



# 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, 2011

**TOWN OF NORTH HEMPSTEAD  
NEW YORK**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2011**

Prepared by the Office of the Town Comptroller  
Kathleen H. Mitterway, Comptroller

**TOWN OF NORTH HEMPSTEAD**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2011**  
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**INTRODUCTORY  
SECTION**

*Supervisor*  
JON KAIMAN

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

*Town Clerk*  
LESLIE GROSS

*Receiver of Taxes*  
CHARLES BERMAN

## TOWN OF NORTH HEMPSTEAD OFFICE OF THE SUPERVISOR

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



*Supervisor*  
JON KAIMAN

June 29, 2012

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, 2011. The financial statements have been audited by the accounting firm selected by the Town Board, Albrecht, Viggiano, Zureck & Company, P.C. The auditors' unqualified opinion is included in this report.

The Town received its first Certificate of Achievement for Excellence in Financial Reporting for the Government Finance Officers Association (GFOA) for the December 31, 2010 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, 2011 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,



Jon Kaiman  
Town Supervisor

*Supervisor*  
JON KAIMAN

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

*Town Clerk*  
LESLIE GROSS

*Receiver of Taxes*  
CHARLES BERMAN

**TOWN OF NORTH HEMPSTEAD  
OFFICE OF THE  
COMPTROLLER**

**TOWN HALL  
220 PLANDOME ROAD  
MANHASSET, NY 11030  
(516) 869-7740  
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*Comptroller*  
KATHLEEN H. MITTERWAY

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

June 29, 2012

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, 2011, prepared by the Office of the Comptroller, is submitted herewith.

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

Albrecht, Viggiano, Zureck & Co. P.C., Certified Public Accountants, have issued an unqualified auditors' report dated June 29, 2012, for the Town and its discretely presented component units as of December 31, 2011, and the year then ended. Their report may be found at the beginning of the Financial Section.

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

**Profile of the Government**

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

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

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

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

North Hempstead includes all of Manhasset Bay and portions of both Little Neck Bay and Hempstead Harbor. The Town has two beaches, one within Manhasset Bay and one within Hempstead Harbor. Manhasset Bay in Port Washington is also the location of the Town Dock, which hosts a public mooring field, a kayak launch and docking facilities, and also serves as a fishing spot and the starting point for a harborside trail. The Town also maintains additional boat launching sites on both 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 also has an indoor pool and outdoor athletic stadium at the newly 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 and as of January 1, 2006, they are elected to four-year terms. The terms are staggered so that every two years, three council members run for election. There is no limitation to the number of terms that may be served by members of the Town Board. The Supervisor is elected at large while council members are elected through council districts. The Town Clerk and Receiver of Taxes are elected for four-year terms.

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

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

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

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

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

### **Local Economy**

In 2010, North Hempstead was ranked #12 in CNN Money Magazine's "Top-Earning Towns in America". In 2009, North Hempstead was ranked #2 in CNN Money Magazine's "Best Places to Live for a Healthy Retirement" and 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.

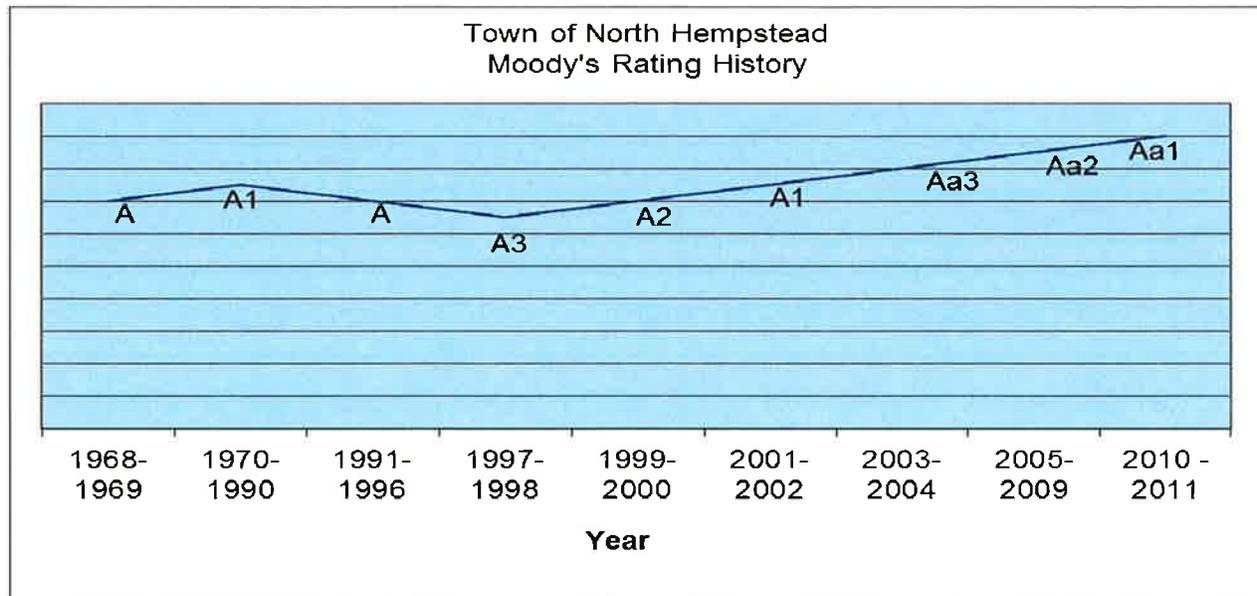
The Town's award-winning hospitals and other medical providers offer an employment base for a largely highly educated and affluent population. These facilities not only employ thousands of local residents, across a wide spectrum of occupations, but also bring thousands of patients and their families 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.

## Long-Term Financial Planning

The Town's Aa1 rating from Moody's compares favorably to New York City's Aa2. 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 granularity detail permits Town government to plan in reasonable detail and budget or borrow, as appropriate.

## Relevant Financial Policies

The annual budgetary process contributes to prudent fiscal planning, by using conservative revenue and expenditure forecasting in the preparation of Town budgets. In addition, none of the Town's major funds utilizes appropriated fund balance to balance annual operating budgets.

## Major Initiatives

In 2011, the Town's 311 constituent response system, recorded more than 181,000 resident calls to the North Hempstead 311 Call Center. During the week that Hurricane Irene hit and the following week, the 311 Call Center shifted to a 24-hour operation and answered 18,278 calls. The 311 constituent response system permits our residents to make one call to Town Hall and get all the information that they need to resolve any Town related problem that they have. The Town was the first suburban community in the USA to install a 311 system, and plans further expansion of the service in the years ahead. Each call is logged, tracked to resolution and documented.

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 service system work together to take in our residents' questions and service requests, provide 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 2011, 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 four years ago, over 34,000 students in nine of North Hempstead's 11 school districts have recycled an average of 1,000 tons of paper, 200 tons of comingled recyclables (plastic, aluminum, and glass) and collected an estimated 80 tons of electronic waste. The increase in recycling rates will help offset the Town's costs, but the real winner is the environment. In 2009, the Town received the New York State Environmental Excellence Award for this program and received an A+ by the Citizens Campaign for the Environment for their recycling efforts. In 2011, the Town's e-Waste collection gathered almost 130 tons of unwanted electronics.

Partnering with the Nassau County Police Department and the schools and local pharmacies, North Hempstead hosted the County's first Pharmaceutical Collection Program in October 2010. To date, the program has collected more than 4,000 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. The U.S. Environmental Protection Agency ("EPA") reported that, in addition to steroids and antibiotics, more than one hundred pharmaceuticals and personal care products have been identified in drinking water across the country. In 2011, the Town was presented the U.S. Environmental Protection Agency 2011 Environmental Quality Award for its Pharmaceutical Collection Program. The EPA cited the Town for its "outstanding commitment to protecting and enhancing environmental quality and public health."

