



TOWN OF NORTH HEMPSTEAD

NASSAU COUNTY, NEW YORK

JUDI BOSWORTH, SUPERVISOR

www.northhempsteadny.gov



2020 ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020

Town of North Hempstead, New York

Annual Comprehensive Financial Report

Fiscal Year Ended December 31, 2020

Prepared by the Office of the Town Comptroller
Tania Orenstein, CPA
Comptroller

Town of North Hempstead, New York

Annual Comprehensive Financial Report

Fiscal Year Ended December 31, 2020

Table of Contents

Page No.

INTRODUCTORY SECTION

Principal Officials	i
Organization Chart	ii
Map	iii
Letter of Transmittal	iv
Certificate of Achievement for Excellence in Financial Reporting	xiii

FINANCIAL SECTION

Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-Wide Financial Statement	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements	
Balance Sheet - Governmental Funds	21
Reconciliation of Governmental Funds Balance Sheet to the	
Government-Wide Statement of Net Position - Governmental Activities	23
Statement of Revenues, Expenditures and Changes in Fund Balances -	
Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures and Changes	
in Fund Balances of Governmental Funds to the Statement of Activities	26
Statement of Revenues, Expenditures and Changes in Fund Balances -	
Budget and Actual - General, Highway, Solid Waste Management Authority,	
Part Town and Refuse and Garbage Districts Funds	27
Fiduciary Fund	
Statement of Fiduciary Net Position	31
Statement of Changes in Fiduciary Net Position	32
Notes to Financial Statements	33
Required Supplementary Information	
Other Post Employment Benefits -	
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios	88
New York State and Local Employees' Retirement System	
Schedule of the Town's Proportionate Share of the Net Pension Liability	89
Schedule of Contributions	89
Length of Service Awards Program	
Schedule of Changes in Total Pension Liability and Related Ratios	90

Town of North Hempstead, New York

Annual Comprehensive Financial Report

Fiscal Year Ended December 31, 2020

Table of Contents (Continued)

Page No.

Combining and Individual Fund Financial Statements and Schedules

Major Governmental Funds

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual 91

Schedule of Revenues and Other Financing Sources Compared to Budget 92

Schedule of Expenditures and Other Financing Uses Compared to Budget 94

Highway Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual 96

Solid Waste Management Authority Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual 98

Part Town Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual 100

Refuse and Garbage Districts Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual 102

Non-Major Governmental Funds

Combining Balance Sheet 103

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances 105

Fire Protection Districts

Schedule of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual 107

Lighting District

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual 108

Park Districts

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual 109

Sidewalk District

Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual 110

Public Parking District

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual 111

Water District

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual 113

Town of North Hempstead, New York

Annual Comprehensive Financial Report
Fiscal Year Ended December 31, 2020
Table of Contents (Concluded)

Page No.

STATISTICAL SECTION (Unaudited)
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This part of the Town's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information reveals about the Town's overall financial health. This section includes the following schedules:

Financial Trends

Net Position by Component - Last Ten Fiscal Years	114
Changes in Net Position - Last Ten Fiscal Years	116
Fund Balances of Governmental Funds - Last Ten Fiscal Years	118
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	120

Revenue Capacity

Governmental Activities Tax Revenues by Source - Last Ten Fiscal Years	122
General Governmental Tax Revenues by Source - Last Ten Fiscal Years	123
Assessed Value, State Equalization Rate, and Estimated Full Value of Real Property - Last Ten Fiscal Years	124
Property Tax Rates, Direct and Overlapping Governments - Last Ten Fiscal Years	126
Principal Property Taxpayers - Current Year and Nine Years Ago	128
Property Tax Levies and Collections - Last Ten Fiscal Years	129

Debt Capacity

Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	130
Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	131
Direct and Overlapping Governmental Activities Debt	132
Legal Debt Margin Information - Last Ten Fiscal Years	133

Demographic and Economic Information

Demographic and Economic Statistics - Last Ten Fiscal Years	134
Principal Employers - Current Year and Nine Years Ago	135

Operating Information

Full-Time Government Employees by Function - Last Ten Fiscal Years	136
Operating Indicators by Function - Last Ten Fiscal Years	138
Capital Asset Statistics by Function - Last Ten Fiscal Years	140

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

Town of North Hempstead, New York

Annual Comprehensive Financial Report

Fiscal Year Ended December 31, 2020

Table of Contents (Concluded)

Page No.

<p>FEDERAL AWARDS</p>

Federal Programs

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	142
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	144
Schedule of Expenditures of Federal Awards	146
Notes to Schedule of Expenditures of Federal Awards	147
Schedule of Findings and Questioned Costs	148
Summary Schedule of Prior Audit Findings	150

**INTRODUCTORY
SECTION**

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TOWN OF NORTH HEMPSTEAD

PRINCIPAL OFFICIALS

December 31, 2020

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

VERONICA LURVEY

DISTRICT 5 - COUNCILWOMAN

LEE R. SEEMAN

DISTRICIT 6 - COUNCILWOMAN

MARIANN DALIMONTE

TOWN CLERK:

WAYNE H. WINK, JR.

RECEIVER OF TAXES:

CHARLES BERMAN

APPOINTED OFFICIALS

CHIEF OF STAFF:

JEANINE DILLON

TOWN ATTORNEY:

LEONARD KAPSALIS

DIRECTOR OF FINANCE:

STEVEN POLLACK

DIRECTOR OF COMMUNICATIONS:

GORDON TEPPER

INTERGOVERNMENTAL COORDINATOR:

RACHAEL BRINN

DIRECTOR OF LEGISLATIVE AFFAIRS:

RACHEL BRINN

DIRECTOR OF PURCHASING:

MOIRA LABARBERA

DIRECTOR OF CONSTITUENT AFFAIRS:

STEPHEN MAZZA

COMMISSIONER OF PUBLIC SAFETY:

SHAWN BROWN

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

KIMBERLY A. CORCORAN - GALANTE

COMMISSIONER OF PUBLIC WORKS (acting):

VICTOR THOMAS

SUPERINTENDENT OF HIGHWAYS (acting):

KEVIN CRONIN

COMMISSIONER OF INFORMATION TECHNOLOGY:

DANIEL GUILLERMO

COMMISSIONER OF ADMINISTRATIVE SERVICES:

PETER M. HODA

EXECUTIVE DIRECTOR OF SOLID WASTE MANAGEMENT

MICHAEL KELLY

COMMISSIONER OF PLANNING:

MICHAEL A. LEVINE

COMMISSIONER OF 311 CALL CENTER

VINCENT MALIZIA

COMMISSIONER OF BUILDINGS:

JOHN NIEWENDER

COMPTRROLLER:

TANIA ORENSTEIN

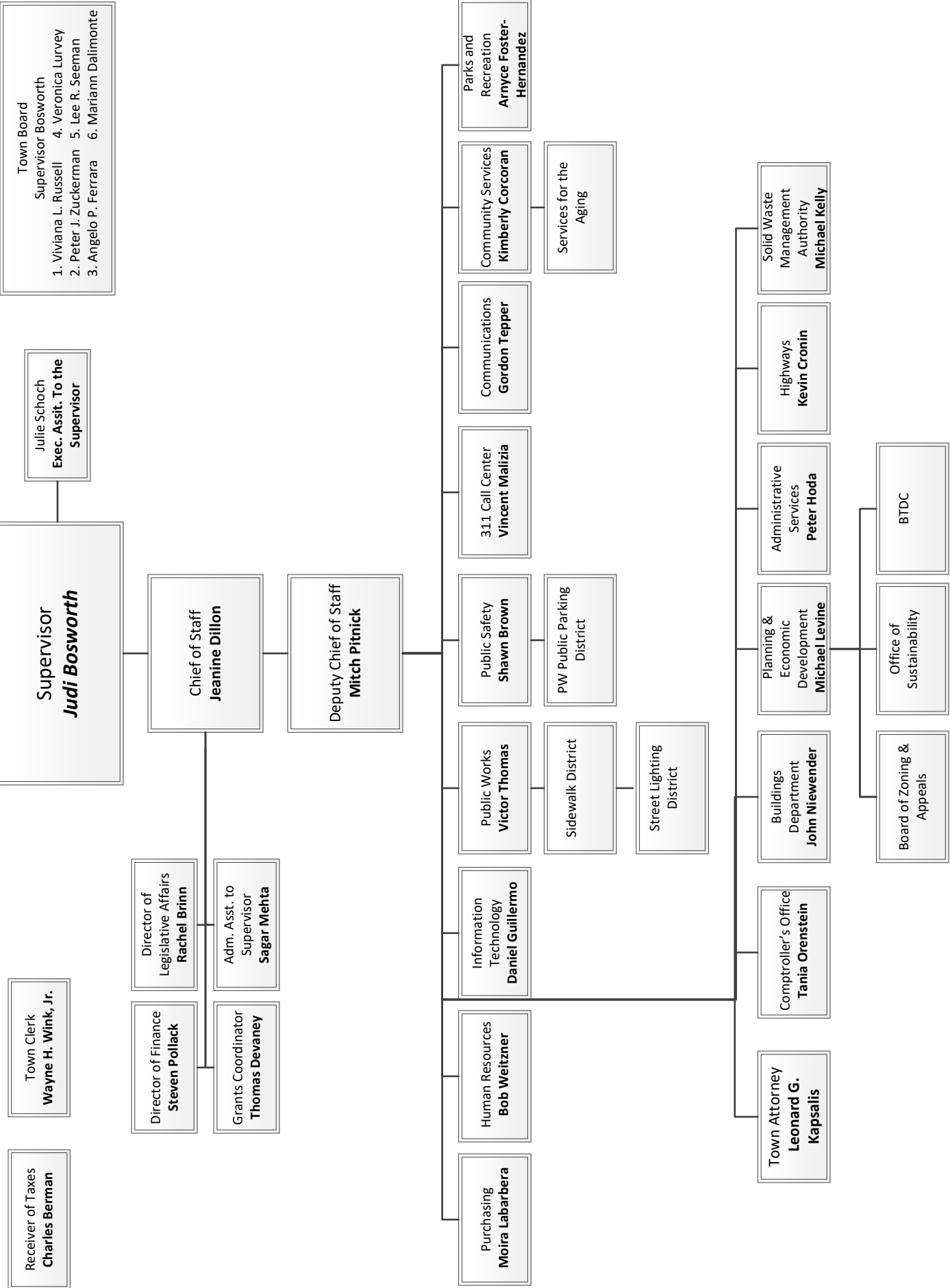
COMMISSIONER OF PARKS & RECREATION:

ARNYCE FOSTER-HERNANDEZ

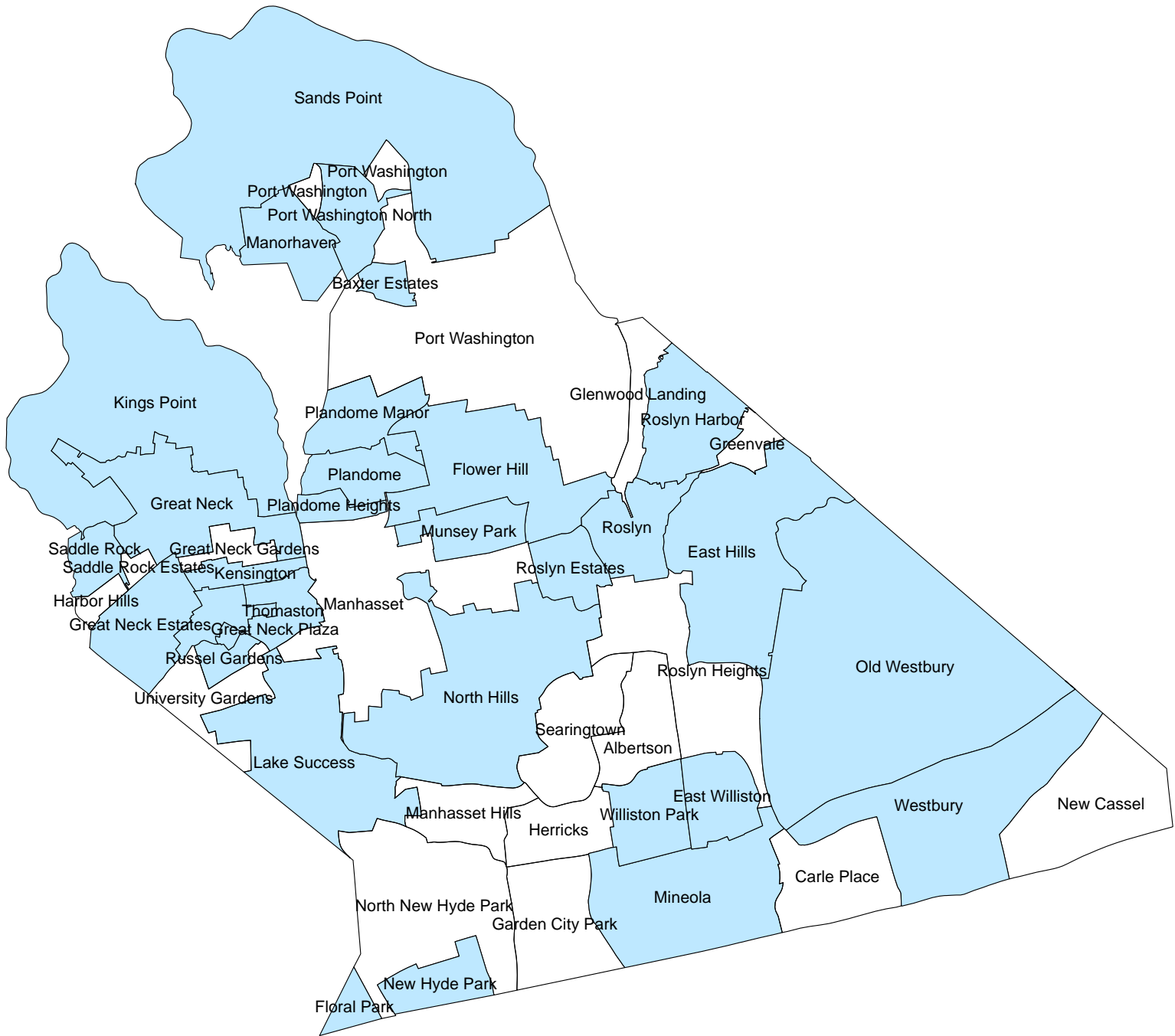
COMMISSIONER OF HUMAN RESOURCES:

ROBERT WEITZNER

Town of North Hempstead Organizational Chart As of 12/31/2020



Town of North Hempstead



Note: The areas in white represent the unincorporated portions of the Town of North Hempstead

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Town Board
VIVIANA L. RUSSELL
PETER J. ZUCKERMAN
ANGELO P. FERRARA
VERONICA LURVEY
LEE R. SEEMAN
MARIANN DALIMONTE

Town Clerk
WAYNE H. WINK, JR.

Receiver of Taxes
CHARLES BERMAN

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

July 13, 2021

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

I am pleased to submit the Annual Comprehensive Financial Report (“ACFR”) of the Town of North Hempstead, New York (“the Town”) for the year ended December 31, 2020. The financial statements have been audited by the accounting firm selected by the Town Board, PKF O’Connor Davies, LLP. The auditors’ unmodified opinion is included in this report.

The Town received its tenth Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for the December 31, 2019 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, 2020 financial report continues to meet the requirements of the Certificate of Achievement Program.

Transparency in government is more important than ever before, as municipalities across the country have dealt with budgetary and operational challenges associated with the COVID-19 pandemic. I am extremely proud of the manner in which the Town of North Hempstead handled our finances during this difficult year. We were careful to balance the need for budgetary reductions while simultaneously continuing to provide essential services for our residents.

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,

Judi Bosworth
Town Supervisor

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Supervisor
JUDI BOSWORTH

TOWN OF NORTH HEMPSTEAD



Town Board
VIVIANA L. RUSSELL
PETER J. ZUCKERMAN
ANGELO P. FERRARA
VERONICA LURVEY
LEE SEEMAN
MARIANN DALIMONTE

COMPTROLLER'S OFFICE
220 PLANDOME ROAD
MANHASSET, NY 11030

PHONE (516) 869-2911
FAX (516) 869-7762

Chief of Staff
JEANINE DILLON

Comptroller
TANIA ORENSTEIN

Chief Deputy Comptroller
HILARY GROSSMAN

Deputy Comptroller
SHARON GLASSMAN

Town Clerk
WAYNE H. WINK, JR.

Receiver of Taxes
CHARLES BERMAN

July 13, 2021

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

I am pleased to submit the Annual Comprehensive Financial Report ("ACFR") of the Town of North Hempstead, New York (the "Town") for the year ended December 31, 2020.

The ACFR 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 controls concerning its finances and the internal controls provide management with confidence in the accuracy of the information presented in the ACFR. Our internal controls have the objective of providing reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

PKF O'Connor Davies, LLP, Certified Public Accountants, have issued an unmodified independent auditors' report dated July 13, 2021, for the Town and its discretely presented non-major component units as of and for the year ended December 31, 2020. 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. The 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. A non-motorized boat dock was added during 2018 in Hempstead Harbor, bringing the total to two non-motorized boat docks at this location. 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. 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.

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 "Yes We Can" Community Center also serves as the Long Island Nets practice facility. 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 NYU Winthrop Hospital (formerly 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 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 Non-Major 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 non-major 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 non-major 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 2020 unemployment rate, averaged at 7.8%, 4.6% more than the 2019 average (labor.ny.gov/stats/laus.asp). This increase is related to the international COVID-19 pandemic and its related lockdowns. This number continues to be below that reported for New York state average (10.1%) and the nation average (8.11%) for the same period. A review of the Town’s historical unemployment trend shows that the unemployment rate continues to be relatively low, indicative of a sound economic base. The spike in 2020 was related to the COVID-19 pandemic and consistently decreases as the Town, New York State and the United States return to normalcy. 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.

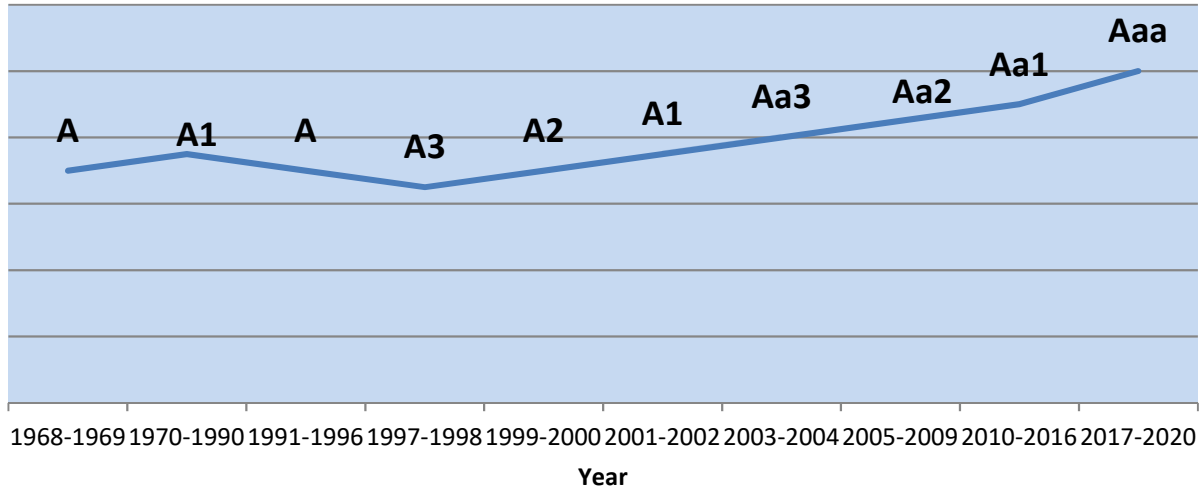
Impact of novel Coronavirus (“COVID-19”) on the Town

On March 13th, 2020 the Town declared a State of Emergency due to COVID-19, a worldwide pandemic. The State of Emergency expired on June 6th, 2021. Since our local businesses were severely impacted by the pandemic, the Town began monitoring business activities within the Town and developed a team of Town of employees called the “Business Recovery Response Group.” The purpose of this team was to develop methods of helping small businesses in the Town succeed as best as possible during these trying times. Additionally, the Town’s Lift Up Local initiative was enacted to provide a boost for outdoor dining and retail establishments. In 2021, as we return to normalcy the Town continues to closely monitor revenue and expenditures and update projections accordingly.

Long-Term Financial Planning

The Town achieved a Aaa bond rating from Moody’s Investors Service with a stable outlook in March of 2017. 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.

Town of North Hempstead Moody's Rating History



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:

- New ethics reforms were approved including a new anti-nepotism law to bolster and clarify the Town Code of Ethics;
- More competitive procurement policies with a greater focus on participation by minority and women owned firms;
- Transcripts of Town Board and Board of Zoning Appeals proceedings are posted online
- Town spending is posted online through the "OpenGov" application.
- Extended hours at our Building Department and Tax Receiver's office

- The building department implemented a new online portal that allows applicants to view information about their permits, licenses on the web at myTONH.com.

Demonstrating the Town's commitment to sound financial management, the Town's fiscal stress score is 1.7, which according to data released by the Office of the New York State Comptroller, is one of the lowest of any Town on Long Island.

The Town continues to handle requests for services or information through its 311 calling and tracking system, which received 177,079 resident calls in 2020. Town officials monitor the effectiveness of how the Town addresses constituents' concerns through the management initiative known as "TownStat".

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 seven 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 21,297 service requests in 2020, and has helped thousands of North Hempstead seniors maintain and improve their quality of life, making it easier for them to remain in their homes and part of our community. The program also serves disabled riders who are between 21 and 59 years of age. In 2020, 31 disability rides were provided. In 2020 we created our Neighbors Helping Neighbors program. Those Project Independence members who enrolled received calls and reassurance from neighbors during a time where many felt isolated and disconnected.

In July 2020 the North Hempstead Housing Authority completed construction of seventy-seven units of affordable senior housing in New Cassel at the former site of the Grand Street School. The Homestead Housing Apartments. Additionally, in 2020, the North Hempstead Housing Authority started construction of the "New Laurel Homes."

In 2020 the Town's Solid Waste Management Authority initiated a contract with Covanta. The Town's solid waste will now be burned in an incinerator plant in Westbury rather than carted to upstate landfills. This provides not only for greater efficiencies and less costs but also reduces the amount of greenhouse gasses and other pollutants from entering our environment.

The Town's Office of Sustainability continues to hold 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".

The Town of North Hempstead Cultural Master Plan was adopted by the Town Board on November 19, 2020 as a roadmap to foster diversity, equity, and inclusivity, while creating strong and vibrant local economies within the Town. The goal of this initiative is to draw more people to our town by weaving together the cultural, historical and business assets which currently exist, and the Town has worked to identify possible tenants for an arts program that will fill vacant store windows with pop-up art installations. The Town is in the process of hiring a Commerce and Culture Coordinator to implement the plan.

In 2020 to support the veterans, the Town continues to waive all adoption fees for any veteran who wishes to adopt a dog from the Town's Animal Shelter, an initiative which began in 2019.

The Town's Animal Shelter once again worked with the not-for-profit The Shelter Connection to offer free microchips to dogs and cats of Town residents. 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 resulted in 47 dogs being redeemed in 2020.

The Town currently has Intermunicipal Agreements ("IMA's") with 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, salt storage, snow removal, tree pruning, sign making, and dumping services at reduced costs, for the benefit of the taxpayers.

The Town continues to work closely with all of our Local Chambers of Commerce. In 2020 the Town created "Lift up Local" which gave business the ability to close streets for dining and retail opportunities. The Town installed signage throughout the town and provided local Chamber of Commerce with storefront posters.

The Town has established a number of recurring festivals and programs. However, due to the COVID-19 pandemic the Town had to make adjustments to the schedule. Some of the events the Town hosted safely for the residents were:

- **Parklet Program**, permits were granted to local restaurants and food service establishments to use sidewalks and parking spaces as additional dining spaces.
- **Virtual Project Independence**, the Town's fitness instructors conducted exercise classes on North Hempstead TV for our seniors and book clubs were held on Zoom
- **NHTV at Home Series**, this virtual programming provided all residents with the opportunity to take virtual classes including cooking, sign language, art, and many more.
- **Drive In Movies**, Films were projected onto large outdoor screens so residents could enjoy a night out in the safety of their cars.
- **Halloween Celebration**, the Town hosted a weeklong celebration for children of all ages, which included the Town's first ever drone light show.
- **Polar Plunge**, where hundreds of brave souls dive into Hempstead harbor at North Hempstead Beach Park each winter in support of the Special Olympics;
- **Summer Concert Series**, the Town also presents an exciting schedule of summer concerts, at many of the Town's parks; The Town designated six feet apart seating circles.
- **FunDay Mondays**, events for the Town's senior residents featuring fun activities, including live music, line dancing, book club, Zumba and Tai Chi was held virtually
- **Spooky Walk**, a Halloween celebration featuring a spooky trail throughout the garden at Clark Botanic Garden;

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, 2019. This was the tenth 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 annual comprehensive 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 annual comprehensive 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, PKF O'Connor Davies, LLP. 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,



Tania Orenstein, CPA
Town of North Hempstead
Comptroller



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, 2019

Christopher P. Morill

Executive Director/CEO

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**FINANCIAL
SECTION**

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Independent Auditors' Report

The Honorable Supervisor and Town Board of the Town of North Hempstead, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the Town of North Hempstead, New York ("Town") as of and for the year ended December 31, 2020, 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 opinions on these financial statements based on our audit. We did not audit the financial statements of twenty nonmajor component units, Port Washington Garbage District, Glenwood Garbage District, Carle Place Garbage District, Roslyn Garbage District, Great Neck Water Pollution Control District, Belgrave Water Pollution Control District, Port Washington Water Pollution Control District, Albertson Water District, Garden City Park Water District, Port Washington Water District, Westbury Water District, Roslyn Water District, Carle Place Water District, Manhasset-Lakeville Water District, Great Neck Park District, Port Washington Police District, Shelter Rock Public Library District, Town of North Hempstead Community Development Agency, Town of North Hempstead Business and Tourism Development Corporation, and Greater Port Washington Business Improvement District, for the year ended December 31, 2020, which collectively represent 99.2%, 86.0% and 98.8%, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as it relates to amounts included for such component units, are based solely on the reports 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 discretely presented component units, each major fund and the aggregate remaining fund information of the Town, as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the General, Highway, Solid Waste Management Authority, Part Town and Refuse and Garbage Districts funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 4C in the notes to financial statements, on March 11, 2020, the World Health Organization declared a global pandemic as a result of the spread of COVID-19 ("Coronavirus"). Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information, 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.

Supplementary and Other Information

Our audit for the year ended December 31, 2020 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and the introductory and statistical sections for the year ended December 31, 2020 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards 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 for the year ended December 31, 2020 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, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2020.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2020 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 July 13, 2021 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

July 13, 2021

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REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis

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Town of North Hempstead, New York

Management's Discussion and Analysis
December 31, 2020

Introduction

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, 2020. 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 annual comprehensive financial report (ACFR).

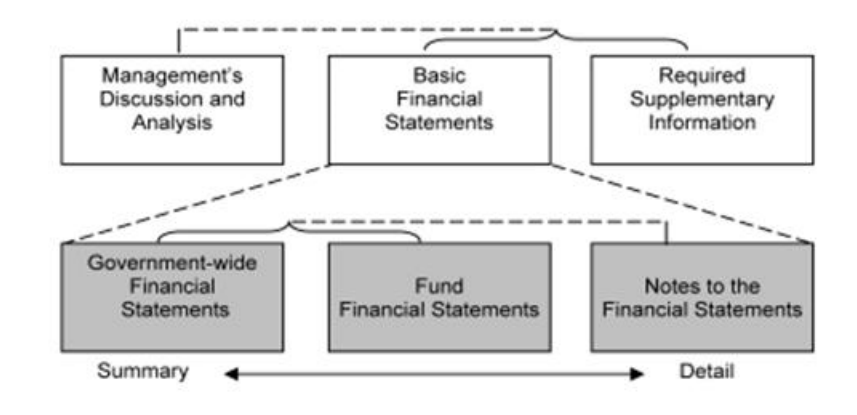
Financial Highlights

- On the government-wide financial statements, 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 2020 by \$72,646,562. The Town's total net position as of December 31, 2020 decreased by \$5,118,814 versus the 2019 net position increase of \$4,235,238. This swing of \$9,354,052 is primarily due to increases in expenditures related to the Town's OPEB obligation, pension expenditure and compensated absences of \$2,096,952, \$3,853,362 and \$3,218,714, respectively.
- As of the close of 2020, the Town's governmental funds reported combined ending fund balance of \$89,341,112, an increase of \$188,952 when compared to the fund balance of \$89,152,160 at the end of 2019. The increase is primarily due to surpluses across all funds except the capital projects fund which decreased due to the town's analysis of our capital projects funds and transferred excess funds to offset debt service expenditures.
- As of the close of 2020, the Town increased its total outstanding debt by \$1,047,110 with short-term debt increasing by \$6,869,689, offset by the long-term debt decreasing by \$5,822,579 over the prior year. This change was due to the COVID-19 pandemic which impacted the Town's 2020 Spring borrowing, due to market uncertainty. The Town decided to delay the long-term portion of the Spring borrowing until the market normalized and focused on short term debt that would be reimbursed by State and Federal grants.
- The Town's General fund balance was \$18,083,269 at the close of 2020, an increase of \$777,842 compared to the prior year fund balance. The restricted, assigned, and unassigned fund balance for the general fund was \$16,734,684 or 26.6% of total general fund actual expenditures and other uses.
- The Town's highway fund balance was \$12,529,751 at the close of 2020, an increase of \$2,430,940 or up 24.1% from the prior year. The increase is primarily caused by a decrease in snow removal costs due to weather conditions, savings in employee benefits, as well as conservative spending and strong expenditure control.

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



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 expenditures 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 expenditures 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 expenditures 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 expenditures not included below
- **Education** – community college tuition payments
- **Public safety** – animal shelter, building, code enforcement, emergency management services, fire protection, parking enforcement
- **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, facility security
- **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 6 to the financial statements.

Fund Financial Statements

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with related liabilities, and residual equity or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The Town, like other governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All 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 six (6) 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 ("Authority"), refuse and garbage districts fund, debt service funds, capital projects fund and town outside village ("TOV") are reported as major funds. Data from the six (6) 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, Authority, part town fund and refuse and garbage district 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.

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

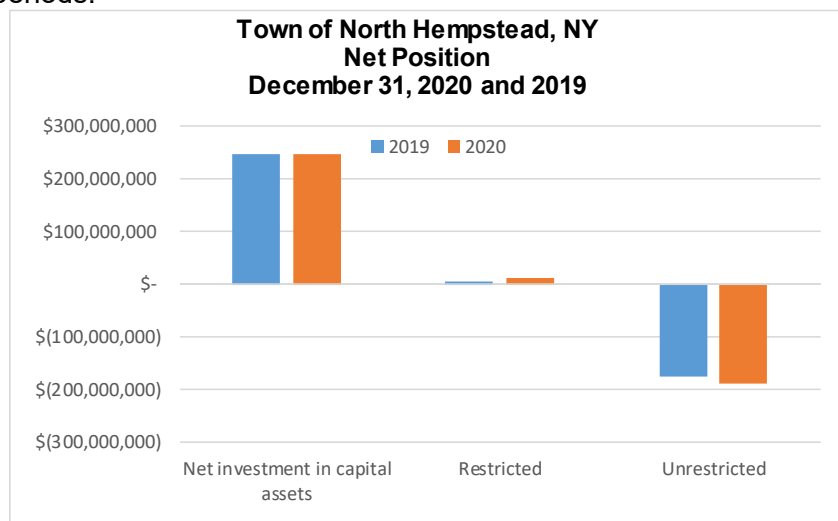
The Town's net position, including all capital assets, all debt, and all known future payment obligations, is positive. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$72,646,562 at the close of 2020.

