



TOWN OF **North Hempstead**

NASSAU COUNTY, NEW YORK

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



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2013**

**TOWN OF NORTH HEMPSTEAD
NEW YORK**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2013**

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

TOWN OF NORTH HEMPSTEAD
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2013
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**INTRODUCTORY
SECTION**

Supervisor
JUDI BOSWORTH

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

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) 869-7700
FAX (516) 627-4204



Supervisor
JUDI BOSWORTH

July 29, 2014

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

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Town of North Hempstead, New York for the year ended December 31, 2013. The financial statements have been audited by the accounting firm selected by the Town Board, Albrecht, Viggiano, Zureck & Company, P.C. The auditors' unmodified opinion is included in this report.

The Town received its third Certificate of Achievement for Excellence in Financial Reporting for the Government Finance Officers Association (GFOA) for the December 31, 2012 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, 2013 financial reports continues to meet the requirements of the Certificate of Achievement Program.

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

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

Sincerely,

Judi Bosworth
Town Supervisor

Supervisor
JUDI BOSWORTH

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

Town Clerk
WAYNE H. WINK, JR

Receiver of Taxes
CHARLES BERMAN

TOWN OF NORTH HEMPSTEAD
OFFICE OF THE
COMPTROLLER

TOWN HALL
220 PLANDOME ROAD
MANHASSET, NY 11030
(516) 869-7740
FAX (516) 869-7762



Comptroller
KATHLEEN H. MITTERWAY

Deputy Comptroller
DIANE M. CHAMBERS

July 29, 2014

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

The Comprehensive Annual Financial Report of the Town of North Hempstead, New York (the "Town") for the year ended December 31, 2013, prepared by the Office of the Comptroller, is submitted herewith.

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

Albrecht, Viggiano, Zureck & Co. P.C., Certified Public Accountants, have issued an unmodified auditors' report dated July 29, 2014, for the Town and its discretely presented nonmajor component units as of December 31, 2013, and the year then ended. Their report may be found at the beginning of the Financial Section.

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

Profile of the Government

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Town has 47 special districts, of which 20 are Town operated and included in Primary Governmental Activities for financial reporting purposes. Of the remaining 27 districts, 21 are reported as "Discretely Presented Nonmajor Component Units" and 6 districts (2 library funding and 4 fire) are excluded. Inclusion in or exclusion from the financial statements is determined by whether there is a financial or operational interdependence between the Town and the District. Generally, the interdependence is predicated on the authority or lack of authority of the District to tax and borrow. Where such authority is lacking, the Town taxes and borrows in its own name, on behalf of the District. In the case of the Town's Community Development Agency ("CDA"), the Town Board appoints the CDA Board of Directors and is included so as not to be misleading or incomplete.

Each year, the Town Board is required to adopt a budget, no later than November 20th, for the following calendar year. The budget is prepared by fund, department (which generally equates to function), down to individual expenditure line item. The adopted budget includes the Town's general fund, highway, part town, SWMA and all the special districts enumerated above, except for CDA, capital projects and the debt service funds. CDA is excluded from the budget, as its principal source of revenue is not property taxes, but rather funding from the U.S. Department of Housing and Urban Development. Capital projects are budgeted on an individual project basis, with debt service and related costs budgeted in the Town operated general, highway, public parking, sidewalk, lighting and three park district funds, respectively. NYS legislation enacted in 2006 permitted the merging of the highway and part town funds into the Town Outside Villages ("TOV") fund and financial reporting may be done on a combined basis, prospectively. Department heads may reallocate budgeted amounts within their departments without Town Board approval. Transfers between departments require the Supervisor's approval and that of the Town Board.

Local Economy

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

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

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

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

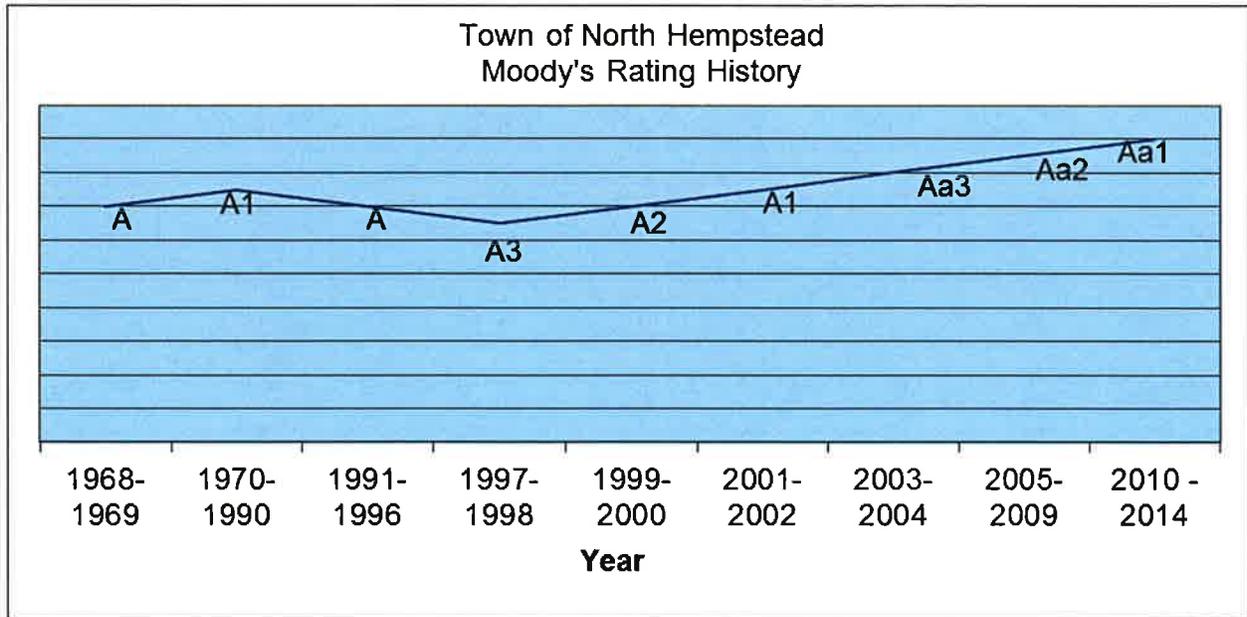
Impact of Hurricane Sandy on the Town

As a result of Hurricane Sandy (the "Storm"), the Town sustained damage, mainly from wind, downed trees and floodwaters. Many Town roads had numerous large trees fall, damaging sidewalks and obstructing the right-of-ways. Fallen trees and debris were removed by Town workforce and outside contractors. Several Town parks also incurred damage. There was damage to various recreational facilities, due to flooding issues. The Town employees undertook various emergency protective measures to prepare and respond to the needs of residents. The Town's costs for emergency protective measures, debris removal and other recovery efforts total approximately \$20.7 million to date, with the work to continue for several years. The Town has assessed most of the damage from the Storm, including damage to the Town Dock, North Hempstead Beach Park, Tully Park Aquatic Center and Manorhaven Beach Park.

Since the Storm, the Town has been in contact with officials from the Federal and State governments and approximately \$17.0 million has been reimbursed to date and it is expected that an additional \$1.6 million will be reimbursed by Federal and State agencies.

Long-Term Financial Planning

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



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

Relevant Financial Policies

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

Major Initiatives

In 2013, the Town's 311 constituent response system responded to 171,325 resident calls to the North Hempstead 311 Call Center. Every call was logged in, documented, directed to its proper place and tracked to resolution. From those calls in 2013, North Hempstead 311 Call Center opened 63,643 service requests and provided immediate information responses to 107,682 callers. The 311 constituent response system permits our residents to make one call to Town Hall and get all the information that they need to resolve any Town related problem that they have. The Town was the first suburban community in the USA to install a 311 system and plans further expansion of the service in the years ahead.

Through the management initiative known locally as "TownStat", Town officials monitor the efficiency and effectiveness of how the Town addresses constituents' concerns. TownStat and the Town's 311 constituent response system work together to capture our residents' questions and service requests. The 311 Call Center provides answers and when necessary, direct service requests to the correct service delivery point, as well as follow-up to ensure that performance management standards are met. Performance management aids in cost reduction, resource prioritization, and quality improvement. It encourages accountability and transparency, fostering the type of government we in North Hempstead have come to expect. In 2013, for the third consecutive year, the Town received the Certificate of Distinction from the International City/County Management Association (ICMA) for North Hempstead's TownStat Performance Measurement and Management Program.

Since the inception of the School Recycling Partnership Program six years ago, over 40,000 students in nine of North Hempstead's 11 school districts have participated in recycling. In 2013, the School Recycling Partnership Program recycled an estimated 32,770 pounds or 14.87 tons of paper and comingled recyclables (plastic, aluminum, and glass). In 2009, the Town received the New York State Environmental Excellence Award for this program and received an A+ by the Citizens Campaign for the Environment for their recycling efforts. In 2013, the Town's e-Waste collection gathered over 10 tons of unwanted electronics.

Partnering with the Town's schools, North Hempstead hosts the Pharmaceutical Collection Program. In 2013 the program collected close to 1,400 pounds of expired and unwanted prescription drugs, keeping them out of the drinking water system and landfills. The Pharmaceutical Collection Program helps the environment in part by discouraging people from using the typical disposal method, flushing unused pills or dumping them in the solid waste stream. In 2011, the Town was presented the U.S. Environmental Protection Agency 2011 Environmental Quality Award for its Pharmaceutical Collection Program. The EPA cited the Town for its "outstanding commitment to protecting and enhancing environmental quality and public health."

Long Island's first Composting Cooperative program began in April 2010. The Composting Cooperative is educating the community and creating awareness on the importance and ease of composting. Participating residents are given a composter for a nominal fee and free instructional demonstration on proper composting techniques. As landfill space becomes scarce and expensive, and as people become more aware of the impacts they have on the environment, composting will be as commonplace as recycling.

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

In the fall of 2010, the Town became the first municipality in the United States to partner with cosmetics giant Estee Lauder on a new recycling program for plastic bottle caps. Using collected caps they have been able to develop ways to make new caps to use on their Aveda products that are shipped world-wide. In 2013, the Town collected 3,379 pounds of bottle caps that would have gone into landfills, littered our beaches and endangered our marine life.

In 2013, the Town of North Hempstead introduced our first ever Trashion Show, another green initiative, linking art and the environment. North Hempstead students were encouraged to design and create any type of apparel or accessories made completely from recyclable or other material that would have been otherwise sent to a landfill and model their creations on the runway.

In 2013, the 5th Annual Recycled Artwork Contest invited students to use their creativity to promote recycling in their schools and community. The contest is intended to spread the powerful message of reduce, reuse and recycle. Over 1,000 students participated and the entries were judged by the North Hempstead Arts Advisory Committee. Each student was instructed to use materials that would have otherwise been garbage. The winners were honored at the Great Neck Arts Center, in a special ceremony, and all entries were displayed for one month in the gallery at the Great Neck Arts Center.

In 2013, the 5th Annual Earth Day Video Contest gave the students, in our award winning Recycling Partnership Program, the opportunity to create a "PSA" (Public Service Announcement) to educate the residents of North Hempstead about critical environmental issues. The theme in 2013 was "Plastic Ain't My Bag", where the students highlighted hazards plastic bags pose on the environment, and propose remedies to reduce our reliance on their excessive use. Entries are judged by the Town's Ecological Commission and the winners had their videos shown on the Town cable and You Tube station which reaches 260,000 residents in North Hempstead and the North Shore area and were recognized at a Town award ceremony.

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

The Town has also placed a special emphasis on ensuring the health and well-being of our senior population. Project Independence, our nationally-recognized "aging-in-place" senior program continues to expand throughout North Hempstead, with six local offices. The program successfully links seniors with services ranging from medical and social service providers, to taxi rides for trips to the supermarket and doctor's appointments, to handyman assistance. Project Independence, which is matched up with the Town's 311 system, handled 26,537 service requests in 2013, and has helped thousands of North Hempstead seniors maintain and improve their quality of life, making it easier for them to remain in their homes and part of our community.

The Town continues to keep quality of life at the top of the priority list. The Aquatic Activity Center in New Hyde Park, remodeled in 2010, contains an indoor pool with a water slide, zero-entry area, five water features for family fun, a lap-lane area for traditional swimming, a pool-level party room, and a completely remodeled gym. In 2013, 3,972 memberships and 11,608 daily pool passes were sold.

The Manorhaven Park and Pool Complex in Port Washington, remodeled in 2011, features a 25,000 square foot main pool area and a 12,000 square foot bathhouse complex with event space and food service. The pool features two water slides, a kiddie pool, and an expanded pool deck with a resort-like feel. The park also includes a playground, resurfaced tennis courts, and a skate spot which we expect will become one of the parks most popular new features. In 2013, with 4,946 memberships and 17,529 daily pool passes were sold.

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

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

Among the many festivals the Town hosts are:

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

2013 marked the 3rd Annual Gold Coast International Film Festival, which brought international films and screenings to Long Island’s historic north shore. The festival, which is a collaboration between the Gold Coast Arts Center and the Town of North Hempstead, took place at nearby theaters. Established with the intention of bringing attention to exceptional filmmakers in the industry, the festival showcased pieces from an array of genres including comedy, documentaries, foreign films, and drama with a selection of question and answer portions as well.

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

Reporting Achievement

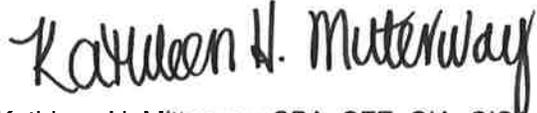
The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of North Hempstead for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2012. This was the third consecutive year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

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

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

Respectfully submitted,

A handwritten signature in black ink that reads "Kathleen H. Mitterway". The signature is written in a cursive style with a large, prominent initial "K".

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

TOWN OF NORTH HEMPSTEAD

PRINCIPAL OFFICIALS

December 31, 2013

ELECTED OFFICIALS

TOWN BOARD:

SUPERVISOR

JON KAIMAN until 9/23/2013

JOHN RIORDAN effective 10/7/2013 to 12/31/2013

JUDI BOSWORTH effective 1/1/2014

DISTRICT 1 - COUNCILWOMAN

DISTRICT 2 - COUNCILMAN

VIVIANA RUSSELL

THOMAS K. DWYER until 11/16/2013

PETER J. ZUCKERMAN effective 1/28/2014

DISTRICT 3 - COUNCILMAN

DISTRICT 4 - COUNCILWOMAN

DISTRICT 5 - COUNCILWOMAN

DISTRICT 6 - COUNCILWOMAN

ANGELO P. FERRARA

ANNA M. KAPLAN

LEE R. SEEMAN

DINA M. DeGIORGIO

TOWN CLERK:

LESLIE GROSS until 12/31/2013

WAYNE H. WINK, JR effective 1/1/2014

RECEIVER OF TAXES:

CHARLES BERMAN

APPOINTED OFFICIALS

DEPUTY SUPERVISOR:

CHRISTOPHER G. SENIOR until 1/25/2014

TOWN ATTORNEY:

JOHN RIORDAN until 10/7/2013

ELIZABETH BOTWIN effective 1/1/2014

CHIEF OF STAFF:

JO-ANNE TAORMINA until 12/28/2013

LUCINDA CARDINAL effective 1/1/2014

DIRECTOR OF FINANCE:

ALINE KHATCHADOURIAN effective 1/1/2014

DIRECTOR OF OPERATIONS:

ROBERT J. TROIANO, JR. effective 1/1/2014

COMPTROLLER:

KATHLEEN H. MITTERWAY

SUPERINTENDENT OF HIGHWAYS:

THOMAS P. TIERNAN

COMMISSIONER OF ADMINISTRATIVE SERVICES:

PETER M. HODA

COMMISSIONER OF BUILDINGS:

KEVIN M. CRONIN until May 23, 2014

MICHAEL LEVINE effective 6/24/2014

COMMISSIONER OF COMMUNITY SERVICES:

KIMBERLY A. CORCORAN - GALANTE

COMMISSIONER OF SERVICES FOR THE AGING:

CAISY L. MEYERS

COMMISSIONER OF FINANCE:

ROBERT WEITZNER

COMMISSIONER OF INFORMATION TECHNOLOGY:

FRANK PRISCIANDARO

COMMISSIONER OF PARKS & RECREATION:

JENNIFER FAVA

COMMISSIONER OF PLANNING:

MICHAEL A. LEVINE

COMMISSIONER OF PUBLIC SAFETY:

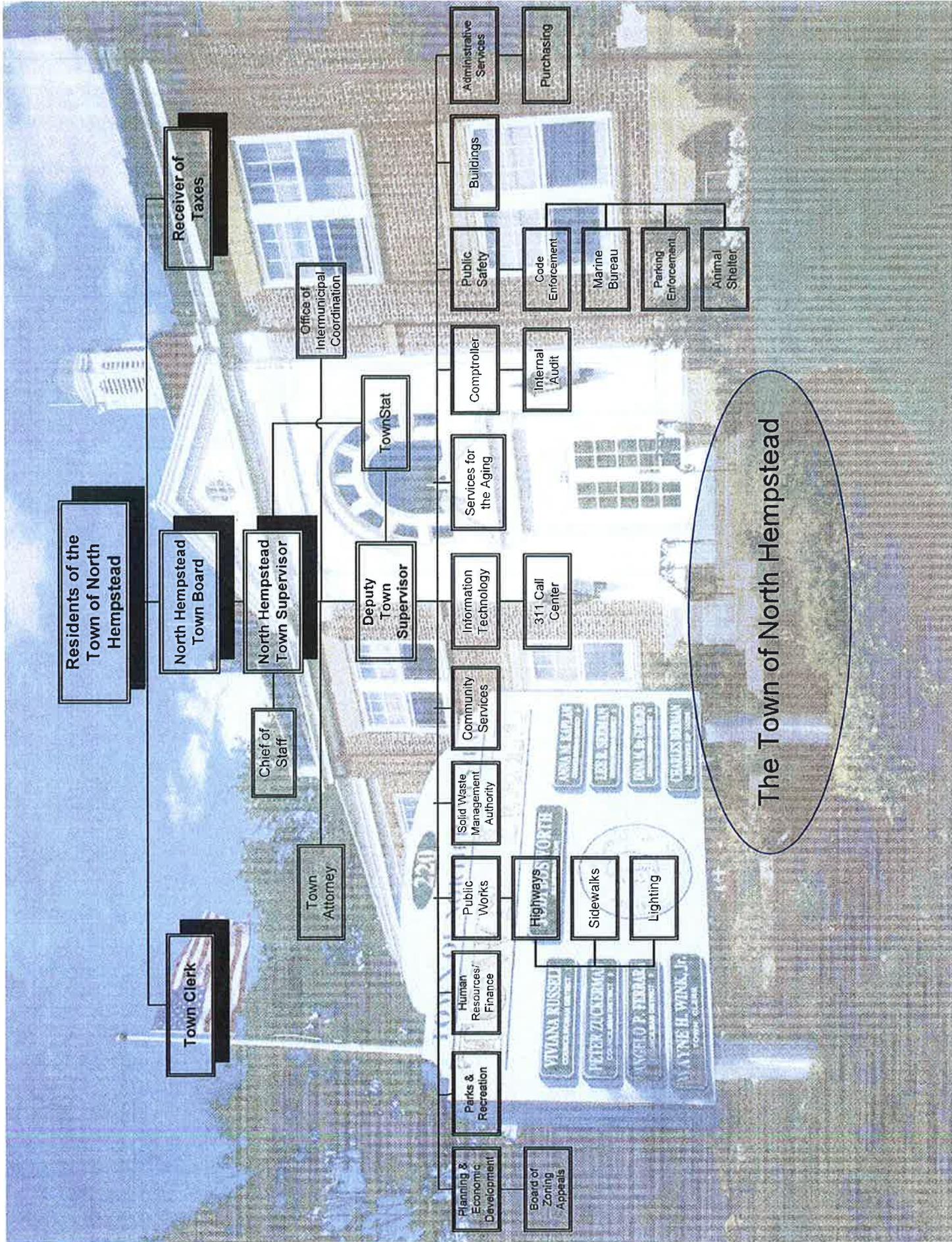
ANDREW DeMARTIN

COMMISSIONER OF PUBLIC WORKS:

PAUL DIMARIA

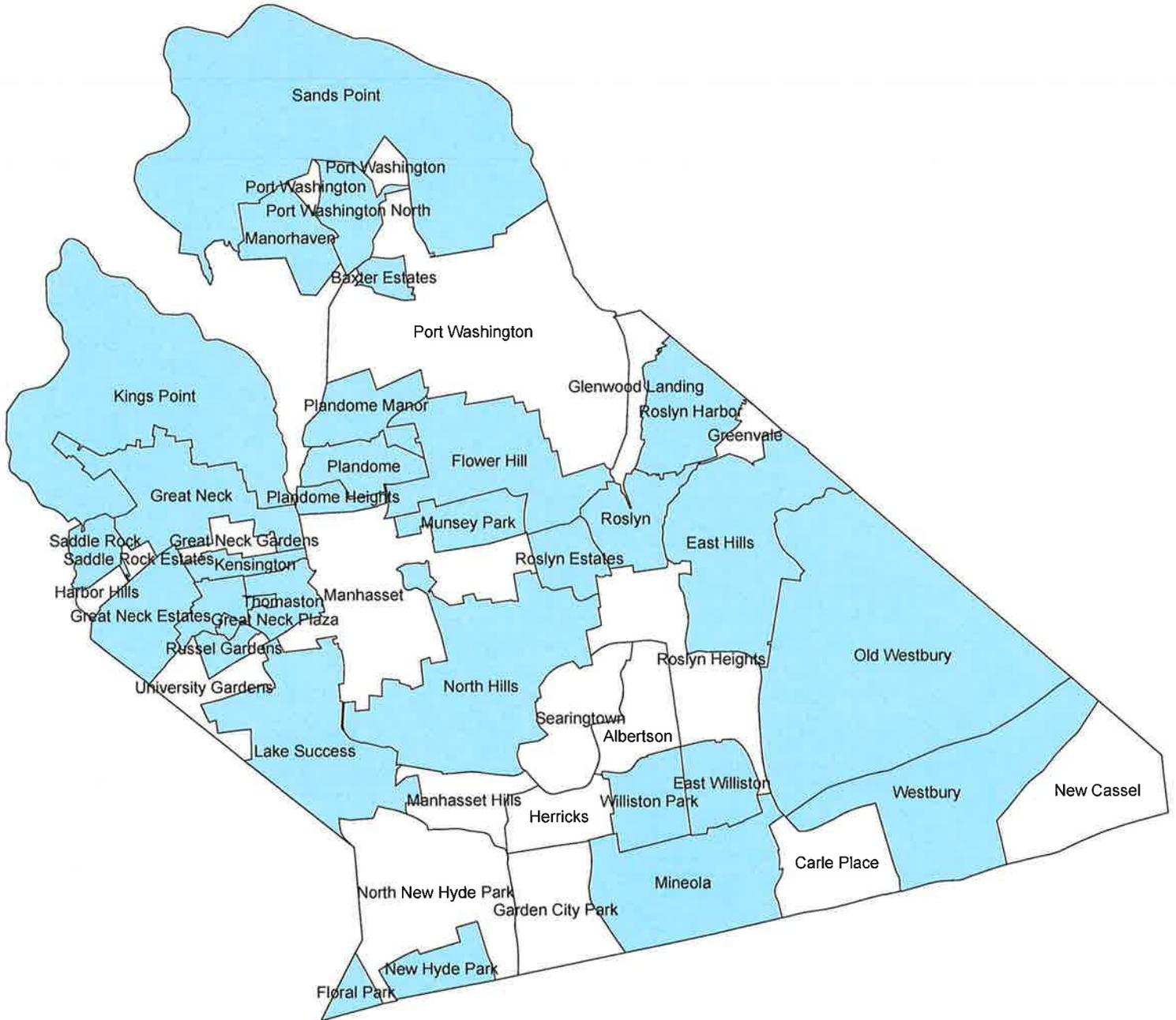
EXECUTIVE DIRECTOR OF SOLID WASTE MANAGEMENT:

IGOR SIKIRIC



The Town of North Hempstead

TOWN OF NORTH HEMPSTEAD





Government Finance Officers Association

**Certificate of
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**Town of North Hempstead
New York**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

**FINANCIAL
SECTION**



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented nonmajor component units, each major fund, and the aggregate remaining fund information of the Town of North Hempstead, New York, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of eighteen of the twenty-one nonmajor component units, Carle Place Garbage District, Glenwood Garbage District, Port Washington Garbage District, Roslyn Garbage District, Belgrave Water Pollution Control District, Great Neck Water Pollution Control District, Port Washington Water Pollution Control District, Carle Place Water District, Garden City Park Water District, Manhasset-Lakeville Water District, Port Washington Water District, Roslyn Water District, Westbury Water District, Great Neck Park District, Port Washington Police District, Shelter Rock Public Library District, Town of North Hempstead Community Development Agency, and Greater Port Washington Business Improvement District, which represent 95.3%, 95.2% and 94.8% respectively, of the assets, net position and revenues of the aggregate discretely presented nonmajor component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion, insofar as it relates to the amounts included for those eighteen component units, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the nonmajor component units presented discretely in these financial statements, Carle Place Garbage District, Glenwood Garbage District, Port Washington Garbage District, Roslyn Garbage District, Great Neck Water Pollution Control District, Albertson Water District, Garden City Park Water District, Glenwood Water District, Port Washington Water District, Roslyn Water District, Westbury Water District, Manhasset Park District, Shelter Rock Public Library District, and Greater Port Washington Business Improvement District, were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

PERSONAL SERVICE. TRUSTED ADVICE.

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

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NEW YORK, NY 10167
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25 SUFFOLK COURT
HAUPPAUGE, NY 11788-3715
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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented nonmajor component units, each major fund and the aggregate remaining fund information of the Town of North Hempstead, New York as of December 31, 2013, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

New Accounting Guidance

As described in Note 1.H to the basic financial statements, the Town of North Hempstead, New York adopted the provisions of Governmental Accounting Standards No. 61, "*The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14*" and Governmental Accounting Standards No. 65, "*Items Previously Reported as Assets and Liabilities*" as of and for the year ended December 31, 2013.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress for the postemployment benefits healthcare costs and the budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2014, on our consideration of the Town of North Hempstead, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of North Hempstead, New York's internal control over financial reporting and compliance.

A. Abrecht, Vignone, Zurek & Co., P.C.

Hauppauge, New York
July 29, 2014

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis

TOWN OF NORTH HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2013

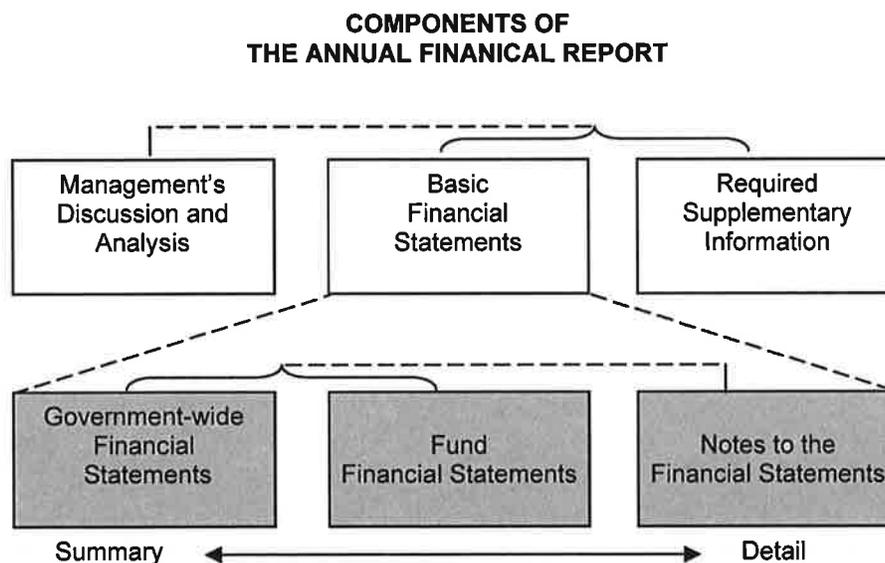
As management of the Town of North Hempstead (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial statements of the Town for the year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letters of transmittal, which can be found in the introductory section of this comprehensive annual financial report (CAFR).

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of 2013 by \$161,960,443 (net position).
- The Town's total net position decreased by \$171,519.
- As of the close of 2013, the Town's governmental funds reported combined ending fund deficits of \$40,244,209, an increase of \$3,698,527 in comparison with the prior year. Of this amount, \$6,688,125 is not in spendable form or is required to remain intact. Exclusive of the capital projects deficit of \$73,879,682 is \$26,947,348 of total fund balance in spendable form with various levels of spending constraint: restricted, assigned, or unassigned making them available for spending at the Town's discretion.
- At the end of 2013, the Town's total fund balance for the general fund was \$13,718,744, an increase of 43.8 percent from the prior year. The assigned and unassigned fund balance for the general fund was \$7,401,626, or 11.6 percent of total general fund expenditures and other uses.
- The Town's total long-term outstanding debt was \$114,581,364, a decrease of 12.1% from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.



TOWN OF NORTH HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The intent of the government-wide financial statements is to give the reader a long-term view of the Town's financial condition.

The Statement of Net Position presents financial information on all of the Town's assets, 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 nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's buildings, roads, drainage and other assets to assess the overall health of the Town.

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

The Town's government-wide financial statements includes both the governmental activities of the Town itself (known as the primary government) and of its legally separate 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 beginning year net position has been restated as a result of the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in order to recognize debt issuance cost expenses incurred. Previously, the debt issuance cost expenses were amortized over the duration of the related debt.

Governmental Activities

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

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 1.A to the financial statements.

TOWN OF NORTH HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund Financial Statements

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with related liabilities, and residual equity or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The Town, like other governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

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

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

The Town maintains thirteen (13) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the six (6) major funds. The general fund, highway fund, solid waste management authority (SWMA), town outside village (part town) fund, debt service fund and capital projects fund are reported as major funds. Data from the seven (7) other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the other supplementary information section of this report.

The Town adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison schedules for the general fund, highway fund, SWMA and part town fund can be found in the section labeled "Required Supplementary Information Other Than Management's Discussion and Analysis". Budgetary comparison schedules for the nonmajor governmental funds are presented in "Other Supplementary Information". The Town does not adopt budgets in the capital projects fund and debt service fund.

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

Fiduciary Funds

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

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

Notes to the Financial Statements

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

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

TOWN OF NORTH HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

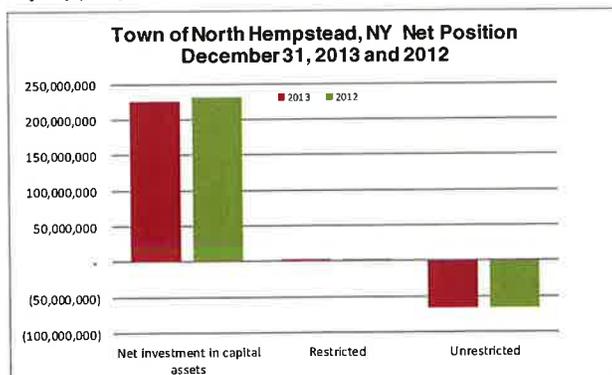
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$161,960,443 at the close of the most recent year.