Long Island's first Composting Cooperative program began in April 2010. Participating residents are given a composter for a nominal fee as well as a free instructional demonstration on proper composting techniques. The Town distributed 735 composters to its residents in 2011. In addition, the Town initiated two programs to enhance recycling of yard waste and paper by offering residents two new receptacles. Residents are now able to purchase paper compostable leaf bags eliminating the use of thousands of plastic bags from the waste stream. Residents can also purchase an easy to use bin for paper recycling which helps the Town collect more paper increasing the Town's recycling rate and eliminating the use of plastic bags.

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 60 municipal entities, including incorporated villages, as well as, 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 five 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 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. 2011 saw the newly remodeled Aquatic Activity Center in New Hyde Park return to regular service. The indoor pool contains a water slide, zero-entry area, five water features for family fun, a lap-lane area for traditional swimming, a pool-level party room, and a completely remodeled gym. Additionally, memberships have more than doubled in 2011, from pre-renovation levels.

The newly re-opened Manorhaven Park and Pool Complex in Port Washington has become even more popular, with memberships soaring 347% from 2010. Manorhaven recorded more than 30,000 individual visits during the summer of 2011, a new record. The pool features two water slides, a kiddie pool, and an expanded pool deck with a resort-like feel. The park also includes a playground, resurfaced tennis courts, and a skate spot which we expect will become one of the park's most popular new features.

In the Fall of 2012, the Town expects to open the new platinum Leadership in Energy and Environmental Design (LEED) certified North Hempstead Community Center in New Cassel, with solar walls, 60 geothermal wells, reusable grey water and many other green components. The community center will house 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.

In 2011, the Town, in connection with the Great Neck Arts Center, sponsored the inaugural Gold Coast Film Festival, which featured 45 feature length films and 20 short films and showcased the Town and the "North Shore, the Gold Coast of Long Island", its great homes, colleges, and cultural centers. Approximately 17,000 to 20,000 people came out for the films, which included "Chasing Madoff," a documentary about a whistle-blower's 10-year battle to expose the Ponzi scam, and the French film "My Afternoons with Marguerite," in its U.S. premiere.

In addition, the Town hosted Kid Stock, an open-air family music festival, featuring an entertaining blend of folk, "kid hop" and "kindie rock" that parents and their children enjoyed together.

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.

### **Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its CAFR for the year ended December 31, 2010. This was the first year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, the Town had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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, •



Kathleen H. Mitterway  
Town of North Hempstead  
Comptroller

**TOWN OF NORTH HEMPSTEAD**  
PRINCIPAL OFFICIALS  
December 31, 2011

**ELECTED OFFICIALS**

**TOWN BOARD:**

SUPERVISOR	JON KAIMAN
DISTRICT 1 - COUNCILWOMAN	VIVIANA RUSSELL
DISTRICT 2 - COUNCILMAN	THOMAS K. DWYER
DISTRCT 3 - COUNCILMAN	ANGELO P. FERRARA
DISTRICT 4 - COUNCILWOMAN	MARIA - CHRISTINA POONS until 12/31/2011
DISTRICT 4 - COUNCILWOMAN	ANNA M. KAPLAN effective 1/1/2012
DISTRICT 5 - COUNCILWOMAN	LEE R. SEEMAN
DISTRICT 6 - COUNCILMAN	FRED L. POLLACK until 12/31/2011
DISTRCT 6 - COUNCILWOMAN	DINA M. DeGIORGIO effective 1/1/2012

**TOWN CLERK:**

LESLIE GROSS

**RECEIVER OF TAXES:**

CHARLES BERMAN

**APPOINTED OFFICIALS**

**COMMISSIONER OF ADMINISTRATIVE SERVICES:**

PETER M. HODA

**COMMISSIONER OF BUILDINGS:**

KEVIN M. CRONIN

**COMMISSIONER OF COMMUNITY SERVICES:**

KIMBERLY A. CORCORAN - GALANTE

**COMMISSIONER OF FINANCE:**

JO-ANNE TAORMINA

**COMMISSIONER OF INFORMATION TECHNOLOGY:**

FRANK PRISCIANDARO

**COMMISSIONER OF PARKS & RECREATION:**

DONALD ZAUNER until 9/16/11

**COMMISSIONER OF PARKS & RECREATION:**

JENNIFER FAVA effective 3/12/2012

**COMMISSIONER OF PLANNING:**

MICHAEL A. LEVINE

**COMMISSIONER OF PUBLIC SAFETY:**

ANDREW DeMARTIN

**COMMISSIONER OF PUBLIC WORKS:**

PAUL DIMARIA

**COMMISSIONER OF SERVICES FOR THE AGING:**

EVELYN ROTH until 2/3/12

**COMPTROLLER:**

KATHLEEN H. MITTERWAY

**DEPUTY SUPERVISOR:**

CHRISTOPHER G. SENIOR

**EXECUTIVE DIRECTOR OF SOLID WASTE MANAGEMENT:**

IGOR SIKIRIC

**SUPERINTENDENT OF HIGHWAYS:**

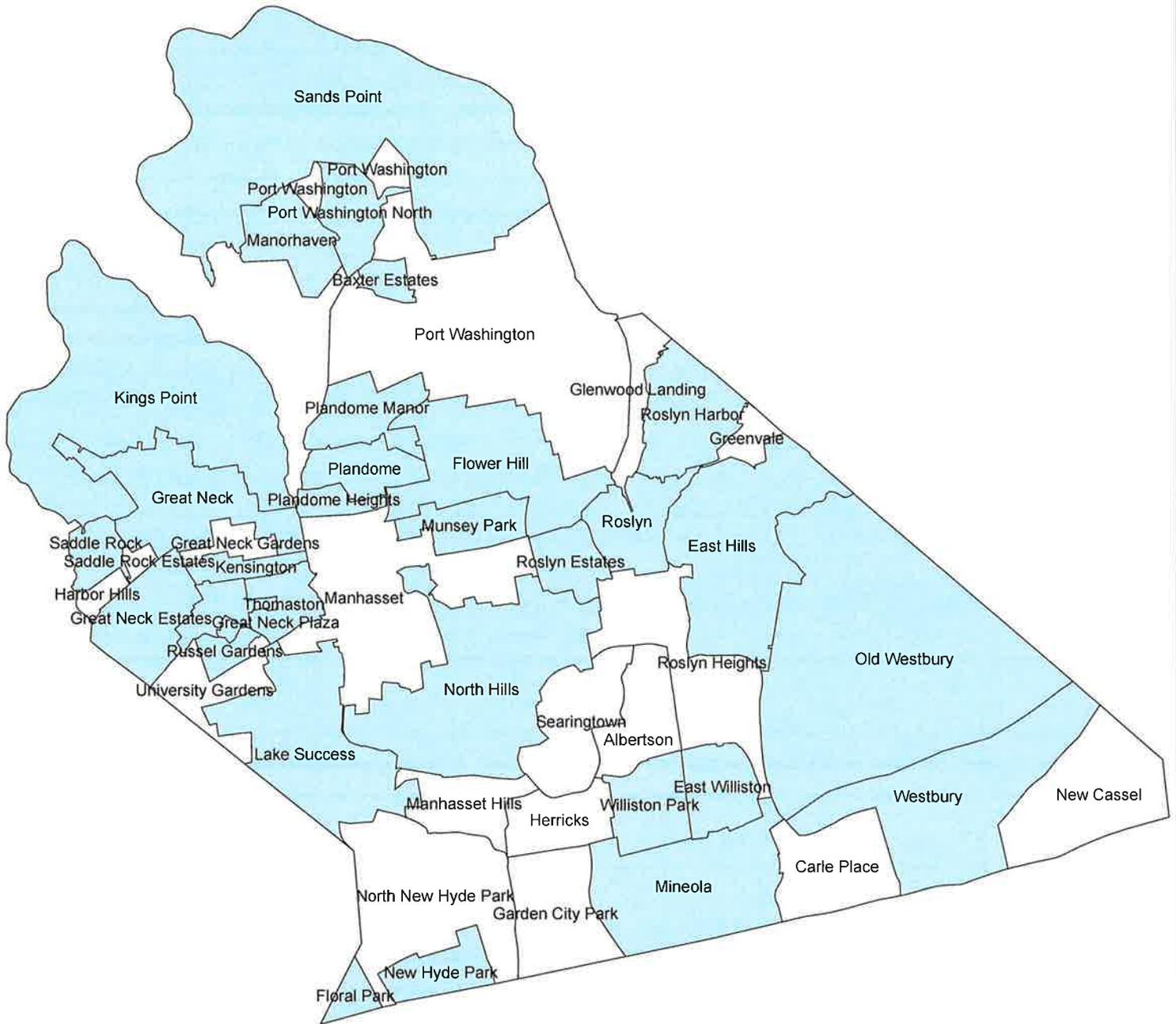
THOMAS P. TIERNAN

**TOWN ATTORNEY:**

RICHARD S. FINKEL



# TOWN OF NORTH HEMPSTEAD



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Town of North Hempstead  
New York**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2010

