TOWN OF NORTH HEMPSTEAD
SOLID WASTE MANAGEMENT AUTHORITY

AUDITED FINANCIAL STATEMENTS

Year Ended December 31, 2015

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Town of North Hempstead Solid Waste Management Authority
Port Washington, New York

We have audited the accompanying financial statements of the general and fiduciary funds of the Town of North Hempstead Solid Waste Management Authority (the "Authority"), a blended component unit of the Town of North Hempstead, New York, as of and for the year ended December 31, 2015, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority'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 Authority'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.

PERSONAL SERVICE. TRUSTED ADVICE.

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

245 PARK AVENUE, 39TH FLOOR
NEW YORK, NY 10167
T: 212.792.4075

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

www.avz.com
INDEPENDENT MEMBER OF BKR INTERNATIONAL

Basis for Adverse Opinion

As discussed in Note 1, the financial statements of the Authority, are intended to present the financial position, and the changes in financial position of only the general and fiduciary funds attributable to the transactions of the Authority. Accounting principles generally accepted in the United States of America require that the Authority's financial statements present the governmental activities, each major fund, and the aggregate remaining fund information of the Town of North Hempstead Solid Waste Management Authority.

Adverse Opinion

In our opinion, because of the significant of the matter discussed in the "Basis for Adverse Opinion" paragraph, the financial statements referred to above do not present fairly the financial position of the Authority, as of December 31, 2015, or the changes in financial position thereof for the year then ended.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general and fiduciary funds of the Authority, as of December 31, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated June 29, 2016, on our consideration of the Town of North Hempstead Solid Waste Management Authority'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 the 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 Authority's internal control over financial reporting and compliance.

Albrecht, Viggiano, Zureck & Company, P.C.

Hauppauge, New York
June 29, 2016

TOWN OF NORTH HEMPSTEAD SOLID WASTE MANAGEMENT AUTHORITY
BALANCE SHEET
GENERAL FUND
December 31, 2015

Assets	
Cash	$ 2,364,987
Accounts receivable - net of allowances	2,192,634
Due from primary government	2,936,506
State and federal receivables	110,903
Inventory of materials and supplies	20,537
Total Assets	$ 7,625,567
Liabilities	
Accounts payable and accrued liabilities	$ 3,162,387
Due to primary government	1,704,844
Total Liabilities	4,867,231
Deferred Inflows of Resources	
Unearned revenue, payments in lieu of taxes	2,645
Total Deferred Inflows of Resources	2,645
Fund Balance	
Nonspendable - inventory	20,537
Unassigned	2,735,154
Total Fund Balance	2,755,691
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 7,625,567

See notes to financial statements.

TOWN OF NORTH HEMPSTEAD SOLID WASTE MANAGEMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
Year ended December 31, 2015

Revenues	
Departmental income	$ 15,072,932
Intergovernmental charges	1,200,000
Use of money and property	69,552
Sale of property and compensation for loss	209,896
Miscellaneous local sources	64,807
State aid	79,689
Federal aid	45,205
Total Revenues	16,742,081
Expenditures	
Home and community services	15,863,885
Employee benefits	893,904
Total Expenditures	16,757,789
Other Financing Sources (Uses)	
Operating transfers in - primary government	900,824
Operating transfers out - primary government	(900,824)
Total Other Financing Sources (Uses)	-0-
Net change in Fund Balance	(15,708)
Fund Balance at Beginning of Year	2,771,399
Fund Balance at End of Year	$ 2,755,691

See notes to financial statements.