**Condensed Statement of Net Position
Governmental Activities – Primary Government
As of December 31,**

	2020	2019
Current and Other Assets:		
Current Assets	\$ 128,591,936	\$ 114,693,122
Capital Assets, net of depreciation	428,532,144	418,886,508
Other non-current assets	6,520,916	6,453,416
Total Assets	<u>563,644,996</u>	<u>540,033,046</u>
Deferred Outflows of Resources	<u>48,886,202</u>	<u>28,982,615</u>
Current Liabilities	61,526,134	47,355,211
Long-term Liabilities	<u>475,977,577</u>	<u>439,736,808</u>
Total Liabilities	<u>537,503,711</u>	<u>487,092,019</u>
Deferred Inflows of Resources	<u>2,380,925</u>	<u>4,158,266</u>
Net Position:		
Net Investment in capital assets	249,230,226	248,668,258
Restricted	11,538,242	5,178,210
Unrestricted	<u>(188,121,906)</u>	<u>(176,081,092)</u>
Total Net Position	<u>\$ 72,646,562</u>	<u>\$ 77,765,376</u>

By far the largest portion of the Town’s net position, \$249,230,226 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 OPEB liability is the largest component of the Town’s unrestricted net position, which has a deficit balance of \$188,121,906. 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 post closure 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,**

	2020	2019
Revenues:		
Program Revenues:		
Charges for Services	\$ 26,965,368	\$ 34,374,969
Operating Grants and Contributions	990,321	1,550,237
Capital Grants and Contributions	10,969,402	3,739,607
	38,925,091	39,664,813
General Revenues:		
Real Property Taxes	76,703,013	75,897,627
Other tax items	5,842,926	5,819,940
Non-property taxes	13,994,959	14,659,001
Mortgage tax	9,522,797	8,161,165
Other	2,236,551	3,548,225
	108,300,246	108,085,958
Total Governmental Revenues	147,225,337	147,750,771
Expenses:		
Program Expenses:		
General Government Support	31,391,657	26,421,968
Education	2,657,322	2,102,250
Public Safety	21,516,418	19,382,131
Health	690,837	501,762
Transportation	26,224,943	24,897,557
Economic Opportunity and Development	3,683,569	3,594,064
Culture and Recreation	31,299,681	31,434,837
Home and Community Services	29,717,641	29,209,440
Interest on Debt	5,162,083	5,971,524
	152,344,151	143,515,533
Total Governmental Expenses	152,344,151	143,515,533
Change in Net Position	(5,118,814)	4,235,238
Net Position - Beginning	77,765,376	73,530,138
Net Position - Ending	\$ 72,646,562	\$ 77,765,376

Net position, from all governmental activities, decreased by \$5,118,814 from the prior year ending net position.

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

- Overall general revenues remained relatively consistent with the prior year. The largest category is the real property taxes category which shows an increase of \$805,386. This increase results from the 2020 budget increase in taxes across various funds, primarily in the General, Town Outside Village and the Refuse and Garbage District funds in the amounts of \$285,946, \$102,300, \$172,285, respectively. Non-property tax revenues decreased over prior year by \$664,042 primarily due to 2020 sales tax revenue which decreased by \$545,419 due to the COVID-19 pandemic and its related lockdown. 2020 mortgage tax receipts increased over prior year by \$1,361,632 due to strong economic activity in the housing market and the low interest rate environment. This was offset by a decrease in interest on our deposit accounts as deposit interest rates decreased.
- Program revenues decreased by \$739,722 from the prior year. Capital grants and contributions increased by \$7,229,795 which is driven by \$5,561,367 in expected FEMA reimbursements for approved FEMA projects from Hurricane Sandy. An additional total of \$2,151,169 is due in reimbursements from Nassau County and the Environmental Protection Agency related a capital project at Gerry Pond Park. Operating grants and contributions decreased by \$559,916 from prior year primarily due to interest earned in the Fire Protection districts which decreased by \$381,538 from prior year. Departmental revenue decreased by \$7,409,601 due to the COVID-19 pandemic and its related lockdown. To protect our parks staff and constituents, management elected to waive all park fees for the 2020 parks season. To comply with the Center of Disease Control (“CDC”) guidelines, the Town operated its 2020 park season at a reduced capacity at our parks and golf course. As a result, Culture and recreation revenue decreased by \$4,818,193 when compared to 2019. Building permits, parking enforcement and court fine revenue also were adversely affected by the pandemic when compared to 2019, \$1,097,543, \$188,434, \$139,5542, respectively.
- Program expenses increased by \$8,828,618 over the prior year.
 - General government support expenses increased by \$4,969,689 primarily due to:
 - An increase in the OPEB obligation of \$639,901.
 - Judgment and claims payable increased by \$908,827 versus prior year. This increase is due to the judgement in a lawsuit where the judge ruled that the Town was responsible for 70% of the \$2.7M in damages. The Town will be filing an appeal but have increased the judgement and claims payable accordingly.
 - An increase in bond activity of \$528,341 more than in prior year.
 - An increase of \$927,950 in compensated absences which is due to the additional contractually earned compensation time earned throughout the pandemic.
 - Education expenses increased by \$555,072 due to higher community college costs.
 - Public safety increased by \$2,134,287 of which \$457,213 of the increase is attributable to an increase in the Public Safety portion of the OPEB obligation. Additionally, Compensated Absences for 2020 increased by \$566,684 due to the additional contractually earned compensation time throughout the pandemic. There was also an increase of \$709,418 pension expense allocation per GASB 68 activity.
 - Transportation services increased by \$1,327,386 primarily due to an increase of \$840,018 pension expense allocation per GASB 68 activity. Additionally, there was an increase in compensated absences and OPEB obligation in the amounts of \$737,508 and \$358,639, respectively. These increased costs were offset by a decrease in transportation fund level expenses of \$868,737.

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

**Net Cost of Services
For the Years Ended December 31,**

	Total Cost of Services		Program Revenue		Net Cost of Services	
	2020	2019	2020	2019	2020	2019
General government support	\$ 31,391,657	\$ 26,421,968	\$ 443,702	\$ 500,739	\$ 30,947,955	\$ 25,921,229
Education	2,657,322	2,102,250	-	-	2,657,322	2,102,250
Public safety	21,516,418	19,382,131	5,977,167	7,840,465	15,539,251	11,541,666
Health	690,837	501,762	415,586	267,540	275,251	234,222
Transportation	26,224,943	24,897,557	1,512,090	1,949,555	24,712,853	22,948,002
Economic assistance and opportunity	3,683,569	3,594,064	242,913	479,514	3,440,656	3,114,550
Culture and recreation	31,299,681	31,434,837	14,079,205	12,334,244	17,220,476	19,100,593
Home and community services	29,717,641	29,209,440	16,254,428	16,292,756	13,463,213	12,916,684
Interest on debt	5,162,083	5,971,524	-	-	5,162,083	5,971,524
	<u>\$ 152,344,151</u>	<u>\$ 143,515,533</u>	<u>\$ 38,925,091</u>	<u>\$ 39,664,813</u>	<u>\$ 113,419,060</u>	<u>\$ 103,850,720</u>

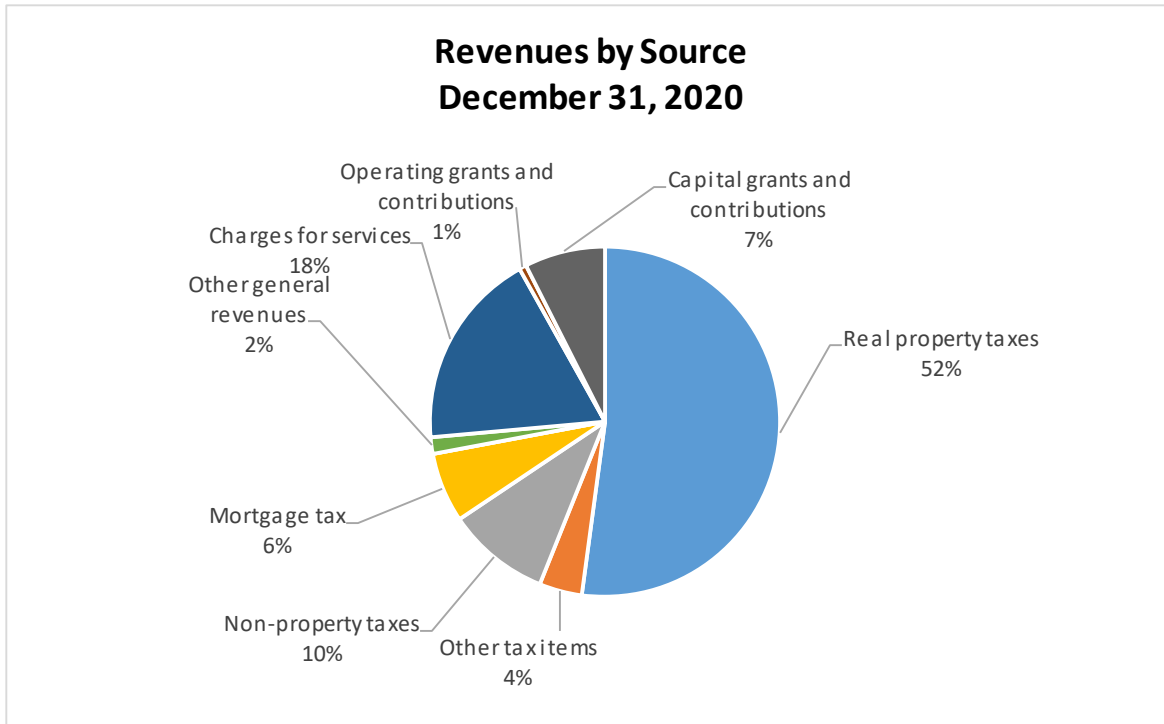
The total cost of all governmental activities this year was \$152,344,151. The net cost of these services was \$113,419,060. Program revenues of \$38,925,091 represented 25.6% of the governmental activity cost.

The following chart illustrates the revenues by source for the Town's governmental activities. The Town's revenue decreased by \$525,434 versus the prior year, primarily because of the decrease in charges for services of \$7,409,601. The charges for services decreases were largely driven by the impact of the COVID-19 pandemic which contributed to lower revenues in various provided services. Culture and Recreation, Public Safety, and Transportation saw the most impact with unfavorable variances versus prior year of \$5,187,967, \$1,531,162, and \$682,062, respectively.

Capital grants and contributions increased by \$7,229,795 which is driven by \$5,561,367 in expected FEMA reimbursements for approved FEMA projects from Hurricane Sandy. An additional total of \$2,151,169 is due in reimbursements from Nassau County and the Environmental Protection Agency related a capital project at Gerry Pond Park. Operating grants and contributions decreased by \$559,916 from prior year primarily due to interest earned in the Fire Protection districts which decreased by \$381,538 from prior year.

**Revenue by Source – Primary Government
Year Ended December 31,**

	2020	2019
Real property taxes	\$ 76,703,013	\$ 75,897,627
Other tax items	5,842,926	5,819,940
Non-property taxes	13,994,959	14,659,001
Mortgage tax	9,522,797	8,161,165
Other general revenues	2,236,551	3,548,225
Charges for services	26,965,368	34,374,969
Operating grants and contributions	990,321	1,550,237
Capital grants and contributions	10,969,402	3,739,607
	<u>\$ 147,225,337</u>	<u>\$ 147,750,771</u>



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.

As of December 31, 2020, the Town's governmental funds reported \$89,341,112 total ending fund balance as compared to the prior year of \$89,152,160, an increase of \$188,952. The increase is due to operating surpluses in the General, Highway, Part Town, and Debt Service fund of \$777,842, \$2,430,940, \$292,120, and \$6,360,032, respectively. These surpluses were offset by a decrease in the Capital Projects fund of \$10,661,665 due to the transferring of excess capital fund balances to various funds for use to offset operating debt service expenditures. Below is the breakdown of the governmental fund balance:

- **Nonspendable fund balance** – \$2,409,700 (inherently nonspendable) includes the portion of net resources that cannot be spent because they must be maintained intact.
- **Restricted fund balance** – \$44,832,122 (externally enforceable limitations on use) includes amounts subject to limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments.
- **Assigned fund balance** – \$31,398,315 (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** – \$10,700,975 (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 \$18,083,269, increasing \$777,842 from the prior year's fund balance. Of this amount, \$1,348,585 is nonspendable (inventory and prepaids). The remaining \$16,734,684 of the fund balance is spendable as follows: \$4,480,804 has been assigned by the Town Board, (\$598,019 for workers' compensation, \$1,101,834 for insurance, \$1,215,488 for senior housing related programs, \$1,327,022 for capital projects and \$238,441 for accrued employee benefits) and \$12,253,880 represents spendable, unassigned fund balance.

The major variances versus the adopted budget were as follows:

- Total Revenues and Other Financing sources were lower than budgeted by \$3,793,985. The primary reason for this unfavorable variance is a result of the COVID-19 pandemic and its related lockdowns. To protect our parks staff and constituents, management elected to waive all park fees for the 2020 parks season which resulted in an unfavorable variance of \$1,947,355 in Parks and recreation charges. Additionally, our golf course was impacted by the shutdown and reopened at reduced capacity to allow for social distancing which resulted in a negative revenue budget variance of \$3,200,472. Nassau County local government assistance revenues (sales tax) were less than budgeted by \$303,985 due to the COVID-19 lockdown. However, due to the economic environment and low interest rates our mortgage tax exceeded budget by \$1,822,797.
- Total Expenditures and Other Financing Uses were lower than budgeted by \$4,763,849 due to the COVID-19 pandemic and its related lockdown. Several departments had favorable spending variances including Parks (including the golf course), Programs for the Aging, Public information, Public Works, and General Services of \$3,321,255, \$340,174, \$161,117, \$130,038, and \$182,890, respectively.

Highway Fund

At the end of 2020, the highway fund balance was \$12,529,751 an increase of \$2,430,940, or 24.1%, from the prior year. The portion of the fund balance that is considered nonspendable is \$714,672, for inventory and prepaid expenditures (\$314,570 and \$400,102, respectively). The Town Board has assigned \$424,629 in a reserve for accrued employee benefits, \$2,243,586 for capital projects, \$100,000 for insurance and \$1,550,000 for workers' compensation. The remaining fund balance is spendable and available for highway operating purposes.

The surplus is due to many retirements of higher paid employees throughout the year who were replaced with new employees at lower salaries as well as the related employee benefit savings. Additionally, the surplus could be attributed to decreased cost of snow removal as the 2020 winter season was mild.

Solid Waste Management Authority

At the end of 2020, the total fund balance of the Solid Waste Management Authority was \$727,722, increasing by \$103,395 or 16.6% from the prior year. The portion of the fund balance that is considered nonspendable is for prepaid expenditures of \$9,385. The remaining amount is spendable and available for solid waste management purposes.

The increase of \$103,395 in fund balance was related to a proactive management approach as well as an increase in interfund revenue for equipment rental that was received due to Storm Isais.

Part Town

At the end of 2020, the part town fund had a total fund balance of \$10,255,761 an increase of \$292,120 or 2.93%. Nonspendable fund balance allocated to prepaid expenditures totaled \$257,564. The Town Board has assigned \$295,089 in a reserve for accrued employee benefits, \$601,461 for capital projects, and \$200,000 for insurance. The remaining \$8,901,647 of the fund balance can be used for general part town purposes. The increase in fund balance is attributed to an increase in real property tax of \$567,613 which is offset by a reduction of departmental income due to the COVID-19 pandemic.

Refuse and Garbage Districts Fund

At the end of 2020, the refuse and garbage districts fund had a total fund deficit of (\$1,434,042), an increase of \$510,560 or 26.3% from the prior year. The negative fund balance is due to a prior period adjustment in the 2018 statements in the amount of (\$3,303,416) related to ongoing litigation between the garbage districts and Nassau County regarding a utility property lawsuit. The Town paid out settlements to Verizon and Keyspan in 2011 and 2015, respectively, and recognized revenue and a receivable from the County. The receivable has not yet been paid, and therefore is not deemed to be measurable and available as required by modified accrual basis accounting.

The increase in fund balance is due to a reduction of debt expenditures in the districts, as the short-term note related to the ongoing litigation has been paid in full.

Capital Projects Fund

At the end of 2020, the total fund balance of the capital projects fund was \$24,887,451. This entire amount is restricted for capital projects.

The balance decreased in the capital projects fund by \$10,661,665 during the current year. Primarily because of:

- Proceeds from the sale of bonds in the amount of \$10,819,404.
- Capital outlay and equipment expenditures were \$23,793,533.
- Bond anticipation notes were redeemed from appropriations of \$741,687.
- State and Federal Aid revenues were \$6,405,412.
- Premiums on obligations in the amount of \$558,106.
- Transfers out of \$8,242,011 were transferred to the debt service fund to offset future debt service costs.

As of December 31, 2020 the entire fund balance, \$2,174,010 of the Clinton G. Martin Capital Project Fund is restricted pending litigation with the contractor.

Nonmajor Governmental Funds

At the end of 2020, the total fund balance of the nonmajor governmental funds was \$12,752,958, increasing \$375,728 or 3.04%, from the prior year. Of this amount, \$79,494 is nonspendable for prepaid expenditures. The fund balance includes \$8,406,429 which is restricted for the length of service award program. The remaining \$4,267,035 of the fund balance can be used for general special district purposes.

The major fund balance fluctuations are as follows:

- The Fire Protection Districts’ fund balance increased by \$845,520 primarily due to the increase of LOSAP assets of \$903,560.
- The Park Districts’ fund balance suffered a decrease of \$240,904 due to the COVID-19 pandemic. To protect our parks staff and constituents, management elected to waive all park fees for the 2020 parks season. As a result, departmental income decreased by \$369,774 compared to prior year. Expenditures were closely monitored throughout the year to mitigate the impact on the loss of revenue.
- The Public Parking District fund balance decreased by \$624,742 and as of December 31, 2020 stands negative. This is entirely related to the COVID-19 pandemic and its related lockdown. During this time, many constituents began working remotely, and parking lots and meters were infrequently utilized. This resulted in a decrease in department income of \$568,688 as compared to 2019. The Town is seeking federal reimbursement under the American Rescue Act for this loss of revenue related to COVID-19.

General Fund Budgetary Highlights

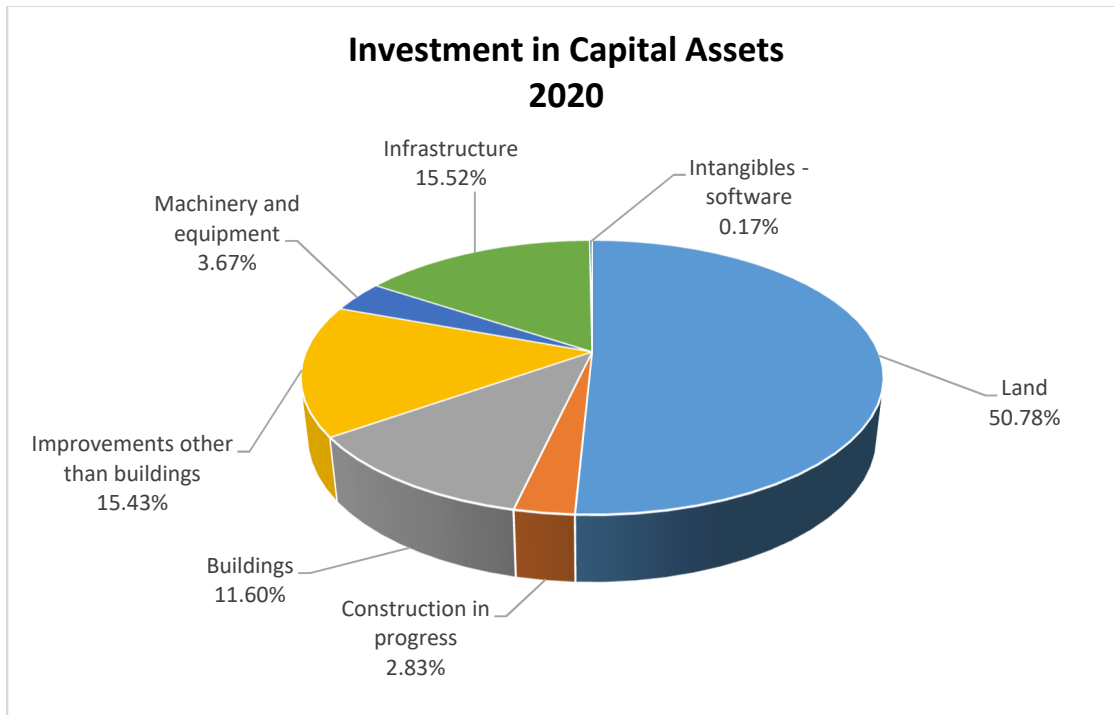
The differences between the 2020 original budget and the final amended budget as adopted by Town Board resolution throughout the year were de minimis with the exception of the release of \$560,185 from the employee liability reserve, insurance, worker’s compensation reserve, and capital reserve of \$161,559, \$61,000, \$146,000, and \$191,626 respectively in order to fund related expenditures, which is what the reserves were intended for. 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 investment in capital assets for its governmental activities as of December 31, 2020 amounts to \$428,532,144. This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, roads, curb and sidewalks, drainage, street lighting and intangibles net of accumulated depreciation.

	2020	2019
Land	\$ 217,629,085	\$ 217,629,085
Construction in progress	12,077,230	13,087,587
Buildings	49,725,129	51,579,009
Improvements other than buildings	66,106,123	56,011,788
Machinery and equipment	15,744,712	16,606,532
Infrastructure	66,518,889	63,315,300
Intangibles - software	730,976	657,207
	\$ 428,532,144	\$ 418,886,508
Total		



Additional information of the Town of North Hempstead's capital assets is shown in Note 3C 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 2020, the Town had increased total debt outstanding including serial bonds, revenue bonds, and bond anticipation notes (BANs) by \$1,047,110 from the prior year.

Short-Term Debt

As of December 31, 2020, the Town had outstanding short-term bond anticipation notes of \$15,437,000 with maturity dates in 2021. This is an increase of \$6,869,689, or 80.2% from 2019 primarily due to the timing of construction on projects that are grant reimbursable, which is what the Town primarily uses the short debt for. This increase particularly relates to a single \$11,000,000 capital project which is 80% grant reimbursable.

	Governmental Activities	
	2020	2019
Bond Anticipation Notes	\$ 15,437,000	\$ 8,567,311

Long-Term Debt

As of December 31, 2020, the Town had outstanding long-term bonded debt of \$195,741,318. This is a decrease of \$5,822,579, or 2.9%, versus the prior year largely due to the COVID-19 pandemic and its impact on market volatility. Outstanding long-term bonds are as follows:

	<u>2020</u>	<u>2019</u>
General obligation bonds	<u>\$ 195,741,318</u>	<u>\$ 201,563,897</u>

In 2020, Moody’s Investment Services rated the Town’s credit rating to “Aaa” with a stable outlook. This is the highest available rating. The town achieved an “Aaa” rating from Moody’s again in 2021.

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 Town purposes.

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, 2020, the Town had exhausted 8.33% of its constitutionally available debt limit, which is \$3,968,286,054.

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

Economic Factors and Next Year’s Budgets and Rates

Property Tax

The Town Board adopted a budget for 2021 that stayed within the 2% 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 2021 budget includes mortgage tax of \$7,700,000; AIM related funding of \$818,852 and local government assistance (sales tax) of \$11,500,000. Although the State has adopted its budget timely, if in the future the budget is not adopted 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.

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 expires on December 31, 2022.

Requests for Information

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

**BASIC FINANCIAL
STATEMENTS**

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Town of North Hempstead, New York

Statement of Net Position
December 31, 2020

	Primary Government		Non-Major Component Units
	Governmental Activities		
ASSETS			
Cash and equivalents	\$ 99,691,419	\$	86,803,132
Cash and equivalents - restricted	-		25,529,667
Investments - LOSAP	8,406,429		-
Receivables			
Accounts	5,185,558		5,699,803
State and Federal aid	7,026,710		-
Due from other governments	5,872,120		14,246,102
Due from primary government	-		17,001,164
Loans	-		1,329,424
Deposits	-		1,525
Inventory	705,301		716,939
Prepaid expenses	1,704,399		2,453,680
Notes receivable	3,217,500		-
Due from County of Nassau	3,303,416		-
Property held for resale	-		2,105,679
Capital assets			
Not being depreciated	229,706,315		62,214,453
Being depreciated, net	198,825,829		243,175,789
Total Assets	<u>563,644,996</u>		<u>461,277,357</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding bonds	1,157,838		256,324
Pension related	19,720,986		25,412,525
OPEB related	25,497,146		34,256,499
Length of service awards programs	2,510,232		-
	<u>48,886,202</u>		<u>59,925,348</u>
LIABILITIES			
Accounts payable and accrued liabilities	18,356,511		11,046,227
Due to other governments	1,806,938		499,358
Bond anticipation notes payable	15,437,000		23,516,492
Deposits payable	1,999,219		1,145,189
Unearned revenues	805,592		1,454,774
Accrued interest payable	1,467,446		907,960
Other liabilities	-		1,015,412
Non-current liabilities			
Due within one year	21,653,428		11,303,093
Due in more than one year	475,977,577		419,020,523
Total Liabilities	<u>537,503,711</u>		<u>469,909,028</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	-		63,758
Loans receivable	-		454,657
Pension related	765,448		14,852,485
OPEB related	-		924,791
Length of service awards programs	1,615,477		-
	<u>2,380,925</u>		<u>16,295,691</u>
NET POSITION			
Net Investment in capital assets	249,230,226		149,536,260
Restricted for			
Accrued employee benefits	-		233,563
Asset forfeiture	-		1,127,309
Capital projects	-		55,497,826
Debt service	11,538,242		1,178,578
Herbert Paul memorial fund	-		216,525
Insurance	-		224,100
Maintenance	-		431,565
New York State grant	-		202,038
Property held for redevelopment	-		2,105,679
Repairs	-		9,634,839
Retirement contribution	-		3,442
Unrestricted	<u>(188,121,906)</u>		<u>(185,393,738)</u>
Total Net Position	<u>\$ 72,646,562</u>	<u>\$</u>	<u>34,997,986</u>

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

Town of North Hempstead, New York

Statement of Activities
Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government support	\$ 31,391,657	\$ 443,702	\$ -	\$ -
Education	2,657,322	-	-	-
Public safety	21,516,418	5,404,766	572,401	-
Health	690,837	415,586	-	-
Transportation	26,224,943	866,432	-	645,658
Economic opportunity and development	3,683,569	19,378	223,535	-
Culture and recreation	31,299,681	3,716,675	59,128	10,303,402
Home and community services	29,717,641	16,098,829	135,257	20,342
Interest	5,162,083	-	-	-
Total Primary Government	\$ 152,344,151	\$ 26,965,368	\$ 990,321	\$ 10,969,402
Non-major component units				
General government support	\$ 5,028,457	\$ -	\$ -	\$ -
Public safety	29,310,765	5,658	69,892	-
Culture and recreation	22,447,884	2,538,335	14,107	-
Home and community services	63,887,545	25,540,509	1,358,155	6,170,448
Interest	4,299,758	-	-	-
	\$ 124,974,409	\$ 28,084,502	\$ 1,442,154	\$ 6,170,448

General revenues
Real property taxes
Other tax items
Interest and penalties on real property taxes
Payments in lieu of taxes
Other
Non-property taxes
Nassau County local government assistance
Franchise fees
Mortgage tax
Unrestricted use of money and property
Insurance recoveries
Miscellaneous
Gain on sale of property

Total General Revenues

Change in Net Position

NET POSITION
Net Position - Beginning, as reported

Prior Period Adjustment

Net Position - Beginning, as restated

Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position	
Primary Government	Non-Major Component Units
\$ (30,947,955)	\$ -
(2,657,322)	-
(15,539,251)	-
(275,251)	-
(24,712,853)	-
(3,440,656)	-
(17,220,476)	-
(13,463,213)	-
(5,162,083)	-
<u>\$ (113,419,060)</u>	<u>\$ -</u>
\$ -	\$ (5,028,457)
-	(29,235,215)
-	(19,895,442)
-	(30,818,433)
-	(4,299,758)
<u>\$ -</u>	<u>\$ (89,277,305)</u>
76,703,013	78,199,436
979,356	-
4,853,870	3,559,139
9,700	-
11,846,015	-
2,148,944	-
9,522,797	-
786,435	1,578,006
-	358,670
1,450,116	1,555,685
-	495,687
<u>108,300,246</u>	<u>85,746,623</u>
<u>(5,118,814)</u>	<u>(3,530,682)</u>
77,765,376	38,773,848
-	(245,180)
<u>77,765,376</u>	<u>38,528,668</u>
<u>\$ 72,646,562</u>	<u>\$ 34,997,986</u>

Town of North Hempstead, New York

Balance Sheet
 Governmental Funds
 December 31, 2020

	General	Highway	Solid Waste Management Authority
ASSETS			
Cash and equivalents	\$ 12,543,188	\$ 11,474,527	\$ 1,359,331
Investments - LOSAP	-	-	-
Other receivables			
Accounts	894,522	122,666	2,682,712
State and Federal aid	493,232	379,834	89,377
Due from other governments	5,833,495	1,470	-
Due from other funds	2,989,097	905,921	114,777
	<u>10,210,346</u>	<u>1,409,891</u>	<u>2,886,866</u>
Inventories	390,731	314,570	-
Prepaid expenditures	957,854	400,102	9,385
Total Assets	<u>\$ 24,102,119</u>	<u>\$ 13,599,090</u>	<u>\$ 4,255,582</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 2,581,603	\$ 705,783	\$ 2,435,185
Due to other governments	1,779,804	-	-
Bond anticipation notes payable	-	-	-
Deposits payable	904,445	-	137,615
Due to other funds	10,532	250,198	955,060
Unearned revenues	566,995	113,358	-
Total Liabilities	<u>5,843,379</u>	<u>1,069,339</u>	<u>3,527,860</u>
Deferred Inflows of Resources			
Unavailable revenues - State and Federal aid	175,471	-	-
Fund balances			
Nonspendable	1,348,585	714,672	9,385
Restricted	-	-	-
Assigned	4,480,804	11,815,079	718,337
Unassigned	12,253,880	-	-
Total Fund Balances	<u>18,083,269</u>	<u>12,529,751</u>	<u>727,722</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 24,102,119</u>	<u>\$ 13,599,090</u>	<u>\$ 4,255,582</u>

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

Part Town	Refuse and Garbage Districts	Debt Service	Capital Projects	Non-Major Governmental	Total Governmental Funds
\$ 10,914,624	\$ 468,330	\$ 11,533,329	\$ 46,009,679	\$ 5,388,411	\$ 99,691,419
-	-	-	-	8,406,429	8,406,429
148,530	-	-	1,288,000	49,128	5,185,558
-	-	-	6,063,181	1,086	7,026,710
32,242	-	4,913	-	-	5,872,120
-	-	-	193,583	210,755	4,414,133
180,772	-	4,913	7,544,764	260,969	22,498,521
-	-	-	-	-	705,301
257,564	-	-	-	79,494	1,704,399
<u>\$ 11,352,960</u>	<u>\$ 468,330</u>	<u>\$ 11,538,242</u>	<u>\$ 53,554,443</u>	<u>\$ 14,135,303</u>	<u>\$ 133,006,069</u>
\$ 438,490	\$ 225,596	\$ -	\$ 9,146,012	\$ 643,883	\$ 16,176,552
27,134	-	-	-	-	1,806,938
-	-	-	15,437,000	-	15,437,000
603,951	-	-	-	353,208	1,999,219
27,312	1,671,887	-	1,114,166	384,978	4,414,133
312	4,889	-	119,762	276	805,592
1,097,199	1,902,372	-	25,816,940	1,382,345	40,639,434
-	-	-	2,850,052	-	3,025,523
257,564	-	-	-	79,494	2,409,700
-	-	11,538,242	24,887,451	8,406,429	44,832,122
9,998,197	-	-	-	4,385,898	31,398,315
-	(1,434,042)	-	-	(118,863)	10,700,975
10,255,761	(1,434,042)	11,538,242	24,887,451	12,752,958	89,341,112
<u>\$ 11,352,960</u>	<u>\$ 468,330</u>	<u>\$ 11,538,242</u>	<u>\$ 53,554,443</u>	<u>\$ 14,135,303</u>	<u>\$ 133,006,069</u>

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Town of North Hempstead, New York