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



*Linda C. Danison*

President

*Jeffrey R. Emor*

Executive Director

**FINANCIAL  
SECTION**



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of North Hempstead, New York, as of and for the year ended December 31, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 twenty-one component units, which represent 95.3%, 94.9% and 94.9%, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion, insofar as it relates to the amounts included for those eighteen component units, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The financial statements of three of the twenty-one component units have been 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of North Hempstead, New York, as of December 31, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1.H to the basic financial statements, the Town adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *"Fund Balance Reporting and Governmental Fund Type Definitions"* as of and for the year ended December 31, 2011.

PERSONAL SERVICE. TRUSTED ADVICE. 

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

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NEW YORK, NY 10167

25 SUFFOLK COURT  
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In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2012, on our consideration of the Town of North Hempstead, State of 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 controls 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, scheduling of funding progress for the retiree medical program 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 and the other auditors 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 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of North Hempstead, New York's basic financial statements as a whole. 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the basic financial statements taken 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.

*Albrecht, Viggiano, Zurek & Co. P.C.*

Hauppauge, New York  
June 29, 2012

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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

**TOWN OF NORTH HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 December 31, 2011

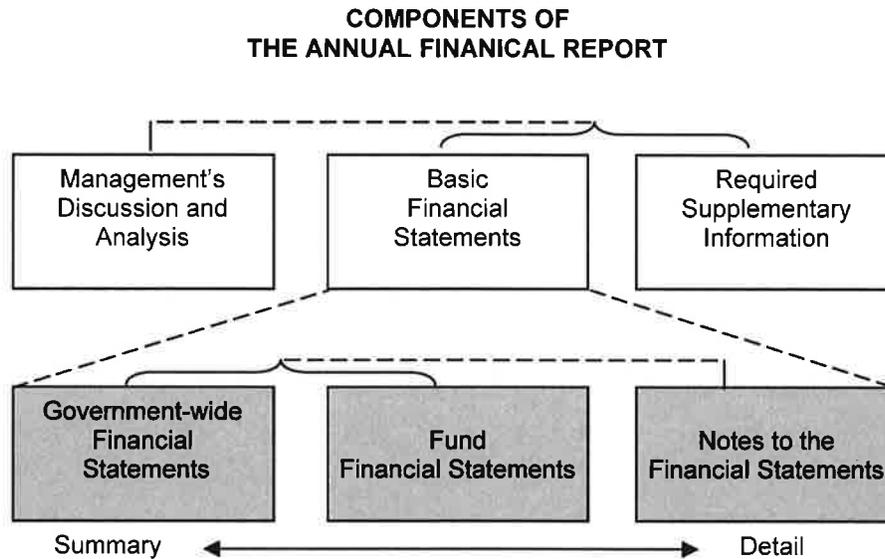
As management of the Town of North Hempstead (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial statements of the Town for the year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letters of transmittal, which can be found in the introductory section of this comprehensive annual financial report (CAFR).

**FINANCIAL HIGHLIGHTS**

- The assets of the Town exceeded its liabilities at the close of 2011 by \$166,770,871 (net assets).
- The Town's total net assets decreased by \$1,850,400.
- As of the close of 2011, the Town's governmental funds reported combined ending fund deficits of \$27,035,594. Of this amount, \$8,370,698 is not in spendable form or is required to remain intact. The remaining \$19,639,781, exclusive of the Capital Projects deficit of \$55,046,073, represents total fund balances in spendable form with various levels of spending constraint: restricted, assigned, or unassigned making them available for spending at the Town's discretion (in compliance with *Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions* see Note 3.H).
- At the end of 2011, the Town's total fund balance for the General Fund was \$9,158,887, a decrease of 25.6 percent from the prior year. The assigned and unassigned (GASB Statement No. 54) fund balance for the General Fund was \$4,481,027, or 7.2 percent of total General Fund expenditures and other uses.
- The Town's total long-term outstanding debt was \$140,025,587, a decrease of 11.1% 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, 2011

**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 Assets presents financial information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. This combines and consolidates the Town's current financial resources with capital assets and long-term obligations. The purpose of this statement is to give the reader an understanding of the Town's total net worth. Over time, increases or decreases in the Town's net assets are 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 assets 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 assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods. This method is known as the accrual basis of accounting and is different from the modified accrual basis of accounting used in the Town's fund financial statements.

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

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**Governmental Activities**

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

**Component Units**

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

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

**Fund Financial Statements**

The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as an accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restriction or limitations. The Town, like other governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

**TOWN OF NORTH HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2011

**OVERVIEW OF FINANCIAL STATEMENTS** (continued)

**Fund Financial Statements** (continued)

Governmental Funds

The Town's activities are reported in governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government'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 five (5) major funds. The General Fund, Highway Fund, Solid Waste Management Fund, Debt Service Fund and Capital Projects Fund are reported as major funds. Data from the eight (8) 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 in this report.

The Town adopts an annual appropriated budget for its General and Special Revenue Funds, except for the Capital Projects Fund and Debt Service Fund. Budgetary comparison schedules for the General Fund, Highway Fund and Solid Waste Management 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".

Fiduciary Funds

All of the Town's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. 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.

**Notes to the Financial Statements**

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

**Other Information**

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

**TOWN OF NORTH HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2011

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$166,770,871 at the close of the most recent year.

Our analysis below focuses on the net assets and changes in net assets of the Town's governmental activities.

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

	2011	2010
<b>Assets</b>		
Current assets	\$ 77,570,985	\$ 84,025,481
Capital assets	396,299,220	374,364,257
Other non-current assets	8,309,788	8,981,474
Total assets	482,179,993	467,371,212
<b>Liabilities</b>		
Current and other liabilities	126,079,225	102,882,844
Long-term liabilities	189,329,897	195,867,097
Total liabilities	315,409,122	298,749,941
<b>Net assets</b>		
Invested in capital assets, net of related debt	223,505,633	217,695,935
Restricted	6,183,772	5,557,086
Unrestricted	(62,918,534)	(54,631,750)
Total net assets	\$ 166,770,871	\$ 168,621,271

Total assets of the Town as of December 31, 2011 were \$482,179,993, an increase of \$14,808,781. Total liabilities as of December 31, 2011 were \$315,409,122, an increase of \$16,659,181. This resulted in a net asset balance of \$166,770,871 for 2011, a decrease of \$1,850,400. Of the Town's net asset balance, \$223,505,633 was invested in capital assets, net of related debt, while \$6,183,772 was restricted by statute or other specific purpose leaving a \$62,918,534 unrestricted deficit. Continued recognition of Governmental Accounting Standards Board Statement (GASB) No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (OPEB) will result in decreases in net assets in future years. Additional information on Postemployment Benefits Healthcare Costs can be found in Note 3.F to the financial statements.

By far the largest portion of the Town's net assets, \$223,505,633, reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, intangibles and infrastructure); less any related debt used to acquire those assets that is still outstanding. 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 assets does not necessarily indicate fiscal stress. At the end of the current year, the Town reported a positive balance in the categories of invested in capital assets, net of related debt and restricted net assets. The same situation held true for the prior year. The deficit balance of unrestricted net assets arose primarily due to long-term liabilities, which include postemployment benefits healthcare costs, compensated absences, claims and judgments, due to the employees retirement system and landfill closure and postclosure care costs, that will be funded through future budgetary appropriations when they become payable in future periods.

