability - proportionate share	17,741,027	18,403,100
Postemployment benefits healthcare costs	74,824,759	66,467,859
Total Non-Current Liabilities	267,104,954	219,656,544
Total Liabilities	321,161,919	267,771,325
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows, loans receivable		398,709
Pensions	2,106,602	2,532,445
Total Deferred Inflows of Resources	2,106,602	2,931,154
NET POSITION		
Net investment in capital assets	242,330,248	117,154,732
Restricted for debt service	6,470,022	21,848,797
Unrestricted	(73,779,690)	(25,472,132)
Total Net Position	\$ 175,020,580	\$ 113,531,397

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, 2016

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Government Activities:				
General government support	\$ 28,779,266	\$ 438,798		
Education	2,325,386			
Public safety	15,129,393	4,421,971		\$ 99,991
Health	390,993	282,800	\$ 20,000	
Transportation	23,473,504	1,478,194	2,984	788,162
Economic assistance and opportunity	3,798,866	43,497	411,800	
Culture and recreation	28,423,638	9,466,886	159,207	612,993
Home and community services	29,671,225	16,213,363	582,476	
Interest on debt	5,222,307			
Total Primary Government	\$ 137,214,578	\$ 32,345,509	\$ 1,176,467	\$ 1,501,146
Nonmajor Component Units				
Public safety	\$ 22,611,892	\$ 3,706	\$ 67,385	
Culture and recreation	24,879,309	5,159,661	20,000	\$ 90,000
Home and community services	57,414,324	23,464,297	1,198,637	104,000
	\$ 104,905,525	\$ 28,627,664	\$ 1,286,022	\$ 194,000

General Revenues

Real property taxes
Real property tax items
Non-property tax items
Nassau County local government assistance
Interest and earnings - unrestricted
Interest and earnings - restricted
Mortgage tax
Sale of property and compensation for loss
State aid - unrestricted
Federal aid
Other

Total General Revenues

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

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

Net (Expenses) Revenues and
Changes in Net Position

Primary Government	Nonmajor Component Units
\$ (28,340,468)	
(2,325,386)	
(10,607,431)	
(88,193)	
(21,204,164)	
(3,343,569)	
(18,184,552)	
(12,875,386)	
(5,222,307)	
<u>(102,191,456)</u>	
	\$ (22,540,801)
	(19,609,648)
	<u>(32,647,390)</u>
	<u>(74,797,839)</u>
73,724,772	71,524,617
5,681,740	2,398,146
2,394,381	183,341
11,237,939	
228,531	1,296,687
	18,278
9,556,463	
	222,639
1,023,565	
	8,534
<u>2,935,695</u>	<u>814,910</u>
<u>106,783,086</u>	<u>76,467,152</u>
<u>4,591,630</u>	<u>1,669,313</u>
<u>170,428,950</u>	<u>111,862,084</u>
<u>\$ 175,020,580</u>	<u>\$ 113,531,397</u>

TOWN OF NORTH HEMPSTEAD
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

	MAJOR FUNDS				
	General	Highway	Solid Waste Management Authority	Part Town	Debt Service
ASSETS					
Cash and investments	\$ 12,190,071	\$ 5,349,825	\$ 2,377,773	\$ 6,159,222	\$ 2,324,166
Accounts receivable, net of allowances	1,320,672	66,615	1,293,143	67,556	
Prepays	883,404	307,704		247,029	
Due from other funds	865,337	1,687,439	3,250,181	38,713	11
State and federal aid receivable	302,758	68,843	110,903		
Due from other governments	6,457,248	16,246		169,260	
Inventory of materials and supplies	338,606	208,616	18,016		
Total Assets	<u>\$ 22,358,096</u>	<u>\$ 7,705,288</u>	<u>\$ 7,050,016</u>	<u>\$ 6,681,780</u>	<u>\$ 2,324,177</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 2,451,485	\$ 668,904	\$ 2,900,848	\$ 455,840	\$ 24,243
Bond anticipation notes payable					
Due to other governments	1,836,010			74,680	
Due to other funds	3,383,847	37,659	1,408,866		
Unearned revenue	368,444	2,645	2,645		
Total Liabilities	<u>8,039,786</u>	<u>709,208</u>	<u>4,312,359</u>	<u>530,520</u>	<u>24,243</u>
FUND BALANCES					
Nonspendable	2,495,507	516,320	18,016	247,029	
Restricted					
Assigned	3,552,773	6,479,760	2,719,641	5,904,231	2,299,934
Unassigned	8,270,030				
Total Fund Balances	<u>14,318,310</u>	<u>6,996,080</u>	<u>2,737,657</u>	<u>6,151,260</u>	<u>2,299,934</u>
Total Liabilities and Fund Balances	<u>\$ 22,358,096</u>	<u>\$ 7,705,288</u>	<u>\$ 7,050,016</u>	<u>\$ 6,681,780</u>	<u>\$ 2,324,177</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>
\$ 24,029,529	\$ 6,297,174	\$ 58,727,760
	1,178	2,749,164
	81,085	1,519,222
368,917	23,268	6,233,866
527,290	66,933	1,076,727
	3,303,417	9,946,171
		565,238
<u>\$ 24,925,736</u>	<u>\$ 9,773,055</u>	<u>\$ 80,818,148</u>
\$ 1,581,505	\$ 1,595,955	\$ 9,678,780
17,108,199	1,743,882	18,852,081
		1,910,690
826,958	576,536	6,233,866
		373,734
<u>19,516,662</u>	<u>3,916,373</u>	<u>37,049,151</u>
	81,085	3,357,957
6,470,022		6,470,022
	5,775,597	26,731,936
<u>(1,060,948)</u>		<u>7,209,082</u>
<u>5,409,074</u>	<u>5,856,682</u>	<u>43,768,997</u>
<u>\$ 24,925,736</u>	<u>\$ 9,773,055</u>	<u>\$ 80,818,148</u>

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TOWN OF NORTH HEMPSTEAD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
December 31, 2016

Total Fund Balances - Governmental Funds		\$ 43,768,997
Amounts reported for governmental activities in the Statement of Net Position are different because:		
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.		2,940,000
Capital assets less accumulated depreciation are included in the Statement of Net Position:		
Capital assets - non-depreciable	\$ 227,366,020	
Capital assets - depreciable	403,013,619	
Accumulated depreciation	<u>(229,286,636)</u>	
		401,093,003
Deferred outflows of resources related to pensions are not recorded in the governmental funds.		19,671,816
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period, and accordingly, are not reported in the funds. However these liabilities are included in the Statement of Net Position:		
General obligation bonds payable	(159,240,091)	
Premiums on debt issuance	(3,679,376)	
Revenue bonds payable	(1,760,914)	
Due to employees' retirement system	(5,801,382)	
Compensated absences	(5,105,143)	
Claims and judgments payable	(5,288,377)	
Estimated liability for landfill closure and postclosure care costs	(13,775,226)	
Net pension liability - proportionate share	(17,741,027)	
Postemployment benefits healthcare costs	(74,824,759)	
Retainage payable	(1,143,509)	
Accrued interest payable	<u>(1,986,830)</u>	
		(290,346,634)
Deferred inflows of resources related to pensions are not recorded in the governmental funds.		<u>(2,106,602)</u>
Net Position of Governmental Activities		<u>\$ 175,020,580</u>

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, 2016

	MAJOR FUNDS			
	General	Highway	Solid Waste Management Authority	Part Town
REVENUES				
Real property taxes	\$ 25,083,628	\$ 20,373,669		\$ 6,512,920
Real property tax items	2,221,649	1,563,084		499,576
Non-property tax items	13,574,820			57,500
Departmental income	9,298,236		\$ 14,745,329	801,033
Intergovernmental charges		74,836	1,125,000	
Use of money and property	170,969	78,137	75,958	14,379
Licenses and permits	248,283	510,288		3,577,032
Fines and forfeitures	25,000			213,908
Sale of property and compensation for loss	378,037	51,886	267,483	5,598
Miscellaneous local sources	116,094	23,350	2,399	81
Interfund revenues	6,447,453	328,104		
State aid	10,888,111	674,021	61,250	
Federal aid	575,617	74,500		
Total Revenues	<u>69,027,897</u>	<u>23,751,875</u>	<u>16,277,419</u>	<u>11,682,027</u>
EXPENDITURES				
Current:				
General government support	13,999,030	2,651,966		2,120,180
Education	2,325,385			
Public safety	1,172,253			5,140,973
Health				218,940
Transportation	36,222	10,572,896		
Economic assistance and opportunity	2,651,359			
Culture and recreation	16,376,907			
Home and community services	1,254,824	5,117	15,459,206	952,578
Employee benefits	10,164,331	5,176,135	836,247	2,962,509
Capital Outlay				
Debt Service:				
Principal				
Interest				
Total Expenditures	<u>47,980,311</u>	<u>18,406,114</u>	<u>16,295,453</u>	<u>11,395,180</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>21,047,586</u>	<u>5,345,761</u>	<u>(18,034)</u>	<u>286,847</u>
Other Financing Sources (Uses)				
Transfers in	2,329,756	2,442,567	900,825	
Transfers out	(20,750,491)	(6,229,142)	(900,825)	
Debt issuance				
Premiums on obligations				
Total Other Financing Sources (Uses)	<u>(18,420,735)</u>	<u>(3,786,575)</u>	<u>-0-</u>	<u>-0-</u>
Net Change in Fund Balances	2,626,851	1,559,186	(18,034)	286,847
Fund Balances (Deficits) at Beginning of Year	11,691,459	5,436,894	2,755,691	5,864,413
Fund Balances at End of Year	<u>\$ 14,318,310</u>	<u>\$ 6,996,080</u>	<u>\$ 2,737,657</u>	<u>\$ 6,151,260</u>

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

Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
		\$ 21,754,555	\$ 73,724,772
		1,397,431	5,681,740
			13,632,320
		1,080,977	25,925,575
			1,199,836
\$ 97,377		36,730	473,550
			4,335,603
			238,908
			703,004
208,953	\$ 875,000	16,249	1,242,126
		60,500	6,836,057
	831,487		12,454,869
	27,969	124,686	802,772
<u>306,330</u>	<u>1,734,456</u>	<u>24,471,128</u>	<u>147,251,132</u>
		2,099,848	20,871,024
			2,325,385
		6,181,257	12,494,483
			218,940
		3,637,872	14,246,990
			2,651,359
		792,471	17,169,378
		8,283,559	25,955,284
		982,906	20,122,128
	11,719,397		11,719,397
16,315,225			16,315,225
4,863,242			4,863,242
<u>21,178,467</u>	<u>11,719,397</u>	<u>21,977,913</u>	<u>148,952,835</u>
<u>(20,872,137)</u>	<u>(9,984,941)</u>	<u>2,493,215</u>	<u>(1,701,703)</u>
21,178,467	6,281,208	29,653	33,162,476
(1,009,938)	(3,159,202)	(1,112,878)	(33,162,476)
	54,591,465		54,591,465
264,375			264,375
<u>20,432,904</u>	<u>57,713,471</u>	<u>(1,083,225)</u>	<u>54,855,840</u>
(439,233)	47,728,530	1,409,990	53,154,137
2,739,167	(42,319,456)	4,446,692	(9,385,140)
<u>\$ 2,299,934</u>	<u>\$ 5,409,074</u>	<u>\$ 5,856,682</u>	<u>\$ 43,768,997</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, 2016

Net Change in Fund Balance - Total Governmental Funds		\$ 53,154,137
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 depreciation exceeds capital outlay in the current period is:		
Capital outlay	\$ 11,590,848	
Depreciation expense	(12,477,520)	
Loss on disposal of capital assets	<u>(199,246)</u>	(1,085,918)
Net change in deferred outflows of resources related to pensions		14,620,895
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Interest income on note receivable	60,000	
Premiums on debt issuance	<u>1,066,762</u>	1,126,762
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	(54,591,465)	
Repayment of general obligation bond principal	15,464,683	
Repayment of revenue bond principal	850,542	
Due to employees' retirement system	755,983	
Compensated absences	158,759	
Claims and judgments	622,568	
Estimated liability for landfill closure and postclosure care costs	(786,256)	
Net liability pension - proportionate share	(14,047,967)	
Postemployment benefits healthcare costs	(8,284,849)	
Retainage payable	(900,577)	
Accrued interest payable	<u>(359,065)</u>	(61,117,644)
Net change in deferred inflows of resources related to pensions		<u>(2,106,602)</u>
Change in Net Position of Governmental Activities		<u>\$ 4,591,630</u>

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, 2016

		<u>Total Agency Funds</u>
ASSETS		
Cash		\$ 33,027,630
	Total Assets	<u>\$ 33,027,630</u>
LIABILITIES		
Due to nonmajor component units		\$ 23,854,174
Due to school districts		6,583,818
Other agency liabilities		<u>2,589,638</u>
	Total Liabilities	<u>\$ 33,027,630</u>

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, 2016

Note 1 – Summary of Significant Accounting Policies	
1. A Reporting Entity	47-49
1. B Government-Wide and Fund Financial Statements	50-52
1. C Measurement Focus, Basis of Accounting, and Financial Statement Presentation	52-53
1. D Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance	53-57
1. E Revenues and Expenditures	57-58
1. F Encumbrances	58
1. G Use of Estimates	58
1. H New Accounting Principles	59
1. I Subsequent Events	59
 Note 2 – Stewardship, Compliance and Accountability	
2. A Budgetary Information	59-60
2. B Fund Equity	61
 Note 3 – Detailed Notes on All Funds	
3. A Cash and Investments	61-62
3. B Interfund Receivables, Payables and Transfers	62
3. C Capital Assets	63-64
3. D Indebtedness	64-67
3. E Pension Plan	68-73
3. F Postemployment Benefits Healthcare Costs	73-77
3. G Compensated Absences	77
3. H Tax Abatement Programs	77
 Note 4 – Commitments and Contingencies	
4. A Risk Retention	78
4. B Litigation	79-81
4. C Landfill Closure and Postclosure Care Costs	81
4. D Federal and State Grants	81
4. E Solid Waste Management Authority	82
4. F Construction and Other Capital Acquisition Commitments	82
4. G Lease Commitments and Leased Assets	82
4. H Pollution Remediation Obligations	82
4. I Length of Service Award Program (LOSAP)	82-87
 Note 5 – Condensed Financial Statements for the Discretely Presented Nonmajor Component Units	 87-89
 Note 6 – Subsequent Events	 89
 Note 7 – New Pronouncements	 90

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

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 and Superintendent of Highways. The Supervisor appoints the Deputy Supervisor, as well as the Commissioners, Department heads and other members of her staff. 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. The current guidance also clarifies the status as a major or nonmajor component unit. Based on the application of these criteria, the following is a summary of certain entities considered in determining the Town's reporting entity.

Blended Component Units – though legally separate entities, these component units are, in substance, part of the Town's operations. The blended component unit serves or benefits the primary government almost exclusively. Financial information from these units is combined with that of the primary government. The Town's only blended component unit is:

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 in the major governmental funds statements.

Discretely Presented Component Units – are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Town. They are financially accountable to the primary government, or have a relationship such that exclusion would cause the Town's financial statements to be misleading or incomplete. These discrete component units serve or benefit those outside of the primary government. See note 1.B for a complete list of the discretely presented component units.

Based on the application of the above criteria the following entities are considered nonmajor discretely presented component units of the Town ("nonmajor component units") providing refuse and garbage, water pollution control, water, park, police, library and business services to residents and businesses within the districts.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. REPORTING ENTITY (continued)

The Town has four discretely presented garbage and refuse districts: Carle Place, Glenwood, Port Washington and Roslyn. They were established as political subdivisions of the Town. Garbage Districts are governed by Town Law and other general laws of the State of New York. The Board of Commissioners is the legislative body responsible for overall operations. The Board of Commissioners consists of three members, all of whom are elected by the residents of the districts for terms of three years. The primary functions of the districts are to provide garbage collection and disposal services to district residents. 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. These garbage and refuse districts are included in the Town's reporting entity since the primary government is able to impose its will, as demonstrated through the ability to approve budgets.

The Town has three discretely presented water pollution control districts: Belgrave, Great Neck and Port Washington. They were established as political subdivisions of the Town. Water Pollution Control Districts are governed by Town Law and other general laws of the State of New York. The Board of Commissioners is the legislative body responsible for overall operations. The Board of Commissioners consists of three members, all of whom are elected by the residents of the districts for terms of three years. The primary functions of the districts are to provide water pollution control services to district residents. 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. These water pollution control districts are included in the Town's reporting entity since the primary government is able to impose its will, as demonstrated through the ability to approve budgets.

The Town has eight discretely presented water districts: Albertson, Carle Place, Garden City Park, Glenwood, Manhasset-Lakeville, Port Washington, Roslyn and Westbury. They were established as political subdivisions of the Town. Water Districts are governed by Town Law and other general laws of the State of New York. The Board of Commissioners is the legislative body responsible for overall operations. The Board of Commissioners consists of three members, all of whom are elected by the residents of the districts for terms of three years. The primary functions of the districts are to provide water services to district residents. 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. These water districts are included in the Town's reporting entity since the primary government is able to impose its will, as demonstrated through the ability to approve budgets.

The Town has two discretely presented park districts: Great Neck and Manhasset. They were established as political subdivisions of the Town. Park Districts are governed by Town Law and other general laws of the State of New York. The Board of Commissioners is the legislative body responsible for overall operations. The Board of Commissioners consists of three members, all of whom are elected by the residents of the districts for terms of three years. The Great Neck Park District offers numerous services including camps, adult and youth classes, ice skating rink, marina movies, pool hockey and tennis programs. The Manhasset Park District provides park and parking service to district residents. 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. These park districts are included in the Town's reporting entity since the primary government is able to impose its will, as demonstrated through the ability to approve budgets.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. REPORTING ENTITY (continued)

The Port Washington Police District is organized under the provisions of the State of New York. The District is governed by the Nassau County Civil Divisions Act, as amended in March 1998, and the laws of the State of New York. The Port Washington Police Department provides a multitude of services to the community in a number of areas including traffic safety; adult, juvenile, and youth programs; investigative, crime prevention and general administration. Sworn personnel consist of the Chief of Police and the Captain of Administration, representing the Administrative Division. The Patrol and Investigative Division is staffed by the Captain of Operations and two Lieutenants, supervising thirteen patrol officers. The Port Washington Police District cannot issue bonded debt without the approval and the backing of the full faith and credit of the Town. The Town issues indebtedness on behalf of the district which is responsible for the payment of annual debt service on the obligations. Budgets and tax rates are approved by the Town. Tax levies of the district are collected by the Town Receiver of Taxes. This police district is included in the Town's reporting entity since the primary government is able to impose its will, as demonstrated through the ability to approve budgets.

The Shelter Rock Public Library was established in 1962 as a special district of the Town by an act of the New York State Legislature. The Library provides and maintains free library services to the Shelter Rock Public Library District in accordance with the New York State Department of Education. The Library is administered by a Board of Trustees that is elected by the Library District's residents. The Shelter Rock Public Library cannot issue bonded debt without the approval and the backing of the full faith and credit of the Town. The Town issues indebtedness on behalf of the district which is responsible for the payment of annual debt service on the obligations. Budgets and tax rates are approved by the Town. Tax levies of the district are collected by the Town Receiver of Taxes. This library district is included in the Town's reporting entity since the primary government is able to impose its will, as demonstrated through the ability to approve budgets.

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 provides a full range of community development services, including construction of affordable housing, residential and commercial land acquisition, code enforcement services, and public facility improvements. The Agency's Board of Directors is the legislative body responsible for overall operations. The Executive Director serves as the chief executive officer. The Town Board appoints the Agency Board of Directors. The Authority's management is designated by the Town Board. Due to the nature and significance of the relationship between the primary government and the Agency, exclusion would cause the financial statements to be misleading.

The Greater Port Washington Business Improvement District Association, Inc. (the "BID") is a district management association established to carry out the activities of the business improvement district. The BID is a not-for-profit corporation under Section 501(c) (3) of the Internal Revenue Code, and was incorporated in 1996. The purpose of the BID is to spur business improvement and neighborhood stability in the area thereby business activity in its downtown area. The BID is a special assessment district of the Town and operates pursuant to Town Law, the Local Finance Law and other general laws of the State of New York. The BID cannot issue bonded debt without the approval and the backing of the full faith and credit of the Town. The Town issues indebtedness on behalf of the district which is responsible for the payment of annual debt service on the obligations. Budgets and tax rates are approved by the Town. Tax levies of the district are collected by the Town Receiver of Taxes. This BID is included in the Town's reporting entity since the primary government is able to impose its will, as demonstrated through the ability to approve budgets.

Condensed financial statements along with the addresses of the administrative office, for these component units are presented in Note 5.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

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 and the discretely presented component units. 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.

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 used to account for revenues and expenditures for highway purposes. The major areas of expenditures are repairs and improvements, machinery, and snow removal. The major source of revenue is real property taxes.

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 OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

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 for expenditure of 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 as follows:

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

Town of North Hempstead Lighting District

Park Districts as follows:

Harbor Hills
Levitt Park at the Roslyn Heights Park
Manhasset Bay
New Hyde Park – Clinton G. Martin

Town of North Hempstead Sidewalk District

Refuse and Garbage Districts as follows:

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

Port Washington Public Parking District

Great Neck Water District

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

The Town's fiduciary funds ("Agency Fund") are presented in the statement of fiduciary assets and liabilities. Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
 December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

The Town has presented the following fiduciary funds:

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

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

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

Discretely Presented Nonmajor Component Units

Certain special districts that have separately elected or appointed 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 nonmajor 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, 2016

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, postemployment benefits healthcare costs and net pension liability – proportionate share 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, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES 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 Federal Deposit Insurance Corporation (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.

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. RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

The Town in its normal course of business is subject to the risk that it may be unable to collect all outstanding accounts receivable arising from costs associated with dumping at the landfill. Therefore, the Town has established an allowance account totaling \$125,473.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. INTERFUND TRANSACTIONS

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

a) **Interfund Revenues**

Interfund revenues in the general fund, highway fund and other nonmajor governmental 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 Highway Fund, 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 and recognition of premiums, accrued interest and interest earnings to service debt.

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. NOTES RECEIVABLE

The Town holds a note receivable in the amount of \$1,500,000 from a limited liability company and a housing development fund company for premises of an affordable housing development conveyed to the partnership by the Town in 1992. The original note was set to mature in 2023 with all principal and interest accrued at 4% per annum (simple interest), due on the maturity date. In 2015, the note and mortgage agreement were modified to extend the maturity date to January 1, 2045 with an interest rate of 4.5% per annum for the remainder of the note term. All principal and accrued interest are payable on the extended maturity date. The Town's note and mortgage are subordinated to a construction and permanent loan financing for the housing development located at the property. The value of the note and all accrued interest at December 31, 2016 of \$2,940,000 has been reported as note receivable in the government-wide financial statements.

7. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost. Infrastructure assets are reported at historical cost as of 1980. Contributed assets are reported at acquisition 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.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. CAPITAL ASSETS (continued)

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

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.

8. UNEARNED REVENUE

Unearned revenues represent gift cards and catering event deposits which will be applied to future services provided.

9. DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

In addition to assets, the balance sheet or statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until that time. Deferred outflows of resources mainly consist of pension related amounts. The amounts related to pensions consists of differences between expected and actual experience, changes of assumptions, net differences between projected and actual earnings on pension plan investments, changes in proportion and differences between the Town's contributions and proportionate share of contributions and Town's contribution subsequent to the measurement date.

In addition to liabilities, the balance sheet or statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources mainly consist of pension related amounts. The amounts related to pensions consist of differences between expected and actual experience and changes in proportion and differences between the Town's contributions and proportionate share of contributions.

10. LONG-TERM OBLIGATIONS

In the government-wide financial statements, liabilities for long-term obligations consisting of general obligation bonds, revenue bonds, due to employees' retirement system, compensated absences, claims and judgments, estimated liability for landfill closure and postclosure care costs, postemployment benefits healthcare costs and net pension liability – proportionate share are recognized in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of applicable bond premium or discount. Debt issuance costs are recognized as an outflow of resources in the period incurred.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

10. LONG-TERM OBLIGATIONS (continued)

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.

11. NET POSITION AND FUND EQUITY CLASSIFICATIONS

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources.