Reconciliation of Governmental Funds Balance Sheet to
the Government-Wide Statement of Net Position - Governmental Activities
December 31, 2020

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because

Total Fund Balances - Governmental Funds	\$ 89,341,112
Assets 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.	
Notes receivable	3,217,500
Due from County of Nassau	3,303,416
	<u>6,520,916</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	229,706,315
Capital assets - depreciable	465,972,962
Accumulated depreciation	(267,147,133)
	<u>428,532,144</u>
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	
Deferred outflows - pension related	19,720,986
Deferred outflows - OPEB related	25,497,146
Deferred outflows - length of service awards programs	2,510,232
Deferred inflows - pension related	(765,448)
Deferred inflows - length of service awards programs	(1,615,477)
	<u>45,347,439</u>
Other long-term assets that are not available to pay for current period expenditures, and, therefore, are either deferred or not reported in the funds.	
State and Federal aid	3,025,523
	<u>3,025,523</u>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(1,467,446)
Retainage payable	(2,179,959)
General obligation bonds payable	(195,741,318)
Retirement incentives and other pension obligations	(2,508,543)
Compensated absences	(7,430,375)
Claims payable	(7,347,525)
Landfill closure and postclosure costs	(10,027,175)
Net pension liability	(26,775,128)
Length of service award program liabilities	(12,953,690)
Total OPEB liability	(228,702,154)
	<u>(495,133,313)</u>
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amount on refunding	1,157,838
Premium on general obligation bonds	(6,145,097)
	<u>(4,987,259)</u>
Net Position of Governmental Activities	<u>\$ 72,646,562</u>

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

Town of North Hempstead, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended December 31, 2020

	General	Highway	Solid Waste Management Authority
REVENUES			
Real property taxes	\$ 25,317,582	\$ 21,273,814	\$ -
Other tax items	2,103,435	1,790,950	-
Non-property taxes	13,937,959	-	-
Departmental income	3,814,611	101	14,392,588
Intergovernmental charges	-	11,459	1,547,386
Use of money and property	265,601	111,411	88,028
Licenses and permits	238,652	482,532	-
Fines and forfeitures	31,309	-	-
Sale of property and compensation for loss	26,547	63,299	71,753
Interfund revenues	6,833,879	48,496	-
State aid	9,724,993	634,798	39,517
Federal aid	378,066	-	-
Miscellaneous	1,144,575	176,008	80,624
Total Revenues	63,817,209	24,592,868	16,219,896
EXPENDITURES			
Current			
General government support	14,836,145	2,818,431	-
Education	2,657,322	-	-
Public safety	1,547,137	-	-
Health	-	-	-
Transportation	31,083	8,502,775	-
Economic opportunity and development	2,289,678	-	-
Culture and recreation	14,725,726	-	-
Home and community services	1,656,909	-	15,456,429
Employee benefits	11,146,221	5,466,619	713,101
Debt service			
Principal	-	-	-
Interest	-	-	-
Refunding bond issuance costs	-	-	-
Capital outlay	-	-	-
Total Expenditures	48,890,221	16,787,825	16,169,530
Excess (Deficiency) of Revenues Over Expenditures	14,926,988	7,805,043	50,366
OTHER FINANCING SOURCES (USES)			
General obligation bonds issued	-	-	-
Refunding bonds issued	-	-	-
Issuance premium	-	-	-
Payment to refunded bond escrow agent	-	-	-
Transfers in	1,888,381	1,107,753	100,000
Transfers out	(16,037,527)	(6,481,856)	(46,971)
Total Other Financing Sources (Uses)	(14,149,146)	(5,374,103)	53,029
Net Change in Fund Balances	777,842	2,430,940	103,395
FUND BALANCES (DEFICITS)			
Beginning of Year	17,305,427	10,098,811	624,327
End of Year	<u>\$ 18,083,269</u>	<u>\$ 12,529,751</u>	<u>\$ 727,722</u>

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

Part Town	Refuse and Garbage Districts	Debt Service	Capital Projects	Non-Major Governmental	Total Governmental Funds
\$ 5,774,084	\$ 9,368,360	\$ -	\$ -	\$ 14,969,173	\$ 76,703,013
487,306	186,809	-	-	1,274,426	5,842,926
57,000	-	-	-	-	13,994,959
898,820	-	-	-	304,956	19,411,076
-	-	-	-	-	1,558,845
44,349	4,111	390,919	-	651,352	1,555,771
4,701,139	-	-	-	-	5,422,323
131,812	-	-	-	-	163,121
5,691	-	-	-	-	167,290
145	-	-	-	80,730	6,963,250
-	-	-	844,045	1,086	11,244,439
70,098	-	-	5,561,367	9,774	6,019,305
18,988	-	24,242	2,082,919	(70,480)	3,456,876
<u>12,189,432</u>	<u>9,559,280</u>	<u>415,161</u>	<u>8,488,331</u>	<u>17,221,017</u>	<u>152,503,194</u>
2,386,788	51,004	-	-	1,696,149	21,788,517
-	-	-	-	-	2,657,322
4,765,128	-	-	-	6,801,339	13,113,604
310,886	-	-	-	-	310,886
-	-	-	-	3,660,494	12,194,352
-	-	-	-	-	2,289,678
-	-	-	-	1,015,230	15,740,956
1,129,936	9,140,137	-	-	49,537	27,432,948
3,124,838	-	-	-	1,051,282	21,502,061
-	-	16,770,809	-	-	16,770,809
-	-	6,506,679	-	-	6,506,679
-	-	377,983	-	-	377,983
-	-	-	23,793,533	-	23,793,533
<u>11,717,576</u>	<u>9,191,141</u>	<u>23,655,471</u>	<u>23,793,533</u>	<u>14,274,031</u>	<u>164,479,328</u>
<u>471,856</u>	<u>368,139</u>	<u>(23,240,310)</u>	<u>(15,305,202)</u>	<u>2,946,986</u>	<u>(11,976,134)</u>
-	-	-	10,819,404	-	10,819,404
-	-	28,857,806	-	-	28,857,806
-	-	2,031,270	558,106	-	2,589,376
-	-	(30,101,500)	-	-	(30,101,500)
21,961	622,241	31,529,739	1,508,038	233,382	37,011,495
(201,697)	(479,820)	(2,716,973)	(8,242,011)	(2,804,640)	(37,011,495)
<u>(179,736)</u>	<u>142,421</u>	<u>29,600,342</u>	<u>4,643,537</u>	<u>(2,571,258)</u>	<u>12,165,086</u>
292,120	510,560	6,360,032	(10,661,665)	375,728	188,952
<u>9,963,641</u>	<u>(1,944,602)</u>	<u>5,178,210</u>	<u>35,549,116</u>	<u>12,377,230</u>	<u>89,152,160</u>
<u>\$ 10,255,761</u>	<u>\$ (1,434,042)</u>	<u>\$ 11,538,242</u>	<u>\$ 24,887,451</u>	<u>\$ 12,752,958</u>	<u>\$ 89,341,112</u>

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Town of North Hempstead, New York

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2020

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds	\$ 188,952
<p>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.</p>	
Capital outlay expenditures	23,688,963
Depreciation expense	(14,043,327)
	<u>9,645,636</u>
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Interest income on note receivable	67,500
State and Federal aid	1,211,938
	<u>1,279,438</u>
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
General obligation bonds issued	(10,819,404)
Refunding bonds issued	(28,857,806)
Issuance premium	(2,589,376)
Principal paid on general obligation bonds	16,770,809
Payment to refunded bonds escrow agent	30,101,500
	<u>4,605,723</u>
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Accrued interest	617,058
Retainage payable	(251,708)
Retirement incentives and other pension liabilities	865,427
Compensated absences	(2,987,078)
Claims and judgments payable	(1,422,025)
Landfill closure and postclosure costs	942,846
Changes in pension liabilities and related deferred outflows and inflows of resources	(5,044,266)
Changes in length of service award program liabilities and related deferred outflows and inflows of resources	(543,235)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(13,998,717)
Amortization of loss on refunding bonds and issuance premium	983,135
	<u>(20,838,563)</u>
Change in Net Position of Governmental Activities	<u>\$ (5,118,814)</u>

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

Town of North Hempstead, New York

General, Highway, Solid Waste Management Authority, Part Town and Refuse and Garbage Districts Funds

Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
Year Ended December 31, 2020

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 25,286,128	\$ 25,286,128	\$ 25,317,582	\$ 31,454
Other tax items	2,263,821	2,263,821	2,103,435	(160,386)
Non-property taxes	14,350,000	14,350,000	13,937,959	(412,041)
Departmental income	9,013,060	9,013,060	3,814,611	(5,198,449)
Intergovernmental charges	-	-	-	-
Use of money and property	327,326	327,326	265,601	(61,725)
Licenses and permits	285,700	285,700	238,652	(47,048)
Fines and forfeitures	30,000	30,000	31,309	1,309
Sale of property and compensation for loss	-	-	26,547	26,547
Interfund revenues	6,764,229	6,764,229	6,833,879	69,650
State aid	7,813,812	7,813,812	9,724,993	1,911,181
Federal aid	333,000	333,000	378,066	45,066
Miscellaneous	1,108,565	1,129,616	1,144,575	14,959
Total Revenues	67,575,641	67,596,692	63,817,209	(3,779,483)
EXPENDITURES				
Current				
General government support	15,874,933	15,823,828	14,836,145	987,683
Education	2,200,000	2,657,322	2,657,322	-
Public safety	1,494,298	1,563,858	1,547,137	16,721
Health	-	-	-	-
Transportation	-	31,083	31,083	-
Economic opportunity and development	2,664,201	2,667,201	2,289,678	377,523
Culture and recreation	18,261,154	18,046,981	14,725,726	3,321,255
Home and community services	1,283,653	1,679,632	1,656,909	22,723
Employee benefits	11,869,438	11,184,164	11,146,221	37,943
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	53,647,677	53,654,069	48,890,221	4,763,848
Excess (Deficiency) of Revenues Over Expenditures	13,927,964	13,942,623	14,926,988	984,365
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	-	-
Transfers in	1,902,883	1,902,883	1,888,381	(14,502)
Transfers out	(15,830,847)	(16,037,528)	(16,037,527)	1
Total Other Financing Uses	(13,927,964)	(14,134,645)	(14,149,146)	(14,501)
Net Change in Fund Balances	-	(192,022)	777,842	969,864
FUND BALANCES (DEFICITS)				
Beginning of Year	-	192,022	17,305,427	17,113,405
End of Year	\$ -	\$ -	\$ 18,083,269	\$ 18,083,269

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

Highway Fund				Solid Waste Management Authority Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 21,220,076	\$ 21,220,076	\$ 21,273,814	\$ 53,738	\$ -	\$ -	\$ -	\$ -
1,694,984	1,694,984	1,790,950	95,966	-	-	-	-
-	-	-	-	-	-	-	-
-	-	101	101	15,927,455	15,927,455	14,392,588	(1,534,867)
75,000	75,000	11,459	(63,541)	1,547,386	1,547,386	1,547,386	-
159,301	159,301	111,411	(47,890)	70,868	70,868	88,028	17,160
700,000	700,000	482,532	(217,468)	-	-	-	-
-	-	-	-	-	-	-	-
60,000	60,000	63,299	3,299	53,500	53,500	71,753	18,253
95,000	95,000	48,496	(46,504)	-	-	-	-
762,366	762,366	634,798	(127,568)	100,000	100,000	39,517	(60,483)
-	-	-	-	-	-	-	-
-	-	176,008	176,008	-	-	80,624	80,624
<u>24,766,727</u>	<u>24,766,727</u>	<u>24,592,868</u>	<u>(173,859)</u>	<u>17,699,209</u>	<u>17,699,209</u>	<u>16,219,896</u>	<u>(1,479,313)</u>
3,119,489	3,062,651	2,818,431	244,220	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
10,865,607	10,894,082	8,502,775	2,391,307	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	17,060,174	17,039,132	15,456,429	1,582,703
5,797,264	5,768,789	5,466,619	302,170	739,035	713,105	713,101	4
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>19,782,360</u>	<u>19,725,522</u>	<u>16,787,825</u>	<u>2,937,697</u>	<u>17,799,209</u>	<u>17,752,237</u>	<u>16,169,530</u>	<u>1,582,707</u>
4,984,367	5,041,205	7,805,043	2,763,838	(100,000)	(53,028)	50,366	103,394
-	-	-	-	-	-	-	-
1,127,745	1,127,745	1,107,753	(19,992)	100,000	100,000	100,000	-
(6,112,112)	(6,481,859)	(6,481,856)	3	-	(46,972)	(46,971)	1
<u>(4,984,367)</u>	<u>(5,354,114)</u>	<u>(5,374,103)</u>	<u>(19,989)</u>	<u>100,000</u>	<u>53,028</u>	<u>53,029</u>	<u>1</u>
-	(312,909)	2,430,940	2,743,849	-	-	103,395	103,395
-	312,909	10,098,811	9,785,902	-	-	624,327	624,327
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,529,751</u>	<u>\$ 12,529,751</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 727,722</u>	<u>\$ 727,722</u>

(Continued)

Town of North Hempstead, New York

General, Highway, Solid Waste Management Authority, Part Town and Refuse and Garbage Districts Funds

Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual (Concluded)
Year Ended December 31, 2020

	Part Town Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 5,773,966	\$ 5,773,966	\$ 5,774,084	\$ 118
Other tax items	441,090	441,090	487,306	46,216
Non-property taxes	57,000	57,000	57,000	-
Departmental income	1,106,000	1,106,000	898,820	(207,180)
Intergovernmental charges	-	-	-	-
Use of money and property	100,000	100,000	44,349	(55,651)
Licenses and permits	4,650,000	4,650,000	4,701,139	51,139
Fines and forfeitures	220,000	220,000	131,812	(88,188)
Sale of property and compensation for loss	-	-	5,691	5,691
Interfund revenues	-	-	145	145
State aid	-	150,000	-	(150,000)
Federal aid	-	-	70,098	70,098
Miscellaneous	-	-	18,988	18,988
Total Revenues	12,348,056	12,498,056	12,189,432	(308,624)
EXPENDITURES				
Current				
General government support	2,541,782	2,513,894	2,386,788	127,106
Education	-	-	-	-
Public safety	4,952,984	4,947,984	4,765,128	182,856
Health	308,034	310,889	310,886	3
Transportation	-	-	-	-
Economic opportunity and development	-	-	-	-
Culture and recreation	-	-	-	-
Home and community services	1,144,289	1,317,644	1,129,936	187,708
Employee benefits	3,371,445	3,371,445	3,124,838	246,607
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	12,318,534	12,461,856	11,717,576	744,280
Excess (Deficiency) of Revenues Over Expenditures	29,522	36,200	471,856	435,656
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	-	-
Transfers in	21,961	21,961	21,961	-
Transfers out	(51,483)	(201,700)	(201,697)	3
Total Other Financing Uses	(29,522)	(179,739)	(179,736)	3
Net Change in Fund Balances	-	(143,539)	292,120	435,659
FUND BALANCES (DEFICITS)				
Beginning of Year	-	143,539	9,963,641	9,820,102
End of Year	\$ -	\$ -	\$ 10,255,761	\$ 10,255,761

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

Refuse and Garbage Districts Fund

Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 9,355,262	\$ 9,370,019	\$ 9,368,360	\$ (1,659)
162,871	163,132	186,809	23,677
-	-	-	-
-	-	-	-
-	-	-	-
18,200	18,200	4,111	(14,089)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>9,536,333</u>	<u>9,551,351</u>	<u>9,559,280</u>	<u>7,929</u>
55,805	54,015	51,004	3,011
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
9,186,013	9,194,185	9,140,137	54,048
-	-	-	-
-	-	-	-
-	-	-	-
<u>9,241,818</u>	<u>9,248,200</u>	<u>9,191,141</u>	<u>57,059</u>
294,515	303,151	368,139	64,988
-	-	-	-
153,117	153,117	622,241	469,124
(472,632)	(481,268)	(479,820)	1,448
<u>(319,515)</u>	<u>(328,151)</u>	<u>142,421</u>	<u>470,572</u>
(25,000)	(25,000)	510,560	535,560
25,000	25,000	(1,944,602)	(1,969,602)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,434,042)</u>	<u>\$ (1,434,042)</u>

Town of North Hempstead, New York

Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2020

	Custodial Fund
ASSETS	
Cash and equivalents	<u>\$ 60,576,143</u>
LIABILITIES	
Due to other governments	<u>\$ 60,576,143</u>

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

Town of North Hempstead, New York

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended December 31, 2020

	Custodial Fund
ADDITIONS	
Real property taxes collected for other governments	\$ 1,032,029,568
Other fees collected for other governments	<u>34,156</u>
Total Additions	<u>1,032,063,724</u>
DEDUCTIONS	
Payments of real property taxes to other governments	1,032,029,568
Payments of other fees to other governments	<u>34,156</u>
Total Deductions	<u>1,032,063,724</u>
Net Change in Fiduciary Net Position	-
NET POSITION	
Beginning of Year	<u>-</u>
End of Year	<u><u>\$ -</u></u>

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

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Note 1 - Summary of Significant Accounting Policies

The Town of North Hempstead, New York ("Town") 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 education, public safety, health, transportation, economic opportunity and development, home and community services, public works and road maintenance, recreation and parks, and general and administrative services.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Town's significant accounting policies are described below:

A. Financial Reporting Entity

The financial reporting entity consists of a) the primary government, which is the Town, b) organizations for which the Town is financially accountable and c) other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the Town, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the Town's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Component units are classified as either blended component units or discretely presented component units. Based upon 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 Town almost exclusively. Financial information from these units is combined with that of the Town. The following represents the Town's blended component unit.

Solid Waste Management Authority ("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. Any debt issued is expected to be repaid entirely, or almost entirely, by the Town. 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.

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

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 Town, 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 Town. See Note 1C 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, community development and business improvement services to residents and businesses within the districts.

The Town has four discretely presented garbage districts: Port Washington, Glenwood, Carle Place 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 the 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 Town is able to impose its will, as demonstrated through the ability to approve budgets.

The Town has three discretely presented water pollution control districts: Great Neck, Belgrave 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 Town is able to impose its will, as demonstrated through the ability to approve budgets.

The Town has eight discretely presented water districts: Glenwood, Albertson, Garden City Park, Port Washington, Westbury, Roslyn, Carle Place and Manhasset-Lakeville. 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

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

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 Town is able to impose its will, as demonstrated through the ability to approve budgets.

The Town has two discretely presented park districts: Manhasset and Great Neck. 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 Town is able to impose its will, as demonstrated through the ability to approve budgets.

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 its 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 Town is able to impose its will, as demonstrated through the ability to approve budgets.

The Shelter Rock Public Library District 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 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 library district is included in the Town's reporting entity since the Town is able to impose its will, as demonstrated through the ability to approve budgets.

The Town of North Hempstead Community Development Agency ("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

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

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 Agency's management is designated by the Town Board. Due to the nature and significance of the relationship between the Town and the Agency, exclusion would cause the financial statements to be misleading.

The Town of North Hempstead Business and Tourism Development Corporation ("BTDC") is a not-for-profit corporation organized pursuant to Section 1411 of the New York Not-for-Profit Corporation Law. Its purposes and objectives are the exclusively charitable or public purposes of: (i) relieving and reducing unemployment; (ii) promoting, facilitating and providing for additional and maximum employment for individuals; (iii) expanding, bettering and maintaining job opportunities for individuals; (iv) instructing or training individuals to improve or develop their capabilities for such jobs; (v) varying on scientific research for the purpose of aiding the Town by attracting new industry to the Town or by encouraging the development, or retention, of industry in the Town; (vi) lessening the burdens of government and acting in the public interest, thus performing an essential governmental function; and (vii) enhancing business development and economic opportunities. The board members of the Town are the same board members of BTDC and all financial resources have been provided by the Town. BTDC is included in the Town's reporting entity since the Town is able to impose its will, as demonstrated through the ability to approve budgets.

The Greater Port Washington Business Improvement District Association, Inc. ("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 Town 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 6.

B. 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 non-fiduciary activities of the primary government as a whole and its discretely presented component units. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

The Statement of Net Position presents the financial position of the Town and its discretely presented component units at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly

Note 1 - Summary of Significant Accounting Policies (Continued)

benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Town does not allocate indirect expenses to functions in the Statement of Activities.

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

C. Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The Town's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources at the related liabilities are accounted for through governmental funds. The following are the Town's major governmental funds:

General Fund - The General Fund constitutes the primary operating fund of the Town and is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The major special revenue funds of the Town are as follows:

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

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 revenues 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.

Part Town Fund - is used to account for transactions, which by statute affect only those areas outside the boundaries of the villages located within the Town. The major revenues of this fund are real property taxes, departmental income and licenses and permits.

Refuse and Garbage Districts Fund – is used to account for the operation and maintenance of the Town’s refuse and garbage districts. The major source of revenue is real property taxes. The fund consists of a number of separate districts, which are administered by the Town Board: Albertson – Seasingtown – Herricks, Great Neck, New Hyde Park – Garden City Park – Floral Park Centre, New Cassel and Manhasset.

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 expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

The Town also reports the following non-major governmental 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 Roslyn Heights
Manhasset Bay
New Hyde Park – Clinton G. Martin

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

Town of North Hempstead Sidewalk District

Port Washington Public Parking District

Great Neck Water District

- b. Fiduciary Fund (Not Included in Government-Wide Financial Statements) - The Fiduciary Fund is used to account for assets held by the Town on behalf of others. The Custodial Fund is used to account for real property taxes and town clerk fees collected for other governments.

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:

Port Washington
Glenwood
Carle Place
Roslyn

Water Pollution Control Districts:

Great Neck
Belgrave
Port Washington

Port Washington Police District

Town of North Hempstead Community
Development Agency

Town of North Hempstead Business
and Tourism Development Corporation

Water Districts:

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

Park Districts:

Manhasset
Great Neck

Shelter Rock Public Library District

Greater Port Washington Business
Improvement District

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the Fiduciary fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they

Note 1 - Summary of Significant Accounting Policies (Continued)

are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenue when the expenditure is made and the amounts are expected to be collected within one year of the fiscal year end. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain claims, compensated absences, net pension liability, landfill closure costs and other post employment benefit liability are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Component Unit

Component units are presented on the basis of accounting that most accurately reflects their activities. The component units are accounted for on the modified accrual basis of accounting, but have been reflected on the accrual basis of accounting in the government-wide financial statements.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Cash and Equivalents, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The Town's deposit and investment policies are governed by State statutes. The Town has adopted its own written investment policy, which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The Town is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The Town has entered into custodial agreements with the various banks which hold its deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal subdivisions.

Investments - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

Note 1 - Summary of Significant Accounting Policies (Continued)

The Town follows the provisions of GASB Statement No. 72, "*Fair Value Measurements and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investments of the Length of Service Award Program ("LOSAP") are invested in accordance with a statutory prudent pension rule and in accordance with an investment policy adopted by the Town. The Town is a sole sponsor of two LOSAP plans and is a joint sponsor for four LOSAP plans. The assets are held in trust accounts in the name of the award programs. The details of those investments and their related risk are described in Note 3A.

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Town does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. GASB Statement No. 40, "*Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3*", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Town's name. The Town's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2020.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Town's investment policy limits the amount on deposit at each of its banking institutions.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of December 31,

Note 1 - Summary of Significant Accounting Policies (Continued)

2020, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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:

Interfund Revenues - Interfund revenues in the General Fund, Highway Fund and Non-major Governmental funds represent amounts charged for services or facilities provided by these funds based on a two year lookback of actual expenditures. The amounts paid by the fund receiving the benefit of the service or facilities are reflected as an expenditure of that fund.

Transfers - Transfers represent payments to the General, Highway, Debt Service, Capital Projects and Non-major Governmental 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.

Inventory - Inventoriable items in the General Fund and Highway Fund consist of materials and supplies, which are recorded on a weighted average cost basis. These inventories consist primarily of items held for consumption. The cost is recorded as inventory at the time individual inventory items are purchased. The Town uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase and year end balances at these locations are not material.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Prepaid expenses/expenditures consist of employee retirement and other costs, which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts in governmental funds are equally offset by nonspendable fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

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% 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, 2020 of \$3,217,500 has been reported as a note receivable in the government-wide financial statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

Due From County of Nassau – 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 Town paid the settlement to the plaintiff and obtained a judgment against the County for a refund plus interest. A decision was issued in 2019 affirming the judgment in the Town’s favor. The value of the receivable at December, 31, 2020 of \$3,303,416 is included in the government-wide financial statements.

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., road, bridges, sidewalks and similar items) are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at cost if purchased or constructed, or at estimated historical cost. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Infrastructure assets are reported at historical cost as of 1980.

Major outlays for capital assets and improvements are capitalized as projects are completed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life, is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant, equipment and infrastructure of the Town are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings	45
Improvements other than buildings	7-20
Machinery and equipment	5-30
Infrastructure:	
Roads, curbs and sidewalks	20-25
Drainage systems	20-25
Street lighting	20
Parks	12-45
Intangible assets	5-10

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 financial statements, includes amortization of intangible assets.

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In government-wide financial statements, unearned revenue consists of revenue received in advance and/or grants received before the eligibility requirements have been met.

Note 1 - Summary of Significant Accounting Policies (Continued)

Unearned revenues in fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The Town has reported unearned revenues in the General Fund of \$566,995 for gift cards, catering event deposits, grant revenue received in advance of eligible expenditures and PILOT payments received in advance. The Town has also reported unearned revenues in the Highway Fund of \$113,358, the Part Town Fund of \$312, the Refuse and Garbage Districts Fund of \$4,889, and the non-major governmental funds for \$276 for PILOT payments received in advance. The Town has also reported unearned revenues in the Capital Projects Fund of \$119,762 for grant revenues received in advance of eligible expenditures. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The Town has reported deferred inflows of resources in the General Fund of \$175,471 and the Capital Projects Fund of \$2,850,052 for state and federal aid not expected to be collected within the first ninety days of the subsequent fiscal year. Those amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

The Town reported deferred amounts on refunding bonds resulting from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is being deferred and amortized over the short of the life of the refunded or refunding debt.

The Town has also reported deferred outflows of resources and deferred inflows of resources in relation to its pension, fire service award and other postemployment benefit liabilities in the government-wide financial statement for governmental activities. These amounts are detailed in the discussion of the Town's pension, fire service award and other postemployment benefit liabilities in Note 3E.

Long-Term Liabilities - In the government-wide, long-term debt and other long-term liabilities are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects or Debt Service funds expenditures.

Note 1 - Summary of Significant Accounting Policies (Continued)

Compensated Absences - The collective bargaining agreement provides for the payment of accumulated vacation leave upon separation from service. The liability for such accumulated leave is reflected in the government-wide financial statements as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Pension Liability - The net pension liability represents the Town's proportionate share of the net pension liability of the New York State and Local Employees' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions"* and GASB Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68"*.

LOSAP Pension Liability - The Town, along with the respective Fire Companies and other municipalities, as required, sponsor six volunteer firefighters LOSAP programs, all of which are defined benefit service award programs, for its volunteer firefighters of the respective fire companies. Of the six individual plans, two are single-employer plans and the Town reports the total LOSAP liability. The four remaining plans have multiple sponsors all of whom are legally responsible for annual contributions to the plan and as such is considered a special funding situation, and accordingly, the Town reports its proportionate share of the total LOSAP service award liability. The programs are administered through a nonqualifying trust as defined by GASB guidance. Payments under the programs are made from the general assets of the sponsors which are subject to the claims of the Town's creditors.

The LOSAP pension liability represents the Town's liability for LOSAP. The financial reporting of this amount is presented in accordance with the provision of GASB Statement No. 73 *"Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68 and Amendments to Certain Provisions of GASB Statement Nos. 67 and 68"* that establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68. See Note 3E for more information on the programs.

Other Post Employment Benefit Liability ("OPEB") - In addition to providing pension benefits, the Town provides health care benefits for certain retired employees and their survivors. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other than Pensions"*.

Real Property Tax Assessment and Collection Procedures - In Nassau County ("County"), the assessment and lien of real property for taxation is performed by the County Department of Assessment, except for villages and cities. 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 Receiver of Taxes collects all real property taxes for the Town, the County, Town Special Districts and School Districts. Real property taxes become a lien on January 1st for general taxes and October 1st for school taxes.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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. The Town has the fiduciary responsibility to collect school property taxes and turn them over to the County, however, the ultimate responsibility for collection rests at the County level. County and school property taxes collected prior to the satisfaction of the respective warrants are considered a fiduciary activity under the provisions of GASB Statement No. 84, "Fiduciary Activities", and therefore have been accounted for within the Custodial Fund.

Net Position - represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position for the Town includes restricted for debt service.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Fund Balances - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables, advances) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or

Note 1 - Summary of Significant Accounting Policies (Continued)

imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the Town's highest level of decision making authority. The Town Board is the highest level of decision making authority for the Town that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Town removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Town Board.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Town Board for amounts assigned for balancing the subsequent year's budget or the Town Comptroller for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive unassigned fund balance. For all governmental funds other than the General Fund, any deficit fund balance is reported as unassigned.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: committed, assigned, and unassigned.

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.

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

period. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 ("Coronavirus") pandemic and the mitigation responses, and such differences may be material (See Note 4C).

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is July 13, 2021.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The Town generally 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 Director of Finance 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 Director of Finance files with the Town Clerk and the Comptroller and presents to the Town Board a tentative budget for the ensuing year.
- c) On or before October 5th, the Town Board receives the tentative budget from the Town Clerk. After review, it adopts the tentative budget as preliminary and sets a date for a budget hearing.
- d) The Town Board conducts a public hearing on the preliminary budget and on or before November 20th, the Town Board meets to adopt the budget then known as the "adopted budget".
- e) Formal budgetary integration is employed during the year as a management control device for the general and certain special revenue funds. The Town Board adopts the budget and establishes legal level of control of the budget at the function level of expenditures. 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.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- f) Budgets for the General and certain Special Revenue funds, including the Highway Fund, the Solid Waste Management Authority, the Part Town Fund, Refuse and Garbage Districts, the Fire Protection Districts, the Lighting District, the Park Districts, the Sidewalk District, 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. The Town also utilizes an encumbrance system during the year and closes all open purchase orders before fiscal year end.
- 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.

Budgeted amounts are as originally adopted, or as amended by the Town Board.

B. Property Tax Limitation

Under New York State Town Law, the Town is not limited as to the maximum amount of real property taxes which may be raised. However, Chapter 97 of the New York State Laws of 2011, as amended ("Tax Levy Limitation Law") modified previous law by imposing a limit on the amount of real property taxes a local government may levy. The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the Town to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States with the result expressed as a decimal to four places. The Town is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the Town, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Town. The Town Board may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Town Board first enacts, by a vote of at least sixty percent of the total voting power of the Town Board, a local law to override such limit for such coming fiscal year.

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 2 - Stewardship, Compliance and Accountability (Continued)

C. Fund Deficit

The Refuse and Garbage Districts reflects a deficit of \$1,434,042 at December 31, 2020. The deficit is attributable to a litigation claim that was paid out by the Town. There was a court ruling in the Town's favor to receive reimbursement from the County related to this claim. The Town also reflects a deficit of \$118,863 in the Public Parking District. These deficits will be addressed in the ensuing years.

D. Prior Period Adjustment

Management of the Town's discretely presented component unit, Albertson Water District, determined there was an understatement of the compensated absences liability calculation as of December 31, 2019 in the amount of \$245,180. As a result of this restatement, the January 1, 2020 net position was decreased by \$245,180.