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

	2013	2012
Current and other assets:		
Current assets	\$ 77,539,786	\$ 77,147,080
Capital assets, net	404,688,112	406,508,681
Other non-current assets	2,760,000	8,209,035
Total assets	<u>484,987,898</u>	<u>491,864,796</u>
Deferred outflows of resources	<u>86,900</u>	
Current and other liabilities:		
Current liabilities	142,108,867	144,750,711
Long-term liabilities	180,958,934	179,884,918
Total liabilities	<u>323,067,801</u>	<u>324,635,629</u>
Deferred inflows of resources	<u>46,554</u>	
Net position:		
Net investment in capital assets	225,486,423	231,420,763
Restricted	1,841,053	2,117,638
Unrestricted	(65,367,033)	(66,309,234)
Total net position	<u>\$ 161,960,443</u>	<u>\$ 167,229,167</u>

By far the largest portion of the Town's net position, \$225,486,423, reflects its net investment in capital assets (e.g. land, buildings, machinery and equipment, intangibles and infrastructure); less any related outstanding debt that was used to acquire those assets. The Town uses these capital assets to provide services to its citizens; consequently those assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves will not be used to liquidate these liabilities.

The deficit balance of unrestricted net position does not necessarily indicate fiscal stress. At the end of the current year, the Town reported a positive balance in the categories of net investment in capital assets and restricted net position. The same situation held true for the prior year. The deficit balance of unrestricted net position arose primarily due to long-term liabilities, which include bonds payable, due to the employees' retirement system, compensated absences, claims and judgments, landfill closure and postclosure care costs, pollution remediation obligations and postemployment benefits healthcare costs (OPEB), and that will be funded through future budgetary appropriations when they become payable in future periods.



TOWN OF NORTH HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The total net position of the Town as of December 31, 2013 was \$161,960,443, a decrease of \$171,519 from the prior year, as restated. Of this amount \$225,486,423 was the net investment in capital assets, while \$1,841,053 was restricted by statute or other specific purpose leaving a \$65,367,033 unrestricted deficit.

The ongoing recognition of OPEB costs will continue to impact net position in future years. The unfunded liability for OPEB increased in 2013 by \$6,760,450 bringing the unfunded liability at year-end to \$51,528,415. Additional information on postemployment benefits healthcare costs can be found in Note 3.F to the financial statements.

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

	2013	2012
Program Revenues		
Charges for services	\$ 35,343,357	\$ 35,130,887
Operating grants and contributions	13,003,479	9,142,273
Capital grants and contributions	552,202	29,125
	48,899,038	44,302,285
General Revenues		
Real property taxes	70,878,833	68,261,387
Real property tax items	2,277,435	2,033,313
Non-property tax items	13,235,095	12,441,196
Interest earnings - unrestricted	632,970	775,259
Mortgage tax	7,493,601	6,690,606
State aid - unrestricted	1,023,565	1,023,565
Other	1,923,480	1,841,674
	97,464,979	93,067,000
Total Revenues	146,364,017	137,369,285
Program Expenses		
General government support	28,161,989	27,351,522
Education	2,007,847	2,502,099
Public safety	13,883,747	13,102,628
Health	400,116	339,412
Transportation	26,237,863	24,696,466
Economic assistance and opportunity	2,957,536	2,853,738
Culture and recreation	28,275,078	27,158,800
Home and community services	38,960,568	32,643,032
Interest on debt	5,650,792	6,263,292
	146,535,536	136,910,989
Total Expenses	146,535,536	136,910,989
Change in Net Position	(171,519)	458,296
Net Position - Beginning	167,229,167	166,770,871
Cumulative Effect of Change in Accounting Principle*	(5,097,205)	
Net Position - Beginning, as Restated	162,131,962	166,770,871
Net Position - Ending	\$ 161,960,443	\$ 167,229,167

* The Town's financial statements presented herein are for the year ended December 31, 2013, and the cumulative effect of applying this accounting change from Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Accordingly, the condensed financial information presented above also reflects the cumulative effect of this accounting principle of \$5,097,205 and is shown as a reduction of the beginning net position for 2013. The condensed financial information for the year ended December 31, 2012 has not been restated.

Net position, from all governmental activities, decreased by \$171,519 in the current year and prior year was an increase of \$458,296 for a year-over-year change of \$629,815.

Key element(s) of the governmental activities are:

- The \$4,596,753 increase in program revenues was mainly due to an increase of \$3,861,206 in operating grants. This increase stems mostly from an increase in Federal Emergency Management Agency (FEMA) and State Emergency Management Office (SEMO) assistance for Hurricane Irene (2011) and Superstorm Sandy (2012) of \$3,344,737. Capital grants and contributions increased by \$523,077 mainly from a Dormitory Authority of the State of New York capital grant for \$491,222 for drainage improvements.
- Real property taxes increased by \$2,617,446 as a result of the Town Board approved budget. Payments in lieu of taxes increased \$282,156 as a result of additional parcels paying the Town. Sales tax, mortgage tax and franchise fees increased by \$721,155, \$802,995 and \$72,744, while interest earnings decreased by \$142,289, respectively, based on economic conditions, consumer spending and housing market conditions.

TOWN OF NORTH HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

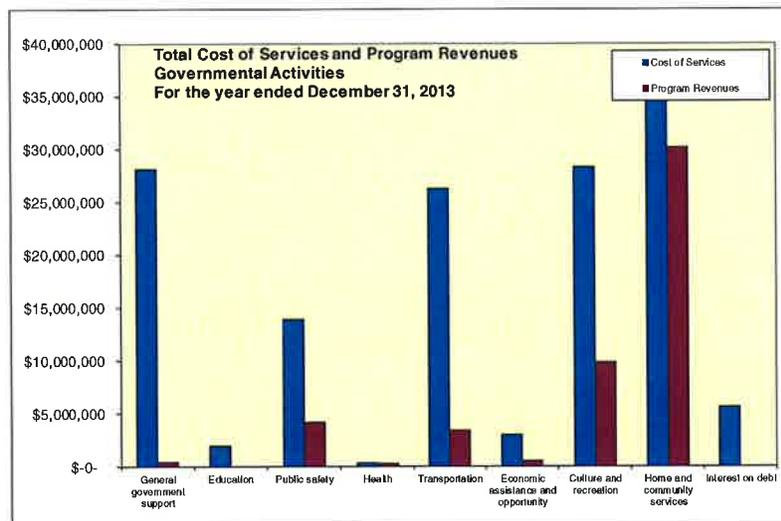
Key element(s) of the governmental activities are: (continued)

- Overall expenses increased by \$9,624,547.
 - General government support – the increase of \$810,467 was mainly attributable to additional mailings and postage of \$250,629, the settlement of a tax lien for \$150,000, and the increase of the New York State Employee Retirement System contribution of \$282,656.
 - Public safety – the \$781,119 increase in public safety spending resulted from increased full and part-time salaries, for the Public Safety and Building Departments of \$254,769 and \$109,605, respectively, plus benefits and increases in contractual and other operating expenses of \$122,055. Fire protection district contracts and length of service award programs increased by \$60,798.
 - Transportation – the \$1,541,397 increase is primarily due to expenses related to Superstorm Sandy for contractual services, overtime and other operating expenses of \$914,860, combined with an increase in snow removal costs of \$231,817.
 - Culture and recreation – the \$1,116,278 increase was mainly attributable to a full year of expenses related to the opening of the Yes We Can Community Center, these included salary, contractual services and electricity of \$629,725, \$145,839 and \$187,200, respectively.
 - Home and community services – the \$6,317,536 increase was mainly due to expenses related to Superstorm Sandy for contractual services, transfer station operations, and tipping fees of \$4,842,795, \$2,530,753 and \$870,620, respectively. This was offset by a decrease in equipment rentals, landscaping and capital purchases of \$1,061,296, \$822,055 and \$143,794, respectively.
 - Interest on debt – the decrease of \$612,500, was mainly due to savings from prior year refunding of debt and a decrease in long-term debt in 2013.

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

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

	2013		2012		2013		2012	
	Total Cost of Services		Program Revenue		Net Cost of Services			
General government support	\$ 28,161,989	\$ 27,351,522	\$ 432,869	\$ 435,752	\$ 27,729,120	\$ 26,915,770		
Education	2,007,847	2,502,099			2,007,847	2,502,099		
Public safety	13,883,747	13,102,628	4,133,966	4,624,722	9,749,781	8,477,906		
Health	400,116	339,412	285,178	263,486	114,938	75,926		
Transportation	26,237,863	24,696,466	3,422,686	3,896,472	22,815,177	20,799,994		
Economic assistance and opportunity	2,957,536	2,853,738	570,953	282,458	2,386,583	2,571,280		
Culture and recreation	28,275,078	27,158,800	9,862,623	10,962,872	18,412,455	16,195,928		
Home and community services	38,960,568	32,643,032	30,190,763	23,836,523	8,769,805	8,806,509		
Interest on debt	5,650,792	6,263,292			5,650,792	6,263,292		
	<u>\$ 146,535,536</u>	<u>\$ 136,910,989</u>	<u>\$ 48,899,038</u>	<u>\$ 44,302,285</u>	<u>\$ 97,636,498</u>	<u>\$ 92,608,704</u>		

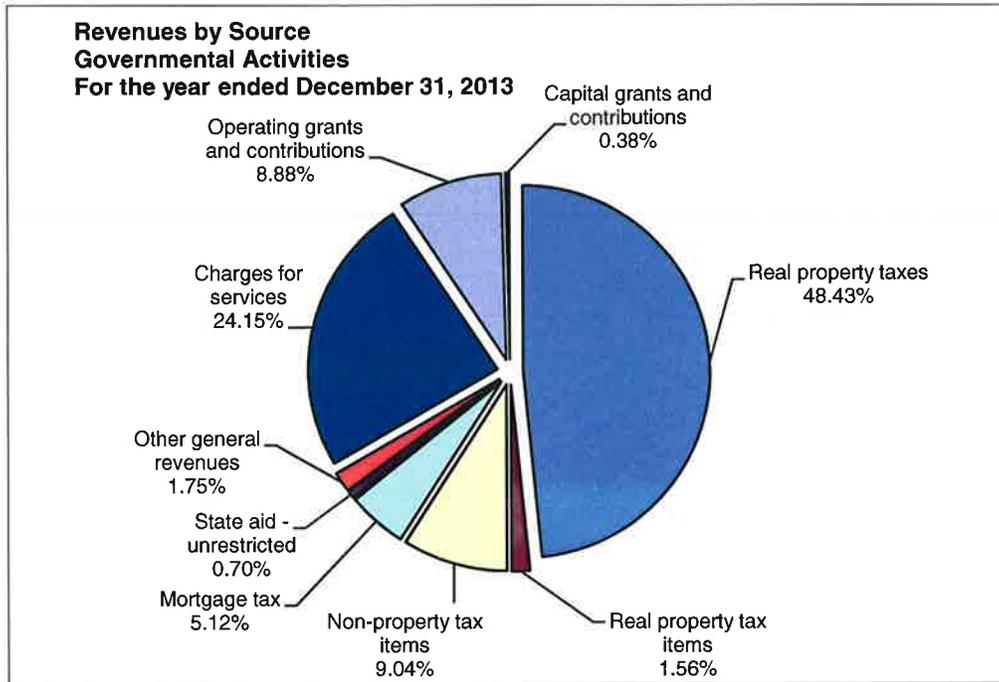


The total cost of all governmental activities this year was \$146,535,536. The net cost of these services after being subsidized by program revenues of \$48,899,038 was \$97,636,498.

TOWN OF NORTH HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

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



Revenue by Source
 Years ended December 31,

	2013	2012
Real property taxes	\$ 70,878,833	\$ 68,261,387
Real property tax items	2,277,435	2,033,313
Non-property tax items	13,235,095	12,441,196
Mortgage tax	7,493,601	6,690,606
State aid - unrestricted	1,023,565	1,023,565
Other general revenues	2,556,450	2,616,933
Charges for services	35,343,357	35,130,887
Operating grants and contributions	13,003,479	9,142,273
Capital grants and contributions	552,202	29,125
	<u>\$ 146,364,017</u>	<u>\$ 137,369,285</u>

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

Governmental Funds

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

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

TOWN OF NORTH HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (continued)

Governmental Funds (continued)

At December 31, 2013, the Town's governmental funds reported negative total ending fund balances of \$40,244,209, as compared to a negative \$36,545,682 at December 31, 2012 an increase of \$3,698,527. The governmental funds reported fund balances, exclusive of the capital projects fund, of \$33,635,473. This change in total governmental fund balances was due principally to the increase in the capital projects fund deficit as explained under "Capital Projects Fund" section. The category breakdown is as follows:

- **Nonspendable fund balance** – \$6,688,125 (inherently nonspendable) includes the portion of net resources that cannot be spent because they must be maintained intact.
- **Restricted fund balance** – \$1,841,053 (externally enforceable limitations on use) include amounts subject to limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments.
- **Assigned fund balance** – \$21,412,502 (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** – (\$70,185,889) (residual net resources) is the total fund balance in the general fund in excess of nonspendable and assigned fund balance, of \$3,693,793, and the negative \$73,879,682 in capital projects in excess of nonspendable, restricted and assigned fund balances.

The Town began the year with an anticipated \$1,459,665 decrease resulting from the appropriation of fund balance for the 2013 budget. Other changes in total governmental fund balances were primarily due to:

- In 2013 the capital projects fund's fund balance decreased by \$7,633,415, due to the use of short term borrowings to fund ongoing projects in anticipation of grant funding and long term debt issuance. Short term borrowings, versus serial bonds, are not accounted for as revenue but usually have the benefit of reduced interest rates. This reduction in fund balance will be reversed upon the receipt of expected grant funding and the issuance of long term debt.
- The debt service fund had a decrease in fund balance of \$197,385 due to the appropriation of reserves in 2013.
- The general fund, SWMA, and part town fund had increases in fund balance of \$4,179,636, \$1,155,260, and \$143,459, respectively; while the highway and nonmajor governmental funds had overall decreases of \$909,528 and \$436,554, respectively. These items are discussed in greater detail in the individual fund analyses that follow.

General Fund

The general fund is the chief operating fund of the Town. At the end of the current year, the total fund balance of the general fund was \$13,718,744, increasing \$4,179,636 or 43.8%. Of this amount, \$6,317,118 is not in spendable form (noncurrent receivables, inventory and prepaids). The remaining \$7,401,626 of the fund balance is in spendable form as follows: \$3,707,833 has been assigned by the Town Board (\$500,000 for subsequent year's budget, \$274,333 for capital projects, \$743,746 for workers' compensation, \$521,834 for insurance, and \$1,667,920 for the senior center) and \$3,693,793 represents spendable, unassigned fund balance.

The major components of the fund balance increase of \$4,179,636 are as follows:

- Revenues were higher than anticipated by \$1,869,287, mainly due to additional revenues in excess of budget as follows: payments in lieu of taxes \$144,536, sales tax, \$318,246, mortgage tax, \$908,945, and FEMA assistance, \$975,619, offset by parks charges, \$440,379 resulting from the decrease in events at Harbor Links.

TOWN OF NORTH HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (continued)

Governmental Funds (continued)

General Fund (continued)

- Expenditures were less than anticipated by \$2,269,887, this was attributable to a decrease in the community college tuition chargeback to the Town of \$660,767 and decreases in general government support including postage, equipment, software support, and other general expenditures of \$867,622. In addition, a decrease in programs for the aging expenditures due to a decrease in the related state aid and a decrease in environmental facilities due to no purchases needed for the school program of \$359,721 and \$218,583, respectively.

Highway Fund

At the end of the current year, the total fund balance of the highway fund was \$4,338,398, decreasing \$909,528, or 17.3%, from the prior year. Of this amount, \$358,437 is not in spendable form (inventory and prepaids). The remaining \$3,979,961 of the fund balance is in spendable form as follows; \$567,345 for subsequent year's budget, \$150,000 assigned by the Town Board for capital projects and the remaining \$3,262,616 is assigned for highway purposes.

The main reasons for the fund balance decrease of \$909,528 are as follows:

- FEMA and State Emergency Management Office (SEMO) assistance for Hurricane Irene (2011) and Superstorm Sandy (2012) exceeded the budget by \$6,890,660.
- Transfers out for bond anticipation note principal payments were reduced by \$197,000 due to unspent debt proceeds and grant reimbursements.
- Actual expenditures and transfers out exceeded the budget by \$7,331,555, mainly due to emergency disaster work relating to Superstorm Sandy.

Solid Waste Management Authority

At the end of the current year, the total fund balance of the Solid Waste Management Authority was \$2,719,543, increasing \$1,155,260, or 73.9% from the prior year. Of this amount, \$11,788 is not in spendable form (prepaids) and \$861,234 is restricted for debt service. The remaining \$1,846,521 is assigned for solid waste management purposes.

The main reasons for the fund balance increase of \$1,155,260 are as follows:

- Revenues exceeded budgeted amounts by \$2,500,140, primarily due to FEMA reimbursement for expenditures from Superstorm Sandy.
- Expenditures came in over budget by \$444,880, of which \$160,420 is directly related to storm debris removal, in addition \$204,294 is directly related to the transfer station for collection of waste material.

Part Town

At the end of the current year, the total fund balance of the part town fund was \$7,353,489, increasing \$143,459 or 2.0%, from the prior year. Of this amount, \$313 is not in spendable form (prepaids). The remaining \$7,353,176 of the fund balance is in spendable form as follows; \$167,655 for subsequent year's budget and the remaining \$7,185,521 of fund balance is assigned for part town purposes.

The main reasons for the fund balance increase of \$143,459 are as follows:

- Revenues came in under budgeted amounts by \$376,898 mainly due to lower than expected building permit revenue.
- Expenditures came in under budget by \$520,352, as a direct result of unfilled personnel positions in the Building and Town Clerk departments.

TOWN OF NORTH HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (continued)

Governmental Funds (continued)

Capital Projects Fund

At the end of the current year, the capital projects fund had a total unassigned fund balance deficit of \$73,879,682. The deficit will be eliminated with the issuance of long-term bonds in subsequent periods.

The fund balance deficit increased in the capital projects fund by \$7,633,415 during the current year. This was primarily due to:

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

Nonmajor Governmental Funds

At the end of the current year, the total fund balance of the nonmajor governmental funds was \$4,525,480, decreasing \$436,554 or 8.8%, from the prior year. Of this amount, \$469 is not in spendable form (prepaids). The remaining \$4,525,011 of the fund balance is in spendable form as follows; \$1,053,081 for subsequent year's budget and the remaining \$3,471,930 of fund balance is assigned for nonmajor governmental fund purposes.

The main reasons for the fund balance decrease of \$436,554 are as follows:

- An originally planned decrease of \$1,053,081 to hold the line on property taxes for 2013.
- This was offset by an increase in FEMA revenue in the lighting district, parks districts, sidewalk district and public parking district of \$294,496, \$260,862, \$34,688 and \$3,246, respectively, for reimbursement of expenditures due to Superstorm Sandy.

GENERAL FUND BUDGETARY HIGHLIGHTS

The differences between the 2013 original budget and the final amended budget are adopted by Town Board resolution throughout the year. During the year there was a \$1,266,352 increase in the appropriations and other uses between the original and final amended budget. There are no variances that are expected to have a significant effect on future services or liquidity. Please see the "General Fund" section for more details on the comparison of final budgets and actual amounts. The following are the main components of the increase in appropriations:

- Over the course of the year the Town Board revises the budget as needed so that expenditures do not exceed appropriations.
- The main components of the increase in appropriations were due to the environmental sustainability grant costs of \$579,362, New York State grant to fund additional parks expense of \$183,872, and increased sales and mortgage tax receipts of \$400,000, used to fund appropriations.
- The Town Board also appropriated \$117,913 in fund balance for the payment of litigation expenses and settlements.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's net investment in capital assets for its governmental type activities as of December 31, 2013 amounts to \$404,688,112. This investment in capital assets includes land, construction in progress, building, improvement, machinery and equipment, roads, curb and sidewalks, drainage, street lighting and intangibles.

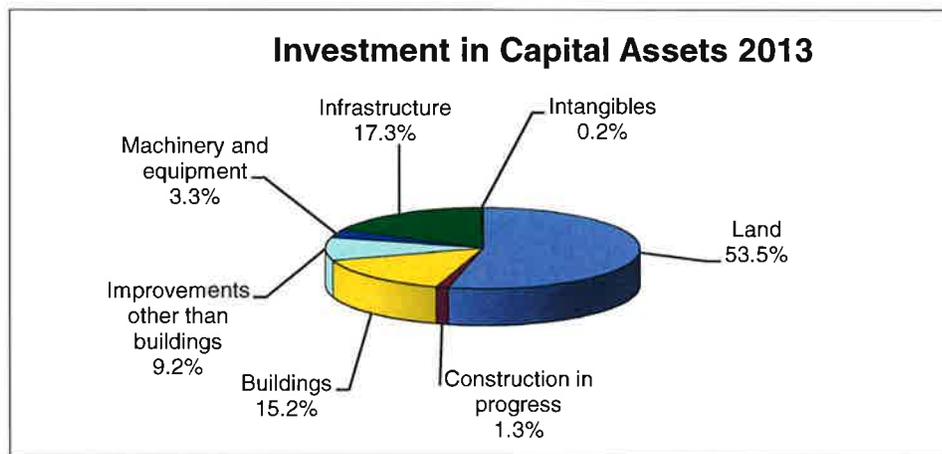
TOWN OF NORTH HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2013

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Capital Assets (continued)

Capital Assets - Net of Depreciation
 as of December 31,

	Governmental Activities	
	2013	2012
Land	\$ 216,713,341	\$ 216,306,881
Construction in progress	5,072,487	3,417,895
Buildings	61,463,077	61,748,275
Improvements other than buildings	37,151,580	36,170,195
Machinery and equipment	13,431,165	13,255,595
Infrastructure	69,989,151	74,677,536
Intangibles	867,311	932,304
Total Capital Assets	<u>\$ 404,688,112</u>	<u>\$ 406,508,681</u>



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

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

Long-Term Debt

At the end of the year, the Town had total long-term bonded debt outstanding of \$114,581,364. General obligation bonds are shown net of premiums.

	Governmental Activities	
	2013	2012
General obligation bonds	\$ 110,326,404	\$ 125,326,047
Revenue bonds	4,254,960	5,048,791
Total	<u>\$ 114,581,364</u>	<u>\$ 130,374,838</u>

In 2013 the Town of North Hempstead's total long-term bonded debt decreased by \$15,973,474 or 12.1%.

In 2014, Moody's Investment Services reaffirmed the Town of North Hempstead's credit rating at "Aa1". The rating is the highest in the Town's history.

TOWN OF NORTH HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-Term Debt (continued)

Additionally at December 31, 2013 the Town had outstanding short-term bond anticipation notes and revenue anticipation notes of \$92,815,132 and \$9,200,000 respectively, with maturity dates in 2014.

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

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

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 7% of a 5-year average full valuation. The current debt limitation for the Town is \$4,001,362,554, which is significantly in excess of the Town of North Hempstead's outstanding general obligation debt. The percentage of debt contracting exhausted at December 31, 2013 was 7.2% of the current debt limitation.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Property Tax

The Town has adopted a budget for 2014 that allows for inflation and other adjustments to revenues and expenditures. The 2014 general fund budget includes a real property tax increase of approximately 2.0% over 2013.

In June 2011, New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which includes a 2% property tax cap for municipalities that affects the Town and its municipal component units. Beginning in 2012, and lasting through at least June 15, 2016, no local government is authorized to increase its property tax levy by more than 2% or the rate of inflation (whichever is less); however the permitted increase will not be less than 1%. Local governments can exceed the tax levy limit by a 60% vote of the governing body, or local law. There are permitted exceptions and adjustments.

State Aid and Local Assistance

The Town receives financial assistance from New York State and Nassau County. The 2014 budget includes mortgage tax of \$7,025,136; per capita of \$1,023,565 and local government assistance of \$11,533,600. If the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Town, may be affected by a delay in the payment of state aid. The State is not constitutionally obligated to maintain or continue state aid to the Town.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

TOWN OF NORTH HEMPSTEAD
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET POSITION
December 31, 2013

	Primary Governmental Activities	Nonmajor Component Units
ASSETS		
Current Assets:		
Cash and investments	\$ 59,491,742	\$ 44,386,758
Cash - restricted	885,477	22,154,372
Accounts receivable, net of allowances	2,725,407	1,271,974
Prepays	82,067	2,973,697
State and federal aid receivables	4,078,497	
Due from other governments	9,513,879	8,383,196
Inventory of materials and supplies	762,717	734,157
Total Current Assets	77,539,786	82,904,154
Non-Current Assets:		
Notes receivable	2,760,000	
Capital assets not being depreciated	221,785,828	90,574,941
Capital assets, net of accumulated depreciation	182,902,284	147,872,641
Total Non-Current Assets	407,448,112	238,447,582
Total Assets	484,987,898	321,351,736
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	86,900	50,509
Total Deferred Outflows of Resources	86,900	50,509
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	15,489,163	8,683,065
Accrued interest payable	1,864,768	853,594
Bond anticipation notes payable	92,815,132	23,549,632
Revenue anticipation notes payable	9,200,000	
Due to other governments	168,846	290,080
Grant advances	64,300	29,469
Other liabilities	3,538,997	162,090
Non-Current Liabilities due within one year:		
General obligation bonds payable	14,616,626	8,307,982
Revenue bonds payable	812,302	
Due to employees' retirement system	772,530	17,875
Compensated absences	256,294	297,904
Claims and judgments payable	601,000	
Estimated liability for landfill closure and postclosure care costs	1,261,114	
Pollution remediation obligations	647,795	
Installment purchase debt		89,561
Total Current Liabilities	142,108,867	42,281,252
Non-Current Liabilities due in more than one year:		
General obligation bonds payable	97,284,940	114,714,644
Revenue bonds payable	3,442,658	
Due to employees' retirement system	5,195,021	154,721
Compensated absences	4,869,587	11,561,138
Claims and judgments payable	5,084,423	
Estimated liability for landfill closure and postclosure care costs	13,553,890	
Postemployment benefits healthcare costs	51,528,415	45,880,097
Installment purchase debt		786,914
Total Non-Current Liabilities	180,958,934	173,097,514
Total Liabilities	323,067,801	215,378,766
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue, payments in lieu of taxes	46,554	
Deferred charge on refunding		491,749
Deferred inflows, loans receivable		555,230
Total Deferred Inflows of Resources	46,554	1,046,979
NET POSITION		
Net investment in capital assets	225,486,423	103,918,832
Restricted for:		
Debt service	1,841,053	16,816,711
Unrestricted	(65,367,033)	(15,759,043)
Total Net Position	\$ 161,960,443	\$ 104,976,500

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

TOWN OF NORTH HEMPSTEAD
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF ACTIVITIES
Year ended December 31, 2013

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Government Activities:				
General government support	\$ 28,161,989	\$ 432,869		
Education	2,007,847			
Public safety	13,883,747	4,133,966		
Health	400,116	285,178		
Transportation	26,237,863	2,288,644	\$ 642,820	\$ 491,222
Economic assistance and opportunity	2,957,536	351,277	219,676	
Culture and recreation	28,275,078	9,819,123	42,520	980
Home and community services	38,960,568	18,032,300	12,098,463	60,000
Interest on debt	5,650,792			
Total Primary Government	\$ 146,535,536	\$ 35,343,357	\$ 13,003,479	\$ 552,202
Nonmajor Component Units				
Public safety	\$ 22,537,158	\$ 6,315	\$ 254,486	
Culture and recreation	20,546,208	4,352,132	65,650	\$ 100,000
Home and community services	52,453,953	21,573,781	1,018,290	229,659
	\$ 95,537,319	\$ 25,932,228	\$ 1,338,426	\$ 329,659

General Revenues

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

Total General Revenues

Change in Net Position

Net Position at Beginning of Year

Prior Period Adjustment

Net Position at Beginning of Year, as Restated

Net Position at End of Year

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

Net (Expenses) Revenues and Changes in Net Position	
Primary Government	Nonmajor Component Units
\$ (27,729,120)	
(2,007,847)	
(9,749,781)	
(114,938)	
(22,815,177)	
(2,386,583)	
(18,412,455)	
(8,769,805)	
(5,650,792)	
<u>(97,636,498)</u>	
	\$ (22,276,357)
	(16,028,426)
	<u>(29,632,223)</u>
	<u>(67,937,006)</u>
70,878,833	64,735,751
2,277,435	596,789
11,334,246	
1,900,849	13,180
632,970	1,075,726
7,493,601	
	1,149,879
1,023,565	13,461
	36,474
<u>1,923,480</u>	<u>2,564,635</u>
<u>97,464,979</u>	<u>70,185,895</u>
<u>(171,519)</u>	<u>2,248,889</u>
167,229,167	103,440,557
<u>(5,097,205)</u>	<u>(712,946)</u>
<u>162,131,962</u>	<u>102,727,611</u>
<u>\$ 161,960,443</u>	<u>\$ 104,976,500</u>

TOWN OF NORTH HEMPSTEAD
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2013

	MAJOR FUNDS				
	General	Highway	Solid Waste Management	Part Town	Debt Service
ASSETS					
Cash and investments	\$ 14,316,843	\$12,013,741	\$ 1,160,426	\$ 4,269,572	\$ 979,819
Cash - restricted			861,234		24,243
Accounts receivable, net of allowances	692,222	27,329	1,938,178	56,870	
Prepays	67,934	1,563	11,788	313	
Due from other funds	2,471,849	1,271,670	1,611,569	3,788,599	
State and federal aid receivable	508,026	776,172	2,437,899	18,000	
Due from other governments	7,381,880	141,992		64,841	
Inventory of materials and supplies	405,843	356,874			
Total Assets	<u>\$ 25,844,597</u>	<u>\$ 14,589,341</u>	<u>\$ 8,021,094</u>	<u>\$ 8,198,195</u>	<u>\$ 1,004,062</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 5,912,030	\$ 1,999,710	\$ 2,393,102	\$ 745,759	\$ 24,243
Bond anticipation notes payable					
Revenue anticipation note payable	1,022,009	7,746,699			
Due to other governments	101,857			66,989	
Due to other funds	5,078,403	467,728	2,908,449	10,000	
Grant advances	2,662	20,888		18,000	
Total Liabilities	<u>12,116,961</u>	<u>10,235,025</u>	<u>5,301,551</u>	<u>840,748</u>	<u>24,243</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue, payments in lieu of taxes	8,892	15,918		3,958	
Total Deferred Inflows of Resources	<u>8,892</u>	<u>15,918</u>		<u>3,958</u>	
FUND BALANCES (DEFICITS)					
Nonspendable	6,317,118	358,437	11,788	313	
Restricted			861,234		979,819
Assigned	3,707,833	3,979,961	1,846,521	7,353,176	
Unassigned	3,693,793				
Total Fund Balances (Deficits)	<u>13,718,744</u>	<u>4,338,398</u>	<u>2,719,543</u>	<u>7,353,489</u>	<u>979,819</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 25,844,597</u>	<u>\$ 14,589,341</u>	<u>\$ 8,021,094</u>	<u>\$ 8,198,195</u>	<u>\$ 1,004,062</u>

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

<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 20,484,695	\$ 6,266,646	\$ 59,491,742
		885,477
2,058	8,750	2,725,407
	469	82,067
373,995		9,517,682
18,142	320,258	4,078,497
10,000	1,915,166	9,513,879
		762,717
<u>\$ 20,888,890</u>	<u>\$ 8,511,289</u>	<u>\$ 87,057,468</u>
\$ 2,814,664	\$ 1,599,655	\$ 15,489,163
91,339,018	1,476,114	92,815,132
	431,292	9,200,000
		168,846
592,140	460,962	9,517,682
22,750		64,300
<u>94,768,572</u>	<u>3,968,023</u>	<u>127,255,123</u>
	17,786	46,554
	17,786	46,554
	469	6,688,125
		1,841,053
	4,525,011	21,412,502
<u>(73,879,682)</u>		<u>(70,185,889)</u>
<u>(73,879,682)</u>	<u>4,525,480</u>	<u>(40,244,209)</u>
<u>\$ 20,888,890</u>	<u>\$ 8,511,289</u>	<u>\$ 87,057,468</u>