In the government-wide 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.
- 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.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

11. NET POSITION AND FUND EQUITY CLASSIFICATIONS (continued)

- 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, through resolution granted by the Town Board, 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 is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

12. 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.

13. FUND BALANCE POLICIES

The Town has 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.

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, except for villages and cities. 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, Part Town 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.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. REVENUES AND EXPENDITURES (continued)

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. The Town also provides full dental and vision benefits to exempt employees when they retire.

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.

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.

4. NET PENSION LIABILITY – PROPORTIONATE SHARE

For purposes of measuring the net pension liability – proportionate share, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New York State and Local Retirement System (“the System”) have been determined on the same basis as they are reported by the System. For this purpose, the System recognizes benefit payments when due and payable in accordance with the benefit terms; and reports investments at fair value.

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. There were no encumbrances outstanding at December 31, 2016.

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.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2016, the Town adopted:

Statement No. 72, "*Fair Value Measurement and Application*," the objective of which is to address accounting and financial reporting issues related to fair value measurements and to provide guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement had no effect on the Town's financial statements.

Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*," the objective of which is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles. This Statement had no effect on the Town's financial statements.

Statement No. 77, "*Tax Abatement Disclosures*," the objective of which is to improve financial reporting by providing the users of financial statements with information about the nature and magnitude of tax abatements, and helping the users understand how tax abatements affect a government's future ability to raise resources and meet its financial obligations, as well as the impact on the government's financial position and economic condition. The implementation of this Statement required note disclosure of tax abatement programs that reduce the Town's tax revenue.

Statement No. 78, "*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*," amends the scope and applicability of Statement No. 68. This Statement establishes accounting and financial reporting standards for defined benefit pensions provided to employees of a state or local governmental employers through a cost-sharing multiple employer defined benefit pension plan that meets certain criteria of Statement No. 68 and that (a) is not a state or local governmental pension plan, (b) is used to provided defined benefit pensions both to employees of state/local governmental employers as well as to employees of non-state/local governmental employers and (c) has no predominant state or local governmental employer, either individually or collectively with other state or local governmental employers that provide pensions through the pension plan. This Statement had no effect on the Town's financial statements.

Statement No. 79, "*Certain External Investment Pools and Pool Participants*," the objective of which is to address accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement had no effect on the Town's financial statements.

I. SUBSEQUENT EVENTS

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date of the auditors' report, which is the date the financial statements were available to be issued.

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 Comptroller and the Budget Director 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.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

A. BUDGETARY INFORMATION (continued)

- 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.

- 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 property tax cap for municipalities that affects the Town and its municipal component units. The Town Board did not vote to override the 0.73% tax levy cap imposed by the State for the 2016 Adopted Budget. On October 29, 2015, the members of the Town Board unanimously adopted the 2016 Budget.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

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
Fund Balances:								
Nonspendable:								
Long-term receivables	\$ 1,273,497							\$ 1,273,497
Inventory	338,606	\$ 208,616	\$ 18,016					565,238
Prepays	883,404	307,704		\$ 247,029			\$ 81,085	1,519,222
Total Nonspendable	<u>2,495,507</u>	<u>516,320</u>	<u>18,016</u>	<u>247,029</u>			<u>81,085</u>	<u>3,357,957</u>
Restricted for:								
Capital projects						\$ 6,470,022		6,470,022
Total Restricted						<u>6,470,022</u>		<u>6,470,022</u>
Assigned to:								
Subsequent year's budget	622,100	1,040,789	384,183	332,633			1,264,593	3,644,298
Long-term receivables							944,789	944,789
Capital projects	274,333	150,000						424,333
Debt service					\$ 2,299,934			2,299,934
Special revenue funds		5,288,971	2,335,458	5,571,598			3,566,215	16,762,242
Workers' compensation	744,019							744,019
Insurance	722,834							722,834
Senior endowment	1,189,487							1,189,487
Total Assigned	<u>3,552,773</u>	<u>6,479,760</u>	<u>2,719,641</u>	<u>5,904,231</u>	<u>2,299,934</u>		<u>5,775,597</u>	<u>26,731,936</u>
Unassigned, reported in:								
General Fund	8,270,030							8,270,030
Capital Projects Fund						(1,060,948)		(1,060,948)
Total Unassigned	<u>8,270,030</u>					<u>(1,060,948)</u>		<u>7,209,082</u>
Total Fund Balances	<u>\$ 14,318,310</u>	<u>\$ 6,996,080</u>	<u>\$ 2,737,657</u>	<u>\$ 6,151,260</u>	<u>\$ 2,299,934</u>	<u>\$ 5,409,074</u>	<u>\$ 5,856,682</u>	<u>\$ 43,768,997</u>

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, 2016, the Town's deposits were \$91,746,511. This amount is inclusive of fiduciary fund deposits of \$33,027,631 exclusive of petty cash of \$8,880. The bank balance required to be insured and/or collateralized was \$92,505,286. Of the bank balance, \$3,274,955 was covered by Federal Deposit Insurance, and \$89,230,331 was covered by collateral held by the Town's agent, a third-party financial institution, in the Town's name.

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.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

3. DETAILED NOTES ON ALL FUNDS (continued)

A. CASH AND INVESTMENTS (continued)

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, 2016, the Town of North Hempstead did not have any investments subject to credit risk, interest-rate risk or concentration of credit risk.

B. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At December 31, 2016, individual fund interfund receivable and payable balances for the primary government are expected to be paid currently. These balances represent various temporary loans, recharges and reimbursements between funds and are stated as follows:

	Amount Receivable	Amount Payable
Primary Government		
<u>Major Funds:</u>		
General Fund	\$ 865,337	\$ 3,383,847
Highway Fund	1,687,439	37,659
Solid Waste Management Authority	3,250,181	1,408,866
Part Town Fund	38,713	
Debt Service Fund	11	
Capital Projects Fund	368,917	826,958
<u>Nonmajor Funds:</u>		
Fire Protection Districts		
Lighting District	23,268	
Park Districts		243,260
Sidewalk District		108,276
Refuse and Garbage Districts		225,000
	\$ 6,233,866	\$ 6,233,866

At December 31, 2016, 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:

	Transfers In	Transfers Out
Primary Government		
<u>Major Funds:</u>		
General Fund	\$ 2,329,756	\$ 20,750,491
Highway Fund	2,442,567	6,229,142
Solid Waste Management Authority	900,825	900,825
Debt Service Fund	21,178,467	1,009,938
Capital Projects Fund	6,281,208	3,159,202
<u>Nonmajor Funds:</u>		
Park Districts		27,457
Sidewalk District	23,853	680,029
Refuse and Garbage Districts		33,634
Public Parking District	5,800	371,758
	\$ 33,162,476	\$ 33,162,476

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

3. DETAILED NOTES ON ALL FUNDS (continued)

C. CAPITAL ASSETS

The summary of changes within the capital assets for the Town of North Hempstead for the year ended December 31, 2016 is as follows:

	Balance 1/1/2016	Additions	Deletions	Construction in Progress Reclassification	Balance 12/31/2016
Primary government					
Capital assets not being depreciated					
Land - other than landfills	\$ 217,620,646	\$ 8,439			\$ 217,629,085
Construction in progress	8,720,199	8,586,637	\$ 81,129	\$ (7,488,772)	9,736,935
Total capital assets not being depreciated	<u>226,340,845</u>	<u>8,595,076</u>	<u>81,129</u>	<u>(7,488,772)</u>	<u>227,366,020</u>
Depreciable capital assets					
Buildings	85,425,243				85,425,243
Improvements other than buildings	62,969,905	462,058		3,295,294	66,727,257
Machinery and equipment	40,504,856	2,060,974	2,465,501		40,100,329
Infrastructure	203,827,559	287,902		4,193,478	208,308,939
Intangibles - software	2,267,013	184,838			2,451,851
Total depreciable capital assets	<u>394,994,576</u>	<u>2,995,772</u>	<u>2,465,501</u>	<u>7,488,772</u>	<u>403,013,619</u>
Less accumulated depreciation					
Buildings	27,171,520	1,853,297			29,024,817
Improvements other than buildings	24,953,472	2,034,861		82,382	27,070,715
Machinery and equipment	25,797,509	2,044,223	2,347,384		25,494,348
Infrastructure	139,644,579	6,185,221		104,837	145,934,637
Intangibles - software	1,589,420	172,699			1,762,119
Total accumulated depreciation	<u>\$ 219,156,500</u>	<u>\$ 12,290,301</u>	<u>\$ 2,347,384</u>	<u>\$ 187,219</u>	<u>229,286,636</u>
Total net depreciable capital assets					<u>173,726,983</u>
Total net capital assets					<u>\$ 401,093,003</u>

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, 2016, the project was completed but title has not yet passed to the Port Washington Water Pollution Control District.

The Town depreciated all fixed assets acquired or put in service during 2016 with an effective date of July 1, 2016, or on a six month depreciable basis.

Depreciation expense was charged to governmental functions as follows:

General government support	\$ 575,463
Public safety	162,844
Transportation	5,430,031
Culture and recreation	5,199,574
Home and community services	1,109,608
Total governmental activities depreciation expense	<u>\$ 12,477,520</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, 2016, the Town has not recorded any such impairment losses.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

3. DETAILED NOTES ON ALL FUNDS (continued)

C. CAPITAL ASSETS (continued)

The summary of changes within the capital assets for the nonmajor component units for the year ended December 31, 2016 is as follows:

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016
<u>Nonmajor component units</u>				
Capital assets not being depreciated				
Land	\$ 13,067,129			\$ 13,067,129
Construction in progress	38,726,266	\$ 7,781,763	\$ 8,994,710	37,513,319
Total capital assets not being depreciated	51,793,395	7,781,763	8,994,710	50,580,448
Depreciable capital assets				
Buildings	114,128,045	4,887,001	26,900	118,988,146
Improvements other than buildings	76,578,206	4,503,430	1,043,245	80,038,391
Machinery and equipment	92,941,269	10,658,763	1,599,094	102,000,938
Infrastructure	92,867,985	2,222,867		95,090,852
Total depreciable capital assets	376,515,505	22,272,061	2,669,239	396,118,327
Less accumulated depreciation				
Buildings	50,625,839	2,857,413	19,411	53,463,841
Improvements other than buildings	23,131,617	2,452,829	1,005,852	24,578,594
Machinery and equipment	61,757,185	4,094,070	1,427,586	64,423,669
Infrastructure	38,493,413	2,597,274		41,090,687
Total accumulated depreciation	\$ 174,008,054	\$ 12,001,586	\$ 2,452,849	183,556,791
Total net depreciable capital assets				212,561,536
Total net capital assets				<u>\$ 263,141,984</u>

D. INDEBTEDNESS

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2016, is as follows:

	Balance 1/1/2016	Increases	Reductions	Balance 12/31/2016	Non-current liabilities due within one year	Non-current liabilities
<u>Primary government:</u>						
Bonds Payable:						
General obligation bonds payable	\$ 120,113,309	\$ 54,591,465	\$ 15,464,663	\$ 159,240,091	\$ 15,393,027	\$ 143,847,064
Revenue bonds payable	2,611,456		850,542	1,760,914	870,332	890,582
Plus deferred amounts:						
Premiums on issuance	4,746,138	264,375	1,331,137	3,679,376	1,238,576	2,440,800
Total Bonds Payable	127,470,903	54,855,840	17,646,362	164,680,381	17,501,935	147,178,446
Due to employees' retirement system	6,557,365		755,983	5,801,382	781,950	5,019,432
Compensated absences	5,263,902	4,719,669	4,878,428	5,105,143	255,257	4,849,886
Claims and judgments payable	5,910,945	383,855	1,006,423	5,288,377	641,000	4,647,377
Estimated liability for landfill closure and postclosure care costs	12,988,970	1,655,001	868,745	13,775,226	931,199	12,844,027
Net pension liability - proportionate share	3,693,060	20,580,491	6,532,524	17,741,027		17,741,027
Postemployment benefits healthcare costs	66,539,910	12,008,234	3,723,385	74,824,759		74,824,759
Total Primary Government	\$ 228,425,055	\$ 94,203,090	\$ 35,411,850	\$ 287,216,295	\$ 20,111,341	\$ 267,104,954
<u>Nonmajor component units:</u>						
Bonds Payable:						
General obligation bonds payable	\$ 111,465,691	\$ 28,510,591	\$ 8,672,216	\$ 131,304,066	\$ 9,051,819	\$ 122,252,247
Plus deferred amounts:						
Premiums on issuance	339,214		39,364	299,850	39,364	260,486
Total Bonds Payable	111,804,905	28,510,591	8,711,580	131,603,916	9,091,183	122,512,733
Due to employees' retirement system	144,680	64	137,290	7,454	1,100	6,354
Compensated absences	12,782,371	815,765	1,904,032	11,694,104	112,216	11,581,888
Installment purchase debt	695,490		93,326	602,164	95,267	506,897
Net pension liability - proportionate share	2,847,576	20,464,936	4,909,412	18,403,100		18,403,100
Postemployment benefits healthcare costs	59,702,884	9,686,633	2,921,658	66,467,859		66,467,859
Total Nonmajor Component Units	\$ 187,977,906	\$ 59,477,989	\$ 18,677,298	\$ 228,778,597	\$ 9,299,766	\$ 219,478,831

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

3. DETAILED NOTES ON ALL FUNDS (continued)

D. INDEBTEDNESS (continued)

CHANGES IN LONG-TERM LIABILITIES (continued)

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, net pension liability – proportionate share and postemployment benefits healthcare costs, are paid through future budgetary appropriations in the following funds: general, highway, Solid Waste Management Authority, part-town, lighting district, park districts, sidewalk district and public parking district, depending upon which fund gave rise to the liability.

SHORT-TERM DEBT

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.

At December 31, 2016, the Town, inclusive of its discretely presented nonmajor component units had \$45,798,197 of BANs payable with interest rates ranging from 2.000% to 2.250% with maturities in 2017.

These bond anticipation notes are summarized as follows:

	Balance 1/1/2016	Issued	Redeemed	Balance 12/31/2016
<u>Primary government:</u>				
Capital projects fund:				
General	\$ 40,156,077	\$ 4,515,000	\$ 33,339,688	\$ 11,331,389
Highway	18,529,985	675,000	13,666,985	5,538,000
Public parking		238,810		238,810
Refuse and Garbage	2,260,384		516,502	1,743,882
Total primary government	<u>60,946,446</u>	<u>5,428,810</u>	<u>47,523,175</u>	<u>18,852,081</u>
<u>Nonmajor component units:</u>				
Garbage districts	1,214,905		263,787	951,118
Water pollution control districts	5,171,644		2,421,646	2,749,998
Water districts	31,875,478	6,015,000	17,040,478	20,850,000
Park districts	4,400,000	2,000,000	4,005,000	2,395,000
Total component units	<u>42,662,027</u>	<u>8,015,000</u>	<u>23,730,911</u>	<u>26,946,116</u>
Total bond anticipation notes	<u>\$ 103,608,473</u>	<u>\$ 13,443,810</u>	<u>\$ 71,254,086</u>	<u>\$ 45,798,197</u>

The refuse and garbage and garbage district BANs consist of the \$1,575,000 BAN – 2016 Series A and a \$1,120,000 BAN – 2016 Series C issued by the Town in 2016. The BANs were 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.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

3. DETAILED NOTES ON ALL FUNDS (continued)

D. INDEBTEDNESS (continued)

LONG-TERM DEBT

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 0.000% to 6.400% and have maturity dates in 2017 through 2046.

	Balance 1/1/2016	Issued	Redeemed	Balance 12/31/2016
<u>Primary government:</u>				
Capital projects fund:				
General	\$ 90,306,312	\$ 39,259,852	\$ 12,216,259	\$ 117,349,905
Highway	25,478,686	14,931,613	2,873,059	37,537,240
Public parking	3,786,543	100,000	292,580	3,593,963
Sidewalk	358,664	100,000	62,433	396,231
Lighting		200,000		200,000
Parks	183,104		20,352	162,752
Total primary government	<u>120,113,309</u>	<u>54,591,465</u>	<u>15,464,683</u>	<u>159,240,091</u>
<u>Nonmajor component units:</u>				
Water pollution control districts	74,618,812	4,885,115	3,608,530	75,895,397
Water districts	21,087,144	19,780,476	3,148,427	37,719,193
Park districts	11,908,587	3,845,000	1,532,182	14,221,405
Police district	72,716		16,965	55,751
Library district	3,705,209		356,780	3,348,429
Business improvement district	73,223		9,332	63,891
Total component units	<u>111,465,691</u>	<u>28,510,591</u>	<u>8,672,216</u>	<u>131,304,066</u>
Total general obligation bonds	<u>\$ 231,579,000</u>	<u>\$ 83,102,056</u>	<u>\$ 24,136,899</u>	<u>\$ 290,544,157</u>

Also included in bonds 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.

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

	Principal	Interest	Total Principal and Interest
Years Ending December 31, 2017	\$ 24,444,846	\$ 7,921,042	\$ 32,365,888
2018	22,794,897	7,017,966	29,812,863
2019	22,145,013	6,276,682	28,421,695
2020	20,588,901	5,540,921	26,129,822
2021	21,195,900	4,832,079	26,027,979
2022-2026	72,329,500	17,031,383	89,360,883
2027-2031	49,689,501	10,114,915	59,804,416
2032-2036	32,864,501	4,609,912	37,474,413
2037-2041	17,734,500	1,864,534	19,599,034
2042-2046	6,756,598	428,948	7,185,546
	<u>\$ 290,544,157</u>	<u>\$ 65,638,382</u>	<u>\$ 356,182,539</u>

Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the Town to rebate excess arbitrage earnings from bond proceeds to the federal government. There were no excess arbitrage earnings for the year ended December 31, 2016.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

3. DETAILED NOTES ON ALL FUNDS (continued)

D. INDEBTEDNESS (continued)

LONG-TERM DEBT (continued)

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

Outstanding Bond Issues	Rate	Original Amount	Outstanding Amount	Final Maturity
General Obligation Serial Bonds-1992, Series A	6.400%	\$ 5,145,000	\$ 225,000	February 1, 2017
General Obligation Serial Bonds-1992, Series B	6.400%	72,230,000	555,000	April 1, 2017
New York State EFC Bonds-1998, Series B	2.307% - 2.974%	2,572,291	165,000	December 15, 2017
New York State EFC Bonds-2001, Series B	1.688% - 3.811%	8,154,789	1,985,000	November 15, 2022
New York State EFC Bonds-2002, Series F	5.591% - 6.181%	1,365,000	520,000	November 15, 2023
New York State EFC Bonds-2002, Series G	1.447% - 2.745%	3,452,513	700,000	October 15, 2019
New York State EFC Bonds-2002, Series I	4.720% - 5.380%	1,160,000	240,000	September 15, 2022
New York State EFC Bonds-2003, Series A	4.121% - 4.901%	1,160,000	695,000	April 15, 2031
General Obligation Serial Bonds-2004	5.300% - 5.400%	3,880,000	155,000	February 15, 2022
New York State EFC Bonds-2006, Series C	4.171% - 4.731%	3,442,810	2,565,000	April 1, 2036
Public Improvement Serial Bonds-2007	4.250%	11,993,000	985,000	June 1, 2017
Public Improvement Serial Bonds-2007, Series B	4.250% - 4.350%	5,788,500	275,000	November 1, 2017
Various Purposes Serial Bonds-2008	4.000% - 4.250%	13,210,000	6,835,000	June 15, 2022
NYS EFC Bonds-2008, Series A-1, B-1, A-2, B-2	4.270%	1,783,412	520,000	April 1, 2038
Public Improvement Serial Bonds-2009	3.000% - 4.000%	11,615,000	6,945,000	June 1, 2024
New York State EFC Bonds-2010, Series C	1.753% - 4.603%	845,000	205,000	October 1, 2039
EFC Refunding-2010	1.753% - 4.603%	15,173,760	12,045,000	October 1, 2018
Various Purposes Serial Bonds-2010, Series A	2.000% - 2.500%	6,063,000	2,890,000	October 1, 2021
Refunding Serial Bonds-2010	2.250% - 4.000%	12,065,000	4,995,000	May 1, 2022
Various Purposes Serial Bonds-2012	2.000% - 2.250%	9,192,341	6,935,000	October 1, 2027
New York State EFC Bonds-2012, Series E	0.469% - 4.098%	54,148,000	47,980,000	November 1, 2042
New York State EFC Bonds-2013, Series B	3.529% - 4.500%	550,000	400,000	January 1, 2023
Refunding Serial Bonds-2014, Series A	2.500% - 5.000%	25,220,000	18,845,000	February 1, 2025
Refunding Serial Bonds-2014, Series B	3.000% - 5.000%	11,545,000	6,545,000	July 15, 2022
Various Purposes Serial Bonds-2014, Series C	2.000% - 3.500%	21,790,825	19,750,000	April 1, 2032
Various Purposes Serial Bonds-2014, Series D	2.000% - 3.000%	25,108,147	22,315,000	October 1, 2030
Refunding Landfill Capping L-5 - NYSEFC Series 2004B	4.061% - 4.325%	2,135,000	2,135,000	May 1, 2021
Refunding Serial Bonds-2015, Series A	2.000% - 5.000%	21,245,000	21,070,000	February 1, 2027
Public Improvement Serial Bonds-2015, Series B	2.000% - 5.000%	4,390,000	4,305,000	April 1, 2035
Refunding Serial Bonds-2015, Series C	3.000% - 5.000%	17,210,000	13,725,000	January 15, 2023
EFC - Clean Water Statutory Installment Bond 2016	0.000%	1,885,113	1,822,213	June 19, 2045
Public Improvement Serial Bonds-2016, Series A	2.000% - 3.000%	13,862,090	13,862,090	April 1, 2037
Public Improvement Serial Bonds-2016, Series B	2.000% - 3.000%	48,046,322	48,046,322	September 15, 2034
Public Improvement Serial Bonds-2016, Series C	2.250% - 3.000%	19,308,531	19,308,532	September 15, 2046
		<u>\$ 456,735,444</u>	<u>\$ 290,544,157</u>	

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, 2017 through 2018.

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

	Principal	Interest	Total Principal and Interest
Years Ending December 31, 2017	\$ 870,332	\$ 30,492	\$ 900,824
2018	890,582	10,242	900,824
	<u>\$ 1,760,914</u>	<u>\$ 40,734</u>	<u>\$ 1,801,648</u>

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

Defeasance of Debt

In the current year and in prior years, 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, 2016, there are \$8,038,626 of outstanding bonds that are considered defeased which relate to the Town and eight of the nonmajor component units.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

3. DETAILED NOTES ON ALL FUNDS (continued)

E. PENSION PLAN

Plan Description

The Town of North Hempstead participates in the New York State and Local Employees' Retirement System ("ERS" or the "System"). This is a cost-sharing multiple-employer defined benefit pension plan. The net position of the System is held in the New York Common Retirement Fund ("Fund"), which was established to hold all net assets and record changes in the fiduciary net position allocated to the System. The Comptroller of the State of New York (the "Comptroller") serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("RSSL"). Once a public employer elects to participate in the System, the election is irrevocable.

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Town also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. 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.

Benefits Provided

The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 and Tier 2 is 55 and 62, respectively.

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2.0% of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20% of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% of the average of the previous two years.

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

3. DETAILED NOTES ON ALL FUNDS (continued)

E. PENSION PLAN (continued)

Benefits Provided (continued)

Tiers 3, 4, and 5 (continued)

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2.0% of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10% of the average of the previous two years.

Tier 6

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

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2.0% of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

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

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 members, the accidental disability benefit is a pension of 75% of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits

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

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

3. DETAILED NOTES ON ALL FUNDS (continued)

E. PENSION PLAN (continued)

Benefits Provided (continued)

Post-Retirement Benefit Increases

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

Contributions

Generally, Tier 3, 4 and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

Annual Required Contribution - ERS						
<u>Amount</u>	<u>% of Covered Payroll</u>	<u>Credits & Miscellaneous Adjustments</u>	<u>Prepayment Discount</u>	<u>2011-2016 Amortization/ Deferral</u>	<u>2010 Incentive Installment</u>	<u>Total Payment</u>
2016 \$ 5,030,156	15.08%	\$ 134,508	\$ (45,714)	\$ 1,005,270		\$ 6,124,220
2015 5,712,758	18.79%	(94,008)		59,329	\$ 323,230	6,001,309
2014 6,251,258	21.32%	(149,889)	(58,819)	(770,010)	323,230	5,595,770

The actual contributions on a calendar year were equal to 100% of the actuarially required amount of \$4,761,477.