**TOWN OF NORTH HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2011

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

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

	<u>2011</u>	<u>2010</u>
<b>Program Revenues</b>		
Charges for services	\$ 32,476,862	\$ 30,586,280
Operating grants and contributions	1,293,242	3,688,338
Capital grants and contributions	2,498,242	123,470,791
	<u>36,268,346</u>	<u>157,745,409</u>
<b>General Revenues</b>		
Real property taxes	65,134,391	63,816,162
Real property tax items	1,986,292	1,808,357
Non-property tax items	12,029,189	11,272,681
Interest earnings - unrestricted	1,466,528	1,328,722
Mortgage tax	5,752,767	5,863,439
State aid - unrestricted	1,065,026	1,044,454
Other	3,178,465	1,775,865
	<u>90,612,658</u>	<u>86,909,680</u>
<b>Total Revenues</b>	<u>126,881,004</u>	<u>244,655,089</u>
<b>Program Expenses</b>		
General government support	27,001,662	25,899,656
Education	600,000	601,906
Public safety	11,813,435	10,541,116
Health	393,024	311,324
Transportation	26,314,860	23,896,533
Economic assistance and opportunity	3,519,550	2,931,069
Culture and recreation	26,220,885	24,971,385
Home and community services	26,003,597	26,943,688
Interest on debt	6,864,391	7,050,021
	<u>128,731,404</u>	<u>123,146,698</u>
<b>Total Expenses</b>	<u>128,731,404</u>	<u>123,146,698</u>
<b>Change in Net Assets</b>	<u>(1,850,400)</u>	<u>121,508,391</u>
<b>Net Assets - Beginning</b>	<u>168,621,271</u>	<u>47,112,880</u>
<b>Net Assets - Ending</b>	<u>\$ 166,770,871</u>	<u>\$ 168,621,271</u>

Net assets, from all governmental activities, decreased by \$1,850,400 in the current year.

Key element(s) of the governmental activities are:

- The \$121,477,063 decrease in program revenues was mainly due to a non-recurring capital land donation by Nassau County valued at \$114,400,740 and an approximate \$4,200,000 decrease in AARA funds for the Prospect Avenue project finished in 2011. Charges for services increased \$1,890,582 and operating grants and contributions decreased \$2,395,096.
- Real property taxes increased by \$1,318,229 as a result of the Town Board approved budget. Sales tax and franchise fees increased by \$673,013, and \$83,495, respectively while mortgage tax declined by \$110,672 based on consumer spending and housing market conditions.
- Other revenues increased \$1,402,600, mainly related to the \$1,275,000 land sale in 2011.
- Overall expenses increased by \$5,584,706. The \$1,102,006 increase in general government support mostly related to increases in employees benefit expenses of \$891,671 and additional Part-Town professional services expenses of \$169,965 for the Brownfields projects. The \$1,272,319 increase in public safety spending resulted from increased full and part-time salaries for the animal shelter and harbor patrol of \$346,219 plus benefits, increased employees in code enforcement of approximately \$267,000 plus benefits and increases in fire protection contracts of \$229,727. Transportation increased \$2,418,327, mainly due to additional expenses of \$1,404,548 in personnel and equipment costs associated with Hurricane Irene and \$983,498 in employee benefit costs. The \$588,481 increase in economic assistance and opportunity was primarily due to increases of \$861,963 for employee benefits offset by decreases in expenses for various senior programs in the General Fund. Home and community services was down \$940,091 from 2010 due SWMA's decreased landfill costs of \$675,891, and a \$160,392 decrease in employee benefit costs.

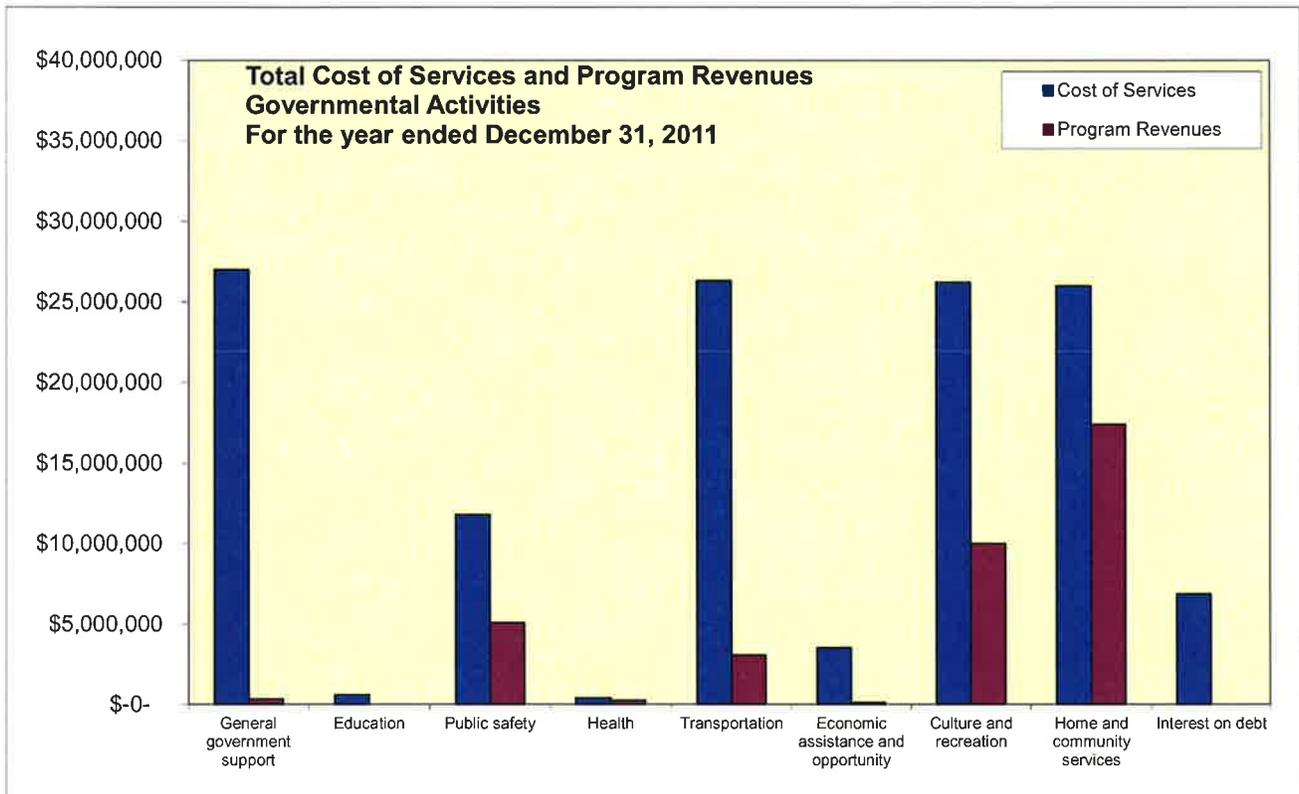
**TOWN OF NORTH HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 December 31, 2011

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

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

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

	Total Cost of Services		Program Revenues		Net Cost of Services	
	2011	2010	2011	2010	2011	2010
General government support	\$ 27,001,662	\$ 25,899,656	\$ 340,140	\$ 5,630,383	\$ 26,661,522	\$ 20,269,273
Education	600,000	601,906			600,000	601,906
Public safety	11,813,435	10,541,116	5,088,494	4,472,019	6,724,941	6,069,097
Health	393,024	311,324	242,072	241,740	150,952	69,584
Transportation	26,314,860	23,896,533	3,066,054	2,073,777	23,248,806	21,822,756
Economic assistance and opportunity	3,519,550	2,931,069	113,732	2,532,643	3,405,818	398,426
Culture and recreation	26,220,865	24,971,385	10,000,542	126,877,251	16,220,343	(101,905,866)
Home and community services	26,003,597	26,943,688	17,417,312	15,917,596	8,586,285	11,026,092
Interest on debt	6,864,391	7,050,021			6,864,391	7,050,021
	<u>\$ 128,731,404</u>	<u>\$ 123,146,698</u>	<u>\$ 36,268,346</u>	<u>\$ 157,745,409</u>	<u>\$ 92,463,058</u>	<u>\$ (34,598,711)</u>