Note 3 - Detailed Notes on All Funds

A. Investments

At December 31, 2020, the Town has the following investments and average maturities:

Type of investment	Fair Value	N/A	Less Than 1	1-5 Years	5-10 Years	More Than 10 Years
Money market and bank deposits	\$ 893,372	\$ 893,372	\$ -	\$ -	\$ -	\$ -
Group annuity contracts	596,438	-	596,438	-	-	-
Common stock	389,570	389,570	-	-	-	-
U.S. and international equities funds	4,416,594	3,462,355	-	353,287	522,191	78,761
Bonds and bond funds	2,096,412	-	19,216	715,753	1,213,415	148,028
Corporate bonds	14,043	-	5,797	8,246	-	-
	<u>\$ 8,406,429</u>	<u>\$ 4,745,297</u>	<u>\$ 621,451</u>	<u>\$ 1,077,286</u>	<u>\$ 1,735,606</u>	<u>\$ 226,789</u>

The investments had the following average credit ratings:

Type of investment	Fair Value	N/A	A or Better	BBB	BB	B or Lower	Unrated
Money market and bank deposits	\$ 893,372	\$ 893,372	\$ -	\$ -	\$ -	\$ -	\$ -
Group annuity contracts	596,438	-	596,438	-	-	-	-
Common stock	389,570	389,570	-	-	-	-	-
U.S. and international equities funds	4,416,594	3,293,162	875,478	-	247,954	-	-
Bonds and bond funds	2,096,412	-	1,140,816	552,270	374,724	6,390	22,212
Corporate bonds	14,043	-	5,797	8,246	-	-	-
	<u>\$ 8,406,429</u>	<u>\$ 4,576,104</u>	<u>\$ 2,618,529</u>	<u>\$ 560,516</u>	<u>\$ 622,678</u>	<u>\$ 6,390</u>	<u>\$ 22,212</u>

All of the Town's investments listed above are valued using level 1 inputs.

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

B. Due From/To Other Funds

The balances reflected as due from/to other funds of the primary government at December 31, 2020 were as follows:

Fund	Due From	Due To
General	\$ 2,989,097	\$ 10,532
Highway	905,921	250,198
Solid Waste Management Authority	114,777	955,060
Part Town	-	27,312
Refuse and Garbage Districts	-	1,671,887
Capital Projects	193,583	1,114,166
Non-Major Governmental	210,755	384,978
	\$ 4,414,133	\$ 4,414,133

The outstanding balances between funds results mainly from the time lag between the dates 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

C. Capital Assets

Changes in the Town's capital assets for governmental activities are as follows:

Class	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
Primary Government				
Governmental Activities -				
Capital Assets, not being depreciated:				
Land - other than landfills	\$ 217,629,085	\$ -	\$ -	\$ 217,629,085
Construction-in-progress	13,087,587	15,771,238	16,781,595	12,077,230
Total Capital Assets, not being depreciated	\$ 230,716,672	\$ 15,771,238	\$ 16,781,595	\$ 229,706,315
Capital Assets, being depreciated:				
Buildings	\$ 86,188,629	\$ -	\$ -	\$ 86,188,629
Improvements other than buildings	89,844,866	13,997,087	-	103,841,953
Machinery and equipment	45,621,586	1,511,654	-	47,133,240
Infrastructure	216,842,957	8,989,406	25,352	225,807,011
Intangibles - software	2,800,956	201,173	-	3,002,129
Total Capital Assets, being depreciated	441,298,994	24,699,320	25,352	465,972,962
Less Accumulated Depreciation for:				
Buildings	34,609,620	1,853,880	-	36,463,500
Improvements other than buildings	33,833,078	3,902,752	-	37,735,830
Machinery and equipment	29,015,054	2,373,474	-	31,388,528
Infrastructure	153,527,657	5,785,817	25,352	159,288,122
Intangibles - software	2,143,749	127,404	-	2,271,153
Total Accumulated Depreciation	253,129,158	14,043,327	25,352	267,147,133
Total Capital Assets, being depreciated, net	\$ 188,169,836	\$ 10,655,993	\$ -	\$ 198,825,829
Primary Government Capital Assets, net	\$ 418,886,508	\$ 26,427,231	\$ 16,781,595	\$ 428,532,144

Town of North Hempstead, New York

Notes to Financial Statements (Continued)

December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

The Town evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The Town's policy is to record an impairment loss in the period when the Town determines that the carrying amount of the asset will not be recoverable. At December 31, 2020, the Town has not recorded any such impairment losses.

Depreciation expense was charged to the Town's functions and programs as follows:

Governmental Activities	
General Government Support	\$ 848,645
Public Safety	201,876
Transportation	4,960,139
Culture and Recreation	6,951,399
Home and Community Services	<u>1,081,268</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 14,043,327</u>

Capital Assets - Component Unit

Changes in the capital assets for the nonmajor component units are as follows:

Class	Balance January 1, 2020, as reclassified*	Additions	Deletions	Balance December 31, 2020
Nonmajor Component Units				
Capital Assets, not being depreciated:				
Land	\$ 13,067,129	\$ 459,000	\$ -	\$ 13,526,129
Construction-in-progress	<u>42,342,805</u>	<u>18,471,324</u>	<u>12,125,805</u>	<u>48,688,324</u>
Total Capital Assets, not being depreciated	<u>\$ 55,409,934</u>	<u>\$ 18,930,324</u>	<u>\$ 12,125,805</u>	<u>\$ 62,214,453</u>
Capital Assets, being depreciated:				
Buildings	\$ 143,605,773	\$ 7,425,423	\$ -	\$ 151,031,196
Improvements other than buildings	40,192,804	524,665	14,685	40,702,784
Parking meters	188,979	-	-	188,979
Water mains	7,292,987	-	-	7,292,987
Library collection materials	1,288,143	86,143	158,313	1,215,973
Machinery and equipment	157,685,807	8,632,808	722,056	165,996,559
Vehicles	3,305,884	203,750	138,083	3,371,551
Infrastructure	<u>100,800,017</u>	<u>7,662,688</u>	<u>-</u>	<u>108,462,705</u>
Total Capital Assets, being depreciated	<u>454,360,394</u>	<u>24,535,477</u>	<u>1,033,137</u>	<u>477,862,734</u>
Less Accumulated Depreciation for:				
Buildings	64,988,368	3,597,425	43,873	68,541,920
Improvements other than buildings	19,621,135	1,459,060	8,771	21,071,424
Parking meters	167,815	4,560	-	172,375
Water mains	4,451,724	177,038	-	4,628,762
Library collection materials	1,034,355	104,180	158,313	980,222
Machinery and equipment	81,492,042	6,520,262	651,826	87,360,478
Vehicles	2,218,749	198,145	128,045	2,288,849
Infrastructure	<u>46,753,224</u>	<u>2,889,691</u>	<u>-</u>	<u>49,642,915</u>
Total Accumulated Depreciation	<u>220,727,412</u>	<u>14,950,361</u>	<u>990,828</u>	<u>234,686,945</u>
Total Capital Assets, being depreciated, net	<u>\$ 233,632,982</u>	<u>\$ 9,585,116</u>	<u>\$ 42,309</u>	<u>\$ 243,175,789</u>
Nonmajor Component Units				
Capital Assets, net	<u>\$ 289,042,916</u>	<u>\$ 28,515,440</u>	<u>\$ 12,168,114</u>	<u>\$ 305,390,242</u>

* - Cost and accumulated depreciation in the amount of \$856,441 and \$420,918, respectively, was reclassified between buildings and improvements other than buildings.

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

D. Short-Term Capital Borrowings

The schedule below details the changes in short-term capital borrowings.

Purpose	Original Issue Date	Maturity Date	Interest Rate	Balance January 1, 2020	Issued	Redemptions	Balance December 31, 2020
Various Capital Projects	2015	03/26/21	1.28 %	\$ 369,000	\$ -	\$ 46,000	\$ 323,000
Settlement of a claim	2015	n/a	n/a	424,000	-	424,000	-
Various Capital Projects	2015	n/a	n/a	301,000	-	301,000	-
Various Capital Projects	2016	03/26/21	1.28	1,917,000	-	241,000	1,676,000
Various Capital Projects	2017	03/26/21	1.28	76,000	-	4,000	72,000
Various Capital Projects	2017	09/24/21	1.50	3,562,000	1,280,500	311,000	4,531,500
Various Capital Projects	2018	03/26/21	1.28	1,904,687	-	139,687	1,765,000
Various Capital Projects	2018	03/26/21	1.28	1,500,000	-	13,000	1,487,000
Various Capital Projects	2019	03/26/21	1.28	269,500	-	-	269,500
Various Capital Projects	2019	09/24/21	1.50	5,200,000	1,200,000	-	6,400,000
Various Capital Projects	2020	09/24/21	1.50	-	4,154,492	-	4,154,492
Various Capital Projects	2020	03/26/21	1.50	-	15,475,000	-	15,475,000
Various Capital Projects	2020	03/26/21	1.28	-	2,800,000	-	2,800,000
Total Primary Government and Non-Major Component Units				<u>\$ 15,523,187</u>	<u>\$ 24,909,992</u>	<u>\$ 1,479,687</u>	<u>\$ 38,953,492</u>

These bond anticipation notes are summarized as follows:

	Balance January 1, 2020	Issued	Redeemed	Balance December 31, 2020
Primary Government:				
Capital Projects Fund	\$ 8,098,187	\$ 8,080,500	\$ 741,687	\$ 15,437,000
Refuse and Garbage Districts	469,124	-	469,124	-
	<u>8,567,311</u>	<u>8,080,500</u>	<u>1,210,811</u>	<u>15,437,000</u>
Non-Major Component Units:				
Garbage Districts	255,876	-	255,876	-
Water District	-	14,714,492	-	14,714,492
Water Pollution Control Districts	6,700,000	2,115,000	13,000	8,802,000
	<u>6,955,876</u>	<u>16,829,492</u>	<u>268,876</u>	<u>23,516,492</u>
	<u>\$ 15,523,187</u>	<u>\$ 24,909,992</u>	<u>\$ 1,479,687</u>	<u>\$ 38,953,492</u>

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund and the Refuse and Garbage Districts Fund. Bond anticipation notes issued for judgments or settled claims are recorded in the fund paying the claim. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes or judgments be converted to long-term obligations generally within five years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Interest expenditures of \$191,502 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$150,337 was recorded in the government-wide financial statements.

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

E. Long-Term Liabilities

The following table summarizes changes in the Town's long-term liabilities for the year ended December 31, 2020:

	Balance January 1, 2020	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2020	Due Within One Year
Primary Government					
Bonds Payable:					
General obligation	\$ 201,563,897	\$ 39,677,210	\$ 45,499,789	\$ 195,741,318	\$ 18,376,081
Plus					
Unamortized premium on bonds	4,753,538	2,183,421	791,862	6,145,097	-
	<u>206,317,435</u>	<u>41,860,631</u>	<u>46,291,651</u>	<u>201,886,415</u>	<u>18,376,081</u>
Retirement incentives and other					
pension obligations	3,373,970	-	865,427	2,508,543	852,542
Compensated absences	4,443,297	3,431,078	444,000	7,430,375	743,038
Claims and judgments payable	5,925,500	3,102,362	1,680,337	7,347,525	735,000
Estimated liability for landfill closure					
and postclosure care costs	10,970,021	-	942,846	10,027,175	946,767
Net Pension Liability	7,452,541	19,322,587	-	26,775,128	-
Length of service awards					
program liabilities	11,787,661	1,166,029	-	12,953,690	-
Other Post Employment					
Benefit Liability	209,081,462	24,518,897	4,898,205	228,702,154	-
	<u>253,034,452</u>	<u>51,540,953</u>	<u>8,830,815</u>	<u>295,744,590</u>	<u>3,277,347</u>
Primary Government					
Long-Term liabilities	<u>\$ 459,351,887</u>	<u>\$ 93,401,584</u>	<u>\$ 55,122,466</u>	<u>\$ 497,631,005</u>	<u>\$ 21,653,428</u>
	Balance January 1, 2020, as restated	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2020	Due Within One Year
Non-major Component Units					
Bonds Payable - General Obligation	\$ 164,784,564	\$ 36,692,790	\$ 18,221,533	\$ 183,255,821	\$ 10,240,258
Plus					
Unamortized premium on bonds	752,077	2,083,603	131,399	2,704,281	171,170
	<u>165,536,641</u>	<u>38,776,393</u>	<u>18,352,932</u>	<u>185,960,102</u>	<u>10,411,428</u>
Retirement incentives and other					
pension obligations	4,039	-	1,220	2,819	1,182
Compensated Absences	12,726,818	1,392,864	1,484,256	12,635,426	772,111
Installment purchase debt	355,195	-	115,553	239,642	118,372
Net Pension Liability	8,641,903	22,947,877	2,432,074	29,157,706	-
Other Post Employment					
Benefit Liability	184,172,987	24,349,619	6,194,685	202,327,921	-
	<u>\$ 371,437,583</u>	<u>\$ 87,466,753</u>	<u>\$ 28,580,720</u>	<u>\$ 430,323,616</u>	<u>\$ 11,303,093</u>

Each governmental fund's liability for bonds is liquidated by the Debt Service Fund, which is funded by transfers from other funds. Each governmental fund's liability for retirement incentives and other pension obligations, compensated absences, claims and judgments, landfill closure costs, net pension liability, length of service awards program and other post employment benefit obligations is liquidated by the General, Highway, Solid Waste Management Authority, Part Town, Refuse and Garbage Districts, Lighting District, Park Districts, Sidewalk District and Public Parking District Funds.

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

General Obligation Bonds Payable

General obligation bonds payable at December 31, 2020 are comprised of the following individual issues:

Purpose	Original Issue Amount	Final Maturity Date	Interest Rates	Amount Outstanding at December 31, 2020
New York State EFC Bonds-2001, Series B	\$ 8,154,789	November, 2022	3.420-3.811 %	\$ 420,000
New York State EFC Bonds-2002 Series F	1,365,000	November, 2023	6.091-6.181	240,000
New York State EFC Bonds-2002 Series I	1,160,000	September, 2022	5.380	88,000
New York State EFC Bonds-2003 Series A	1,160,000	April, 2031	4.631-4.901	535,000
General Obligation Serial Bonds-2004	3,880,000	February, 2022	5.400	55,000
New York State EFC Bonds-2006 Series C	3,442,810	April, 2036	4.634-4.861	2,155,000
NYS EFC Bonds-2008, Series A: 1, B-1, A-2, B-2 (2011 C)	1,783,412	April, 2038	4.270	440,000
EFC Serial Bonds-2010 Series C	15,173,760	October, 2039	3.225-4.603	10,260,000
Various Purposes Serial Bonds-2010 Series A	6,063,000	October, 2021	2.500	605,000
EFC 2012 Series E Bonds	54,148,000	November, 2042	1.719-4.098	41,735,000
\$550,000 NYS EFC Series 2013B	550,000	January, 2023	2.745	185,000
Refunding Serial Bonds 2004 & 2005 Ref. 2014 Series A	25,220,000	February, 2025	2.500-5.000	4,058,504
Refunding Serial Bonds 2003 Ref. 2014 Series B	11,545,000	July, 2022	5.000	520,000
Refunding Serial Bonds 2003 Ref. 2014 Series C	21,790,825	April, 2032	3.000-3.500	2,210,000
Various Purpose Serial Bond 2014 Series D	25,108,147	October, 2030	2.000-3.000	16,549,751
Refunding Landfill Capping L-5 - NYS EFC Series 2014B	6,861,511	May, 2021	4.325	450,000
Refunding 2015 Series A (2006,2007A,2007B)	21,245,000	February, 2027	2.125-5.000	11,158,009
Public Improvement 2015 Series B	4,390,000	April, 2035	2.125-5.000	3,630,000
Refunding 2015 Series C	17,210,000	January, 2023	5.000	1,456,753
EFC - Clean Water Statutory Installment Bond 2016	1,885,113	June, 2045	0.000	1,572,500
Public Improvement Serial Bonds Series 2016 A	13,862,090	October, 2037	2.000-3.000	11,630,001
Public Improvement Serial Bonds Series 2016 B	48,046,322	September, 2034	2.000-3.000	37,442,832
Public Improvement Serial Bonds Series 2016 C	19,308,531	September, 2046	2.250-3.000	17,280,000
Public Improvement Serial Bonds Series 2017 A	49,774,425	April, 2039	3.000-3.250	43,981,921
Public Improvement Serial Bonds Series 2017 B	10,970,000	April, 2047	3.000-4.000	10,230,000
Public Improvement Serial Bonds Series 2017 C	21,677,200	September, 2036	2.000-3.100	19,305,000
Public Improvement Serial Bonds Series 2017 D	4,750,000	September, 2047	3.000	4,390,000
Public Improvement Serial Bonds Series 2018 A	20,895,000	April, 2032	3.000-5.000	17,598,868
Public Improvement Serial Bonds Series 2018 B	8,730,201	September, 2047	3.000-5.000	8,310,000
Public Improvement Serial Bonds Series 2019 A	18,910,000	March, 2033	2.000-5.000	18,200,000
Public Improvement Serial Bonds Series 2019 B	16,379,057	September, 2049	2.000-5.000	15,935,000
Public Improvement Serial Bonds Series 2020 A	30,310,000	August, 2050	2.000-5.000	30,310,000
Refunding 2020 Series B	7,375,000	May, 2024	5.000	7,375,000
Public Improvement Serial Bonds Series 2020 C	3,930,000	September, 2033	1.500-5.000	3,930,000
Public Improvement Serial Bonds Series 2020 D	4,740,000	September, 2040	1.875-5.000	4,740,000
Refunding 2020 Series E	3,950,000	October, 2027	5.000	3,950,000
Refunding 2020 Series F	26,065,000	January, 2039	2.000	26,065,000
				<u>\$ 378,997,139</u>

Interest expenditures of \$6,315,177 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$5,011,746 was recorded in the government-wide financial statements for governmental activities.

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 6.181% and have maturity dates in 2021 through 2050.

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

	Balance January 1, 2020	Issued	Redeemed	Balance December 31, 2020
Primary Government				
Capital Projects Fund:				
General	\$ 122,349,009	\$ 26,715,036	\$ 32,190,871	\$ 116,873,174
Part town	571,000	-	21,439	549,561
Highway	51,013,881	9,973,194	9,475,470	51,511,605
Public parking	3,540,685	1,976,216	2,636,067	2,880,834
Sidewalk	1,446,359	623,799	96,992	1,973,166
Lighting	404,209	97,241	21,616	479,834
Parks	22,238,754	291,724	1,057,334	21,473,144
Total Primary Government	<u>201,563,897</u>	<u>39,677,210</u>	<u>45,499,789</u>	<u>195,741,318</u>
Non-Major Component Units				
Water Pollution Control Districts	80,200,730	24,674,939	5,500,539	99,375,129
Water Districts	71,063,276	7,963,495	6,063,258	72,963,513
Park Districts	11,281,412	2,342,537	4,418,590	9,205,359
Library District	2,205,768	1,690,624	2,205,769	1,690,623
Business Improvement District	33,378	21,195	33,376	21,197
Total Component Units	<u>164,784,564</u>	<u>36,692,790</u>	<u>18,221,532</u>	<u>183,255,821</u>
Total General Obligation Bonds	<u>\$ 366,348,461</u>	<u>\$ 76,370,000</u>	<u>\$ 63,721,321</u>	<u>\$ 378,997,139</u>

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding as of December 31, 2020 including interest payments of \$98,271,748 are as follows:

Year Ending December 31,	Principal	Interest
2021	\$ 28,616,339	\$ 9,909,349
2022	26,822,996	9,340,404
2023	21,787,800	8,558,881
2024	21,407,493	7,908,358
2024	21,016,114	7,284,325
2026-2030	98,087,897	27,931,045
2031-2035	78,649,500	15,674,108
2036-2040	46,444,500	7,584,322
2041-2045	23,529,500	3,324,437
2046-2050	12,635,000	756,519
	<u>\$ 378,997,139</u>	<u>\$ 98,271,748</u>

The above general obligation bonds are direct borrowings of the Town for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the Town.

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

Legal Debt Margin

The Town is subject to legal limitations on the amount of debt that it may issue. The Town's legal debt margin is 7% of the five year average full valuation of taxable real property. At December 31, 2020, that amount was \$3,968,286,054. As of December 31, 2020, the total outstanding debt applicable to the limit was \$330,385,829, which is 8.33% of the total debt limit.

Current Year Refunding

In July 2020, the Town issued \$7,375,000 in serial bonds with an interest rate of 5.0%. The proceeds were used to refund \$2,460,000 of outstanding 2008 public improvement bonds, \$3,730,000 of outstanding 2009 public improvement bonds and \$1,655,000 of outstanding 2010 refunding serial bonds which had an interest rate of 4.25%, interest rate ranging from 3.5% to 4.0% and 2.5% to 2.75%, respectively.

The net proceeds of \$7,925,468 (including contributions of \$8,364, premium of \$617,628 and after payment of \$74,685 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds.

The net carrying amount of the old debt exceeded the reacquisition price by \$33,206. The current refunding reduced its total debt service payments over 4 years by \$437,623.

In November 2020, the Town issued \$3,950,000 in serial bonds with an interest rate of 5.0%. The proceeds were used to refund \$4,590,000 of outstanding 2012 various purpose serial bonds which had interest rates ranging from 2.00% to 2.25%.

The net proceeds of \$4,618,842 (including premium of \$735,649 after payment of \$63,267 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds.

The net carrying amount of the old debt exceeded the reacquisition price by \$28,842. The current refunding reduced its total debt service payments over 7 years by \$265,305.

Advanced Refunding

The Town issued \$26,065,000 in serial bonds with interest rates ranging from 1.35% to 2.50%. The proceeds were used to refund the following general obligation bonds:

Amount Outstanding	Description	Interest Rates	Deceased Debt Outstanding at December 31, 2020
\$ 760,000	Refunding Serial Bonds - 2014 Series A	2.500-5.000 %	\$ 760,000
40,000	Various Purposes Serial Bonds - 2014 Series D	2.000-3.000	40,000
790,000	Refunding Serial Bonds - 2015 Series A	2.125-5.000	790,000
730,000	Public Improvement Serial Bonds - 2016 Series B	2.000-3.000	730,000
380,000	Public Improvement Serial Bonds - 2017 Series A	3.000-3.250	380,000
615,000	Public Improvement Serial Bonds - 2018 Series A	3.000-5.000	615,000
13,345,000	Various Purposes Serial Bonds - 2014 Series C	3.000-3.500	13,345,000

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

The net proceeds of \$26,479,495 (including a \$756,750 premium and after payment of \$339,656 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. The general obligation bonds are considered defeased and the liability for those bonds have been removed from the statement of net position.

The net carrying amount of the old debt exceeded the reacquisition price by \$1,222,161. This amount is being amortized over the remaining life of the refunding debt. The advance refunding reduced its total debt service payments over 19 years by \$1,053,455 and to obtain an economic gain of \$1,187,752.

Retirement Incentives and Other Pension Obligations

The State Legislature enacted Chapter 57 of the Laws of 2010. This chapter authorized local governments, at their option, to amortize a portion of their ERS contributions beginning in 2010. The maximum amortization amount each year going forward will be determined by the difference between each employer's effective contribution rate as compared to the System's overall graded rate. The amortized amounts are to be paid in equal annual installments over a ten year period, although amounts may be prepaid at any time. Interest will be charged at rates which approximate a market rate of return on taxable fixed rate securities of a comparable duration and will be adjusted annually.

	Original Amount Amortized	Current Year Payments	Balance Due	Due Within One Year
Primary Government				
2011 ERS	\$ 329,537	\$ 42,676	\$ -	\$ -
2012 ERS	1,067,724	130,008	125,307	125,307
2013 ERS	1,995,134	233,891	447,543	220,464
2014 ERS	2,434,717	295,268	824,555	265,006
2015 ERS	1,496,908	176,829	654,941	156,198
2016 ERS	845,730	100,211	456,197	85,567
	<u>\$ 8,169,750</u>	<u>\$ 978,883</u>	<u>\$ 2,508,543</u>	<u>\$ 852,542</u>
Non-Major Component Units				
2011 ERS	\$ 630	\$ 82	\$ -	\$ -
2012 ERS	1,955	238	230	230
2013 ERS	3,706	435	831	410
2014 ERS	4,414	535	1,495	480
2015 ERS	596	70	263	62
	<u>\$ 11,301</u>	<u>\$ 1,360</u>	<u>\$ 2,819</u>	<u>\$ 1,182</u>

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.

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

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, 2020, the value of the accumulated vacation and sick leave was \$7,430,375 for the Town. The liability for compensated absences for the nonmajor component units amounted to \$12,635,426.

Claims and Judgments Payable

The government-wide financial statements reflects general and workers' compensation liabilities which are based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported (IBNR's). The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed on both actual historical data that reflects past inflation and other factors that are considered to be appropriate modifiers of past experience.

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 workers' compensation and general liability, and includes an estimate of claims that have been incurred but not yet reported.

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>
Balance - Beginning of Year	\$ 2,981,143	\$ 2,944,357
Provision for Claims and Claims Adjustment Expenses	1,619,882	1,482,480
Claims and Claims Adjustments Expenses Paid	<u>(1,619,337)</u>	<u>(61,000)</u>
Balance - End of Year	<u>\$ 2,981,688</u>	<u>\$ 4,365,837</u>
Current Portion	<u>\$ 298,000</u>	<u>\$ 437,000</u>

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 on the sites for thirty years after

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

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, 2020, the Town has recorded a liability of \$10,027,175 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.

Pension Plans

New York State and Local Retirement System

The Town participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all net assets and record changes in plan net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, 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, which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The ERS is noncontributory except for employees who joined after July 2, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length 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 ERS's fiscal year ending March 31. Contribution rates for the plan's year ending in 2020 are as follows:

<u>Tier/Plan</u>	<u>Rate</u>
1 75I	21.4 %
2 75I	19.5
3 A14	15.8
4 A15	15.8
5 A15	13.2
6 A15	9.3

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

At December 31, 2020, the Town reported the following for its proportionate share of the net pension liability for ERS:

Measurement date	March 31, 2020
Net pension liability	\$ 26,775,128
Town's proportion of the net pension liability	0.1011124%
Change in proportion since the prior measurement date	(0.0040707%)

The net pension liability was measured as of March 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the date. The Town's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members.

For the year ended December 31, 2020, the Town recognized its proportionate share of pension expense in the government-wide financial statements of \$9,350,445. Pension expenditures (exclusive of retirement incentives and other pension obligations) of \$4,306,179 were recorded in the fund financial statements and were charged to the following funds:

General	\$ 2,355,909
Highway	884,299
Solid Waste Management Authority	99,538
Part Town	752,150
Lighting District	5,521
Park Districts	50,082
Sidewalk District	111,387
Public Parking District	<u>47,293</u>
Total Primary Government	<u>\$ 4,306,179</u>

At December 31, 2020, the Town reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to the ERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,575,825	\$ -
Changes of assumptions	539,124	465,525
Net difference between projected and actual earnings on pension plan investments	13,726,233	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	844,158	299,923
Town contributions subsequent to the measurement date	<u>3,035,646</u>	<u>-</u>
	<u>\$ 19,720,986</u>	<u>\$ 765,448</u>

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

\$3,035,646 reported as deferred outflows of resources related to the ERS resulted from the Town's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended March 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the ERS will be recognized in pension expense as follows:

<u>Year Ended</u> <u>March 31,</u>	
2021	\$ 2,820,709
2022	4,021,367
2023	5,042,489
2024	<u>4,035,327</u>
	<u>\$ 15,919,892</u>

The total pension liability for the ERS measurement date was determined by using an actuarial valuation as noted below, with update procedures used to roll forward the total pension liability to that measurement date. Significant actuarial assumptions used in the valuation were as follows:

Measurement date	March 31, 2020
Actuarial valuation date	April 1, 2019
Investment rate of return	6.8%*
Salary scale	4.2%
Inflation rate	2.5%
Cost of living adjustments	1.3% annually

*Compounded annually, net of pension plan investment expenses, including inflation.

Annuitant mortality rates are based on the system's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2018.

The actuarial assumptions used in the valuation are based on the results of an actuarial experience study of the period April 1, 2010 - March 31, 2015.

The long-term expected 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 arithmetic real rates of return for each major asset class included in the target asset allocation is summarized in the following table.

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	36 %	4.55 %
International Equity	14	6.15
Private Equity	10	6.75
Real Estate	10	4.95
Absolute Return Strategies	2	3.25
Opportunistic Portfolio	3	4.65
Real Assets	3	5.95
Bonds and Mortgages	17	0.75
Cash	1	-
Inflation Indexed Bonds	4	0.50
	<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.5%.

The discount rate used to calculate the total pension liability was 6.8%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the ERS'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.

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.8%, 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 (5.8%) or 1 percentage point higher (7.8%) than the current rate:

	<u>1% Decrease (5.8%)</u>	<u>Current Discount Rate (6.8%)</u>	<u>1% Increase (7.8%)</u>
Primary Government's proportionate share of the ERS net pension liability	<u>\$ 49,139,919</u>	<u>\$ 26,775,128</u>	<u>\$ 6,177,060</u>

The components of the current year collective net pension liability of the ERS as of March 31, 2020, were as follows:

Total pension liability	\$ 194,596,261,000
Fiduciary net position	<u>168,115,682,000</u>
Employers' net pension liability	<u>\$ 26,480,579,000</u>
Fiduciary net position as a percentage of total pension liability	<u>86.39%</u>

Note 3 - Detailed Notes on All Funds (Continued)

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of December 31, 2020 represent the projected employer contribution for the period of April 1, 2020 through December 31, 2020 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Retirement contributions to ERS for the nine month ended December 31, 2020 were \$3,035,646.

Fire Protection Length of Service Awards Program ("LOSAP") Liabilities

The Town's financial statements are for the year ended December 31, 2020. However, the information contained in this note is based on information for the LOSAP's for the plan years ending on various dates (see Table No. 1), which are the most recent plan years for which complete information is available.

Program Description

The Town, along with the respective Fire Companies and other municipalities, as required, sponsor six Volunteer Firefighters Length of Service Award Programs ("the Plans"): Albertson Hook & Ladder Engine & Hose Company No. 1 ("Albertson"), Alert Engine, Hook and Ladder and Hose Company No. 1 ("Alert"), Floral Park Centre Fire Company, Inc. ("Floral Park Centre"), Glenwood Hook and Ladder, Engine and Hose Company ("Glenwood"), Port Washington Fire Department, Inc. ("Port Washington") and Roslyn Volunteer Firefighter Service Awards Program ("Roslyn"). The programs are defined benefit plans and were established pursuant to Article 11 A of the New York State General Municipal Law. The programs took effect on various dates (see Table No. 1). The Plans established a defined benefit LOSAP for the active volunteer firefighters of the respective fire companies. The programs provide municipal funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. Four of the programs, Alert, Glenwood, Port Washington and Roslyn, have multiple sponsors.

Participation, Vesting, and Service Credit

Active volunteer firefighters, who have reached a specific age (as determined by each Plan - see Table No. 1) 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 - see Table No. 1).

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 - see Table No. 1) of firefighting service (called "Prior Service") rendered prior to the establishment of the Plan.

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

Benefits Provided

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 - see Table No. 1), 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 25 to 40 years (as determined by each Plan - see Table No. 1), including Prior Service credits. Except in the case of disability or death, benefits are payable when the participant has attained the entitlement age. The program provides statutorily mandated death and disability benefits. (See Table No. 1).

Table No. 1 Program Description

	<u>Albertson</u>	<u>Alert</u>	<u>Floral Park Centre</u>
Plan year end date	12/31/2019	12/31/2019	12/31/2019
Plan established by:	Town of North Hempstead	Town of North Hempstead; Villages of Great Neck, Kings Point and Saddle Rock (Joint Sponsoring Board)	Town of North Hempstead
Sponsored by:	Town of North Hempstead	Joint Sponsoring Board	Town of North Hempstead
Effective date of plan	1/1/1991	1/1/1996	7/1/1991
Plan Type	Single Employer	Cost Sharing Multiple Employer	Single Employer
Entitlement Age	62	65	65
Nonforfeitable right to award after:	5 years	5 years	5 years
Prior service credit (up to):	5 years	5 years	5 years
Eligible age	17	17	18
Required years of service	One	One	One
Benefits:			
Monthly payment	\$20-\$30	\$20	\$20
Maximum years used to calculate	40 years	40 years	25 years
Benefits payable at	Entitlement Age	Entitlement Age	Entitlement Age
	except for disability or death	except for disability or death	except for disability or death
Optional line-of-duty disability	No	No	No
	<u>Glenwood</u>	<u>Port Washington</u>	<u>Roslyn</u>
Plan year end date	12/31/2019	12/31/2019	12/31/2019
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 and Roslyn Harbor
Sponsored by:	Glenwood H&L E&H Company	Joint Sponsoring Board	Joint Sponsoring Board
Plan Type	Cost Sharing Multiple Employer	Cost Sharing Multiple Employer	Cost Sharing Multiple Employer
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):	5 years	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 years	40 years	30 years
Benefits payable at	Entitlement Age	Entitlement Age	Entitlement Age
	except for disability or death	except for disability or death	except for disability or death
Optional line-of-duty disability	No	No	No

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

Participants Covered by the Benefit Terms

	<u>Albertson</u>	<u>Floral Park Centre</u>
Inactive participants currently receiving benefits	25	5
Inactive participants entitled to, but not yet receiving benefits	16	7
Active participants	<u>45</u>	<u>16</u>
Total	<u>86</u>	<u>28</u>

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 to assist in the administration of the program (see Table No. 2). The designated program administrator's functions include duties outlined in the service agreements. Disbursements of program assets for the payment of benefits or administrative expenditures 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 expenditures of the operation and administration of the program. Any payments under the programs shall be made from the general assets of the sponsors which general assets are subject to the claims of the creditors of the sponsor. There are no assets accumulated in a trust that meet the criteria in GASB Statement No. 73. As such, the trust assets may not be offset against the LOSAP liability. Some Plans have designated trustees (see Table No. 2).