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, 2016

3. DETAILED NOTES ON ALL FUNDS (continued)

E. PENSION PLAN (continued)

Contributions (continued)

Chapter 57 of the Laws of 2013 of the State of New York was enacted that allows local employers to amortize a portion of their retirement bill for 12 years in accordance with stipulations. The Town has continued with a 10 year amortization.

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 - 2015 amortization programs is \$5,808,836 inclusive of SWMA, \$260,293 and one nonmajor component unit, the Glenwood Water District, \$7,454. The total unpaid liability for the Town, without the nonmajor component units, of \$5,801,382, 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 for repayment of the amounts amortized for the System's fiscal year ending March 31, 2016, 2015, 2014, 2013, 2012 and 2011 are 3.210%, 3.150%, 3.670%, 3.000%, 3.750% and 5.000%, respectively. Future principal and interest payments to maturity for the amortization installments are as follows:

	Principal	Interest	Total Principal and Interest
Years Ending December 31, 2017	\$ 783,050	\$ 198,490	\$ 981,540
2018	809,963	171,577	981,540
2019	837,818	143,722	981,540
2020	866,647	114,893	981,540
2021	853,728	85,054	938,782
2022-2025	1,657,630	101,839	1,759,469
	\$ 5,808,836	\$ 815,575	\$ 6,624,411

Pension Liabilities, Pension Expense and Deferred Outflows of Resources Related to Pensions

At December 31, 2016, the Town reported a liability of \$17,741,027 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2015. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. Below is the Town's proportionate share of the net pension liability of the System and its related employer allocation percentage.

Measurement Date	March 31, 2016
Net Pension Liability	\$ 17,741,027
Town's Portion of the System's total Net Pension Liability	0.1105340%

There was no significant change in the Town's proportion from March 31, 2015 to March 31, 2016.

For the year ended December 31, 2016, the Town recognized pension expense of \$6,532,524 in the statement of activities. At December 31, 2016 the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 89,650	\$ 2,102,903
Changes of assumptions	4,730,996	
Net Difference between projected and actual earnings on pension plan investments	10,524,950	
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	675,208	3,699
Town's contribution subsequent to the measurement date	3,651,012	
	\$ 19,671,816	\$ 2,106,602

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

3. DETAILED NOTES ON ALL FUNDS (continued)

E. PENSION PLAN (continued)

Pension Liabilities, Pension Expense and Deferred Outflows of Resources Related to Pensions
(continued)

The Town's contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Plan year ending March 31, 2017	\$	3,545,486
2018		3,545,486
2019		3,545,486
2020		3,277,744
	\$	13,914,202

Actuarial Assumptions

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

The actuarial valuations used the following actuarial assumptions:

Measurement date	March 31, 2016
Actuarial valuation date	April 1, 2015
Investment rate of return, including inflation	7.0%
Salary scale	3.8%
Cost of living adjustments	1.3% annually
Inflation rate	2.5%
Decrement tables	Developed from the Plan's 2010 experience study of the period April 1, 2005 through March 31, 2010
Mortality improvement	Society of Actuaries Scale MP-2014

Annuitant mortality rates are based on the April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014. The actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long term rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2016 are summarized below:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	38.0%	7.30%
International equity	13.0%	8.55%
Private equity	10.0%	11.00%
Real estate	8.0%	8.25%
Absolute return strategies	3.0%	6.75%
Opportunistic portfolio	3.0%	8.60%
Real assets	3.0%	8.65%
Bonds and mortgages	18.0%	4.00%
Cash	2.0%	2.25%
Inflation indexed bonds	2.0%	4.00%
	100.0%	

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

3. DETAILED NOTES ON ALL FUNDS (continued)

E. PENSION PLAN (continued)

Discount Rate

The discount rate used to calculate the total pension liability was 7.0% for the System. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current assumption:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Town's proportionate share of the net pension liability (asset)	\$ 40,004,724	\$ 17,741,027	\$ (1,070,848)

The components of the current year net pension liability of the employers as of the respective valuation date of April 1, 2015, was as follows (dollars in thousands):

Employers' total pension liability		\$	172,303,544
Plan Net Position			156,253,265
Employers' net pension liability		\$	(16,050,279)
Ratio of plan net position to the Employers' total pension liability			90.68%

Detailed information about the pension plan's fiduciary net position is available in the System's separately issued financial statements.

F. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS

Plan Description

The Town operates a single-employer defined benefit plan per its contract with its union employees and is also followed by its non-union staff. The Town 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.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

3. DETAILED NOTES ON ALL FUNDS (continued)

F. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS (continued)

Plan Description (continued)

Regular full-time employees who have completed ten (10) cumulative years of full-time service with the Town, or Elected Officials and Executive Management/Appointed Employees who have five (5) or more cumulative years of service with the Town, vest the right to receive fully covered medical coverage at retirement age, as determined by the Plan. Retiree health insurance contributions for non-union staff will follow that which is set forth in the CSEA contract. Individual coverage is provided to those employees with five full years of service and who have reached the age of 70 and can retire. Additionally, individual and family medical benefits are provided to those retirees who are 55 years or older and have ten years of service. Retirees within five years of age 55 can contribute 100% of their medical premiums as a vestee until age 55 at which time the Town will pay the full benefit. The Town provides full dental and vision benefits to exempt employees when they retire. Non-exempt employees can pay for dental and vision benefits for up to eighteen months under COBRA.

Upon the death of a retiree, the Town continues to pay full healthcare costs for the un-remarried survivor for three months after the month of death. During the three month period of time, the survivor determines if they want to continue and pay for coverage under the Town's policy. 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 who 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, up to age 26.

The retiree is also eligible for Medicare Part B reimbursement. The Medicare Part B premium that is charged varies by income level, with a base rate of \$1,462. Medicare Part reimbursement valuation was assumed at the basic level. Presently, the survivor does continue to receive the Medicare reimbursement. For future survivors, the plan provides 50% of the medical premium and none of the Medicare Part B premium. 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, 2016, 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	419
Retired employees and spouses	278
Surviving spouses of deceased retirees	44
Total	741

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, 2016, the Town's annual OPEB cost (expense) was \$12,008,234. Considering the annual expense as well as the payment of current health, dental and vision insurance premiums and Medicare reimbursements, which totaled \$3,723,385 for retirees and their beneficiaries, the result was an increase in the other postemployment benefits liability of \$8,284,849 for the year ended December 31, 2016. The OPEB cost for the nonmajor component units for the year ended December 31, 2016, amounted to \$9,686,633. Considering health insurance payments totaling \$2,921,658 the increase in the other postemployment benefits liability for the nonmajor component units for the year ended December 31, 2016, amounted to \$6,764,975.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

3. DETAILED NOTES ON ALL FUNDS (continued)

F. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS (continued)

Benefit Obligations and Normal Cost

	<u>Medical, Dental, Vision and Medicare Part B</u>
Actuarial Accrued Liability (AAL)	
Active employees	\$ 71,897,278
Retired employees	61,797,716
Total Actuarial Accrued Liability (AAL)	133,694,994
Actuarial value of plan assets	-0-
Unfunded actuarial accrued liability (UAAL)	\$ 133,694,994
Funded ratio	0%
Annual covered payroll	\$ 29,583,286
UAAL as a percentage of covered payroll	451.93%

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, 2016, amounted to \$133,694,994. The unfunded actuarial accrued liability for the nonmajor components units for the year ended December 31, 2016, amounted to \$120,229,830.

Level Dollar Amortization Calculation of ARC under the Projected Unit Credit Cost Method

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

Normal cost	\$ 5,314,220
Amortization of unfunded actuarial liability (UAAL) over 30 years	7,733,192
Annual required contribution (ARC)	13,047,412
Interest on net OPEB obligation	2,661,596
Adjustment to ARC	(3,700,774)
Annual OPEB Cost	12,008,234
Less: Contribution for year ended December 31, 2016	3,723,385
Increase in other postemployment benefits liability	8,284,849
Other postemployment benefits liability at December 31, 2015	66,539,910
Other postemployment benefits liability at December 31, 2016	\$ 74,824,759
Percentage of annual OPEB cost contributed	31.0%

Funded Status and Funding Progress

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

	Annual OPEB Cost	Annual Contribution Made	Percentage Contributed	Net OPEB Obligation
2016	\$ 12,008,234	\$ 3,723,385	31.0%	\$ 74,824,759
2015	10,907,908	3,485,867	32.0%	66,539,910
2014	11,026,435	3,436,981	31.2%	59,117,869

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

3. DETAILED NOTES ON ALL FUNDS (continued)

F. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS (continued)

Funded Status and Funding Progress (continued)

The funded status of the plan as of December 31, 2016 (based on the date of the most recent valuation), is as follows:

Actuarial Valuation Date January 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
Town	\$ -0-	\$ 133,694,994	\$ 133,694,994	0%	\$ 29,583,286	451.93%
Nonmajor component units	-0-	120,229,830	120,229,830	0%	25,470,148	472.04%

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, 2016, actuarial valuation the assumptions used in calculating OPEB are as follows:

- The actuarial funding method used is the projected unit credit cost method.
- The method for amortizing the initial unfunded accrued liability is level dollar amortization. A 30-year open amortization period was used.
- The discount rate used is 4.0%.
- The mortality table used is the 2011 United States Life Tables, extended to age 110.
- The inflation rate is 4%.
- Health care cost trends rates inclusive of general inflation:
 - Medical Premiums: 9.0% in year 1 grading to 5.0% in year 9 and subsequent,
 - Medicare Part B Premiums: 7.0% in year 1 grading to 5.0% in year 5 and subsequent,
 - Dental Premiums: 5.0% in year 1 grading to 4.0% in year 5 and subsequent,
 - Vision Premiums: 3.0% in year 1 and subsequent.
- Spousal coverage:
 - For current retirees, actual data is used in determining if spousal benefits are included in the valuation.
 - For future retirees, it is assumed that 65% of males and 40% of females will elect to receive family coverage at retirement.
- Turnover rates are based on the experience of the New York State and Local Retirement System.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

3. DETAILED NOTES ON ALL FUNDS (continued)

F. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS (continued)

Actuarial Methods and Assumptions (continued)

- Retirement rates are based on the experience of the New York State and Local Retirement System.
- All active employees potentially eligible for medical insurance related to OPEB benefits are included in the valuation, including those who may not have currently elected to receive benefits. It is assumed that 90% of all eligible personnel will elect to receive postemployment medical benefits upon retirement and that 100% will elect dental and vision benefits upon retirement.
- Empire Plan, Island 65, Medicare Part B and dental/vision premiums are assumed to increase on January 1 of each year.
- Administrative fees are assumed to continue and increase each year by 4.0%. Participation rate is 100% of eligible retirees.

A copy of the Town of North Hempstead's Retiree Medical Program, December 31, 2016 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 statement of net position. Payment of vacation time and sick leave is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation, sick leave and compensatory absences when such payments become due.

As of December 31, 2016, the value of the accumulated vacation time and sick leave was \$5,105,143 for the Town. The liability for compensated absences for the nonmajor component units amounted to \$11,694,104.

H. TAX ABATEMENT PROGRAMS

The Town is subject to real property tax abatements granted by the Nassau County Industrial Development Agency ("NCIDA"), an entity created as a New York State public benefit corporation. The NCIDA was established by Code Section 922, which became Chapter 674 of the Laws of 1975. The NCIDA offers several abatement programs on certain qualified projects to promote, retain, attract and encourage sound commerce and industry base to prevent unemployment. At December 31, 2016, only the real property tax abatement program offered by NCIDA impacts the Town's revenues. Generally, a qualified project is an applicant submitted project which meets certain economic development criteria (such as job creation/retention) and which either 1) has been or will be financed by the issuance of NCIDA issued bonds, notes or other evidences of indebtedness with respect thereto or 2) is a straight lease transaction which the NCIDA has determined to undertake pursuant to a lease policy. The NCIDA, based on the agreement and as a condition of providing assistance, may require that the benefiting company remit a PILOT payment to offset the amount of taxes abated. The NCIDA is authorized to enter into PILOT agreements per Real Property Tax Law, Section 412-a and General Municipal Law, Section 874. During the year ended December 31, 2016, the agreements the NCIDA ratified resulted in an abatement of \$13,745,174 of the Town's real property taxes and the receipt of \$1,383,368 in PILOT payments.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

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 \$500,000, 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 \$2,235,431. 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 \$250,000 per loss. The Town carries building and contents coverage in excess of \$100,000,000. Flood and earthquake claims are covered up to \$10,000,000 for any one loss and a \$10,000,000 annual aggregate.

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' compensation to be \$3,052,946. 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	
	2016	2015	2016	2015
Unpaid claims and claim adjustment expenditures at the beginning of the year	\$ 2,939,323	\$ 2,502,138	\$ 2,971,622	\$ 3,245,145
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	1,079,872	1,322,743	(696,017)	(24,146)
Total insured claims and claim adjustment expenditures	1,079,872	1,322,743	(696,017)	(24,146)
Payments				
Claim and claim adjustment expenditures attributable to insured events of the current and prior years.	966,249	885,558	40,174	249,377
Total unpaid claims and claim adjustment expenditures at the end of the year	\$ 3,052,946	\$ 2,939,323	\$ 2,235,431	\$ 2,971,622

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

4. COMMITMENTS AND CONTINGENCIES (continued)

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 provisions which could have a materially adverse impact on the financial condition of the Town. In addition, notices of claim have been filed with the Town. The allegations set forth in the claims relate to various circumstances including personal injury, property damage, civil rights violations, employment discrimination, breach of contract and administrative determinations by Town officials. The claims seek money damages.

Nassau County Cases

Garbage Taxes and Local Utilities

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 have been settled with the plaintiffs. The mass properties which were the subject of litigation have been removed from the tax rolls by the County.

In February 2015, the Town paid \$1,550,174 to resolve the actions commenced by Verizon from 2003-2012. Proceeds of the \$4,765,000 Bond Anticipation Notes – 2015 Series B in the amount of \$1,575,000 funded the Town's settlement with Verizon. The Town has obtained a judgment against the County for the refund plus interest, which the County has appealed. In August 2015, the Town paid Keyspan \$1,118,125 to resolve the actions commenced by Keyspan. Proceeds of the \$38,278,984 Bond Anticipation Notes – 2015 Series C in the amount of \$1,120,000 funded the Town's settlement with Keyspan. The Town has obtained a judgment against the County for the refund, plus interest, which the County has appealed. It is the Town's position, based on Appellate Division precedent, that all of these matters are covered by the County Guarantee requiring an eventual payment or reimbursement of any judgments by the County. The County's appeals have been fully briefed but have not yet been calendared for argument in the Appellate Division, Second Department. The Town, exclusive of nonmajor component units, has recorded a receivable from the County under the County Guarantee for \$3,303,417. The Town considers this receivable to be long-term.

Fashion Institute of Technology

Nassau County informed the Town on March 1, 2016 that it would deduct \$1,273,497 from the 2015 fourth quarter sales tax payment of \$2,803,897 to the Town. The amount represents the payments the County made in 2004-05 for students residing in the Town who attend the Fashion Institute of Technology ("FIT"). The County has also informed the Town that it intends to make similar deductions in 2017 and 2018 for the 2006-07 and 2008-09 FIT tuition payments, respectively.

The Town filed suit against the County arguing that the claim for reimbursement of FIT tuition paid in 2004-05 is time barred, seeking an order directing return of the 2015 sales tax and a permanent injunction barring similar deductions in 2017 and 2018 on the ground that they are also time barred. On May 27, 2016, the Supreme Court issued that a judgment be entered in favor of the Town for payment of the \$1,273,497. The Court also issued a declaratory judgment that the County may not offset against the Town's sales tax for 2006-07 and 2008-09 FIT tuition payments. The County appealed to the Appellate Division, Second Department. The Appellate Division held by an order and decision issued April 26, 2017 that the Town did not owe the County for any FIT payments prior to 2010 and upheld the judgment directing the County to return the Town's sales tax with interest. On May 8, 2017, the County moved for leave to appeal to the Court of Appeals.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

4. COMMITMENTS AND CONTINGENCIES (continued)

B. LITIGATION (continued)

Long Island Power Authority Case

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 seeks \$5,000,000 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 mitigate 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. On appeal, LIPA's General Business Law claims; were dismissed. The negligence claims against the Town remain. Because of the appeal, the action was marked stayed in 2011. Although the appeal was decided in December 2012, LIPA has not filed the necessary papers to restore the matter to the active calendar. LIPA, its agent and the Town have attended Court-sponsored mediation without resolution. The last mediation was in November 2014. It is the opinion of the Town Attorney that any potential exposure of the Town will not approach \$5,000,000. The outcome of this litigation cannot be determined at this time.

Nassau County Storm Water Pipe Case

In August 2015, Town officials became aware that a storm water pipe was blocked, causing flooding in the area of the railroad and Rushmore Street in New Cassel. Town employees discovered that the pipe was blocked by a mass of concrete near Rushmore Street where a concrete company operated. The Town subsequently determined that the pipe was owned by Nassau County. On September 4, 2015, the County sent the Town a letter asserting that the Town was responsible for the concrete in the pipe and claimed that the Town would be liable to the County for all restoration costs. Nassau County subsequently filed a complaint against the Town and area concrete companies asserting \$1,400,000 in damages. The County's theory is that the Town has failed in its responsibility under its MS4 storm water permit to prevent concrete from discharging from an area concrete plant into the storm water system.

The Town counterclaimed against the County and cross-claimed against the concrete companies for the Town's expenses and flood damage. The Town's theory against the County is that the County failed to maintain its storm water pipe as is its obligation under its MS4 storm water permit. The Town, the County and the concrete companies are in the early stages of litigation over these issues and the outcome of this litigation cannot be determined at this time.

Impact of Hurricane Sandy on the Town

As a result of Hurricane Sandy (the "Storm"), the Town sustained substantial damage to infrastructure and improved properties. Many Town roads had numerous large trees fall, destroying sidewalks and obstructing the right-of-ways, which were removed by Town workforce and outside contractors. Several Town Parks also incurred damage. The roof at the Department of Public Works Building (285 Denton Avenue, New Hyde Park) was damaged, as well as, the roof at Harbor Hills Park. There was damage to various recreational facilities, due to flooding issues, especially Harbor Hills Park and North Hempstead Beach Park.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

4. COMMITMENTS AND CONTINGENCIES (continued)

B. LITIGATION (continued)

Impact of Hurricane Sandy on the Town (continued)

Since the Storm, the Town has been in contact with officials from the Federal and State governments and 90% of the expenditures associated with the foregoing has been largely reimbursed by Federal agencies while 10% has been reimbursed by Community Development Block Grant ("CDBG") Funds made available by the State.

On September 26, 2016, the Office of the Inspector General (OIG) of the Department of Homeland Security issued an audit concerning the Town's use of FEMA funds after Hurricane Sandy. The OIG advised FEMA to recover \$9.9 million awarded to the Town. FEMA reviewed the audit and recommended resolving all the findings without a recovery from the Town. The OIG notified FEMA that it accepted all of FEMA's recommendations on March 29, 2017.

On an ongoing basis the Town continues to review and undertake projects to restore areas that were damaged by the Storm and to increase the resiliency of the Town's infrastructure. Ultimately, the Town anticipates spending approximately \$65,000,000 on projects, much of which is expected to be reimbursed by State and Federal agencies. The Town believes that it has complied with all terms and conditions of the grants and therefore any disallowances will be immaterial.

In the opinion of the Town Attorney, other than the claims previously described, the resolution of such various cases and claims presently pending against the Town will not have an adverse material effect on the Town's financial position. Such matters are immaterial or adequately covered by existing insurance coverage. Accordingly, no liability has been recorded.

Other Litigation

In addition to the above referenced cases, the Town is involved in other lawsuits with claims ranging from several hundred to \$5,500,000. These cases are in various stages of litigation and their outcome cannot presently be determined. Pursuant to the 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. An estimated liability of these claims has been included in the Town's general liability reserve summarized in the above schedule .

In the opinion of the Town Attorney, other than the claims previously described, the resolution of such various cases and claims presently pending against the Town will not have an adverse material effect on the Town's financial position. Such matters are immaterial or adequately covered by existing insurance coverage.

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 \$930,000 per year. Accordingly, as of December 31, 2016, the Town has recorded a liability of \$13,775,226, 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. FEDERAL AND STATE GRANTS

The Town has received grants, which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the Towns' administration believes disallowances, if any, will be in material.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

4. COMMITMENTS AND CONTINGENCIES (continued)

E. 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.

F. CONSTRUCTION AND OTHER CAPITAL ACQUISITION COMMITMENTS

Construction in progress, commitments for equipment purchases, and other capital acquisition commitments amount to \$3,024,057 at December 31, 2016.

G. LEASE COMMITMENTS AND LEASED ASSETS

Operating Leases

The Town leases equipment and space under non-cancelable operating leases that commenced between May 1989 and December 2016, and expire between January 2017 and May 2029. Total rental expenditures on such leases for the year ended December 31, 2016 totaled \$399,233. The minimum future non-cancelable operating lease payments are as follows:

Years Ending December 31,	2017	\$	337,381
	2018		122,612
	2019		87,400
	2020		35,038
	2021		15,000
	2022-2026		75,000
	2027-2029		35,000
Present value of minimum lease payments		<u>\$</u>	<u>707,431</u>

H. 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, 2016, the Town has recorded no pollution remediation obligations.

I. LENGTH OF SERVICE AWARD PROGRAMS (LOSAP)

The Town of North Hempstead's financial statements are for the year ended December 31, 2016. 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.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

4. COMMITMENTS AND CONTINGENCIES (continued)

I. LENGTH OF SERVICE AWARD PROGRAMS (LOSAP) (continued)

Program Description

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 Hook and Ladder, Engine and Hose Company, Port Washington Fire Department, Inc. and Roslyn Volunteer Firefighter Service Award Program. The programs took effect on various dates (See Table #1). 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. Four of the Plans, Alert Engine, Hook and Ladder and Hose Company #1, Roslyn Volunteer Firefighter Service Award Program, Glenwood Hook and Ladder, Engine and Hose Company and Port Washington Fire Department Inc. have multiple sponsors.

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).

Table #1 Program Description

	<u>Albertson</u>	<u>Alert</u>	<u>Carle Place</u>	<u>Floral Park Centre</u>
Plan year end date	12/31/2016	12/31/2015	12/31/2015	12/31/2016
Plan established by:	Albertson Hook & Ladder, Engine and Hose Company No. 1	Town of North Hempstead; Villages of Great Neck, Kings Point and Saddle Rock (Joint Sponsoring Board)	Carle Place Fire Department	Town of North Hempstead
Sponsored by:	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	7/1/1991
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
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	Entitlement Age except for disability or death
Benefits payable at				
Optional line-of-duty disability	Yes	Yes	Yes	Yes

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

4. COMMITMENTS AND CONTINGENCIES (continued)

I. LENGTH OF SERVICE AWARD PROGRAMS (LOSAP) (continued)

Program Description (continued)

Benefits (continued)

Table #1 Program Description (continued)

	<u>Glenwood</u>	<u>Port Washington</u>	<u>Roslyn</u>
Plan year end date	12/31/2015	12/31/2016	12/31/2015
Plan established by:	Towns of North Hempstead and Oyster Bay, Villages of Brookville and Roslyn Harbor	Town of North Hempstead, Villages of Baxter Estates, Flower Hill, Manorhaven, Plandome Manor, Port Washington North and Sands Point	Towns of North Hempstead and Oyster Bay; Villages of Brookville, East Hills, Flower Hill, North Hills, Old Westbury, Roslyn, Roslyn Estates, Roslyn Harbor
Sponsored by:	Glenwood H&L E&H Company	Port Washington Fire Department	Joint Sponsoring Board
Effective date of plan	4/1/1990	1/1/1993	1/1/1996
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	One	One
Benefits:			
Monthly payment	\$20	\$20	\$20
Maximum years used to calculate	37	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).

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).