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TOWN OF NORTH HEMPSTEAD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
December 31, 2013

Total Fund Balances - Governmental Funds \$ (40,244,209)

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

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

Capital assets - non-depreciable	\$ 221,785,828	
Capital assets - depreciable	377,350,075	
Accumulated depreciation	<u>(194,447,791)</u>	404,688,112

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period, and accordingly, are not reported in the funds. However these liabilities are included in the Statement of Net Position:

General obligation bonds payable	(110,326,404)	
Revenue bonds payable	(4,254,960)	
Premiums on debt issuance	(1,575,162)	
Due to employees' retirement system	(5,967,551)	
Compensated absences	(5,125,881)	
Claims and judgments payable	(5,685,423)	
Estimated liability for landfill closure and postclosure care costs	(14,815,004)	
Pollution remediation obligations	(647,795)	
Postemployment benefits healthcare costs	<u>(51,528,415)</u>	(199,926,595)

Deferred charge on refunding 86,900

Other liabilities for tuition charge back (3,538,997)

Notes receivable applicable to the Town's governmental activities are not due and receivable in the current period, and accordingly, are not reported in the funds. However, these assets are included in the Statement of Net Position. 2,760,000

Interest payable applicable to the Town's governmental activities are not due and payable in the current period, and accordingly, are not reported in the funds. However, these liabilities are included in the Statement of Net Position. (1,864,768)

Net Position of Governmental Activities \$ 161,960,443

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

TOWN OF NORTH HEMPSTEAD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended December 31, 2013

	MAJOR FUNDS				
	General	Highway	Solid Waste Management	Part Town	Debt Service
REVENUES					
Real property taxes	\$ 24,005,591	\$ 20,161,158		\$ 5,685,233	
Real property tax items	1,425,179	394,284		90,166	
Non-property tax items	13,182,595			52,500	
Departmental income	9,491,716		\$ 16,686,366	1,018,646	
Intergovernmental charges	1,124	1,355,590	1,025,000		
Use of money and property	141,999	83,385	62,175	22,640	\$ 167,599
Licenses and permits	297,874	240,479		3,116,752	
Fines and forfeitures	25,000			180,709	
Sale of property and compensation for loss	1,050,483	2,399	259,470		
Miscellaneous local sources	735,775	32,367	20,103	12,247	338,592
Interfund revenues	6,291,419	362,512	33,176	102,556	
State aid	9,155,598	791,012	198,964	1,000	
Federal aid	1,195,295	6,890,660	2,502,611	129,220	
Total Revenues	<u>66,999,648</u>	<u>30,313,846</u>	<u>20,787,865</u>	<u>10,411,669</u>	<u>506,191</u>
EXPENDITURES					
Current:					
General government support	14,456,599	2,532,854		1,854,089	
Education	439,233				
Public safety	1,409,579			4,557,034	
Health				226,569	
Transportation		12,457,121			
Economic assistance and opportunity	2,094,184				
Culture and recreation	16,879,752				
Home and community services	1,920,402	7,038,324	18,832,006	1,122,514	
Employee benefits	8,473,041	4,819,939	800,599	2,508,004	
Debt Service:					
Principal					15,793,474
Interest	28,515				5,362,564
Capital Outlay					
Total Expenditures	<u>45,701,305</u>	<u>26,848,238</u>	<u>19,632,605</u>	<u>10,268,210</u>	<u>21,156,038</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>21,298,343</u>	<u>3,465,608</u>	<u>1,155,260</u>	<u>143,459</u>	<u>(20,649,847)</u>
Other Financing Sources (Uses)					
Transfers in	1,135,989	843,329	900,824		21,334,698
Transfers out	(16,352,495)	(4,835,465)	(900,824)		(882,236)
Bond anticipation notes redeemed	(1,902,201)	(383,000)			
Retirement of debt by payment made by funds					
Total Other Financing Sources (Uses)	<u>(17,118,707)</u>	<u>(4,375,136)</u>	<u>-0-</u>	<u>-0-</u>	<u>20,452,462</u>
Net Change in Fund Balances	4,179,636	(909,528)	1,155,260	143,459	(197,385)
Fund Balances (Deficits) at Beginning of Year	<u>9,539,108</u>	<u>5,247,926</u>	<u>1,564,283</u>	<u>7,210,030</u>	<u>1,177,204</u>
Fund Balances (Deficits) at End of Year	<u>\$ 13,718,744</u>	<u>\$ 4,338,398</u>	<u>\$ 2,719,543</u>	<u>\$ 7,353,489</u>	<u>\$ 979,819</u>

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

Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
	\$ 21,026,851	\$ 70,878,833
	367,806	2,277,435
		13,235,095
	964,517	28,161,245
		2,381,714
	43,973	521,771
		3,655,105
		205,709
	57,933	1,370,285
\$ 190,647	5,043	1,334,774
	72,272	6,861,935
552,202		10,698,776
53,223	603,062	11,374,071
<u>796,072</u>	<u>23,141,457</u>	<u>152,956,748</u>
	2,127,963	20,971,505
		439,233
	5,758,868	11,725,481
		226,569
	4,084,952	16,542,073
		2,094,184
	909,902	17,789,654
	8,631,602	37,544,848
	902,838	17,504,421
		15,793,474
		5,391,079
<u>10,632,754</u>		<u>10,632,754</u>
<u>10,632,754</u>	<u>22,416,125</u>	<u>156,655,275</u>
<u>(9,836,682)</u>	<u>725,332</u>	<u>(3,698,527)</u>
189,292	25,745	24,429,877
(271,226)	(1,187,631)	(24,429,877)
		(2,285,201)
<u>2,285,201</u>		<u>2,285,201</u>
<u>2,203,267</u>	<u>(1,161,886)</u>	<u>-0-</u>
(7,633,415)	(436,554)	(3,698,527)
<u>(66,246,267)</u>	<u>4,962,034</u>	<u>(36,545,682)</u>
<u>\$ (73,879,682)</u>	<u>\$ 4,525,480</u>	<u>\$ (40,244,209)</u>

TOWN OF NORTH HEMPSTEAD
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
Year ended December 31, 2013

Net Change in Fund Balance - Total Governmental Funds \$ (3,698,527)

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

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

Capital outlay	\$ 11,001,105	
Depreciation expense	(12,701,164)	
Loss on sale of capital assets	<u>(120,510)</u>	
		(1,820,569)

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.

Interest expense	(324,930)	
Other liabilities for tuition charge back	<u>(1,568,614)</u>	
		(1,893,544)

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

Miscellaneous revenue	(90,480)	
Interest income	60,000	
Premiums on debt issuance	<u>299,684</u>	
		269,204

The issuance of long-term debt and increase in obligations provides current financial resources to governmental funds, while the repayment of the principal of long term-debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.

Repayment of general obligation bond principal	14,999,643	
Repayment of revenue bond principal	793,831	
Due to employees' retirement system	(1,878,265)	
Compensated absences	(132,877)	
Claims and judgments	(724,715)	
Estimated liability for landfill closure and postclosure care costs	1,257,328	
Pollution remediation obligations	(647,795)	
Postemployment benefits healthcare costs	(6,760,450)	
Accrued interest payable	<u>65,217</u>	
		<u>6,971,917</u>

Change in Net Position of Governmental Activities \$ (171,519)

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

TOWN OF NORTH HEMPSTEAD
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2013

		<u>Total Agency Funds</u>
ASSETS		
Cash	\$	31,381,457
Total Assets	\$	<u>31,381,457</u>
 LIABILITIES		
Due to school districts	\$	9,168,901
Other agency liabilities		<u>22,212,556</u>
Total Liabilities	\$	<u>31,381,457</u>

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

TOWN OF NORTH HEMPSTEAD
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December 31, 2013

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TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of North Hempstead (the "Town"), which was established in 1784, is governed by Town Law and other general laws of the State of New York and various local laws. The Town Board is the legislative body responsible for overall operations. The Town Board consists of the Supervisor, who is elected for a term of two years, and six council members who are elected for terms of four years. The Town Clerk and Receiver of Taxes are elected and serve for four years. The Town Board appoints the Town Attorney, Comptroller, Superintendent of Highways, Executive Director of the Solid Waste Management Authority and the Commissioners of the following departments: Administrative Services, Community Services, Public Works, Public Safety, Building, Finance, Parks and Recreation, Planning, Services for the Aging and Information Technology. The Supervisor serves as the Chief Executive Officer and Chief Fiscal Officer of the Town.

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

The basic financial statements of the Town of North Hempstead have been prepared in conformity with generally accepted accounting principles in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The most significant of the Town's accounting policies are described below:

A. REPORTING ENTITY

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

The decision to include a potential component unit in the Town's reporting entity is based on several criteria, including legal standing, dependency and financial accountability. The current guidance also clarifies the status as a major or nonmajor component unit. Based on the application of these criteria, the following is a summary of certain entities considered in determining the Town's reporting entity.

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

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

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

Based on the application of the above criteria the following are nonmajor, discretely presented component units of the Town providing refuse and garbage, water pollution control, water, park, police, library and business services to residents and businesses within the districts. These nonmajor component units are presented discretely in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. REPORTING ENTITY (continued)

The Town has four discretely presented garbage and refuse districts: Carle Place, Glenwood, Port Washington and Roslyn. They were established as political subdivisions of the Town. Garbage Districts are governed by Town Law and other general laws of the State of New York. The Board of Commissioners is the legislative body responsible for overall operations. The Board of Commissioners consists of three members, all of whom are elected by the residents of the districts for terms of three years. The primary functions of the districts are to provide garbage collection and disposal services to district residents. Special districts cannot issue bonded debt without the approval and the backing of the full faith and credit of the Town. The Town issues indebtedness on behalf of these districts which are responsible for the payment of annual debt service on the obligations. Budgets and tax rates are approved by the Town. Tax levies of the special districts are collected by the Town Receiver of Taxes. These garbage and refuse districts are included in the Town's reporting entity since the primary government is able to impose its will, as demonstrated through the ability to approve budgets.

The Town has three discretely presented water pollution control districts: Belgrave, Great Neck and Port Washington. They were established as political subdivisions of the Town. Water Pollution Control Districts are governed by Town Law and other general laws of the State of New York. The Board of Commissioners is the legislative body responsible for overall operations. The Board of Commissioners consists of three members, all of whom are elected by the residents of the districts for terms of three years. The primary functions of the districts are to provide water pollution control services to district residents. Special districts cannot issue bonded debt without the approval and the backing of the full faith and credit of the Town. The Town issues indebtedness on behalf of these districts which are responsible for the payment of annual debt service on the obligations. Budgets and tax rates are approved by the Town. Tax levies of the special districts are collected by the Town Receiver of Taxes. These water pollution control districts are included in the Town's reporting entity since the primary government is able to impose its will, as demonstrated through the ability to approve budgets.

The Town has eight discretely presented water districts: Albertson, Carle Place, Garden City Park, Glenwood, Manhasset-Lakeville, Port Washington, Roslyn and Westbury. They were established as political subdivisions of the Town. Water Districts are governed by Town Law and other general laws of the State of New York. The Board of Commissioners is the legislative body responsible for overall operations. The Board of Commissioners consists of three members, all of whom are elected by the residents of the districts for terms of three years. The primary functions of the districts are to provide water services to district residents. Special districts cannot issue bonded debt without the approval and the backing of the full faith and credit of the Town. The Town issues indebtedness on behalf of these districts which are responsible for the payment of annual debt service on the obligations. Budgets and tax rates are approved by the Town. Tax levies of the special districts are collected by the Town Receiver of Taxes. These water districts are included in the Town's reporting entity since the primary government is able to impose its will, as demonstrated through the ability to approve budgets.

The Town has two discretely presented park districts: Great Neck and Manhasset. They were established as political subdivisions of the Town. Park Districts are governed by Town Law and other general laws of the State of New York. The Board of Commissioners is the legislative body responsible for overall operations. The Board of Commissioners consists of three members, all of whom are elected by the residents of the districts for terms of three years. The Great Neck Park District offers numerous services including camps, adult and youth classes, ice skating rink, marina movies, pool hockey and tennis programs. The Manhasset Park District provides park and parking service to district residents. Special districts cannot issue bonded debt without the approval and the backing of the full faith and credit of the Town. The Town issues indebtedness on behalf of these districts which are responsible for the payment of annual debt service on the obligations. Budgets and tax rates are approved by the Town. Tax levies of the special districts are collected by the Town Receiver of Taxes. These park districts are included in the Town's reporting entity since the primary government is able to impose its will, as demonstrated through the ability to approve budgets.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. REPORTING ENTITY (continued)

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

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

The North Hempstead Community Development Agency (the "Agency") is a separate public benefit corporation, created by state legislation, to promote the safety, health and welfare of the Town's inhabitants and to promote the sound growth and development of the Town. The Agency provides a full range of community development services, including construction of affordable housing, residential and commercial land acquisition, code enforcement services, and public facility improvements. The Agency's Board of Directors is the legislative body responsible for overall operations. The Executive Director serves as the chief executive officer. The Authority's management is designated by the Town Board. The Town Board appoints the Agency Board of Directors. Due to the nature and significance of the relationship between the primary government and the Agency, exclusion would cause the financial statements to be misleading.

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

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

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town as a whole with separate columns for the primary governmental activities as well as the discretely presented component units. All fiduciary activities are reported in the fund financial statements.

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

The government-wide Statement of Activities demonstrates the degree to which direct expenses of a given function are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function; and 3) interest earned on grants or capital projects that is required to be used to support a particular program or project. Taxes and other items not properly included among program revenues are reported as general revenues. The Town does not allocate indirect expenses to specific functions in the Statement of Activities.

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

Fund Financial Statements

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues, and expenditures, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds are presented by type in the fund financial statements. Certain funds of the Town are utilized to account for resources derived from and/or expenditures applicable to an area less than the entire town. The focus of the governmental funds financial statements is on the major funds. Accordingly, the Town maintains the following fund types:

Governmental Funds – Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position. Governmental funds are further classified as major and nonmajor funds.

The Town reports the following major governmental funds:

General Fund – is the principal operating fund of the Town. This fund is used to account for all financial resources not accounted for and reported in another fund.

Special Revenue Funds – are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

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

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

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

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

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

Special District Funds – are used to account for taxes or other revenues, which are raised or received to provide special services to areas that encompass less than the whole Town. The Special District Funds consist of a number of separate districts, which are administered by the Town Board as follows:

Fire Protection Districts as follows:

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

Town of North Hempstead Lighting District

Park Districts as follows:

Harbor Hills
Levitt Park at the Roslyn Heights Park (established 8/20/13)
Manhasset Bay
New Hyde Park – Clinton G. Martin

Town of North Hempstead Sidewalk District

Refuse and Garbage Districts as follows:

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

Port Washington Public Parking District

Great Neck Water District

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

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

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

The Town has presented the following fiduciary funds:

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

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

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

Discretely Presented Nonmajor Component Units

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

Garbage Districts

Carle Place
Glenwood
Port Washington
Roslyn

Water Pollution Control Districts

Belgrave
Great Neck
Port Washington

Water Districts

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

Park Districts

Great Neck
Manhasset

Port Washington Police District

Shelter Rock Public Library District

North Hempstead Community
Development Agency

Greater Port Washington Business
Improvement District

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Measurement focus refers to what is being measured, whereas the basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements' governmental column, reconciliation is presented that briefly explains the adjustments necessary to reconcile ending net position and the change in net position.

D. ASSETS, LIABILITIES AND NET POSITION/FUND BALANCE

1. CASH AND INVESTMENTS

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

State statutes govern the Town's investment policy. The Town has a written investment policy stating that Town money must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Town is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury.

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

2. RESTRICTED ASSETS

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

3. RECEIVABLES AND PAYABLES

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

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

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. RECEIVABLES AND PAYABLES (continued)

a) Interfund Revenues

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

b) Operating Transfers

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

4. DUE FROM/TO OTHER FUNDS

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

5. INVENTORY AND PREPAID ITEMS

Inventory in the general and special revenue funds is valued at cost, using the weighted average cost method. Inventory in these funds is accounted for under the consumption method.

Prepaid items in the general and special revenue funds are accounted for under the consumption method.

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in both the government-wide and fund financial statements. The Town uses the consumption method.

In governmental funds, amounts reported as inventories and prepaid items are equally offset by nonspendable fund balance amounts, indicating that they do not constitute "available spendable resources" even though they are a component of current assets.

6. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Infrastructure assets are reported at historical cost as of 1980. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation/amortization on all assets is calculated on the straight-line basis over the following estimated useful lives:

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

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.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

6. CAPITAL ASSETS (continued)

Intangible assets lack physical substance, are nonfinancial in nature, and have an estimated useful life extending beyond a single reporting period. The term depreciation, as used in these footnotes, includes amortization of intangible assets.

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

7. DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

In addition to assets, the balance sheet or statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until that time.

In addition to liabilities, the balance sheet or statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

8. LONG-TERM OBLIGATIONS

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

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

9. NET POSITION AND FUND EQUITY CLASSIFICATIONS

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

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

- a) Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Accounts payable in the capital projects fund are capital related debt and are used in the calculation of net investment in capital assets.
- b) Restricted – Consists of net position with constraints placed on the use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

9. NET POSITION AND FUND EQUITY CLASSIFICATIONS (continued)

In the fund financials statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources; they are: 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned. Not all of the Town's funds will necessarily have all of the components of fund balance available to that fund.

- 1) Nonspendable fund balance includes amounts that cannot be spent because they are either: (a) not in spendable form (i.e., prepaid items or inventories), or (b) will not convert to cash within the current period (i.e., long-term receivables and financial assets held for resale), or (c) legally or contractually required to be maintained intact (i.e., the principal of a permanent fund).

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

- 2) Restricted fund balance reflects the constraints imposed on resources either: (a) externally by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- 3) Committed fund balance reflects amounts that can only be used for specific purposes by a government using its highest and most binding level of decision making authority. The Town's highest decision making authority is the Town Board, who by adoption of a Town ordinance prior to year-end, can commit fund balance. Those committed amounts cannot be used for any other purpose unless the Town Board removes or changes the specified use by taking the same type of action imposing the commitment.
- 4) Assigned fund balance reflects the amounts constrained by the Town's "intent" to be used for specific purposes, but are neither restricted nor committed. The Town Board and Town Comptroller, through resolution granted by the Town Board, have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.
- 5) Unassigned fund balance. This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

10. NET POSITION AND FUND BALANCE FLOW ASSUMPTIONS

When outlays for a particular purpose can be funded from both restricted and unrestricted net position resources it is the Town's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

When both restricted and unrestricted fund balance resources are available for use, it is the Town's policy to use restricted fund balance resources first, and then unrestricted fund balance resources – committed, assigned and unassigned – in order as needed.

11. FUND BALANCE POLICIES

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

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. REVENUES AND EXPENDITURES

1. REAL PROPERTY TAX ASSESSMENT AND COLLECTION PROCEDURES

In Nassau County, the assessment and lien of real property for taxation is done by the County Department of Assessment. Real property taxes become a lien during the third week of February for both school and general taxes. The County assessment rolls are used for the levy of real property taxes by the Town and the School Districts, as well as by the County and by Special Districts of the County and the Town.

The Town of North Hempstead Receiver of Taxes collects all real property taxes for the Town, Nassau County, Town Special Districts and School Districts. Town and County taxes are levied on January 1, and are due in two installments, 50% on January 1 and 50% on July 1, payable without penalty to February 10 and August 10, respectively. Penalties are imposed thereafter at the rate of 1% per month, from January 1 and July 1 until August 31, after which taxes are payable to the County Treasurer. The Town retains the total amount of the Town, Highway and Town Special Districts' levies from the amounts collected, and forwards the remaining balance collected to the County, which assumes collection responsibility. The Town and Town's Special Districts therefore realize annually 100% collection of real property taxes.

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

2. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS

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

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

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

3. COMPENSATED ABSENCES

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

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

F. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes, is employed in the governmental funds. Encumbrances are reported as restrictions, commitments, or assignments of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. USE OF ESTIMATES

The preparation of general purpose financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

H. NEW ACCOUNTING PRINCIPLES

The Town has adopted all of the current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. During the year ended December 31, 2013, the Town adopted:

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14*. The implementation of this statement resulted in limiting component units to those that maintain a financial benefit or burden relationship with the Town or those that would be misleading to exclude.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The implementation of this Statement resulted in reporting a restatement of the Town's net position (see Note 6) and a change in the presentation of the statement of net position and the statement of activities.

I. SUBSEQUENT EVENTS

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

The Town follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- a) On or before September 20th, each department, officer or district submits to the Budget Director and to the Comptroller a detailed estimate of the budget known as "departmental estimates" for the amount of revenue to be received and expenditures to be made for the ensuing year.
- b) On or before September 30th, the Budget Director files with the Town Clerk and the Comptroller and presents to the Town Board a tentative budget for the ensuing year.
- c) On or before October 5th, the Town Board receives the tentative budget from the Town Clerk. After review, it adopts the tentative budget as preliminary and sets a date for a budget hearing.
- d) The Town Board conducts a public hearing on the preliminary budget and on or before November 20th, the Town Board meets to adopt the budget then known as the "adopted budget".
- e) Formal budgetary integration is employed during the year as a management control device for the general and certain special revenue funds. The Town Board adopts the budget and establishes legal level of control of the budget at the object level of expenditures. The object level identifies expenditures by the article purchased or service obtained in order to carry out a function. Appropriations are adopted at the object level. All budgetary amendments and transfers of appropriation require Town Board approval. Appropriations for all governmental funds except the capital projects fund lapse at year end.

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

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

A. BUDGETARY INFORMATION (continued)

- f) Budgets for the general and certain special revenue service funds, including the highway fund, the Solid Waste Management Authority, the part town fund, the fire protection districts, the lighting district, the park districts, the sidewalk district, the refuse and garbage districts, the public parking district and the water district are legally adopted for each year. The budgets are adopted on a basis of accounting consistent with GAAP except that outstanding encumbrances are re-appropriated in the subsequent year. In the event that actual revenues received exceed budgeted amounts, additional budgetary appropriations may be made.
- g) Annual budgets are not prepared for the capital projects fund and the debt service fund. Capital projects funds are budgeted on a project basis.

In June 2011, New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which included a 2% property tax cap for municipalities that affects the Town and its municipal component units. Beginning in 2012, and lasting through at least June 15, 2016, no local government is authorized to increase its property tax levy by more than 2% or the rate of inflation (whichever is less); however local governments can exceed the tax levy limit by a 60% vote of the governing body and annually adopting a local law. There are permitted exceptions and adjustments. The Town Board did not vote to override the 1.66% tax levy cap imposed by the State for the 2014 Adopted Budget. On November 20, 2013, the members of the Town Board adopted the 2014 Budget.

B. FUND EQUITY

1. FUND BALANCE

The following table provides the detail regarding fund balance categories and classifications for the governmental funds which show components of nonspendable fund balances, as well as the purposes for restricted, and assigned fund balance. The unassigned fund balance is also shown.

	General Fund	Highway Fund	Solid Waste Management Fund	Part Town Fund	Debt Service Fund	Capital Projects Funds	Other Governmental Funds	Total
Fund Balances (Deficit):								
Nonspendable:								
Long-term receivables	\$ 5,843,341							\$ 5,843,341
Inventory	405,843	\$ 356,874						762,717
Prepays	67,934	1,563	\$ 11,788	\$ 313			\$ 469	82,067
Total Nonspendable	6,317,118	358,437	11,788	313			469	6,688,125
Restricted for:								
Debt service			861,234		\$ 979,819			1,841,053
Total Restricted			861,234		979,819			1,841,053
Assigned to:								
Subsequent year's budget	500,000	567,345		167,655			1,053,081	2,288,081
Capital projects	274,333	150,000						424,333
Special revenue funds		3,262,616	1,846,521	7,185,521			3,471,930	15,766,588
Workers' compensation	743,746							743,746
Insurance	521,834							521,834
Senior endowment	1,667,920							1,667,920
Total Assigned	3,707,833	3,979,961	1,846,521	7,353,176			4,525,011	21,412,502
Unassigned, reported in:								
General Fund	3,693,793							3,693,793
Capital Projects Fund						\$ (73,879,682)		(73,879,682)
Total Unassigned	3,693,793					(73,879,682)		(70,185,889)
Total Fund Balances (Deficits)	\$ 13,718,744	\$ 4,338,398	\$ 2,719,543	\$ 7,353,489	\$ 979,819	\$ (73,879,682)	\$ 4,525,480	\$ (40,244,209)

2. DEFICIT FUND EQUITY

The capital projects fund deficit, in unassigned fund balance, and total fund balance deficit of \$73,879,682, resulted from differences in timing between project expenditures and encumbrances and the recognition of corresponding permanent financing sources. This deficit will be eliminated in subsequent years with the issuance of long-term bonds and operating transfers.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

B. FUND EQUITY (continued)

3. FUND BALANCE RESERVE

Debt Reserve

The Town has established debt reserves totaling \$1,841,053. These funds arose from unspent refunding bond proceeds, accrued interest and interest earnings. These funds will be used to pay off outstanding general obligation bond debt as the particular issues become due.

4. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2013, expenditures exceeded appropriations in the highway fund, Solid Waste Management Authority, street lighting district, and park districts by \$7,331,555, \$444,880, \$309,847, and \$142,270, respectively. There is sufficient fund balance in these funds to cover the amount by which expenditures exceed appropriations.

3. DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

Custodial Credit Risk – Deposits/Investments – Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, a government may be unable to recover deposits, or recover collateral securities that are in possession of an outside agency. Custodial credit risk for investments exists when, in the event of the failure of the counterparty, a government will be unable to recover the value of its investments or collateral securities that are in possession of an outside party.

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

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

At December 31, 2013, the Town's deposits were \$91,749,060. This amount is inclusive of fiduciary fund deposits of \$31,381,457 and restricted cash of \$885,477 but exclusive of petty cash of \$9,616. The bank balance required to be collateralized was \$85,082,748. Of the bank balance, \$3,320,260 was covered by Federal Deposit Insurance, and \$91,959,221 was covered by collateral held by the Town's agent, a third-party financial institution, in the Town's name. Collateral policies appear in Note 1.D.1.

Credit Risk – State law and Town law limit investments to those authorized by State statutes. The Town has a written investment policy.

Interest-Rate Risk – Interest-rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. Accordingly, such investments would have to be held to maturity to avoid a potential loss.

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

As of December 31, 2013, the Town of North Hempstead did not have any investments subject to credit risk, interest-rate risk or concentration of credit risk.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

3. DETAILED NOTES ON ALL FUNDS (continued)

B. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At December 31, 2013, individual fund interfund receivable and payable balances for the primary government are expected to be paid currently. These balances represent various temporary loans, recharges and reimbursements between funds and are stated as follows:

	Amount Receivable	Amount Payable
Primary Government		
<u>Major Funds:</u>		
General Fund	\$ 2,471,849	\$ 5,078,403
Highway	1,271,670	467,728
Solid Waste Management Authority	1,611,569	2,908,449
Part Town	3,788,599	10,000
Capital Projects Fund	373,995	592,140
<u>Nonmajor Funds:</u>		
Lighting District		500
Park Districts		243,260
Sidewalk District		216,202
Public Parking District		1,000
	\$ 9,517,682	\$ 9,517,682

At December 31, 2013, individual fund interfund transfers balances for the primary government mainly represent receipt and payment of debt service and capital project expenditures, and are stated as follows:

	Transfers In	Transfers Out
Primary Government		
<u>Major Funds:</u>		
General Fund	\$ 1,135,989	\$ 16,352,495
Highway	843,329	4,835,465
Solid Waste Management Authority	900,824	900,824
Debt Service	21,334,698	882,236
Capital Projects Fund	189,292	271,226
<u>Nonmajor Funds:</u>		
Park Districts	5,601	28,802
Sidewalk District	12,044	769,402
Refuse and Garbage Districts		14,412
Public Parking District	8,100	375,015
	\$ 24,429,877	\$ 24,429,877

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TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

3. DETAILED NOTES ON ALL FUNDS (continued)

C. CAPITAL ASSETS

	Balance 1/1/2013	Additions	Deletions	Construction in Progress Reclassification	Balance 12/31/2013
Primary government					
Capital assets not being depreciated					
Land - other than landfills	\$ 216,306,881	\$ 161,384		\$ 245,076	\$ 216,713,341
Construction in progress	3,417,895	3,134,945	\$ 120,510	(1,359,843)	5,072,487
Total capital assets not being depreciated	<u>219,724,776</u>	<u>3,296,329</u>	<u>120,510</u>	<u>(1,114,767)</u>	<u>221,785,828</u>
Depreciable capital assets					
Buildings	83,433,661	694,030		836,792	84,964,483
Improvements other than buildings	55,486,148	2,497,040		268,213	58,251,401
Machinery and equipment	34,007,981	2,166,860			36,174,841
Infrastructure	193,713,932	2,196,621		9,762	195,920,315
Intangibles - software	1,888,810	150,225			2,039,035
Total depreciable capital assets	<u>368,530,532</u>	<u>7,704,776</u>		<u>1,114,767</u>	<u>377,350,075</u>
Less accumulated depreciation					
Buildings	21,685,386	1,816,020			23,501,406
Improvements other than buildings	19,315,953	1,783,868			21,099,821
Machinery and equipment	20,752,386	1,991,290			22,743,676
Infrastructure	119,036,396	6,894,768			125,931,164
Intangibles - software	956,506	215,218			1,171,724
Total accumulated depreciation	<u>\$ 181,746,627</u>	<u>\$ 12,701,164</u>			<u>194,447,791</u>
Total net depreciable capital assets					<u>182,902,284</u>
Total net capital assets					<u>\$ 404,688,112</u>

The Town depreciated all fixed assets acquired or put in service during 2013 with an effective date of July 1, 2013, or on a six month depreciable basis.

The Town has expended funds to construct a sanitary sewer and pump station and install a sanitary force main at the Harbor Links Golf Course. Under contractual obligation, this project will be turned over to the Port Washington Water Pollution Control District, a component unit of the Town. As of December 31, 2013, the project was completed but title has not yet passed to the Port Washington Water Pollution Control District.

Depreciation expense was charged to governmental functions as follows:

General government support	\$ 595,467
Public safety	162,132
Transportation	6,113,686
Culture and recreation	4,891,011
Home and community services	938,868
Total governmental activities depreciation expense	<u>\$ 12,701,164</u>

The Town of North Hempstead evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The Town's policy is to record an impairment loss in the period when the Town determines that the carrying amount of the asset will not be recoverable. At December 31, 2013, the Town has not recorded any such impairment losses.