Authority to invest program assets is vested in the sponsor's name. Subject to restrictions in the programs plan documents, program assets are currently invested in accordance with a statutory "prudent person" rule.

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 No. 2 for report dates).

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

Table No. 2 Fiduciary Information

	<u>Albertson</u>	<u>Alert</u>	<u>Floral Park Centre</u>
Administered by the actuary:	Penflex, Inc.	Penflex, Inc.	Penflex, Inc.
Disbursements approved by:	Town of North Hempstead	Joint Sponsoring Board	Town of North Hempstead
Plan Trustee	Town of North Hempstead	Joint Sponsoring Board	Town of North Hempstead
Authority to invest assets	RBC Wealth Management	RBC Wealth Management	RBC Wealth Management
Valuation date	1/1/2020	1/1/2020	1/1/2020
Actuary report date	9/15/2020	9/9/2020	9/12/2020
	<u>Glenwood</u>	<u>Port Washington</u>	<u>Roslyn</u>
Administered by the actuary:	VFIS	Firefly	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	1/1/2019	1/1/2020	1/1/2020
Actuary report date	1/21/2021	4/10/2020	9/9/2020

Program Liabilities, Program Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Program

At December 31, 2020, the Town reported a liability of \$12,953,690 for its proportionate share of the length of service award program liability. The length of service award program liability was measured as of December 31, 2019 for all plans except Glenwood, which was measured as of January 1, 2019. The Town's proportion of the length of service award program liability was based on a projection of the Town's share of contributions to the programs.

The following table shows the schedule of changes in the program liability for the year ended December 31, 2020 for the two LOSAP plans where the Town is the sole sponsor:

	<u>Albertson</u>	<u>Floral Park Centre</u>
Program Liability - Beginning of year	\$ 3,979,077	\$ 924,525
Service cost	116,946	16,341
Interest	146,244	33,928
Difference between expected and actual experience	39,177	18,205
Change in assumptions	223,678	53,908
Benefit payments	<u>(156,676)</u>	<u>(17,560)</u>
Program Liability - End of year	<u>\$ 4,348,446</u>	<u>\$ 1,029,347</u>

The Town's proportionate share of the total pension liability, the basis on which its proportion was determined and the changes in its proportionate share since the prior measurement date is as follows:

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

	Albertson	Floral Park	Alert	Glenwood	Port Washington	Roslyn
Town's proportionate share of the total pension liability at December 31, 2019	100.00%	100.00%	6.11%	19.60%	50.81%	22.13%
Town's proportionate share of the total pension liability at December 31, 2018	100.00%	100.00%	6.11%	19.60%	47.08%	21.63%
Change in proportionate share	0.00%	0.00%	0.00%	0.00%	3.73%	-(0.50%)
Basis on which proportion was determined	100% Town	100% Town	cost sharing agreement	cost sharing agreement	cost sharing agreement	cost sharing agreement

For the year ended December 31, 2020, the Town recognized pension expense of \$543,235 in the statement of activities. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to the program from the following sources:

Deferred Outflows of Resources

	Albertson	Alert	Floral Park Centre	Glenwood	Port Washington	Roslyn	Totals
Differences between expected and actual experience	\$ 110,681	\$ 636	\$ 36,903	\$ 34,210	\$ -	\$ 21,832	\$ 204,262
Changes of assumptions or other inputs	414,821	27,383	108,222	469,669	367,764	172,524	1,560,383
Changes in proportion and difference between Town pension payments and proportionate share of benefit payments	-	-	-	-	342,007	-	342,007
Benefit payments and administrative expenses subsequent to the measurement date	200,806	11,176	29,954	-	110,547	51,097	403,580
Total	<u>\$ 726,308</u>	<u>\$ 39,195</u>	<u>\$ 175,079</u>	<u>\$ 503,879</u>	<u>\$ 820,318</u>	<u>\$ 245,453</u>	<u>\$ 2,510,232</u>

Deferred Inflows of Resources

	Albertson	Alert	Floral Park Centre	Glenwood	Port Washington	Roslyn	Totals
Differences between expected and actual experience	\$ -	\$ 9,580	\$ 14,007	\$ 74,985	\$ 313,494	\$ 701	\$ 412,767
Changes of assumptions or other inputs	389,431	25,722	103,062	-	515,536	165,744	1,199,495
Changes in proportion and difference between Town pension payments and proportionate share of benefit payments	-	708	-	-	-	2,507	3,215
Total	<u>\$ 389,431</u>	<u>\$ 36,010</u>	<u>\$ 117,069</u>	<u>\$ 74,985</u>	<u>\$ 829,030</u>	<u>\$ 168,952</u>	<u>\$ 1,615,477</u>

Deferred outflows of resources related to the program resulting from the Town's contribution subsequent to the measurement date in the amount of \$403,580 will be recognized as a reduction of the program liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the program will be recognized in program expense as follows:

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

<u>Years Ending December 31,</u>	<u>Albertson</u>	<u>Alert</u>	<u>Floral Park Centre</u>	<u>Glenwood</u>	<u>Port Washington</u>	<u>Roslyn</u>	<u>Totals</u>
2021	\$ 10,151	\$ (1,304)	\$ 27	\$ 170,365	\$ (227)	\$ 2,086	\$ 181,098
2022	10,151	(1,304)	27	170,365	(227)	2,086	181,098
2023	10,151	(1,304)	27	88,164	(227)	2,086	98,897
2024	10,151	(1,304)	27	-	(227)	2,086	10,733
2025	10,151	(1,304)	27	-	(227)	2,086	10,733
Thereafter	85,316	(1,471)	27,921	-	(118,124)	14,974	8,616
	<u>\$ 136,071</u>	<u>\$ (7,991)</u>	<u>\$ 28,056</u>	<u>\$ 428,894</u>	<u>\$ (119,259)</u>	<u>\$ 25,404</u>	<u>\$ 491,175</u>

Funding Methodology and Actuarial Assumptions

The actuarial valuation methodology used by the actuary to determine the sponsor's liability is listed in Table No. 4 below. The assumed rate of return on investment was determined by using the yield to maturity of the S&P Municipal Bond 20-Year High Grade Rate Index for all LOSAP Plans other than Glenwood. Glenwood's assumed rate of return on investment was determined by using the 20-year AA general obligation bond rate. Update procedures were used to roll forward the liability from the actuarial valuation date to the measurement date.

The assumptions used by the actuary to determine the sponsor's liability are:

Table No. 4 Methodology and Assumptions

	<u>Albertson</u>	<u>Alert</u>	<u>Floral Park Centre</u>
Actuarial valuation date	1/1/2020	1/1/2020	1/1/2020
Measurement date	1/1/2020	1/1/2020	1/1/2020
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Salary increases	Not Applicable	Not Applicable	Not Applicable
Inflation rate	2.25%	2.25%	2.25%
Mortality table used for withdrawals, retirements, active and inactive deaths:			
Pre-entitlement age	*	*	*
Post-entitlement age	*	*	*

*RP-2014 Male Mortality Table without projection for mortality improvement.

	<u>Glenwood</u>	<u>Port Washington</u>	<u>Roslyn</u>
Actuarial valuation date	1/1/2020	1/1/2020	1/1/2020
Measurement date	12/31/2020	1/1/2020	1/1/2020
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Salary increases	Not Applicable	Not Applicable	Not Applicable
Inflation rate	n/a	0.00%	2.25%
Mortality table used for withdrawals, retirements, active and inactive deaths:			
Pre-entitlement age	*	*	*
Post-entitlement age	*	*	*

*RP-2014 Male Mortality Table without projection for mortality improvement.

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

Sensitivity of the Proportionate Share of the Program Liability to the Discount Rate Assumption

The following presents the Town's proportionate share of the length of service award program liability calculated using the discount rate (investment rate of return) as listed in Table No. 4 above as well as what the Town's proportionate share of the program liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current assumption:

	1% Decrease	Current Assumption	1% Increase
Albertson			
Discount rates	2.26%	3.26%	4.26%
LOSAP liability	\$ 5,030,160	\$ 4,348,446	\$ 3,795,133
Alert			
Discount rates	2.26%	3.26%	4.26%
LOSAP liability	\$ 314,554	\$ 270,153	\$ 234,399
Floral Park Centre			
Discount rates	2.26%	3.26%	4.26%
LOSAP liability	\$ 1,194,546	\$ 1,029,347	\$ 896,177
Glenwood			
Discount rates	1.00%	2.00%	3.00%
LOSAP liability	\$ 1,756,988	\$ 1,641,706	\$ 1,523,820
Port Washington			
Discount rates	2.26%	3.26%	4.26%
LOSAP liability	\$ 5,092,676	\$ 4,215,176	\$ 3,525,890
Roslyn			
Discount rates	2.26%	3.26%	4.26%
LOSAP liability	\$ 1,724,195	\$ 1,448,862	\$ 1,233,253

Other Post Employment Benefit Liability ("OPEB")

In addition to providing pension benefits, the Town provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The collective bargaining agreement stipulates the employees covered and the percentage of contribution. Contributions by the Town may vary according to length of service. The cost of providing post employment health care benefits is shared between the Town and the retired employees as noted below. Substantially all of the Town's employees may become eligible for those benefits if they reach normal retirement age while working for the Town. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", so the OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

At December 31, 2020, the following employees were covered by the benefit terms:

	<u>Primary Government</u>
Inactive employees currently receiving benefit payments	287
Surviving spouse currently receiving benefit payments	42
Active employees	<u>401</u>
	<u><u>730</u></u>

The Town's total OPEB liability of \$228,702,154 was measured as of December 31, 2020, and was determined by an actuarial valuation as of January 1, 2020.

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.5%, average, including inflation
Discount rate	2.0%
Healthcare cost trend rates	5.75% for Pre-65 and 4.5% for Post-65 for 2020, decreasing at various rates to an ultimate rate of 4.5% for 2027 and later years
Retirees' share of benefit-related costs	Varies from 0% to 50%, depending on applicable retirement year and if they are a surviving spouse

The discount rate was based on a review of the yield derived from the 20 Year AA Municipal GO Bond Index, as of December 31, 2020, per Fidelity Investments.

Mortality rates were in accordance with the SOA RP-2014 Total Dataset. Mortality improvements are projected using SOA Scale MP-2014.

The actuarial assumptions used in the January 1, 2020 valuation were based on the experience of the New York State Employees Retirement System as outlined in AON's *New York State/SUNY – Development of Recommended Actuarial Assumptions for Other Post Employment Benefit Plans Actuarial Valuations – Participating Town Version – June 2019* report for turnover and retirement.

The Town's change in the total OPEB liability for the year ended December 31, 2020 is as follows:

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

	<u>Primary Government</u>
Total OPEB Liability - Beginning of Year	\$ 209,081,462
Service cost	7,893,098
Interest	5,579,074
Differences between actual and expected experience	1,703,565
Changes in assumptions or other inputs	9,343,160
Benefit payments	<u>(4,898,205)</u>
 Total OPEB Liability - End of Year	 <u><u>\$ 228,702,154</u></u>

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.0%) or 1 percentage point higher (3.0%) than the current discount rate:

	<u>1% Decrease (1.0%)</u>	<u>Current Discount Rate (2.0%)</u>	<u>1% Increase (3.0%)</u>
Total OPEB Liability	<u>\$ 276,352,784</u>	<u>\$ 228,702,154</u>	<u>\$ 192,037,400</u>

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (decreasing in various amounts to a trend rate of 4.0%) or 1 percentage point higher (decreasing in various amounts to a trend rate of 6.0%) than the current healthcare cost trend rates:

	<u>1% Decrease (4.75% decreasing in various amounts to a trend rate of 3.5%)</u>	<u>Healthcare Cost Trend Rates (5.75% decreasing in various amounts to a trend rate of 4.5%)</u>	<u>1% Increase (6.75% decreasing in various amounts to a trend rate of 5.5%)</u>
Total OPEB Liability	<u>\$ 187,220,594</u>	<u>\$ 228,702,154</u>	<u>\$ 284,511,968</u>

For the year ended December 31, 2020, the Town recognized OPEB expense of \$20,316,559 in the government-wide financial statements. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 1,419,637
Changes of assumptions or other inputs	<u>24,077,509</u>
	<u>\$ 25,497,146</u>

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31,</u>	
2021	\$ 5,424,750
2022	5,424,750
2023	5,424,751
2024	7,381,775
2025	<u>1,841,120</u>
	<u>\$ 25,497,146</u>

F. Revenues and Expenditures

Interfund Transfers

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without the equivalent flow of assets in return. The interfund transfers reflected below have been reflected as transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,888,381	\$ 16,037,527
Highway Fund	1,107,753	6,481,856
Solid Waste Management Authority	100,000	46,971
Part Town	21,961	201,697
Refuse and Garbage Districts	622,241	479,820
Debt Service Fund	31,529,739	2,716,973
Capital Projects Fund	1,508,038	8,242,011
Non-Major Governmental Funds	<u>233,382</u>	<u>2,804,640</u>
	<u>\$ 37,011,495</u>	<u>\$ 37,011,495</u>

Transfers are used to 1) move amounts earmarked in the operating funds to fulfill commitments for Capital Projects Fund expenditures and to move funds from the fund with collection authorization to the funds where additional amounts are needed and 2) to move amounts earmarked in the operating funds to fulfill commitments for Debt Service Fund expenditures.

Note 3 - Detailed Notes on All Funds (Continued)

G. Net Position

The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted for Debt Service – the component of net position that reports the difference between assets and liabilities of the Debt Service Fund with constraints placed on their use by Local Finance Law.

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

H. Fund Balances

	General Fund	Highway Fund	Solid Waste Management Authority	Part Town Fund	Refuse and Garbage Districts	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable									
Prepaid expenditures	\$ 957,854	\$ 400,102	\$ 9,385	\$ 257,564	\$ -	\$ -	\$ -	\$ 79,494	\$ 1,704,399
Inventory	390,731	314,570	-	-	-	-	-	-	705,301
Total Nonspendable	1,348,585	714,672	9,385	257,564	-	-	-	79,494	2,409,700
Restricted									
Capital projects	-	-	-	-	-	-	24,887,451	-	24,887,451
Debt service	-	-	-	-	-	11,538,242	-	-	11,538,242
Length of service award program	-	-	-	-	-	-	-	8,406,429	8,406,429
Total Restricted	-	-	-	-	-	11,538,242	24,887,451	8,406,429	44,832,122
Assigned									
Subsequent year's expenditures	-	-	-	-	-	-	-	96,500	96,500
Capital projects	1,327,022	2,243,586	-	601,461	-	-	-	-	4,172,069
Workers' compensation	598,019	1,550,000	-	-	-	-	-	-	2,148,019
Insurance	1,101,834	100,000	-	200,000	-	-	-	-	1,401,834
Employee benefit accrued liability	238,441	424,629	-	295,089	-	-	-	-	958,159
Senior endowment	1,215,488	-	-	-	-	-	-	-	1,215,488
Major funds	-	7,496,864	718,337	8,901,647	-	-	-	-	17,116,848
Non-major funds									
Fire protection	-	-	-	-	-	-	-	1,185,612	1,185,612
Lighting	-	-	-	-	-	-	-	520,587	520,587
Park	-	-	-	-	-	-	-	522,778	522,778
Sidewalk	-	-	-	-	-	-	-	2,056,186	2,056,186
Water	-	-	-	-	-	-	-	4,235	4,235
Total Assigned	4,480,804	11,815,079	718,337	9,998,197	-	-	-	4,385,898	31,398,315
Unassigned									
Non-major - Public Parking	-	-	-	-	-	-	-	(118,863)	(118,863)
Unassigned	12,253,880	-	-	-	(1,434,042)	-	-	-	10,819,838
Total Unassigned	12,253,880	-	-	-	(1,434,042)	-	-	(118,863)	10,700,975
Total Fund Balances	\$ 18,083,269	\$ 12,529,751	\$ 727,722	\$ 10,255,761	\$ (1,434,042)	\$ 11,538,242	\$ 24,887,451	\$ 12,752,958	\$ 89,341,112

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of fund balance are described above. Those additional elements which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Prepaid Expenditures has been established to account for certain payments made in advance. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Inventories have been classified as nonspendable to indicate that a portion of fund balance is not "available" for expenditure because the asset is in the form of commodities and the City anticipates utilizing them in the normal course of operations.

Restricted for LOSAP represents funds set aside to be used for LOSAP pension benefits in accordance with Article 11-A and Article 11-AAA of the General Municipal Law of the State of New York.

Subsequent year's expenditures represent that at December 31, 2020, the Town Board has assigned the above amounts to be appropriated for the ensuing year's budget. The Town designated \$27,500 for subsequent year's expenditures in the Refuse and Garbage Districts. This amount exceeded the available fund balance and is shown as a reduction to the unassigned.

Assignment for capital projects has been established to set aside funds for capital projects.

Assignment for workers' compensation has been established to set aside funds for medical, hospital, or other similar expenditures.

Assignment for insurance has been established to set aside funds for certain uninsured losses, claims, actions, or judgments.

Assignment for employee benefit accrued liability has been established pursuant to General Municipal Law to provide funds for the payment of unused sick, holiday and vacation time.

Assignment for the senior endowment has been established to set aside funds to support the development of affordable senior housing within the Town.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted or assigned.

Note 4 - Summary Disclosure of Significant Contingencies

A. Cybersecurity

The Town, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Town faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the Town carries insurance with coverage for cyber incidents or attacks and invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage Town digital networks and systems and the costs of remedying any such damage could be substantial.

Note 4 - Summary Disclosure of Significant 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 through 2012. In April 2015 the Town issued notes in the amount of \$1,575,000 to fund the Town's settlement with Verizon. The Town obtained a judgment against the County for the refund plus interest, which the County appealed. In August 2015, the Town paid Keyspan \$1,118,125 to resolve the actions commenced by Keyspan and issued notes in the amount of \$1,120,000 to fund the Town's settlement with Keyspan. The Town obtained a judgment against the County for the refund, plus interest, which the County appealed. It was the Town's position, based on Appellate Division precedent, that all of these matters were covered by the County Guarantee requiring an eventual payment or reimbursement of any judgments by the County. The appeals were fully briefed and argued in the Appellate Division, Second Department, which issued its decision on February 6, 2019, affirming the judgment in the Town's favor. The County filed an appeal as of right with the Court of Appeals, which was dismissed by the Court for lack of a question of law that is appealable as of right. The County filed a motion with the Appellate Division, Second Department, for permission to appeal to the Court of Appeals. The County's motion was denied and the County then filed a motion with the Court of Appeals for permission to appeal. That motion was denied on February 18, 2020, ending the litigation. The Town, exclusive of nonmajor component units, has recorded a receivable from the County under the County Guarantee for \$3,303,416 within the government-wide statement of net position.

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 in the action 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 militate

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

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. In April 2019, co-defendant ELS filed motion to dismiss based on LIPA's failure to prosecute (over a year). LIPA cross-moved to restore the case to trial calendar. Co-defendant's motion to dismiss for failure to prosecute was granted. LIPA's cross-motion to restore was denied. The Court concluded that LIPA "failed to rebut the presumption of abandonment and ... failed to establish that the Defendant would not be prejudiced if the action was restored to the trial calendar."

This decision, by denying LIPA's motion to restore the matter to the trial calendar, is an effective "dismissal" of the case. LIPA filed an appeal in December 2019. In November 2020, LIPA withdrew its appeal from the decision denying its motion to restore the case to the trial calendar. This effectively ends LIPA's case and as such the \$750,000 claim within the general liability claims payable on the government-wide statement of net position has been removed.

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 \$1.4 million in damages. The County's theory against the Town is that the Town failed in its responsibility under its MS4 storm water permit to prevent concrete from discharging 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. A Temporary Restraining Order jointly obtained by the Town and the County against the concrete companies prohibiting discharge of concrete slurry into the storm water drain system has been lifted. Pleadings were amended to assert a continuing nuisance and continuing damages from any continued discharge into the storm water drains. Document discovery and depositions have been ongoing are ongoing. The County and Town have proposed (and are discussing) discontinuing the claims and counterclaims between Town and County which would leave only County and Town claims against Commercial Concrete and NY Ready Mix. A further discovery conference was scheduled for March 25, 2020. However due to the limitations imposed by the pandemic (Covid-19), depositions were halted in March 2020, but have now resumed and are ongoing. At a recent Court conference, the attorney for Commercial Concrete- the company that is most likely responsible for allowing concrete to clog the pipe-expressed an interest in submitting the case to mediation. The preliminary suggestion is that any mediation would be in September, at the earliest. Discussions about discontinuing the claims between the Town and County have not progressed. We expect that as this matter gets closer to any mediation date,

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

this issue will be addressed. The next court conference is scheduled for September 30, 2021. We expect discovery will be at or near completion by that date. The resolution and outcome of this litigation cannot be determined at this time. As such, no amount for liability has been recorded in the Town's financial statements.

Glenwood Power Plant Case

In April 2018, National Grid sued the County, the Town, North Shore Central School District, and various special districts within the Town alleging that when the Glenwood Power Plant was demolished the plant remained overtaxed because of the adjusted and current base proportions used to divide tax levy between property classes in the 2014/15 through 2017/18 tax years. The claim against Town defendants is for monies had and received. In a February 14, 2019 decision, the court dismissed National Grid's claims against the school districts based on the County Guarantee. The County Guarantee also applies to the claims against the Town. The Town did not file a motion in that case. However, that decision is "law of the case" and also bars the claims against the Town. The County filed an appeal from that decision but recently (February, 2020) withdrew the appeal. During a May 2020 phone conference, counsel for the County and National Grid confirmed that they are negotiating a possible settlement. The Town defendants' position is that the claim is covered by the County guarantee and the Town has no refund liability. National Grid filed a motion for summary judgment on the issue of liability as against the County. However, National Grid and the County continue to negotiate a possible settlement. The parties have agreed to adjourn the pending motions to October 1, 2021. The resolution and outcome of this litigation cannot be determined at this time. As such, no amount for liability has been recorded in the Town's financial statements.

Clinton G. Martin Park

In 2017 the Town awarded a contract to Gramercy Group, Inc. for the renovation of the Clinton G. Martin Park, which included the renovation of the public swimming pool, with construction and renovation of other park facilities. The initial contract amount was \$20,731,000 and the project was to have been completed by April 24, 2018. Gramercy did not complete the project on time. Although the pool opened in June 2018, outstanding work remains to be completed and defective and non-compliant work remains to be remedied.

Following discussions among the Town, Gramercy and its performance bond surety, the Town began the process under to the terms of the contract to declare Gramercy in default, to terminate the contract and demand that the surety completes the project. Shortly before the Town Board meeting to approve the declaration of default, Gramercy filed for Chapter 11 bankruptcy protection. Gramercy has, in the bankruptcy proceeding, commenced an adversary proceeding against the Town, seeking to recover \$2.8 million it claims the Town is wrongfully withholding. The Town intends to vigorously assert defenses and to pursue affirmative counterclaims. The Town has filed a motion to dismiss for lack of jurisdiction, which has been fully briefed and awaiting a date for oral argument. Discovery is not stayed during the pendency of the motion and is ongoing. The resolution and outcome of this case cannot be determined at this time, as such the Town has maintained the retainage payable to the contractor in the corresponding capital project account. Settlement negotiations are proceeding.

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

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

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.

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 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. Accordingly, no amounts pertaining to potential reimbursements or disallowances have been accrued in the Town's financial statements.

Wrongful Deaths

Estate of Schneider vs. Hanasab, e al.

This wrongful death case resulted from a June 6, 2016 automobile accident. The deceased, while riding a motor scooter, was involved in an accident with a car. The deceased died as a result of injuries from that accident. The wife of the deceased sued on behalf of herself and the Estate, claiming that the Town was negligent in the placement of a stop sign and in the maintenance of nearby trees and shrubbery. The complaint alleged that the Town placed the stop sign at the wrong location and therefore caused the driver's view to be blocked by vegetation.

At a February 2020 trial, the jury found in favor of plaintiff. The jury awarded plaintiff \$2.7M in damages and apportioned 70% fault to the Town and 30% fault to the driver of the vehicle. The Town's post-trial motion was denied on April 7, 2021. A Notice of Appeal has been filed and the Appeal is in the process of being briefed. By law, the Notice of Appeal will stay all attempts to enforce the judgment. The resolution and outcome of this litigation cannot be determined at this time. However, to be conservative, the Town has recorded a \$2,250,000 claim within the general liability claims payable on the government-wide statement of net position.

Estate of Silva vs. Town

A Notice of Claim was received by the Town from the Estate of the deceased on July 8, 2020, asserting a claim for unspecified damages for wrongful death and conscious pain and suffering arising from an incident at the Solid Waste Management Authority Transfer Station on March 15, 2020. A Summons and Complaint was received by the Town on June 21, 2021 and the lawsuit is being defended under the Town's existing insurance coverage. As the litigation is in the early stages, any potential exposure of the Town has not yet been determined. Accordingly, no amount for liability has been recorded in the Town's financial statements.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

Other Litigation

In addition to the above referenced cases, the Town is involved in other lawsuits with claims ranging from several hundred dollars 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 previous 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. Accordingly, no amount for liability has been recorded in these Town's financial statements.

B. Risk Management

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 for general liability to be \$2,944,357. 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 \$2,981,143. The Town is also self-insured for unemployment benefits paid.

C. Contingencies

The Town participates in various Federal grant programs. These programs may be subject to program compliance audits pursuant to the Single Audit Act. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, to be immaterial.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

Coronavirus

On March 11, 2020, the World Health Organization declared a global pandemic as a result of the spread of Coronavirus. This was followed by the President of the United States declaring an outbreak of Coronavirus a national emergency on March 13, 2020.

Preceding these announcements, the Governor of the State of New York declared a state of emergency on March 7, 2020, and has since issued multiple Executive Orders regarding the pandemic. Furthermore, the Enacted 2020-2021 New York State budget granted the Budget Director the authority to reduce state aid payments to local governments and towns by any amount to achieve a balanced budget. The Budget Director is authorized, under Section 1(f) of Chapter 53 of the Laws of 2020, to withhold all or some of specific local aid payments during state fiscal year 2020-21, that began on April 1, 2020, if the budget is deemed unbalanced and if the Budget Director further determines that such withholding is necessary to respond to the direct and indirect economic financial and social effects of the Coronavirus pandemic (“Reduction Authority”).

The ultimate size of any permanent reductions would depend on the availability of unrestricted Federal Aid. The onset of the pandemic in the spring of 2020 coincided with the start of the new fiscal year for New York State. With the uncertainties that existed at that time with respect to additional federal assistance and an expected drop in economic activity, the Governor was given authority to make amendments subsequent to the adoption of the 2020-21 New York State budget, which did not take these factors into consideration. This authority included, but was not limited to, the ability to withhold a minimum of 20% of most state aid payments to municipalities to achieve cash flow savings that New York State needed for its budget. Many of these reductions were implemented beginning with payments made by the state in the late spring of 2020 and thus negatively impacted state aid revenues reported by local municipalities that year. However, in the first quarter of 2021, based on New York State’s projection of slightly better than expected revenue collections through the first nine months of its fiscal year and additional federal stimulus measures, New York State has indicated that it would restore 75% of the funds withheld from municipalities by March 31, 2021. This would serve to reduce, but not fully eliminate, the impact of the state aid reductions realized in 2020. There continues to be no assurance that state aid in the 2021-22 New York State budget will be restored to pre-pandemic levels. This potential reduction in state aid will need to be considered in managing local municipal budgets going forward.

In addition to these New York State actions, the Town’s economically sensitive revenues (i.e., sales tax distributions, mortgage tax, interest earnings, charges for services) are being negatively impacted. Meanwhile, the Town’s expenditures on health and safety measures (personal protective equipment, sanitizing supplies, custodial overtime, technology acquisitions to support a safe working environment) will increase significantly.

The outbreak of the Coronavirus and the dramatic steps taken by the Federal government and New York State to address it will continue to negatively affect New York State and its local economies. The full impact of the Coronavirus on New York State’s operations and financial condition is not expected to be known for some time. Similarly, the degree of the impact on the Town’s future operations and finances as a result of the Coronavirus is extremely difficult to predict due to uncertainties relating to its duration and severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including New York State, to contain or mitigate its effects. The spread of the outbreak or reemergence later in the year could have a material adverse financial effect on New York State and local municipalities, including the Town. The Town is continuously monitoring the situation and will take such

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

proactive measures as may be required to maintain operations and meet its obligations. Given this level of uncertainty, management cannot reasonably estimate the actual impact on the Town's future financial position at this time.

D. Authority

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

E. 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 2020, and expire between February 2020 and May 2029. Total rental expenditures on such leases for the year ended December 31, 2020 totaled \$456,420. The minimum future non-cancelable operating lease payments are as follows:

<u>Years Ending December 31,</u>	
2021	\$ 390,355
2022	133,835
2023	61,611
2024	25,656
2025	15,000
2026-2029	<u>65,000</u>
	<u>\$ 691,457</u>

Note 5 -Tax Abatements

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, 2020, 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 Payment in Lieu of Taxes ("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, 2020, the agreements the NCIDA ratified resulted in an abatement of \$3,968,985 of the Town's real property taxes and the receipt of \$1,546,870 in PILOT payments.