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
 December 31, 2016

4. COMMITMENTS AND CONTINGENCIES (continued)

I. LENGTH OF SERVICE AWARD PROGRAMS (LOSAP) (continued)

Fiduciary Investment and Control (continued)

Table # 2 Fiduciary Information

	<u>Albertson</u>	<u>Alert</u>	<u>Carle Place</u>	<u>Floral Park Centre</u>
Administered by:	Penflex, Inc.	Penflex, Inc.	VFIS	Penflex, Inc.
Disbursements approved by:	Town of North Hempstead	Joint Sponsoring Board	Fire Company	Town of North Hempstead
Plan Trustee	Town of North Hempstead	Joint Sponsoring Board	N/A	Town of North Hempstead
Authority to invest assets	RBC Wealth Management	RBC Wealth Management	MassMutual Financial Group	RBC Wealth Management
Valuation date	1/1/2017	1/1/2016	1/1/2016	1/1/2017
Actuary report date	4/27/2017	7/12/2016	7/27/2016	4/26/2017

Table #2 Fiduciary Information (continued)

	<u>Glenwood</u>	<u>Port Washington</u>	<u>Roslyn</u>
Administered by:	VFIS	Penflex, Inc.	Penflex, Inc.
Disbursements approved by:	Fire Company's Board	Joint Sponsoring Board	Joint Sponsoring Board
Plan Trustee	Joint Sponsoring Board	Joint Sponsoring Board	Joint Sponsoring Board
Authority to invest assets	MassMutual Financial Group	Castle Asset Management LLC	FCE Group
Valuation date	1/1/2016	1/1/2017	1/1/2016
Actuary report date	6/7/2016	4/28/2017	8/29/2016

Table #3 Program Financial Condition

	<u>Albertson</u>		<u>Alert</u>		<u>Carle Place</u>		<u>Floral Park Centre</u>	
Assets								
Actuarial present value of:		% Funded		% Funded		% Funded		% Funded
benefits at 1/1/2015	\$ 2,674,011		\$ 2,646,774		\$ 1,682,938		\$ 716,907	
benefits at 1/1/2016							523,439	
Less: assets available for benefits	<u>2,153,210</u>	80.52%	<u>2,055,823</u>	77.67%	<u>1,125,009</u>	66.85%	<u>523,439</u>	73.01%
Total unfunded benefits	520,801		590,951		557,929		193,468	
Less: unfunded liability for prior service	407,374							
Less: unfunded liability for separate costs	34,322		60,138					
Unfunded normal benefits	<u>\$ 79,105</u>		<u>\$ 530,813</u>		<u>\$ 557,929</u>		<u>\$ 193,468</u>	
Assets Available for Benefits								
		% of total		% of total		% of total		% of total
Cash & short-term investments	\$ 14,961	0.70%	\$ 92,352	4.51%	0.00%	0.00%	\$ 16,209	3.10%
Government securities		0.00%	596,665	29.11%		0.00%	118,167	22.62%
Other securities/assets	<u>2,131,609</u>	99.30%	<u>1,360,747</u>	66.39%	<u>\$ 182,643</u>	100.00%	<u>368,083</u>	74.28%
	2,146,570	100.00%	2,049,764	100.00%	182,643		522,459	100.00%
Annuities					942,366	100.00%		
January payments made in prior December	6,640		6,060				980	
Total assets available for benefits	<u>\$ 2,153,210</u>		<u>\$ 2,055,824</u>		<u>\$ 1,125,009</u>		<u>\$ 523,439</u>	
Prior Service Costs/Separate Service Costs								
Amortization period	15		20		-0-		15	
Discount rate	5.50%		5.50%		4.75%		5.50%	
Receipts and Disbursements								
Plan assets at beginning of year	\$ 1,990,177		\$ 2,049,526		\$ 851,874		\$ 463,508	
Plan contributions	180,000		156,796		145,032		50,000	
Investment income earned (loss)	105,988		(25,727)		26,816		25,778	
Other receipts					183,851			
Plan benefit withdrawals	(128,573)		(94,840)		(66,100)		(11,760)	
Life Insurance Premium					(13,051)			
Administrative fees	(9,286)		(8,575)		(3,413)		(7,242)	
Other expenses	14,904		(21,356)				3,155	
Plan assets at end of year	<u>\$ 2,153,210</u>		<u>\$ 2,055,824</u>		<u>\$ 1,125,009</u>		<u>\$ 523,439</u>	
Contributions								
Recommended by Actuary	\$ 180,000		\$ 156,796		\$ 145,032		\$ 33,977	
Actual contribution	\$ 180,000		\$ 156,796		\$ 145,032		\$ 50,000	
Town of North Hempstead contribution for plans with multiple sponsors			\$ 12,333					
Administration Fees								
Paid to Plan Administrator	\$ 9,286		\$ 8,575		\$ 3,413		\$ 7,242	

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

4. COMMITMENTS AND CONTINGENCIES (continued)

I. 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 1/1/2015	\$ 3,025,674	% Funded	\$ 5,317,618	% Funded	\$ 3,900,302
benefits at 1/1/2016					2,896,938
Less: assets available for benefits	<u>1,997,515</u>	66.02%	<u>3,736,604</u>	70.27%	<u>2,896,938</u>
Total unfunded benefits	1,028,159		1,581,014		1,003,364
Less: unfunded liability for separate costs			97,571		141,441
Unfunded normal benefits	<u>\$ 1,028,159</u>		<u>\$ 1,483,443</u>		<u>\$ 861,923</u>
<u>Assets Available for Benefits</u>					
Cash & short-term investments		<u>% of total</u>	\$ 1,017,557	<u>% of total</u>	\$ 119,507
Receivables				0.00%	178
Government securities				0.00%	448,912
Other securities/assets			2,717,465	72.76%	2,315,981
			<u>3,735,022</u>	100.00%	<u>2,884,578</u>
<u>Annuities</u>					
Insurance contracts	\$ 1,997,515	100.00%			
January payments made in prior December			1,582		
Benefits payable					12,360
Total assets available for benefits	<u>\$ 1,997,515</u>		<u>\$ 3,736,604</u>		<u>\$ 2,896,938</u>
<u>Prior Service Costs</u>					
Amortization period	-0-		15		15
Discount rate	4.75%		5.25%		5.50%
<u>Receipts and Disbursements</u>					
Plan assets at beginning of year	\$ 1,735,450		\$ 3,334,162		\$ 3,046,028
Plan contributions	231,603		426,000		187,113
Investment income earned	61,622		226,793		(138,512)
Other receipts					
Plan benefit withdrawals	(21,560)		(235,986)		(179,964)
Life Insurance Premium	(9,600)				
Administrative fees			(10,500)		(10,035)
Other expenses			(3,865)		(7,692)
Plan assets at end of year	<u>\$ 1,997,515</u>		<u>\$ 3,736,604</u>		<u>\$ 2,896,938</u>
<u>Contributions</u>					
Recommended by Actuary	\$ 231,163		\$ 426,000		\$ 189,722
Actual contribution	\$ 231,603		\$ 426,000		\$ 187,113
Town of North Hempstead contribution for plans with multiple sponsors	\$ 57,855		\$ 216,087		\$ 40,699
<u>Administration Fees</u>					
Paid to Plan Administrator	\$ -		\$ 10,500		\$ 10,035

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 Cost Method	Attained Age Normal Cost Method	Entry Age Normal Frozen Initial Liability	Attained Age Normal Cost Method
Assumed rate of return	5.50%	5.50%	5.40%	5.50%
Mortality table used for withdrawals, retirements, active and inactive deaths:				
Pre-entitlement age	*	None	None	*
Post-entitlement age	**	***	1994 Group Annuity	**
Asset valuation method	Fair Market Value	Fair Market Value	Fair Value	Fair Market Value

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

4. COMMITMENTS AND CONTINGENCIES (continued)

I. LENGTH OF SERVICE AWARD PROGRAMS (LOSAP) (continued)

Table #4 Methodology and Assumptions (continued)

	<u>Glenwood</u>	<u>Port Washington</u>	<u>Roslyn</u>
Actuarial cost method	Entry Age Normal Frozen Initial Liability	Attained Age Normal Cost Method	Attained Age Normal Cost Method
Assumed rate of return	4.75%	5.25%	5.50%
Mortality table used for withdrawals, retirements, active and inactive deaths:			
Pre-entitlement age	1984 Unisex Pensioners	None	None
Post-entitlement age	1984 Unisex Pensioners	*	**
Asset valuation method	Fair Value	Fair Market Value	Fair Market Value

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

The following represents condensed financial statements for the discretely presented nonmajor component units as of, and for the year ended, December 31, 2016:

Condensed Statement of Net Position:

	Assets & Deferred Outflows of Resource		Liabilities & Deferred Inflows of Resource		Net Position		
	Current, Non-current and Deferred Outflows of Resources	Capital Assets Net of Depreciation	Current, Non-current and Deferred Inflows of Resources	Bonds and Other Long-Term Liabilities	Net Investment in Capital Assets	Restricted	Unrestricted
<u>GARBAGE DISTRICTS</u>							
Carle Place	\$ 681,541		\$ 167,045				\$ 514,496
Glenwood	80,680		19,929				60,751
Port Washington	2,339,832	\$ 24,750	789,064		\$ 24,750	\$ 168,078	1,382,690
Roslyn	662,469		205,220	\$ 3,442			453,807
<u>WATER POLLUTION CONTROL DISTRICTS</u>							
Belgrave	5,759,453	13,534,244	868,318	10,290,990	5,850,640	1,267,025	1,016,724
Great Neck	8,970,327	66,928,471	6,288,022	53,271,084	15,326,725	648,222	364,745
Port Washington	4,687,091	32,588,224	1,448,694	20,712,759	10,911,786	729,125	3,472,951
<u>WATER DISTRICTS</u>							
Albertson	4,516,392	8,758,154	2,409,432	6,233,517	3,453,386	874,883	303,328
Carle Place	7,822,819	7,001,897	4,883,385	2,911,697	3,232,045	4,895,907	(1,098,318)
Garden City Park	7,106,621	12,065,702	4,168,718	3,857,876	10,551,905	3,147,315	(2,553,491)
Glenwood	383,880	293,711	35,248	46,615	287,321		308,407
Manhasset - Lakeville	10,407,316	41,224,886	2,924,913	13,184,528	32,429,554	37,898	3,055,309
Port Washington	6,794,282	19,332,621	8,805,677	12,398,708	5,546,405	466,790	(1,090,677)
Roslyn	11,069,402	16,100,993	5,597,421	15,761,256	5,159,318	2,808,031	(2,155,631)
Westbury	4,788,341	9,749,724	1,372,900	6,573,748	7,164,732	2,035,964	(2,609,279)
<u>PARK DISTRICTS</u>							
Great Neck	15,711,493	25,786,191	7,336,816	24,388,456	10,931,819	1,408,775	(2,568,182)
Manhasset	1,211,954	2,433,054	111,708	3,281,755	2,433,054		(2,181,509)
<u>OTHER</u>							
Port Washington Police District	20,102,083	1,236,990	2,916,334	39,577,535	1,181,241	312,757	(22,648,794)
Shelter Rock Public Library District Community Development Agency	4,532,939	5,975,824	543,365	5,543,325	2,627,395	223,393	322,804
Port Washington Business Improvement District	178,519	106,548	10,590	54,084	42,656	2,824,634	177,737
	<u>\$ 121,091,892</u>	<u>\$ 263,141,984</u>	<u>\$ 51,045,935</u>	<u>\$ 219,656,544</u>	<u>\$ 117,154,732</u>	<u>\$ 21,848,797</u>	<u>\$ (25,472,132)</u>

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

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

Condensed Statement of Activities:

	Program			General Revenue		Net Position			
	Expenses	Charges for Services	Operating/ Capital Grants and Contributions	Net Expense (Revenue)	Property Tax	Other	Change	1/1/2016	12/31/2016
<u>GARBAGE DISTRICTS</u>									
Carle Place	\$ 915,445			\$ 915,445	\$ 885,113	\$ 13,465	\$ (16,867)	\$ 531,363	\$ 514,496
Glenwood	61,664			61,664	62,318	6,552	7,206	53,545	60,751
Port Washington	2,180,799			2,180,799	2,264,068	2,285	85,554	1,489,964	1,575,518
Roslyn	531,597			531,597	552,593	143	21,139	432,668	453,807
<u>WATER POLLUTION CONTROL DISTRICTS</u>									
Belgrave	2,945,108	\$ 842,569		2,102,539	2,474,640	9,400	381,501	7,752,888	8,134,389
Great Neck	6,277,992	2,746,722	\$ 100,000	3,431,270	6,610,448	29,895	3,209,073	13,130,619	16,339,692
Port Washington	6,624,308	977,254		5,647,054	4,840,363	21,814	(784,877)	15,898,739	15,113,862
<u>WATER DISTRICTS</u>									
Albertson	3,019,169	1,562,135		1,457,034	1,701,528	182,553	427,047	4,204,550	4,631,597
Carle Place	2,653,030	757,288		1,895,742	1,889,578	481,047	474,883	6,554,751	7,029,634
Garden City Park	4,730,444	1,308,413		3,422,031	2,831,052	413,948	(177,031)	11,322,760	11,145,729
Glenwood	431,520	152,119		279,401	315,370	41,416	77,385	518,343	595,728
Manhasset - Lakeville	9,430,909	6,580,825		2,850,084	3,753,007	556,846	1,459,769	34,062,992	35,522,761
Port Washington	5,668,465	4,471,686		1,196,779	1,737,838	222,374	763,433	4,159,085	4,922,518
Roslyn	4,523,504	2,225,970		2,297,534	2,396,213	253,802	352,481	5,459,237	5,811,718
Westbury	5,053,872	1,807,384		3,246,488	3,177,350	380,372	311,234	6,280,183	6,591,417
<u>PARK DISTRICTS</u>									
Great Neck	18,935,854	4,367,943		14,567,911	12,480,901	224,637	(1,862,373)	11,634,785	9,772,412
Manhasset	1,931,012	767,484		1,163,528	726,415	78,991	(358,122)	609,667	251,545
<u>OTHER</u>									
Port Washington									
Police District	22,611,892	3,706	67,385	22,540,801	18,697,041	2,344,498	(1,499,262)	(19,655,534)	(21,154,796)
Shelter Rock Public Library District	4,012,443	24,234	110,000	3,878,209	3,938,885	267,512	328,188	2,845,404	3,173,592
Community Development Agency	2,193,739	28,486	1,198,637	966,616		(589,298)	(1,555,914)	4,380,548	2,824,634
Port Washington Business Improvement District	172,759	3,446	4,000	165,313	189,896	283	24,866	195,527	220,393
	<u>\$ 104,905,525</u>	<u>\$ 28,627,664</u>	<u>\$ 1,480,022</u>	<u>\$ 74,797,839</u>	<u>\$ 71,524,617</u>	<u>\$ 4,942,535</u>	<u>\$ 1,669,313</u>	<u>\$ 111,862,084</u>	<u>\$ 113,531,397</u>

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

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

Complete financial statements of the individual nonmajor 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 Garden City 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 District 165 Seasingtown Road Albertson, NY 11507	Town of 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

Debt Issuances

In April 2017, the Town issued \$49,774,425 of Public Improvement Bonds – 2017 Series A, with maturity dates of April 1, 2018-2039. The interest rates range from 3.000% to 3.250%. The proceeds from the sale of the Bonds, together with \$857,500 in available funds, will be used to redeem a \$28,061,000 portion of the Town's \$31,917,199 Bond Anticipation Notes for Various Purposes – 2016 Series A at maturity. A portion of the proceeds in the amount of \$22,570,925 will be used to provide original or additional financing for various capital projects.

In April 2017, the Town issued \$10,970,000 of Public Improvement Bonds – 2017 Series B, with maturity dates of April 1, 2018-2047. The interest rates range from 3.000% to 4.000%. A portion of the sale in the amount of \$9,970,000, together with \$45,000 in available funds, will be used to redeem the Town's 2016 Series A note in the amount of \$10,015,000. Additionally, a portion of the proceeds in the amount of \$1,000,000 will be used to provide original financing for improvements to the Garden City Park District.

In April 2017, the Town issued \$7,354,461 of Bond Anticipation Notes – 2017 Series A at an interest rate of 2.00% maturing on April 3, 2018. A portion of the sale in the amount of \$3,183,199, together with \$673,000 in available funds, will be used to redeem a \$3,856,199 portion of the Town's 2016 Series A note. A portion of the proceeds in the amount of \$4,171,262 will be used to provide original or additional financing for various capital projects.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

7. NEW PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued the following Statements:

Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*," the primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The requirements of the new Statement become effective for the Town for the year ended December 31, 2017.

Statement No. 80, "*Blending Requirements for Certain Component Units – an Amendment of Statement No. 14*," the objective of which is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The requirements of the new Statement become effective for the Town for the year ended December 31, 2017.

Statement No. 82, "*Pension Issues – an Amendment of Statements No. 67, 68, and 73*," the objective of which is to address issues regarding (a) the presentation of payroll-related measures in required supplementary information, (b) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (c) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of the new Statement become effective for the Town for the year ended December 31, 2018.

Statement No. 83, "*Certain Asset Retirement Obligations*," the objective of which is to establish criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The requirements of the new Statement become effective for the Town for the year ended December 31, 2019.

Statement No. 84, "*Fiduciary Activities*," the objective of which is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The requirements of the new Statement become effective for the Town for the year ended December 31, 2019.

Statement No. 85, "*Omnibus 2017*," the objective of which is to address practice issues that have been identified during implementation of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The requirements of the new Statement become effective for the Town for the year ended December 31, 2018.

Statement No. 86, "*Certain Debt Extinguishment Issues*," the objective of which is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also addresses reporting for prepaid insurance on debt that is extinguished. The requirements of the new Statement become effective for the Town for the year ended December 31, 2018.

The Town is currently evaluating the impact of the above 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, 2016

REVENUES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REAL PROPERTY TAXES:				
Ad valorem taxes	\$ 24,921,516	\$ 24,921,516	\$ 25,083,628	\$ 162,112
Total Real Property Taxes	24,921,516	24,921,516	25,083,628	162,112
REAL PROPERTY TAX ITEMS:				
Payment in lieu of taxes	375,000	375,000	1,022,942	647,942
Interest and penalties on taxes	1,150,000	1,150,000	1,191,107	41,107
Returned check charge: property tax	4,000	4,000	7,600	3,600
Total Real Property Tax Items	1,529,000	1,529,000	2,221,649	692,649
NON-PROPERTY TAX ITEMS:				
Nassau County local government assistance	11,330,000	11,330,000	11,237,939	(92,061)
Franchises-cable TV	2,525,000	2,525,000	2,336,881	(188,119)
Total Non-Property Tax Items	13,855,000	13,855,000	13,574,820	(280,180)
DEPARTMENTAL INCOME:				
Comptroller's fees	8,500	8,500	6,945	(1,555)
Town clerk fees	40,000	40,000	48,623	8,623
Other general departmental income	7,500	7,500	12,701	5,201
Parking enforcement - disabled surcharge			345	345
Public pound charge dog fees	5,000	5,000	15,675	10,675
Other public safety departmental income	65,000	65,000	46,850	(18,150)
Parks and recreation charges	2,600,000	2,603,500	2,594,141	(9,359)
Dock storage leases	40,000	40,000	37,145	(2,855)
Recreational concessions	15,000	15,000	5,709	(9,291)
Special recreational facility charges	6,900,000	6,900,000	6,503,913	(396,087)
Other culture and recreation	14,000	14,000	26,189	12,189
Total Departmental Income	9,695,000	9,698,500	9,298,236	(400,264)
USE OF MONEY AND PROPERTY:				
Interest and earnings	30,000	30,000	22,911	(7,089)
Rental of real property	170,000	170,000	148,058	(21,942)
Total Use of Money and Property	200,000	200,000	170,969	(29,031)
LICENSES AND PERMITS:				
Games of chance	300	300	210	(90)
Bingo licenses	800	800	330	(470)
Dog license fund apportionment	30,000	30,000	25,273	(4,727)
Licensing fees	53,130	53,130	50,955	(2,175)
Town permits	200,000	200,000	171,515	(28,485)
Total Licenses and Permits	284,230	284,230	248,283	(35,947)

(Continued)

TOWN OF NORTH HEMPSTEAD
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
FINES AND FORFEITURES:				
Court fines	25,000	25,000	25,000	-0-
Total Fines and Forfeitures	25,000	25,000	25,000	-0-
SALE OF PROPERTY AND COMPENSATION FOR LOSS:				
Sale of real property			75,000	75,000
Sale of equipment			22,229	22,229
Insurance recoveries		250,000	280,808	30,808
Total Sale of Property and Compensation for Loss		250,000	378,037	128,037
MISCELLANEOUS LOCAL SOURCES:				
Reimbursement of Medicare Part D	25,000	25,000	13,637	(11,363)
Refund of prior year expenditures	7,500	7,500	48,948	41,448
Gifts and donations	177,363	213,913	43,497	(170,416)
Miscellaneous revenue	300,000	300,000	10,012	(289,988)
Total Miscellaneous Local Sources	509,863	546,413	116,094	(430,319)
INTERFUND REVENUES	6,451,896	6,451,896	6,447,453	(4,443)
STATE AID:				
State aid - per capita	1,023,565	1,023,565	1,023,565	-0-
State aid - mortgage tax	7,450,000	7,450,000	9,556,463	2,106,463
State aid - youth program			9,916	39,410
State aid - recreation for disabled	25,000	25,000	15,757	(9,243)
State aid - culture and recreation			75,000	75,000
State aid - environmental conservation			110,000	110,000
State aid - other home and community service	10,000	85,000	58,000	(27,000)
Total State Aid	8,508,565	8,593,481	10,888,111	2,294,630
FEDERAL AID:				
Federal aid - culture and recreation			39,124	39,124
Federal aid - programs for the aging	300,000	300,000	411,800	111,800
Federal aid - emergency disaster assistance			124,693	124,693
Total Federal Aid	300,000	300,000	575,617	275,617
Total Revenues	66,280,070	66,655,036	69,027,897	2,372,861

(Continued)

TOWN OF NORTH HEMPSTEAD
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2016

EXPENDITURES	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
CURRENT:				
GENERAL GOVERNMENT SUPPORT:				
Town board	780,977	811,944	795,180	16,764
Supervisor	776,939	824,799	824,799	-0-
Finance	205,500	156,672	156,370	302
Comptroller	1,832,126	1,534,456	1,529,272	5,184
Receiver of taxes	1,208,536	1,166,485	1,166,485	-0-
Purchasing	158,068	121,097	121,097	-0-
Credit card fees	36,661	114,477	114,477	-0-
Fiscal agent fees	35,000	23,657	23,657	-0-
Town clerk	697,711	742,312	742,312	-0-
Town attorney	1,361,560	1,184,162	1,184,159	3
Human resources	482,835	517,440	517,437	3
Engineering	253,178	241,110	221,816	19,294
Records management	287,481	264,634	240,688	23,946
Call center	513,172	513,120	495,084	18,036
Public Information	549,595	589,203	584,261	4,942
Public works	482,163	493,843	493,843	-0-
General services	1,438,167	1,373,471	1,325,723	47,748
Central printing and mail	668,243	478,498	478,498	-0-
Technology services	1,706,121	1,605,442	1,590,992	14,450
Unallocated insurance	510,000	357,900	357,900	-0-
Other general government support	1,342,000	1,034,980	1,034,980	-0-
Total General Government Support	15,326,033	14,149,702	13,999,030	150,672
EDUCATION:				
Community College	1,550,000	2,325,385	2,325,385	-0-
Total Education	1,550,000	2,325,385	2,325,385	-0-
PUBLIC SAFETY:				
Administration	223,780	212,253	182,735	29,518
Animal shelter	619,942	627,942	622,399	5,543
Harbor patrol	383,443	393,443	354,622	38,821
Emergency Management Services	75,341	12,497	12,497	-0-
Total Public Safety	1,302,506	1,246,135	1,172,253	73,882
TRANSPORTATION:				
Snow removal		36,222	36,222	-0-
Total Transportation		36,222	36,222	-0-

(Continued)