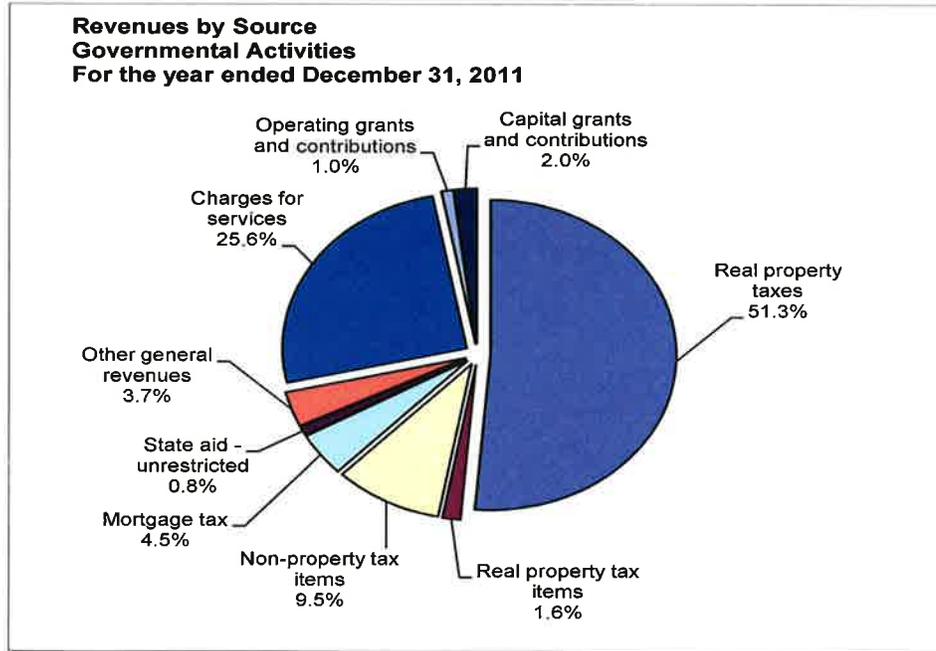


The total cost of all governmental activities this year was \$128,731,404. The net cost of these services after being subsidized by program revenues of \$36,268,346 was \$92,463,058.

**TOWN OF NORTH HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 December 31, 2011

**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,

	2011	2010
Real property taxes	\$ 65,134,391	\$ 63,816,162
Real property tax items	1,986,292	1,808,357
Non-property tax items	12,029,189	11,272,681
Mortgage tax	5,752,767	5,863,439
State aid - unrestricted	1,065,026	1,044,454
Other general revenues	4,644,993	3,104,587
Charges for services	32,476,862	30,586,280
Operating grants and contributions	1,293,242	3,688,338
Capital grants and contributions	2,498,242	123,470,791
	\$ 126,881,004	\$ 244,655,089

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

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.

**TOWN OF NORTH HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2011

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (continued)**

Governmental Funds (continued)

The Town has implemented Governmental Accounting standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. As a result of this implementation, the fund balance section of the balance sheets of the governmental funds has been modified. The change has been made in order for the Town's new fund balance components to focus on "the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent". Previously, the fund balance section focused on whether these resources were available for appropriation. It also distinguished the unreserved fund balance from the reserved fund balance. In order to show compliance with GASB Statement No. 54, however, the components of the new fund balance include the following line items:

- **Nonspendable fund balance** – \$8,370,698 (inherently nonspendable) includes the portion of net resources that cannot be spent because they must be maintained intact.
- **Restricted fund balance** – \$6,183,772 (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** – \$16,051,109 (limitation resulting from intended use) consists of amounts where the intended use is established by the highest level of decision making.
- **Unassigned fund balance** – (\$57,641,173) (residual net resources) is the total fund balance in the General Fund in excess of nonspendable and assigned fund balance, of \$510,271, and the negative \$2,344,349 in the Solid Waste Management, \$55,046,073 in Capital Projects and \$761,022 in other governmental funds in excess of nonspendable, restricted and assigned fund balances.

The implementation of these new components is intended to increase clarity and help service the need of the financial statement users. See Note 3.H for more information.

At December 31, 2011, the Town's governmental funds reported negative total ending fund balances of \$27,035,594, a decrease of \$30,883,395 in comparison with the prior year. The governmental funds reported fund balances, exclusive of the Capital Projects Fund, of \$28,010,479. This change in total governmental fund balances was due principally to the following decrease in the Capital Projects Fund as explained under "Capital Projects Fund".

The Town began the year with an anticipated \$490,715 decrease resulting from the appropriation of fund balance for the 2011 budget. Other changes in total governmental fund balances were primarily due to:

- In 2011 the Capital Projects Fund's fund balance decreased by \$29,428,555, 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 rectified upon the receipt of expected grant funding and the issuance of long term debt.
- The General Fund, Highway Fund and Debt Service Fund had decreases in fund balance of \$3,152,386, \$575,845 and \$165,210 respectively.
- There were increases in SWMA and Other Governmental Funds fund balances totaling \$2,438,601.

These items are discussed in greater detail in the individual fund analyses that follow.

**TOWN OF NORTH HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2011

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS** (continued)

Governmental Funds (continued)

**General Fund**

The General Fund is the chief operating fund of the Town. At the end of the current year, the total fund balance of the General Fund was \$9,158,887, decreasing \$3,152,386 or 25.6%. Of this amount, \$4,677,860 is not in spendable form (noncurrent receivable, inventory and prepaids). The remaining \$4,481,027 of the fund balance is in spendable form as follows: \$3,970,756 has been assigned by the Town Board (\$274,333 for capital projects, \$703,098 for workers' compensation, \$355,793 for insurance, \$495,361 for torts claims, and \$2,142,171 for the senior center) and the remaining \$510,271 represents spendable, unassigned fund balance.

The major components of the fund balance decrease of \$3,152,386 were:

- \$2,470,654 in subsidy transfers to SWMA in accordance with the agreement between the Town and SWMA and \$100,000 in green fees transfers to a Harbor Links capital project.
- An additional \$350,203 in debt principal payments; \$743,488 in parks payroll and other expenses due to unanticipated staffing requirements and operational costs for the re-opened pool facilities at Tully and Manorhaven Parks and Hurricane Irene clean-up costs, and \$141,419 in unanticipated professional services expenses.
- Actual revenues and other financing sources exceeding budget by \$506,101, which was mainly associated with additional sales tax revenue and increased interest and penalties on property tax payments.

**Highway Fund**

At the end of the current year, the total fund balance of the Highway Fund was \$2,347,508, decreasing \$575,845, or 19.7%, from the prior year. Of this amount, \$749,328 is not in spendable form (inventory and prepaids). The remaining \$1,598,180 of the fund balance is in spendable form as follows; \$150,000 assigned by the Town Board for capital projects and the remaining \$1,448,180 is assigned for highway purposes.

The main reasons for the fund balance decrease of \$575,845 were:

Actual revenues and transfers in exceeding budget by \$92,883, which was associated with additional PILOT's and rental revenues received.

- Actual expenditures and other financing uses exceeding budget by \$668,728, of which \$500,000 was appropriated through the use of fund balance. The overage was due to additional expenditures for the Hurricane Irene cleanup.

**Solid Waste Management Authority**

At the end of the current year, the total fund balance of the Solid Waste Management Authority was \$6,508, increasing \$299,600 or 102.2%, from the prior year. Of this amount, \$72,862 is not in spendable form (prepaids) and \$2,277,995 is restricted for debt service. The remaining \$2,344,349 of fund balance is the unassigned deficit.

The main reasons for the fund balance increase of \$299,600 were:

- Revenues for solid waste disposal fell short of budgeted amounts by \$3,256,345 due to less than expected volume.
- Transfers in exceeded budget by \$403,650 due to an unanticipated transfer from the Debt Service Reserve Fund.
- Expenditures came in under budget by \$3,111,437, of which \$2,966,334 is directly related to the decrease in the transfer station revenues.