TOWN OF NORTH HEMPSTEAD SOLID WASTE MANAGEMENT AUTHORITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2015

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance Positive (Negative)
REVENUES				
DEPARTMENTAL INCOME				
Solid waste	$ 17,065,500	$ 17,065,500	$ 15,054,579	$ (2,010,921)
Other	83,500	83,500	18,353	(65,147)
Total Departmental Income	17,149,000	17,149,000	15,072,932	(2,076,068)
INTERGOVERNMENTAL CHARGES				
Services for other governments	1,125,000	1,125,000	1,200,000	75,000
Total Intergovernmental Charges	1,125,000	1,125,000	1,200,000	75,000
USE OF MONEY AND PROPERTY				
Interest and earnings			1,215	1,215
Rental of real property	91,200	91,200	68,337	(22,863)
Total Use of Money and Property	91,200	91,200	69,552	(21,648)
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Recycling	290,000	290,000	208,746	(81,254)
Sale of equipment			1,150	1,150
Total Sale of Property and Compensation for Loss	290,000	290,000	209,896	(80,104)
MISCELLANEOUS LOCAL SOURCES				
Miscellaneous revenue			64,807	64,807
Total Miscellaneous Local Sources			64,807	64,807
STATE AID				
State aid - recycling grant			2,222	2,222
State aid - environmental conservation	90,000	90,000	61,250	(28,750)
State aid - emergency disaster assistance			16,217	16,217
Total State Aid	90,000	90,000	79,689	(10,311)
FEDERAL AID				
Federal aid - emergency disaster assistance			45,205	45,205
Total Federal Aid			45,205	45,205
Total Revenues	$ 18,745,200	$ 18,745,200	$ 16,742,081	$ (2,003,119)

(continued)

See notes to financial statements.

TOWN OF NORTH HEMPSTEAD SOLID WASTE MANAGEMENT AUTHORITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2015

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance Positive (Negative)
EXPENDITURES				
HOME AND COMMUNITY SERVICES				
Administration	$ 982,312	$ 1,016,010	$ 974,535	$ 41,475
Leachate	521,885	520,885	394,643	126,242
Transfer station	15,178,928	15,035,335	13,428,434	1,606,901
Scale house	336,072	413,500	404,725	8,775
Maintenance	337,564	337,564	336,949	615
Equipment	56,000	43,824	29,746	14,078
Recycling	52,000	52,000	33,259	18,741
Office of sustainability	382,507	382,506	211,940	170,566
Emergency disaster work		49,654	49,654	-0-
Total Home and Community Services	17,847,268	17,851,278	15,863,885	1,987,393
EMPLOYEE BENEFITS				
State employee retirement system	228,000	234,731	234,731	-0-
Social security	98,707	103,057	103,057	-0-
Workers' compensation	20,000	77,609	77,609	-0-
Disability benefits	25			-0-
Hospital, medical and dental	550,000	477,325	477,325	-0-
Other employee benefits	1,200	1,200	1,182	18
Total Employee Benefits	897,932	893,922	893,904	18
Total Expenditures	18,745,200	18,745,200	16,757,789	1,987,411
Excess (Deficiency) of Revenues Over (Under) Expenditures			(15,708)	(15,708)
Other Financing Sources (Uses)				
Operating transfers in - primary government	910,587	900,824	900,824	-0-
Operating transfers out - primary government	(910,587)	(900,824)	(900,824)	-0-
Total Other Financing Sources (Uses)	-0-	-0-	-0-	-0-
Net Change in Fund Balance	$ -0-	$ -0-	(15,708)	$ (15,708)
Fund Balance at Beginning of Year			2,771,399	
Fund Balance at End of Year			$ 2,755,691	

See notes to financial statements.

TOWN OF NORTH HEMPSTEAD SOLID WASTE MANAGEMENT AUTHORITY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2015

		Total Agency Funds
ASSETS		
Cash		$ 118,366
	Total Assets	$ 118,366
LIABILITIES		
Guarantee and bid deposits payable		$ 115,758
Other agency liabilities		2,608
	Total Liabilities	$ 118,366

See notes to financial statements.

TOWN OF NORTH HEMPSTEAD SOLID WASTE MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

1. Summary of Significant Accounting Policies

The Solid Waste Management Authority (the "Authority"), of the Town of North Hempstead, New York was created by an amendment of the New York State Public Authorities law, Chapter 638 Title 13-F, effective July 27, 1984. The Authority is a body corporate and politic constituting a public benefit corporation and a public authority of the State of New York. The law authorizes the Authority to provide solid waste management services and to develop appropriate solid waste management facilities for the benefit of the Town of North Hempstead (the "Town") and other municipalities. Its membership consists of a board of seven commissioners composed, ex officio, of the members of the Town Board of the Town of North Hempstead.

The Authority is a component unit blended into the financial statements of the Town of North Hempstead, New York. The Authority has elected to prepare its financial statements on a fund basis and not in accordance with GASB Statement No. 34. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. These financial statements present only the general and fiduciary funds of the Authority. Accordingly, they do not purport to, and do not, present fairly the financial position of the Authority, as of December 31, 2015, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Authority's more significant accounting policies are described below.