TOWN OF NORTH HEMPSTEAD
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
ECONOMIC ASSISTANCE AND OPPORTUNITY:				
Community services	469,296	464,588	464,588	-0-
Veterans services	17,900	4,939	4,939	-0-
Programs for the aging	2,333,071	2,183,287	2,181,832	1,455
Total Economic Assistance and Opportunity	<u>2,820,267</u>	<u>2,652,814</u>	<u>2,651,359</u>	<u>1,455</u>
CULTURE AND RECREATION:				
Parks and recreation	1,171,823	1,174,744	1,174,744	-0-
Parks	7,136,314	7,143,977	7,142,547	1,430
Community center	1,142,201	1,439,353	1,435,842	3,511
Special recreation facilities	6,350,082	6,072,863	6,053,740	19,123
Youth activities	537,960	570,034	570,034	-0-
Total Culture and Recreation	<u>16,338,380</u>	<u>16,400,971</u>	<u>16,376,907</u>	<u>24,064</u>
HOME AND COMMUNITY SERVICES:				
Environmental facilities	975,000	1,102,805	1,101,773	1,032
Housing authority	148,586	148,000	148,000	-0-
Emergency tenant protection act	7,500	7,500	5,050	2,450
Emergency disaster work		(6,898)	1	(6,899)
Total Home and Community Services	<u>1,131,086</u>	<u>1,251,407</u>	<u>1,254,824</u>	<u>(3,417)</u>
EMPLOYEE BENEFITS:				
State employee retirement system	2,881,647	3,020,610	3,020,610	-0-
Social security	1,483,033	1,446,871	1,446,871	-0-
Workers' compensation	350,000	518,404	518,404	-0-
Unemployment benefits	16,000	49,269	49,269	-0-
Disability benefits		33	33	-0-
Hospital, medical and dental	5,042,875	5,116,144	5,116,144	-0-
Other employee benefits	13,000	13,000	13,000	-0-
Total Employee Benefits	<u>9,786,555</u>	<u>10,164,331</u>	<u>10,164,331</u>	<u>-0-</u>
Total Expenditures	<u>48,254,827</u>	<u>48,226,967</u>	<u>47,980,311</u>	<u>246,656</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>18,025,243</u>	<u>18,428,069</u>	<u>21,047,586</u>	<u>2,619,517</u>
Other Financing Sources (Uses)				
Transfers in	595,627	2,329,756	2,329,756	-0-
Transfers out	(18,620,870)	(20,750,493)	(20,750,491)	2
Total Other Financing Sources (Uses)	<u>(18,025,243)</u>	<u>(18,420,737)</u>	<u>(18,420,735)</u>	<u>2</u>
Net Change in Fund Balance	<u>\$ -0-</u>	<u>\$ 7,332</u>	<u>2,626,851</u>	<u>\$ 2,619,519</u>
Fund Balance at Beginning of Year			<u>11,691,459</u>	
Fund Balance at End of Year			<u>\$ 14,318,310</u>	

TOWN OF NORTH HEMPSTEAD
HIGHWAY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2016

REVENUES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REAL PROPERTY TAXES:				
Ad valorem taxes	\$ 20,470,957	\$ 20,470,957	\$ 20,373,669	\$ (97,288)
Total Real Property Taxes	20,470,957	20,470,957	20,373,669	(97,288)
REAL PROPERTY TAX ITEMS:				
Special assessment	20,000	20,000		(20,000)
Payment in lieu of taxes	445,000	445,000	1,562,908	1,117,908
Interest and penalties on taxes			176	176
Total Real Property Tax Items	465,000	465,000	1,563,084	1,098,084
INTERGOVERNMENTAL CHARGES:				
Services for other governments	25,000	25,000	74,836	49,836
Total Intergovernmental Charges	25,000	25,000	74,836	49,836
USE OF MONEY AND PROPERTY:				
Interest and earnings	5,000	5,000	12,984	7,984
Rental of real property	60,000	60,000	65,153	5,153
Total Use of Money and Property	65,000	65,000	78,137	13,137
LICENSES AND PERMITS:				
Permits - road restoration fee	500,000	500,000	510,288	10,288
Total Licenses and Permits	500,000	500,000	510,288	10,288
SALE OF PROPERTY AND COMPENSATION FOR LOSS:				
Recycling			1,126	1,126
Sale of equipment			50,760	50,760
Total Sale of Property and Compensation for Loss			51,886	51,886
MISCELLANEOUS LOCAL SOURCES:				
Local grant assistance			17,904	17,904
Refund of prior year expenditures			5,377	5,377
Miscellaneous revenue			69	69
Total Miscellaneous Local Sources			23,350	23,350
INTERFUND REVENUES	222,337	222,337	328,104	105,767
STATE AID:				
State aid - other			29,347	29,347
State aid - consolidated highway aid	642,000	642,000	641,690	(310)
State aid - emergency disaster assistance			2,984	2,984
Total State Aid	642,000	642,000	674,021	32,021
FEDERAL AID:				
Federal aid - other				
Federal aid - emergency disaster assistance			74,500	74,500
Total Federal Aid			74,500	74,500
Total Revenues	22,390,294	22,390,294	23,751,875	1,361,581

(Continued)

TOWN OF NORTH HEMPSTEAD
HIGHWAY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2016

EXPENDITURES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
CURRENT:				
GENERAL GOVERNMENT SUPPORT:				
Unallocated insurance	234,000	234,000	234,000	-0-
Other general government support	2,747,884	2,431,896	2,417,966	13,930
Total General Government Support	2,981,884	2,665,896	2,651,966	13,930
TRANSPORTATION:				
Administration	3,785,747	3,709,723	3,705,739	3,984
Garage	4,395,141	4,139,371	4,139,371	-0-
Snow removal	1,025,000	1,314,326	1,314,326	-0-
Services for other governments	905,742	873,815	873,815	-0-
Signs	399,996	454,855	454,855	-0-
Traffic safety	84,131	84,790	84,790	-0-
Total Transportation	10,595,757	10,576,880	10,572,896	3,984
HOME AND COMMUNITY SERVICE:				
Emergency disaster work		(5,869)	5,117	(10,986)
Total Home and Community Service		(5,869)	5,117	(10,986)
EMPLOYEE BENEFITS:				
State employee retirement system	1,224,659	1,225,380	1,225,380	-0-
Social security	525,970	532,994	532,994	-0-
Workers' compensation	375,000	483,726	483,726	-0-
Unemployment benefits	20,000	8,112	8,112	-0-
Disability benefits		8	8	-0-
Hospital, medical and dental	2,979,418	2,920,915	2,920,915	-0-
Other employee benefits	5,000	5,000	5,000	-0-
Total Employee Benefits	5,130,047	5,176,135	5,176,135	-0-
Total Expenditures	18,707,688	18,413,042	18,406,114	6,928
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,682,606	3,977,252	5,345,761	1,368,509
Other Financing Sources (Uses)				
Transfers in	1,018,567	2,442,567	2,442,567	-0-
Transfers out	(4,701,173)	(6,408,834)	(6,229,142)	179,692
Total Other Financing Sources (Uses)	(3,682,606)	(3,966,267)	(3,786,575)	179,692
Net Change in Fund Balance	\$ -0-	\$ 10,985	1,559,186	\$ 1,548,201
Fund Balance at Beginning of Year			5,436,894	
Fund Balance at End of Year			\$ 6,996,080	

TOWN OF NORTH HEMPSTEAD
SOLID WASTE MANAGEMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2016

REVENUES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
DEPARTMENTAL INCOME:				
Solid waste	\$ 15,310,446	\$ 15,310,446	\$ 14,650,041	\$ (660,405)
Other	87,000	87,000	95,288	8,288
Total Departmental Income	<u>15,397,446</u>	<u>15,397,446</u>	<u>14,745,329</u>	<u>(652,117)</u>
INTERGOVERNMENTAL CHARGES:				
Services for other governments	1,125,000	1,125,000	1,125,000	-0-
Total Intergovernmental Charges	<u>1,125,000</u>	<u>1,125,000</u>	<u>1,125,000</u>	<u>-0-</u>
USE OF MONEY AND PROPERTY:				
Interest and earnings			751	751
Rental of real property	91,200	91,200	75,207	(15,993)
Total Use of Money and Property	<u>91,200</u>	<u>91,200</u>	<u>75,958</u>	<u>(15,242)</u>
SALE OF PROPERTY AND COMPENSATION FOR LOSS:				
Recycling	265,000	265,000	256,810	(8,190)
Sale of equipment			10,673	10,673
Total Sale of Property and Compensation for Loss	<u>265,000</u>	<u>265,000</u>	<u>267,483</u>	<u>2,483</u>
MISCELLANEOUS LOCAL SOURCES:				
Miscellaneous revenue			2,399	2,399
Total Miscellaneous Local Sources			<u>2,399</u>	<u>2,399</u>
STATE AID:				
State aid - environmental conservation	65,000	65,000	61,250	(3,750)
Total State Aid	<u>65,000</u>	<u>65,000</u>	<u>61,250</u>	<u>(3,750)</u>
Total Revenues	<u>16,943,646</u>	<u>16,943,646</u>	<u>16,277,419</u>	<u>(666,227)</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
CURRENT:				
HOME AND COMMUNITY SERVICES:				
Administration	925,725	879,725	846,999	32,726
Leachate	454,405	479,294	320,143	159,151
Transfer station	13,648,988	13,648,988	13,346,699	302,289
Scale house	287,152	300,110	300,110	-0-
Maintenance	394,979	391,860	380,981	10,879
Equipment	15,000	29,912	18,771	11,141
Recycling	52,000	48,360	26,060	22,300
Office of sustainability	297,522	297,522	217,947	79,575
Emergency disaster work		1,496	1,496	-0-
Total Home and Community Services	<u>16,075,771</u>	<u>16,077,267</u>	<u>15,459,206</u>	<u>618,061</u>
EMPLOYEE BENEFITS:				
State employee retirement system	230,000	253,537	253,537	-0-
Social security	99,800	99,800	92,857	6,943
Workers' compensation	20,000	27,362	27,362	-0-
Disability benefits	25	25		25
Hospital, medical and dental	516,850	484,455	461,306	23,149
Other employee benefits	1,200	1,200	1,185	15
Total Employee Benefits	<u>867,875</u>	<u>866,379</u>	<u>836,247</u>	<u>30,132</u>
Total Expenditures	<u>16,943,646</u>	<u>16,943,646</u>	<u>16,295,453</u>	<u>648,193</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			<u>(18,034)</u>	<u>(18,034)</u>
Other Financing Sources (Uses)				
Transfers in	900,825	900,825	900,825	-0-
Transfers out	(900,825)	(900,825)	(900,825)	-0-
Total Other Financing Sources (Uses)				<u>-0-</u>
Net Change in Fund Balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>(18,034)</u>	<u>\$ (18,034)</u>
Fund Balance at Beginning of Year			<u>2,755,691</u>	
Fund Balance at End of Year			<u>\$ 2,737,657</u>	

TOWN OF NORTH HEMPSTEAD
PART TOWN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2016

REVENUES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REAL PROPERTY TAXES:				
Ad valorem taxes	\$ 6,544,021	\$ 6,544,021	\$ 6,512,920	\$ (31,101)
Total Real Property Taxes	6,544,021	6,544,021	6,512,920	(31,101)
REAL PROPERTY TAX ITEMS:				
Payment in lieu of taxes	120,000	120,000	499,520	379,520
Interest and penalties on taxes			56	56
Total Real Property Tax Items	120,000	120,000	499,576	379,576
NON-PROPERTY TAX ITEMS:				
Franchises-cable TV	57,500	57,500	57,500	-0-
Total Non-Property Tax Items	57,500	57,500	57,500	-0-
DEPARTMENTAL INCOME:				
Parking enforcement	607,000	607,000	311,958	(295,042)
Other public safety departmental	25,000	25,000		(25,000)
Registrar of vital statistics	275,000	275,000	282,800	7,800
Zoning board fees	150,000	150,000	206,275	56,275
Total Departmental Income	1,057,000	1,057,000	801,033	(255,967)
USE OF MONEY AND PROPERTY:				
Interest and earnings	10,000	10,000	14,379	4,379
Total Use of Money and Property	10,000	10,000	14,379	4,379
LICENSES AND PERMITS:				
Building permits	3,580,000	3,580,000	3,577,032	(2,968)
Total Licenses and Permits	3,580,000	3,580,000	3,577,032	(2,968)
FINES AND FORFEITURES:				
Court fines	200,000	200,000	213,908	13,908
Total Fines and Forfeitures	200,000	200,000	213,908	13,908
SALE OF PROPERTY AND COMPENSATION FOR LOSS:				
Sale of equipment			5,598	5,598
Total Sale of Property and Compensation for Loss			5,598	5,598
MISCELLANEOUS LOCAL SOURCES:				
Miscellaneous revenue			81	81
Total Miscellaneous Local Sources			81	81
STATE AID:				
State aid - planning studies	75,000	75,000		(75,000)
Total State Aid	75,000	75,000		(75,000)
Total Revenues	11,643,521	11,643,521	11,682,027	38,506

(Continued)

TOWN OF NORTH HEMPSTEAD
PART TOWN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT SUPPORT:				
Unallocated insurance	116,000	116,000	116,000	-0-
Other general government support	2,118,390	2,103,835	2,004,180	99,655
Total General Government Support	<u>2,234,390</u>	<u>2,219,835</u>	<u>2,120,180</u>	<u>99,655</u>
PUBLIC SAFETY:				
Parking enforcement	229,843	225,132	210,786	14,346
Building	3,513,341	3,635,096	3,558,415	76,681
Code enforcement	512,316	468,104	447,584	20,520
Security	894,034	924,188	924,188	-0-
Total Public Safety	<u>5,149,534</u>	<u>5,252,520</u>	<u>5,140,973</u>	<u>111,547</u>
HEALTH:				
Registrar of vital statistics	241,215	241,215	218,940	22,275
Total Health	<u>241,215</u>	<u>241,215</u>	<u>218,940</u>	<u>22,275</u>
HOME AND COMMUNITY SERVICES:				
Board of appeals	298,141	234,641	223,736	10,905
Planning and development - staff	764,465	732,801	728,842	3,959
Total Home and Community Services	<u>1,062,606</u>	<u>967,442</u>	<u>952,578</u>	<u>14,864</u>
EMPLOYEE BENEFITS:				
State employee retirement system	888,499	967,718	967,718	-0-
Social security	445,599	434,066	434,066	-0-
Workers' compensation	125,000	98,440	98,440	-0-
Disability benefits		13	13	-0-
Unemployment benefits	5,000	4,966	4,966	-0-
Hospital, medical and dental	1,489,278	1,454,906	1,454,906	-0-
Other employee benefits	2,400	2,400	2,400	-0-
Total Employee Benefits	<u>2,955,776</u>	<u>2,962,509</u>	<u>2,962,509</u>	<u>-0-</u>
Total Expenditures	<u>11,643,521</u>	<u>11,643,521</u>	<u>11,395,180</u>	<u>248,341</u>
Net Change in Fund Balance	<u>\$ -0-</u>	<u>\$ -0-</u>	286,847	<u>\$ 286,847</u>
Fund Balance at Beginning of Year			<u>5,864,413</u>	
Fund Balance at End of Year			<u>\$ 6,151,260</u>	

TOWN OF NORTH HEMPSTEAD
PENSION PLAN
SCHEDULE OF PENSION CONTRIBUTIONS
December 31, 2016

Years Ended December 31,	Contractually Required Contributions (a)	Contributions Recognized by the Plan in Relation to the Contractually Required Contributions (b)	Unfunded Contributions Deficiency/ (Excess) (a - b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b / c)
2016	\$ 4,972,909	\$ 4,761,477	\$ 211,432	\$ 31,483,760	15.12%
2015	5,410,065	4,564,335	845,730	31,474,762	14.50%
2014	5,913,495	4,416,587	1,496,908	30,512,750	14.47%
2013	6,080,169	3,645,452	2,434,717	30,030,375	12.14%
2012	5,058,045	3,062,911	1,995,134	29,639,296	10.33%
2011	3,899,767	2,832,043	1,067,724	27,920,574	10.14%
2010	2,784,119	1,214,402	1,569,717	27,579,118	4.40%
2009	2,004,455	2,004,455	-0-	27,151,317	7.38%
2008	2,160,507	2,160,507	-0-	26,597,648	8.12%
2007	2,187,625	2,187,625	-0-	24,955,015	8.77%

Amounts presented for each year were determined as of December 31 and the contractually required contributions are based on the amounts invoiced by the New York State Local Retirement System

Additional Pension Plan information is shown in Note 3.E to the financial statements.

TOWN OF NORTH HEMPSTEAD
PENSION PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
December 31, 2016

	<u>2016</u>	<u>March 31, 2015</u>	<u>2014</u>
Town's proportion of the net pension liability	0.1105340%	0.1093560%	0.1093560%
Town's proportionate share of the net pension	\$ 17,741,027	\$ 3,693,060	\$ 4,939,969
Covered payroll	\$ 31,605,182	\$ 30,647,874	\$ 30,576,213
Town's proportionate share of the net pension liability as a percentage of its covered payroll	56.13%	12.05%	16.16%

Amounts presented were determined as of the System's measurement date of March 31
Additional Pension Plan information is shown in Note 3.E to the financial statements.

TOWN OF NORTH HEMPSTEAD
TOWN OF NORTH HEMPSTEAD RETIREE MEDICAL PROGRAM
POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS
SCHEDULE OF FUNDING PROGRESS
December 31, 2016

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)
2016	\$ -0-	\$ 133,694,994	\$ 133,694,994	0%	\$ 29,583,286	451.93%
2015	-0-	124,438,190 *	124,438,190 *	0%	27,665,945	449.79%
2014	-0-	124,438,190	124,438,190	0%	27,665,945	449.79%
2013	-0-	108,930,105 *	108,930,105 *	0%	25,647,674	424.72%
2012	-0-	108,930,105 ¹	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%

The Town changed actuarial consultant in the 2013 roll-forward year.

* Roll forward

¹ 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, 2016

	Special Revenue Funds				
	Fire Protection Districts	Lighting District	Park Districts	Sidewalk District	Refuse and Garbage Districts
ASSETS					
Cash and investments	\$ 1,446,645	\$ 703,367	\$ 1,454,903	\$ 1,249,089	\$ 895,766
Accounts receivable, net of allowances			1,178		
Prepays		2,433	18,316	47,340	
Due from other funds		23,268			
State and federal aid receivables		940	58,307	7,686	
Due from other governments					3,303,417
Total Assets	<u>\$ 1,446,645</u>	<u>\$ 730,008</u>	<u>\$ 1,532,704</u>	<u>\$ 1,304,115</u>	<u>\$ 4,199,183</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 253,859	\$ 167,820	\$ 20,202	\$ 108,603	\$ 998,209
Bond anticipation notes payable					1,743,882
Due to other funds			243,260	108,276	225,000
Total Liabilities	<u>253,859</u>	<u>167,820</u>	<u>263,462</u>	<u>216,879</u>	<u>2,967,091</u>
FUND BALANCES					
Nonspendable		2,433	18,316	47,340	
Assigned	1,192,786	559,755	1,250,926	1,039,896	1,232,092
Total Fund Balances	<u>1,192,786</u>	<u>562,188</u>	<u>1,269,242</u>	<u>1,087,236</u>	<u>1,232,092</u>
Total Liabilities and Fund Balances	<u>\$ 1,446,645</u>	<u>\$ 730,008</u>	<u>\$ 1,532,704</u>	<u>\$ 1,304,115</u>	<u>\$ 4,199,183</u>

Public Parking District	Water District	Total Nonmajor Governmental Funds
\$ 526,209	\$ 21,195	\$ 6,297,174
12,996		1,178
		81,085
		23,268
		66,933
		3,303,417
<u>\$ 539,205</u>	<u>\$ 21,195</u>	<u>\$ 9,773,055</u>
\$ 35,022	\$ 12,240	\$ 1,595,955
		1,743,882
		576,536
<u>35,022</u>	<u>12,240</u>	<u>3,916,373</u>
12,996		81,085
491,187	8,955	5,775,597
<u>504,183</u>	<u>8,955</u>	<u>5,856,682</u>
<u>\$ 539,205</u>	<u>\$ 21,195</u>	<u>\$ 9,773,055</u>

TOWN OF NORTH HEMPSTEAD
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year ended December 31, 2016

	Special Revenue Funds				
	Fire Protection Districts	Lighting District	Park Districts	Sidewalk District	Refuse and Garbage Districts
REVENUES					
Real property taxes	\$ 6,612,226	\$ 2,107,397	\$ 1,012,803	\$ 3,256,100	\$ 8,387,051
Real property tax items	706,136	197,316	17,365	305,479	137,419
Departmental income			254,659		
Use of money and property	4,830	1,788	18,283	4,225	5,171
Miscellaneous local sources	16,659		(410)		
Interfund revenues			60,500		
Federal aid			124,686		
Total Revenues	<u>7,339,851</u>	<u>2,306,501</u>	<u>1,487,886</u>	<u>3,565,804</u>	<u>8,529,641</u>
EXPENDITURES					
Current:					
General government support	716,734	127,790	199,081	593,635	319,861
Public safety	6,181,257				
Transportation		1,816,465		1,438,040	
Culture and recreation			792,471		
Home and community services			441		8,234,158
Employee benefits		47,541	194,112	600,104	
Total Expenditures	<u>6,897,991</u>	<u>1,991,796</u>	<u>1,186,105</u>	<u>2,631,779</u>	<u>8,554,019</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>441,860</u>	<u>314,705</u>	<u>301,781</u>	<u>934,025</u>	<u>(24,378)</u>
Other Financing Sources (Uses)					
Transfers in				23,853	
Transfers out			(27,457)	(680,029)	(33,634)
Total Other Financing Sources (Uses)			<u>(27,457)</u>	<u>(656,176)</u>	<u>(33,634)</u>
Net Change in Fund Balances	441,860	314,705	274,324	277,849	(58,012)
Fund Balances at Beginning of Year	<u>750,926</u>	<u>247,483</u>	<u>994,918</u>	<u>809,387</u>	<u>1,290,104</u>
Fund Balances at End of Year	<u>\$ 1,192,786</u>	<u>\$ 562,188</u>	<u>\$ 1,269,242</u>	<u>\$ 1,087,236</u>	<u>\$ 1,232,092</u>

Public Parking District	Water District	Total Nonmajor Governmental Funds
\$ 328,892	\$ 50,086	\$ 21,754,555
26,052	7,664	1,397,431
826,318		1,080,977
2,390	43	36,730
		16,249
		60,500
		124,686
<u>1,183,652</u>	<u>57,793</u>	<u>24,471,128</u>
142,747		2,099,848
		6,181,257
383,367		3,637,872
		792,471
	48,960	8,283,559
<u>141,149</u>		<u>982,906</u>
<u>667,263</u>	<u>48,960</u>	<u>21,977,913</u>
516,389	8,833	2,493,215
5,800		29,653
<u>(371,758)</u>		<u>(1,112,878)</u>
<u>(365,958)</u>		<u>(1,083,225)</u>
150,431	8,833	1,409,990
<u>353,752</u>	<u>122</u>	<u>4,446,692</u>
<u>\$ 504,183</u>	<u>\$ 8,955</u>	<u>\$ 5,856,682</u>

TOWN OF NORTH HEMPSTEAD
FIRE PROTECTION DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES:				
Ad valorem taxes	\$ 6,656,448	\$ 6,656,448	\$ 6,612,226	\$ (44,222)
Total Real Property Taxes	<u>6,656,448</u>	<u>6,656,448</u>	<u>6,612,226</u>	<u>(44,222)</u>
REAL PROPERTY TAX ITEMS:				
Payment in lieu of taxes	200,300	200,300	705,977	505,677
Interest and penalties on taxes	354	354	159	(195)
Total Real Property Tax Items	<u>200,654</u>	<u>200,654</u>	<u>706,136</u>	<u>505,482</u>
USE OF MONEY AND PROPERTY:				
Interest and earnings	3,577	3,577	4,830	1,253
Total Use of Money and Property	<u>3,577</u>	<u>3,577</u>	<u>4,830</u>	<u>1,253</u>
MISCELLANEOUS LOCAL SOURCES:				
Refund of prior year expenditures			16,659	16,659
Total Miscellaneous Local Sources			<u>16,659</u>	<u>16,659</u>
Total Revenues	<u>6,860,679</u>	<u>6,860,679</u>	<u>7,339,851</u>	<u>479,172</u>
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT SUPPORT:				
Unallocated insurance	245,477	279,770	279,767	3
Other general government support	460,045	450,006	436,967	13,039
Total General Government Support	<u>705,522</u>	<u>729,776</u>	<u>716,734</u>	<u>13,042</u>
PUBLIC SAFETY:				
Fire protection	6,205,521	6,181,267	6,181,257	10
Total Public Safety	<u>6,205,521</u>	<u>6,181,267</u>	<u>6,181,257</u>	<u>10</u>
Total Current Expenditures	<u>6,911,043</u>	<u>6,911,043</u>	<u>6,897,991</u>	<u>13,052</u>
Total Expenditures	<u>6,911,043</u>	<u>6,911,043</u>	<u>6,897,991</u>	<u>13,052</u>
Net Change in Fund Balance	<u>\$ (50,364)</u>	<u>\$ (50,364)</u>	441,860	<u>\$ 492,224</u>
Fund Balance at Beginning of Year			750,926	
Fund Balance at End of Year			<u>\$ 1,192,786</u>	