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TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

3. DETAILED NOTES ON ALL FUNDS (continued)

C. CAPITAL ASSETS (continued)

	Balance 1/1/2013	Additions	Deletions	Balance 12/31/2013
<u>Nonmajor component units</u>				
Capital assets not being depreciated				
Land	\$ 14,696,916	\$ 886,732		\$ 15,583,648
Construction in progress	68,889,630	15,516,225	\$ 9,414,562	74,991,293
Total capital assets not being depreciated	<u>83,586,546</u>	<u>16,402,957</u>	<u>9,414,562</u>	<u>90,574,941</u>
Depreciable capital assets				
Buildings	92,287,616	1,808,456	3,018,495	91,077,577
Improvements other than buildings	40,099,965	4,817,422	1,266,600	43,650,787
Machinery and equipment	78,388,449	3,538,771	1,246,654	80,680,566
Infrastructure	81,490,191	4,945,852	751,250	85,684,793
Total depreciable capital assets	<u>292,266,221</u>	<u>15,110,501</u>	<u>6,282,999</u>	<u>301,093,723</u>
Less accumulated depreciation				
Buildings	45,413,938	2,169,339	1,909,932	45,673,345
Improvements other than buildings	19,469,855	1,059,629	1,143,380	19,386,104
Machinery and equipment	51,666,251	3,396,043	1,091,774	53,970,520
Infrastructure	32,258,603	2,248,035	315,525	34,191,113
Total accumulated depreciation	<u>\$ 148,808,647</u>	<u>\$ 8,873,046</u>	<u>\$ 4,460,611</u>	<u>153,221,082</u>
Total net depreciable capital assets				<u>147,872,641</u>
Total net capital assets				<u>\$ 238,447,582</u>

D. INDEBTEDNESS

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2013, is as follows:

	Balance 1/1/2013	Increases	Reductions	Balance 12/31/2013	Non-current liabilities due within one year	Non-current liabilities
<u>Primary government:</u>						
Bonds Payable:						
General obligation bonds payable	\$ 125,326,047		\$ 14,999,643	\$ 110,326,404	\$ 14,397,166	\$ 95,929,238
Revenue bonds payable	5,048,791		793,831	4,254,960	812,302	3,442,658
Plus deferred amounts:						
Premiums on issuance	1,874,846		299,684	1,575,162	219,460	1,355,702
Total Bonds Payable	<u>132,249,684</u>		<u>16,093,158</u>	<u>116,156,526</u>	<u>15,428,928</u>	<u>100,727,598</u>
Due to employees' retirement system	4,089,286	\$ 2,434,717	556,452	5,967,551	772,530	5,195,021
Compensated absences	4,993,004	3,536,730	3,403,853	5,125,881	256,294	4,869,587
Claims and judgments payable	4,960,708	1,451,168	726,453	5,685,423	601,000	5,084,423
Estimated liability for landfill closure and postclosure care costs	16,072,332		1,257,328	14,815,004	1,261,114	13,553,890
Pollution remediation		647,795		647,795	647,795	
Postemployment benefits healthcare costs	44,767,965	10,044,959	3,284,509	51,528,415		51,528,415
	<u>\$ 207,132,979</u>	<u>\$ 18,115,369</u>	<u>\$ 25,321,753</u>	<u>\$ 199,926,595</u>	<u>\$ 18,967,661</u>	<u>\$ 180,958,934</u>
<u>Nonmajor component units:</u>						
Bonds Payable:						
General obligation bonds payable	\$ 131,320,294	\$ 550,000	\$ 8,906,698	\$ 122,963,596	\$ 8,301,834	\$ 114,661,762
Plus deferred amounts:						
Premiums on issuance	65,533		6,503	59,030	6,148	52,882
Total Bonds Payable	<u>131,385,827</u>	<u>550,000</u>	<u>8,913,201</u>	<u>123,022,626</u>	<u>8,307,982</u>	<u>114,714,644</u>
Due to employees' retirement system	189,874		17,278	172,596	17,875	154,721
Compensated absences	11,586,198	445,379	172,535	11,859,042	297,904	11,561,138
Postemployment benefits healthcare costs	38,962,352	10,021,653	3,123,908	45,880,097		45,880,097
Installation purchase debt	936,128		59,653	876,475	89,561	786,914
	<u>\$ 183,080,379</u>	<u>\$ 11,017,032</u>	<u>\$ 12,286,575</u>	<u>\$ 181,810,836</u>	<u>\$ 8,713,322</u>	<u>\$ 173,097,514</u>

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

3. DETAILED NOTES ON ALL FUNDS (continued)

D. INDEBTEDNESS (continued)

CHANGES IN LONG-TERM LIABILITIES (continued)

Liabilities for claims and judgments, landfill closure and postclosure care costs and pollution remediation obligations are liquidated through future appropriations in the general fund. Long-term liabilities for due to employees' retirement system, compensated absences and postemployment benefits healthcare costs, are paid through future budgetary appropriations in the following funds: general, highway, Solid Waste Management Authority, part-town, lighting district, park districts, sidewalk district and public parking district, depending upon which fund gave rise to the liability.

SHORT-TERM DEBT

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

Also included in BANs are borrowings from the State Revolving Fund and Environmental Facilities Corporation (EFC). The Town, three Water Pollution Control Districts and three Water Districts have financed capital projects through the New York State EFC and State Revolving Fund Loans (bond issues). Under the financing plan, the Town and the Districts receive interest subsidies from the United States Environmental Protection Agency and the EFC. Proceeds of notes which have been refinanced by the issuance of serial bonds are reported as a financing source in the appropriate fund. At December 31, 2013, the Town had \$116,364,764 of BANs payable with interest rates ranging from 0.500% to 0.750% with maturities in 2014.

The New York State Environmental Facilities Corporation (EFC) completed refinancing, of the EFC's bonds, which will reduce the Town's future interest cost for the Clean Water and Drinking Water State Revolving Funds (SRF). The net present value of the savings is \$38,031, which is entirely contributable to a nonmajor component unit. There was no change to the principal amounts of the bonds.

These bond anticipation notes are summarized as follows:

	Balance 1/1/2013	Issued	Redeemed	Balance 12/31/2013
<u>Primary government:</u>				
Capital projects fund:				
General	\$ 75,111,082	\$ 5,131,000	\$ 4,276,343	\$ 75,965,739
Highway	10,248,334	6,346,995	1,222,050	15,373,279
Refuse and Garbage	1,921,510		445,396	1,476,114
Total primary government	<u>87,280,926</u>	<u>11,477,995</u>	<u>5,943,789</u>	<u>92,815,132</u>
<u>Nonmajor component units:</u>				
Garbage districts	981,362		227,476	753,886
Water pollution control districts	3,677,325		35,000	3,642,325
Water districts	15,024,421	3,850,000	88,000	18,786,421
Park districts	538,000		171,000	367,000
Library district	550,000		550,000	-0-
Total component units	<u>20,771,108</u>	<u>3,850,000</u>	<u>1,071,476</u>	<u>23,549,632</u>
Total bond anticipation notes	<u>\$ 108,052,034</u>	<u>\$ 15,327,995</u>	<u>\$ 7,015,265</u>	<u>\$ 116,364,764</u>

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

3. DETAILED NOTES ON ALL FUNDS (continued)

D. INDEBTEDNESS (continued)

SHORT-TERM DEBT (continued)

Included in the BANs is the \$2,230,000 balance of the \$4,150,000 BAN 2011 – Series D, after a principal pay down of \$672,872 and \$1,247,128 during 2013 and 2012, respectively. This was issued to fund the payment of cases challenging *ad valorem* garbage district taxes that the Town is confident will be reimbursed through the “County Guarantee”. See Note 4.B, Litigation, for further discussion.

Revenue Anticipation Notes (RANs) – are used to finance operations repayable by anticipated future revenues. On June 13, 2013 the Town issued a RAN to finance cash flow requirements in anticipation of the collection of monies expected to be received by the Town from the Federal Emergency Management Administration (FEMA) on account of storm-related damage and costs from Superstorm Sandy and other storm events during the years ended December 31, 2013 and 2012 in the amount of \$9,200,000. The Town has set aside the \$9,200,000 due to pay the RAN from monies already received.

At December 31, 2013, the Town had \$9,200,000 of RANs payable with rates of 0.390% on \$5,000,000 and 1.250% on \$4,200,000 maturing on May 20, 2014.

These revenue anticipation notes are summarized as follows:

	Balance 1/1/2013	Issued	Redeemed	Balance 12/31/2013
<u>Primary government:</u>				
General	\$ 6,735,000	\$ 1,022,009	\$ 6,735,000	\$ 1,022,009
Highway		7,746,699		7,746,699
Lighting		183,590		183,590
Parks		247,702		247,702
Total primary government	<u>\$ 6,735,000</u>	<u>\$ 9,200,000</u>	<u>\$ 6,735,000</u>	<u>\$ 9,200,000</u>

LONG-TERM DEBT

General Obligation Bonds – The Town borrows money in order to acquire land or equipment, or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are backed by the full faith and credit of the Town, bear interest at various rates from 0.269% to 7.200% and have maturity dates in 2016 through 2042.

	Balance 1/1/2013	Issued	Redeemed	Refunded	Balance 12/31/2013
<u>Primary government:</u>					
Capital projects fund:					
General	\$ 85,732,143		\$ 11,527,709		\$ 74,204,434
Highway	34,083,974		3,098,839		30,985,135
Public parking	4,656,344		286,102		4,370,242
Sidewalk	605,067		68,683		536,384
Parks	248,519		18,310		230,209
Total primary government	<u>125,326,047</u>		<u>14,999,643</u>		<u>110,326,404</u>
<u>Nonmajor component units:</u>					
Water pollution control districts	81,387,305		3,346,147		78,041,158
Water districts	28,190,425	\$ 550,000	3,109,149	\$ 550,000	25,081,276
Park districts	16,789,191		1,545,987		15,243,204
Police district	131,413		16,638		114,775
Library district	4,722,514		330,263		4,392,251
Business improvement district	99,446		8,514		90,932
Total component units	<u>131,320,294</u>	<u>550,000</u>	<u>8,356,698</u>	<u>550,000</u>	<u>122,963,596</u>
Total general obligation bonds	<u>\$ 256,646,341</u>	<u>\$ 550,000</u>	<u>\$ 23,356,341</u>	<u>\$ 550,000</u>	<u>\$ 233,290,000</u>

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

3. DETAILED NOTES ON ALL FUNDS (continued)

D. INDEBTEDNESS (continued)

LONG-TERM DEBT (continued)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
Year Ending December 31, 2014	\$ 22,699,000	\$ 6,990,636	\$ 29,689,636
2015	22,207,000	6,185,726	28,392,726
2016	22,104,000	5,378,077	27,482,077
2017	19,115,000	4,643,529	23,758,529
2018	17,512,000	4,025,350	21,537,350
2019-2023	68,668,000	12,062,332	80,730,332
2024-2028	24,470,000	4,735,604	29,205,604
2029-2033	12,945,000	2,862,157	15,807,157
2034-2038	13,870,000	1,640,768	15,510,768
2039-2042	9,700,000	434,596	10,134,596
	<u>\$ 233,290,000</u>	<u>\$ 48,958,775</u>	<u>\$ 282,248,775</u>

Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the Town to rebate excess arbitrage earnings from bond proceeds to the federal government. There were no excess arbitrage earnings for the year ended December 31, 2013.

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TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

3. DETAILED NOTES ON ALL FUNDS (continued)

D. INDEBTEDNESS (continued)

LONG-TERM DEBT (continued)

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

<u>Outstanding Bond Issues</u>	<u>Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>	<u>Final Maturity</u>
Public Improvement Serial Bonds-1986	6.900%	\$ 16,065,000	\$ 140,000	April 1, 2016
General Obligation Serial Bonds-1986	7.200%	1,500,000	150,000	February 15, 2016
General Obligation Serial Bonds-1992, Series A	6.400%	5,145,000	910,000	February 1, 2017
General Obligation Serial Bonds-1992, Series B	6.400%	72,230,000	4,185,000	April 1, 2017
New York State EFC Bonds-1998, Series B	1.391% - 2.974%	2,572,291	710,000	December 15, 2017
New York State EFC Bonds-2001, Series B	1.062% - 3.811%	8,154,789	3,395,000	November 15, 2022
New York State EFC Bonds-2002, Series F	5.371% - 6.181%	1,365,000	625,000	November 15, 2023
New York State EFC Bonds-2002, Series G	0.822% - 2.745%	3,452,513	1,330,000	October 15, 2019
New York State EFC Bonds-2002, Series I	4.490% - 5.380%	1,160,000	337,000	September 15, 2022
New York State EFC Bonds-2003, Series A	3.851% - 4.901%	1,160,000	800,000	April 15, 2031
Various Purposes Serial Bonds-2003	3.750% - 4.500%	24,060,000	10,520,000	July 15, 2019
General Obligation Serial Bonds-2004	4.000%	10,315,000	2,965,000	February 1, 2016
General Obligation Serial Bonds-2004	5.200% - 5.400%	3,880,000	215,000	February 15, 2022
General Obligation Serial/Refunding Bds-2004	3.000% - 5.000%	29,510,000	17,055,000	February 15, 2022
New York State EFC Bonds-2004, Series B	3.325% - 4.325%	6,861,511	3,295,000	May 15, 2021
General Obligation Serial Bonds-2004	3.700% - 4.250%	3,700,000	2,150,000	September 1, 2022
General Obligation Serial Bonds-2005	4.000% - 4.250%	16,060,000	11,285,000	April 15, 2025
Refunding Bonds-2005	4.000% - 5.000%	46,830,000	25,615,000	January 15, 2023
Public Improvement Serial Bonds-2006	4.375% - 4.500%	24,000,000	17,845,000	February 1, 2026
New York State EFC Bonds-2006, Series C	4.031% - 4.861%	3,442,810	2,845,000	April 1, 2036
Public Improvement Serial Bonds-2007	4.000% - 4.250%	11,993,000	8,105,000	June 1, 2021
Public Improvement Serial Bonds-2007, Series B	4.125% - 4.350%	5,788,500	4,505,000	November 1, 2027
Various Purposes Serial Bonds-2008	3.500% - 4.250%	13,210,000	9,700,000	June 15, 2022
NYS EFC Bonds-2008, Series A-1, B-1, A-2, B-2	4.270%	1,783,412	580,000	April 1, 2038
Public Improvement Serial Bonds-2009	3.000% - 4.000%	11,615,000	9,110,000	June 1, 2024
New York State EFC Bonds-2010, Series C	1.054% - 4.603%	845,000	495,000	October 1, 2039
EFC Refunding-2010	1.054% - 4.603%	15,173,760	13,340,000	October 1, 2018
Various Purposes Serial Bonds-2010, Series A	2.000% - 2.500%	6,063,000	4,500,000	October 1, 2021
Refunding Serial Bonds-2010	2.000% - 4.000%	12,065,000	9,470,000	May 1, 2022
Refunding Serial Bonds-2012	3.000% - 4.000%	5,355,000	5,315,000	August 1, 2016
Various Purposes Serial Bonds-2012	0.375% - 2.250%	9,192,341	8,635,000	October 1, 2027
New York State EFC Bonds-2012, Series E	0.269% - 4.098%	54,148,000	52,613,000	November 1, 2042
New York State EFC Bonds-2013, Series B	3.338% - 4.500%	550,000	550,000	January 1, 2019
			<u>\$ 233,290,000</u>	

Revenue Bonds – The Town borrowed money in order to finance the purchase of certain real property. These bonds bear an interest rate of 2.300% and mature on February 1, 2014 through 2018.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
Year Ending December 31, 2014	\$ 812,302	\$ 88,523	\$ 900,825
2015	831,202	69,622	900,824
2016	850,542	50,282	900,824
2017	870,332	30,492	900,824
2018	890,582	10,242	900,824
	<u>\$ 4,254,960</u>	<u>\$ 249,161</u>	<u>\$ 4,504,121</u>

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

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

3. DETAILED NOTES ON ALL FUNDS (continued)

D. INDEBTEDNESS (continued)

LONG-TERM DEBT (continued)

Prior-Year Defeasance of Debt

In the current year, the Town defeased certain general obligations and revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At December 31, 2013, \$4,345,000 of revenue bonds outstanding were considered defeased.

E. RETIREMENT SYSTEM

Plan Description

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

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

Funding Policy

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

Contributions consist of a group term life insurance portion (GTLI) and a regular pension contribution. Contribution rates for the plan year ended March 31, 2013 are as follows:

<u>Contribution rates</u>		
<u>Tier</u>	<u>Plan/Option</u>	<u>3/31/2013 Rate</u>
1	75I/41J	25.4%
2	75I/41J	23.2%
3	A14/41J	18.6%
4	A15/41J	18.6%
5	A15/41J	15.1%
6	A15/41J2	10.1%

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

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

3. DETAILED NOTES ON ALL FUNDS (continued)

E. RETIREMENT SYSTEM (continued)

Funding Policy (continued)

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

Annual Required Contribution - ERS						
<u>Amount</u>	<u>% of Covered Payroll</u>	<u>Credits & Miscellaneous Adjustments</u>	<u>Prepayment Discount</u>	<u>2010-2013 Amortization/Deferral</u>	<u>2010 Incentive Installment</u>	<u>Total Payment</u>
2013	\$ 6,486,230	22.45%	\$ 158,601	\$ (2,007,440)	\$ 323,232	\$ 4,960,623
2012	5,442,286	19.35%	237,854	(1,934,026)	323,232	4,069,346
2011	4,391,610	15.74%	(210,713)	\$ (40,682)	(1,084,545)	3,378,900

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

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

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

This law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years, when the local employer opts to participate in the program. The total unpaid liability for the Town for the 2010 - 2013 amortization years is \$5,569,614 inclusive of SWMA, \$269,953 and two nonmajor component unit districts, Shelter Rock Library District, \$172,556 and the Glenwood Water District, \$9,888. The total unpaid liability for the Town, without the nonmajor component units, of \$5,387,170, was recorded in the government-wide statements. Amortization contributions will be paid in ten equal installments, one per year, but may be prepaid at any time. The Town has, for now, opted to amortize over the ten-year period. The interest rate will be established annually for each year's amortization and paid out of current resources. Future principal and interest payments to maturity for the amortization installments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
Year Ending December 31, 2014	\$ 531,172	\$ 196,322	\$ 727,494
2015	549,903	177,592	727,495
2016	569,305	158,190	727,495
2017	589,406	138,089	727,495
2018	610,232	117,263	727,495
2019-2024	2,719,596	246,997	2,966,593
	<u>\$ 5,569,614</u>	<u>\$ 1,034,453</u>	<u>\$ 6,604,067</u>

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

3. DETAILED NOTES ON ALL FUNDS (continued)

E. RETIREMENT SYSTEM (continued)

Funding Policy (continued)

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

	Principal	Interest	Total Principal and Interest
Year Ending December 31, 2014	\$ 279,702	\$ 43,528	\$ 323,230
2015	300,679	22,551	323,230
	\$ 580,381	\$ 66,079	\$ 646,460

F. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS

Plan Description

The Town, as a single-employer defined benefit plan, per its contract with employees, will pay the full premium costs for the medical benefits, currently provided by the New York State Health Insurance Program (NYSHIP) (Empire Plan), HIP Prime HMO or Island 65. Active and retired employees of the Town have the Empire PPO Plan (Core Plus Enhancements) or HIP Prime HMO. Island 65, available for retirees over 65, is a choice of coverage for retirees, through a self-administered arrangement through Island Group Administration, Inc. The Empire Plan has separate pre-Medicare and Medicare rates. Since the plans are community rated, the retiree claim costs are based on the actual rates without adjustment for age.

Benefits are provided to substantially all employees who retire with at least five or ten full years of service, depending upon position, with the Town or five full years of service and have reached the age of 70, and can retire. The retiree is also eligible for Medicare Part B reimbursement in the amount of \$1,259, based on the 2013 rate, if they are over the age of sixty-five. The Medicare Part B premium that is charged varies by income level. Medicare Part B reimbursement valuation was assumed at the basic level. Upon death of a retiree the Town ceases to pay the full healthcare costs for the unremarried survivor after three months. The Town does not pay the premium costs for survivors of former employees who became survivors before March 1, 1995 and pays 50% of the premium costs for survivors of former employees who became survivors after March 1, 1995. If at the time of death of the surviving spouse, he or she is survived by a qualified dependent of the former employee for whom there has been continuous coverage under the Town's medical plan, the Town will pay 50% of the premium to continue individual medical coverage for the qualified dependent for as long as such person remains a qualified dependent. The survivor does continue to receive the Medicare reimbursement. These contracts may be renegotiated at various times in the future.

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

Plan sponsors are allowed to utilize the results of an actuarial valuation for multiple years if no significant changes have occurred since the prior valuation was performed. Accordingly, the Town's OPEB valuation for the year ended December 31, 2013, is based on the employee data, plan provisions, methods and assumptions described in the actuarial valuation for the year ended December 31, 2012, with the exception of an adjustment to reflect an increase in the NYSHOP premiums as of January 1, 2013. The Town changed actuarial consultants for the 2013 roll-forward year.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

3. DETAILED NOTES ON ALL FUNDS (continued)

F. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS (continued)

Plan Description (continued)

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

Active employees	401
Retired Employees and spouses	287
Surviving spouses of deceased retirees	49
Total	737

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

Funding Policy

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

Annual Other Postemployment Benefit Cost

For the year ended December 31, 2013, the Town's annual OPEB cost (expenses) was \$10,044,959. Considering the annual expense as well as the payment of current health insurance premiums and Medicare reimbursements, which totaled \$3,284,509 for retirees and their beneficiaries, the result was an increase in the other postemployment benefits liability of \$6,760,450 for the year ended December 31, 2013. The OPEB cost for the nonmajor component units for the year ended December 31, 2013, amounted to \$9,238,050. Considering health insurance payments totaling \$2,340,305, the increase in the other postemployment benefits liability for the nonmajor component units for the year ended December 31, 2013, amounted to \$6,897,745.

Benefit Obligations and Normal Cost

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

The Town's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, which is an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The unfunded actuarial liability for the Town for the year ended December 31, 2013, amounted to \$108,930,105. The unfunded actuarial accrued liability for the nonmajor components units for the year ended December 31, 2013, amounted to \$107,705,199.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

3. DETAILED NOTES ON ALL FUNDS (continued)

F. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS (continued)

Benefit Obligations and Normal Cost (continued)

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

Level Dollar Amortization

Calculation of ARC under the Projected Unit Credit Cost Method

Normal cost	\$	4,443,377
Amortization of unfunded actuarial liability (UAAL) over 30 years		6,300,740
Annual required contribution (ARC)		10,744,117
Interest on net OPEB obligation		1,790,718
Adjustment to ARC		(2,489,876)
Annual OPEB Cost		10,044,959
Less: Contribution for year ended December 31, 2013		3,284,509
Increase in other postemployment benefits liability		6,760,450
Other postemployment benefits liability at December 31, 2012		44,767,965
Other postemployment benefits liability at December 31, 2013	\$	51,528,415
Percentage of annual OPEB cost contributed		32.7%

Funded Status and Funding Progress

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

		Annual OPEB Cost	Annual Contribution Made	Percentage Contributed	Net OPEB Obligation
2013	\$	10,044,959	\$ 3,284,509	32.7%	\$ 51,528,415
2012		10,150,254	3,408,153	33.6%	44,767,965
2011		12,703,281	3,171,942	25.0%	38,025,864

The funded status of the plan as of December 31, 2013, is as follows:

Actuarial Valuation Date January 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit Cost Method (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
Town	\$ -0-	\$ 108,930,105	\$ 108,930,105	0%	\$ 25,647,674	424.72%
Nonmajor component Units	-0-	107,705,199	107,705,199	0%	24,534,039	439.00%

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

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

3. DETAILED NOTES ON ALL FUNDS (continued)

F. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS (continued)

Actuarial Methods and Assumptions

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

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

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

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

G. COMPENSATED ABSENCES

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

Estimated vacation, sick leave and compensatory absences accumulated by Town employees have been recorded in the statements of net position. Payment of vacation time and sick leave is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation, sick leave and compensatory absences when such payments become due. As of December 31, 2013, the value of the accumulated vacation time and sick leave was \$5,125,881 for the primary government. The liability for compensated absences for the nonmajor component units amounted to \$11,859,042.

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TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

4. COMMITMENTS AND CONTINGENCIES

A. RISK RETENTION

In common with other municipalities, the Town receives numerous notices of claims. The Town carries excess liability insurance coverage of \$1,000,000 per occurrence, with a \$3,000,000 annual aggregate, and is self-insured, up to \$250,000, for claims under this coverage. Although the eventual outcome of these claims cannot presently be determined, the Town Attorney has estimated unsettled claims and litigation to be \$2,767,913. The Town is of the opinion that the ultimate settlement of the outstanding claims will not result in a material adverse effect on the Town's financial position.

The Town is self-insured for property protection on the first \$100,000 per loss except for flood and earthquake, which is \$100,000 per loss with insurance protection coverage of up to \$5,000,000 for any one loss, and a \$5,000,000 annual aggregate. The Town carries building and contents coverage in excess of \$103,509,193.

The Town is self-insured for workers' compensation insurance and general liability insurance. Estimated benefits to be paid are appropriated in the various operating funds of the Town. The Town has provided an umbrella-type policy protecting against a catastrophic loss in the workers' compensation self-insurance protection program with \$500,000 retention, per occurrence, with benefits of up to \$25,000,000. Although the eventual value of these claims cannot presently be determined, the third-party administrator has estimated the workers' compensation to be \$2,917,510. The Town is also self-insured for unemployment benefits paid.

There have been no significant reductions in insurance coverage as compared to the prior year, and there were no settlements in excess of insurance coverage over the last three years.

The Town estimates general liability reserves by consulting with legal counsel and reviewing past experience with similar claims. The Town estimates its workers' compensation reserves by consulting with the third-party administrator of its workers' compensation program and reviewing past experience with similar claims. The Town has not purchased any annuity contracts with regard to its workers' compensation or general liability claims. The schedule below presents the changes in claims liabilities for the past two years for workers' compensation and general liability, and includes an estimate of claims that have been incurred but not yet reported.

	Workers' Compensation		General Liability	
	2013	2012	2013	2012
Unpaid claims and claim adjustment expenditures at the beginning of the year	\$ 2,155,956	\$ 2,636,361	\$ 2,804,752	\$ 3,155,452
Insured claims and claim adjustment expenditures:				
Provision for the insured events of the current year and increases/decreases in provision for insured events of prior years	1,390,706	165,161	60,462	642,690
Total incurred claims and claim adjustment expenditures	1,390,706	165,161	60,462	642,690
Payments				
Claim and claim adjustment expenditures attributable to insured events of the current and prior years.	629,152	645,566	97,301	993,390
Total unpaid claims and claim adjustment expenditures at the end of the year.	<u>\$ 2,917,510</u>	<u>\$ 2,155,956</u>	<u>\$ 2,767,913</u>	<u>\$ 2,804,752</u>

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TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

4. COMMITMENTS AND CONTINGENCIES (continued)

B. LITIGATION

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

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

It has been the Town's position that all of these matters are covered by the County Guarantee requiring an eventual payment or reimbursement of any judgments by the County. The Court of Appeals recently found the County's attempt to repeal the County Guarantee to be unconstitutional. Further, even assuming that there was liability for these judgments, such liability would be apportioned between the Town and the Commissioner-operated districts. It appears that most of the mass properties which were the subject of litigation were removed from the tax rolls by the County. On December 15, 2011, the Town issued a \$4,150,000 Bond Anticipation Note – 2011 Series D to fund the payment of these judgments and said note was paid down \$672,872 and \$1,247,128 in 2013 and 2012, respectively, leaving a balance of \$2,230,000 at December 31, 2013.

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

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

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

4. COMMITMENTS AND CONTINGENCIES (continued)

B. LITIGATION (continued)

The 2010-2013 FIT tuition charge back to the Town amounts to \$3,930,015.

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

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

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

As of December 31, 2013, a liability in the amount of \$3,538,997 has been recorded in the government-wide financial statements related to the above matters.

C. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the Town to place a final cover on its landfill sites and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. The L-4 Landfill stopped receiving waste in 1991 and was closed in 1996. The L-5 Landfill stopped receiving waste in 2002, and the capping was completed in 2004. Postclosure maintenance and monitoring activities for the L-4 and L-5 Landfills are estimated to be approximately \$775,000 per year. Accordingly, as of December 31, 2013, the Town has recorded a liability of \$14,815,004, in the government-wide financial statements, which represents the provision to be made in future budgets for unfunded closure and postclosure landfill costs. As this liability is based on 100% capacity, there are no estimated costs of closure and postclosure care costs remaining to be recognized. Actual costs may vary due to inflation, changes in technology, or changes in regulations or applicable laws.

D. SOLID WASTE MANAGEMENT AUTHORITY

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

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

4. COMMITMENTS AND CONTINGENCIES (continued)

E. CONSTRUCTION AND OTHER CAPITAL ACQUISITION COMMITMENTS

Construction in progress, commitments for equipment purchases, and other capital acquisition commitments amount to \$964,395 at December 31, 2013.

F. LEASE COMMITMENTS AND LEASED ASSETS

Operating Leases

The Town leases equipment and space under non-cancelable operating leases that commenced between July 2010 and May 2013, and expire between July 2014 and February 2018. Total rental expenditures on such leases for the year ended December 31, 2013, totaled \$307,774. The minimum future non-cancelable operating lease payments are as follows:

Year Ending December 31, 2014	\$	368,154
2015		321,491
2016		286,221
2017		191,173
2018		16,531
Total minimum lease payments	<u>\$</u>	<u>1,183,570</u>

G. POLLUTION REMEDIATION OBLIGATIONS

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

The Town:

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

Pollution remediation activities include the demolition of a former building which contained asbestos containing materials. In its present condition, the building interior is unsafe for abatement workers. The building will be condemned and subject to remediation using the Controlled Demolition procedures in Section 11.5 of Part 56 of Title 12 of the Official Compilation of Codes, Rules and Regulations of the State of New York.

At December 31, 2013, the Town has estimated pollution obligations amounts at \$647,795, which all is payable within one year.

Actual costs may vary due to inflation or deflation, changes in technology, or changes in regulations or applicable laws. The Town does not anticipate any recoveries from insurance or other parties in connection with its pollution remediation activities. Estimates are based on current environmental regulations, which are periodically subject to change by the NYSDEC/USEPA.

H. LENGTH OF SERVICE AWARD PROGRAMS (LOSAP)

The Town of North Hempstead's financial statements are for the year ended December 31, 2013. However, the information contained in this note is based on information for the Length of Service Awards Program for the plan years ending on various dates (see table #1), which are the most recent plan years for which complete information is available.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

4. COMMITMENTS AND CONTINGENCIES (continued)

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

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

Program Description

Participation, Vesting, and Service Credit

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

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

Benefits

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

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TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

4. COMMITMENTS AND CONTINGENCIES (continued)

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

Program Description (continued)

Benefits (continued)

Table #1 Program Description

	<u>Albertson</u>	<u>Alert</u>	<u>Carle Place</u>	<u>Floral Park Centre</u>
Plan year end date	12/31/2013	12/31/2013	12/31/2013	12/31/2013
Plan established by:		Town of North Hempstead; Villages of Great Neck, Kings Point and Saddle Rock (Joint Sponsoring Board)	Carle Place Fire Dept.	Town of North Hempstead
Sponsored by:	Albertson Hook & Ladder Town of North Hempstead	Same as above	Town of North Hempstead	Town of North Hempstead
Effective date of plan	1/1/1991	1/1/1996	1/1/1991	7/1/1991
Entitlement Age	62	65	62	65
Nonforfeitable right to award after:	5 years	5 years	5 years	5 years
Prior service credit (up to):	5 years	5 years	5 years	5 years
Eligible age	17	17	18	18
Required years of service	One	One	One	One
Benefits:				
Monthly payment	\$20-\$30	\$20	\$20	\$20
Maximum years used to calculate	40	40	30	25
Benefits payable at	Entitlement Age except for disability or death	Entitlement Age except for disability or death	Entitlement Age except for disability or death	Entitlement Age except for disability or death
Optional line-of-duty disability	Yes	Yes	Yes	Yes

Table #1 Program Description (continued)

	<u>Glenwood</u>	<u>Port Washington</u>	<u>Roslyn</u>
Plan year end date	12/31/2013	12/31/2013	12/31/2013
Plan established by:			Towns of North Hempstead and Oyster Bay; Villages of Brookville, East Hills, Flower Hill, Old Westbury, Roslyn, Roslyn Estates, Roslyn Harbor
Sponsored by:	Towns of North Hempstead and Oyster Bay, Villages of Brookville and Roslyn Harbor Glenwood H&L E&H Company	Port Washington Fire Department Port Washington Fire Department	Joint Sponsoring Board
Effective date of plan	4/1/1990	1/1/1993	1/1/1996
Entitlement Age	55	65	62
Nonforfeitable right to award after:	5 years	5 years	5 years
Prior service credit (up to):	Per Adoption Agreement	5 years	5 years
Eligible age	18	18	18
Required years of service	One	One	One
Benefits:			
Monthly payment	\$20	\$20	\$20
Maximum years used to calculate	40	40	30
Benefits payable at	Entitlement Age except for disability or death	Entitlement Age except for disability or death	Entitlement Age except for disability or death
Optional line-of-duty disability	Yes	Yes	Yes

Fiduciary Investment and Control

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

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

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

4. COMMITMENTS AND CONTINGENCIES (continued)

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

Fiduciary Investment and Control (continued)

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. Program assets are held in compliance with NY GML Article 11-A 217(j). Some Plans have designated trustees (see table #2).