**TOWN OF NORTH HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2011

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (continued)**

**Capital Projects Fund**

At the end of the current year, the Capital Projects Fund had a total unassigned fund balance deficit of \$55,046,073. The deficit will be eliminated with the issuance of long-term bonds in subsequent periods.

The fund balance decreased in the Capital Projects Fund by \$29,428,555 during the current year. This was primarily due to:

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

**Nonmajor Governmental Funds**

The net change in fund balances was an increase of \$2,139,001. The primary factors were the increase in the Part-Town fund balances of \$2,109,082, due to increases in revenue for building permits, while the other seven nonmajor funds had no material overall change in fund balance.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The differences between the 2011 original budget and the final amended budget are adopted by Town Board resolution throughout the year. During the year there was a \$472,515 (0.8%) increase in the appropriations and other uses between the original and final amended budget. There are no variances that are expected to have a significant effect on future services or liquidity. Please see the "General Fund" section for more details on the comparison of final budgets and actual amounts. The following are the main components of the increase in appropriations:

- Over the course of the year the Town Board revises the budget as needed so that expenditures do not exceed appropriations.
- The Town Board appropriated \$113,041 in fund balance for the payment of litigation settlements and \$255,000 for the payment of professional services.
- The budget was revised as a result of \$100,696 in additional special recreational facility revenue, gifts and donations, and state aid.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Town's investment in capital assets for its governmental type activities as of December 31, 2011 amounts to \$396,299,220 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, building, improvement, machinery and equipment, roads, curb and sidewalks, drainage, street lighting and intangibles.

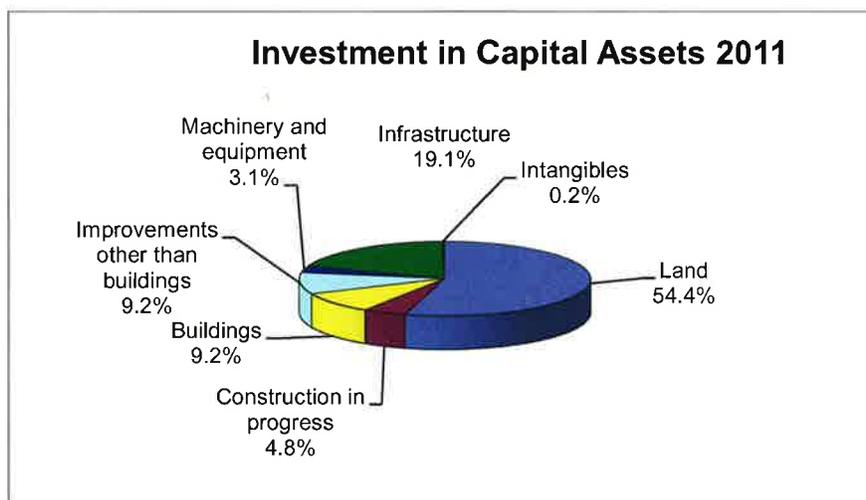
Capital Assets - Net of Depreciation  
as of December 31,

	Governmental Activities	
	2011	2010
Land	\$ 215,371,102	\$ 213,608,533
Construction in progress	19,122,707	16,075,166
Buildings	36,390,799	37,563,227
Improvements other than buildings	36,639,086	36,265,118
Machinery and equipment	12,142,513	10,270,777
Infrastructure	75,674,336	59,500,742
Intangibles	958,677	1,080,694
<b>Total Capital Assets</b>	<b>\$ 396,299,220</b>	<b>\$ 374,364,257</b>

**TOWN OF NORTH HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 December 31, 2011

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

**Capital Assets** (continued)



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

The Town has five-year capital improvement plans for the General Fund and Highway Fund. The five-year plans allow for the continued improvements to infrastructure, buildings and equipment while remaining consistent with the parameters established in the Town's Debt Management Plan. The Debt Management Plan, adopted in 2000, as amended through 2011, 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 \$140,025,587. General obligation bonds are shown net of premiums.

	Governmental Activities	
	2011	2010
General obligation bonds	\$ 131,145,587	\$ 146,514,740
Revenue bonds	8,880,000	11,035,000
<b>Total</b>	<b>\$ 140,025,587</b>	<b>\$ 157,549,740</b>

In 2011 the Town of North Hempstead's total debt decreased by \$17,524,153 or 11.1%.

In 2011, Moody's Investment Services reaffirmed the Town of North Hempstead's credit rating at "Aa1". The rating is the highest in the Town's history.

Additionally at December 31, 2011 the Town had outstanding short-term bond anticipation notes and revenue anticipation notes of \$82,827,234 and \$9,150,000 respectively, with maturity dates in 2012.

**TOWN OF NORTH HEMPSTEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2011

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

**Long-Term Debt (continued)**

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 \$4,285,936,776, which is significantly in excess of the Town of North Hempstead's outstanding general obligation debt.

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 2012 that allows for inflation and other adjustments to revenues and expenditures. The 2012 General Fund budget includes a real property tax increase of approximately 10.5% over 2011.

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. The Town Board, by supermajority vote, approved the annual budget as well as the property tax levy to be assessed for the 2012 year.

State Aid and Local Assistance

The Town receives financial assistance from New York State and Nassau County. The 2012 budget includes financial assistance, i.e. mortgage tax state aid of \$6,080,025; per capita state aid of \$1,003,094 and county local government assistance of \$10,063,197. 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.

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the Town's finances, and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact 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 ASSETS**  
December 31, 2011

	Primary Governmental Activities	Component Units
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and investments	\$ 53,566,698	\$ 65,104,356
Cash - restricted	4,285,548	
Accounts receivable, net of allowances	4,015,917	5,947,267
Prepays	888,473	1,923,124
State and federal aid receivables	2,186,607	
Due from other governments	11,826,029	5,826,598
Inventory of materials and supplies	801,713	481,843
Total Current Assets	77,570,985	79,283,188
<b>Non-Current Assets:</b>		
Notes receivable	2,640,000	
Deferred charges, net of accumulated amortization	5,669,788	143,183
Non-depreciable capital assets	234,493,809	65,729,397
Depreciable capital assets, net of depreciation	161,805,411	132,109,136
Total Non-Current Assets	404,609,008	197,981,716
<b>Total Assets</b>	482,179,993	277,264,904
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	10,688,698	9,468,361
Accrued interest payable	2,277,587	947,766
Bond anticipation notes payable	82,827,234	38,581,579
Revenue anticipation notes payable	9,150,000	
Due to other governments	53,051	20,791
Unearned revenue/deferred revenues	1,800,000	1,700,282
Other liabilities		139,366
<b>Non-Current Liabilities due within one year:</b>		
General obligation bonds payable	15,046,062	6,901,266
Revenue bonds payable	2,230,000	
Due to employees' retirement system	359,514	1,611
Compensated absences	233,519	1,480,420
Claims and judgments payable	660,000	
Estimated liability for landfill closure and postclosure care costs	753,560	
Installment purchase debt		63,144
Total Current Liabilities	126,079,225	59,304,586
<b>Non-Current Liabilities due in more than one year:</b>		
General obligation bonds payable	117,668,875	77,238,183
Revenue bonds payable	6,650,000	
Due to employees' retirement system	2,094,152	16,151
Compensated absences	4,436,862	9,194,533
Claims and judgments payable	5,131,813	
Estimated liability for landfill closure and postclosure care costs	15,322,331	
Postemployment benefits healthcare costs	38,025,864	32,271,547
Installment purchase debt		936,129
Total Non-Current Liabilities	189,329,897	119,656,543
<b>Total Liabilities</b>	315,409,122	178,961,129
<b>NET ASSETS</b>		
Investment in capital assets, net of related debt	223,505,633	85,360,535
Restricted for:		
Debt service	6,183,772	15,508,053
Unrestricted	(62,918,534)	(2,564,813)
<b>Total Net Assets</b>	\$ 166,770,871	\$ 98,303,775