TOWN OF NORTH HEMPSTEAD
LIGHTING DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES:				
Ad valorem taxes	\$ 2,119,493	\$ 2,119,493	\$ 2,107,397	\$ (12,096)
Total Real Property Taxes	2,119,493	2,119,493	2,107,397	(12,096)
REAL PROPERTY TAX ITEMS:				
Payment in lieu of taxes	51,800	51,800	197,294	145,494
Interest and penalties on taxes			22	22
Total Real Property Tax Items	51,800	51,800	197,316	145,516
USE OF MONEY AND PROPERTY:				
Interest and earnings	500	500	1,788	1,288
Total Use of Money and Property	500	500	1,788	1,288
Total Revenues	2,171,793	2,171,793	2,306,501	134,708
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT SUPPORT:				
Unallocated insurance	5,500	5,500	5,500	-0-
Other general government support	159,447	159,447	122,290	37,157
Total General Government Support	164,947	164,947	127,790	37,157
TRANSPORTATION:				
Lighting	1,926,702	1,926,702	1,816,465	110,237
Total Transportation	1,926,702	1,926,702	1,816,465	110,237
EMPLOYEE BENEFITS:				
State employee retirement system	36,023	36,023	16,033	19,990
Social security	6,221	6,221	5,207	1,014
Workers' compensation	1,750	1,750	637	1,113
Hospital, medical and dental	36,050	36,050	25,564	10,486
Other employee benefits	100	100	100	-0-
Total Employee Benefits	80,144	80,144	47,541	32,603
Total Current Expenditures	2,171,793	2,171,793	1,991,796	179,997
Total Expenditures	2,171,793	2,171,793	1,991,796	179,997
Net Change in Fund Balance	\$ -0-	\$ -0-	314,705	\$ 314,705
Fund Balance at Beginning of Year			247,483	
Fund Balance at End of Year			\$ 562,188	

TOWN OF NORTH HEMPSTEAD
PARK DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2016

REVENUES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REAL PROPERTY TAXES:				
Ad valorem taxes	\$ 1,014,842	\$ 1,014,842	\$ 1,012,803	\$ (2,039)
Total Real Property Taxes	1,014,842	1,014,842	1,012,803	(2,039)
REAL PROPERTY TAX ITEMS:				
Payment in lieu of taxes	501	501	17,365	16,864
Total Real Property Tax Items	501	501	17,365	16,864
DEPARTMENTAL INCOME:				
Recreational concessions			1,178	1,178
Special recreational facility charges	258,000	258,000	253,481	(4,519)
Total Departmental Income	258,000	258,000	254,659	(3,341)
USE OF MONEY AND PROPERTY:				
Interest and earnings	16,347	16,347	18,283	1,936
Total Use of Money and Property	16,347	16,347	18,283	1,936
MISCELLANEOUS LOCAL SOURCES:				
Miscellaneous revenue	39,606	39,606	(410)	(40,016)
Total Miscellaneous Local Sources	39,606	39,606	(410)	(40,016)
INTERFUND REVENUES	60,500	60,500	60,500	-0-
FEDERAL AID:				
Federal aid - emergency disaster assistance			124,686	124,686
Total Federal Aid			124,686	124,686
Total Revenues	1,389,796	1,389,796	1,487,886	98,090

(Continued)

TOWN OF NORTH HEMPSTEAD
PARK DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT SUPPORT:				
Unallocated insurance	20,700	20,700	20,700	-0-
Other general government support	247,897	228,072	178,381	49,691
Total General Government Support	<u>268,597</u>	<u>248,772</u>	<u>199,081</u>	<u>49,691</u>
CULTURE AND RECREATION:				
Parks and pools	906,653	900,641	792,471	108,170
Total Culture and Recreation	<u>906,653</u>	<u>900,641</u>	<u>792,471</u>	<u>108,170</u>
HOME AND COMMUNITY SERVICES:				
Emergency disaster work		460	441	19
Total Home and Community Services		<u>460</u>	<u>441</u>	<u>19</u>
EMPLOYEE BENEFITS:				
State employee retirement system	50,864	72,456	72,450	6
Social security	48,342	47,142	44,202	2,940
Workers' compensation	8,750	7,950	1,911	6,039
Disability benefits		30	1	29
Hospital, medical and dental	86,584	91,914	74,898	17,016
Other employee benefits	325	650	650	-0-
Total Employee Benefits	<u>194,865</u>	<u>220,142</u>	<u>194,112</u>	<u>26,030</u>
Total Current Expenditures	<u>1,370,115</u>	<u>1,370,015</u>	<u>1,186,105</u>	<u>183,910</u>
Total Expenditures	<u>1,370,115</u>	<u>1,370,015</u>	<u>1,186,105</u>	<u>183,910</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>19,681</u>	<u>19,781</u>	<u>301,781</u>	<u>282,000</u>
Other Financing Sources (Uses)				
Transfers out	(27,993)	(28,093)	(27,457)	636
Total Other Financing Sources (Uses)	<u>(27,993)</u>	<u>(28,093)</u>	<u>(27,457)</u>	<u>636</u>
Net Change in Fund Balance	<u>\$ (8,312)</u>	<u>\$ (8,312)</u>	274,324	<u>\$ 282,636</u>
Fund Balance at Beginning of Year			994,918	
Fund Balance at End of Year			<u>\$ 1,269,242</u>	

TOWN OF NORTH HEMPSTEAD
SIDEWALK DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2016

REVENUES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REAL PROPERTY TAXES:				
Ad valorem taxes	\$ 3,274,961	\$ 3,274,961	\$ 3,256,100	\$ (18,861)
Total Real Property Taxes	3,274,961	3,274,961	3,256,100	(18,861)
REAL PROPERTY TAX ITEMS:				
Payment in lieu of taxes	75,000	75,000	305,444	230,444
Interest and penalties on taxes			35	35
Total Real Property Tax Items	75,000	75,000	305,479	230,479
USE OF MONEY AND PROPERTY:				
Interest and earnings	2,000	2,000	4,225	2,225
Total Use of Money and Property	2,000	2,000	4,225	2,225
FEDERAL AID:				
Federal aid - emergency disaster assistance	44,000	44,000		(44,000)
Total Federal Aid	44,000	44,000		(44,000)
Total Revenues	3,395,961	3,395,961	3,565,804	169,843

(Continued)

TOWN OF NORTH HEMPSTEAD
SIDEWALK DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT SUPPORT:				
Unallocated insurance	33,000	33,000	33,000	-0-
Other general government support	643,475	643,475	560,635	82,840
Total General Government Support	<u>676,475</u>	<u>676,475</u>	<u>593,635</u>	<u>82,840</u>
TRANSPORTATION:				
Sidewalks	1,506,705	1,484,716	1,438,040	46,676
Total Transportation	<u>1,506,705</u>	<u>1,484,716</u>	<u>1,438,040</u>	<u>46,676</u>
EMPLOYEE BENEFITS:				
State employee retirement system	185,000	186,884	186,884	-0-
Social security	80,114	80,586	80,586	-0-
Workers' compensation	6,000	2,500	1,909	591
Unemployment insurance	100	100		100
Disability benefits		2	2	-0-
Hospital, medical and dental	310,000	333,131	330,623	2,508
Other employee benefits	925	925	100	825
Total Employee Benefits	<u>582,139</u>	<u>604,128</u>	<u>600,104</u>	<u>4,024</u>
Total Current Expenditures	<u>2,765,319</u>	<u>2,765,319</u>	<u>2,631,779</u>	<u>133,540</u>
Total Expenditures	<u>2,765,319</u>	<u>2,765,319</u>	<u>2,631,779</u>	<u>133,540</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>630,642</u>	<u>630,642</u>	<u>934,025</u>	<u>303,383</u>
Other Financing Sources (Uses)				
Transfers in	23,853	23,853	23,853	-0-
Transfers out	(682,177)	(682,177)	(680,029)	2,148
Total Other Financing Sources (Uses)	<u>(658,324)</u>	<u>(658,324)</u>	<u>(656,176)</u>	<u>2,148</u>
Net Change in Fund Balance	<u>\$ (27,682)</u>	<u>\$ (27,682)</u>	277,849	<u>\$ 305,531</u>
Fund Balance at Beginning of Year			<u>809,387</u>	
Fund Balance at End of Year			<u>\$ 1,087,236</u>	

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TOWN OF NORTH HEMPSTEAD
REFUSE AND GARBAGE DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES:				
Ad valorem taxes	\$ 7,030,338	\$ 8,387,239	\$ 8,387,051	\$ (188)
Total Real Property Taxes	7,030,338	8,387,239	8,387,051	(188)
REAL PROPERTY TAX ITEMS:				
Payment in lieu of taxes	102,814	102,814	117,421	14,607
Other tax items	990	990	19,998	19,008
Total Real Property Tax Items	103,804	103,804	137,419	33,615
INTERGOVERNMENTAL CHARGES:				
Services for other governments	1,356,901			-0-
Total Intergovernmental Charges	1,356,901			-0-
USE OF MONEY AND PROPERTY:				
Interest and earnings	1,806	1,806	5,171	3,365
Total Use of Money and Property	1,806	1,806	5,171	3,365
Total Revenues	8,492,849	8,492,849	8,529,641	36,792
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT SUPPORT:				
Other general government support	318,851	319,862	319,861	1
Total General Government Support	318,851	319,862	319,861	1
HOME AND COMMUNITY SERVICES:				
Sanitation	8,293,759	8,269,414	8,234,158	35,256
Total Home and Community Services	8,293,759	8,269,414	8,234,158	35,256
Total Expenditures	8,612,610	8,589,276	8,554,019	35,257
Excess (Deficiency) of Revenues Over (Under) Expenditures	(119,761)	(96,427)	(24,378)	72,049
Other Financing Sources (Uses)				
Transfers out	(10,302)	(33,636)	(33,634)	2
Total Other Financing Sources (Uses)	(10,302)	(33,636)	(33,634)	2
Net Change in Fund Balance	\$ (130,063)	\$ (130,063)	(58,012)	\$ 72,051
Fund Balance at Beginning of Year			1,290,104	
Fund Balance at End of Year			\$ 1,232,092	

TOWN OF NORTH HEMPSTEAD
PUBLIC PARKING DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2016

REVENUES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REAL PROPERTY TAXES:				
Ad valorem taxes	\$ 329,533	\$ 329,533	\$ 328,892	\$ (641)
Total Real Property Taxes	329,533	329,533	328,892	(641)
REAL PROPERTY TAX ITEMS:				
Payment in lieu of taxes	6,000	6,000	26,042	20,042
Interest and penalties on taxes			10	10
Total Real Property Tax Items	6,000	6,000	26,052	20,052
DEPARTMENTAL INCOME:				
Parking enforcement	65,000	65,000	65,000	-0-
Parking permits	50,000	50,000	84,760	34,760
Parking lots	400,000	400,000	453,666	53,666
Parking meter fees	150,000	150,000	222,892	72,892
Total Departmental Income	665,000	665,000	826,318	161,318
USE OF MONEY AND PROPERTY:				
Interest and earnings	1,000	1,000	790	(210)
Rental of real property			1,600	1,600
Total Use of Money and Property	1,000	1,000	2,390	1,390
Total Revenues	1,001,533	1,001,533	1,183,652	182,119

(Continued)

TOWN OF NORTH HEMPSTEAD
PUBLIC PARKING DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT SUPPORT:				
Credit card fees	6,000	21,430	20,083	1,347
Unallocated insurance	10,000	10,000	10,000	-0-
Other general government support	118,108	114,108	112,664	1,444
Total General Government Support	<u>134,108</u>	<u>145,538</u>	<u>142,747</u>	<u>2,791</u>
TRANSPORTATION:				
Parking	415,009	401,784	383,367	18,417
Total Transportation	<u>415,009</u>	<u>401,784</u>	<u>383,367</u>	<u>18,417</u>
EMPLOYEE BENEFITS:				
State employee retirement system	52,402	52,402	51,691	711
Social security	24,339	24,339	23,915	424
Workers' compensation	2,300	2,300	765	1,535
Disability benefits		10	1	9
Hospital, medical and dental	63,000	64,775	64,714	61
Other employee benefits	300	300	63	237
Total Employee Benefits	<u>142,341</u>	<u>144,126</u>	<u>141,149</u>	<u>2,977</u>
Total Current Expenditures	<u>691,458</u>	<u>691,448</u>	<u>667,263</u>	<u>24,185</u>
Total Expenditures	<u>691,458</u>	<u>691,448</u>	<u>667,263</u>	<u>24,185</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>310,075</u>	<u>310,085</u>	<u>516,389</u>	<u>206,304</u>
Other Financing Sources (Uses)				
Transfers in	5,800	5,800	5,800	-0-
Transfers out	(371,758)	(371,768)	(371,758)	10
Total Other Financing Sources (Uses)	<u>(365,958)</u>	<u>(365,968)</u>	<u>(365,958)</u>	<u>10</u>
Net Change in Fund Balance	<u>\$ (55,883)</u>	<u>\$ (55,883)</u>	<u>150,431</u>	<u>\$ 206,314</u>
Fund Balance at Beginning of Year			<u>353,752</u>	
Fund Balance at End of Year			<u>\$ 504,183</u>	

TOWN OF NORTH HEMPSTEAD
WATER DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES:				
Ad valorem taxes	\$ 51,794	\$ 51,794	\$ 50,086	\$ (1,708)
Total Real Property Taxes	51,794	51,794	50,086	(1,708)
REAL PROPERTY TAX ITEMS:				
Payment in lieu of taxes			7,664	7,664
Total Real Property Tax Items			7,664	7,664
USE OF MONEY AND PROPERTY:				
Interest and earnings	35	35	43	8
Total Use of Money and Property	35	35	43	8
Total Revenues	51,829	51,829	57,793	5,964
EXPENDITURES				
CURRENT:				
HOME AND COMMUNITY SERVICES:				
Water	51,829	51,829	48,960	2,869
Total Home and Community Services	51,829	51,829	48,960	2,869
Total Current Expenditures	51,829	51,829	48,960	2,869
Total Expenditures	51,829	51,829	48,960	2,869
Net Change in Fund Balance	\$ -0-	\$ -0-	8,833	\$ 8,833
Fund Balance at Beginning of Year			122	
Fund Balance at End of Year			\$ 8,955	

TOWN OF NORTH HEMPSTEAD
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN AGENCY ASSETS AND LIABILITIES
Year ended December 31, 2016

	Balance January 1, 2016	Additions	Deductions	Balance December 31, 2016
ASSETS				
<i>Town Agency Fund</i>				
Cash	\$ 25,578,984	\$ 165,885,844	\$ 165,094,539	\$ 26,370,289
Total Assets - Town Agency Fund	25,578,984	165,885,844	165,094,539	26,370,289
<i>Town Clerk Agency Fund</i>				
Cash	68,459	635,186	630,128	73,517
Total Assets - Town Clerk Agency Fund	68,459	635,186	630,128	73,517
<i>Town Receiver of Taxes Agency Fund</i>				
Cash	6,513,753	1,274,894,375	1,274,824,304	6,583,824
Total Assets - Town Receiver of Taxes Agency Fund	6,513,753	1,274,894,375	1,274,824,304	6,583,824
Total Assets	\$ 32,161,196	\$ 1,441,415,405	\$ 1,440,548,971	\$ 33,027,630
LIABILITIES				
<i>Town Agency Fund</i>				
Due to nonmajor component units	\$ 23,095,089	\$ 124,199,967	\$ 123,440,882	\$ 23,854,174
Other liabilities	2,483,895	41,685,877	41,653,657	2,516,115
Total Liabilities - Town Agency Fund	25,578,984	165,885,844	165,094,539	26,370,289
<i>Town Clerk Agency Fund</i>				
Due to the Comptroller of the State of New York	-0-	810	810	-0-
Due to the Department of Environmental Conservation of the State of New York	187	12,708	12,435	460
Due to the Department of Health of the State of New York	1,328	20,678	20,813	1,193
Due to the Department of Agriculture and Markets of the State of New York	419	5,609	5,685	343
Other liabilities	66,525	595,381	590,385	71,521
Total Liabilities - Town Clerk Agency Fund	68,459	635,186	630,128	73,517
<i>Town Receiver of Taxes Agency Fund</i>				
Due to school districts	6,513,751	886,821,776	886,751,709	6,583,818
Other liabilities	2	388,072,599	388,072,595	6
Total Liabilities - Town Receiver of Taxes Agency Fund	6,513,753	1,274,894,375	1,274,824,304	6,583,824
Total Liabilities	\$ 32,161,196	\$ 1,441,415,405	\$ 1,440,548,971	\$ 33,027,630

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DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS

The nonmajor 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.

TOWN OF NORTH HEMPSTEAD
DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2016

	GARBAGE DISTRICTS				WATER POLLUTION CONTROL DISTRICTS		
	Carle Place	Glenwood	Port Washington	Roslyn	Belgrave	Great Neck	Port Washington
ASSETS							
Current Assets:							
Cash and investments	\$ 361,125	\$ 62,702	\$ 1,255,235	\$ 341,781	\$ 2,758,763	\$ 3,010,028	\$ 3,571,296
Cash - restricted					1,215,210	365,266	
Receivable, net of allowances					10,742	107,420	7,033
Prepays			799	885	53,805	136,907	169,314
Due from other governments	320,416	17,978	1,083,798	314,895		103,944	74,641
Due from primary government					1,134,851	4,319,542	75,274
Inventory of materials and supplies				303			7,546
Total Current Assets	681,541	80,680	2,339,832	657,864	5,173,371	8,043,107	3,905,104
Non-Current Assets:							
Loan Receivable							
Property held for resale							
Capital assets, net of accumulated depreciation			24,750		13,534,244	66,928,471	32,588,224
Total Non-Current Assets			24,750		13,534,244	66,928,471	32,588,224
Total Assets	681,541	80,680	2,364,582	657,864	18,707,615	74,971,578	36,493,328
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charge on refunding							25,255
Pensions				4,605	586,082	927,220	756,732
Total Deferred Outflows of Resources				4,605	586,082	927,220	781,987
LIABILITIES							
Current Liabilities:							
Accounts payable and accrued liabilities		2,477	180,661	1,621	53,262	743,539	275,241
Accrued interest payable			3,373		62,867	162,282	90,989
Bond anticipation notes payable	161,377	8,726	582,522	198,491		2,750,000	
Due to other governments	3,696	8,715	15,683	3,202	27,220	21,522	
Due to primary government	1,972	11	6,825	1,491			
Unearned revenue					12,746	415,280	
Other liabilities						421,072	
General obligation bonds payable					594,759	1,644,985	963,679
Due to employees' retirement system							
Compensated absences							
Installment purchase debt							
Total Current Liabilities	167,045	19,929	789,064	204,805	750,854	6,158,680	1,329,909
Non-Current Liabilities due in more than one year:							
Unearned Revenue							
General obligation bonds payable					7,966,537	49,382,657	15,342,780
Due to employees' retirement system							
Compensated absences					52,554	45,287	284,317
Installment purchase debt							
Net pension liability - proportionate share				3,442	564,176	868,668	679,559
Postemployment benefits healthcare costs					1,707,723	2,974,472	4,406,103
Total Non-Current Liabilities				3,442	10,290,990	53,271,084	20,712,759
Total Liabilities	167,045	19,929	789,064	208,247	11,041,844	59,429,764	22,042,668
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows, loans receivable							28,163
Pensions				415	117,464	129,342	90,622
Total Deferred Inflows of Resources				415	117,464	129,342	118,785
NET POSITION (DEFICIT)							
Net investment in capital assets			24,750		5,850,640	15,326,725	10,911,786
Restricted			168,078		1,267,025	648,222	729,125
Unrestricted	514,496	60,751	1,382,690	453,807	1,016,724	364,745	3,472,951
Total Net Position (Deficit)	\$ 514,496	\$ 60,751	\$ 1,575,518	\$ 453,807	\$ 8,134,389	\$ 16,339,692	\$ 15,113,862

WATER DISTRICTS

Albertson	Carle Place	Garden City Park	Glenwood	Manhasset - Lakeville	Port Washington	Roslyn	Westbury
\$ 1,184,909	\$ 897,470	\$ 686,548	\$ 324,092	\$ 7,185,416	\$ 2,478,291	\$ 984,758	\$ 2,764,335
888,404	4,326,051	3,142,913				2,766,429	
346,302	304,053	242,317	42,663	33,430	694,958	334,788	581,679
27,925	57,328	166,151		112,449	93,017	190,644	174,970
53,922			7,687		8,410	2,619	206,167
1,586,840	1,745,777	2,024,429		1,715,215	2,660,653	5,958,517	161,571
	92,131	36,710		<u>302,684</u>		112,366	80,545
<u>4,088,302</u>	<u>7,422,810</u>	<u>6,299,068</u>	<u>374,442</u>	<u>9,349,194</u>	<u>5,935,329</u>	<u>10,350,121</u>	<u>3,969,267</u>
<u>8,758,154</u>	<u>7,001,897</u>	<u>12,065,702</u>	<u>293,711</u>	<u>41,224,886</u>	<u>19,332,621</u>	<u>16,100,993</u>	<u>9,749,724</u>
<u>8,758,154</u>	<u>7,001,897</u>	<u>12,065,702</u>	<u>293,711</u>	<u>41,224,886</u>	<u>19,332,621</u>	<u>16,100,993</u>	<u>9,749,724</u>
<u>12,846,456</u>	<u>14,424,707</u>	<u>18,364,770</u>	<u>668,153</u>	<u>50,574,080</u>	<u>25,267,950</u>	<u>26,451,114</u>	<u>13,718,991</u>
	11,484						
<u>428,090</u>	<u>388,525</u>	<u>807,553</u>	<u>9,438</u>	<u>1,058,122</u>	<u>858,953</u>	<u>719,281</u>	<u>819,074</u>
<u>428,090</u>	<u>400,009</u>	<u>807,553</u>	<u>9,438</u>	<u>1,058,122</u>	<u>858,953</u>	<u>719,281</u>	<u>819,074</u>
111,112	225,622	495,981	26,859	843,537	424,097	850,226	429,246
34,355	79,432	2,427	43	89,945		97,726	
1,468,000	4,451,000	3,415,000			7,416,000	4,100,000	
			2,764	12,054			
			93				
34,974		64,980			146,104	9,885	463,045
	14,998			101,222			
632,615	73,019	91,000	3,510	1,391,362	749,616	467,447	388,027
			1,100				
88,000							
<u>2,369,056</u>	<u>4,844,071</u>	<u>4,069,388</u>	<u>34,369</u>	<u>2,438,120</u>	<u>8,735,817</u>	<u>5,525,284</u>	<u>1,280,318</u>
4,500,654	567,154		2,880	7,054,414	7,634,374	12,263,373	2,196,965
			6,354				
291,368	58,452	254,728		200,024	266,998	520,662	307,302
335,578	331,671	736,631	7,404	978,211	589,371	600,738	736,203
1,105,917	1,954,420	2,866,517	29,977	4,951,879	3,907,965	2,376,483	3,333,278
<u>6,233,517</u>	<u>2,911,697</u>	<u>3,857,876</u>	<u>46,615</u>	<u>13,184,528</u>	<u>12,398,708</u>	<u>15,761,256</u>	<u>6,573,748</u>
<u>8,602,573</u>	<u>7,755,768</u>	<u>7,927,264</u>	<u>80,984</u>	<u>15,622,648</u>	<u>21,134,525</u>	<u>21,286,540</u>	<u>7,854,066</u>
				370,546			
40,376	39,314	99,330	879	116,247	69,860	72,137	92,582
40,376	39,314	99,330	879	<u>486,793</u>	<u>69,860</u>	<u>72,137</u>	<u>92,582</u>
3,453,386	3,232,045	10,551,905	287,321	32,429,554	5,546,405	5,159,318	7,164,732
874,883	4,895,907	3,147,315		37,898	466,790	2,808,031	2,035,964
303,328	(1,098,318)	(2,553,491)	308,407	3,055,309	(1,090,677)	(2,155,631)	(2,609,279)
<u>\$ 4,631,597</u>	<u>\$ 7,029,634</u>	<u>\$ 11,145,729</u>	<u>\$ 595,728</u>	<u>\$ 35,522,761</u>	<u>\$ 4,922,518</u>	<u>\$ 5,811,718</u>	<u>\$ 6,591,417</u>