A. Reporting Entity

The Town of North Hempstead, New York is financially accountable, as a result of fiscal dependency, for the Authority. Long-term debt and operating deficits (if any) of the Authority, which are backed by the full faith and credit of the Town, and other fiscal matters, result in a fiscal interdependency with the Town. Accordingly, the Authority has been determined to be a component unit of the Town of North Hempstead, New York.

B. Basis of Presentation - Fund Accounting

Funds Financial Statements - The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds are summarized by type in the financial statements. Accordingly, the Authority maintains the following fund types:

TOWN OF NORTH HEMPSTEAD SOLID WASTE MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

1. **Summary of Significant Accounting Policies** (continued)

B. Basis of Presentation - Fund Accounting (continued)

Fund Categories

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 based upon determination of financial position and changes in financial position. The following are the Authority's governmental fund types.

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

Fiduciary Funds - the fiduciary fund is used to account for assets held by the Authority in a trustee or custodial capacity.

Agency Fund - accounts for bid deposits and other agency liabilities.

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.

In the funds statements, governmental funds use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (measurable and available to finance current operations). "Measurable" means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are recorded when incurred except that:

a. Expenditures for inventory-type items, if any, are recognized at the time of purchase.

b. Principal and interest on indebtedness are not recognized as an expenditure until due.

c. Compensated absences, such as vacation and sick leave which vests or accumulates, are charged as an expenditure when paid.

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and 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 Authority's investment policy. The Authority has a written investment policy stating that Authority money must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The Authority is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury.

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

2. Receivables and Allowance for Doubtful Accounts

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

The Authority in its normal course of business is subject to the risk that it may be unable to collect all outstanding accounts receivable. Therefore, the Authority has established an allowance account totaling approximately $140,536.

3. Inventory

Inventory is valued at cost, using the weighted average cost method. Inventory is accounted for under the consumption method.

Amounts reported as inventories 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.

4. Deferred Inflows/Outflows of Resources

In addition to assets, the balance sheet 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. The Authority had no items considered a deferred outflow of resources as of December 31, 2015.

TOWN OF NORTH HEMPSTEAD SOLID WASTE MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

1. **Summary of Significant Accounting Policies** (continued)

D. **Assets, Liabilities and Fund Balance** (continued)

4. **Deferred Inflows/Outflows of Resources** (continued)

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources, represent acquisition of fund balance that applies to a future period(s) and so will not be recognized as an inflow of resource (revenue) until that time. Deferred inflows of resources consist of payments in lieu of taxes. The deferred inflows for payments in lieu of taxes will be recognized in the income statement as revenue in the period that the amounts are levied or imposed.

5. **Fund Equity Classifications**

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

1) 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.

2) 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 Authority's highest decision making authority is the Board of Commissioners, who by adoption of an Authority ordinance prior to year-end, can commit fund balance. Those committed amounts cannot be used for any other purpose unless the Board of Commissioners 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 Authority's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of Commissioners and Treasurer 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 that are not restricted.

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, if any.

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

TOWN OF NORTH HEMPSTEAD SOLID WASTE MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

1. Summary of Significant Accounting Policies (continued)

E. Revenue and Expenditures

1. Postemployment Benefits Healthcare Costs

In addition to providing pension benefits, the Authority provides health insurance coverage and survivor benefits for retired employees and their survivors who meet certain criteria. The Authority recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the general fund in the year paid. The liability for these other postemployment benefits payable is recorded as a long-term liability in the Town of North Hempstead financial statements.

2. Compensated Absences

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 liability for these compensated absences is recorded as a long-term liability in the Town of North Hempstead financial statements.

3. Operating Transfers - Primary Government

Operating transfers of the Authority consist of payments to/from the Town of North Hempstead for the Authority's appropriate share of debt service.

F. 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.

G. 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

Budgetary Data

The Authority follows the procedures enumerated below with regard to the budgetary data reflected in the financial statements.

a) In November of each year, the Authority submits to the Town Board its proposed annual budget.

2. Stewardship, Compliance and Accountability (continued)

Budgetary Data (continued)

b) At a public meeting held in November, the Commissioners meet to adopt the budget.

c) Pursuant to Section 2801 of the Public Authorities Law, the Authority is required to submit to the governor, chairman, and ranking minority member of the assembly ways and means committee, for their information, budget information on operations and capital construction setting forth the estimated receipts and expenditures for the next year and the current year, and the actual receipts and expenditures for the last completed year.

d) Pursuant to Section 2049-s of the Public Authorities law, the accounts of the Authority are subject to the supervision of the state comptroller and an annual audit is performed by an independent certified accountant. The Authority annually submits a detailed report to the governor, state comptroller, and state legislature, and a copy of the report is filed with the Town Supervisor.

e) Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purpose, 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. The Authority had no outstanding encumbrances at year end.