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

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

Table # 2 Fiduciary Information

	<u>Albertson</u>	<u>Alert</u>	<u>Carle Place</u>	<u>Floral Park Centre</u>
Administrated by:	Penflex, Inc.	Penflex, Inc.	VFIS	Penflex, Inc.
Disbursements approved by:	Town of North Hempstead	Joint Sponsoring Board	Fire Company	Town of North Hempstead
Plan Trustee	Town of North Hempstead	Joint Sponsoring Board	N/A	Town of North Hempstead
Authority to invest assets	RBC Wealth Management	RBC Wealth Management	Town of North Hempstead	RBC Wealth Management
Valuation date	1/1/2014	1/1/2014	1/1/2014	1/1/2014
Actuary report date	5/19/2014	5/22/2014	4/17/2014	5/20/2014

Table #2 Fiduciary Information (continued)

	<u>Glenwood</u>	<u>Port Washington</u>	<u>Roslyn</u>
Administrated by:	VFIS	VFIS	Penflex, Inc.
Disbursements approved by:	Fire Company's Board	Plan Administrator	Joint Sponsoring Board
Plan Trustee	N/A	N/A	Joint Sponsoring Board
Authority to invest assets	Hartford Life Insurance Company	Hartford Life Insurance Company	Program Trustee
Valuation date	1/1/2014	1/1/2014	1/1/2014
Actuary report date	3/30/2014	5/13/2014	6/16/2014

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TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

4. COMMITMENTS AND CONTINGENCIES (continued)

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

Fiduciary Investment and Control (continued)

Table #3 Program Financial Condition

	<u>Albertson</u>	<u>Alert</u>	<u>Carle Place</u>	<u>Floral Park Centre</u>		
Assets						
Actuarial present value of:						
benefits at 1/1/2014	\$ 2,087,149	\$ 2,188,763	\$ 1,520,430	\$ 626,234		
Less: assets available for benefits	1,866,149	2,107,382	808,020	463,223		
Total unfunded benefits	221,000	81,381	712,410	163,011		
Less: unfunded liability for prior service	188,968			214,628		
Less: unfunded liability for separate costs	32,032	60,322				
Unfunded normal benefits	<u>\$ -0-</u>	<u>\$ 21,059</u>	<u>\$ 712,410</u>	<u>\$ (51,617)</u>		
Assets Available for Benefits						
	<u>\$</u>	<u>% of total</u>	<u>\$</u>	<u>% of total</u>	<u>\$</u>	<u>% of total</u>
Cash & short-term investments	105,467	5.67%	112,253	5.35%	25,880	5.60%
Receivables			25	0.00%		
Government securities	58,422	3.14%	64,969	3.09%	14,278	3.09%
Other securities/assets	1,697,780	91.20%	1,922,716	91.56%	422,086	91.31%
	<u>1,861,669</u>	<u>100.00%</u>	<u>2,099,963</u>	<u>100.00%</u>	<u>462,244</u>	<u>100.00%</u>
Annuities			\$ 808,020	100.00%		
Benefits payable	4,480		7,419		979	
Total assets available for benefits	<u>\$ 1,866,149</u>		<u>\$ 2,107,382</u>		<u>\$ 463,223</u>	
Prior Service Costs/Separate Service Costs						
Amortization period	15		15		-0-	
Discount rate	5.50%		5.50%		0.00%	5.50%
Receipts and Disbursements						
Plan assets at beginning of year	\$ 1,781,231		\$ 2,023,141		\$ 755,226	\$ 366,436
Plan contributions	180,000		157,490		152,272	35,183
Investment income earned	31,543		33,464		25,962	48,270
Other receipts					10,398	28,546
Plan benefit withdrawals	(121,778)		(91,140)		(117,673)	(11,760)
Life Insurance Premium					(14,687)	
Administrative fees	(4,847)		(8,089)		(3,478)	(3,452)
Other expenses			(7,484)			
Plan assets at end of year	<u>\$ 1,866,149</u>		<u>\$ 2,107,382</u>		<u>\$ 808,020</u>	<u>\$ 463,223</u>
Contributions						
Recommended by Actuary	\$ 180,000		\$ 157,489		\$ 136,841	\$ 35,183
Actual contribution	\$ 180,000		\$ 157,490		\$ 152,272	\$ 35,183
Town of North Hempstead contribution for plans with multiple sponsors			\$ 11,687			
Administration Fees						
Paid to Plan Administrator	\$ 4,847		\$ 8,089		\$ 3,478	\$ 3,452

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TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

4. COMMITMENTS AND CONTINGENCIES (continued)

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

Fiduciary Investment and Control (continued)

Table #3 Program Financial Condition (continued)

	<u>Glenwood</u>		<u>Port Washington</u>		<u>Roslyn</u>
<u>Assets</u>					
Actuarial present value of benefits at 1/1/2014	\$ 2,044,482		\$ 3,548,601		\$ 3,247,053
Less: assets available for benefits	1,473,545		2,323,350		3,010,570
Total unfunded benefits	<u>570,937</u>		<u>1,225,251</u>		<u>236,483</u>
Less: unfunded liability for separate costs					124,197
Unfunded normal benefits	<u>\$ 570,937</u>		<u>\$ 1,225,251</u>		<u>\$ 112,286</u>
<u>Assets Available for Benefits</u>		<u>% of total</u>		<u>% of total</u>	<u>% of total</u>
Cash & short-term investments					\$ 187,160 6.24%
Receivables					545 0.02%
Other securities/assets					2,812,545 93.74%
					<u>3,000,250 100.00%</u>
Insurance contracts	\$ 1,473,545	100.00%	\$ 2,323,350	100.00%	
Benefits payable					10,320
Total assets available for benefits	<u>\$ 1,473,545</u>		<u>\$ 2,323,350</u>		<u>\$ 3,010,570</u>
<u>Prior Service Costs</u>					
Amortization period	-0-		-0-		5
Discount rate	0.00%		0.00%		6.00%
<u>Receipts and Disbursements</u>					
Plan assets at beginning of year	\$ 1,469,296		\$ 2,300,072		\$ 2,943,816
Plan contributions	179,225		530,679		168,890
Investment income earned	50,079		82,561		69,942
Other receipts	9,886		90,816		9,593
Plan benefit withdrawals	(223,087)		(572,610)		(133,330)
Life Insurance Premium	(10,274)		(104,452)		
Administrative fees	(1,580)		(3,716)		(48,341)
Plan assets at end of year	<u>\$ 1,473,545</u>		<u>\$ 2,323,350</u>		<u>\$ 3,010,570</u>
<u>Contributions</u>					
Recommended by Actuary	\$ 213,313		\$ 352,151		\$ 168,890
Actual contribution	\$ 179,225		\$ 530,679		\$ 168,890
Town of North Hempstead contribution for plans with multiple sponsors	\$ 58,000		\$ 227,951		\$ 35,667
<u>Administration Fees</u>					
Paid to Plan Administrator	\$ 1,580		\$ 3,716		\$ 48,342

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TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

4. COMMITMENTS AND CONTINGENCIES (continued)

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

Funding Methodology and Actuarial Assumptions

Table #4 Methodology and Assumptions

	<u>Albertson</u>	<u>Alert</u>	<u>Carle Place</u>	<u>Floral Park Centre</u>
Actuarial cost method	Attained Age Normal Frozen Initial Liability	Attained Age Normal Frozen Initial Liability	Entry Age Normal Frozen Initial Liability	Attained Age Normal Frozen Initial Liability
Assumed rate of return	5.50%	6.00%	4.75%	5.50%
Mortality table used for withdrawals, retirements, active and inactive deaths	*	*	1984 Unisex	*
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value

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

Table #4 Methodology and Assumptions (continued)

	<u>Glenwood</u>	<u>Port Washington</u>	<u>Roslyn Fire</u>
Actuarial cost method	Entry Age Normal Frozen Initial Liability	Entry Age Normal	Attained Age Normal Frozen Initial Liability
Assumed rate of return	4.75%	5.25%	6.00%
Mortality table used for withdrawals, retirements, active and inactive deaths	1984 Unisex Pensioner	1984 Unisex Pensioner	*
Asset valuation method	Fair Value	Fair Value	Fair Value

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

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TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

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

The following represents condensed financial statements for the discretely presented nonmajor component units as of, and for the year ended, December 31, 2013:

Condensed Statement of Net Position:

	Assets & Deferred Outflows of Resource		Liabilities & Deferred Inflows of Resource		Net Position		
	Current, Non-current and Deferred Outflows of Resources	Capital Assets Net of Depreciation	Current, Non-current and Deferred Inflows of Resources	Bonds and Other Long-Term Liabilities	Investment in Capital Assets	Restricted	Unrestricted
<u>GARBAGE DISTRICTS</u>							
Carle Place	\$ 384,765		\$ 150,406				\$ 234,359
Glenwood	36,138		2,964				33,174
Port Washington	1,828,674	\$ 24,750	655,224		\$ 24,750		1,173,450
Roslyn	483,090		122,990				360,100
<u>WATER POLLUTION CONTROL DISTRICTS</u>							
Belgrave	4,838,023	14,294,130	4,262,976	\$ 7,373,433	6,251,617	\$ 36,628	1,207,499
Great Neck	9,777,597	62,766,970	5,510,048	53,529,215	15,628,731	7,086	(2,130,513)
Port Washington	3,919,246	34,242,412	1,393,635	20,641,551	12,905,855	381,083	2,839,534
<u>WATER DISTRICTS</u>							
Albertson	4,570,785	6,643,839	2,806,291	4,993,349	2,402,327	806,659	205,998
Carle Place	5,881,971	4,253,408	2,242,314	2,083,297	3,083,874		2,725,894
Garden City Park	5,608,753	9,170,160	343,150	2,313,387	8,735,160	4,949,507	(1,562,291)
Glenwood	251,895	76,732	67,383	51,935	58,818		150,491
Manhasset - Lakeville	10,158,101	35,345,214	5,567,229	11,912,248	25,463,998	22,969	2,536,871
Port Washington	5,019,429	18,952,698	12,620,390	7,648,252	5,014,457	159,843	(1,470,815)
Roslyn	4,243,243	5,255,236	815,174	2,727,896	4,539,356	2,374,325	(958,272)
Westbury	3,590,793	9,749,788	1,719,957	6,217,266	4,931,417	2,248,418	(1,776,477)
<u>PARK DISTRICTS</u>							
Great Neck	9,314,757	25,031,322	3,146,853	20,210,514	9,424,875	18,827	1,545,010
Manhasset	1,038,656	2,443,165	82,046	2,018,676	2,443,165		(1,062,066)
<u>OTHER</u>							
Port Washington							
Police District	6,882,600	883,974	482,650	25,347,005	769,200	750,384	(19,582,665)
Shelter Rock Public Library District	2,203,840	6,561,643	721,249	5,299,437	2,165,696	893,230	(314,129)
Community Development Agency	2,799,259	2,620,647	604,316	647,838		4,167,752	
Port Washington Business Improvement District	123,048	131,494	10,986	82,215	75,536		85,805
	<u>\$ 82,954,663</u>	<u>\$ 238,447,582</u>	<u>\$ 43,328,231</u>	<u>\$ 173,097,514</u>	<u>\$ 103,918,832</u>	<u>\$ 16,816,711</u>	<u>\$ (15,759,043)</u>

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TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

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

Condensed Statement of Activities:

	Program				General Revenue		Net Position		
	Expenses	Charges for Services	Operating/ Capital Grants and Contributions	Net Expense (Revenue)	Property Tax	Other	Change	1/1/2013	12/31/2013
GARBAGE DISTRICTS									
Carle Place	\$ 759,790			\$ 759,790	\$ 934,271	\$ 9,037	\$ 183,518	\$ 50,841	\$ 234,359
Glenwood	45,045			45,045	62,304	168	17,427	15,747	33,174
Port Washington	1,966,561			1,966,561	2,160,983	4,047	198,469	999,731	1,198,200
Roslyn	443,830			443,830	517,548	677	74,395	285,705	360,100
WATER POLLUTION									
CONTROL DISTRICTS									
Belgrave	2,866,373	\$ 768,226		2,098,147	2,347,322	474,845	724,020	6,771,724	7,495,744
Great Neck	6,911,322	2,427,208	\$ 229,659	4,254,455	4,111,286	705,817	562,648	12,942,656	13,505,304
Port Washington	6,824,405	1,026,901		5,797,504	4,702,314	1,001,190	(94,000)	16,220,472	16,126,472
WATER DISTRICTS									
Albertson	2,884,215	1,449,442	45,545	1,389,228	1,646,426	20,691	277,889	3,137,095	3,414,984
Carle Place	2,544,110	737,693		1,806,417	1,673,704	573,648	440,935	5,368,833	5,809,768
Garden City Park	4,050,485	1,248,907		2,801,578	2,396,812	385,934	(18,832)	12,141,208	12,122,376
Glenwood	366,342	145,115		221,227	328,782	237	107,792	101,517	209,309
Manhasset - Lakeville	7,425,108	6,416,026	57,806	951,276	3,332,399	371,355	2,752,478	25,271,360	28,023,838
Port Washington	6,071,944	3,545,883		2,526,061	1,546,490	140,529	(839,042)	4,542,527	3,703,485
Roslyn	4,055,647	1,911,656		2,143,991	2,024,984	231,147	112,140	5,843,269	5,955,409
Westbury	4,105,927	1,719,142		2,386,785	2,706,902	355,476	675,593	4,727,765	5,403,358
PARK DISTRICTS									
Great Neck	14,905,674	3,711,863		11,193,811	12,282,468	184,704	1,273,361	9,715,351	10,988,712
Manhasset	1,684,306	609,835	65,650	1,008,821	718,538	17,704	(272,579)	1,653,678	1,381,099
OTHER									
Port Washington									
Police District	22,537,158	6,315	254,486	22,276,357	17,258,744	927,168	(4,090,445)	(13,972,636)	(18,063,081)
Shelter Rock Public									
Library District	3,956,228	30,434	100,000	3,825,794	3,800,880	25,443	529	2,744,268	2,744,797
Community									
Development Agency	979,562	174,424	914,939	(109,801)		20,087	129,888	4,037,864	4,167,752
Port Washington									
Business									
Improvement District	153,287	3,158		150,129	182,594	240	32,705	128,636	161,341
	<u>\$ 95,537,319</u>	<u>\$ 25,932,228</u>	<u>\$ 1,668,085</u>	<u>\$ 67,937,006</u>	<u>\$ 64,735,751</u>	<u>\$ 5,450,144</u>	<u>\$ 2,248,889</u>	<u>\$ 102,727,611</u>	<u>\$ 104,976,500</u>

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TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

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

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

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

6. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

During the year ended December 31, 2013, the Town implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. One of the provisions of this Statement is to recognize debt issuance costs as an outflow of resources/expense in the period incurred, as these costs no longer meet the definition of an asset or deferred outflows of resources, as defined in Statement No. 65 or Concepts Statement No. 4.

The implementation of this Statement required the Town to retroactively recognize costs of debt issuance as outflows of resources and restate its net position as of January 1, 2013. As a result the Town's January 1, 2013 net position was reduced by \$5,097,205 from \$167,229,167 to \$162,131,962. The difference represents a restatement for unamortized bond issuance costs that were amortized under the prior standards but expensed in the period incurred under the new standards.

7. SUBSEQUENT EVENTS

In April 2014, the Town issued \$25,220,000 of Refunding Serial Bonds – 2014 Series A, with maturity dates of February 1, 2015-2025. The interest rates range from 2.000% to 5.000%. The bonds are being issued to refund \$2,010,000 of the outstanding principal of the Town's General Obligation Serial Bonds – 2004, which mature in the years 2015 and 2016, \$15,245,000 of the outstanding principal of the Town's Refunding Serial Bonds – 2004, which mature in the years 2015 to 2022 and \$10,540,000 of the outstanding principal of the Town's General Obligation Serial Bonds – 2005, which mature in the years 2015 to 2025. The interest rates on the refunded bonds range from 4.000% to 4.250%. All of the bonds are to be called and redeemed on May 16, 2014.

In April 2014, the Town issued \$11,545,000 of Refunding Serial Bonds – 2014 Series B, with maturity dates of July 15, 2014-2022. The interest rates range from 2.000% to 5.000%. The bonds are being issued to refund \$10,520,000 of the outstanding principal of the Town's Refunding Serial Bonds – 2003, which mature in the years 2014 and 2019, \$1,950,000 of the outstanding principal of the Town's Various Purpose Serial Bonds – 2004 Series B, which mature in the years 2015 to 2022. The interest rates on the refunded bonds range from 3.75% to 5.00%. The Refunded 2003 Refunding Bonds are to be called and redeemed on May 16, 2014. The Refunded 2004 Bonds are to be called and redeemed on September 1, 2014.

TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

7. SUBSEQUENT EVENTS (continued)

In April 2014, the Town issued \$21,790,825 of Various Purposes Serial Bonds – 2014 Series C, with maturity dates of April 1, 2015 – 2032. The proceeds from the sale of the Bonds, together with \$1,479,249 in available funds, will be used to redeem a \$23,270,074 portion of the Town's \$67,557,380 Bond Anticipation Notes for Various Purposes – 2013 Series A at maturity.

On April 8, 2014, the Town issued \$48,513,152 in Bond Anticipation Notes (BANs) Series A at interest rates of 0.350% and 0.500%, maturing on April 8, 2015. A portion of the BAN proceeds from the sale of the Series A Notes in the amount of \$43,033,652, together with \$1,253,654 in available funds will be used to redeem a \$44,287,306 portion of the town's \$67,557,380 BANs for Various Purposes – 2013 Series A at maturity. The BAN's also provided \$5,479,500 in new money for various capital projects.

On April 8, 2014, the Town issued \$2,015,000 in Bond Anticipation Notes (BANs) Series B at interest rates of 0.450% and 1.000%, maturing on April 8, 2015. These BANs provided new money for improvements of the Roslyn Water District facilities.

8. NEW PRONOUNCEMENTS

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

The Governmental Accounting Standards Board (GASB) has issued Statement No. 69 "*Governmental Combinations and Disposals of Governmental Operations*". The statement establishes accounting and financial reporting standards related to governmental combinations and disposals of governmental operations. As used in this Statement, the term *government combination* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The requirements of this statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 70 "*Accounting and Reporting for Nonexchange Financial Guarantees*". The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No.68*". The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement should be applied simultaneously with the provisions of Statement No. 68.

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

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REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The budgets are adopted on a basis of accounting consistent with GAAP. In the event that actual revenues received exceed budgeted amounts, generally, additional budgetary appropriations are made. The capital projects fund is budgeted on a project basis.

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

In order to show the full legal level of budgetary compliance for the general and certain special revenue funds, detailed individual statements of expenditures – budget and actual, are presented in a separate budget report.

TOWN OF NORTH HEMPSTEAD
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES:				
Ad valorem taxes	\$ 24,005,609	\$ 24,005,609	\$ 24,005,591	\$ (18)
Total Real Property Taxes	24,005,609	24,005,609	24,005,591	(18)
REAL PROPERTY TAX ITEMS:				
Payment in lieu of taxes	212,631	212,631	357,167	144,536
Interest and penalties on taxes	1,030,000	1,030,000	1,060,325	30,325
Returned check charge: property tax			7,687	7,687
Total Real Property Tax Items	1,242,631	1,242,631	1,425,179	182,548
NON-PROPERTY TAX ITEMS:				
Nassau County local government assistance	10,816,000	11,016,000	11,334,246	318,246
Franchises-cable TV	1,800,000	1,800,000	1,848,349	48,349
Total Non-Property Tax Items	12,616,000	12,816,000	13,182,595	366,595
DEPARTMENTAL INCOME:				
Comptroller's fees	8,500	8,500	7,965	(535)
Town clerk fees	50,000	50,000	44,955	(5,045)
Other general departmental income	6,000	6,000	12,023	6,023
Public pound charge dog fees	6,200	6,200	5,898	(302)
Other public safety departmental income			41,720	41,720
Parks and recreation charges	2,515,000	2,515,000	2,450,656	(64,344)
Dock storage leases	30,000	30,000	44,725	14,725
Recreational concessions	21,000	21,000	1,500	(19,500)
Special recreational facility charges	7,309,393	7,309,393	6,869,014	(440,379)
Other culture and recreation		15,000	13,260	(1,740)
Total Departmental Income	9,946,093	9,961,093	9,491,716	(469,377)
INTERGOVERNMENTAL CHARGES:				
Services for other governments	7,500	7,500	1,124	(6,376)
Total Intergovernmental Charges	7,500	7,500	1,124	(6,376)
USE OF MONEY AND PROPERTY:				
Interest and earnings	35,000	35,000	41,242	6,242
Rental of real property	42,000	42,000	100,627	58,627
Commissions			130	130
Total Use of Money and Property	77,000	77,000	141,999	64,999
LICENSES AND PERMITS:				
Games of chance	300	300	290	(10)
Bingo licenses	800	800	990	190
Dog license fund apportionment	30,000	30,000	30,419	419
Licensing fees	60,000	60,000	47,795	(12,205)
Town permits	110,000	110,000	218,380	108,380
Waterway permits	5,000	5,000		(5,000)
Total Licenses and Permits	206,100	206,100	297,874	91,774

(Continued)

TOWN OF NORTH HEMPSTEAD
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
FINES AND FORFEITURES:				
Court fines	25,000	25,000	25,000	-0-
Total Fines and Forfeitures	25,000	25,000	25,000	-0-
SALE OF PROPERTY AND COMPENSATION FOR LOSS:				
Sale of real property	1,100,000	1,100,000	900,000	(200,000)
Insurance recoveries	1,000	1,000	150,483	149,483
Total Sale of Property and Compensation for Loss	1,101,000	1,101,000	1,050,483	(50,517)
MISCELLANEOUS LOCAL SOURCES:				
Reimbursement of Medicare Part D	70,000	70,000	64,596	(5,404)
Refund of prior year expenditures	10,000	10,000	6,320	(3,680)
Gifts and donations	300,000	344,880	351,277	6,397
Premiums on obligations			5,779	5,779
Miscellaneous revenue	200,000	125,325	307,803	182,478
Total Miscellaneous Local Sources	580,000	550,205	735,775	185,570
INTERFUND REVENUES	6,365,943	6,365,943	6,291,419	(74,524)
STATE AID:				
State aid - per capita	1,023,565	1,023,565	1,023,565	-0-
State aid - mortgage tax	6,384,656	6,584,656	7,493,601	908,945
State aid - other		183,872	97,512	(86,360)
State aid - youth program	40,000	40,000	14,882	(25,118)
State aid - recreation for handicap	20,000	20,000	27,638	7,638
State aid - environmental conservation		579,362	498,400	(80,962)
Total State Aid	7,468,221	8,431,455	9,155,598	724,143
FEDERAL AID:				
Federal aid - programs for the aging	340,825	340,825	219,676	(121,149)
Federal aid - emergency disaster assistance			975,619	975,619
Total Federal Aid	340,825	340,825	1,195,295	854,470
Total Revenues	63,981,922	65,130,361	66,999,648	1,869,287

(Continued)

TOWN OF NORTH HEMPSTEAD
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT SUPPORT:				
Town board	812,094	816,803	735,253	81,550
Supervisor	796,595	798,095	792,669	5,426
Director of finance	434,010	434,010	392,361	41,649
Comptroller	1,685,272	1,948,369	1,919,697	28,672
Internal auditor	88,420	84,540	48,305	36,235
Receiver of taxes	1,088,809	1,088,809	1,045,752	43,057
Townstat	134,185	94,185	31,173	63,012
Purchasing	113,215	114,142	114,142	-0-
Credit card fees	10,000	17,438	17,438	-0-
Fiscal agent fees	40,000	40,950	21,720	19,230
Town clerk	693,290	691,380	642,226	49,154
Town attorney	1,216,300	1,522,236	1,491,320	30,916
Human resources	109,357	113,037	113,037	-0-
Engineering	281,800	281,800	227,382	54,418
Records management	295,963	295,963	223,776	72,187
Call center	486,709	524,192	524,183	9
Public Information	539,955	809,919	809,896	23
Public works	301,575	376,605	349,978	26,627
General services	1,432,904	1,472,320	1,338,669	133,651
Central printing and mail	578,551	718,551	631,254	87,297
Technology services	1,677,558	1,640,075	1,552,404	87,671
Unallocated insurance	475,000	525,684	525,684	-0-
Other general government support	1,664,949	915,118	908,280	6,838
Total General Government Support	<u>14,956,511</u>	<u>15,324,221</u>	<u>14,456,599</u>	<u>867,622</u>
EDUCATION:				
Community College	1,100,000	1,100,000	439,233	660,767
Total Education	<u>1,100,000</u>	<u>1,100,000</u>	<u>439,233</u>	<u>660,767</u>
PUBLIC SAFETY:				
Administration	355,564	390,905	390,872	33
Animal shelter	534,753	596,411	596,411	-0-
Harbor patrol	348,173	382,526	382,423	103
Emergency Management Services		39,873	39,873	-0-
Total Public Safety	<u>1,238,490</u>	<u>1,409,715</u>	<u>1,409,579</u>	<u>136</u>
ECONOMIC ASSISTANCE AND OPPORTUNITY:				
Community services	408,186	326,172	325,091	1,081
Veterans services	10,000	6,825	6,825	-0-
Programs for the aging	2,090,109	2,121,989	1,762,268	359,721
Total Economic Assistance and Opportunity	<u>2,508,295</u>	<u>2,454,986</u>	<u>2,094,184</u>	<u>360,802</u>

(Continued)

TOWN OF NORTH HEMPSTEAD
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
CULTURE AND RECREATION:				
Arts council		22,500	16,447	6,053
Parks and recreation	1,503,277	1,354,536	1,343,499	11,037
Parks	6,197,157	6,933,134	6,933,134	-0-
Community center	1,272,151	1,088,930	1,087,932	998
Special recreation facilities	6,285,723	6,475,674	6,469,705	5,969
Youth activities	745,235	1,029,035	1,029,035	-0-
Total Culture and Recreation	<u>16,003,543</u>	<u>16,903,809</u>	<u>16,879,752</u>	<u>24,057</u>
HOME AND COMMUNITY SERVICES:				
Environmental facilities	975,000	1,466,396	1,247,813	218,583
Housing authority	228,586	228,360	225,633	2,727
Emergency tenant protection act	7,500	7,500	5,410	2,090
Emergency disaster work		441,546	441,546	-0-
Total Home and Community Services	<u>1,211,086</u>	<u>2,143,802</u>	<u>1,920,402</u>	<u>223,400</u>
EMPLOYEE BENEFITS:				
State employee retirement system	2,319,924	2,198,628	2,198,628	-0-
Social security	1,279,278	1,297,728	1,297,728	-0-
Workers' compensation	340,000	367,739	367,739	-0-
Unemployment benefits	60,000	38,439	38,439	-0-
Disability benefits	50	50	50	50
Hospital, medical and dental	4,857,900	4,655,025	4,557,644	97,381
Other employee benefits	18,000	18,000	12,863	5,137
Total Employee Benefits	<u>8,875,152</u>	<u>8,575,609</u>	<u>8,473,041</u>	<u>102,568</u>
Total Current Expenditures	<u>45,893,077</u>	<u>47,912,142</u>	<u>45,672,790</u>	<u>2,239,352</u>
DEBT SERVICE:				
Interest on revenue anticipation notes	60,000	59,050	28,515	30,535
Total Debt Service	<u>60,000</u>	<u>59,050</u>	<u>28,515</u>	<u>30,535</u>
Total Expenditures	<u>45,953,077</u>	<u>47,971,192</u>	<u>45,701,305</u>	<u>2,269,887</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>18,028,845</u>	<u>17,159,169</u>	<u>21,298,343</u>	<u>4,139,174</u>
Other Financing Sources (Uses)				
Transfers in	1,115,462	1,115,462	1,135,989	20,527
Transfers out	(16,346,911)	(16,352,513)	(16,352,495)	18
Bond anticipation notes redeemed	(3,297,396)	(2,540,031)	(1,902,201)	637,830
Total Other Financing Sources (Uses)	<u>(18,528,845)</u>	<u>(17,777,082)</u>	<u>(17,118,707)</u>	<u>658,375</u>
Net Change in Fund Balances	<u>\$ (500,000)</u>	<u>\$ (617,913)</u>	4,179,636	<u>\$ 4,797,549</u>
Fund Balances at Beginning of Year			9,539,108	
Fund Balances at End of Year			<u>\$ 13,718,744</u>	

TOWN OF NORTH HEMPSTEAD
HIGHWAY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES:				
Ad valorem taxes	\$ 20,160,841	\$ 20,160,841	\$ 20,161,158	\$ 317
Total Real Property Taxes	20,160,841	20,160,841	20,161,158	317
REAL PROPERTY TAX ITEMS:				
Payment in lieu of taxes	388,390	388,390	390,288	1,898
Interest and penalties on taxes			3,996	3,996
Total Real Property Tax Items	388,390	388,390	394,284	5,894
INTERGOVERNMENTAL CHARGES:				
Services for other governments	75,000	1,417,177	1,355,590	(61,587)
Total Intergovernmental Charges	75,000	1,417,177	1,355,590	(61,587)
USE OF MONEY AND PROPERTY:				
Interest and earnings	13,000	13,000	11,971	(1,029)
Rental of real property	60,000	60,000	71,414	11,414
Total Use of Money and Property	73,000	73,000	83,385	10,385
LICENSES AND PERMITS:				
Permits - road restoration fee	275,000	275,000	240,479	(34,521)
Total Licenses and Permits	275,000	275,000	240,479	(34,521)
SALE OF PROPERTY AND COMPENSATION FOR LOSS:				
Recycling			2,399	2,399
Recovery of damage to Town Property	1,000	1,000		(1,000)
Total Sale of Property and Compensation for Loss	1,000	1,000	2,399	1,399
MISCELLANEOUS LOCAL SOURCES:				
Refund of prior year expenditures	1,000	1,000	228	(772)
Premium on obligations			24,796	24,796
Miscellaneous revenue			7,343	7,343
Total Miscellaneous Local Sources	1,000	1,000	32,367	31,367
INTERFUND REVENUES	684,137	684,137	362,512	(321,625)
STATE AID:				
State aid - other		383,966	148,192	(235,774)
State aid - consolidated highway aid	503,168	503,168	642,820	139,652
Total State Aid	503,168	887,134	791,012	(96,122)
FEDERAL AID:				
Federal aid - emergency disaster assistance			6,890,660	6,890,660
Total Federal Aid			6,890,660	6,890,660
Total Revenues	22,161,536	23,887,679	30,313,846	6,426,167

(Continued)