(Continued)

TOWN OF NORTH HEMPSTEAD
DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2016

	PARK DISTRICTS		POLICE DISTRICT	PUBLIC LIBRARY DISTRICT	COMMUNITY DEVELOPMENT AGENCY
	Great Neck	Manhasset	Port Washington	Shelter Rock	Town of North Hempstead
ASSETS					
Current Assets:					
Cash and investments	\$ 10,324,780	\$ 685,485	\$ 7,070,843	\$ 1,935,143	
Cash - restricted			1,261,504	223,393	\$ 1,200,788
Receivable, net of allowances	27,528	27,956	147,022	274	303,043
Prepays	52,650	24,091	909,457	72,312	12,971
Due from other governments		74,680		9,799	
Due from primary government	2,388,694			3,313	
Inventory of materials and supplies					
Total Current Assets	12,793,652	812,212	9,388,826	2,244,234	1,516,802
Non-Current Assets:					
Loan Receivable					1,199,970
Property held for resale					1,611,146
Capital assets, net of accumulated depreciation	25,786,191	2,433,054	1,236,990	5,975,824	
Total Non-Current Assets	25,786,191	2,433,054	1,236,990	5,975,824	2,811,116
Total Assets	38,579,843	3,245,266	10,625,816	8,220,058	4,327,918
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding					
Pensions	2,917,841	399,742	10,713,257	1,040,224	205,021
Total Deferred Outflows of Resources	2,917,841	399,742	10,713,257	1,040,224	205,021
LIABILITIES					
Current Liabilities:					
Accounts payable and accrued liabilities	1,166,334	67,946	754,023	54,561	32,939
Accrued interest payable	76,494		1,192		
Bond anticipation notes payable	2,395,000				
Due to other governments	150,333		6,165		257
Due to primary government					
Unearned revenue	1,468,084		938,020	10,000	65,295
Other liabilities					
General obligation bonds payable	1,694,385		17,783	369,188	
Due to employees' retirement system					
Compensated absences					24,216
Installment purchase debt	95,267				
Total Current Liabilities	7,045,897	67,946	1,717,183	433,749	122,707
Non-Current Liabilities due in more than one year:					
Unearned Revenue					177,713
General obligation bonds payable	12,527,021		37,967	2,981,873	
Due to employees' retirement system					
Compensated absences	771,453	192,337	8,160,793	133,261	42,352
Installment purchase debt	506,897				
Net pension liability - proportionate share	2,454,328	369,199	8,055,653	924,766	167,502
Postemployment benefits healthcare costs	8,128,757	2,720,219	23,323,122	1,503,425	1,177,602
Total Non-Current Liabilities	24,388,456	3,281,755	39,577,535	5,543,325	1,565,169
Total Liabilities	31,434,353	3,349,701	41,294,718	5,977,074	1,687,876
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows, loans receivable					
Pensions	290,919	43,762	1,199,151	109,616	20,429
Total Deferred Inflows of Resources	290,919	43,762	1,199,151	109,616	20,429
NET POSITION (DEFICIT)					
Net investment in capital assets	10,931,819	2,433,054	1,181,241	2,627,395	
Restricted	1,408,775		312,757	223,393	2,824,634
Unrestricted	(2,568,182)	(2,181,509)	(22,648,794)	322,804	
Total Net Position (Deficit)	\$ 9,772,412	\$ 251,545	\$ (21,154,796)	\$ 3,173,592	\$ 2,824,634

**BUSINESS
IMPROVEMENT
DISTRICT**

<u>Port Washington</u>		<u>Totals</u>	
\$	34,200	\$	47,917,200
			15,389,958
			3,211,208
			2,255,675
	54,429		2,333,385
	89,890		23,864,566
			632,285
	<u>178,519</u>		<u>95,604,277</u>
			1,199,970
			1,611,146
	<u>106,548</u>		<u>263,141,984</u>
	<u>106,548</u>		<u>265,953,100</u>
	<u>285,067</u>		<u>361,557,377</u>
			36,739
			<u>22,639,760</u>
			<u>22,676,499</u>
	463		6,739,747
	319		701,444
			26,946,116
			251,611
			10,392
			3,628,413
			537,292
	9,808		9,091,183
			1,100
			112,216
			95,267
	<u>10,590</u>		<u>48,114,781</u>
			177,713
	54,084		122,512,733
			6,354
			11,581,888
			506,897
			18,403,100
			66,467,859
	<u>54,084</u>		<u>219,656,544</u>
	<u>64,674</u>		<u>267,771,325</u>
			398,709
			<u>2,532,445</u>
			<u>2,931,154</u>
	42,656		117,154,732
			21,848,797
	<u>177,737</u>		<u>(25,472,132)</u>
\$	<u>220,393</u>	\$	<u>113,531,397</u>

TOWN OF NORTH HEMPSTEAD
DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

	<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>
REVENUES							
Program revenues							
Charges for services					\$ 842,569	\$ 2,746,722	\$ 977,254
Operating grants and contributions							
Capital grants and contributions						100,000	
Real property taxes	\$ 885,113	\$ 62,318	\$ 2,264,068	\$ 552,593	2,474,640	6,610,448	4,840,363
Real property tax items	13,213						
Non-property tax items							
Interest and earnings - unrestricted	252	2	2,285	143	9,400	10,965	10,242
Interest and earnings - restricted							
Sale of property and compensation for loss							
Miscellaneous revenue		6,550				18,930	3,038
Federal aid							8,534
Total Revenues	<u>898,578</u>	<u>68,870</u>	<u>2,266,353</u>	<u>552,736</u>	<u>3,326,609</u>	<u>9,487,065</u>	<u>5,839,431</u>
EXPENSES							
Current:							
Public safety							
Culture and recreation							
Home and community service	915,445	61,664	2,180,799	531,597	2,945,108	6,277,992	6,624,308
Total Expenses	<u>915,445</u>	<u>61,664</u>	<u>2,180,799</u>	<u>531,597</u>	<u>2,945,108</u>	<u>6,277,992</u>	<u>6,624,308</u>
Change in Net Position	(16,867)	7,206	85,554	21,139	381,501	3,209,073	(784,877)
Net Position (Deficit) at Beginning of Year	531,363	53,545	1,489,964	432,668	7,752,888	13,130,619	15,898,739
Net Position (Deficit) at End of Year	<u>\$ 514,496</u>	<u>\$ 60,751</u>	<u>\$ 1,575,518</u>	<u>\$ 453,807</u>	<u>\$ 8,134,389</u>	<u>\$ 16,339,692</u>	<u>\$ 15,113,862</u>

WATER DISTRICTS

<u>Albertson</u>	<u>Carle Place</u>	<u>Garden City Park</u>	<u>Glenwood</u>	<u>Manhasset - Lakeville</u>	<u>Port Washington</u>	<u>Roslyn</u>	<u>Westbury</u>
\$ 1,562,135	\$ 757,288	\$ 1,308,413	\$ 152,119	\$ 6,580,825	\$ 4,471,686	\$ 2,225,970	\$ 1,807,384
1,701,528	1,889,578	2,831,052	315,370	3,753,007	1,737,838	2,396,213	3,177,350
127,852	119,583		38,587				
39,108	297,553	13,232	116	234,978	68,380	22,723	303,967
11,174	500						
4,419	63,411	400,716	2,713	321,868	153,994	231,079	76,405
<u>3,446,216</u>	<u>3,127,913</u>	<u>4,553,413</u>	<u>508,905</u>	<u>10,890,678</u>	<u>6,431,898</u>	<u>4,875,985</u>	<u>5,365,106</u>
<u>3,019,169</u>	<u>2,653,030</u>	<u>4,730,444</u>	<u>431,520</u>	<u>9,430,909</u>	<u>5,668,465</u>	<u>4,523,504</u>	<u>5,053,872</u>
<u>3,019,169</u>	<u>2,653,030</u>	<u>4,730,444</u>	<u>431,520</u>	<u>9,430,909</u>	<u>5,668,465</u>	<u>4,523,504</u>	<u>5,053,872</u>
427,047	474,883	(177,031)	77,385	1,459,769	763,433	352,481	311,234
<u>4,204,550</u>	<u>6,554,751</u>	<u>11,322,760</u>	<u>518,343</u>	<u>34,062,992</u>	<u>4,159,085</u>	<u>5,459,237</u>	<u>6,280,183</u>
<u>\$ 4,631,597</u>	<u>\$ 7,029,634</u>	<u>\$ 11,145,729</u>	<u>\$ 595,728</u>	<u>\$ 35,522,761</u>	<u>\$ 4,922,518</u>	<u>\$ 5,811,718</u>	<u>\$ 6,591,417</u>

(Continued)

TOWN OF NORTH HEMPSTEAD
DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

	PARK DISTRICTS		POLICE DISTRICT	PUBLIC LIBRARY DISTRICT	COMMUNITY DEVELOPMENT AGENCY
	Great Neck	Manhasset	Port Washington	Shelter Rock	Town of North Hempstead
REVENUES					
Program revenues					
Charges for services	\$ 4,367,943	\$ 767,484	\$ 3,706	\$ 24,234	\$ 28,486
Operating grants and contributions			67,385	20,000	1,198,637
Capital grants and contributions				90,000	
Real property taxes	12,480,901	726,415	18,697,041	3,938,885	
Real property tax items			2,025,544	231,537	
Non-property tax items		25,171			
Interest and earnings - unrestricted	170,131	17,266	95,661		
Interest and earnings - restricted					18,278
Sale of property and compensation for loss	24,319		186,646		
Miscellaneous revenue	30,187	36,554	36,647	35,975	(607,576)
Federal aid					
Total Revenues	17,073,481	1,572,890	21,112,630	4,340,631	637,825
EXPENSES					
Current:					
Public safety			22,611,892		
Culture and recreation	18,935,854	1,931,012		4,012,443	
Home and community service					2,193,739
Total Expenses	18,935,854	1,931,012	22,611,892	4,012,443	2,193,739
Change in Net Position	(1,862,373)	(358,122)	(1,499,262)	328,188	(1,555,914)
Net Position (Deficit) at Beginning of Year	11,634,785	609,667	(19,655,534)	2,845,404	4,380,548
Net Position (Deficit) at End of Year	\$ 9,772,412	\$ 251,545	\$ (21,154,796)	\$ 3,173,592	\$ 2,824,634

**BUSINESS
IMPROVEMENT
DISTRICT**

<u>Port Washington</u>	<u>Totals</u>
\$ 3,446	\$ 28,627,664
	1,286,022
4,000	194,000
189,896	71,524,617
	2,398,146
	183,341
283	1,296,687
	18,278
	222,639
	814,910
	8,534
<u>197,625</u>	<u>106,574,838</u>
	22,611,892
	24,879,309
<u>172,759</u>	<u>57,414,324</u>
<u>172,759</u>	<u>104,905,525</u>
24,866	1,669,313
<u>195,527</u>	<u>111,862,084</u>
<u>\$ 220,393</u>	<u>\$ 113,531,397</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.

<u>Contents</u>	Page
Financial Trends <i>These schedules contain information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>	134-143
Revenue Capacity <i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i>	144-149
Debt Capacity <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>	150-153
Demographic and Economic Information <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>	154-155
Operating Information <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>	156-161

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

<u>As of December 31,</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Governmental activities				
Net investment in capital assets	\$ 242,330,248	\$ 239,681,379	\$ 231,094,773	\$ 225,486,423
Restricted	6,470,022	-0-	-0-	1,841,053
Unrestricted	<u>(73,779,690)</u>	<u>(69,252,429)</u>	<u>(64,790,663)</u>	<u>(65,367,033)</u>
Total primary government net position	<u>\$ 175,020,580</u>	<u>\$ 170,428,950</u>	<u>\$ 166,304,110</u>	<u>\$ 161,960,443</u>

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

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 231,420,763	\$ 223,505,633	\$ 217,695,935	\$ 81,566,768	\$ 76,605,301	\$ 63,227,590
2,117,638	6,283,772	5,557,086	4,730,567	11,493,040	17,282,036
<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>	<u>(34,576,956)</u>
<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>	<u>\$ 45,932,670</u>

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

Year ended December 31,	2016	2015	2014	2013
Expenses				
Governmental activities:				
General government support	\$ 28,779,266	\$ 28,189,765	\$ 29,539,133	\$ 28,161,989
Education	2,325,386	2,199,528	1,823,139	2,007,847
Public safety	15,129,393	14,292,840	14,261,443	13,883,747
Health	390,993	427,110	422,533	400,116
Transportation	23,473,504	24,270,255	23,690,160	26,237,863
Economic assistance and opportunity	3,798,866	3,626,479	2,873,584	2,957,536
Culture and recreation	28,423,638	26,621,444	26,962,089	28,275,078
Home and community service	29,671,225	27,259,608	27,652,600	38,960,568
Interest on debt	5,222,307	5,812,532	4,815,137	5,650,792
Total primary government expenses	<u>\$ 137,214,578</u>	<u>\$ 132,699,561</u>	<u>\$ 132,039,818</u>	<u>\$ 146,535,536</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government support	\$ 438,798	\$ 501,619	\$ 497,926	\$ 432,869
Public safety	4,421,971	4,333,981	3,585,511	4,133,966
Health	282,800	262,706	274,282	285,178
Transportation	1,478,194	1,548,496	1,318,572	2,288,644
Economic assistance and opportunity	43,497	61,324	281,716	351,277
Culture and recreation	9,466,886	9,477,758	10,028,738	9,819,123
Home and community service	16,213,363	16,553,220	16,446,757	18,032,300
Operating grants and contributions	1,176,467	2,785,051	5,142,096	13,003,479
Capital grants and contributions	1,501,146	870,020	476,148	552,202
Total primary government program revenues	<u>\$ 35,023,122</u>	<u>\$ 36,394,175</u>	<u>\$ 38,051,746</u>	<u>\$ 48,899,038</u>
Net (Expense) Revenue				
Total primary government net expense	<u>\$ (102,191,456)</u>	<u>\$ (96,305,386)</u>	<u>\$ (93,988,072)</u>	<u>\$ (97,636,498)</u>
General Revenues				
Governmental Activities:				
Real property taxes	\$ 73,724,772	\$ 73,161,136	\$ 72,038,134	\$ 70,878,833
Real property tax items	5,681,740	2,573,825	2,344,889	2,277,435
Non-property tax items	13,632,320	13,554,251	12,850,767	13,235,095
Interest earnings - unrestricted	228,531	243,894	1,501,136	632,970
Mortgage tax	9,556,463	7,698,406	7,228,190	7,493,601
Sale of property and compensation for loss				1,023,565
State aid - unrestricted	1,023,565	1,023,565	1,023,565	1,923,480
Other	2,935,695	2,847,395	2,188,594	1,575,642
Total primary government	<u>\$ 106,783,086</u>	<u>\$ 101,102,472</u>	<u>\$ 99,175,275</u>	<u>\$ 99,040,621</u>
Change in Net Position				
Total primary government change in net position	<u>\$ 4,591,630</u>	<u>\$ 4,797,086</u>	<u>\$ 5,187,203</u>	<u>\$ 1,404,123</u>

* Certain reclassifications have been made to 2015 information to conform to current year presentation

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

	2012	2011	2010	2009	2008	2007
\$	27,351,522	\$ 27,001,662	\$ 25,899,656	\$ 23,933,803	\$ 23,840,684	\$ 20,421,287
	2,502,099	600,000	601,906	571,367	629,492	282,439
	13,102,628	11,813,435	10,541,116	10,859,785	11,382,404	9,566,154
	339,412	393,024	311,324	336,891	318,914	253,083
	24,696,466	26,314,860	23,896,533	23,299,489	22,076,865	15,695,095
	2,853,738	3,519,550	2,931,069	2,098,481	3,135,811	2,456,352
	27,158,800	26,220,885	24,971,385	24,682,702	22,643,001	14,212,650
	32,643,032	26,003,597	26,943,688	22,950,170	23,993,678	23,945,836
	6,263,292	6,864,391	7,050,021	7,319,311	8,106,577	8,439,201
\$	<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>	<u>\$ 95,272,097</u>
\$	364,101	\$ 322,246	\$ 316,511	\$ 268,864	\$ 321,849	\$ 333,594
	4,377,666	5,032,348	4,157,137	3,632,095	4,491,380	4,153,285
	263,486	242,072	241,740			
	1,660,870	1,173,076	1,464,958	1,231,699	958,363	1,176,630
	22,164					
	10,368,158	9,192,518	8,488,338	8,291,163	8,876,165	8,475,019
	18,074,442	16,514,602	15,917,596	13,360,668	14,796,616	12,372,598
	9,142,273	1,293,242	3,688,338	3,752,788	2,788,957	5,366,607
	29,125	2,498,242	9,070,051	905,706	1,170,927	1,024,300
\$	<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>	<u>\$ 32,902,033</u>
\$	<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>	<u>\$ (62,370,064)</u>
\$	68,261,387	\$ 65,134,391	\$ 63,816,162	\$ 61,685,941	\$ 56,422,999	\$ 54,216,380
	2,033,313	1,986,292	1,808,357	1,772,707	2,108,771	2,712,672
	12,441,196	12,029,189	11,272,681	10,553,049	11,177,944	11,058,164
	775,259	1,466,528	1,328,722	796,401	1,270,556	2,201,639
	6,690,606	5,752,767	5,863,439	5,643,419	7,677,222	12,071,333
	1,023,565	1,065,026	1,044,454	1,111,654	1,111,654	1,502,952
	1,841,674	3,178,465	116,176,605	3,751,664	1,342,723	985,153
\$	<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>	<u>\$ 84,748,293</u>
\$	<u>458,296</u>	<u>\$ (1,850,400)</u>	<u>\$ 121,508,391</u>	<u>\$ 705,819</u>	<u>\$ (1,611,300)</u>	<u>\$ 22,378,229</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 December 31,</u>	<u>Real Property Tax</u>	<u>Real Property Tax Items</u>	<u>Non-Property Tax Items</u>	<u>Total</u>
2016	\$ 73,724,772	\$ 5,681,740	\$ 13,632,320	\$ 93,038,832
2015	73,161,136	2,573,825	13,554,251	89,289,212
2014	72,038,134	2,344,889	12,850,767	87,233,790
2013	70,878,833	2,277,435	13,235,095	86,391,363
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

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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund				
Reserved				
Unreserved				
Nonspendable	\$ 2,495,507	\$ 1,622,361	\$ 2,605,903	\$ 6,317,118
Assigned	3,552,773	2,623,538	3,616,445	3,707,833
Unassigned	8,270,030	7,445,560	4,161,400	3,693,793
Total General Fund	<u>\$ 14,318,310</u>	<u>\$ 11,691,459</u>	<u>\$ 10,383,748</u>	<u>\$ 13,718,744</u>
All other governmental funds				
Reserved				
Unreserved, reported in:				
Special revenue funds				
Capital projects funds				
Debt service fund				
Nonspendable	\$ 862,450	\$ 3,716,181	\$ 1,459,022	\$ 371,007
Restricted	6,470,022	493,155	15,539,657	1,841,053
Assigned	23,179,163	19,539,989	19,684,938	17,704,669
Unassigned	(1,060,948)	(44,825,924)	(53,834,341)	(73,879,682)
Total All Other Governmental Funds	<u>\$ 29,450,687</u>	<u>\$ (21,076,599)</u>	<u>\$ (17,150,724)</u>	<u>\$ (53,962,953)</u>

Note ⁽¹⁾ Components of Fund Balance have been reclassified, beginning with the December 31, 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>2012</u>	<u>2011 ⁽¹⁾</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
		\$ 2,395,670	\$ 519,264	\$ 552,305	\$ 559,395
		9,915,603	11,636,395	17,289,914	17,840,400
\$ 5,522,182	\$ 4,677,860				
3,815,070	3,970,756				
201,856	510,271				
<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>	<u>\$ 18,399,795</u>
		\$ 35,247,468	\$ 20,071,816	\$ 18,548,411	\$ 17,311,971
		10,041,155	7,810,240	5,750,366	8,264,263
		(54,504,415)	(18,493,070)	(6,046,966)	825,420
		752,320	2,812,787	2,477,787	2,126,273
\$ 958,708	\$ 3,692,838				
2,117,638	6,183,772				
17,085,131	12,080,353				
(66,246,267)	(58,151,444)				
<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>	<u>\$ 28,527,927</u>

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

<u>Year ended December 31,</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues				
Real property taxes	\$ 73,724,772	\$ 73,161,136	\$ 72,038,134	\$ 70,878,833
Real property tax items	5,681,740	2,573,825	2,344,889	2,277,435
Non-property tax items	13,632,320	13,554,251	12,850,767	13,235,095
Departmental income	25,925,575	26,126,290	25,976,819	28,161,245
Intergovernmental charges	1,199,836	1,302,739	963,096	2,381,714
Use of money and property	473,550	442,529	593,378	521,771
License and permits	4,335,603	4,549,233	3,234,920	3,655,105
Fines and forfeitures	238,908	242,603	239,052	205,709
Sale of property and compensation for loss	703,004	682,269	409,852	1,370,285
Miscellaneous revenue	1,242,126	1,152,977	1,203,246	1,334,774
Interfund revenues	6,836,057	6,879,071	6,994,901	6,861,935
State aid	12,454,869	10,659,621	10,400,768	10,698,776
Federal aid	802,772	1,717,421	4,112,792	11,374,071
Total Revenues	147,251,132	143,043,965	141,362,614	152,956,748
Expenditures				
General government support	20,871,024	21,122,838	21,719,953	20,971,505
Education	2,325,385	2,199,528	5,362,136	439,233
Public safety	12,494,483	12,394,374	12,162,015	11,725,481
Health	218,940	283,333	242,761	226,569
Transportation	14,246,990	15,290,185	14,396,223	16,542,073
Economic assistance and opportunity	2,651,359	2,617,744	2,083,114	2,094,184
Culture and recreation	17,169,378	16,602,868	16,993,305	17,789,654
Home and community service	25,955,284	27,076,363	27,204,995	37,544,848
Employee benefits	20,122,128	19,333,110	18,533,022	17,504,421
Capital outlay	11,719,397	12,608,240	10,123,687	10,632,754
Debt Service				
Principal	16,315,225	31,543,158	15,190,493	15,793,474
Interest	4,863,242	4,765,583	4,287,174	5,391,079
Other charges				
Total Expenditures	148,952,835	165,837,324	148,298,878	156,655,275
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,701,703)</u>	<u>(22,793,359)</u>	<u>(6,936,264)</u>	<u>(3,698,527)</u>
Other Financing Sources (Uses)				
Transfers in	33,162,476	26,464,109	28,587,034	24,429,877
Transfers out	(33,162,476)	(26,464,109)	(28,587,034)	(24,429,877)
Debt issuance	54,591,465	4,390,000	43,795,581	
Premium on obligations	264,375	2,997,535	220,325	
Bond anticipation notes redeemed				(2,285,201)
Retirement of debt payment made by funds				2,285,201
Refunding bonds issued		24,688,205	31,489,609	
Payments to refund bond escrow agent		(12,516,931)	(35,092,018)	
Total Other Financing Sources	54,855,840	19,558,809	40,413,497	-0-
Net Change in Fund Balances	\$ 53,154,137	\$ (3,234,550)	\$ 33,477,233	\$ (3,698,527)
Debt service as a percentage of noncapital expenditures	15.42%	23.78%	14.13%	14.54%