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, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Government Activities:				
General government support	\$ 27,001,662	\$ 322,246	\$ 17,894	
Education	600,000			
Public safety	11,813,435	5,032,348	56,146	
Health	393,024	242,072		
Transportation	26,314,860	1,173,076	965,622	\$ 927,356
Economic assistance and opportunity	3,519,550		113,732	
Culture and recreation	26,220,885	9,192,518	124,212	683,812
Home and community services	26,003,597	16,514,602	15,636	887,074
Interest on debt	6,864,391			
<b>Total Primary Government</b>	<b>\$ 128,731,404</b>	<b>\$ 32,476,862</b>	<b>\$ 1,293,242</b>	<b>\$ 2,498,242</b>
<b>Component Units</b>				
Public safety	\$ 20,568,728	\$ 2,382	\$ 81,302	
Transportation	1,663,891	599,584	9,361	
Culture and recreation	18,924,640	3,837,646		\$ 122,244
Home and community services	50,033,684	19,558,352	1,438,749	14,773
	<b>\$ 91,190,943</b>	<b>\$ 23,997,964</b>	<b>\$ 1,529,412</b>	<b>\$ 137,017</b>

**General Revenues**

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

Total General Revenues

Change in Net Assets

**Net Assets - Beginning**

**Prior Period Adjustment**

**Net Assets - Beginning of Year Restated**

**Net Assets - Ending**

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

Net (Expenses) Revenues and  
Changes in Net Assets

Primary Government	Component Units
\$ (26,661,522)	
(600,000)	
(6,724,941)	
(150,952)	
(23,248,806)	
(3,405,818)	
(16,220,343)	
(8,586,285)	
(6,864,391)	
(92,463,058)	
	\$ (20,485,044)
	(1,054,946)
	(14,964,750)
	(29,021,810)
	(65,526,550)
65,134,391	59,324,635
1,986,292	594,217
10,223,512	
1,805,677	
1,466,528	973,222
5,752,767	
	274,105
1,065,026	21,049
	13,978
3,178,465	1,349,297
90,612,658	62,550,503
(1,850,400)	(2,976,047)
168,621,271	101,420,172
	(140,350)
168,621,271	101,279,822
\$ 166,770,871	\$ 98,303,775

**TOWN OF NORTH HEMPSTEAD**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2011

	MAJOR FUNDS				
	General	Highway	Solid Waste Management	Debt Service	Capital Projects
<b>ASSETS</b>					
Cash and investments	\$ 9,142,698	\$ 1,437,282	\$ 76,500	\$ 1,910,947	\$ 28,194,939
Cash - restricted			2,277,995	2,007,553	
Accounts receivable, net of allowances	672,568	973	1,516,236		
Prepays	463,907	184,849	72,862		
Due from other funds	2,263,881	976,019	448,658	11,520	84,262
State and federal aid receivable	103,227	127,779	15,636		1,879,502
Due from other governments	8,954,329	22,169			17,163
Inventory of materials and supplies	237,234	564,479			
Total Assets	<u>\$ 21,837,844</u>	<u>\$ 3,313,550</u>	<u>\$ 4,407,887</u>	<u>\$ 3,930,020</u>	<u>\$ 30,175,866</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 2,869,674	\$ 933,996	\$ 1,361,254	\$ 24,243	\$ 4,735,414
Bond anticipation notes payable					80,115,254
Revenue anticipation note payable	9,150,000				
Due to other governments	10,939				5,245
Due to other funds	625,590	10,609	3,040,125		343,276
Deferred revenue	22,754	21,437			22,750
Total Liabilities	<u>12,678,957</u>	<u>966,042</u>	<u>4,401,379</u>	<u>24,243</u>	<u>85,221,939</u>
<b>Fund Balances (Deficits)</b>					
Nonspendable	4,677,860	749,328	72,862		
Restricted			2,277,995	3,905,777	
Assigned	3,970,756	1,598,180			
Unassigned	510,271		(2,344,349)		(55,046,073)
Total Fund Balances (Deficits)	<u>9,158,887</u>	<u>2,347,508</u>	<u>6,508</u>	<u>3,905,777</u>	<u>(55,046,073)</u>
Total Liabilities and Fund Balances	<u>\$ 21,837,844</u>	<u>\$ 3,313,550</u>	<u>\$ 4,407,887</u>	<u>\$ 3,930,020</u>	<u>\$ 30,175,866</u>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 12,804,332	\$ 53,566,698
26,140	4,285,548
166,855	2,215,917
259,593	888,473
60,463	4,043,933
2,832,368	2,186,607
	11,826,029
	801,713
<u>\$ 16,149,751</u>	<u>\$ 79,814,918</u>
\$ 764,117	\$ 10,688,698
2,711,980	82,827,234
	9,150,000
36,867	53,051
24,333	4,043,933
20,655	87,596
<u>3,557,952</u>	<u>106,850,512</u>
2,870,648	8,370,698
	6,183,772
10,482,173	16,051,109
(761,022)	(57,641,173)
<u>12,591,799</u>	<u>(27,035,594)</u>
<u>\$ 16,149,751</u>	<u>\$ 79,814,918</u>

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**TOWN OF NORTH HEMPSTEAD**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET ASSETS**  
December 31, 2011

**Total Fund Balances - Governmental Funds** \$ (27,035,594)

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

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

Capital assets - non-depreciable	\$ 234,493,809	
Capital assets - depreciable	330,062,350	
Accumulated depreciation	<u>(168,256,939)</u>	
		396,299,220

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 Assets:

General obligation bonds	(131,145,587)	
Revenue bonds	(8,880,000)	
Premiums on debt issuance	(1,569,350)	
Due to employees' retirement system	(2,453,666)	
Compensated absences	(4,670,381)	
Claims and judgments	(5,791,813)	
Estimated liability for landfill closure and postclosure care costs	(16,075,891)	
Other postemployment obligations	<u>(38,025,864)</u>	
		(208,612,552)

Deferred financing costs (net of accumulated amortization) 5,669,788

Unearned revenue/deferred revenues (1,712,404)

Accounts receivable applicable to the Town's governmental activities are not due and receivable in the current period, and accordingly, are not reported in the funds. However, these assets are included in the Statement of Net Assets. 1,800,000

Notes receivable applicable to the Town's governmental activities are not due and receivable in the current period, and accordingly, are not reported in the funds. However, these assets are included in the Statement of Net Assets. 2,640,000

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 Assets. (2,277,587)