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 6 - Condensed Financial Statements for the Discretely Presented Non-Major Component Units

The following represents condensed financial statements for the discretely presented non-major component units as of, and for the year ended, December 31, 2020:

Condensed Statement of Net Position

	Assets & Deferred Outflows of Resources		Liabilities & Deferred Inflows of Resources		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
Garbage Districts:							
Port Washington	\$ 2,070,697	\$ 24,750	\$ 14,063	\$ -	\$ 24,750	\$ -	\$ 2,056,634
Glenwood	60,537	-	2,727	-	-	-	57,810
Carle Place	461,032	-	3,587	-	-	-	457,445
Roslyn	754,317	-	11,064	3,891	-	-	739,362
Water Pollution Control Districts:							
Great Neck	33,323,635	81,440,030	7,520,654	86,454,203	24,645,865	25,266,776	(29,123,833)
Belgrave	8,272,801	13,872,575	3,052,694	13,365,381	8,738,466	3,368,424	(6,379,589)
Port Washington	14,720,046	29,481,367	11,237,196	26,119,748	14,737,735	156,823	(8,050,089)
Water Districts:							
Glenwood	608,596	454,980	26,355	179,117	454,980	170,703	232,421
Albertson	7,954,746	10,203,884	5,828,268	11,408,527	4,133,229	5,980,631	(9,192,025)
Garden City Park	6,122,478	27,452,762	2,035,997	23,301,990	14,395,748	1,651,674	(7,810,169)
Port Washington	9,835,632	26,962,381	7,617,152	29,872,111	8,714,639	329,467	(9,735,356)
Westbury	12,438,368	9,630,537	8,929,137	10,529,150	7,591,476	2,959,684	(7,940,542)
Roslyn	12,908,076	16,212,999	1,657,358	23,200,887	5,574,426	4,759,856	(6,071,452)
Carle Place	12,620,820	14,505,687	978,523	15,414,501	4,937,417	9,697,631	(3,901,565)
Manhasset - Lakeville	18,607,721	42,646,496	2,814,349	17,663,950	33,218,906	11,690,792	(4,133,780)
Park Districts:							
Manhasset	2,563,282	2,222,377	819,245	8,022,537	2,222,377	-	(6,278,500)
Great Neck	17,911,778	23,084,211	5,309,737	41,363,460	14,693,461	1,341,546	(21,712,215)
Other:							
Port Washington Police District	43,501,174	2,196,292	6,692,266	102,570,374	2,165,690	1,130,751	(66,861,615)
Shelter Rock Public Library District	4,499,663	4,928,070	769,335	6,829,944	3,237,446	224,247	(1,633,239)
Town of North Hempstead Community Development Agency	6,242,618	-	1,845,751	2,707,374	-	2,105,679	(416,186)
Town of North Hempstead Business and Tourism Development Corporation	95,222	-	-	-	-	7,101	88,121
Greater Port Washington Business Improvement District	239,224	70,844	18,738	13,378	49,649	13,679	214,624
	<u>\$ 215,812,463</u>	<u>\$ 305,390,242</u>	<u>\$ 67,184,196</u>	<u>\$ 419,020,523</u>	<u>\$ 149,536,260</u>	<u>\$ 70,855,464</u>	<u>\$ (185,393,738)</u>

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 6 - Condensed Financial Statements for the Discretely Presented Non-major 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	As Restated January 1, 2020	December 31, 2020
Garbage Districts:									
Port Washington	\$ 2,351,922	\$ -	\$ -	\$ 2,351,922	\$ 2,715,497	\$ 2,481	\$ 366,056	\$ 1,715,328	\$ 2,081,384
Glenwood	61,621	-	-	61,621	62,301	25	705	57,105	57,810
Carle Place	905,703	-	-	905,703	911,811	17,525	23,633	433,812	457,445
Roslyn	657,804	-	-	657,804	665,325	115,544	123,065	616,297	739,362
Water Pollution Control Districts:									
Great Neck	13,161,597	3,175,274	5,921,107	4,065,216	7,218,630	594,373	3,747,787	17,041,021	20,788,808
Belgrave	3,810,805	881,421	249,341	2,680,043	2,706,438	124,839	151,234	5,576,067	5,727,301
Port Washington	7,904,871	1,151,775	-	6,753,096	5,288,674	197,852	(1,266,570)	8,111,039	6,844,469
Water Districts:									
Glenwood	455,826	164,866	-	290,960	199,003	41,853	(50,104)	908,208	858,104
Albertson	5,328,343	1,503,806	-	3,824,537	1,715,998	206,643	(1,901,896)	2,823,731	921,835
Garden City Park	6,280,036	1,972,235	-	4,307,801	3,412,393	692,377	(203,031)	8,440,284	8,237,253
Port Washington	6,814,919	5,567,813	-	1,247,106	1,684,269	352,981	790,144	(1,481,394)	(691,250)
Westbury	7,026,006	1,675,992	-	5,350,014	3,684,705	497,768	(1,167,541)	3,778,159	2,610,618
Roslyn	5,454,578	2,225,383	-	3,229,195	2,884,587	121,556	(223,052)	4,485,882	4,262,830
Carle Place	3,557,438	848,146	-	2,709,292	2,794,794	533,488	618,990	10,114,493	10,733,483
Manhasset - Lakeville	7,851,503	6,173,453	-	1,678,050	3,593,693	565,051	2,480,694	38,295,224	40,775,918
Park Districts:									
Manhasset	1,982,531	304,513	-	1,678,018	765,382	31,276	(881,360)	(3,174,763)	(4,056,123)
Great Neck	16,863,514	2,235,707	3,197	14,624,610	11,994,132	861,453	(1,769,025)	(3,908,183)	(5,677,208)
Other:									
Port Washington Police District	29,312,651	5,658	69,892	29,237,101	21,667,062	2,367,905	(5,202,134)	(58,363,040)	(63,565,174)
Shelter Rock Public Library District	3,968,159	6,689	10,910	3,950,560	4,032,733	186,837	269,010	1,559,444	1,828,454
Community Development Agency	967,510	184,935	1,350,668	(568,093)	-	15,275	583,368	1,106,125	1,689,493
Town of North Hempstead Business and Tourism Development Corporation	69,065	-	-	69,065	-	18,918	(50,147)	145,369	95,222
Port Washington Business Improvement District	188,007	6,836	7,487	173,684	202,009	1,167	29,492	248,460	277,952
	<u>\$ 124,974,409</u>	<u>\$ 28,084,502</u>	<u>\$ 7,612,602</u>	<u>\$ 89,277,305</u>	<u>\$ 78,199,436</u>	<u>\$ 7,547,187</u>	<u>\$ (3,530,682)</u>	<u>\$ 38,528,668</u>	<u>\$ 34,997,986</u>

Town of North Hempstead, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 6 - 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
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 Road
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 Searingtown 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

Town of North Hempstead Business
and Tourism Development Corporation
220 Plandome Road
Manhasset, NY 11030

Town of North Hempstead, New York

Notes to Financial Statements (Concluded)
December 31, 2020

Note 7 - Recently Issued GASB Pronouncements

GASB Statement No. 87, "Leases", as amended by GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance", establishes a single model for lease accounting based on the concept that leases are a financing of a "right-to-use" underlying assets. As such, this Statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset. A lessor will be required to record a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the Town believes will most impact its financial statements. The Town will evaluate the impact this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

Note 8 - Subsequent Events

The Town, in March 2021, issued bond anticipation notes for various purposes in the amount of \$35,363,601 with an interest rate of 1.50% that will mature in March 2022.

The Town, in March 2021, issued public improvement serial bonds for various purposes in the amount of \$11,420,000 with interest rates ranging from 2.0% to 5.0% that will mature in March 2036.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

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Town of North Hempstead, New York

Required Supplementary Information - Schedule of Changes in the
Town's Total OPEB Liability and Related Ratios
Last Ten Fiscal Years (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability:			
Service cost	\$ 7,893,098	\$ 6,763,407	\$ 7,227,658
Interest	5,579,074	6,113,873	5,635,836
Changes of benefit terms	-	-	-
Differences between expected and actual experience	1,703,565	-	-
Changes of assumptions or other inputs	9,343,160 (5)	33,243,929 (4)	(11,742,155)
Benefit payments	<u>(4,898,205)</u>	<u>(4,559,144)</u>	<u>(4,384,851)</u>
Net Change in Total OPEB Liability	19,620,692	41,562,065	(3,263,512)
Total OPEB Liability - Beginning of Year	<u>209,081,462</u>	<u>167,519,397</u>	<u>170,782,909 (3)</u>
Total OPEB Liability - End of Year	<u>\$ 228,702,154</u>	<u>\$ 209,081,462</u>	<u>\$ 167,519,397</u>
Town's covered-employee payroll	<u>\$ 29,056,807</u>	<u>\$ 30,105,868</u>	<u>\$ 30,105,868</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>787.09%</u>	<u>694.49%</u>	<u>556.43%</u>

Notes to Schedule:

(1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

(2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related benefits.

(3) Restated for the implementation of the provisions of GASB Statement No. 75.

(4) Assumption Changes - The discount rate was changed from 3.7% to 2.7%.

(5) Assumption Changes - The discount rate was changed from 2.7% to 2.0%.

See independent auditors' report.

Town of North Hempstead, New York

Required Supplementary Information
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (2)

Schedule of the Town's Proportionate Share of the Net Pension Liability (1)

	2020 (4)(5)	2019	2018	2017	2016 (3)	2015
Town's proportion of the net pension liability	0.1011124%	0.1051830%	0.1083369%	0.1097790%	0.1105340%	0.1093560%
Town's proportionate share of the net pension liability	\$ 26,775,128	\$ 7,452,541	\$ 3,496,515	\$ 10,315,083	\$ 17,741,027	\$ 3,693,060
Town's covered payroll	\$ 31,538,017	\$ 31,667,813	\$ 31,704,375	\$ 32,253,694	\$ 31,605,182	\$ 30,647,874
Town's proportionate share of the net pension liability as a percentage of its covered payroll	84.90%	23.53%	11.03%	31.98%	56.13%	12.05%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

Schedule of Contributions

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 4,551,832	\$ 4,637,862	\$ 4,872,331	\$ 4,752,914	\$ 4,972,909	\$ 5,410,065
Contributions in relation to the contractually required contribution	(4,551,832)	(4,637,862)	(4,872,331)	(4,752,914)	(4,761,477)	(4,564,335)
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ 211,432	\$ 845,730
Town's covered payroll	\$ 31,899,314	\$ 31,553,997	\$ 31,917,508	\$ 31,409,407	\$ 31,483,760	\$ 31,474,762
Contributions as a percentage of covered payroll	14.27%	14.70%	15.27%	15.13%	15.12%	14.50%

(1) The amounts presented for each fiscal year were determined as of the March 31st measurement date within the current fiscal year.

(2) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

(3) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

(4) The discount rate used to calculate the total pension liability was decreased from 7.0% to 6.8% effective with the March 31, 2020 measurement date.

(5) Increase in Town's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment loss.

See independent auditors' report.

Town of North Hempstead, New York

Required Supplementary Information - Length of Service Awards Program
 Schedule of Changes in Total Pension Liability and Related Ratios
 Last Ten Fiscal Years (1)

Schedule of Changes in the Town's Total Pension Liability

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability:				
Service cost	\$ 133,287	\$ 137,419	\$ 131,706	\$ 159,047
Interest	180,172	160,501	167,662	150,892
Differences between expected and actual experience	57,382	68,112	29,415	11,419
Changes of assumptions or other inputs	277,588	(340,829)	374,520	(339,920)
Benefit payments	<u>(174,236)</u>	<u>(126,670)</u>	<u>(171,392)</u>	<u>(129,173)</u>
Net Change in Total Pension Liability	474,193	(101,467)	531,911	(147,735)
Total Pension Liability - Beginning of Year	<u>4,903,602</u>	<u>5,005,069</u>	<u>4,473,158</u>	<u>4,620,893</u>
Total Pension Liability - End of Year	<u>\$ 5,377,795</u>	<u>\$ 4,903,602</u>	<u>\$ 5,005,069</u>	<u>\$ 4,473,158</u>
Town's covered-employee payroll	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total pension liability as a percentage of covered-employee payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Discount rate	<u>3.26%</u>	<u>3.64%</u>	<u>3.16%</u>	<u>3.71%</u>

Notes to Schedule:

- (1) Data not available prior to fiscal year 2017 implementation of Governmental Accounting Standards Board Statement No. 73.
- (2) The information presented above are for the two length of service awards program plans where the Town is the sole sponsor.

See independent auditors' report.

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MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund constitutes the primary operating fund of the Town and is used to account for and report all financial resources not accounted for and reported in another fund.

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The major special revenue funds of the Town are as follows:

- **Highway Fund** - The Highway Fund is used to account for road and bridge maintenance and improvements as defined in the Highway Law of the State of New York.
- **Solid Waste Management Authority Fund** - The Solid Waste Management Authority Fund is a public benefit corporation created in 1984, use to account for solid waste management services for the benefit of the Town.
- **Part Town Fund** - The Part Town Fund is used to account for transactions which by statute affect only those areas outside the boundaries of the villages located within the Town.
- **Refuse and Garbage Districts Fund** - The Refuse and Garbage Districts Fund is used to account for the operation and maintenance of the Town's refuse and garbage districts.

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Town of North Hempstead, New York

General Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 25,286,128	\$ 25,286,128	\$ 25,317,582	\$ 31,454
Other tax items	2,263,821	2,263,821	2,103,435	(160,386)
Non-property tax items	14,350,000	14,350,000	13,937,959	(412,041)
Departmental income	9,013,060	9,013,060	3,814,611	(5,198,449)
Use of money and property	327,326	327,326	265,601	(61,725)
Licenses and permits	285,700	285,700	238,652	(47,048)
Fines and forfeitures	30,000	30,000	31,309	1,309
Sale of property and compensation for loss	-	-	26,547	26,547
Interfund revenues	6,764,229	6,764,229	6,833,879	69,650
State aid	7,813,812	7,813,812	9,724,993	1,911,181
Federal aid	333,000	333,000	378,066	45,066
Miscellaneous	1,108,565	1,129,616	1,144,575	14,959
Total Revenues	67,575,641	67,596,692	63,817,209	(3,779,483)
EXPENDITURES				
Current				
General government support	15,874,933	15,823,828	14,836,145	987,683
Education	2,200,000	2,657,322	2,657,322	-
Public safety	1,494,298	1,563,858	1,547,137	16,721
Transportation	-	31,083	31,083	-
Economic opportunity and development	2,664,201	2,667,201	2,289,678	377,523
Culture and recreation	18,261,154	18,046,981	14,725,726	3,321,255
Home and community services	1,283,653	1,679,632	1,656,909	22,723
Employee benefits	11,869,438	11,184,164	11,146,221	37,943
Total Expenditures	53,647,677	53,654,069	48,890,221	4,763,848
Excess of Revenues Over Expenditures	<u>13,927,964</u>	<u>13,942,623</u>	<u>14,926,988</u>	<u>984,365</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,902,883	1,902,883	1,888,381	(14,502)
Transfers out	(15,830,847)	(16,037,528)	(16,037,527)	1
Total Other Financing Uses	(13,927,964)	(14,134,645)	(14,149,146)	(14,501)
Net Change in Fund Balance	-	(192,022)	777,842	969,864
FUND BALANCE				
Beginning of Year	-	192,022	17,305,427	17,113,405
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,083,269</u>	<u>\$ 18,083,269</u>

See independent auditors' report.

Town of North Hempstead, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REAL PROPERTY TAXES	\$ 25,286,128	\$ 25,286,128	\$ 25,317,582	\$ 31,454
OTHER TAX ITEMS				
Interest and penalties on real property taxes	1,200,000	1,200,000	973,312	(226,688)
Payments in lieu of taxes	1,055,421	1,055,421	1,120,423	65,002
Returned check charge: property tax	8,400	8,400	9,700	1,300
	<u>2,263,821</u>	<u>2,263,821</u>	<u>2,103,435</u>	<u>(160,386)</u>
NON-PROPERTY TAX ITEMS				
Nassau County local government assistance	12,150,000	12,150,000	11,846,015	(303,985)
Franchise fees	2,200,000	2,200,000	2,091,944	(108,056)
	<u>14,350,000</u>	<u>14,350,000</u>	<u>13,937,959</u>	<u>(412,041)</u>
DEPARTMENTAL INCOME				
Comptroller's fees	7,000	7,000	10,975	3,975
Town clerk fees	45,000	45,000	48,016	3,016
Other general departmental income	10,400	10,400	12,938	2,538
Public pound charge dog fees	10,000	10,000	6,150	(3,850)
Other public safety departmental income	40,000	40,000	34,310	(5,690)
Parks and recreation charges	2,400,000	2,400,000	452,645	(1,947,355)
Dock storage leases	35,000	35,000	12,815	(22,185)
Recreational concessions	8,160	8,160	2,234	(5,926)
Special recreational facility charges	6,435,000	6,435,000	3,234,528	(3,200,472)
Other culture and recreation	22,500	22,500	-	(22,500)
	<u>9,013,060</u>	<u>9,013,060</u>	<u>3,814,611</u>	<u>(5,198,449)</u>
USE OF MONEY AND PROPERTY				
Earnings on investments	180,000	180,000	115,668	(64,332)
Rental of real property	147,326	147,326	149,933	2,607
	<u>327,326</u>	<u>327,326</u>	<u>265,601</u>	<u>(61,725)</u>
LICENSES AND PERMITS				
Games of chance	200	200	-	(200)
Bingo licenses	500	500	-	(500)
Dog license fund apportionment	25,000	25,000	16,812	(8,188)
Licensing fees	50,000	50,000	30,910	(19,090)
Town permits	210,000	210,000	190,930	(19,070)
	<u>285,700</u>	<u>285,700</u>	<u>238,652</u>	<u>(47,048)</u>
FINES AND FORFEITURES				
Fines and forfeited bail	30,000	30,000	31,309	1,309
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sale of equipment	-	-	21,244	21,244
Insurance recoveries	-	-	5,303	5,303
	<u>-</u>	<u>-</u>	<u>26,547</u>	<u>26,547</u>

(Continued)

Town of North Hempstead, New York

General Fund
 Schedule of Revenues and Other Financing Sources Compared to Budget (Continued)
 Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
INTERFUND REVENUES	\$ 6,764,229	\$ 6,764,229	\$ 6,833,879	\$ 69,650
STATE AID				
Mortgage tax	7,700,000	7,700,000	9,522,797	1,822,797
Youth program	49,286	49,286	49,286	-
Recreation for disabled	29,526	29,526	9,842	(19,684)
Environmental conservation	35,000	35,000	37,347	2,347
Emergency disaster assistance	-	-	77,940	77,940
Other home and community service	-	-	27,781	27,781
	<u>7,813,812</u>	<u>7,813,812</u>	<u>9,724,993</u>	<u>1,911,181</u>
FEDERAL AID				
Culture and recreation	-	-	202,178	202,178
Programs for the aging	333,000	333,000	223,535	(109,465)
Emergency disaster assistance	-	-	(47,647)	(47,647)
	<u>333,000</u>	<u>333,000</u>	<u>378,066</u>	<u>45,066</u>
MISCELLANEOUS				
Reimbursement of Medicare Part D	10,000	10,000	(2,906)	(12,906)
Refund of prior year expenditures	10,000	10,000	79,951	69,951
AIM related payments	1,023,565	1,023,565	1,023,565	-
Gifts and donations	60,000	75,878	19,378	(56,500)
Unclassified	5,000	10,173	24,587	14,414
	<u>1,108,565</u>	<u>1,129,616</u>	<u>1,144,575</u>	<u>14,959</u>
TOTAL REVENUES	<u>67,575,641</u>	<u>67,596,692</u>	<u>63,817,209</u>	<u>(3,779,483)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>1,902,883</u>	<u>1,902,883</u>	<u>1,888,381</u>	<u>(14,502)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 69,478,524</u>	<u>\$ 69,499,575</u>	<u>\$ 65,705,590</u>	<u>\$ (3,793,985)</u>

See independent auditors' report.

Town of North Hempstead, New York

General Fund
 Schedule of Expenditures and Other Financing Uses Compared to Budget
 Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT SUPPORT				
Town Board	\$ 843,741	\$ 843,741	\$ 761,230	\$ 82,511
Supervisor	791,569	824,646	824,644	2
Finance	219,776	169,758	125,155	44,603
Comptroller	1,612,537	1,502,704	1,426,737	75,967
Receiver of Taxes	1,255,251	1,232,420	1,232,416	4
Purchasing	272,878	272,878	223,683	49,195
Credit card fees	119,390	117,793	93,839	23,954
Fiscal agent fees	35,000	11,580	11,580	-
Town clerk	726,719	726,719	699,545	27,174
Town attorney	1,393,403	1,895,538	1,786,018	109,520
Human resources	491,538	501,999	501,992	7
Engineering	338,744	588,489	588,487	2
Records management	243,731	243,731	218,996	24,735
Call center	541,719	541,719	540,365	1,354
Public information	679,863	679,863	518,746	161,117
Public works	530,010	280,265	150,227	130,038
General services	1,422,492	1,443,238	1,260,348	182,890
Community center	71,303	63,737	39,675	24,062
Central printing and mail	517,734	512,934	464,432	48,502
Technology services	1,941,270	1,967,270	1,965,312	1,958
Unallocated insurance	559,015	422,356	422,355	1
Other general government support	1,267,250	980,450	980,363	87
	<u>15,874,933</u>	<u>15,823,828</u>	<u>14,836,145</u>	<u>987,683</u>
EDUCATION				
Community college	<u>2,200,000</u>	<u>2,657,322</u>	<u>2,657,322</u>	<u>-</u>
PUBLIC SAFETY				
Administration	251,914	217,317	214,966	2,351
Animal shelter	714,617	777,371	763,751	13,620
Harbor patrol	363,991	377,719	377,711	8
Town dock	23,000	22,910	22,171	739
Emergency management services	140,776	168,541	168,538	3
	<u>1,494,298</u>	<u>1,563,858</u>	<u>1,547,137</u>	<u>16,721</u>
TRANSPORTATION				
Snow removal	<u>-</u>	<u>31,083</u>	<u>31,083</u>	<u>-</u>
ECONOMIC OPPORTUNITY AND DEVELOPMENT				
Community services	281,725	284,725	247,376	37,349
Programs for the aging	2,382,476	2,382,476	2,042,302	340,174
	<u>2,664,201</u>	<u>2,667,201</u>	<u>2,289,678</u>	<u>377,523</u>

(Continued)

Town of North Hempstead, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
CULTURE AND RECREATION				
Parks and recreation	\$ 1,206,517	\$ 1,127,147	\$ 1,120,718	\$ 6,429
Parks	8,921,038	9,133,193	8,024,124	1,109,069
Community center	1,315,163	1,245,932	1,104,032	141,900
Special recreation facilities	6,174,250	5,972,231	4,056,399	1,915,832
Youth activities	644,186	568,478	420,453	148,025
	<u>18,261,154</u>	<u>18,046,981</u>	<u>14,725,726</u>	<u>3,321,255</u>
HOME AND COMMUNITY SERVICES				
Environmental facilities	1,127,567	1,521,786	1,499,063	22,723
Housing authority	148,586	148,586	148,586	-
Emergency tenant protection act	7,500	9,260	9,260	-
	<u>1,283,653</u>	<u>1,679,632</u>	<u>1,656,909</u>	<u>22,723</u>
EMPLOYEE BENEFITS				
State retirement	3,099,473	2,879,127	2,879,125	2
Social security	1,609,714	1,504,564	1,502,896	1,668
Workers' compensation	425,228	696,364	696,362	2
Unemployment benefits	15,000	15,000	8,470	6,530
Disability benefits	1,000	1,000	-	1,000
Hospital, medical and dental	6,659,677	6,028,763	6,008,154	20,609
Other employee benefits	59,346	59,346	51,214	8,132
	<u>11,869,438</u>	<u>11,184,164</u>	<u>11,146,221</u>	<u>37,943</u>
TOTAL EXPENDITURES	<u>53,647,677</u>	<u>53,654,069</u>	<u>48,890,221</u>	<u>4,763,848</u>
OTHER FINANCING USES				
Transfers out	<u>15,830,847</u>	<u>16,037,528</u>	<u>16,037,527</u>	<u>1</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 69,478,524</u>	<u>\$ 69,691,597</u>	<u>\$ 64,927,748</u>	<u>\$ 4,763,849</u>

See independent auditors' report.

Town of North Hempstead, New York

Highway Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES	\$ 21,220,076	\$ 21,220,076	\$ 21,273,814	\$ 53,738
OTHER TAX ITEMS				
Special assessment	12,000	12,000	-	(12,000)
Payment in lieu of taxes	1,682,984	1,682,984	1,788,886	105,902
Interest and penalties on real property taxes	-	-	2,064	2,064
	<u>1,694,984</u>	<u>1,694,984</u>	<u>1,790,950</u>	<u>95,966</u>
DEPARTMENTAL INCOME				
Concession fees	-	-	101	101
INTERGOVERNMENTAL CHARGES				
Services for other governments	75,000	75,000	11,459	(63,541)
USE OF MONEY AND PROPERTY				
Interest and earnings	100,000	100,000	49,574	(50,426)
Rental of real property	59,301	59,301	61,837	2,536
	<u>159,301</u>	<u>159,301</u>	<u>111,411</u>	<u>(47,890)</u>
LICENSE AND PERMITS				
Permits - road restoration fee	700,000	700,000	482,532	(217,468)
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Recycling	-	-	1,089	1,089
Sale of equipment	60,000	60,000	62,210	2,210
	<u>60,000</u>	<u>60,000</u>	<u>63,299</u>	<u>3,299</u>
INTERFUND REVENUES	<u>95,000</u>	<u>95,000</u>	<u>48,496</u>	<u>(46,504)</u>
STATE AID				
Consolidated highway aid	762,366	762,366	634,798	(127,568)
MISCELLANEOUS				
Refund of prior year expenditures	-	-	176,008	176,008
Total Revenues	<u>24,766,727</u>	<u>24,766,727</u>	<u>24,592,868</u>	<u>(173,859)</u>

Town of North Hempstead, New York

Highway Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual (Continued)
 Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES				
GENERAL GOVERNMENT SUPPORT				
Unallocated insurance	\$ 173,325	\$ 173,325	\$ 120,060	\$ 53,265
Other	2,946,164	2,889,326	2,698,371	190,955
	<u>3,119,489</u>	<u>3,062,651</u>	<u>2,818,431</u>	<u>244,220</u>
TRANSPORTATION				
Administration	3,552,088	3,580,563	2,247,501	1,333,062
Garage	4,193,730	4,193,730	4,042,385	151,345
Snow removal	1,382,500	1,382,500	655,808	726,692
Services for other governments	1,058,610	1,058,610	991,762	66,848
Signs	609,862	609,862	513,608	96,254
Traffic safety	68,817	68,817	51,711	17,106
	<u>10,865,607</u>	<u>10,894,082</u>	<u>8,502,775</u>	<u>2,391,307</u>
EMPLOYEE BENEFITS				
State retirement	1,163,395	1,163,395	1,080,690	82,705
Social security	570,000	570,000	458,304	111,696
Workers' compensation	500,000	678,803	678,802	1
Unemployment benefits	20,000	20,000	684	19,316
Disability benefits	100	100	-	100
Hospital, medical and dental	3,517,295	3,310,017	3,229,664	80,353
Other employee benefits	26,474	26,474	18,475	7,999
	<u>5,797,264</u>	<u>5,768,789</u>	<u>5,466,619</u>	<u>302,170</u>
Total Expenditures	<u>19,782,360</u>	<u>19,725,522</u>	<u>16,787,825</u>	<u>2,937,697</u>
Excess of Revenues Over Expenditures	<u>4,984,367</u>	<u>5,041,205</u>	<u>7,805,043</u>	<u>2,763,838</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,127,745	1,127,745	1,107,753	(19,992)
Transfers out	<u>(6,112,112)</u>	<u>(6,481,859)</u>	<u>(6,481,856)</u>	<u>3</u>
Total Other Financing Uses	<u>(4,984,367)</u>	<u>(5,354,114)</u>	<u>(5,374,103)</u>	<u>(19,989)</u>
Net Change in Fund Balance	-	(312,909)	2,430,940	2,743,849
FUND BALANCE				
Beginning of Year	<u>-</u>	<u>312,909</u>	<u>10,098,811</u>	<u>9,785,902</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,529,751</u>	<u>\$ 12,529,751</u>

See independent auditors' report.

Town of North Hempstead, New York

Solid Waste Management Authority Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
DEPARTMENTAL INCOME				
Solid waste disposal	\$ 15,807,455	\$ 15,807,455	\$ 14,316,449	\$ (1,491,006)
Other unclassified	120,000	120,000	76,139	(43,861)
	<u>15,927,455</u>	<u>15,927,455</u>	<u>14,392,588</u>	<u>(1,534,867)</u>
INTERGOVERNMENTAL CHARGES				
Services for other governments	1,547,386	1,547,386	1,547,386	-
USE OF MONEY AND PROPERTY				
Interest and earnings	1,500	1,500	926	(574)
Rental of real property	69,368	69,368	87,102	17,734
	<u>70,868</u>	<u>70,868</u>	<u>88,028</u>	<u>17,160</u>
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Recycling	53,500	53,500	67,228	13,728
Sale of equipment	-	-	4,525	4,525
	<u>53,500</u>	<u>53,500</u>	<u>71,753</u>	<u>18,253</u>
STATE AID				
Environmental conservation	100,000	100,000	38,250	(61,750)
Emergency disaster assistance	-	-	1,267	1,267
	<u>100,000</u>	<u>100,000</u>	<u>39,517</u>	<u>(60,483)</u>
MISCELLANEOUS				
Unclassified	-	-	80,624	80,624
Total Revenues	<u>17,699,209</u>	<u>17,699,209</u>	<u>16,219,896</u>	<u>(1,479,313)</u>

Town of North Hempstead, New York

Solid Waste Management Authority Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual (Continued)
 Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES				
HOME AND COMMUNITY SERVICES				
Administration	\$ 704,169	\$ 752,723	\$ 750,805	\$ 1,918
Leachate	485,017	485,017	296,304	188,713
Transfer station	15,132,099	15,132,099	13,797,941	1,334,158
Scale house	182,708	182,708	174,982	7,726
Maintenance	274,481	278,919	278,916	3
Equipment	27,500	22,709	19,387	3,322
Recycling	254,200	184,604	137,742	46,862
Office of sustainability	-	353	352	1
	<u>17,060,174</u>	<u>17,039,132</u>	<u>15,456,429</u>	<u>1,582,703</u>
EMPLOYEE BENEFITS				
State retirement	150,073	144,184	144,183	1
Social security	82,000	79,064	79,063	1
Workers' compensation	23,855	22,718	22,717	1
Unemployment benefits	3,887	534	534	-
Hospital, medical and dental	478,170	465,555	465,554	1
Other employee benefits	1,050	1,050	1,050	-
	<u>739,035</u>	<u>713,105</u>	<u>713,101</u>	<u>4</u>
Total Expenditures	<u>17,799,209</u>	<u>17,752,237</u>	<u>16,169,530</u>	<u>1,582,707</u>
Deficiency of Revenues Over Expenditures	<u>(100,000)</u>	<u>(53,028)</u>	<u>50,366</u>	<u>103,394</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	100,000	-
Transfers out	-	(46,972)	(46,971)	1
Total Other Financing Sources	<u>100,000</u>	<u>53,028</u>	<u>53,029</u>	<u>1</u>
Net Change in Fund Balance	-	-	103,395	103,395
FUND BALANCE				
Beginning of Year	<u>-</u>	<u>-</u>	<u>624,327</u>	<u>624,327</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 727,722</u>	<u>\$ 727,722</u>

See independent auditors' report.