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

	2012	2011	2010	2009	2008	2007
\$	68,261,387	\$ 65,134,391	\$ 63,816,162	\$ 61,685,941	\$ 56,422,999	\$ 54,216,380
	2,031,479	1,983,764	1,808,357	1,772,707	2,108,771	2,712,672
	12,441,196	12,029,189	11,272,681	10,553,049	11,177,944	11,058,164
	27,647,268	25,665,439	24,400,667	23,203,649	25,662,941	22,989,409
	1,794,090	1,375,209	1,622,331	578,911	856,683	564,285
	706,324	1,229,803	1,216,559	842,928	1,323,318	2,087,042
	3,945,324	4,388,479	3,745,966	2,876,128	4,069,511	3,507,525
	279,175	349,525	301,504	395,050	162,710	159,663
	356,668	1,776,050	459,710	2,204,692	601,074	277,099
	1,839,787	1,240,997	120,830,435	4,336,599	2,805,462	4,954,459
	6,837,796	7,088,604	6,186,021	6,545,301	6,257,139	5,450,233
	9,472,707	7,861,711	9,429,326	7,926,549	9,684,298	13,831,969
	8,231,952	2,706,105	5,390,644	707,018	965,817	58,223
	<u>143,845,153</u>	<u>132,829,266</u>	<u>250,480,363</u>	<u>123,628,522</u>	<u>122,098,667</u>	<u>121,867,123</u>
	20,214,430	18,885,445	18,041,263	17,174,514	16,915,724	16,174,256
	531,716	600,000	601,906	571,367	629,492	282,439
	11,349,801	10,120,902	9,276,505	9,354,264	9,898,211	8,694,795
	197,082	214,121	181,135	191,946	189,337	179,701
	15,257,407	16,370,205	15,645,227	14,285,581	14,105,804	13,436,869
	2,093,973	2,396,237	2,075,798	1,442,441	2,105,211	1,929,023
	16,889,672	16,381,463	16,326,553	16,051,879	15,601,723	14,985,315
	30,999,963	25,220,268	24,568,372	22,457,155	23,308,180	21,693,967
	16,384,918	15,228,229	13,265,108	12,829,691	12,761,276	12,229,435
	23,240,864	33,775,975	148,094,890	22,361,001	10,439,461	10,541,134
	19,100,317	17,524,153	18,803,632	19,597,605	18,440,527	18,733,803
	7,022,723	7,072,317	6,988,606	7,540,463	8,329,626	8,735,528
	126,483		130,757			
	<u>163,409,349</u>	<u>163,789,315</u>	<u>273,999,752</u>	<u>143,857,907</u>	<u>132,724,572</u>	<u>127,616,265</u>
	<u>(19,564,196)</u>	<u>(30,960,049)</u>	<u>(23,519,389)</u>	<u>(20,229,385)</u>	<u>(10,625,905)</u>	<u>(5,749,142)</u>
	31,544,621	29,944,267	35,647,342	30,969,268	27,543,991	32,502,871
	(31,544,621)	(29,944,267)	(35,647,342)	(30,969,268)	(27,543,991)	(32,502,871)
	9,192,341		2,879,000	6,015,000	2,270,000	12,056,540
	604,540	76,654	410,228			
	(1,898,059)	(1,460,000)	(383,500)			
	1,898,059	1,460,000	383,500			
	10,403,791		7,547,603			
	(10,146,564)		(7,827,073)			
	<u>10,054,108</u>	<u>76,654</u>	<u>3,009,758</u>	<u>6,015,000</u>	<u>2,270,000</u>	<u>12,056,540</u>
\$	<u>(9,510,088)</u>	<u>(30,883,395)</u>	<u>(20,509,631)</u>	<u>(14,214,385)</u>	<u>(8,355,905)</u>	<u>6,307,398</u>
	18.75%	18.72%	20.55%	22.4%	22.0%	24.8%

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

Year Ended December 31,	Real Property Tax¹	Sales Tax²	Mortgage Tax³	Franchise Tax	Total
2016	\$ 73,724,772	\$ 11,237,939	\$ 9,556,463	\$ 2,394,381	\$ 96,913,555
2015	73,161,136	11,047,131	7,698,406	2,507,120	94,413,793
2014	72,038,134	10,845,925	7,228,190	2,004,842	92,117,091
2013	70,878,833	11,334,246	7,493,601	1,900,849	91,607,529
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

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

- 1 Primary government
- 2 Classified as Nassau County local government assistance
- 3 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

Year Ended December 31,	Residential Property 1 to 4 Family Homes	Residential Property Condominia and Cooperatives	Utility Property	All Other Property	Total Net Assessed Value	State Equalization Rate	Full Valuation	Total Direct Tax Rate
2016	\$ 93,593,109	\$ 8,995,913	\$ 7,939,673	\$ 42,012,337	\$ 152,541,032	0.28%	\$54,478,940,000	\$ 150.736
2015	95,436,524	8,877,421	7,867,890	42,572,887	154,754,722	0.31%	49,920,878,065	146.640
2014	97,799,191	9,012,086	8,550,680	43,874,552	159,236,509	0.32%	49,761,409,063	137.830
2013	101,341,024	9,095,629	8,567,065	44,473,827	163,477,545	0.32%	51,086,732,813	133.531
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	0.30%	60,668,686,667	94.180

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

Sources: Town of North Hempstead Budgets and Official Statements

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

Year Ended December 31,	GOVERNMENTAL FUNDS							
	TOWN OPERATED DISTRICTS							
	General	Town ¹ Outside Villages	Fire Protection	Garbage	Lighting	Parks	Public Parking	Sidewalk
2016	\$ 16.338	\$ 43.822	\$ 29.178	\$ 22.800	\$ 3.371	\$ 26.105	\$ 1.422	\$ 5.209
2015	15.987	43.077	28.133	21.769	3.299	25.399	1.392	5.136
2014	15.378	41.047	25.307	20.101	3.115	24.330	1.335	4.813
2013	14.632	39.925	24.248	20.317	3.047	23.189	1.277	4.583
2012	12.509	36.269	21.969	17.380	2.823	20.510	1.141	4.148
2011	10.464	32.673	19.502	10.758	2.647	18.830	1.069	3.875
2010	9.404	29.436	18.276	15.043	2.349	15.995	0.999	3.625
2009	9.164	28.738	18.541	15.824	2.233	15.727	1.009	3.482
2008	8.504	26.751	18.408	16.182	2.090	14.592	1.004	3.327
2007	8.780	27.100	17.962	17.532	2.041	14.396	1.044	3.380

Source: Adopted Town Budgets

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

Includes all classes of property for each Fund/District

<u>Water</u>	<u>Town Direct Rate</u>	<u>County Direct Rate</u>	<u>School Direct Rate</u>	<u>Total Direct & Overlapping Rate</u>
\$ 2.491	\$ 150.736	\$ 150.67	\$ 588.30	\$ 889.70
2.448	146.640	152.50	583.40	882.54
2.404	137.830	144.59	558.06	840.48
2.313	133.531	139.53	528.82	801.88
2.099	118.848	128.96	473.78	721.59
1.974	101.791	119.43	423.99	645.22
1.798	96.924	110.06	389.58	596.56
1.787	96.505	92.62	396.29	585.42
1.811	92.669	113.80	406.07	612.53
1.946	94.180	119.42	394.15	607.75

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

2016

Rank	Taxpayer	Nature of Business	Assessed Valuation	Percentage of Total Assessed Valuation ⁽¹⁾
1	Keyspan Gas East	Utility	\$ 2,993,910	1.96%
2	Apollo Lake Success LLC	Real Estate	1,529,874	1.00%
3	Fifth Avenue of Long Island Realty Assoc.	Real Estate	933,928	0.61%
4	Verizon New York	Utility	918,474	0.60%
5	CLK Marcus Avenue Property	Real Estate	718,605	0.47%
6	We're Associates Inc.	Real Estate	683,514	0.45%
7	Country Glen LLC	Shopping Center	609,236	0.40%
8	111 Marcus Avenue Unit 2 Owner	Real Estate	388,858	0.25%
9	Lake Success Shopping Center	Shopping Center	376,953	0.25%
10	600 Community LLC	Real Estate	339,465	0.23%
	Total		<u>\$ 9,492,817</u>	<u>6.22%</u>

2007

Rank	Taxpayer	Nature of Business	Assessed Valuation	Percentage of Total Assessed Valuation ⁽¹⁾
1	Long Island Power Authority	Utility	\$ 4,048,212	1.04%
2	Verizon	Utility	1,173,726	0.30%
3	Keyspan Energy Corp.	Utility	1,092,655	0.28%
4	1 Park Lake Success, LLC	Manufacturing	1,082,064	0.28%
5	RP Stellar Strong Island, LLC	Real Estate	876,759	0.22%
6	2001 Marcus LLC	Real Estate	628,775	0.16%
7	1979 Marcus LLC	Real Estate	456,923	0.12%
8	Greentree Foundation	Private Foundation	440,021	0.11%
9	Treeline Mineola, LLC	Real Estate	331,314	0.08%
10	Mack North Hills Co.	Real Estate	326,898	0.08%
	Total		<u>\$ 10,457,347</u>	<u>2.68%</u>

Source: Town of North Hempstead 2016 and 2007 Official Statements

¹ 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**

Year Ended December 31,	Tax Levy For Town	Total Tax Levy¹	Amount Collected²	Percent of Total Tax Levy Collected	Amount Uncollected²	Percent of Total Tax Levy Uncollected
2016	\$ 163,674,001	\$ 393,506,864	\$ 387,077,199	98.37%	\$ 6,429,665	1.63%
2015	161,817,212	397,817,335	383,885,148	96.50%	13,932,187	3.50%
2014	158,981,782	389,220,761	382,405,938	98.25%	6,814,823	1.75%
2013	152,431,800	380,528,008	373,775,985	98.23%	6,752,023	1.77%
2012	146,367,808	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%

Source: Town of North Hempstead Official Statements

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

2 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**

Governmental Activities					
Year Ended December 31,	General Obligation Bonds	Revenue Bonds	Total Primary Government	Percentage of Personal Income¹	Per Capita¹
2016	\$ 162,919,467	\$ 1,760,914	\$ 164,680,381	0.16%	\$ 722
2015	124,859,447	2,611,456	127,470,903	0.13%	558
2014	136,090,078	3,442,658	139,532,736	0.14%	611
2013	111,901,566 ²	4,254,960	116,156,526	0.12%	512
2012	125,326,047	5,048,960	130,375,007	0.14%	577
2011	131,145,587	8,880,000	140,025,587	0.15%	623
2010	146,514,740	11,035,000	157,549,740	0.18%	704
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

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 and revenue anticipation notes on this schedule in accordance with GASB No. 44 paragraph 45.

At December 31, 2016, the Town had \$18,852,081 in short-term bond anticipation notes not being presented.

¹ See the schedule of Demographic and Economic Statistics for personal income and population data.

² As of the 2013 report, the Town's debt capacity amounts are reported net of premiums, discounts and adjustments.

**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 Valuation¹</u>	<u>Percentage of Full Taxable Value¹ of Property</u>	<u>Per Capita²</u>
2016	\$ 162,919,467	106.80%	0.30%	\$ 714
2015	124,859,447	80.68%	0.25%	547
2014	136,090,078	85.46%	0.27%	596
2013	111,901,566 ³	68.45%	0.22%	493
2012	125,326,047	70.42%	0.23%	555
2011	131,145,587	68.09%	0.24%	584
2010	146,514,740	71.09%	0.23%	655
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

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

1 See the Schedule of Assessed Value, State Equalization Rate and Estimated Full Value of Real Property

2 See the schedule of Demographic and Economic Statistics for population data.

3 As of the 2013 report, the Town's debt capacity amounts are reported net of premiums, discounts and adjustments.

**Town of North Hempstead
Direct and Overlapping Governmental Activities Debt
As of December 31, 2016**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
Town of North Hempstead	\$ 164,680,381	100.00%	<u>\$ 164,680,381</u>
Overlapping:			
Nassau County	3,605,358,000	24.70%	890,523,426
Incorporated Villages	111,603,289	varied ¹	102,710,574
School Districts	151,180,000	varied ²	150,475,250
Fire Districts	495,000	100.00%	495,000
Water Pollution Control Districts	75,895,397	100.00%	75,895,397
Water Districts	38,016,410	100.00%	38,016,410
Park Districts	14,221,406	100.00%	14,221,406
Police District	55,750	100.00%	55,750
Library District	3,351,061	100.00%	3,351,061
Business Improvement District	63,892	100.00%	63,892
Total overlapping debt			<u>1,275,808,166</u>
Total direct and overlapping debt			<u>\$ 1,440,488,547</u>

Note: As of the 2011 CAFR the Town is no longer reporting bond anticipation notes and revenue anticipation notes on this schedule in accordance with GASB 44 paragraph 45.
At December 31, 2016, the Town had \$18,852,081 in short-term bond anticipation notes not being presented.

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 April 2017 Official Statement
Special Report on Municipal Affairs, 2010 released by the NYS Office of the Comptroller and County Officials

1 Six of the villages located in the Town are also partially located in one of the neighboring towns.

2 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, 2016**

Year Ended December 31,	Net Assessed Valuation	State Equalization Rate	Full Valuation
2016	\$ 152,541,032	0.28%	\$ 54,478,940,000
2015	154,754,722	0.31%	49,920,878,065
2014	159,236,509	0.32%	49,761,409,063
2013	163,477,545	0.32%	51,086,732,813
2012	177,975,906	0.33%	53,932,092,727
Total Five Year Full Valuation			<u>259,180,052,668</u>
Five Year Average Full Valuation of Taxable Real Property			<u>51,836,010,534</u>
Constitutional Debt Limit (7% of Average Full Valuation)			<u>3,628,520,737</u>
Inclusions:			
Outstanding Bonded Indebtedness at December 31st			292,305,071
Outstanding Bond Anticipation Notes at December 31st			45,798,197
Total Inclusions			<u>338,103,268</u>
Exclusions:			
Water Bonds			37,719,193
Water Bond Anticipation Notes			20,850,000
Total Exclusions			<u>58,569,193</u>
Net Indebtedness Subject to Debt Limit			<u>279,534,075</u>
Net Debt Contracting Margin			<u>\$ 3,348,986,662</u>
Percentage of Net Debt Contracting Margin Available			92.30%
Percentage of Net Debt Contracting Power Exhausted			7.70%

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
2016	\$ 3,628,520,737	\$ 279,534,075	\$ 3,348,986,662	7.70%	92.30%
2015	3,636,267,921	284,836,307	3,351,431,614	7.83%	92.17%
2014	3,811,674,156	294,651,649	3,517,022,507	7.73%	92.27%
2013	4,001,362,554	289,009,786	3,712,352,768	7.22%	92.78%
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%

Source: The Town of North Hempstead Comptroller's Office

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

Year Ended December 31,	Population¹	Personal Income² (in millions)	Per Capita Income²	Median Family Income¹	Unemployment Rate³	Number of Households Estimate¹	Average Household Size Estimates¹	Population Density Per Square Mile
2016	228,245	\$ 100,019	\$ 51,652	\$ 104,264	3.4%	82,161	2.81	4,260
2015	228,245	100,047	51,652	126,165	3.4%	82,161	3.03	4,260
2014	228,245	100,047	51,652	126,165	3.7%	82,161	3.03	4,260
2013	227,029	98,086	51,446	123,330	4.5%	82,112	3.02	4,237
2012	225,971	95,457	51,679	122,021	5.8%	82,185	3.00	4,217
2011	224,664	90,684	52,509	121,511	6.1%	82,485	2.97	4,193
2010	223,659	89,433	51,663	118,827	6.2%	81,787	2.97	4,174
2009	226,874	85,239	63,989	112,059	6.1%	78,333	2.89	4,234
2008	226,109	91,326	68,918	119,773	5.0%	78,097	2.86	4,220
2007	225,291	87,168	65,934	115,697	3.5%	77,764	2.86	4,205

Note - During 2015, the Town changed data source to the U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates, all information prior to 2010 source is the Long Island Power Authority Population survey. 2010-2014 information was updated for the new source to be comparative.

Data Sources:

- 1 U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates, 2015 and 2016 data not available
Long Island Power Authority Population survey (2006-2009)
- 2 U.S. Department of Commerce, Bureau of Economic Analysis for Nassau County, 2015 data not available.
- 3 State of New York, Department of Labor - Division of Statistics - www.labor.ny.gov/stats
(Note: Percentages are not seasonally adjusted).

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

2016			
Rank	Name	Type of Business	Number of Employees
1	North Shore-LIJ Healthy System Foundation	Hospital and Health Care	31,797
2	Winthrop-University Hospital	Hospital	7,963
3	St. Francis Hospital	Hospital	3,573
4	Broadridge Financial Solutions Inc.	Finance	1,500
5	Astoria Federal Savings & Loan Association	Banking	1,175
6	Parker Jewish Institute	Skilled Nursing Facility and Rehabilitation	1,036
7	ProHEALTH Care Associates	Healthcare	850
8	PALL Corporation	Technology	800
9	Laffey Fine Homes	Real Estate Brokers - Residential	405

2007			
Rank	Name	Type of Business	Number of Employees
1	North Shore University Hospital of Manhasset	Hospital	4,981
2	Winthrop University Hospital	Hospital	4,000
3	Long Island Jewish Medical Center	Hospital	3,496
4	St. Francis Hospital	Hospital	1,632
5	CMP Media	Technology	1,300
6	Canon USA	Technology	1,130
7	Transervice Lease	Private Company	1,000
8	PALL Corporation	Technology	800
9	The NPD Group	Private Company	750
10	1-800-Flowers.com	Internet Retail	700

Source: 2016 - Long Island Business News 2016 Book of Lists and NYS Department of Labor
 2007 - Long Island Business News 2007 Book of Lists and 1996/7 Metro NY Directory of Manufacturers
 Percentage of total Town employment is not available.

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

Function	Full-Time Equivalent					
	2016	2015	2014	2013	2012	2011
General government	83	87	85	87	89	84
Highways	81	84	86	96	90	94
Parks and recreation	84	80	69	77	76	79
Buildings and planning	50	48	47	50	50	42
Public works	21	20	23	23	26	25
Community services	22	23	21	27	28	16
Town clerk	15	15	16	19	19	21
Receiver of taxes	14	14	14	14	18	17
Public safety	36	37	34	38	32	28
Solid waste management	11	17	15	15	15	15
Total	417	425	410	446	443	421

Source: Town of North Hempstead Human Resource Department records

Employees as of December 31,

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
78	89	94	83
89	94	92	102
82	90	96	93
39	46	35	51
21	17	22	20
21	24	23	20
21	21	17	16
14	13	14	13
25	23	20	15
18	10	9	11
<u>408</u>	<u>427</u>	<u>422</u>	<u>424</u>

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

Year Ended December 31,	2016	2015	2014	2013
Function/Department				
Town Clerk				
Vital statistic documents	30,272	27,845	29,007	29,069
Dog licenses	4,676	4,811	5,107	5,380
Business licenses	1,160	1,306	1,290	1,276
Marriage licenses	921	967	939	967
Dumping permits	1,096	3,221	964	2,348
311 Call Center				
Calls answered	171,234	173,359	168,369	171,325
Unique service requests	64,923	62,886	60,359	63,643
<i>Project Independence Calls</i>				
Taxi rides - medical appointment	12,268	13,257	12,078	10,940
Taxi rides - food shopping	4,434	5,298	4,942	4,944
Other project independence service requests	7,472	7,181	6,577	8,026
Building				
Building permits issued	5,091	5,498	5,571	5,584
Public Safety				
Dogs adopted or reclaimed by owners	254	239	273	275
Fire				
Number of fire protection districts	11	11	11	11
Parking				
Number of parking meters	544	544	544	544
Parking lots and garage revenue	\$ 453,666	\$ 399,004	\$ 370,063	\$ 376,568
Annual meter revenue	\$ 222,892	\$ 166,206	\$ 162,486	\$ 165,784
Parking permit revenue	\$ 84,760	\$ 54,870	\$ 52,405	\$ 51,410
Highways and Streets				
Street resurfacing (lane miles)	19	19	16	15
Number of trees planted	540	212	194	568
Number of trees trimmed	1,364	1,145	786	1,153
Number of tress removed	694	734	518	793
Road opening permits issued	745	792	874	746
Abandoned vehicles removed	34	11	3	11
Signs installed	1,425	1,197	1,467	1,896
Sanitation (tons per annum)				
Residential and commercial waste collected	141,689	149,117	156,000	155,927
Recyclables collected	9,095	9,148	10,000	8,974
Yardwaste	13,905	14,225	15,000	34,356
Construction and demolition debris	11,792	12,799	14,000	18,986
S.T.O.P. Program				
Household hazardous waste:				
Liquids (gallons)	7,195	9,950	19,023	11,186
Solids (pounds)	16,240	15,945	17,226	27,634
Other household items (pounds)	12,461	10,580	9,712	8,451
Pharmaceuticals (pounds)	6,845	5,600	4,800	4,480
E-waste (tons)	37	45	34	29
Shredded paper (tons)	54	28	25	22
Culture and recreation				
Beach permits issued	2,559	2,917	2,917	2,886
Registration for adult programs	298	642	435	436
Registration for summer programs	7,321	8,442	8,829	6,975

Source: Various government departments

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

2 Tully Park and new Manorhaven Pool reopened in 2011.

3 311 call center data unavailable prior to 2009.

4 S.T.O.P. program data unavailable prior to 2009.

	2012	2011	2010	2009	2008	2007
	26,956	25,931	25,893	26,205	23,953	25,745
	5,261	5,440	5,339	5,612	5,844	5,843
	1,432	1,365	1,062	1,104	1,329	1,346
	972	905	910	1,009	1,137	1,099
	2,293	567	2,698	1,260	1,136	1,065
	199,281	181,483	167,472	112,723		
	63,156	63,119	167,472	112,723		
	9,431	8,297	3,467	-0-		
	4,842	5,068	4,265	134		
	5,924	2,718	8,071	1,382		
	4,884	4,625	4,053	4,336	4,399	1,881
	337	274	366	365	354	343
	11	11	11	11	11	11
	511	805	807	803	775	775
\$	276,242	\$ 337,401	\$ 308,602	\$ 335,286	\$ 335,032	\$ 344,567
\$	179,044	\$ 169,216	\$ 153,552	\$ 149,814	\$ 151,156	\$ 157,392
\$	50,705	\$ 50,540	\$ 45,945	\$ 47,445	\$ 47,687	\$ 48,853
	15	11	14	14	14	14
	277	244	505	456	559	598
	1,036	2,078	1,334	955	1,170	1,086
	617	585	692	424	365	519
	608	668	754	721	855	762
	6	9	10	8	12	16
	1,128	1,580	1,688	1,457	1,450	815
	159,650	173,472	166,610	135,769	142,860	143,301
	9,714	11,550	12,181	13,050	2,557	2,208
	42,621	18,291	19,014	16,576	19,961	19,353
	10,207	6,598	4,323	4,491	6,671	5,482
	14,881					
	13,530					
	6,034					
	2,190					
	20					
	8					
	3,403	3,380	3,000	3,175	3,120	1,608
	423	355	340	339	898	1,277
	7,213	6,223	3,150	3,104	1,477	2,096

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

<u>Year Ended December 31,</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Function				
General Government				
Town Hall and annex	3	3	3	3
Sanitation				
Transfer station	1	1	1	1
Annual tonnage processed	176,481	185,289	195,000	222,773
Highways and Streets				
Streets (miles)	275	275	275	275
Culture and recreation				
Parks acreage	837	837	837	837
Parks	48	48	48	48
Swimming pools	6	6	6	6
Beaches	2	2	2	2
Docks	2	2	2	2
Boat ramps	2	2	2	2
Golf courses (18 hole)	1	1	1	1
Golf courses (9 hole)	1	1	1	1
Driving range	1	1	1	1
Miniature golf course	1	1	1	1
Tennis courts	37	37	37	37
Community centers	4	4	4	4

Source: Various government departments

1 2010 and 2009 reflect adjustments made due to reclassification in prior years.
There is no data available for corrections to years prior to 2009.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
2	2	2	2	2	2
1	1	1	1	1	1
222,790	210,007	198,526	161,564	172,049	170,344
275	275	275	275	275	274
837	841	841	722	883	833
48	48	48	41	22	22
6	6	6	6	6	6
2	3	3	3	3	3
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	1	1	1	1
37	35	35	35	35	35
4	3	3	3	2	2