3. Detailed Notes on General Fund

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, the Authority 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 Authority's name.

3. Detailed Notes on General Fund (continued)

A. Cash and Investments (continued)

At December 31, 2015, the Authority's deposits were $2,482,603. This amount is inclusive of fiduciary fund deposits of $118,366 but exclusive of petty cash of $750. The bank balance required to be collateralized was $1,662,456, of which $304,421 was covered by Federal Deposit Insurance and $1,358,035 was covered by collateral held by the Authority's agent, a third-party financial institution, in the Authority's name.

Credit Risk - State laws limit investments to those authorized by State statutes. The Authority 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, 2015, the Authority did not have any investments subject to credit risk, interest-rate risk or concentration of credit risk.

B. Indebtedness

Long-Term Debt

Long-term debt for the Authority is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The long-term debt consists of revenue bonds and compensated absences.

Revenue Bonds - The Authority borrowed money in order to finance the purchase of the Morewood Property. These bonds bear an interest rate of 2.30% and mature on February 1, 2016 through 2018.

Summary of changes in long-term debt transactions for the year ended December 31, is as follows:

	Balance 1/1/15	Increases	Reductions	Balance 12/31/15
Revenue bonds	$ 3,442,658	$ -0-	$ 831,202	$ 2,611,456
Compensated absences	209,301	243,961	269,734	183,528
Due to employees' retirement system	288,512	36,670	30,336	294,846
Net pension liability – proportionate share	179,893	-0-	45,407	134,486

3. Detailed Notes on General Fund (continued)

B. Indebtedness (continued)

Long-Term Debt (continued)

Future principal and interest payments to maturity for the Authority are as follows:

	Principal	Interest	Total Principal and Interest
Years Ending December 31, 2016	850,542	50,282	900,824
2017	870,332	30,492	900,824
2018	890,582	10,242	900,824
Totals	$ 2,611,456	$ 91,016	$ 2,702,472

The Authority paid principal and interest of $831,202 and $69,622, respectively for the year ended December 31, 2015.

C. Pension Plan

Plan Description

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

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Authority participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at http://www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244-0001.

Benefits Provided

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

3. Detailed Notes on General Fund (continued)

C. Pension Plan (continued)

Benefits Provided (continued)

Tiers 1 and 2

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

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

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

Tiers 3, 4, and 5

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

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

3. Detailed Notes on General Fund (continued)

C. Pension Plan (continued)

Benefits Provided (continued)

Tiers 3, 4, and 5 (continued)

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

Tier 6

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

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

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

Ordinary Disability Benefits

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

Accidental Disability Benefits

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

Ordinary Death Benefits

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

3. Detailed Notes on General Fund (continued)

C. Pension Plan (continued)

Benefits Provided (continued)

Post-Retirement Benefit Increases

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

Contributions

Plan members who joined the System before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and before January 1, 2010 with less than ten years of membership are required to contribute 3% of their annual salary. Those joining on or after January 1, 2010 and before April 1, 2012 are required to contribute 3% of their salary for NYSERS members throughout active membership. Those joining on or after April 1, 2012 are required to contribute between 3% and 6%, depending on their salary, throughout active membership. Under the authority of the RSSL, the Comptroller shall certify annually the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

The actual contributions were equal to 100% of the actuarially required amounts. The credits and miscellaneous adjustments represent modifications made by the NYSERS to the prior year's contributions due to differences between estimated and actual salaries for the plan year. Amortization payments relate to the pension related debt, as discussed below. The required contributions as billed by the Plan, for the Authority, for the current year and two preceding years were:

	Amount	% of Covered Payroll	Credits & Miscellaneous Adjustments	2011-2015 Amortization/ Deferral	Total Payment
2015	$ 215,253	17.34%	$ (3,801)	$ 3,677	$ 215,129
2014	235,754	16.99%	(13,504)	(10,072)	212,178
2013	255,310	18.49%	30,613	(104,773)	181,150

3. Detailed Notes on General Fund (continued)

C. Pension Plan (continued)

Contributions (continued)