Town of North Hempstead, New York

Part Town Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES	\$ 5,773,966	\$ 5,773,966	\$ 5,774,084	\$ 118
OTHER TAX ITEMS				
Payment in lieu of taxes	441,090	441,090	486,744	45,654
Interest and penalties on real property taxes	-	-	562	562
	<u>441,090</u>	<u>441,090</u>	<u>487,306</u>	<u>46,216</u>
NON-PROPERTY TAXES				
Franchise fees	57,000	57,000	57,000	-
DEPARTMENTAL INCOME				
Parking enforcement	506,000	506,000	308,608	(197,392)
Registrar of vital statistics	375,000	375,000	415,586	40,586
Zoning board fees	225,000	225,000	174,626	(50,374)
	<u>1,106,000</u>	<u>1,106,000</u>	<u>898,820</u>	<u>(207,180)</u>
USE OF MONEY AND PROPERTY				
Interest and earnings	100,000	100,000	44,349	(55,651)
LICENSES AND PERMITS				
Building permits	4,650,000	4,650,000	4,701,139	51,139
FINES AND FORFEITURES				
Court fines	220,000	220,000	131,812	(88,188)
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sale of equipment	-	-	5,691	5,691
INTERFUND REVENUES				
	-	-	145	145
STATE AID				
Other	-	150,000	-	(150,000)
FEDERAL AID				
Emergency disaster assistance	-	-	19,075	19,075
Other	-	-	51,023	51,023
	<u>-</u>	<u>-</u>	<u>70,098</u>	<u>70,098</u>
MISCELLANEOUS				
Refund of prior year expenditures	-	-	18,958	18,958
Miscellaneous revenue	-	-	30	30
	<u>-</u>	<u>-</u>	<u>18,988</u>	<u>18,988</u>
Total Revenues	<u>12,348,056</u>	<u>12,498,056</u>	<u>12,189,432</u>	<u>(308,624)</u>

Town of North Hempstead, New York

Part Town Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual (Continued)
 Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES				
GENERAL GOVERNMENT SUPPORT				
Unallocated insurance	\$ 121,725	\$ 121,724	\$ 79,879	\$ 41,845
Other	2,420,057	2,392,170	2,306,909	85,261
	<u>2,541,782</u>	<u>2,513,894</u>	<u>2,386,788</u>	<u>127,106</u>
PUBLIC SAFETY				
Parking enforcement	330,244	330,244	324,784	5,460
Building	4,044,277	4,044,277	4,038,998	5,279
Code enforcement	578,463	573,463	401,346	172,117
	<u>4,952,984</u>	<u>4,947,984</u>	<u>4,765,128</u>	<u>182,856</u>
HEALTH				
Registrar of vital statistics	308,034	310,889	310,886	3
HOME AND COMMUNITY SERVICES				
Board of appeals	204,422	210,300	207,575	2,725
Planning and development - staff	880,070	1,047,175	862,193	184,982
Environmental facilities	59,797	60,169	60,168	1
	<u>1,144,289</u>	<u>1,317,644</u>	<u>1,129,936</u>	<u>187,708</u>
EMPLOYEE BENEFITS				
State retirement	989,539	989,539	919,192	70,347
Social security	450,000	450,000	445,795	4,205
Workers' compensation	150,000	211,466	211,464	2
Unemployment benefits	5,000	5,000	-	5,000
Disability benefits	200	200	-	200
Hospital, medical and dental	1,757,552	1,696,086	1,532,482	163,604
Other employee benefits	19,154	19,154	15,905	3,249
	<u>3,371,445</u>	<u>3,371,445</u>	<u>3,124,838</u>	<u>246,607</u>
Total Expenditures	<u>12,318,534</u>	<u>12,461,856</u>	<u>11,717,576</u>	<u>744,280</u>
Excess of Revenues Over Expenditures	<u>29,522</u>	<u>36,200</u>	<u>471,856</u>	<u>435,656</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	21,961	21,961	21,961	-
Transfers out	(51,483)	(201,700)	(201,697)	3
Total Other Financing Uses	<u>(29,522)</u>	<u>(179,739)</u>	<u>(179,736)</u>	<u>3</u>
Net Change in Fund Balance	-	(143,539)	292,120	435,659
FUND BALANCE				
Beginning of Year	-	143,539	9,963,641	9,820,102
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,255,761</u>	<u>\$ 10,255,761</u>

See independent auditors' report.

Town of North Hempstead, New York

Refuse and Garbage Districts Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
REAL PROPERTY TAXES	\$ 9,355,262	\$ 9,370,019	\$ 9,368,360	\$ (1,659)
OTHER TAX ITEMS				
Payment in lieu of taxes	132,871	132,871	154,565	21,694
Interest and penalties on real property taxes	-	261	2,243	1,982
Other tax items	30,000	30,000	30,001	1
	<u>162,871</u>	<u>163,132</u>	<u>186,809</u>	<u>23,677</u>
USE OF MONEY AND PROPERTY				
Interest and earnings	18,200	18,200	4,111	(14,089)
Total Revenues	<u>9,536,333</u>	<u>9,551,351</u>	<u>9,559,280</u>	<u>7,929</u>
EXPENDITURES				
GENERAL GOVERNMENT SUPPORT				
Other	55,805	54,015	51,004	3,011
HOME AND COMMUNITY SERVICES				
Sanitation	9,186,013	9,194,185	9,140,137	54,048
Total Expenditures	<u>9,241,818</u>	<u>9,248,200</u>	<u>9,191,141</u>	<u>57,059</u>
Excess of Revenues Over Expenditures	<u>294,515</u>	<u>303,151</u>	<u>368,139</u>	<u>64,988</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	153,117	153,117	622,241	469,124
Transfers out	(472,632)	(481,268)	(479,820)	1,448
Total Other Financing Source (Uses)	<u>(319,515)</u>	<u>(328,151)</u>	<u>142,421</u>	<u>470,572</u>
Net Change in Fund Balance	(25,000)	(25,000)	510,560	535,560
FUND BALANCE (DEFICIT)				
Beginning of Year	25,000	25,000	(1,944,602)	(1,969,602)
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,434,042)</u>	<u>\$ (1,434,042)</u>

See independent auditors' report.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL DISTRICT 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 which are administered by the Town Board as follows:

- **Fire Protection Districts Fund** - The Fire Protection Districts Fund is used to account for the operation and maintenance of the Town's fire protection districts.
- **Lighting District Fund** - The Lighting District Fund is used to account for the operation and maintenance of the Town's lighting district.
- **Park Districts Fund** - The Parks Districts Fund is used to account for the operation and maintenance of the Town's parks districts.
- **Sidewalk District Fund** - The Sidewalk District Fund is used to account for the operation and maintenance of the Town's sidewalk district.
- **Public Parking District Fund** - The Public Parking District Fund is used to account for the operation and maintenance of the Town's public parking district.
- **Water District Fund** - The Water District Fund is used to account for the operation and maintenance of the Town's water district.

Town of North Hempstead, New York

Combining Balance Sheet
 Non-Major Governmental Funds
 December 31, 2020

	Fire Protection Districts	Lighting District	Park Districts
ASSETS			
Cash and equivalents	\$ 1,336,202	\$ 887,220	\$ 973,831
Investments - LOSAP	8,406,429	-	-
Receivables			
Accounts	38,550	26	3,004
State and Federal aid	-	1,086	-
Due from other funds	-	-	210,340
	38,550	1,112	213,344
Prepaid expenditures	-	1,749	21,049
Total Assets	<u>\$ 9,781,181</u>	<u>\$ 890,081</u>	<u>\$ 1,208,224</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 98,882	\$ 367,337	\$ 51,442
Deposits payable	-	-	353,208
Due to other funds	20,258	291	234,747
Unearned revenues	-	117	-
Total Liabilities	<u>119,140</u>	<u>367,745</u>	<u>639,397</u>
Fund balances			
Nonspendable	-	1,749	21,049
Restricted	8,406,429	-	-
Assigned	1,255,612	520,587	547,778
Unassigned	-	-	-
Total Fund Balances	<u>9,662,041</u>	<u>522,336</u>	<u>568,827</u>
Total Liabilities and Fund Balances	<u>\$ 9,781,181</u>	<u>\$ 890,081</u>	<u>\$ 1,208,224</u>

See independent auditors' report.

Sidewalk District	Public Parking District	Water District	Total Non-Major Governmental Funds
\$ 2,171,371	\$ 41	\$ 19,746	\$ 5,388,411
-	-	-	8,406,429
3,825	3,723	-	49,128
-	-	-	1,086
-	415	-	210,755
3,825	4,138	-	260,969
39,333	17,363	-	79,494
<u>\$ 2,214,529</u>	<u>\$ 21,542</u>	<u>\$ 19,746</u>	<u>\$ 14,135,303</u>
\$ 84,197	\$ 28,429	\$ 13,596	\$ 643,883
-	-	-	353,208
34,654	94,613	415	384,978
159	-	-	276
119,010	123,042	14,011	1,382,345
39,333	17,363	-	79,494
-	-	-	8,406,429
2,056,186	-	5,735	4,385,898
-	(118,863)	-	(118,863)
2,095,519	(101,500)	5,735	12,752,958
<u>\$ 2,214,529</u>	<u>\$ 21,542</u>	<u>\$ 19,746</u>	<u>\$ 14,135,303</u>

Town of North Hempstead, New York

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Non-Major Governmental Funds
Year Ended December 31, 2020

	Fire Protection Districts	Lighting District	Park Districts
REVENUES			
Real property taxes	\$ 6,668,489	\$ 2,205,416	\$ 2,733,564
Other tax items	714,726	206,932	19,095
Departmental income	-	-	(5,547)
Use of money and property	617,399	2,575	20,426
Interfund revenues	-	-	74,628
State aid	-	1,086	-
Federal aid	-	9,774	-
Miscellaneous	(53,571)	29	(20,199)
Total Revenues	7,947,043	2,425,812	2,821,967
EXPENDITURES			
Current			
General government support	300,184	265,888	353,699
Public safety	6,801,339	-	-
Transportation	-	1,967,637	-
Culture and recreation	-	-	1,015,230
Home and community services	-	-	-
Employee benefits	-	21,446	201,979
Total Expenditures	7,101,523	2,254,971	1,570,908
Excess (Deficiency) of Revenues Over (Under) Expenditures	845,520	170,841	1,251,059
OTHER FINANCING SOURCES (USES)			
Transfers in	-	5,788	183,032
Transfers out	-	(36,208)	(1,674,995)
Other Financing Uses	-	(30,420)	(1,491,963)
Net Change in Fund Balance	845,520	140,421	(240,904)
FUND BALANCES			
Beginning of Year	8,816,521	381,915	809,731
End of Year	<u>\$ 9,662,041</u>	<u>\$ 522,336</u>	<u>\$ 568,827</u>

See independent auditors' report.

Sidewalk District	Public Parking District	Water District	Total Non-Major Governmental Funds
\$ 3,005,877	\$ 313,773	\$ 42,054	\$ 14,969,173
305,573	20,563	7,537	1,274,426
-	310,503	-	304,956
9,408	1,435	109	651,352
6,102	-	-	80,730
-	-	-	1,086
-	-	-	9,774
2,865	396	-	(70,480)
<u>3,329,825</u>	<u>646,670</u>	<u>49,700</u>	<u>17,221,017</u>
582,121	194,257	-	1,696,149
-	-	-	6,801,339
1,257,259	435,598	-	3,660,494
-	-	-	1,015,230
-	-	49,537	49,537
599,703	228,154	-	1,051,282
<u>2,439,083</u>	<u>858,009</u>	<u>49,537</u>	<u>14,274,031</u>
890,742	(211,339)	163	2,946,986
32,563	11,999	-	233,382
(668,035)	(425,402)	-	(2,804,640)
(635,472)	(413,403)	-	(2,571,258)
255,270	(624,742)	163	375,728
<u>1,840,249</u>	<u>523,242</u>	<u>5,572</u>	<u>12,377,230</u>
<u>\$ 2,095,519</u>	<u>\$ (101,500)</u>	<u>\$ 5,735</u>	<u>\$ 12,752,958</u>

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Town of North Hempstead, New York

Fire Protection Districts
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES	\$ 6,662,737	\$ 6,662,737	\$ 6,668,489	\$ 5,752
OTHER TAX ITEMS				
Payment in lieu of taxes	737,944	737,944	714,209	(23,735)
Interest and penalties on real property taxes	-	-	517	517
	<u>737,944</u>	<u>737,944</u>	<u>714,726</u>	<u>(23,218)</u>
USE OF MONEY AND PROPERTY				
Interest earnings and income on investments	18,475	73,409	617,399	543,990
MISCELLANEOUS				
Refund of prior year expenditures	-	-	(92,121)	(92,121)
Miscellaneous revenue	-	-	38,550	38,550
	<u>-</u>	<u>-</u>	<u>(53,571)</u>	<u>(53,571)</u>
Total Revenues	<u>7,419,156</u>	<u>7,474,090</u>	<u>7,947,043</u>	<u>472,953</u>
EXPENDITURES				
GENERAL GOVERNMENT SUPPORT				
Unallocated insurance	151,000	148,835	127,757	21,078
Other	232,716	242,476	172,427	70,049
	<u>383,716</u>	<u>391,311</u>	<u>300,184</u>	<u>91,127</u>
PUBLIC SAFETY				
Fire protection	7,105,265	7,152,604	6,801,339	351,265
Total Expenditures	<u>7,488,981</u>	<u>7,543,915</u>	<u>7,101,523</u>	<u>442,392</u>
Excess (Deficiency) of Revenues Over Expenditures	(69,825)	(69,825)	845,520	915,345
FUND BALANCE				
Beginning of Year	69,825	69,825	8,816,521	8,746,696
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,662,041</u>	<u>\$ 9,662,041</u>

See independent auditors' report.

Town of North Hempstead, New York

Lighting District
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES	\$ 2,203,000	\$ 2,203,000	\$ 2,205,416	\$ 2,416
OTHER TAX ITEMS				
Payment in lieu of taxes	192,093	192,093	206,683	14,590
Interest and penalties on real property taxes	-	-	249	249
	192,093	192,093	206,932	14,839
USE OF MONEY AND PROPERTY				
Interest and earnings	7,110	7,110	2,575	(4,535)
STATE AID				
Emergency disaster assistance	-	-	1,086	1,086
FEDERAL AID				
Emergency disaster assistance	-	-	9,774	9,774
MISCELLANEOUS				
Refund of prior year expenditures	-	-	29	29
Total Revenues	2,402,203	2,402,203	2,425,812	23,609
EXPENDITURES				
GENERAL GOVERNMENT SUPPORT				
Unallocated insurance	2,775	2,775	2,022	753
Other	273,865	273,865	263,866	9,999
	276,640	276,640	265,888	10,752
TRANSPORTATION				
Lighting	2,146,009	2,145,925	1,967,637	178,288
EMPLOYEE BENEFITS				
State retirement	6,997	6,997	6,747	250
Social security	3,200	3,200	3,155	45
Workers' compensation	1,000	1,083	737	346
Hospital, medical and dental	12,588	12,588	10,729	1,859
Other employee benefits	350	350	78	272
	24,135	24,218	21,446	2,772
Total Expenditures	2,446,784	2,446,783	2,254,971	191,812
Excess (Deficiency) of Revenues Over Expenditures	(44,581)	(44,580)	170,841	215,421
OTHER FINANCING SOURCES (USES)				
Transfers in	5,788	5,788	5,788	-
Transfers out	(36,207)	(36,208)	(36,208)	-
Total Other Financing Uses	(30,419)	(30,420)	(30,420)	-
Net Change in Fund Balance	(75,000)	(75,000)	140,421	215,421
FUND BALANCE				
Beginning of Year	75,000	75,000	381,915	306,915
End of Year	\$ -	\$ -	\$ 522,336	\$ 522,336

See independent auditors' report.

Town of North Hempstead, New York

Park Districts
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES	\$ 2,733,475	\$ 2,733,475	\$ 2,733,564	\$ 89
OTHER TAX ITEMS				
Payment in lieu of taxes	17,605	17,605	19,095	1,490
DEPARTMENTAL INCOME				
Special recreational facility charges	373,000	373,000	(5,547)	(378,547)
USE OF MONEY AND PROPERTY				
Interest and earnings	14,760	14,760	5,426	(9,334)
Rental of real property	15,000	15,000	15,000	-
	29,760	29,760	20,426	(9,334)
INTERFUND REVENUES				
	-	6,409	74,628	68,219
MISCELLANEOUS				
Refund of prior year expenditures	-	-	(20,199)	(20,199)
Miscellaneous revenue	100	100	-	(100)
	100	100	(20,199)	(20,299)
Total Revenues	3,153,940	3,160,349	2,821,967	(338,382)
EXPENDITURES				
GENERAL GOVERNMENT SUPPORT				
Unallocated insurance	23,790	22,786	22,541	245
Other	380,158	331,158	331,158	-
	403,948	353,944	353,699	245
CULTURE AND RECREATION				
Parks and pools	1,087,341	1,134,817	1,015,230	119,587
EMPLOYEE BENEFITS				
State retirement	63,480	61,370	61,205	165
Social security	55,275	62,267	56,331	5,936
Workers' compensation	7,000	5,112	3,771	1,341
Hospital, medical and dental	73,610	78,588	78,577	11
Other employee benefits	1,395	2,286	2,095	191
	200,760	209,623	201,979	7,644
Total Expenditures	1,692,049	1,698,384	1,570,908	127,476
Excess (Deficiency) of Revenues Over Expenditures	1,461,891	1,461,965	1,251,059	(210,906)
OTHER FINANCING SOURCES (USES)				
Transfers in	183,032	183,032	183,032	-
Transfers out	(1,674,923)	(1,674,997)	(1,674,995)	2
Total Other Financing Uses	(1,491,891)	(1,491,965)	(1,491,963)	2
Net Change in Fund Balance	(30,000)	(30,000)	(240,904)	(210,904)
FUND BALANCE				
Beginning of Year	30,000	30,000	809,731	779,731
End of Year	\$ -	\$ -	\$ 568,827	\$ 568,827

See independent auditors' report.

Town of North Hempstead, New York

Sidewalk District
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES	\$ 3,002,000	\$ 3,002,000	\$ 3,005,877	\$ 3,877
OTHER TAX ITEMS				
Payment in lieu of taxes	307,156	307,156	305,164	(1,992)
Interest and penalties on real property taxes	-	-	409	409
	<u>307,156</u>	<u>307,156</u>	<u>305,573</u>	<u>(1,583)</u>
USE OF MONEY AND PROPERTY				
Interest and earnings	19,760	19,760	9,408	(10,352)
INTERFUND REVENUES				
	-	-	6,102	6,102
MISCELLANEOUS				
Refund of prior year expenditures	-	-	2,865	2,865
Total Revenues	<u>3,328,916</u>	<u>3,328,916</u>	<u>3,329,825</u>	<u>909</u>
EXPENDITURES				
GENERAL GOVERNMENT SUPPORT				
Unallocated insurance	22,690	22,690	16,756	5,934
Other	585,365	585,365	565,365	20,000
	<u>608,055</u>	<u>608,055</u>	<u>582,121</u>	<u>25,934</u>
TRANSPORTATION				
Sidewalks	1,432,508	1,504,522	1,257,259	247,263
EMPLOYEE BENEFITS				
State retirement	141,184	141,184	136,124	5,060
Social security	73,000	77,795	77,795	-
Workers' compensation	24,000	24,738	19,649	5,089
Unemployment insurance	100	166	166	-
Hospital, medical and dental	415,756	388,852	363,108	25,744
Other employee benefits	3,631	3,631	2,861	770
	<u>657,671</u>	<u>636,366</u>	<u>599,703</u>	<u>36,663</u>
Total Expenditures	<u>2,698,234</u>	<u>2,748,943</u>	<u>2,439,083</u>	<u>309,860</u>
Excess of Revenues Over Expenditures	<u>630,682</u>	<u>579,973</u>	<u>890,742</u>	<u>310,769</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	32,563	32,563	32,563	-
Transfers out	(663,245)	(696,276)	(668,035)	28,241
Total Financing Uses	<u>(630,682)</u>	<u>(663,713)</u>	<u>(635,472)</u>	<u>28,241</u>
Net Change in Fund Balance	-	(83,740)	255,270	339,010
FUND BALANCE				
Beginning of Year	-	83,740	1,840,249	1,756,509
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,095,519</u>	<u>\$ 2,095,519</u>

See independent auditors' report.

Town of North Hempstead, New York

Public Parking District
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES	\$ 313,455	\$ 313,455	\$ 313,773	\$ 318
OTHER TAX ITEMS				
Payment in lieu of taxes	19,712	19,712	20,563	851
DEPARTMENTAL INCOME				
Parking enforcement	85,000	85,000	-	(85,000)
Parking permits	85,000	85,000	34,657	(50,343)
Parking lots	470,000	470,000	122,544	(347,456)
Parking meter fees	250,000	250,000	153,302	(96,698)
	<u>890,000</u>	<u>890,000</u>	<u>310,503</u>	<u>(579,497)</u>
USE OF MONEY AND PROPERTY				
Interest and earnings	4,060	4,060	1,435	(2,625)
Rental of real property	300	300	-	(300)
	<u>4,360</u>	<u>4,360</u>	<u>1,435</u>	<u>(2,925)</u>
MISCELLANEOUS				
Refund of prior year expenditures	-	-	396	396
Total Revenues	<u>1,227,527</u>	<u>1,227,527</u>	<u>646,670</u>	<u>(580,857)</u>
EXPENDITURES				
GENERAL GOVERNMENT SUPPORT				
Credit card fees	30,000	12,355	12,355	-
Unallocated insurance	8,450	8,450	5,368	3,082
Other	176,534	176,534	176,534	-
	<u>214,984</u>	<u>197,339</u>	<u>194,257</u>	<u>3,082</u>
TRANSPORTATION				
Parking	<u>473,150</u>	<u>460,172</u>	<u>435,598</u>	<u>24,574</u>

Town of North Hempstead, New York

Public Parking District
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual (Continued)
 Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
EMPLOYEE BENEFITS				
State employee retirement system	\$ 59,944	\$ 59,944	\$ 57,796	\$ 2,148
Social security	26,825	28,081	28,081	-
Workers' compensation	3,000	8,553	8,552	1
Unemployment insurance	-	25	24	1
Hospital, medical and dental	109,691	133,480	132,595	885
Other employee benefits	1,530	1,530	1,106	424
	<u>200,990</u>	<u>231,613</u>	<u>228,154</u>	<u>3,459</u>
Total Expenditures	<u>889,124</u>	<u>889,124</u>	<u>858,009</u>	<u>31,115</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>338,403</u>	<u>338,403</u>	<u>(211,339)</u>	<u>(549,742)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	11,999	11,999	11,999	-
Transfers out	<u>(425,402)</u>	<u>(425,402)</u>	<u>(425,402)</u>	<u>-</u>
Total Other Financing Uses	<u>(413,403)</u>	<u>(413,403)</u>	<u>(413,403)</u>	<u>-</u>
Net Change in Fund Balance	(75,000)	(75,000)	(624,742)	(549,742)
FUND BALANCE				
Beginning of Year	<u>75,000</u>	<u>75,000</u>	<u>523,242</u>	<u>448,242</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (101,500)</u>	<u>\$ (101,500)</u>

See independent auditors' report.

Town of North Hempstead, New York

Water District
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
REAL PROPERTY TAXES	\$ 42,048	\$ 42,048	\$ 42,054	\$ 6
OTHER TAX ITEMS				
Payment in lieu of taxes	7,902	7,902	7,537	(365)
USE OF MONEY AND PROPERTY				
Interest and earnings	300	300	109	(191)
Total Revenues	<u>50,250</u>	<u>50,250</u>	<u>49,700</u>	<u>(550)</u>
EXPENDITURES				
HOME AND COMMUNITY SERVICES				
Water	50,250	50,250	49,537	713
Total Expenditures	<u>50,250</u>	<u>50,250</u>	<u>49,537</u>	<u>713</u>
Excess of Revenues Over Expenditures	-	-	163	163
FUND BALANCE				
Beginning of Year	<u>-</u>	<u>-</u>	<u>5,572</u>	<u>5,572</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,735</u>	<u>\$ 5,735</u>

See independent auditors' report.

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STATISTICAL SECTION
(UNAUDITED)

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Financial Trends

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time. These schedules include:

Net Position by Component

Changes in Net Position

Fund Balances of Governmental Funds

Changes in Fund Balances of Governmental Funds

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Town of North Hempstead, New York

Net Position by Component
Last Ten Fiscal Years

<u>As of December 31,</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Governmental activities				
Net investment in capital assets	\$ 249,230,226	\$ 248,668,258	\$ 246,936,635	\$ 248,900,563
Restricted	11,538,242	5,178,210	6,464,595	7,464,775
Unrestricted	<u>(188,121,906)</u>	<u>(176,081,092)</u>	<u>(179,871,092)</u>	<u>(85,812,029)</u>
Total primary government net position	<u>\$ 72,646,562</u>	<u>\$ 77,765,376</u>	<u>\$ 73,530,138</u>	<u>\$ 170,553,309</u>

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

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 242,330,248	\$ 239,681,379	\$ 231,094,773	\$ 225,486,423	\$ 231,420,763	\$ 223,505,633
12,144,195	-	-	1,841,053	2,117,638	6,283,772
<u>(84,425,694)</u>	<u>(69,252,429)</u>	<u>(64,790,663)</u>	<u>(65,367,033)</u>	<u>(66,309,234)</u>	<u>(62,918,534)</u>
<u>\$ 170,048,749</u>	<u>\$ 170,428,950</u>	<u>\$ 166,304,110</u>	<u>\$ 161,960,443</u>	<u>\$ 167,229,167</u>	<u>\$ 166,870,871</u>

Town of North Hempstead, New York

Changes in Net Position
Last Ten Years

Year ended December 31,	2020	2019	2018	2017
Expenses				
Governmental activities:				
General government support	\$ 31,391,657	\$ 26,421,968	\$ 22,374,597	\$ 30,216,273
Education	2,657,322	2,102,250	2,680,039	3,455,484
Public safety	21,516,418	19,382,131	17,007,720	14,259,877
Health	690,837	501,762	405,955	410,369
Transportation	26,224,943	24,897,557	24,874,549	23,540,680
Economic assistance and opportunity	3,683,569	3,594,064	3,175,299	3,647,150
Culture and recreation	31,299,681	31,434,837	31,364,889	29,362,341
Home and community service	29,717,641	29,209,440	27,932,903	26,859,210
Interest on debt	5,162,083	5,971,524	5,814,348	5,350,058
Total primary government expenses	<u>\$ 152,344,151</u>	<u>\$ 143,515,533</u>	<u>\$ 135,630,299</u>	<u>\$ 137,101,442</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government support	\$ 443,702	\$ 487,283	\$ 532,911	\$ 566,435
Public safety	5,404,766	6,935,928	5,731,206	5,101,695
Health	415,586	267,540	251,562	270,362
Transportation	866,432	1,548,494	1,663,892	2,004,874
Economic assistance and opportunity	19,378	59,864	31,870	52,166
Culture and recreation	3,716,675	8,904,642	8,553,798	8,900,648
Home and community service	16,098,829	16,171,218	16,726,713	15,545,743
Operating grants and contributions	990,321	1,550,237	495,371	608,922
Capital grants and contributions	10,969,402	3,739,607	1,039,716	2,094,442
Total primary government program revenues	<u>\$ 38,925,091</u>	<u>\$ 39,664,813</u>	<u>\$ 35,027,039</u>	<u>\$ 35,145,287</u>
Net (Expense) Revenue				
Total primary government net expense	<u>\$ (113,419,060)</u>	<u>\$ (103,850,720)</u>	<u>\$ (100,603,260)</u>	<u>\$ (101,956,155)</u>
General Revenues				
Governmental Activities:				
Real property taxes	\$ 76,703,013	\$ 75,897,627	\$ 73,463,548	\$ 69,454,516
Real property tax items	5,842,926	5,819,940	5,499,824	5,358,015
Non-property tax items	13,994,959	14,659,001	14,268,519	13,879,873
Interest earnings - unrestricted	786,435	1,993,413	1,196,207	1,300,037
Mortgage tax	9,522,797	8,161,165	7,819,351	9,184,447
Sale of property and compensation for loss	-	90,000	-	-
State aid - unrestricted	-	-	1,023,565	1,023,565
Other	1,450,116	1,464,812	1,232,566	2,260,262
Total primary government	<u>\$ 108,300,246</u>	<u>\$ 108,085,958</u>	<u>\$ 104,503,580</u>	<u>\$ 102,460,715</u>
Change in Net Position				
Total primary government change in net position	<u>\$ (5,118,814)</u>	<u>\$ 4,235,238</u>	<u>\$ 3,900,320</u>	<u>\$ 504,560</u>

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

	2016	2015	2014	2013	2012	2011
\$	28,779,266	\$ 28,189,765	\$ 29,539,133	\$ 28,161,989	\$ 27,351,522	\$ 27,001,662
	2,325,386	2,199,528	1,823,139	2,007,847	2,502,099	600,000
	15,129,393	14,292,840	14,261,443	13,883,747	13,102,628	11,813,435
	390,993	427,110	422,533	400,116	339,412	393,024
	23,473,504	24,270,255	23,690,160	26,237,863	24,696,466	26,314,860
	3,798,866	3,626,479	2,873,584	2,957,536	2,853,738	3,519,550
	28,423,638	26,621,444	26,962,089	28,275,078	27,158,800	26,220,885
	29,671,225	27,259,608	27,652,600	38,960,568	32,643,032	26,003,597
	5,222,307	5,812,532	4,815,137	5,650,792	6,263,292	6,864,391
	<u>\$ 137,214,578</u>	<u>\$ 132,699,561</u>	<u>\$ 132,039,818</u>	<u>\$ 146,535,536</u>	<u>\$ 136,910,989</u>	<u>\$ 128,731,404</u>
\$	438,798	\$ 501,619	\$ 497,926	\$ 432,869	\$ 364,101	\$ 322,246
	4,421,971	4,333,981	3,585,511	4,133,966	4,377,666	5,032,348
	282,800	262,706	274,282	285,178	263,486	242,072
	1,478,194	1,548,496	1,318,572	2,288,644	1,660,870	1,173,076
	43,497	61,324	281,716	351,277	22,164	-
	9,466,886	9,477,758	10,028,738	9,819,123	10,368,158	9,192,518
	16,213,363	16,553,220	16,446,757	18,032,300	18,074,442	16,514,602
	1,176,467	2,785,051	5,142,096	13,003,479	9,142,273	1,293,242
	1,501,146	870,020	476,148	552,202	29,125	2,498,242
	<u>\$ 35,023,122</u>	<u>\$ 36,394,175</u>	<u>\$ 38,051,746</u>	<u>\$ 48,899,038</u>	<u>\$ 44,302,285</u>	<u>\$ 36,268,346</u>
\$	<u>(102,191,456)</u>	<u>(96,305,386)</u>	<u>(93,988,072)</u>	<u>(97,636,498)</u>	<u>(92,608,704)</u>	<u>(92,463,058)</u>
\$	73,724,772	\$ 73,161,136	\$ 72,038,134	\$ 70,878,833	\$ 68,261,387	\$ 65,134,391
	5,681,740	2,573,825	2,344,889	2,277,435	2,033,313	1,986,292
	13,632,320	13,554,251	12,850,767	13,235,095	12,441,196	12,029,189
	228,531	243,894	1,501,136	632,970	775,259	1,466,528
	9,556,463	7,698,406	7,228,190	7,493,601	6,690,606	5,752,767
	-	-	-	1,023,565	-	-
	1,023,565	1,023,565	1,023,565	1,923,480	1,023,565	1,065,026
	2,935,695	2,847,395	2,188,594	1,575,642	1,841,674	3,178,465
	<u>\$ 106,783,086</u>	<u>\$ 101,102,472</u>	<u>\$ 99,175,275</u>	<u>\$ 99,040,621</u>	<u>\$ 93,067,000</u>	<u>\$ 90,612,658</u>
\$	<u>4,591,630</u>	<u>\$ 4,797,086</u>	<u>\$ 5,187,203</u>	<u>\$ 1,404,123</u>	<u>\$ 458,296</u>	<u>\$ (1,850,400)</u>

Town of North Hempstead, New York

Fund Balances of Governmental Funds
Last Ten Years

<u>As of December 31,</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Fund				
Nonspendable	\$ 1,348,585	\$ 1,354,010	\$ 1,303,353	\$ 1,214,842
Assigned	4,480,804	5,036,573	4,584,013	4,751,811
Unassigned	<u>12,253,880</u>	<u>10,914,844</u>	<u>9,981,457</u>	<u>8,370,032</u>
Total General Fund	<u>\$ 18,083,269</u>	<u>\$ 17,305,427</u>	<u>\$ 15,868,823</u>	<u>\$ 14,336,685</u>
All other governmental funds				
Nonspendable	\$ 1,061,115	\$ 870,460	\$ 888,692	\$ 901,586
Restricted	44,832,122	48,230,195	44,039,831	45,356,032
Assigned	26,917,511	24,690,680	25,036,855	22,149,346
Unassigned	<u>(1,552,905)</u>	<u>(1,944,602)</u>	<u>(3,931,626)</u>	<u>(1,812,947)</u>
Total All Other Governmental Funds	<u>\$ 71,257,843</u>	<u>\$ 71,846,733</u>	<u>\$ 66,033,752</u>	<u>\$ 66,594,017</u>

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

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 2,495,507	\$ 1,622,361	\$ 2,605,903	\$ 6,317,118	\$ 5,522,182	\$ 4,677,860
3,552,773	2,623,538	3,616,445	3,707,833	3,815,070	3,970,756
<u>8,270,030</u>	<u>7,445,560</u>	<u>4,161,400</u>	<u>3,693,793</u>	<u>201,856</u>	<u>510,271</u>
<u>\$ 14,318,310</u>	<u>\$ 11,691,459</u>	<u>\$ 10,383,748</u>	<u>\$ 13,718,744</u>	<u>\$ 9,539,108</u>	<u>\$ 9,158,887</u>
\$ 862,450	\$ 3,716,181	\$ 1,459,022	\$ 371,007	\$ 958,708	\$ 3,692,838
6,470,022	493,155	15,539,657	1,841,053	2,117,638	6,183,772
23,179,163	19,539,989	19,684,938	17,704,669	17,085,131	12,080,353
<u>(1,060,948)</u>	<u>(44,825,924)</u>	<u>(53,834,341)</u>	<u>(73,879,682)</u>	<u>(66,246,267)</u>	<u>(58,151,444)</u>
<u>\$ 29,450,687</u>	<u>\$ (21,076,599)</u>	<u>\$ (17,150,724)</u>	<u>\$ (53,962,953)</u>	<u>\$ (46,084,790)</u>	<u>\$ (36,194,481)</u>