TOWN OF NORTH HEMPSTEAD
HIGHWAY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT SUPPORT:				
Unallocated insurance	208,000	228,123	228,123	-0-
Other general government support	2,448,714	2,304,731	2,304,731	-0-
Total General Government Support	<u>2,656,714</u>	<u>2,532,854</u>	<u>2,532,854</u>	<u>-0-</u>
TRANSPORTATION:				
Administration	3,061,769	4,893,676	5,173,543	(279,867)
Garage	4,935,838	5,344,069	5,344,069	-0-
Snow removal	695,000	643,817	643,817	-0-
Services for other governments	709,484	628,911	628,911	-0-
Signs	545,518	577,971	591,335	(13,364)
Traffic safety	76,187	75,446	75,446	-0-
Total Transportation	<u>10,023,796</u>	<u>12,163,890</u>	<u>12,457,121</u>	<u>(293,231)</u>
HOME AND COMMUNITY SERVICE:				
Emergency disaster work			7,038,324	(7,038,324)
Total Home and Community Service			<u>7,038,324</u>	<u>(7,038,324)</u>
EMPLOYEE BENEFITS:				
State employee retirement system	1,090,547	1,040,070	1,040,070	-0-
Social security	507,702	564,847	564,847	-0-
Workers' compensation	350,200	391,898	391,898	-0-
Unemployment benefits	30,000	24,010	24,010	-0-
Hospital, medical and dental	2,941,286	2,794,114	2,794,114	-0-
Other employee benefits	5,000	5,000	5,000	-0-
Total Employee Benefits	<u>4,924,735</u>	<u>4,819,939</u>	<u>4,819,939</u>	<u>-0-</u>
Total Expenditures	<u>17,605,245</u>	<u>19,516,683</u>	<u>26,848,238</u>	<u>(7,331,555)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,556,291</u>	<u>4,370,996</u>	<u>3,465,608</u>	<u>(905,388)</u>
Other Financing Sources (Uses)				
Transfers in	847,469	847,469	843,329	(4,140)
Transfers out	(4,823,760)	(4,835,465)	(4,835,465)	-0-
Bond anticipation notes redeemed	(580,000)	(383,000)	(383,000)	-0-
Total Other Financing Sources (Uses)	<u>(4,556,291)</u>	<u>(4,370,996)</u>	<u>(4,375,136)</u>	<u>(4,140)</u>
Net Change in Fund Balances	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>(909,528)</u>	<u>\$ (909,528)</u>
Fund Balances at Beginning of Year			<u>5,247,926</u>	
Fund Balances at End of Year			<u>\$ 4,338,398</u>	

TOWN OF NORTH HEMPSTEAD
SOLID WASTE MANAGEMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
DEPARTMENTAL INCOME:				
Solid waste	\$ 16,038,725	\$ 16,388,725	\$ 16,610,034	\$ 221,309
Other	95,000	95,000	76,332	(18,668)
Total Departmental Income	<u>16,133,725</u>	<u>16,483,725</u>	<u>16,686,366</u>	<u>202,641</u>
INTERGOVERNMENTAL CHARGES:				
Services for other governments	<u>1,175,000</u>	<u>1,175,000</u>	<u>1,025,000</u>	<u>(150,000)</u>
Total Intergovernmental Charges	<u>1,175,000</u>	<u>1,175,000</u>	<u>1,025,000</u>	<u>(150,000)</u>
USE OF MONEY AND PROPERTY:				
Interest and earnings	1,000	1,000	861	(139)
Rental of real property	<u>50,000</u>	<u>50,000</u>	<u>61,314</u>	<u>11,314</u>
Total Use of Money and Property	<u>51,000</u>	<u>51,000</u>	<u>62,175</u>	<u>11,175</u>
SALE OF PROPERTY AND COMPENSATION FOR LOSS:				
Recycling	375,000	375,000	254,174	(120,826)
Recovery of damage to Town property			5,296	5,296
Total Sale of Property and Compensation for Loss	<u>375,000</u>	<u>375,000</u>	<u>259,470</u>	<u>(115,530)</u>
MISCELLANEOUS LOCAL SOURCES:				
Reimbursement of Medicare Part D			6,647	6,647
Gifts and donations			150	150
Miscellaneous revenue			<u>13,306</u>	<u>13,306</u>
Total Miscellaneous Local Sources			<u>20,103</u>	<u>20,103</u>
INTERFUND REVENUES			<u>33,176</u>	<u>33,176</u>
STATE AID:				
State aid - recycling grant	75,000	75,000	50,000	(25,000)
State aid - environmental conservation	100,000	100,000	148,964	48,964
State aid - home and community services	<u>28,000</u>	<u>28,000</u>	<u></u>	<u>(28,000)</u>
Total State Aid	<u>203,000</u>	<u>203,000</u>	<u>198,964</u>	<u>(4,036)</u>
FEDERAL AID:				
Federal aid - emergency disaster assistance			<u>2,502,611</u>	<u>2,502,611</u>
Total Federal Aid			<u>2,502,611</u>	<u>2,502,611</u>
Total Revenues	<u>17,937,725</u>	<u>18,287,725</u>	<u>20,787,865</u>	<u>2,500,140</u>

(Continued)

TOWN OF NORTH HEMPSTEAD
SOLID WASTE MANAGEMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
CURRENT:				
HOME AND COMMUNITY SERVICES:				
Administration	949,692	918,370	918,370	-0-
Leachate	542,597	549,919	549,919	-0-
Transfer station	14,436,856	15,686,819	15,891,113	(204,294)
Scale house	304,485	369,530	369,530	-0-
Maintenance	327,384	339,519	419,685	(80,166)
Equipment	67,000	86,915	86,915	-0-
Recycling	52,000	60,765	60,765	-0-
Office of sustainability	417,759	375,289	375,289	-0-
Emergency disaster work			160,420	(160,420)
Total Home and Community Services	<u>17,097,773</u>	<u>18,387,126</u>	<u>18,832,006</u>	<u>(444,880)</u>
EMPLOYEE BENEFITS:				
State employee retirement system	193,250	205,044	205,044	-0-
Social security	97,327	112,386	112,386	-0-
Workers' compensation	20,000	15,195	15,195	-0-
Disability benefits	25			-0-
Hospital, medical and dental	528,150	466,786	466,786	-0-
Other employee benefits	1,200	1,188	1,188	-0-
Total Employee Benefits	<u>839,952</u>	<u>800,599</u>	<u>800,599</u>	
Total Expenditures	<u>17,937,725</u>	<u>19,187,725</u>	<u>19,632,605</u>	<u>(444,880)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		<u>(900,000)</u>	<u>1,155,260</u>	<u>2,055,260</u>
Other Financing Sources (Uses)				
Transfers in	900,824	900,824	900,824	-0-
Transfers out	(900,824)	(900,824)	(900,824)	-0-
Total Other Financing Sources (Uses)				<u>-0-</u>
Net Change in Fund Balances	<u>\$ -0-</u>	<u>\$ (900,000)</u>	<u>1,155,260</u>	<u>\$ 2,055,260</u>
Fund Balances at Beginning of Year			<u>1,564,283</u>	
Fund Balances at End of Year			<u>\$ 2,719,543</u>	

TOWN OF NORTH HEMPSTEAD
PART TOWN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES:				
Ad valorem taxes	\$ 5,685,144	\$ 5,685,144	\$ 5,685,233	\$ 89
Total Real Property Taxes	5,685,144	5,685,144	5,685,233	89
REAL PROPERTY TAX ITEMS:				
Payment in lieu of taxes	88,818	88,818	89,252	434
Interest and penalties on taxes			914	914
Total Real Property Tax Items	88,818	88,818	90,166	1,348
NON-PROPERTY TAX ITEMS:				
Franchises-cable TV	52,500	52,500	52,500	-0-
Total Non-Property Tax Items	52,500	52,500	52,500	-0-
DEPARTMENTAL INCOME:				
Parking enforcement	614,000	614,000	527,968	(86,032)
Other public safety departmental			26,925	26,925
Registrar of vital statistics	268,000	268,000	285,178	17,178
Zoning board fees	135,000	135,000	178,575	43,575
Total Departmental Income	1,017,000	1,017,000	1,018,646	1,646
USE OF MONEY AND PROPERTY:				
Interest and earnings	27,000	27,000	22,640	(4,360)
Total Use of Money and Property	27,000	27,000	22,640	(4,360)
LICENSES AND PERMITS:				
Building permits	3,500,000	3,500,000	3,116,752	(383,248)
Total Licenses and Permits	3,500,000	3,500,000	3,116,752	(383,248)
FINES AND FORFEITURES:				
Court fines	275,000	275,000	180,709	(94,291)
Total Fines and Forfeitures	275,000	275,000	180,709	(94,291)
MISCELLANEOUS LOCAL SOURCES:				
Refund of prior year expenditures			12,247	12,247
Total Miscellaneous Local Sources			12,247	12,247
INTERFUND REVENUES	100,000	100,000	102,556	2,556
STATE AID:				
State aid - planning studies			1,000	1,000
Total State Aid			1,000	1,000
FEDERAL AID:				
Federal aid - home and community services		43,100	43,100	-0-
Federal aid - emergency disaster assistance			86,120	86,120
Total Federal Aid		43,100	129,220	86,120
Total Revenues	10,745,462	10,788,562	10,411,669	(376,893)

(Continued)

TOWN OF NORTH HEMPSTEAD
PART TOWN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT SUPPORT:				
Unallocated insurance	108,864	130,806	130,806	-0-
Other general government support	1,786,544	1,723,283	1,723,283	-0-
Total General Government Support	<u>1,895,408</u>	<u>1,854,089</u>	<u>1,854,089</u>	<u>-0-</u>
PUBLIC SAFETY:				
Parking enforcement	236,860	249,280	249,280	-0-
Building	4,083,006	4,017,984	3,538,913	479,071
Security	611,742	768,841	768,841	-0-
Total Public Safety	<u>4,931,608</u>	<u>5,036,105</u>	<u>4,557,034</u>	<u>479,071</u>
HEALTH:				
Registrar of vital statistics	267,850	267,850	226,569	41,281
Total Health	<u>267,850</u>	<u>267,850</u>	<u>226,569</u>	<u>41,281</u>
HOME AND COMMUNITY SERVICES:				
Board of appeals	355,810	343,330	343,330	-0-
Planning and development - staff	705,614	779,184	779,184	-0-
Total Home and Community Services	<u>1,061,424</u>	<u>1,122,514</u>	<u>1,122,514</u>	<u>-0-</u>
EMPLOYEE BENEFITS:				
State employee retirement system	639,436	672,208	672,208	-0-
Social security	417,029	386,892	386,892	-0-
Workers' compensation	95,000	120,054	120,054	-0-
Unemployment benefits	5,000	10,775	10,775	-0-
Hospital, medical and dental	1,430,307	1,315,675	1,315,675	-0-
Other employee benefits	2,400	2,400	2,400	-0-
Total Employee Benefits	<u>2,589,172</u>	<u>2,508,004</u>	<u>2,508,004</u>	<u>-0-</u>
Total Expenditures	<u>10,745,462</u>	<u>10,788,562</u>	<u>10,268,210</u>	<u>520,352</u>
Net Change in Fund Balances	<u>\$ -0-</u>	<u>\$ -0-</u>	143,459	<u>\$ 143,459</u>
Fund Balances at Beginning of Year			<u>7,210,030</u>	
Fund Balances at End of Year			<u>\$ 7,353,489</u>	

TOWN OF NORTH HEMPSTEAD
TOWN OF NORTH HEMPSTEAD RETIREE MEDICAL PROGRAM
POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS
SCHEDULE OF FUNDING PROGRESS
December 31, 2013

Actuarial Valuation Date January 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit Cost Method (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
2013	\$ -0-	\$ 108,930,105 *	\$ 108,930,105 *	0%	\$ 25,647,674	424.72%
2012	-0-	108,930,105 ¹	108,930,105	0%	25,647,674	424.72%
2011	-0-	133,271,000 *	133,271,000 *	0%	30,863,411	431.81%
2010	-0-	125,785,000	125,785,000	0%	30,437,386	413.26%
2009	-0-	124,832,000 *	124,832,000 *	0%	29,701,483	420.29%
2008	-0-	117,768,000	117,768,000	0%	29,008,187	405.98%

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

* Roll forward

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

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

OTHER SUPPLEMENTARY INFORMATION

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

TOWN OF NORTH HEMPSTEAD
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2013

		Special Revenue Funds				
		Fire Protection Districts	Lighting District	Park Districts	Sidewalk District	Refuse and Garbage Districts
ASSETS						
Cash and investments		\$ 786,150	\$ 900,595	\$ 1,253,011	\$ 1,042,539	\$ 1,648,116
Accounts receivable, net of allowances				8,750		
Prepays					156	
State and federal aid receivables			291,898	26,349		
Due from other governments			165	219	242	1,914,540
Total Assets		<u>\$ 786,150</u>	<u>\$ 1,192,658</u>	<u>\$ 1,288,329</u>	<u>\$ 1,042,937</u>	<u>\$ 3,562,656</u>
LIABILITIES						
Accounts payable and accrued liabilities		\$ 45,502	\$ 396,156	\$ 127,516	\$ 218,029	\$ 754,361
Bond anticipation notes payable						1,476,114
Revenue anticipation note payable			183,590	247,702		
Due to other funds			500	243,260	216,202	
Total Liabilities		<u>45,502</u>	<u>580,246</u>	<u>618,478</u>	<u>434,231</u>	<u>2,230,475</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue, payments in lieu of taxes		8,281	1,526		2,295	5,126
Total Deferred Inflows of Resources		<u>8,281</u>	<u>1,526</u>		<u>2,295</u>	<u>5,126</u>
FUND BALANCES						
Nonspendable					156	
Assigned		732,367	610,886	669,851	606,255	1,327,055
Total Fund Balances		<u>732,367</u>	<u>610,886</u>	<u>669,851</u>	<u>606,411</u>	<u>1,327,055</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances		<u>\$ 786,150</u>	<u>\$ 1,192,658</u>	<u>\$ 1,288,329</u>	<u>\$ 1,042,937</u>	<u>\$ 3,562,656</u>

Public Parking District	Water District	Total Nonmajor Governmental Funds
\$ 623,840	\$ 12,395	\$ 6,266,646
313		8,750
2,011		469
		320,258
		1,915,166
<u>\$ 626,164</u>	<u>\$ 12,395</u>	<u>\$ 8,511,289</u>
\$ 45,852	\$ 12,239	\$ 1,599,655
		1,476,114
		431,292
1,000		460,962
<u>46,852</u>	<u>12,239</u>	<u>3,968,023</u>
<u>558</u>		<u>17,786</u>
<u>558</u>		<u>17,786</u>
313		469
<u>578,441</u>	<u>156</u>	<u>4,525,011</u>
<u>578,754</u>	<u>156</u>	<u>4,525,480</u>
<u>\$ 626,164</u>	<u>\$ 12,395</u>	<u>\$ 8,511,289</u>

TOWN OF NORTH HEMPSTEAD
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year ended December 31, 2013

	Special Revenue Funds				
	Fire Protection Districts	Lighting District	Park Districts	Sidewalk District	Refuse and Garbage Districts
REVENUES					
Real property taxes	\$ 6,264,612	\$ 2,051,103	\$ 1,074,326	\$ 3,084,840	\$ 8,183,254
Real property tax items	140,974	43,506	438	63,265	113,332
Departmental income			345,755		
Use of money and property	6,540	3,567	17,794	3,053	10,512
Sale of property and compensation for loss			57,933		
Miscellaneous local sources		1,157	1,847		
Interfund revenues			72,272		
Federal aid		294,496	270,632	34,688	
Total Revenues	<u>6,412,126</u>	<u>2,393,829</u>	<u>1,840,997</u>	<u>3,185,846</u>	<u>8,307,098</u>
EXPENDITURES					
Current:					
General government support	689,168	123,810	283,665	538,763	289,912
Public safety	5,758,868				
Transportation		2,139,046		1,568,278	
Culture and recreation			909,902		
Home and community services		179,756	331,065	20,255	8,049,011
Employee benefits		80,814	205,569	500,701	
Total Expenditures	<u>6,448,036</u>	<u>2,523,426</u>	<u>1,730,201</u>	<u>2,627,997</u>	<u>8,338,923</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(35,910)</u>	<u>(129,597)</u>	<u>110,796</u>	<u>557,849</u>	<u>(31,825)</u>
Other Financing Sources (Uses)					
Transfers in			5,601	12,044	
Transfers out			(28,802)	(769,402)	(14,412)
Total Other Financing Sources (Uses)			<u>(23,201)</u>	<u>(757,358)</u>	<u>(14,412)</u>
Net Change in Fund Balances	(35,910)	(129,597)	87,595	(199,509)	(46,237)
Fund Balances at Beginning of Year	<u>768,277</u>	<u>740,483</u>	<u>582,256</u>	<u>805,920</u>	<u>1,373,292</u>
Fund Balances at End of Year	<u>\$ 732,367</u>	<u>\$ 610,886</u>	<u>\$ 669,851</u>	<u>\$ 606,411</u>	<u>\$ 1,327,055</u>

Public Parking District	Water District	Total Nonmajor Governmental Funds
\$ 317,248	\$ 51,468	\$ 21,026,851
6,291		367,806
618,762		964,517
2,460	47	43,973
		57,933
2,039		5,043
		72,272
3,246		603,062
<u>950,046</u>	<u>51,515</u>	<u>23,141,457</u>
202,645		2,127,963
		5,758,868
377,628		4,084,952
		909,902
	51,515	8,631,602
115,754		902,838
<u>696,027</u>	<u>51,515</u>	<u>22,416,125</u>
254,019		725,332
8,100		25,745
(375,015)		(1,187,631)
<u>(366,915)</u>		<u>(1,161,886)</u>
(112,896)		(436,554)
691,650	156	4,962,034
<u>\$ 578,754</u>	<u>\$ 156</u>	<u>\$ 4,525,480</u>

TOWN OF NORTH HEMPSTEAD
FIRE PROTECTION DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES:				
Ad valorem taxes	\$ 6,264,612	\$ 6,264,612	\$ 6,264,612	\$ -0-
Total Real Property Taxes	6,264,612	6,264,612	6,264,612	-0-
REAL PROPERTY TAX ITEMS:				
Payment in lieu of taxes	142,636	142,636	140,974	(1,662)
Total Real Property Tax Items	142,636	142,636	140,974	(1,662)
USE OF MONEY AND PROPERTY:				
Interest and earnings	7,005	7,005	6,540	(465)
Total Use of Money and Property	7,005	7,005	6,540	(465)
Total Revenues	6,414,253	6,414,253	6,412,126	(2,127)
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT SUPPORT:				
Unallocated insurance	261,697	274,625	274,758	(133)
Other general government support	419,656	417,608	414,410	3,198
Total General Government Support	681,353	692,233	689,168	3,065
PUBLIC SAFETY:				
Fire protection	5,812,317	5,801,437	5,758,868	42,569
Total Public Safety	5,812,317	5,801,437	5,758,868	42,569
Total Expenditures	6,493,670	6,493,670	6,448,036	45,634
Net Change in Fund Balances	\$ (79,417)	\$ (79,417)	(35,910)	\$ 43,507
Fund Balances at Beginning of Year			768,277	
Fund Balances at End of Year			\$ 732,367	

TOWN OF NORTH HEMPSTEAD
LIGHTING DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES:				
Ad valorem taxes	\$ 2,051,065	\$ 2,051,065	\$ 2,051,103	\$ 38
Total Real Property Taxes	2,051,065	2,051,065	2,051,103	38
REAL PROPERTY TAX ITEMS:				
Payment in lieu of taxes	43,268	43,268	43,068	(200)
Interest and penalties on taxes			438	438
Total Real Property Tax Items	43,268	43,268	43,506	238
USE OF MONEY AND PROPERTY:				
Interest and earnings	5,100	5,100	3,567	(1,533)
Total Use of Money and Property	5,100	5,100	3,567	(1,533)
MISCELLANEOUS LOCAL SOURCES				
Premium on obligations			1,157	1,157
Total Miscellaneous Local Sources			1,157	1,157
FEDERAL AID:				
Federal aid - emergency disaster assistance			294,496	294,496
Total Federal Aid			294,496	294,496
Total Revenues	2,099,433	2,099,433	2,393,829	294,396
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT SUPPORT:				
Unallocated insurance	5,500	5,971	5,971	-0-
Other general government support	118,046	117,839	117,839	-0-
Total General Government Support	123,546	123,810	123,810	-0-
TRANSPORTATION:				
Lighting	2,009,034	2,008,955	2,139,046	(130,091)
Total Transportation	2,009,034	2,008,955	2,139,046	(130,091)
HOME AND COMMUNITY SERVICE:				
Emergency disaster work			179,756	(179,756)
Total Home and Community Service			179,756	(179,756)
EMPLOYEE BENEFITS:				
State employee retirement system	30,453	30,646	30,646	-0-
Social security	16,365	16,085	16,085	-0-
Workers' compensation	1,000	1,482	1,482	-0-
Hospital, medical and dental	33,081	32,501	32,501	-0-
Other employee benefits	100	100	100	-0-
Total Employee Benefits	80,999	80,814	80,814	-0-
Total Expenditures	2,213,579	2,213,579	2,523,426	(309,847)
Net Change in Fund Balances	<u>\$ (114,146)</u>	<u>\$ (114,146)</u>	(129,597)	<u>\$ (15,451)</u>
Fund Balances at Beginning of Year			740,483	
Fund Balances at End of Year			<u>\$ 610,886</u>	

TOWN OF NORTH HEMPSTEAD
PARK DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2013

REVENUES	Budgeted Amounts		<u>Actual</u>	Variance with Final Budget
	Original	Final		
REAL PROPERTY TAXES:				
Ad valorem taxes	\$ 1,074,276	\$ 1,074,276	\$ 1,074,326	\$ 50
Total Real Property Taxes	1,074,276	1,074,276	1,074,326	50
REAL PROPERTY TAX ITEMS:				
Payment in lieu of taxes	454	454	438	(16)
Total Real Property Tax Items	454	454	438	(16)
DEPARTMENTAL INCOME:				
Recreational concessions	7,500	7,500	8,750	1,250
Special recreational facility charges	372,000	372,000	337,005	(34,995)
Total Departmental Income	379,500	379,500	345,755	(33,745)
INTERGOVERNMENTAL CHARGES:				
Services for other governments	44,203			-0-
Total Intergovernmental Charges	44,203			-0-
USE OF MONEY AND PROPERTY:				
Interest and earnings	16,900	16,900	17,794	894
Total Use of Money and Property	16,900	16,900	17,794	894
SALE OF PROPERTY AND COMPENSATION FOR LOSS:				
Insurance recoveries		57,933	57,933	-0-
Total Sale of Property and Compensation for Loss		57,933	57,933	-0-
MISCELLANEOUS LOCAL SOURCES:				
Premium on obligations			1,827	1,827
Miscellaneous revenue			20	20
Total Miscellaneous Local Sources			1,847	1,847
INTERFUND REVENUES	30,000	74,203	72,272	(1,931)
FEDERAL AID:				
Federal aid - emergency disaster assistance		9,770	270,632	260,862
Total Federal Aid		9,770	270,632	260,862
Total Revenues	1,545,333	1,613,036	1,840,997	227,961

(Continued)

TOWN OF NORTH HEMPSTEAD
PARK DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT SUPPORT:				
Credit card fees	3,200	2,838	2,838	-0-
Unallocated insurance	18,800	19,985	19,985	-0-
Other general government support	304,374	260,842	260,842	-0-
Total General Government Support	<u>326,374</u>	<u>283,665</u>	<u>283,665</u>	<u>-0-</u>
CULTURE AND RECREATION:				
Parks and pools	976,534	909,673	909,902	(229)
Total Culture and Recreation	<u>976,534</u>	<u>909,673</u>	<u>909,902</u>	<u>(229)</u>
HOME AND COMMUNITY:				
Emergency disaster work		189,024	331,065	(142,041)
Total Home and Community		<u>189,024</u>	<u>331,065</u>	<u>(142,041)</u>
EMPLOYEE BENEFITS:				
State employee retirement system	55,776	61,627	61,627	-0-
Social security	50,650	44,026	44,026	-0-
Workers' compensation	4,000	6,839	6,839	-0-
Hospital, medical and dental	102,888	92,327	92,327	-0-
Other employee benefits	750	750	750	-0-
Total Employee Benefits	<u>214,064</u>	<u>205,569</u>	<u>205,569</u>	<u>-0-</u>
Total Expenditures	<u>1,516,972</u>	<u>1,587,931</u>	<u>1,730,201</u>	<u>(142,270)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>28,361</u>	<u>25,105</u>	<u>110,796</u>	<u>85,691</u>
Other Financing Sources (Uses)				
Transfers in			5,601	5,601
Transfers out	(28,802)	(28,802)	(28,802)	-0-
Total Other Financing Sources (Uses)	<u>(28,802)</u>	<u>(28,802)</u>	<u>(23,201)</u>	<u>5,601</u>
Net Change in Fund Balances	<u>\$ (441)</u>	<u>\$ (3,697)</u>	<u>87,595</u>	<u>\$ 91,292</u>
Fund Balances at Beginning of Year			<u>582,256</u>	
Fund Balances at End of Year			<u>\$ 669,851</u>	

TOWN OF NORTH HEMPSTEAD
SIDEWALK DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES:				
Ad valorem taxes	\$ 3,084,786	\$ 3,084,786	\$ 3,084,840	\$ 54
Total Real Property Taxes	3,084,786	3,084,786	3,084,840	54
REAL PROPERTY TAX ITEMS:				
Payment in lieu of taxes	63,506	63,506	62,580	(926)
Interest and penalties on taxes			685	685
Total Real Property Tax Items	63,506	63,506	63,265	(241)
USE OF MONEY AND PROPERTY:				
Interest and earnings	4,800	4,800	3,053	(1,747)
Total Use of Money and Property	4,800	4,800	3,053	(1,747)
FEDERAL AID:				
Federal aid - emergency disaster assistance			34,688	34,688
Total Federal Aid			34,688	34,688
Total Revenues	3,153,092	3,153,092	3,185,846	32,754
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT SUPPORT:				
Unallocated insurance	29,500	31,925	31,925	-0-
Other general government support	506,511	506,838	506,838	-0-
Total General Government Support	536,011	538,763	538,763	-0-
TRANSPORTATION:				
Sidewalks	1,542,577	1,568,278	1,568,278	-0-
Total Transportation	1,542,577	1,568,278	1,568,278	-0-
HOME AND COMMUNITY:				
Emergency disaster work		20,255	20,255	-0-
Total Home and Community		20,255	20,255	-0-
EMPLOYEE BENEFITS:				
State employee retirement system	158,533	147,774	147,774	-0-
Social security	69,783	75,985	75,985	-0-
Workers' compensation	7,000	7,884	7,884	-0-
Hospital, medical and dental	291,502	268,958	268,958	-0-
Other employee benefits	100	100	100	-0-
Total Employee Benefits	526,918	500,701	500,701	-0-
Total Expenditures	2,605,506	2,627,997	2,627,997	-0-
Excess (Deficiency) of Revenues Over (Under) Expenditures	547,586	525,095	557,849	32,754
Other Financing Sources (Uses)				
Transfers in	12,044	12,044	12,044	-0-
Transfers out	(795,118)	(772,627)	(769,402)	3,225
Total Other Financing Sources (Uses)	(783,074)	(760,583)	(757,358)	3,225
Net Change in Fund Balances	\$ (235,488)	\$ (235,488)	(199,509)	\$ 35,979
Fund Balances at Beginning of Year			805,920	
Fund Balances at End of Year			\$ 606,411	

TOWN OF NORTH HEMPSTEAD
REFUSE AND GARBAGE DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES:				
Ad valorem taxes	\$ 8,182,971	\$ 8,182,971	\$ 8,183,254	\$ 283
Total Real Property Taxes	8,182,971	8,182,971	8,183,254	283
REAL PROPERTY TAX ITEMS:				
Payment in lieu of taxes	74,532	74,532	80,716	6,184
Other tax items	32,616	32,616	32,616	-0-
Total Real Property Tax Items	107,148	107,148	113,332	6,184
USE OF MONEY AND PROPERTY:				
Interest and earnings	11,125	11,125	10,512	(613)
Total Use of Money and Property	11,125	11,125	10,512	(613)
Total Revenues	8,301,244	8,301,244	8,307,098	5,854
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT SUPPORT:				
Other general government support	289,912	289,912	289,912	-0-
Total General Government Support	289,912	289,912	289,912	-0-
HOME AND COMMUNITY SERVICE:				
Sanitation	8,348,106	8,333,694	8,049,011	284,683
Total Home and Community Service	8,348,106	8,333,694	8,049,011	284,683
Total Expenditures	8,638,018	8,623,606	8,338,923	284,683
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(336,774)</u>	<u>(322,362)</u>	<u>(31,825)</u>	<u>290,537</u>
Other Financing Sources (Uses)				
Transfers out		(14,412)	(14,412)	-0-
Total Other Financing Sources (Uses)		(14,412)	(14,412)	-0-
Net Change in Fund Balances	<u>\$ (336,774)</u>	<u>\$ (336,774)</u>	(46,237)	<u>\$ 290,537</u>
Fund Balances at Beginning of Year			<u>1,373,292</u>	
Fund Balances at End of Year			<u>\$ 1,327,055</u>	

TOWN OF NORTH HEMPSTEAD
PUBLIC PARKING DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES:				
Ad valorem taxes	\$ 317,248	\$ 317,248	\$ 317,248	\$ -0-
Total Real Property Taxes	<u>317,248</u>	<u>317,248</u>	<u>317,248</u>	<u>-0-</u>
REAL PROPERTY TAX ITEMS:				
Payment in lieu of taxes	6,009	6,009	6,291	282
Total Real Property Tax Items	<u>6,009</u>	<u>6,009</u>	<u>6,291</u>	<u>282</u>
DEPARTMENTAL INCOME:				
Parking enforcement	25,000	25,000	25,000	-0-
Parking permits	65,000	65,000	51,410	(13,590)
Parking lots	360,000	360,000	376,568	16,568
Parking meter fees	175,000	175,000	165,784	(9,216)
Total Departmental Income	<u>625,000</u>	<u>625,000</u>	<u>618,762</u>	<u>(6,238)</u>
USE OF MONEY AND PROPERTY:				
Interest and earnings	2,750	2,750	2,460	(290)
Total Use of Money and Property	<u>2,750</u>	<u>2,750</u>	<u>2,460</u>	<u>(290)</u>
MISCELLANEOUS LOCAL SOURCES:				
Refund of prior year expenditures			2,039	2,039
Total Miscellaneous Local Sources			<u>2,039</u>	<u>2,039</u>
FEDERAL AID:				
Federal aid - emergency disaster assistance			3,246	3,246
Total Federal Aid			<u>3,246</u>	<u>3,246</u>
Total Revenues	<u>951,007</u>	<u>951,007</u>	<u>950,046</u>	<u>(961)</u>

(Continued)

TOWN OF NORTH HEMPSTEAD
PUBLIC PARKING DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT SUPPORT:				
Credit card fees	5,000	5,000	4,433	567
Unallocated insurance	8,000	8,516	8,516	-0-
Other general government support	200,011	199,495	189,696	9,799
Total General Government Support	<u>213,011</u>	<u>213,011</u>	<u>202,645</u>	<u>10,366</u>
TRANSPORTATION:				
Parking	442,587	435,800	377,628	58,172
Total Transportation	<u>442,587</u>	<u>435,800</u>	<u>377,628</u>	<u>58,172</u>
EMPLOYEE BENEFITS:				
State employee retirement system	36,915	36,915	35,396	1,519
Social security	22,111	22,111	20,507	1,604
Workers' compensation	2,500	8,142	8,142	-0-
Unemployment benefits		1,145	1,145	-0-
Hospital, medical and dental	60,115	60,115	50,464	9,651
Other employee benefits	100	100	100	-0-
Total Employee Benefits	<u>121,741</u>	<u>128,528</u>	<u>115,754</u>	<u>12,774</u>
Total Expenditures	<u>777,339</u>	<u>777,339</u>	<u>696,027</u>	<u>81,312</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>173,668</u>	<u>173,668</u>	<u>254,019</u>	<u>80,351</u>
Other Financing Sources (Uses)				
Transfers in	7,948	7,948	8,100	152
Transfers out	(375,015)	(375,015)	(375,015)	-0-
Total Other Financing Sources (Uses)	<u>(367,067)</u>	<u>(367,067)</u>	<u>(366,915)</u>	<u>152</u>
Net Change in Fund Balances	<u>\$ (193,399)</u>	<u>\$ (193,399)</u>	<u>(112,896)</u>	<u>\$ 80,503</u>
Fund Balances at Beginning of Year			<u>691,650</u>	
Fund Balances at End of Year			<u>\$ 578,754</u>	

TOWN OF NORTH HEMPSTEAD
WATER DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES:				
Ad valorem taxes	\$ 51,468	\$ 51,468	\$ 51,468	\$ -0-
Total Real Property Taxes	51,468	51,468	51,468	-0-
USE OF MONEY AND PROPERTY:				
Interest and earnings	47	47	47	-0-
Total Use of Money and Property	47	47	47	-0-
Total Revenues	51,515	51,515	51,515	-0-
EXPENDITURES				
CURRENT:				
HOME AND COMMUNITY SERVICE:				
Water	51,515	51,515	51,515	-0-
Total Home and Community Service	51,515	51,515	51,515	-0-
Total Expenditures	51,515	51,515	51,515	-0-
Net Change in Fund Balances	<u>\$ -0-</u>	<u>\$ -0-</u>	-0-	<u>\$ -0-</u>
Fund Balances at Beginning of Year			156	
Fund Balances at End of Year			<u>\$ 156</u>	

TOWN OF NORTH HEMPSTEAD
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN AGENCY ASSETS AND LIABILITIES
Year ended December 31, 2013

ASSETS	Balance January 1, 2013	Additions	Deductions	Balance December 31, 2013
<i>Town Agency Fund</i>				
Cash	\$ 35,263,535	\$ 284,396,058	\$ 297,533,488	\$ 22,126,105
Total Assets - Town Agency Fund	<u>35,263,535</u>	<u>284,396,058</u>	<u>297,533,488</u>	<u>22,126,105</u>
<i>Town Clerk Agency Fund</i>				
Cash	102,928	681,949	699,841	85,036
Total Assets - Town Clerk Agency Fund	<u>102,928</u>	<u>681,949</u>	<u>699,841</u>	<u>85,036</u>
<i>Town Receiver of Taxes Agency Fund</i>				
Cash	9,678,456	1,241,329,856	1,241,837,996	9,170,316
Total Assets - Town Receiver of Taxes Agency Fund	<u>9,678,456</u>	<u>1,241,329,856</u>	<u>1,241,837,996</u>	<u>9,170,316</u>
Total Assets	<u>\$ 45,044,919</u>	<u>\$ 1,526,407,863</u>	<u>\$ 1,540,071,325</u>	<u>\$ 31,381,457</u>
 LIABILITIES				
<i>Town Agency Fund</i>				
Other liabilities	\$ 35,263,535	\$ 284,396,058	\$ 297,533,488	\$ 22,126,105
Total Liabilities - Town Agency Fund	<u>35,263,535</u>	<u>284,396,058</u>	<u>297,533,488</u>	<u>22,126,105</u>
<i>Town Clerk Agency Fund</i>				
Other liabilities	102,928	681,949	699,841	85,036
Total Liabilities - Town Clerk Agency Fund	<u>102,928</u>	<u>681,949</u>	<u>699,841</u>	<u>85,036</u>
<i>Town Receiver of Taxes Agency Fund</i>				
Due to school districts	9,678,450	866,364,622	866,874,171	9,168,901
Other liabilities	6	374,965,234	374,963,825	1,415
Total Liabilities - Town Receiver of Taxes Agency Fund	<u>9,678,456</u>	<u>1,241,329,856</u>	<u>1,241,837,996</u>	<u>9,170,316</u>
Total Liabilities	<u>\$ 45,044,919</u>	<u>\$ 1,526,407,863</u>	<u>\$ 1,540,071,325</u>	<u>\$ 31,381,457</u>

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DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS

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

NOTES TO DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS

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

Great Neck Water Pollution Control District – The District decreased its beginning net position by \$490,618 to properly reflect the effect of implementing GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Albertson Water District – The District decreased its beginning net position by \$52,244 to properly reflect the effect of implementing GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Carle Place Water District – The District decreased its beginning net position by \$170,084 to properly reflect for certain construction in progress costs on projects which are no longer current.