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 Authority 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 Authority at December 31, 2015 was $294,846. Amortization contributions will be paid in ten equal installments, one per year, but may be prepaid at any time. The Authority has, for now, opted to amortize over the ten-year period. The interest rate for repayment of the amounts amortized for the System's fiscal year ending March 31, 2016, 2015, 2014, 2013, and 2012 are 3.210%, 3.150%, 3.670%, 3.000%, and 3.750%, respectively. Future principal and interest payments to maturity for the amortization installments are as follows:

	Principal	Interest	Total Principal and Interest
Years Ending December 31, 2016	$ 34,554	$ 10,090	$ 44,644
2017	35,742	8,902	44,644
2018	36,972	7,672	44,644
2019	38,243	6,401	44,644
2020	39,561	5,083	44,644
2021-2025	109,774	7,847	117,621
Totals	$ 294,846	$ 45,995	$ 340,841

TOWN OF NORTH HEMPSTEAD SOLID WASTE MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

3. Detailed Notes on General Fund (continued)

C. Pension Plan (continued)

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

At December 31, 2015, the Authority had the following liability for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2014, with updated procedures to roll forward the total pension liability to March 31, 2015. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. Below is the Authority's proportionate share of the net pension liability of the System and its related employer allocation percentage.

Measurement Date	March 31, 2015
Net Pension Liability	$ 134,486
Authority's Portion of the System's total Net Pension Liability	0.0039809%

There was no significant change in the Authority's proportion from March 31, 2014 to March 31, 2015.

For the year ended December 31, 2015, the Authority had pension expense of $127,235. At December 31, 2015 the Authority had deferred outflows of resources related to pension from the following sources:

Differences between expected and actual experience	$ 4,305
Net difference between projected and actual earnings on pension plan investments	23,358
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	22,096
Authority's contribution subsequent to the measurement date	211,452
	$ 261,211

The Authority's contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Plan year ending March 31, 2016	$ 12,440
2017	12,440
2018	12,440
2019	12,439
	$ 49,759

3. Detailed Notes on General Fund (continued)

C. Pension Plan (continued)

Actuarial Assumptions

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

Actuarial cost method	Entry age normal
Inflation rate	2.7%
Salary scale	4.9%
Investment rate of return, including inflation	7.5%
Cost of living adjustments	1.4%
Decrement tables	Developed from the Plan's 2010 experience study of the period April 1, 2005 through March 31, 2010
Mortality improvement	Society of Actuaries Scale MP-2014

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 are summarized below:

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

3. Detailed Notes on General Fund (continued)

C. Pension Plan (continued)

Discount Rate

The discount rate used to calculate the total pension liability was 7.5% for the System. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Authority's proportionate share of the net pension liability (asset)	$ 896,405	$ 134,486	$ (508,763)

The components of the current year net pension liability of the employers as of the respective valuation date of April 1, 2014, was as follows (dollars in thousands):

Employers' total pension liability	$ 164,591,504
Plan net position	161,213,259
Employers' net pension liability	$ (3,378,245)
Ratio of plan net position to the Employers' total pension liability	97.95%

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

3. Detailed Notes on General Fund (continued)

D. Postemployment Benefits Healthcare Costs

The cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. These costs are included in the Town of North Hempstead's government-wide financial statements. The Town recognized on behalf of the Authority the costs of postemployment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Authority's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years and commenced with the 2008 liability.

A copy of the Town of North Hempstead Retiree Medical Program, December 31, 2014 Valuation is available by contacting the Town of North Hempstead, Office of the Comptroller, North Hempstead, New York.

In the general fund, the Authority recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. The Authority's union contracts and ordinances require that it provide its eligible enrollees with Empire Plan benefit coverage, or if another provider is utilized, the equivalent coverage. Under the provisions of the Empire Plan, premiums are adjusted on a prospective basis for any losses experienced by the Empire Plan. The Authority has the option to terminate its participation in the Empire Plan at any time without liability for its respective share of any previously incurred loss. During the 2015 year, $71,266 was paid on behalf of 17 retirees and surviving spouses and recorded as an expenditure in the general fund of the Authority.

E. Compensated Absences

Authority 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, sick leave and unused compensatory absences at various rates subject to certain maximum limitations.

Estimated vacation, sick leave and compensatory absences accumulated by employees have not been recorded. Payment of vacation time and sick leave is dependent upon many factors, therefore, timing and 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, 2015, the value of the accumulated vacation time and sick leave was $183,528.