Town of North Hempstead, New York

Changes in Fund Balances of Governmental Funds
Last Ten Years

Year ended December 31,	2020	2019	2018	2017
Revenues				
Real property taxes	\$ 76,703,013	\$ 75,897,627	\$ 73,643,772	\$ 69,274,292
Other tax items	5,842,926	5,819,940	5,499,824	5,358,015
Non-property tax items	13,994,959	14,659,001	14,268,519	13,879,873
Departmental income	19,411,076	25,675,698	26,100,998	24,887,296
Intergovernmental charges	1,558,845	1,340,824	1,180,037	1,176,710
Use of money and property	1,555,771	3,178,188	1,144,767	1,519,698
License and permits	5,422,323	6,610,241	5,399,245	5,535,816
Fines and forfeitures	163,121	301,354	352,965	190,180
Sale of property and compensation for loss	167,290	201,656	294,476	921,275
Interfund revenues	6,963,250	7,010,939	6,830,352	6,924,674
State aid	11,244,439	10,069,899	10,413,133	12,411,291
Federal aid	6,019,305	3,816	270,766	249,085
Miscellaneous revenue	3,456,876	2,021,254	253,641	703,633
Total Revenues	152,503,194	152,790,437	145,652,495	143,031,838
Expenditures				
General government support	21,788,517	21,219,694	21,141,178	20,875,498
Education	2,657,322	2,102,250	2,680,039	3,455,484
Public safety	13,113,604	12,898,065	12,323,964	11,922,786
Health	310,886	248,911	231,204	226,999
Transportation	12,194,352	13,063,089	14,335,692	14,404,316
Economic assistance and opportunity	2,289,678	2,506,280	2,371,058	2,595,142
Culture and recreation	15,740,956	18,531,272	18,080,022	17,464,056
Home and community service	27,432,948	27,304,238	26,628,905	26,132,641
Employee benefits	21,502,061	21,635,272	21,298,922	20,829,919
Debt Service				
Principal	16,770,809	17,090,977	16,615,956	16,263,357
Interest	6,506,679	6,504,134	6,234,267	5,317,824
Other charges	377,983	-	-	-
Capital outlay	23,793,533	24,676,604	24,765,610	19,266,865
Total Expenditures	164,479,328	167,780,786	166,706,817	158,754,887
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,976,134)	(14,990,349)	(21,054,322)	(15,723,049)
Other Financing Sources (Uses)				
Transfers in	37,011,495	27,642,134	23,777,729	25,039,204
Transfers out	(37,011,495)	(27,642,134)	(23,777,729)	(25,039,204)
Debt issuance	10,819,404	20,897,057	22,643,500	46,992,625
Premium on debt issuance	2,589,376	1,252,877	1,864,911	217,956
Bond anticipation notes redeemed	-	-	-	-
Retirement of debt payment made by funds	-	-	-	-
Refunding bonds issued	28,857,806	-	-	-
Payments to refunded bond escrow agent	(30,101,500)	-	-	-
Sale of property	-	90,000	821,200	-
Total Other Financing Sources	12,165,086	22,239,934	25,329,611	47,210,581
Net Change in Fund Balances	\$ 188,952	\$ 7,249,585	\$ 4,275,289	\$ 31,487,532
Debt service as a percentage of noncapital expenditures	16.55%	16.49%	16.10%	15.50%

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

	2016	2015	2014	2013	2012	2011
\$	73,724,772	\$ 73,161,136	\$ 72,038,134	\$ 70,878,833	\$ 68,261,387	\$ 65,134,391
	5,681,740	2,573,825	2,344,889	2,277,435	2,031,479	1,983,764
	13,632,320	13,554,251	12,850,767	13,235,095	12,441,196	12,029,189
	25,925,575	26,126,290	25,976,819	28,161,245	27,647,268	25,665,439
	1,199,836	1,302,739	963,096	2,381,714	1,794,090	1,375,209
	473,550	442,529	593,378	521,771	706,324	1,229,803
	4,335,603	4,549,233	3,234,920	3,655,105	3,945,324	4,388,479
	238,908	242,603	239,052	205,709	279,175	349,525
	703,004	682,269	409,852	1,370,285	356,668	1,776,050
	6,836,057	6,879,071	6,994,901	6,861,935	6,837,796	7,088,604
	12,454,869	10,659,621	10,400,768	10,698,776	9,472,707	7,861,711
	802,772	1,717,421	4,112,792	11,374,071	8,231,952	2,706,105
	1,242,126	1,152,977	1,203,246	1,334,774	1,839,787	1,240,997
	147,251,132	143,043,965	141,362,614	152,956,748	143,845,153	132,829,266
	20,871,024	21,122,838	21,719,953	20,971,505	20,214,430	18,885,445
	2,325,385	2,199,528	5,362,136	439,233	531,716	600,000
	12,494,483	12,394,374	12,162,015	11,725,481	11,349,801	10,120,902
	218,940	283,333	242,761	226,569	197,082	214,121
	14,246,990	15,290,185	14,396,223	16,542,073	15,257,407	16,370,205
	2,651,359	2,617,744	2,083,114	2,094,184	2,093,973	2,396,237
	17,169,378	16,602,868	16,993,305	17,789,654	16,889,672	16,381,463
	25,955,284	27,076,363	27,204,995	37,544,848	30,999,963	25,220,268
	20,122,128	19,333,110	18,533,022	17,504,421	16,384,918	15,228,229
	16,315,225	31,543,158	15,190,493	15,793,474	19,100,317	17,524,153
	4,863,242	4,765,583	4,287,174	5,391,079	7,022,723	7,072,317
	11,719,397	12,608,240	10,123,687	10,632,754	126,483	-
	148,952,835	165,837,324	148,298,878	156,655,275	23,240,864	33,775,975
	(1,701,703)	(22,793,359)	(6,936,264)	(3,698,527)	(19,564,196)	(30,960,049)
	33,162,476	26,464,109	28,587,034	24,429,877	31,544,621	29,944,267
	(33,162,476)	(26,464,109)	(28,587,034)	(24,429,877)	(31,544,621)	(29,944,267)
	54,591,465	4,390,000	43,795,581	-	9,192,341	-
	264,375	2,997,535	220,325	-	604,540	76,654
	-	-	-	(2,285,201)	(1,898,059)	(1,460,000)
	-	-	-	2,285,201	1,898,059	1,460,000
	-	24,688,205	31,489,609	-	10,403,791	-
	-	(12,516,931)	(35,092,018)	-	(10,146,564)	-
	-	-	-	-	-	-
	54,855,840	19,558,809	40,413,497	-	10,054,108	76,654
\$	53,154,137	\$ (3,234,550)	\$ 33,477,233	\$ (3,698,527)	\$ (9,510,088)	\$ (30,883,395)
	15.42%	23.78%	14.13%	14.54%	18.75%	18.72%

Revenue Capacity

These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax. These schedules include:

Governmental Activities Tax Revenues By Source

General Governmental Tax Revenues By Source

Assessed Value, State Equalization Rate, and Estimated Full Value of Real Property

Property Tax Rates

Principal Property Taxpayers

Property Tax Levies and Collections

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Town of North Hempstead, New York

**Governmental Activities Tax Revenues By Source
Last Ten Years**

Year Ended December 31,	Real Property Tax	Real Property Tax Items	Non-Property Tax Items	Total
2020	\$ 76,703,013	\$ 5,842,926	\$ 13,994,959	\$ 96,540,898
2019	75,897,627	5,819,940	14,659,001	96,376,568
2018	73,643,772	5,499,824	14,268,519	93,412,115
2017	69,274,292	5,358,015	13,879,873	88,512,180
2016	73,724,772	5,681,740	13,632,320	93,038,832
2015	73,161,142	2,573,825	13,554,251	89,289,218
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

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

Town of North Hempstead, New York

General Governmental Tax Revenues By Source
 Last Ten Fiscal Years

Year Ended December 31,	Real Property Tax¹	Sales Tax²	Mortgage Tax³	Franchise Tax	Total
2020	\$ 76,703,013	\$ 11,846,015	\$ 9,522,797	\$ 2,091,944	\$ 100,163,769
2019	75,897,627	12,391,434	8,161,165	2,267,567	98,717,793
2018	73,643,772	11,964,837	7,819,351	2,303,682	95,731,642
2017	69,274,292	11,549,683	9,184,447	2,330,190	92,338,612
2016	73,724,772	11,237,939	9,556,463	2,394,381	96,913,555
2015	73,161,142	11,047,131	7,698,406	2,707,120	94,613,799
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

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

Primary government
 Classified as Nassau County local government assistance
 Classified as part of State Aid

Town of North Hempstead, New York

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 Condominium and Cooperatives	Utility Property	All Other Property
2020	\$ 84,966,952	\$ 8,313,627	\$ 3,910,145	\$ 35,855,239
2019	87,445,180	8,643,003	3,707,678	37,146,239
2018	89,473,157	8,419,278	3,483,284	34,614,735
2017	91,263,155	8,865,651	3,574,779	35,828,683
2016	93,593,109	8,995,913	7,939,673	42,012,337
2015	95,436,524	8,877,421	7,867,980	42,572,887
2014	97,799,191	9,012,086	8,550,680	43,874,552
2013	101,341,024	9,095,629	8,567,065	44,473,827
2012	110,586,676	9,792,042	8,830,153	48,767,035
2011	116,480,241	10,753,627	8,852,979	56,526,239

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

Sources: Town of North Hempstead Budgets and Official Statements

	Total Net Assessed Value	State Equalization Rate	Full Valuation	Total Direct Tax Rate
\$	133,045,963	0.21%	\$ 63,355,220,476	\$ 183.839
	136,942,100	0.23%	59,540,043,478	175.055
	135,990,454	0.25%	54,396,181,600	168.264
	139,532,268	0.27%	51,678,617,778	154.564
	152,541,032	0.28%	54,478,940,000	150.735
	154,754,812	0.31%	49,920,878,065	146.640
	159,236,509	0.32%	49,761,409,063	137.830
	163,477,545	0.32%	51,086,732,813	133.531
	177,975,906	0.33%	53,932,092,727	118.848
	192,613,086	0.35%	55,032,310,286	101.791

Town of North Hempstead, New York

Property Tax Rates
 Direct and Overlapping Governments
 Last Ten Years

GOVERNMENTAL FUNDS									
TOWN OPERATED DISTRICTS									
Year Ended December 31,	General	Town¹ Outside Villages	Fire Protection	Garbage	Lighting	Parks	Public Parking	Sidewalk	Water
2020	19.006	50.727	34.818	29.320	4.069	36.229	1.549	5.545	2.576
2019	18.239	49.198	34.354	27.675	3.445	32.392	1.396	5.656	2.700
2018	17.978	48.592	33.455	25.722	3.509	29.460	1.456	5.393	2.700
2017	17.272	44.373	29.003	24.742	3.307	27.160	1.380	5.083	2.243
2016	16.338	43.822	29.178	22.800	3.371	26.105	1.422	5.209	2.491
2015	15.987	43.077	28.133	21.769	3.299	25.399	1.392	5.136	2.448
2014	15.378	41.047	25.307	20.101	3.115	24.330	1.335	4.813	2.404
2013	14.632	39.925	24.248	20.317	3.047	23.189	1.277	4.583	2.313
2012	12.509	36.269	21.969	17.380	2.823	20.510	1.141	4.148	2.099
2011	10.464	32.673	19.502	10.758	2.647	18.830	1.069	3.875	1.974

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

Town Direct Rate	County Direct Rate	School Direct Rate	Total Direct & Overlapping Rate
183.839	189.42	731.08	1104.34
175.055	180.74	688.40	1044.19
168.264	191.36	675.77	1035.40
154.564	179.49	646.68	980.74
150.735	150.67	588.30	889.70
146.640	152.50	583.40	882.54
137.830	144.59	512.87	795.28
133.531	139.53	499.56	772.62
118.848	128.96	458.86	706.68
101.791	119.43	423.99	645.22

Town of North Hempstead, New York

Principal Property Taxpayers
Current Year and Nine Years Ago

2020				
Rank	Taxpayer	Nature of Business	Assessed Valuation	Percentage of Total Assessed Valuation ⁽¹⁾
1	Keyspan Gas East	Utility	\$3,278,798	2.46%
2	Verizon New York	Utility	706,159	0.53%
3	Fifth Avenue of LI Real	Real Estate	933,928	0.70%
4	Country Glen LLC	Shopping Center	411,856	0.31%
5	1111 Marcus Avenue	Real Estate	752,158	0.57%
6	CLK Marcus Avenue Property	Real Estate	577,903	0.43%
7	We're Associates Inc	Real Estate	546,591	0.41%
8	Lake Success Shopping Center	Shopping Center	343,378	0.26%
9	Basser-Kaufman	Real Estate	203,759	0.15%
10	Voice Road Plaza LLC	Shopping Center	195,141	0.15%
Total			<u>\$7,949,671</u>	<u>5.98%</u>

2011				
Rank	Taxpayer	Nature of Business	Assessed Valuation	Percentage of Total Assessed Valuation ⁽¹⁾
1	Long Island Power Authority	Utility	\$4,143,533	2.15%
2	Keyspan Gas East	Utility	3,932,695	2.05%
3	Park Lake Success	Real Estate	1,532,052	0.80%
4	Verizon New York	Utility	1,395,662	0.72%
5	Feiga-Olive Tree/Marcus Ave LLC	Real Estate	1,189,078	0.62%
6	We're Associates Inc.	Real Estate	1,085,785	0.56%
7	Fifth Avenue of Long Island Realty Assoc.	Real Estate	963,079	0.50%
8	Country Glen LLC	Real Estate	673,436	0.35%
9	1979 Marcus Avenue Associates LLC	Real Estate	485,000	0.25%
10	600 Community LLC	Real Estate	451,677	0.23%
Total			<u>\$15,851,997</u>	<u>8.23%</u>

Source: Town of North Hempstead 2021 and 2011 Official Statements

See Assessed Valuation, State Equalization Rate and Estimated Full Value of Real Property for Total Net Assessed Value.

Town of North Hempstead, New York

Property Tax Levies and Collections
Last Ten Years

Year Ended December 31,	Tax Levy For Town	Total Tax Levy ¹	Amount Collected ²	Percent of Total Tax Levy Collected	Amount Uncollected ²	Percent of Total Tax Levy Uncollected
2020	\$ 172,452,052	\$ 424,472,260	\$ 417,193,306	98.29%	\$ 7,278,954	1.71%
2019	169,551,679	417,055,908	410,488,150	98.43%	6,567,758	1.57%
2018	165,790,392	426,027,889	419,031,503	98.36%	6,996,386	1.64%
2017	156,023,560	406,476,951	399,657,611	98.32%	6,819,340	1.68%
2016	163,674,001	393,506,864	386,960,136	98.34%	6,546,728	1.66%
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%

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.

Debt Capacity

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. These schedules include:

Ratios of Outstanding Debt by Type

Ratios of General Bonded Debt Outstanding

Direct and Overlapping Governmental Activities Debt

Legal Debt Margin Information

Town of North Hempstead, New York

Ratios of Outstanding Debt by Type
Last Ten Years

Governmental Activities					
Year Ended December 31,	General Obligation Bonds²	Revenue Bonds	Total Primary Government	Percentage of Personal Income¹	Per Capita¹
2020	\$ 201,886,415	\$ -	\$ 201,886,415	0.20%	\$ 874
2019	206,317,435	-	206,317,435	0.21%	896
2018	201,818,745	-	201,818,745	0.20%	873
2017	193,493,411	890,582	194,383,993	0.19%	846
2016	162,919,467	1,760,914	164,680,381	0.16%	717
2015	124,859,447	2,611,456	127,470,903	0.13%	556
2014	136,090,078	3,442,658	139,532,736	0.14%	611
2013	111,901,566	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

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, 2018, the Town had \$9,321,935 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 Amounts are reported inclusive of premiums.

Town of North Hempstead, New York

Ratios of General Bonded Debt Outstanding
Last Ten Years

Year Ended December 31,	General Obligation Bonds³	Percentage of Total Net Assessed Valuation¹	Percentage of Full Taxable Value¹ of Property	Per Capita²
2020	\$ 201,886,415	151.74%	0.32%	\$ 874
2019	206,317,435	150.66%	0.35%	896
2018	201,818,745	148.41%	0.37%	873
2017	193,493,411	138.67%	0.37%	843
2016	162,919,467	106.80%	0.30%	709
2015	124,859,447	80.68%	0.25%	545
2014	136,090,078	85.46%	0.27%	596
2013	111,901,566	68.45%	0.22%	493
2012	125,326,047	70.42%	0.23%	555
2011	131,145,587	68.09%	0.24%	584

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 Amounts are reported inclusive of premiums.

Town of North Hempstead, New York

Direct and Overlapping Governmental Activities Debt
As of December 31, 2020

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct:			
Town of North Hempstead	\$ 330,385,829	100.00%	\$ 330,385,829
Overlapping:			
Nassau County	3,030,135,000	24.70%	748,443,345
Incorporated Villages	126,318,927	varied ¹	109,277,907
School Districts	238,642,496	varied ²	238,184,815
Fire Districts	-	100.00%	-
Total overlapping debt			1,095,906,067
Total direct and overlapping debt			\$ 1,426,291,896

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, 2020, the Town had \$15,437,000 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 December 2020 Official Statement

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, 2019

Years Ended December 31,	Net Assessed Valuation	State Equalization Rate	Full Valuation
2020	\$ 133,045,963	0.21%	\$ 63,355,220,476
2019	136,942,100	0.23%	59,540,043,478
2018	135,990,454	0.25%	54,396,181,600
2017	139,532,268	0.27%	51,678,617,778
2016	152,541,032	0.28%	54,478,940,500
Total Five Year Full Valuation			<u>283,449,003,832</u>
Five Year Average Full Valuation of Taxable Real Property			<u>56,689,800,766</u>
Constitutional Debt Limit (7% of Average Full Valuation)			<u>3,968,286,054</u>
Inclusions:			
Outstanding Bonded Indebtedness at December 31st			378,580,509
Outstanding Bond Anticipation Notes at December 31st			<u>38,953,492</u>
Total Inclusions			<u>417,534,001</u>
Exclusions:			
Water Bonds			72,920,117
Water Bond Anticipation Notes			<u>14,714,492</u>
Total Exclusions			<u>87,634,609</u>
Net Indebtedness Subject to Debt Limit			<u>329,899,392</u>
Net Debt Contracting Margin			<u><u>\$ 3,638,386,662</u></u>
Percentage of Net Debt Contracting Margin Available			91.69%
Percentage of Net Debt Contracting Power Exhausted			8.31%

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
2020	\$ 3,968,286,054	\$ 329,899,392	\$ 3,638,386,662	8.31%	91.69%
2019	3,849,825,477	310,808,372	3,539,017,105	8.07%	91.93%
2018	3,675,035,477	296,988,433	3,378,047,044	8.08%	91.92%
2017	3,596,972,088	297,220,265	3,299,751,823	8.26%	91.74%
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%

Source: The Town of North Hempstead Comptroller's Office

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place. These schedules include:

Demographic and Economic Statistics

Principal Employers

Town of North Hempstead, New York

Demographic and Economic Statistics
Last Ten Years

Year Ended December 31,	Population¹	Personal Income² (billions of dollars)	Per Capita Income¹	Median Family Income¹	Unemployment Rate³	Number of Households Estimate¹	Average Household Size Estimates¹	Population Density Per Square Mile¹
2020	230,933	100,019	63,705	125,364	3.2%	77,721	2.97	4,316
2019	230,241	100,019	63,857	117,750	2.9%	77,638	2.97	4,303
2018	231,085	100,019	62,844	111,570	2.9%	77,577	2.98	4,319
2017	229,640	100,019	53,818	107,235	3.5%	76,568	3.00	4,292
2016	229,640	100,019	53,818	107,235	3.4%	76,658	3.00	4,292
2015	229,105	98,096	51,999	104,698	4.6%	76,523	2.99	4,282
2014	228,245	98,096	51,652	104,264	4.6%	76,868	2.97	4,265
2013	227,029	98,096	51,446	103,551	6.2%	76,856	2.95	4,243
2012	225,971	95,473	51,679	104,378	5.9%	77,023	2.93	4,223
2011	224,664	91,120	52,509	102,893	5.8%	77,638	2.89	4,199

Data Sources:

- 1 U.S. Census Bureau, 2017 America Community Survey 5-Year Population Estimate
- 2 U.S. Department of Commerce, Bureau of Economic Analysis
- 3 U.S. Department of Labor, Local Area Unemployment Statistics, North Hempstead town, NY

Town of North Hempstead, New York

Principal Employers
 Current Year and Nine Years Ago

2020			
Rank	Name	Type of Business	Number of Employees
1	North Shore University Hospital at Manhasset	Hospital	13,697
2	Winthrop-University Hospital	Hospital	8,706
3	St. Francis Hospital	Hospital	3,573
4	Northwell Health Home Care	Home Health Agency	1,001
5	Daniel Gale Sotheby's International Realty	Real Estate Brokers	950
6	Northwell Health Stern Family Center	Nursing Home	576
7	Laffey Real Estate	Real Estate Brokers	575
8	Coffee Distributing Corp.	Office Supply Company	390
9	Sunharbor Manor	Nursing Home	220
10	Sands Point Center for Health & Rehabilitation	Home Health Agency	197

2011			
Rank	Name	Type of Business	Number of Employees
1	North Shore - Long Island Jewish Health System	Hospital	13,332
2	Winthrop - University Hospital	Hospital	6,600
3	St. Francis Hospital	Hospital	3,090
4	Parker Jewish Institute	Skilled Nursing and Rehabilitation Center	3,084
5	ProHEALTH Care Associates	Comprehensive Multi-Specialty Medical Practice	2,000
6	Broadridge Financial Solutions Inc.	Finance	1,500
7	New York Community Bancorp Inc.	Banking	1,331
8	Canon USA	Imaging Solution Provider	1,167
9	Astoria Federal Savings & Loan Association	Banking	1,148
10	PALL Corporation	Technology	800

Source: Book of Lists, 2020, 100+ Employee Companies, Long Island Business News and the Town 2011 CAFR

Operating Information

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. These schedules include:

Full-Time Governmental Employees By Function

Operating Indicators By Function

Capital Asset Statistics By Function

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Town of North Hempstead, New York

Full-Time Government Employees by Function
Last Ten Years

Function	Full-Time Equivalent Employees as of December 31,				
	2020	2019	2018	2017	2016
General government	88	81	84	86	87
Highways	82	84	88	90	84
Parks and recreation	83	87	84	80	80
Buildings and planning	59	62	62	52	48
Public works	18	19	20	20	20
Community services	14	15	17	19	23
Town clerk	16	12	14	14	15
Receiver of taxes	14	14	14	13	14
Public safety	36	34	36	41	37
Solid waste management	13	12	12	14	17
Total	423	420	431	429	425

Source: Town of North Hempstead Human Resource Department records

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
85	85	87	89	84	78
86	86	96	90	94	89
69	69	77	76	79	82
47	47	50	50	42	39
23	23	23	26	25	21
21	21	27	28	16	21
16	16	19	19	21	21
14	14	14	18	17	14
34	34	38	32	28	25
15	15	15	15	15	18
<u>410</u>	<u>410</u>	<u>446</u>	<u>443</u>	<u>421</u>	<u>408</u>

Town of North Hempstead, New York

Operating Indicators by Function
Last Ten Years

Year Ended December 31,	2020	2019	2018	2017	2016
Function					
Town Clerk					
Vital statistic documents	43,016	28,832	28,762	28,426	30,272
Dog licenses	3,322	3,735	4,133	4,303	4,676
Business licenses	731	798	1,152	1,241	1,160
Marriage licenses	971	899	891	827	921
Dumping permits	2,362	1,378	1,354	3,082	1,096
311 Call Center					
Calls Answered	177,079	160,886	168,710	173,344	
Unique Service Requests	56,024	65,650	63,158	62,194	
<i>Project Independence Calls</i>					
Taxi rides - medical appointment	8,136	11,812	11,326	12,166	
Taxi rides - food shopping	3,398	4,567	4,329	4,390	
Other project independence service requests	9,763	8,300	7,519	7,179	
Building					
Building permits issued	4,726	6,355	5,635	5,003	5091
Public Safety					
Dogs adopted or reclaimed by owners	91	143	195	179	254
Dog citations issued					
Fire					
Number of fire protection districts	11	11	11	11	11
Parking					
Number of parking meters	532	532	538	539	544
Off-Street Meters	233	239			
Parking lots and garage revenue	\$ 122,544	\$ 473,896	\$ 473,858	\$ 473,858	\$ 453,666
Annual meter revenue	\$ 150,529	\$ 250,662	\$ 260,181	\$ 260,181	\$ 222,892
Parking permit revenue	\$ 34,645	\$ 89,633	\$ 84,668	\$ 85,267	\$ 84,760
Highways and Streets					
Street resurfacing (lane miles)					19
Number of trees planted	8	51	-	329	540
Number of trees trimmed	472	1,073	522	1,175	1,364
Number of trees removed	223	405	1,239	602	694
Road opening permits issued	557	719	745	722	745
Abandoned vehicles removed	8	13	20	20	34
Signs installed	2,544	1,214	1,704	1,692	1,425
Sanitation (tons per annum)					
Residential and commercial waste collected	128,839	134,141	143,274	132,655	141,689
Recyclables collected		8,084	8,263	8,517	9,095
Yardwaste	13,487	11,109	12,337	10,785	13,905
Construction and demolition debris	14,585	17,238	15,000	13,015	11,792
S.T.O.P. Program					
Household hazardous waste:					
Liquids (gallons)	7,150	13,055	14,495	9,825	
Solids (pounds)	23,470	25,200	28,040	14,405	
Other household items (pounds)	12,639	10,910	14,575	6,100	
Pharmaceuticals (pounds)	540	-	-	-	We do not collect at
E-waste (tons)	101	35	18	150	37
Shredded paper (tons)	41	41	47	42	54
Culture and recreation					
Beach permits issued	-	2,446	2,353	2,455	2,559
Registration for adult programs	-	344	253	455	298
Registration for summer programs	-	8,809	9,277	8,049	7,321

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 CGM Pool was closed in 2017 due to reconstruction project.

2015	2014	2013	2012	2011	2010
27,845	29,007	29,069	26,956	25,931	25,893
4,811	5,107	5,380	5,261	5,440	5,339
1,306	1,290	1,276	1,432	1,365	1,062
967	939	967	972	905	910
3,221	964	2,348	2,293	567	2,698

5498	5,571	5,584	4,884	4,625	4,053
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239	273	275	337	274	366
	-0-	-0-	-0-	-0-	57

11	11	11	11	11	11
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544	544	544	511	805	807
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\$ 399,004	\$ 370,063	\$ 376,568	\$ 276,242	\$ 337,401	\$ 308,602
\$ 166,206	\$ 162,486	\$ 165,784	\$ 179,044	\$ 169,216	\$ 153,552
\$ 54,870	\$ 52,405	\$ 51,410	\$ 50,705	\$ 50,540	\$ 45,945

19.38	16	15	15	11	14
212	194	568	277	244	505
1,145	786	1,153	1,036	2,078	1,334
734	518	793	617	585	692
792	874	746	608	668	754
11	3	11	6	9	10
1,197	1,467	1,896	1,128	1,580	1,688

149,117	156,000	155,927	159,650	173,472	166,610
9,148	10,000	8,974	9,714	11,550	12,181
14,225	15,000	34,356	42,621	18,291	19,014
12,799	14,000	18,986	10,207	6,598	4,323

t S.T.O.P. Events (NCPD is not willing to pay the OT)

2,917	2,917	2,886	3,403	3,380	3,000
642	435	436	423	355	340
8,442	8,829	6,975	7,213	6,223	3,150

Town of North Hempstead, New York

Capital Asset Statistics by Function
Last Ten Years

Year Ended December 31,	2020	2019	2018	2017	2016
Function					
General Government					
Town Hall and annex	3	3	3	3	3
Sanitation					
Transfer station	1	1	1	1	1
Annual tonnage processed	156,911	170,750	178,874	164,972	176,481
Highways and Streets					
Streets (miles)	275	275	275	275	275
Culture and recreation					
Parks acreage	838.5	838.5	838.5	838.5	837
Parks	49	49	49	49 ²	48
Swimming pools	6	6	6	6	6
Beaches	2	2	2	2	2
Docks	2	2	2	2	2
Boat ramps	2	2	2	2	2
Golf courses (18 hole)	1	1	1	1	1
Golf courses (9 hole)	1	1	1	1	1
Driving range	1	1	1	1	1
Miniature golf course	1	1	1	1	1
Tennis courts	37	37	37	37	37
Community centers	4	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.

2015	2014	2013	2012	2011	2010
3	3	3	2	2	2
1	1	1	1	1	1
185,289	195,000	222,773	222,790	210,007	198,526
275	275	275	275	275	275
837	837	837	837	841	841
48	48	48	48	48	48
6	6	6	6	6	6
2	2	2	2	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	37	37	37	35	35
4	4	4	4	3	3

**FEDERAL
AWARDS**

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**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in Accordance
With Government Auditing Standards**

Independent Auditors' Report

**The Honorable Supervisor and Town Board of
the Town of North Hempstead, New York**

We have audited, in accordance with the 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 governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the Town of North Hempstead, New York ("Town") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated July 13, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP
PKF O'Connor Davies, LLP
Harrison, New York
July 13, 2021



Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditors' Report

**The Honorable Supervisor and Town Board of
the Town of North Hempstead, New York**

Report on Compliance for Each Major Federal Program

We have audited the Town of North Hempstead, New York's ("Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2020. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP
PKF O'Connor Davies, LLP
Harrison, New York
July 13, 2021

Town of North Hempstead, New York

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number (1)</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Subrecipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of the Interior</u>				
Indirect Program - Passed Through New York State Environmental Facilities Corporation				
Clean Vessel Act	15.616	CVAP	\$ -	\$ 10,000
Total U.S. Department of the Interior			-	10,000
<u>U.S. Department of Transportation</u>				
Indirect Program - Passed Through New York State Department of Transportation				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	C004044	-	223,535
Total U.S. Department of Transportation			-	223,535
<u>U.S. Environmental Protection Agency</u>				
Direct Program				
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	N/A	-	61,138
Congressionally Mandated Projects	66.202	N/A	-	794,921
Total U.S. Environmental Protection Agency			-	856,059
<u>U.S. Department of Homeland Security</u>				
Indirect Program - Passed Through New York State				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4085-DR-NY	-	7,036,423
Total U.S. Department of Homeland Security			-	7,036,423
Total Expenditures of Federal Awards			\$ -	\$ 8,126,017

(1) - Catalog of Federal Domestic Assistance Number
N/A - Information not available.

See independent auditors' report and noted to schedule of expenditures of federal awards.

Town of North Hempstead, New York

Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Town of North Hempstead, New York ("Town") under programs of the federal government for the year ended December 31, 2020. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

Note 3 - Indirect Cost Rate

The Town has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Town of North Hempstead, New York

Schedule of Findings and Questioned Costs
Year End December 31, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

Yes No
 Yes None reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

Yes No
 Yes None reported

Type of auditors' report issued on compliance for major federal programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

Identification of major federal programs:

<u>CFDA Number (s)</u>	<u>Name of Federal Program or Cluster</u>
66.202	Congressionally Mandated Projects
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs

\$750,000

Auditee qualified as low-risk auditee?

Yes No

Town of North Hempstead, New York

Schedule of Findings and Questioned Costs (Continued)
Year End December 31, 2020

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Town of North Hempstead, New York

Summary of Prior Audit Findings
Year End December 31, 2020

None