TOWN OF NORTH HEMPSTEAD
DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2013

	GARBAGE DISTRICTS				WATER POLLUTION CONTROL DISTRICTS		
	Carle Place	Glenwood	Port Washington	Roslyn	Belgrave	Great Neck	Port Washington
ASSETS							
Current Assets:							
Cash and investments	\$ 189,335	\$ 34,255	\$ 1,196,963	\$ 323,988	\$ 2,224,494	\$ 2,291,589	\$ 3,108,005
Cash - restricted					2,478,933	7,269,748	489,560
Accounts receivable, net of allowances				15	2,216	76,532	71,646
Prepays			839	927	85,879	120,274	190,576
Due from other governments	195,430	1,883	630,872	157,857	46,501	19,454	
Inventory of materials and supplies				303			8,950
Total Current Assets	384,765	36,138	1,828,674	483,090	4,838,023	9,777,597	3,868,737
Non-Current Assets:							
Capital assets, net of accumulated depreciation			24,750		14,294,130	62,766,970	34,242,412
Total Non-Current Assets			24,750		14,294,130	62,766,970	34,242,412
Total Assets	384,765	36,138	1,853,424	483,090	19,132,153	72,544,567	38,111,149
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charge on refunding							50,509
Total Deferred Outflows of Resources							50,509
LIABILITIES							
Current Liabilities:							
Accounts payable		1,500	174,835	1,363	166,322	3,435,407	226,720
Accrued interest payable					66,925	150,110	139,764
Bond anticipation notes payable	150,406	1,464	480,389	121,627	3,642,325		
Due to other governments						1,055	
Grant advances							
Other liabilities							
Non-Current Liabilities due within one year:							
General obligation bonds payable					387,404	1,923,476	1,027,151
Due to employees' retirement system							
Compensated absences							
Installment purchase debt							
Total Current Liabilities	150,406	2,964	655,224	122,990	4,262,976	5,510,048	1,393,635
Non-Current Liabilities due in more than one year:							
General obligation bonds payable					6,154,895	51,877,604	16,670,628
Due to employees' retirement system							
Compensated absences					39,933	28,542	332,145
Postemployment benefits healthcare costs					1,178,605	1,623,069	3,638,778
Installment purchase debt							
Total Non-Current Liabilities					7,373,433	53,529,215	20,641,551
Total Liabilities	150,406	2,964	655,224	122,990	11,636,409	59,039,263	22,035,186
DEFERRED INFLOWS OF RESOURCES							
Deferred charge on refunding							
Deferred inflows, loans receivable							
Total Deferred Outflows of Resources							
NET POSITION							
Net investment in capital assets			24,750		6,251,617	15,628,731	12,905,855
Restricted					36,628	7,086	381,083
Unrestricted	234,359	33,174	1,173,450	360,100	1,207,499	(2,130,513)	2,839,534
Total Net Position	\$ 234,359	\$ 33,174	\$ 1,198,200	\$ 360,100	\$ 7,495,744	\$ 13,505,304	\$ 16,126,472

WATER DISTRICTS

<u>Albertson</u>	<u>Carle Place</u>	<u>Garden City Park</u>	<u>Glenwood</u>	<u>Manhasset - Lakeville</u>	<u>Port Washington</u>	<u>Roslyn</u>	<u>Westbury</u>
\$ 892,649	\$ 408,205	\$ 338,326	\$ 219,053	\$ 7,908,500	\$ 4,023,704	\$ 1,127,091	\$ 2,422,088
1,070,336	2,948,210	4,561,438				2,374,325	
289,587	291,249	233,974	28,792	1,107,701	664,089	346,040	600,042
38,276	66,007	160,977		110,179	105,541	184,978	121,281
2,279,937	2,081,794	66,095	4,050	779,376	226,095	101,289	418,792
	86,506	247,943		252,345		109,520	28,590
<u>4,570,785</u>	<u>5,881,971</u>	<u>5,608,753</u>	<u>251,895</u>	<u>10,158,101</u>	<u>5,019,429</u>	<u>4,243,243</u>	<u>3,590,793</u>
<u>6,643,839</u>	<u>4,253,408</u>	<u>9,170,160</u>	<u>76,732</u>	<u>35,345,214</u>	<u>18,952,698</u>	<u>5,255,236</u>	<u>9,749,788</u>
<u>6,643,839</u>	<u>4,253,408</u>	<u>9,170,160</u>	<u>76,732</u>	<u>35,345,214</u>	<u>18,952,698</u>	<u>5,255,236</u>	<u>9,749,788</u>
<u>11,214,624</u>	<u>10,135,379</u>	<u>14,778,913</u>	<u>328,627</u>	<u>45,503,315</u>	<u>23,972,127</u>	<u>9,498,479</u>	<u>13,340,581</u>
324,950	69,281	216,526	27,295	831,704	411,833	639,173	1,270,122
39,981	22,216	11,624	106	165,172	65,237	9,074	66,068
1,970,000	2,000,000		36,000	3,133,474	11,646,947		
			22	2,572			
	61,907			88,197			
471,360	88,910	115,000	3,960	1,346,110	496,373	166,927	383,767
<u>2,806,291</u>	<u>2,242,314</u>	<u>343,150</u>	<u>67,383</u>	<u>5,567,229</u>	<u>12,620,390</u>	<u>815,174</u>	<u>1,719,957</u>
3,740,627	763,949	320,000	13,954	8,535,106	4,613,081	548,953	3,528,531
399,561	47,553	233,978		171,876	372,368	452,269	155,858
853,161	1,271,795	1,759,409	37,981	3,205,266	2,662,803	1,726,674	2,532,877
<u>4,993,349</u>	<u>2,083,297</u>	<u>2,313,387</u>	<u>51,935</u>	<u>11,912,248</u>	<u>7,648,252</u>	<u>2,727,896</u>	<u>6,217,266</u>
<u>7,799,640</u>	<u>4,325,611</u>	<u>2,656,537</u>	<u>119,318</u>	<u>17,479,477</u>	<u>20,268,642</u>	<u>3,543,070</u>	<u>7,937,223</u>
2,402,327	3,083,874	8,735,160	58,818	25,463,998	5,014,457	4,539,356	4,931,417
806,659		4,949,507		22,969	159,843	2,374,325	2,248,418
205,998	2,725,894	(1,562,291)	150,491	2,536,871	(1,470,815)	(958,272)	(1,776,477)
<u>\$ 3,414,984</u>	<u>\$ 5,809,768</u>	<u>\$ 12,122,376</u>	<u>\$ 209,309</u>	<u>\$ 28,023,838</u>	<u>\$ 3,703,485</u>	<u>\$ 5,955,409</u>	<u>\$ 5,403,358</u>

(Continued)

TOWN OF NORTH HEMPSTEAD
DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2013

	<u>PARK DISTRICTS</u>		<u>POLICE DISTRICT</u>	<u>PUBLIC LIBRARY DISTRICT</u>	<u>COMMUNITY DEVELOPMENT AGENCY</u>
	<u>Great Neck</u>	<u>Manhasset</u>	<u>Port Washington</u>	<u>Shelter Rock</u>	<u>Town of North Hempstead</u>
ASSETS					
Current Assets:					
Cash and investments	\$ 8,963,167	\$ 978,350	\$ 4,477,481	\$ 1,972,465	\$ 1,224,631
Cash - restricted			750,384	211,438	
Accounts receivable, net of allowances	24,235		6,321	2,064	527,471
Prepays	248,450	30,419	1,462,919	12,577	33,598
Due from other governments	78,905	29,887	185,495	5,296	1,013,559
Inventory of materials and supplies					
Total Current Assets	<u>9,314,757</u>	<u>1,038,656</u>	<u>6,882,600</u>	<u>2,203,840</u>	<u>2,799,259</u>
Non-Current Assets:					
Capital assets, net of accumulated depreciation	<u>25,031,322</u>	<u>2,443,165</u>	<u>883,974</u>	<u>6,561,643</u>	<u>2,620,647</u>
Total Non-Current Assets	<u>25,031,322</u>	<u>2,443,165</u>	<u>883,974</u>	<u>6,561,643</u>	<u>2,620,647</u>
Total Assets	<u>34,346,079</u>	<u>3,481,821</u>	<u>7,766,574</u>	<u>8,765,483</u>	<u>5,419,906</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding					
Total Deferred Outflows of Resources					
LIABILITIES					
Current Liabilities:					
Accounts payable	565,437	48,046	199,121	26,297	45,336
Accrued interest payable	101,533		2,278	13,036	
Bond anticipation notes payable	367,000				
Due to other governments				286,431	
Deferred revenue				25,719	3,750
Other liabilities				11,986	
Non-Current Liabilities due within one year:					
General obligation bonds payable	1,531,573		17,347	339,905	
Due to employees' retirement system				17,875	
Compensated absences		34,000	263,904		
Installment purchase debt	89,561				
Total Current Liabilities	<u>2,655,104</u>	<u>82,046</u>	<u>482,650</u>	<u>721,249</u>	<u>49,086</u>
Non-Current Liabilities due in more than one year:					
General obligation bonds payable	13,711,632		97,427	4,056,042	
Due to employees' retirement system				154,721	
Compensated absences	641,808	193,673	8,318,224	138,350	35,000
Postemployment benefits healthcare costs	5,070,160	1,825,003	16,931,354	950,324	612,838
Installment purchase debt	786,914				
Total Non-Current Liabilities	<u>20,210,514</u>	<u>2,018,676</u>	<u>25,347,005</u>	<u>5,299,437</u>	<u>647,838</u>
Total Liabilities	<u>22,865,618</u>	<u>2,100,722</u>	<u>25,829,655</u>	<u>6,020,686</u>	<u>696,924</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred charge on refunding	491,749				
Deferred inflows, loans receivable					555,230
Total Deferred Outflows of Resources	<u>491,749</u>				<u>555,230</u>
NET POSITION					
Net investment in capital assets	9,424,875	2,443,165	769,200	2,165,696	
Restricted	18,827		750,384	893,230	4,167,752
Unrestricted	1,545,010	(1,062,066)	(19,582,665)	(314,129)	
Total Net Position	<u>\$ 10,988,712</u>	<u>\$ 1,381,099</u>	<u>\$(18,063,081)</u>	<u>\$ 2,744,797</u>	<u>\$ 4,167,752</u>

**BUSINESS
IMPROVEMENT
DISTRICT**

<u>Port Washington</u>	<u>Totals</u>
\$ 62,419	\$ 44,386,758
	22,154,372
	4,271,974
	2,973,697
60,629	8,383,196
	734,157
<u>123,048</u>	<u>82,904,154</u>
<u>131,494</u>	<u>238,447,582</u>
<u>131,494</u>	<u>238,447,582</u>
<u>254,542</u>	<u>321,351,736</u>
	50,509
	50,509
1,797	8,683,065
470	853,594
	23,549,632
	290,080
	29,469
	162,090
8,719	8,307,982
	17,875
	297,904
	89,561
<u>10,986</u>	<u>42,281,252</u>
82,215	114,714,644
	154,721
	11,561,138
	45,880,097
	786,914
<u>82,215</u>	<u>173,097,514</u>
<u>93,201</u>	<u>215,378,766</u>
	491,749
	555,230
	1,046,979
75,536	103,918,832
	16,816,711
85,805	(15,759,043)
<u>\$ 161,341</u>	<u>\$ 104,976,500</u>

TOWN OF NORTH HEMPSTEAD
DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
Year Ended December 31, 2013

	<u>GARBAGE DISTRICTS</u>				<u>WATER POLLUTION CONTROL DISTRICTS</u>		
	<u>Carle Place</u>	<u>Glenwood</u>	<u>Port Washington</u>	<u>Roslyn</u>	<u>Belgrave</u>	<u>Great Neck</u>	<u>Port Washington</u>
REVENUES							
Program revenues							
Charges for services					\$ 768,226	\$ 2,427,208	\$ 1,026,901
Operating grants and contributions						229,659	
Capital grants and contributions							
Real property taxes	\$ 934,271	\$ 62,304	\$ 2,160,983	\$ 517,548	2,347,322	4,111,286	4,702,314
Real property tax items	8,119						
Non-property tax items							
Interest and earnings - unrestricted	918	1	2,366	253	24,845	8,936	9,535
Sale of property and compensation for loss							926,851
Miscellaneous revenue		167	1,681	424	450,000	696,881	29,764
State aid							
Federal aid							35,040
Total Revenues	<u>943,308</u>	<u>62,472</u>	<u>2,165,030</u>	<u>518,225</u>	<u>3,590,393</u>	<u>7,473,970</u>	<u>6,730,405</u>
EXPENSES							
Current:							
Public safety							
Culture and recreation							
Home and community service	759,790	45,045	1,966,561	443,830	2,866,373	6,911,322	6,824,405
Total Expenses	<u>759,790</u>	<u>45,045</u>	<u>1,966,561</u>	<u>443,830</u>	<u>2,866,373</u>	<u>6,911,322</u>	<u>6,824,405</u>
Change in Net Position	<u>183,518</u>	<u>17,427</u>	<u>198,469</u>	<u>74,395</u>	<u>724,020</u>	<u>562,648</u>	<u>(94,000)</u>
Net Position at Beginning of Year	50,841	15,747	999,731	285,705	6,771,724	13,433,274	16,220,472
Prior Period Adjustment						(490,618)	
Net Position at Beginning of Year, as Restated	<u>50,841</u>	<u>15,747</u>	<u>999,731</u>	<u>285,705</u>	<u>6,771,724</u>	<u>12,942,656</u>	<u>16,220,472</u>
Net Position at End of Year	<u>\$ 234,359</u>	<u>\$ 33,174</u>	<u>\$ 1,198,200</u>	<u>\$ 360,100</u>	<u>\$ 7,495,744</u>	<u>\$ 13,505,304</u>	<u>\$ 16,126,472</u>

WATER DISTRICTS

<u>Albertson</u>	<u>Carle Place</u>	<u>Garden City Park</u>	<u>Glenwood</u>	<u>Manhasset - Lakeville</u>	<u>Port Washington</u>	<u>Roslyn</u>	<u>Westbury</u>
\$ 1,449,442 45,545	\$ 737,693	\$ 1,248,907	\$ 145,115	\$ 6,416,026 57,806	\$ 3,545,883	\$ 1,911,656	\$ 1,719,142
1,646,426	1,673,704	2,396,812	328,782	3,332,399	1,546,490	2,024,984	2,706,902
15,827	13,180 298,467	17,746	180	281,472	23,317	7,781	225,328
4,864	14,788 245,779	368,188	57	89,883	117,212	223,366	130,148
	1,434						
<u>3,162,104</u>	<u>2,985,045</u>	<u>4,031,653</u>	<u>474,134</u>	<u>10,177,586</u>	<u>5,232,902</u>	<u>4,167,787</u>	<u>4,781,520</u>
<u>2,884,215</u>	<u>2,544,110</u>	<u>4,050,485</u>	<u>366,342</u>	<u>7,425,108</u>	<u>6,071,944</u>	<u>4,055,647</u>	<u>4,105,927</u>
<u>2,884,215</u>	<u>2,544,110</u>	<u>4,050,485</u>	<u>366,342</u>	<u>7,425,108</u>	<u>6,071,944</u>	<u>4,055,647</u>	<u>4,105,927</u>
<u>277,889</u>	<u>440,935</u>	<u>(18,832)</u>	<u>107,792</u>	<u>2,752,478</u>	<u>(839,042)</u>	<u>112,140</u>	<u>675,593</u>
<u>3,189,339</u>	<u>5,538,917</u>	<u>12,141,208</u>	<u>101,517</u>	<u>25,271,360</u>	<u>4,542,527</u>	<u>5,843,269</u>	<u>4,727,765</u>
<u>(52,244)</u>	<u>(170,084)</u>						
<u>3,137,095</u>	<u>5,368,833</u>	<u>12,141,208</u>	<u>101,517</u>	<u>25,271,360</u>	<u>4,542,527</u>	<u>5,843,269</u>	<u>4,727,765</u>
<u>\$ 3,414,984</u>	<u>\$ 5,809,768</u>	<u>\$ 12,122,376</u>	<u>\$ 209,309</u>	<u>\$ 28,023,838</u>	<u>\$ 3,703,485</u>	<u>\$ 5,955,409</u>	<u>\$ 5,403,358</u>

(Continued)

TOWN OF NORTH HEMPSTEAD
DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
Year Ended December 31, 2013

	<u>PARK DISTRICTS</u>		<u>POLICE DISTRICT</u>	<u>PUBLIC LIBRARY DISTRICT</u>	<u>COMMUNITY DEVELOPMENT AGENCY</u>
	<u>Great Neck</u>	<u>Manhasset</u>	<u>Port Washington</u>	<u>Shelter Rock</u>	<u>Town of North Hempstead</u>
REVENUES					
Program revenues					
Charges for services	\$ 3,711,863	\$ 609,835	\$ 6,315	\$ 30,434	\$ 174,424
Operating grants and contributions		65,650	254,486		914,939
Capital grants and contributions				100,000	
Real property taxes	12,282,468	718,538	17,258,744	3,800,880	
Real property tax items			588,670		
Non-property tax items					
Interest and earnings - unrestricted	25,324	16,100	95,781	1,720	19,589
Sale of property and compensation for loss	56,993		150,803	444	
Miscellaneous revenue	102,387	1,604	91,914	9,818	498
State aid				13,461	
Federal aid					
Total Revenues	<u>16,179,035</u>	<u>1,411,727</u>	<u>18,446,713</u>	<u>3,956,757</u>	<u>1,109,450</u>
EXPENSES					
Current:					
Public safety			22,537,158		
Culture and recreation	14,905,674	1,684,306		3,956,228	
Home and community service					979,562
Total Expenses	<u>14,905,674</u>	<u>1,684,306</u>	<u>22,537,158</u>	<u>3,956,228</u>	<u>979,562</u>
Change in Net Position	<u>1,273,361</u>	<u>(272,579)</u>	<u>(4,090,445)</u>	<u>529</u>	<u>129,888</u>
Net Position at Beginning of Year	<u>9,715,351</u>	<u>1,653,678</u>	<u>(13,972,636)</u>	<u>2,744,268</u>	<u>4,037,864</u>
Prior Period Adjustment					
Net Position at Beginning of Year, as Restated	<u>9,715,351</u>	<u>1,653,678</u>	<u>(13,972,636)</u>	<u>2,744,268</u>	<u>4,037,864</u>
Net Position at End of Year	<u>\$ 10,988,712</u>	<u>\$ 1,381,099</u>	<u>\$(18,063,081)</u>	<u>\$ 2,744,797</u>	<u>\$ 4,167,752</u>

**BUSINESS
IMPROVEMENT
DISTRICT**

<u>Port Washington</u>	<u>Totals</u>
\$ 3,158	\$ 25,932,228
	1,338,426
	329,659
182,594	64,735,751
	596,789
	13,180
240	1,075,726
	1,149,879
	2,564,635
	13,461
	36,474
<u>185,992</u>	<u>97,786,208</u>
	22,537,158
	20,546,208
<u>153,287</u>	<u>52,453,953</u>
<u>153,287</u>	<u>95,537,319</u>
	22,537,158
<u>32,705</u>	<u>2,248,889</u>
	103,440,557
128,636	(712,946)
<u>128,636</u>	<u>102,727,611</u>
<u>\$ 161,341</u>	<u>\$ 104,976,500</u>

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STATISTICAL SECTION

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

<u>Contents</u>	Page
Financial Trends <i>These schedules contain information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>	126-136
Revenue Capacity <i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i>	137-141
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.</i>	142-145
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	146-147
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.</i>	148-153

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

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

<u>As of December 31,</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental activities					
Net investment in capital assets	\$ 225,486,423	\$ 231,420,763	\$ 223,505,633	\$ 217,695,935	\$ 81,566,768
Restricted	1,841,053	2,117,638	6,283,772	5,557,086	4,730,567
Unrestricted	<u>(65,367,033)</u>	<u>(66,309,234)</u>	<u>(62,918,534)</u>	<u>(54,631,750)</u>	<u>(39,184,455)</u>
Total primary government net position	<u>\$ 161,960,443</u>	<u>\$ 167,229,167</u>	<u>\$ 166,870,871</u>	<u>\$ 168,621,271</u>	<u>\$ 47,112,880</u>

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

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 76,605,301	\$ 63,227,590	\$ 62,581,787	\$ 54,723,278	\$ 48,766,916
11,493,040	17,282,036	2,124,163	2,253,146	817,335
<u>(41,691,280)</u>	<u>(34,576,956)</u>	<u>(41,151,509)</u>	<u>(49,621,405)</u>	<u>(47,950,096)</u>
<u>\$ 46,407,061</u>	<u>\$ 45,932,670</u>	<u>\$ 23,554,441</u>	<u>\$ 7,355,019</u>	<u>\$ 1,634,155</u>

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

Year ended December 31,	2013	2012	2011	2010	2009
Expenses					
Governmental activities:					
General government support	\$ 28,161,989	\$ 27,351,522	\$ 27,001,662	\$ 25,899,656	\$ 23,933,803
Education	2,007,847	2,502,099	600,000	601,906	571,367
Public safety	13,883,747	13,102,628	11,813,435	10,541,116	10,859,785
Health	400,116	339,412	393,024	311,324	336,891
Transportation	26,237,863	24,696,466	26,314,860	23,896,533	23,299,489
Economic assistance and opportunity	2,957,536	2,853,738	3,519,550	2,931,069	2,098,481
Culture and recreation	28,275,078	27,158,800	26,220,885	24,971,385	24,682,702
Home and community service	38,960,568	32,643,032	26,003,597	26,943,688	22,950,170
Interest on debt	5,650,792	6,263,292	6,864,391	7,050,021	7,319,311
Total primary government expenses	<u>\$ 146,535,536</u>	<u>\$ 136,910,989</u>	<u>\$ 128,731,404</u>	<u>\$ 123,146,698</u>	<u>\$ 116,051,999</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government support	\$ 432,869	\$ 364,101	\$ 322,246	\$ 316,511	\$ 268,864
Public safety	4,133,966	4,377,666	5,032,348	4,157,137	3,632,095
Health	285,178	263,486	242,072	241,740	
Transportation	2,288,644	1,660,870	1,173,076	1,464,958	1,231,699
Economic assistance and opportunity	351,277	22,164			
Culture and recreation	9,819,123	10,368,158	9,192,518	8,488,338	8,291,163
Home and community service	18,032,300	18,074,442	16,514,602	15,917,596	13,360,668
Operating grants and contributions	13,003,479	9,142,273	1,293,242	3,688,338	3,752,788
Capital grants and contributions	552,202	29,125	2,498,242	9,070,051	905,706
Total primary government program revenues	<u>\$ 48,899,038</u>	<u>\$ 44,302,285</u>	<u>\$ 36,268,346</u>	<u>\$ 43,344,669</u>	<u>\$ 31,442,983</u>
Net (Expense) Revenue					
Total primary government net expense	<u>\$ (97,636,498)</u>	<u>\$ (92,608,704)</u>	<u>\$ (92,463,058)</u>	<u>\$ (79,802,029)</u>	<u>\$ (84,609,016)</u>
General Revenues					
Governmental Activities:					
Real property taxes	\$ 70,878,833	\$ 68,261,387	\$ 65,134,391	\$ 63,816,162	\$ 61,685,941
Real property tax items	2,277,435	2,033,313	1,986,292	1,808,357	1,772,707
Non-property tax items	13,235,095	12,441,196	12,029,189	11,272,681	10,553,049
Interest earnings - unrestricted	632,970	775,259	1,466,528	1,328,722	796,401
Mortgage tax	7,493,601	6,690,606	5,752,767	5,863,439	5,643,419
Sale of property and compensation for loss					
State aid - unrestricted	1,023,565	1,023,565	1,065,026	1,044,454	1,111,654
Licenses and permits					
Other	1,923,480	1,841,674	3,178,465	116,176,605	3,751,664
Total primary government	<u>\$ 97,464,979</u>	<u>\$ 93,067,000</u>	<u>\$ 90,612,658</u>	<u>\$ 201,310,420</u>	<u>\$ 85,314,835</u>
Change in Net Position					
Total primary government change in net position	<u>\$ (171,519)</u>	<u>\$ 458,296</u>	<u>\$ (1,850,400)</u>	<u>\$ 121,508,391</u>	<u>\$ 705,819</u>

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

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 23,840,684	\$ 20,421,287	\$ 19,851,465	\$ 18,651,307	\$ 22,032,064
629,492	282,439	412,968	507,426	
11,382,404	9,566,154	7,549,558	8,107,827	6,948,076
318,914	253,083	227,241	296,061	167,292
22,076,865	15,695,095	20,033,989	13,652,265	15,335,273
3,135,811	2,456,352	2,566,294	2,310,049	1,480,033
22,643,001	14,212,650	20,081,358	15,823,332	11,325,157
23,993,678	23,945,836	21,593,176	22,542,284	25,533,743
8,106,577	8,439,201	8,028,366	10,167,563	9,884,111
<u>\$ 116,127,426</u>	<u>\$ 95,272,097</u>	<u>\$ 100,344,415</u>	<u>\$ 92,058,114</u>	<u>\$ 92,705,749</u>
\$ 321,849	\$ 333,594	\$ 380,498	\$ 179,686	\$ 159,613
4,491,380	4,153,285	3,460,226	3,329,947	3,189,193
958,363	1,176,630	1,301,180	993,226	1,926,068
8,876,165	8,475,019	7,402,057	6,380,882	6,405,645
14,796,616	12,372,598	15,399,978	14,990,887	15,465,155
2,788,957	5,366,607	613,681	841,284	521,731
1,170,927	1,024,300	744,739		
<u>\$ 33,404,257</u>	<u>\$ 32,902,033</u>	<u>\$ 29,302,359</u>	<u>\$ 26,715,912</u>	<u>\$ 27,667,405</u>
<u>\$ (82,723,169)</u>	<u>\$ (62,370,064)</u>	<u>\$ (71,042,056)</u>	<u>\$ (65,342,202)</u>	<u>\$ (65,038,344)</u>
\$ 56,422,999	\$ 54,216,380	\$ 51,660,364	\$ 50,158,581	\$ 49,894,446
2,108,771	2,712,672	2,281,401	1,522,506	2,071,859
11,177,944	11,058,164	10,813,890	10,331,465	10,111,751
1,270,556	2,201,639	2,295,875	1,581,364	768,355
7,677,222	12,071,333	14,173,192	15,827,682	16,366,560
				1,845,568
1,111,654	1,502,952	1,469,508	1,247,154	1,448,571
			1,342,723	
1,342,723	985,153	538,595	1,461,199	938,073
<u>\$ 81,111,869</u>	<u>\$ 84,748,293</u>	<u>\$ 83,232,825</u>	<u>\$ 83,472,674</u>	<u>\$ 83,445,183</u>
<u>\$ (1,611,300)</u>	<u>\$ 22,378,229</u>	<u>\$ 12,190,769</u>	<u>\$ 18,130,472</u>	<u>\$ 18,406,839</u>