TOWN OF NORTH HEMPSTEAD SOLID WASTE MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

4. Operating Transfers - Primary Government

At December 31, 2015, operating transfers out - primary government in the amount of $900,824 represent payments of debt service. Operating transfers in - primary government represents payments received from the primary government in the amount of $900,824, and were used to offset debt service expenditures.

5. Commitments and Contingencies

Risk Management

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Authority currently reports all of its risk management activities in the general fund. The Authority assumes the liability for risks relating to automobile, comprehensive general liability, and excess liability. The Authority has also elected to purchase policies from commercial insurers to provide items such as property and electronic data processing equipment. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

6. New Pronouncement

The Governmental Accounting Standards Board (GASB) has issued Statement No. 72 "*Fair Value Measurement and Applicant*". The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015.

The GASB has issued Statement No. 73 "*Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB 68 – and Amendments to Certain Provisions of GASB 67 and 68*". The objective is to clarify the existing guidance as well as establish new requirements for pensions not covered by Statement No. 67 and No. 68. The requirements of this Statement are effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for financial statements for fiscal years beginning after June 15, 2016.

The GASB has issued Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". The objective is to outline reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017.

6. New Pronouncement (continued)

The GASB has issued Statement No. 76 "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*". The objective of which is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively.

The GASB has issued Statement No. 77 "*Tax Abatement Disclosures*". The objective is to improve financial reporting by providing the users of financial statements with information about the nature and magnitude of tax abatements, and helping the users understand how tax abatements affect a government's future ability to raise resources and meet its financial obligations, as well as the impact of the government's financial position and economic condition. The requirements of this Statement are effective for financial statements beginning after December 15, 2015.

The GASB has issued Statement No. 78 "*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*". This Statement establishes accounting and financial reporting standards for defined benefit pensions provided to employees of a state or local governmental employers through a cost-sharing multiple employer defined benefit pension plan that meets certain criteria of Statement No. 68 and that (a) is not a state of local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state/local governmental employers as well as to employees of non-state/local governmental employers and (c) has no predominant state or local governmental employer, either individually or collectively with other state or local governmental employers that provide pensions through the pension plan. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015.

The GASB has issued Statement No. 80 "*Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*". The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *"Determining Whether Certain Organizations are Component Units"*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

6. New Pronouncement (continued)

The GASB has issued Statement No. 82 "*Pension Issues – An Amendment of GASB Statements No. 67, 68 and 73*". The objective of which is to address issues regarding (a) the presentation of payroll-related measures in required supplementary information, (b) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (c) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting beginning after June 15, 2015 except for the requirements for selection of assumption in certain circumstances. In those certain circumstances, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

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

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Town of North Hempstead Solid Waste
Management Authority
Port Washington, New York

We have audited, 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 general and fiduciary funds of Town of North Hempstead Solid Waste Management Authority (the "Authority), a blended component unit of the Town of North Hempstead, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 29, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

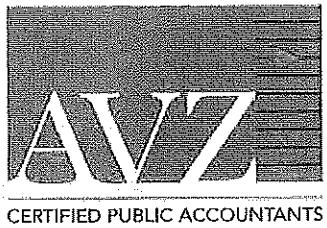
As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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

Albrecht, Viggiano, Zureck & Company, P.C.

Hauppauge, New York
June 29, 2016



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH AUTHORITY INVESTMENT POLICY

Board of Commissioners
Town of North Hempstead Solid Waste
Management Authority
Port Washington, New York

We have examined the Town of North Hempstead Solid Waste Management Authority's (the "Authority"), a blended component unit of the Town of North Hempstead, New York, compliance with the Authority's investment policy during the period January 1, 2015 through December 31, 2015. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements during the period January 1, 2015 through December 31, 2015.

This report is intended solely for the information and use of the Board of Commissioners, management of the Authority, Authority Budget Office, and the New York State Comptroller's Office and is not intended to be and should not be used by anyone other than these specified parties.

Albrecht, Viggiano, Zureck & Company, P.C

Hauppauge, New York
June 29, 2016

PERSONAL SERVICE. TRUSTED ADVICE.

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

245 PARK AVENUE, 39TH FLOOR
NEW YORK, NY 10167
T: 212.792.4075

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

www.avz.com
INDEPENDENT MEMBER OF BKR INTERNATIONAL