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

<u>Year Ended December 31,</u>	<u>Real Property Tax</u>	<u>Real Property Tax Items</u>	<u>Non-Property Tax Items</u>	<u>Total</u>
2013	\$ 70,878,833	\$ 2,277,435	\$ 13,235,095	\$ 86,391,363
2012	68,261,387	2,033,313	12,441,196	82,735,896
2011	65,134,391	1,986,292	12,029,189	79,149,872
2010	63,816,162	1,808,357	11,272,681	76,897,200
2009	61,685,941	1,772,707	10,553,049	74,011,697
2008	56,422,999	2,108,771	11,177,944	69,709,714
2007	54,216,380	2,712,672	11,058,164	67,987,216
2006	51,660,364	2,281,401	10,813,890	64,755,655
2005	50,158,581	1,522,506	10,331,465	62,012,552
2004	49,894,446	2,071,859	10,111,751	62,078,056

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

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

<u>As of December 31,</u>	<u>2013</u>	<u>2012</u>	<u>2011 ⁽¹⁾</u>	<u>2010</u>	<u>2009</u>
General Fund					
Reserved				\$ 2,395,670	\$ 519,264
Unreserved				9,915,603	11,636,395
Nonspendable	\$ 6,317,118	\$ 5,522,182	\$ 4,677,860		
Assigned	3,707,833	3,815,070	3,970,756		
Unassigned	3,693,793	201,856	510,271		
Total General Fund	<u>\$ 13,718,744</u>	<u>\$ 9,539,108</u>	<u>\$ 9,158,887</u>	<u>\$ 12,311,273</u>	<u>\$ 12,155,659</u>
All other governmental funds					
Reserved				\$ 35,247,468	\$ 20,071,816
Unreserved, reported in:					
Special revenue funds				10,041,155	7,810,240
Capital projects funds				(54,504,415)	(18,493,070)
Debt service fund				752,320	2,812,787
Nonspendable	\$ 371,007	\$ 958,708	\$ 3,692,838		
Restricted	1,841,053	2,117,638	6,183,772		
Assigned	17,704,669	17,085,131	12,080,353		
Unassigned	(73,879,682)	(66,246,267)	(58,151,444)		
Total All Other Governmental Funds	<u>\$ (53,962,953)</u>	<u>\$ (46,084,790)</u>	<u>\$ (36,194,481)</u>	<u>\$ (8,463,472)</u>	<u>\$ 12,201,773</u>

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

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

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 552,305 17,289,914	\$ 559,395 17,840,400	\$ 602,523 20,142,431	\$ 21,681 20,477,742	\$ 127,867 20,226,247
<u>\$ 17,842,219</u>	<u>\$ 18,399,795</u>	<u>\$ 20,744,954</u>	<u>\$ 20,499,423</u>	<u>\$ 20,354,114</u>
\$ 18,548,411	\$ 17,311,971	\$ 12,968,754	\$ 12,988,696	\$ 12,274,359
5,750,366 (6,046,966) 2,477,787	8,264,263 825,420 2,126,273	12,612,181 (7,351,830) 1,646,265	12,848,692 (10,492,594) 1,382,758	13,614,207 (17,468,084) 288,624
<u>\$ 20,729,598</u>	<u>\$ 28,527,927</u>	<u>\$ 19,875,370</u>	<u>\$ 16,727,552</u>	<u>\$ 8,709,106</u>

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

<u>Year ended December 31,</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Revenues					
Real property taxes	\$ 70,878,833	\$ 68,261,387	\$ 65,134,391	\$ 63,816,162	\$ 61,685,941
Real property tax items	2,277,435	2,031,479	1,983,764	1,808,357	1,772,707
Non-property tax items	13,235,095	12,441,196	12,029,189	11,272,681	10,553,049
Departmental income	28,161,245	27,647,268	25,665,439	24,400,667	23,203,649
Intergovernmental charges	2,381,714	1,794,090	1,375,209	1,622,331	578,911
Use of money and property	521,771	706,324	1,229,803	1,216,559	842,928
License and permits	3,655,105	3,945,324	4,388,479	3,745,966	2,876,128
Fines and forfeitures	205,709	279,175	349,525	301,504	395,050
Sale of property and compensation for loss	1,370,285	356,668	1,776,050	459,710	2,204,692
Miscellaneous revenue	1,334,774	1,839,787	1,240,997	120,830,435	4,336,599
Interfund revenues	6,861,935	6,837,796	7,088,604	6,186,021	6,545,301
State aid	10,698,776	9,472,707	7,861,711	9,429,326	7,926,549
Federal aid	11,374,071	8,231,952	2,706,105	5,390,644	707,018
Total Revenues	<u>152,956,748</u>	<u>143,845,153</u>	<u>132,829,266</u>	<u>250,480,363</u>	<u>123,628,522</u>
Expenditures					
General government support	20,971,505	20,214,430	18,885,445	18,041,263	17,174,514
Education	439,233	531,716	600,000	601,906	571,367
Public safety	11,725,481	11,349,801	10,120,902	9,276,505	9,354,264
Health	226,569	197,082	214,121	181,135	191,946
Transportation	16,542,073	15,257,407	16,370,205	15,645,227	14,285,581
Economic assistance and opportunity	2,094,184	2,093,973	2,396,237	2,075,798	1,442,441
Culture and recreation	17,789,654	16,889,672	16,381,463	16,326,553	16,051,879
Home and community service	37,544,848	30,999,963	25,220,268	24,568,372	22,457,155
Employee benefits	17,504,421	16,384,918	15,228,229	13,265,108	12,829,691
Debt Service					
Principal	15,793,474	19,100,317	17,524,153	18,803,632	19,597,605
Interest	5,391,079	7,022,723	7,072,317	6,988,606	7,540,463
Other charges		126,483		130,757	
Capital outlay	10,632,754	23,240,864	33,775,975	148,094,890	22,361,001
Total Expenditures	<u>156,655,275</u>	<u>163,409,349</u>	<u>163,789,315</u>	<u>273,999,752</u>	<u>143,857,907</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,698,527)</u>	<u>(19,564,196)</u>	<u>(30,960,049)</u>	<u>(23,519,389)</u>	<u>(20,229,385)</u>
Other Financing Sources (Uses)					
Transfers in	24,429,877	31,544,621	29,944,267	35,647,342	30,969,268
Transfers out	(24,429,877)	(31,544,621)	(29,944,267)	(35,647,342)	(30,969,268)
Debt issuance		9,192,341		2,879,000	6,015,000
Premium on debt issuance		604,540	76,654	410,228	
Bond anticipation notes redeemed	(2,285,201)	(1,898,059)	(1,460,000)	(383,500)	
Retirement of debt payment made by funds	2,285,201	1,898,059	1,460,000	383,500	
Refunding bonds issued		10,403,791		7,547,603	
Payments to refund bond escrow agent		(10,146,564)		(7,827,073)	
Total Other Financing Sources	<u>-0-</u>	<u>10,054,108</u>	<u>76,654</u>	<u>3,009,758</u>	<u>6,015,000</u>
Net Change in Fund Balances	<u>\$ (3,698,527)</u>	<u>\$ (9,510,088)</u>	<u>\$ (30,883,395)</u>	<u>\$ (20,509,631)</u>	<u>\$ (14,214,385)</u>
Debt service as a percentage of noncapital expenditures	14.54%	18.75%	18.72%	20.55%	22.4%

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

	2008	2007	2006	2005	2004
\$	56,422,999	\$ 54,216,380	\$ 51,660,364	\$ 50,158,581	\$ 49,894,446
	2,108,771	2,712,672	2,281,401	1,522,506	2,071,859
	11,177,944	11,058,164	10,813,890	10,331,465	10,111,751
	25,662,941	22,989,409	24,634,712	23,059,773	23,663,869
	856,683	564,285	718,260	314,185	1,007,691
	1,323,318	2,087,042	2,181,278	1,581,364	874,392
	4,069,511	3,507,525	2,770,710	2,653,415	2,362,171
	162,710	159,663	157,575	248,730	261,340
	601,074	277,099	427,912	167,014	1,778,851
	2,805,462	4,954,459	260,265	1,490,244	1,553,287
	6,257,139	5,450,233	5,174,044	4,882,312	4,074,801
	9,684,298	13,831,969	16,478,668	17,324,015	18,143,409
	965,817	58,223	522,452	592,105	193,453
	<u>122,098,667</u>	<u>121,867,123</u>	<u>118,081,531</u>	<u>114,325,709</u>	<u>115,991,320</u>
	16,915,724	16,174,256	16,289,286	14,265,315	10,264,926
	629,492	282,439	412,968	507,426	
	9,898,211	8,694,795	7,511,865	7,273,249	8,145,434
	189,337	179,701	159,313	216,956	
	14,105,804	13,436,869	11,743,873	9,292,569	10,850,662
	2,105,211	1,929,023	2,036,580	1,766,579	
	15,601,723	14,985,315	13,876,255	11,862,827	12,003,478
	23,308,180	21,693,967	23,775,327	24,292,675	24,681,057
	12,761,276	12,229,435	12,548,262	11,776,837	10,319,301
	18,440,527	18,733,803	16,244,807	16,971,276	17,934,906
	8,329,626	8,735,528	9,283,941	9,558,185	9,915,105
				1,989,226	
	10,439,461	10,541,134	10,883,705	13,805,282	10,148,286
	<u>132,724,572</u>	<u>127,616,265</u>	<u>124,766,182</u>	<u>123,578,402</u>	<u>114,263,155</u>
	<u>(10,625,905)</u>	<u>(5,749,142)</u>	<u>(6,684,651)</u>	<u>(9,252,693)</u>	<u>1,728,165</u>
	27,543,991	32,502,871	28,820,840	32,609,941	28,080,577
	(27,543,991)	(32,502,871)	(28,820,840)	(32,609,941)	(28,080,577)
	2,270,000	12,056,540	10,078,000	13,507,000	37,138,761
				2,177,350	
				38,935,987	
				(39,124,111)	(29,459,726)
	<u>2,270,000</u>	<u>12,056,540</u>	<u>10,078,000</u>	<u>15,496,226</u>	<u>7,679,035</u>
\$	<u>(8,355,905)</u>	<u>\$ 6,307,398</u>	<u>\$ 3,393,349</u>	<u>\$ 6,243,533</u>	<u>\$ 9,407,200</u>
	22.0%	24.8%	22.5%	24.8%	27.2%

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

Year Ended December 31,	Real Property Tax¹	Sales Tax²	Mortgage Tax³	Franchise Tax	Total
2013	\$ 70,878,833	\$ 11,334,246	\$ 7,493,601	\$ 1,900,849	\$ 91,607,529
2012	68,261,387	10,613,091	6,690,606	1,828,105	87,393,189
2011	65,134,391	10,223,512	5,752,767	1,805,677	82,916,347
2010	63,816,162	9,550,499	5,863,439	1,722,182	80,952,282
2009	61,685,941	9,005,021	5,643,419	1,548,028	77,882,409
2008	56,422,999	9,724,584	7,677,222	1,453,360	75,278,165
2007	54,216,380	9,745,787	12,071,333	1,312,377	77,345,877
2006	51,660,364	9,645,396	14,173,192	1,168,494	76,647,446
2005	50,158,581	9,227,420	15,827,682	1,104,045	76,317,728
2004	49,894,446	9,033,724	16,366,560	1,078,027	76,372,757

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

¹ Primary government

² Classified as Nassau County local government assistance

³ Classified as part of State Aid

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

Year Ended December 31,	Residential Property 1 to 4 Family Homes	Residential Property Condominia and Cooperatives	Utility Property	All Other Property	Total Net Assessed Value	State Equalization Rate	Full Valuation	Total Direct Tax Rate
2013	\$ 101,341,024	\$ 9,095,629	\$ 8,567,065	\$ 44,473,827	\$ 163,477,545	0.32%	\$ 51,086,732,813	\$ 133.531
2012	110,586,676	9,792,042	8,830,153	48,767,035	177,975,906	0.33%	53,932,092,727	118.848
2011	116,480,241	10,753,627	8,852,979	56,526,239	192,613,086	0.35%	55,032,310,286	101.791
2010	132,570,851	10,243,443	8,477,047	54,793,312	206,084,653	0.33%	62,449,894,848	96.924
2009	133,075,463	9,655,173	8,204,377	51,658,844	202,593,857	0.32%	63,310,580,313	96.505
2008	129,604,894	8,624,417	7,459,244	48,342,052	194,030,607	0.30%	64,676,869,000	92.669
2007	122,364,045	7,836,398	7,143,895	44,661,722	182,006,060 ¹	0.30%	60,668,686,667	94.180
2006	206,543,361	7,447,777	5,695,638	43,451,172	263,137,948 ¹	0.50%	52,627,589,600	62.168
2005	335,172,557	6,845,499	5,661,149	43,021,519	390,700,724	0.82%	47,646,429,756	39.896
2004	342,996,484	7,421,796	5,545,802	43,400,710	399,364,792 ²	0.90%	44,373,865,778	38.648

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

Sources: Town of North Hempstead Budgets and Official Statements

¹ 2006 rate increases are due to decreases in assessed valuations by Nassau County.

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

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

GOVERNMENTAL FUNDS

TOWN OPERATED DISTRICTS

Year Ended December 31,	Town ¹ Outside Villages				TOWN OPERATED DISTRICTS						
	General	Villages	Highway	Part-Town	Fire Protection	Garbage	Lighting	Parks	Public Parking	Sidewalk	Water
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
2010	9.404	29.436			18.276	15.043	2.349	15.995	0.999	3.625	1.798
2009	9.164	28.738			18.541	15.824	2.233	15.727	1.009	3.482	1.787
2008	8.504	26.751			18.408	16.182	2.090	14.592	1.004	3.327	1.811
2007	8.780	27.100			17.962	17.532	2.041	14.396	1.044	3.380	1.946
2006	5.795		\$ 17.179	\$ 1.616	11.838	12.186	1.367	7.963	0.671	2.293	1.260
2005	3.903		11.563	1.109	7.932	7.647	0.869	4.161	0.438	1.452	0.824
2004	3.819		11.360	1.089	7.699	7.332	0.825	3.924	0.429	1.391	0.780

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.

² 2006 rate increases are due to decreases in assessed valuations by Nassau County.

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

Includes all classes of property for each Fund/District

Town Direct Rate	County Direct Rate	School Direct Rate	Total Direct & Overlapping Rate
\$ 133.531	139.53	\$ 499.56	\$ 772.62
118.848	128.96	458.86	706.68
101.791	119.43	423.99	645.22
96.924	110.06	389.58	596.56
96.505	92.62	396.29	585.42
92.669	113.80	406.07	612.53
94.180 ²	119.42	394.15	607.75
62.168 ²	79.92	256.12	398.21
39.896	53.61	172.50	266.00
38.648 ³	52.43	168.75	259.83

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

2013				
Rank	Taxpayer	Nature of Business	Assessed Valuation	Percentage of Total Assessed Valuation ^{(1) (2)}
1	Keyspan Gas East	Utility	\$ 3,812,936	2.33%
2	Long Island Power Authority	Utility	3,739,539	2.29%
3	Verizon New York	Utility	1,161,800	0.71%
4	1 Park Lake Success LLC	Real Estate	1,141,016	0.70%
5	Fifth Avenue of Long Island Realty Assoc.	Real Estate	933,928	0.57%
6	We're Associates Inc.	Real Estate	841,923	0.52%
7	CLK Marcus Avenue Property	Real Estate	718,605	0.44%
8	Country Glen LLC	Shopping Center	609,236	0.37%
9	600 Community LLC	Real Estate	369,010	0.23%
10	CK/HP 1 Old Country LLC	Real Estate	258,238	0.16%
Total			<u>\$ 13,586,231</u>	<u>7.63%</u>

2004				
Rank	Taxpayer	Nature of Business	Assessed Valuation	Percentage of Total Assessed Valuation ^{(1) (2)}
1	Long Island Power Authority	Utility	\$ 36,628,561	9.17%
2	New York Telephone Company	Utility	14,439,553	3.62%
3	Met Life RE Investment	Office Buildings	1,665,233	0.42%
4	Sutton & Edwards	Office Buildings	980,699	0.25%
5	Greentree Foundation	Foundation	870,688	0.22%
6	Fifth Avenue of Long Island Realty Assoc.	Retail	500,231	0.13%
7	Federal Department Store, Inc.	Retail	483,174	0.12%
8	Astoria Federal Savings	Banking	481,496	0.12%
9	Country Glen LLC	Retail	448,570	0.11%
10	We're Associates, Inc.	Office Buildings	425,935	0.11%
Total			<u>\$ 56,924,140</u>	<u>5.85%</u>

Source: Town of North Hempstead 2013 and 2004 Official Statements

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

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

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

Year Ended December 31,	Tax Levy For Town	Total Tax Levy¹	Amount Collected²	Percent of Total Tax Levy Collected	Amount Uncollected²	Percent of Total Tax Levy Uncollected
2013	\$ 152,431,800	\$ 380,528,008	\$ 373,775,985	98.23%	\$ 6,752,023	1.77%
2012	146,367,808	375,892,701	367,877,825	97.87%	8,014,876	2.13%
2011	139,663,972	369,704,857	362,617,428	98.08%	7,087,429	1.92%
2010	135,200,465	362,025,228	353,981,362	97.78%	8,043,866	2.22%
2009	132,256,987	319,905,676	313,611,841	98.03%	6,293,835	1.97%
2008	123,632,214	344,434,261	337,510,707	97.99%	6,923,554	2.01%
2007	119,033,554	336,388,044	329,563,031	97.97%	6,825,013	2.03%
2006	115,060,611	325,360,939	319,175,699	98.10%	6,185,240	1.90%
2005	110,445,336	319,905,676	313,611,941	98.03%	6,293,735	1.97%
2004	107,351,616	316,724,188	309,989,056	97.87%	6,735,132	2.13%

Source: Town of North Hempstead Official Statements

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

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

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

Governmental Activities					
Year Ended December 31,	General Obligation Bonds	Revenue Bonds	Total Primary Government	Percentage of Personal Income¹	Per Capita¹
2013	\$ 111,901,566 ²	\$ 4,254,960	\$ 116,156,526	0.12%	\$ 515
2012	125,326,047	5,048,791	130,374,838	0.14%	578
2011	131,145,587	8,880,000	140,025,587	0.15%	620
2010	146,514,740	11,035,000	157,549,740	0.18%	696
2009	160,142,656	13,130,000	173,272,656	0.20%	764
2008	171,685,261	15,170,000	186,855,261	0.20%	826
2007	185,870,788	17,155,000	203,025,788	0.23%	901
2006	190,598,051	19,105,000	209,703,051	0.26%	933
2005	196,764,858	19,105,000	215,869,858	0.29%	964
2004	200,287,258	19,235,000	219,522,258	0.31%	985

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, 2013, the Town had \$92,815,132 in short-term bond anticipation notes not being presented.

At December 31, 2013, the Town had \$9,200,000 in short-term revenue anticipation notes maturing on May 20, 2014, not being presented.

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

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

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

<u>Year Ended December 31,</u>	<u>General Obligation Bonds</u>	<u>Percentage of Total Net Assessed Valuation¹</u>	<u>Percentage of Full Taxable Value¹ of Property</u>	<u>Per Capita²</u>
2013	\$ 111,901,566 ⁴	68.45%	0.22%	\$ 496
2012	125,326,047	70.42%	0.23%	555
2011	131,145,587	68.09%	0.24%	581
2010	146,514,740	71.09%	0.23%	647
2009	160,142,656	79.05%	0.25%	706
2008	171,685,261	88.48%	0.27%	759
2007	185,870,788	102.12%	0.31%	825
2006	190,598,051	72.43%	0.36%	848
2005	196,764,858	50.36%	0.41%	879
2004	200,287,258	50.15% ³	0.45%	899

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 Nassau County completed a county-wide reassessment in 2004 wherein it reassessed all properties within the County based on approximately 1% of full value.
- 4 As of the 2013 report, the Town's debt capacity amounts are reported net of premiums,

**Town of North Hempstead
Direct and Overlapping Governmental Activities Debt
As of December 31, 2013**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
Town of North Hempstead	\$ 116,156,526	100.00%	\$ 116,156,526
Overlapping:			
Nassau County	\$ 2,886,756,000	24.70%	\$ 713,028,732
Incorporated Villages	155,069,318	varied ¹	155,069,318
School Districts	244,973,996	varied ²	244,973,996
Fire Districts	1,710,000	100.00%	1,710,000
Water Pollution Control Districts	114,775	100.00%	114,775
Water Districts	15,243,204	100.00%	15,243,204
Park Districts	25,081,276	100.00%	25,081,276
Police District	4,392,251	100.00%	4,392,251
Library District	90,932	100.00%	90,932
Business Improvement District	78,041,158	100.00%	78,041,158
Total overlapping debt			<u>1,237,745,642</u>
Total direct and overlapping debt			<u>\$ 1,353,902,168</u>

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

At December 31, 2013, the Town had \$92,815,132 in short-term bond anticipation notes not being presented.

At December 31, 2013, the Town had \$9,200,000 in short-term revenue anticipation notes maturing on May 20, 2014, not being presented.

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

Source: Town of North Hempstead Comptroller's Office April 2014 Official Statement
Special Report on Municipal Affairs, 2010 released by the NYS Office of the Comptroller and County Officials

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

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

**Town of North Hempstead
Legal Debt Margin Information
December 31, 2013**

Year Ended December 31,	Net Assessed Valuation	State Equalization Rate	Full Valuation
2013	\$ 163,477,545	0.32%	\$ 51,086,732,813
2012	177,975,906	0.33%	53,932,092,727
2011	192,613,086	0.35%	55,032,310,286
2010	206,084,653	0.33%	62,449,894,848
2009	202,593,857	0.32%	63,310,580,313
Total Five Year Full Valuation			<u>285,811,610,987</u>
Five Year Average Full Valuation of Taxable Real Property			<u>57,162,322,197</u>
Constitutional Debt Limit (7% of Average Full Valuation)			<u>4,001,362,554</u>
Outstanding Bonded Indebtedness at December 31st			237,544,960
Outstanding Bond Anticipation Notes at December 31st			116,364,764
Less: 2014 Appropriations for Non-Exempt Debt Principal			24,882,241
Less: Exclusions			<u>40,017,697</u>
Net Indebtedness Subject to Debt Limit			<u>289,009,786</u>
Net Debt Contracting Margin			<u>\$ 3,712,352,768</u>
Percentage of Net Debt Contracting Margin Available			92.78%
Percentage of Net Debt Contracting Power Exhausted			7.22%

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
2013	\$ 4,001,362,554	\$ 289,009,786	\$ 3,712,352,768	7.22%	92.78%
2012	4,191,624,460	301,613,900	3,890,010,560	7.20%	92.80%
2011	4,285,936,776	280,613,809	4,005,322,967	6.55%	93.45%
2010	4,252,270,686	266,350,279	3,985,920,407	6.26%	93.74%
2009	4,045,022,175	225,179,837	3,819,842,338	5.57%	94.43%
2008	3,723,316,751	216,981,938	3,506,334,813	5.83%	94.17%
2007	3,439,808,123	214,779,024	3,225,029,099	6.24%	93.76%
2006	3,082,169,945	220,913,890	2,861,256,055	7.17%	92.83%
2005	2,783,075,006	211,879,579	2,571,195,427	7.61%	92.39%
2004	2,523,939,144	224,711,913	2,299,227,231	8.90%	91.10%

Source: Town of North Hempstead Comptroller's Office

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

Year Ended December 31,	Population¹	Personal Income² (billions of dollars)	Per Capita Income²	Median Family Income^{3,4}	Unemployment Rate⁵	Number of Households Estimate¹	Average Household Size Estimates¹	Population Density Per Square Mile
2013	225,717	\$ 95,473	\$ 70,761	\$ 121,511	6.2%	78,333	2.84	4,213
2012	225,717	95,473	70,761	121,511	5.9%	78,333	2.84	4,213
2011	225,717	91,120	67,776	121,511	5.8%	78,333	2.84	4,213
2010	226,322	88,059	65,665	115,307	6.8%	78,084	2.87	4,224
2009	226,874	85,239	63,989	112,059	6.5%	78,333	2.89	4,234
2008	226,109	91,326	68,918	119,773	4.4%	78,097	2.86	4,220
2007	225,291	87,168	65,934	115,697	3.4%	77,764	2.86	4,205
2006	224,774	80,878	61,044	114,567	3.5%	77,420	2.85	4,195
2005	223,870	75,462	56,639	106,764	3.7%	77,420	2.85	4,178
2004	222,836	70,402	52,618	108,948	4.3%	77,108	2.85	4,159

Data Sources:

- ¹ Long Island Power Authority Population survey - 2013 and 2012 data not available.
- ² U.S. Department of Commerce, Bureau of Economic Analysis for Nassau County, 2013 data is estimated
- ³ 2005-2010 U.S. Census Bureau Data. 2004 see note 4.
- ⁴ Long Island Business News/Doing Business on Long Island 2004.
- ⁵ State of New York, Department of Labor - Division of Statistics - www.workforcenewyork.org/li
(Note: Percentages are not seasonally adjusted).

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

2013			
Rank	Name	Type of Business	Number of Employees
1	North Shore-LIJ Healthy System Foundation	Hospital and Health Care	46,840
2	North Shore University Hospital at Manhasset	Hospital	7,824
3	Winthrop-University Hospital	Hospital	6,600
4	Long Island Jewish Medical Center	Hospital	6,500
5	St. Francis Hospital	Hospital	3,189
6	ProHEALTH Care Associates	Comprehensive Multi-Specialty Medical Practice	3,000
7	Broadridge Financial Solutions Inc.	An Outsource Provider	1,500
8	Sewanhaka Central High School District	Education	1,300
9	New York Community Bancorp Inc.	Banking	1,245
10	New York Institute of Technology	Higher Education	1,244

2004			
Rank	Name	Type of Business	Number of Employees
1	North Shore - Long Island Jewish Health System	Hospital	39,244
2	Winthrop - University Hospital	Hospital	3,000
3	St. Francis Hospital	Hospital	2,323
4	PALL Corporation	Technology	1,900
5	Transervice Lease	Private Company	935
6	CMP Media	Technology	900
7	The NPD Group	Private Company	881
8	Canon USA	Technology	795
9	Thomson Industries	Technology	600
10	Systemax	Technology	500

Source: 2013 - Long Island Business News 2013 Book of Lists and NYS Department of Labor
 2004 - Town of North Hempstead Official Statements
 Percentage of total Town employment is not available.

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

Function	Full-Time Equivalent				
	2013	2012	2011	2010	2009
General government	87	89	84	78	89
Highways	96	90	94	89	94
Parks and recreation	79	76	79	82	90
Buildings and planning	50	50	42	39	46
Public works	25	26	25	21	17
Community services	27	28	16	21	24
Town clerk	19	19	21	21	21
Receiver of taxes	16	18	17	14	13
Public safety	38	32	28	25	23
Solid waste management	15	15	15	18	10
Total	452	443	421	408	427

Source: Town of North Hempstead Human Resource Department records

Employees as of December 31,				
2008	2007	2006	2005	2004
94	83	88	77	78
92	102	93	93	73
96	93	86	82	84
35	51	38	44	41
22	20	22	21	33
23	20	19	18	15
17	16	19	17	15
14	13	13	15	15
20	15	16	10	19
9	11	9	8	8
422	424	403	385	381

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

Year Ended December 31,	2013	2012	2011	2010	2009
Function					
Town Clerk					
Vital statistic documents	29,069	26,956	25,931	25,893	26,205
Dog licenses	5,380	5,261	5,440	5,339	5,612
Business licenses	1,276	1,432	1,365	1,062	1,104
Marriage licenses	967	972	905	910	1,009
Dumping permits	2,348	2,293	567	2,698	1,260
Building					
Building permits issued	5,584	4,884	4,625	4,053	4,336
Public Safety					
Dogs adopted or reclaimed by owners	275	337	274	366	365
Fire					
Number of fire protection districts	11	11	11	11	11
Parking					
Number of parking meters	544	511 ¹	805	807	803
Parking lots and garage revenue	\$ 376,568	\$ 276,242	\$ 337,401	\$ 308,602	\$ 335,286
Annual meter revenue	\$ 165,784	\$ 179,044	\$ 169,216	\$ 153,552	\$ 149,814
Parking permit revenue	\$ 51,410	\$ 50,705	\$ 50,540	\$ 45,945	\$ 47,445
Highways and Streets					
Street resurfacing (lane miles)	15	15	11	14	14
Number of trees planted	568	277	244	505	456
Number of trees trimmed	1,153	1,036	2,078	1,334	955
Number of trees removed	793	617	585	692	424
Road opening permits issued	746	608	668	754	721
Abandoned vehicles removed	11	6	9	10	8
Signs installed	1,896	1,128	1,580	1,688	1,457
Sanitation (tons per annum)					
Residential and commercial waste collected	155,927	159,650	173,472	166,610	135,769
Recyclables collected	8,974	9,714	11,550	12,181	13,050
Yardwaste	34,356	42,621	18,291	19,014	16,576
Construction and demolition debris	18,986	10,207	6,598	4,323	4,491
Culture and recreation					
Beach permits issued	2,886	3,403	3,380	3,000	3,175
Registration for adult programs	436	423	355	340	339
Registration for summer programs	6,975	7,213	6,223 ²	3,150	3,104

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.

	2008	2007	2006	2005	2004
	23,953	25,745	24,858	25,441	24,353
	5,844	5,843	5,961	5,677	5,953
	1,329	1,346	1,408	1,400	1,204
	1,137	1,099	1,337	1,378	1,449
	1,136	1,065	1,324	1,241	1,136
	4,399	1,881	4,081	4,472	5,451
	354	343	369	398	411
	11	11	11	11	11
	775	775	775	775	725
\$	335,032	\$ 344,567	\$ 340,178	\$ 329,678	\$ 317,258
\$	151,156	\$ 157,392	\$ 163,601	\$ 158,195	\$ 149,330
\$	47,687	\$ 48,853	\$ 59,997	\$ 49,810	\$ 49,605
	14	14	13	12	13
	559	598	802	419	54
	1,170	1,086	997	440	832
	365	519	438	259	354
	855	762	1,042	930	929
	12	16	18	53	42
	1,450	815	868	641	1,013
	142,860	143,301	171,397	182,566	192,912
	2,557	2,208	3,178	5,734	5,996
	19,961	19,353	25,426	20,532	21,418
	6,671	5,482	8,650	7,627	10,295
	3,120	1,608	1,592	1,553	1,191
	898	1,277	1,223	1,167	971
	1,477	2,096	2,077	2,020	1,641

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

Year Ended December 31,	2013	2012	2011	2010	2009
Function					
General Government					
Town Hall and annex	3	2	2	2	2
Sanitation					
Transfer station	1	1	1	1	1
Annual tonnage processed	222,773	222,790	210,007	198,526	161,564
Highways and Streets					
Streets (miles)	275	275	275	275	275
Culture and recreation					
Parks acreage	837	837	841	841 ¹	722 ¹
Parks	48	48	48	48 ¹	41 ¹
Swimming pools	6	6	6	6	6
Beaches	2	2	3	3	3
Docks	2	2	2	2	2
Boat ramps	2	2	2	2	2
Golf courses (18 hole)	1	1	1	1	1
Golf courses (9 hole)	1	1	1	1	1
Driving range	1	1	1	1	1
Miniature golf course	1	1	1	1	1
Tennis courts	37	37	35	35	35
Community centers	4	4	3	3	3

Source: Various government departments

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

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
2	2	2	2	2
1	1	1	1	1
172,049	170,344	208,652	216,459	230,621
275	274	268	268	268
883	833	672	672	672
22	22	15	15	15
6	6	5	5	5
3	3	2	2	2
2	2	2	2	2
2	2	2	2	2
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
35	35	31	31	31
2	2	2	2	2