**Net Assets of Governmental Activities** \$ 166,770,871

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, 2011

	MAJOR FUNDS				
	General	Highway	Solid Waste Management	Debt Service	Capital Projects
<b>REVENUES</b>					
Real property taxes	\$ 20,154,835	\$ 20,631,699			
Real property tax items	1,350,066	286,968			
Non-property tax items	11,879,189				
Departmental income	8,873,175		\$ 14,966,863		
Intergovernmental charges	11,845	338,364	1,025,000		
Use of money and property	127,237	83,183	26,322	\$ 916,040	
Licenses and permits	205,711	170,278			
Fines and forfeitures	50,000				
Sale of property and compensation for loss	1,304,720	12,778	458,552		
Miscellaneous revenue	544,449	766	39,190		\$ 615,974
Interfund revenues	5,930,234	1,101,924			3,505
State aid	6,904,307	610,580	15,636		259,877
Federal aid	121,426	355,042			2,203,371
	<u>57,457,194</u>	<u>23,591,582</u>	<u>16,531,563</u>	<u>916,040</u>	<u>3,082,727</u>
<b>EXPENDITURES</b>					
Current:					
General government support	12,833,657	2,232,779			
Education	600,000				
Public safety	1,076,693				
Health					
Transportation		12,102,562			
Economic assistance and opportunity	2,396,237				
Culture and recreation	15,561,243				
Home and community services	1,202,876		15,987,983		
Employee benefits	7,663,473	4,294,188	647,630		
Debt Service:					
Principal				17,524,153	
Interest				7,072,317	
Capital Outlay					33,775,975
	<u>41,334,179</u>	<u>18,629,529</u>	<u>16,635,613</u>	<u>24,596,470</u>	<u>33,775,975</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>16,123,015</u>	<u>4,962,053</u>	<u>(104,050)</u>	<u>(23,680,430)</u>	<u>(30,693,248)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	1,273,649	90,238	2,920,619	24,745,006	914,755
Transfers out	(19,411,258)	(5,352,136)	(2,516,969)	(1,229,786)	(1,110,062)
Premiums on debt issuance	46,208				
Bond anticipation notes redeemed	(1,184,000)	(276,000)			
Retirement of debt by payment made by funds					1,460,000
Total Other Financing Sources (Uses)	<u>(19,275,401)</u>	<u>(5,537,898)</u>	<u>403,650</u>	<u>23,515,220</u>	<u>1,264,693</u>
<b>Net Change in Fund Balances</b>	<u>(3,152,386)</u>	<u>(575,845)</u>	<u>299,600</u>	<u>(165,210)</u>	<u>(29,428,555)</u>
<b>Fund Balances (Deficits) at Beginning of Year</b>	<u>12,311,273</u>	<u>2,923,353</u>	<u>(293,092)</u>	<u>4,070,987</u>	<u>(25,617,518)</u>
<b>Fund Balances (Deficits) at End of Year</b>	<u>\$ 9,158,887</u>	<u>\$ 2,347,508</u>	<u>\$ 6,508</u>	<u>\$ 3,905,777</u>	<u>\$ (55,046,073)</u>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 24,347,857	\$ 65,134,391
346,730	1,983,764
150,000	12,029,189
1,825,401	25,665,439
	1,375,209
77,021	1,229,803
4,012,490	4,388,479
299,525	349,525
	1,776,050
40,618	1,240,997
52,941	7,088,604
71,311	7,861,711
26,266	2,706,105
<u>31,250,160</u>	<u>132,829,266</u>
3,819,009	18,885,445
	600,000
9,044,209	10,120,902
214,121	214,121
4,267,643	16,370,205
	2,396,237
820,220	16,381,463
8,029,409	25,220,268
2,622,938	15,228,229
	17,524,153
	7,072,317
	<u>33,775,975</u>
<u>28,817,549</u>	<u>163,789,315</u>
<u>2,432,611</u>	<u>(30,960,049)</u>
	29,944,267
(324,056)	(29,944,267)
30,446	76,654
	(1,460,000)
	1,460,000
<u>(293,610)</u>	<u>76,654</u>
2,139,001	(30,883,395)
<u>10,452,798</u>	<u>3,847,801</u>
<u>\$ 12,591,799</u>	<u>\$ (27,035,594)</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, 2011

**Net Change in Fund Balance - Total Governmental Funds** **\$ (30,883,395)**

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

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

Capital outlay	\$ 32,393,049	
Depreciation expense	<u>(10,458,086)</u>	21,934,963

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.

Deferred charges		(731,686)
------------------	--	-----------

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

Unearned revenue/deferred revenues	45,846	
Interest income	60,000	
Premiums on debt issuance	<u>300,842</u>	406,688

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 assets.

Repayment of bond principal	17,524,153	
Due to employees' retirement system	(883,949)	
Compensated absences	(514,499)	
Claims and judgments	(498,973)	
Estimated liability for landfill closure and postclosure care costs	1,119,811	
Other postemployment obligations	(9,531,439)	
Accrued interest payable	<u>207,926</u>	<u>7,423,030</u>

**Change in Net Assets of Governmental Activities** **\$ (1,850,400)**

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, 2011

		Total Agency Funds
<b>ASSETS</b>		
Cash	\$	20,134,495
<b>Total Assets</b>	<b>\$</b>	<b>20,134,495</b>
<b>LIABILITIES</b>		
Due to school districts	\$	2,618,758
Other agency liabilities		17,515,737
<b>Total Liabilities</b>	<b>\$</b>	<b>20,134,495</b>

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

**TOWN OF NORTH HEMPSTEAD**  
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December 31, 2011

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**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

**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 government'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 as set forth in GASB Statement No. 14, as amended by GASB Statement No. 39.

The decision to include a potential component unit in the Town's reporting entity is based on several criteria set forth in GASB Statement No. 14, as amended by Statement No. 39, including legal standing, dependency and financial accountability. Based on the application of these criteria, the following is a summary of certain entities considered in determining the Town's reporting entity.

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

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

Certain special districts of the Town of North Hempstead are separate legal entities and have separately elected boards of commissioners. These special districts provide water, park, water pollution control, sanitation, police, library and business services to residents and businesses within the districts. These special districts are organized under New York State Town Law. Special districts cannot issue bonded debt without the approval and the backing of the full faith and credit of the Town. Budgets and tax rates are approved by the Town. Tax levies of the special districts are collected by the Town Receiver of Taxes. As a result of this fiscal dependency, the Town is financially accountable for these special districts. Accordingly, these special districts have been determined to be component units of the Town and are presented discretely in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government. Condensed financial statements, along with the addresses of the administrative offices for these component units, are presented in Note 5.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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

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

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

**Government-wide Financial Statements**

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

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

**Fund Financial Statements**

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

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

The Town reports the following major governmental funds:

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

Highway Fund – is a Special Revenue Fund used to account for revenues and expenditures for highway purposes.

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.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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

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

**Fund Financial Statements** (continued)

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 reports the following nonmajor funds:

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. Special Revenue Funds include the following:

Town Outside Village – is used for revenues and expenditures for certain services provided to the areas of the Town located outside of Incorporated Villages.

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

Fire Protection Districts:

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

Lighting District

Park Districts:

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

Sidewalk District

Refuse and Garbage Districts:

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

Port Washington Public Parking District

Great Neck Water District

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

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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

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

**Fund Financial Statements (continued)**

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

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

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

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

**Discretely Presented Component Units**

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

Water Districts

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

Park Districts

Great Neck  
Manhasset

Greater Port Washington Business  
Improvement District

Port Washington Police District

Water Pollution Control Districts

Belgrave  
Great Neck  
Port Washington

Garbage Districts

Carle Place  
Glenwood  
Port Washington  
Roslyn

North Hempstead Community  
Development Agency

Shelter Rock Public Library 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, 2011

**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.

Revenues susceptible to accrual include Nassau County local assistance (sales tax) at year end on behalf of the Town, 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 assets and the change in net assets.

**D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY**

**1. CASH AND INVESTMENTS**

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

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

CLASS is a cooperative investment plan consisting of U.S. Treasury Obligations and repurchase agreements relating to treasury obligations. Investments are stated at cost, which approximates market. CLASS was established as a cooperative investment arrangement organized under the CLASS Municipal Cooperation Agreement made pursuant to New York General Municipal Law, Article 3A and 5-G. The Town had no investments in CLASS for 2011.

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**

Certain assets in the Solid Waste Management Authority, Debt Service Fund and Community Development Fund are classified as restricted assets because their use is restricted by law and/or contractual agreement.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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

**D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY** (continued)

**3. RECEIVABLES AND PAYABLES**

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

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

a) **Interfund Revenues**

Interfund revenues, quasi-external transactions, in the General Fund represent amounts charged for services or facilities provided by the General Fund. 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 Debt Service and Capital Projects Funds from the other funds for their appropriate share of the debt service or capital project costs.

**4. INVENTORY AND PREPAID ITEMS**

Inventory in the General and Special Revenue Funds is valued at cost, using the weighted average cost method. Inventory in these funds is accounted for under the consumption method.

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

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 net current assets.

**5. CAPITAL ASSETS**

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

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

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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

**D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY** (continued)

**5. CAPITAL ASSETS** (continued)

Infrastructure assets, consisting of certain improvements other than buildings, including roads, curbs, sidewalks, drainage systems, street lighting and park structures, are capitalized along with other capital assets.

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

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

**6. UNEARNED REVENUE/DEFERRED REVENUE**

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

**7. LONG-TERM OBLIGATIONS**

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

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

**8. NET ASSETS AND FUND EQUITY CLASSIFICATIONS**

In the government-wide financial statements, net assets are reported in three categories:

- a) Invested in capital assets, net of related debt — 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 invested in capital assets, net of related debt.
- b) Restricted net assets — Consists of net assets with constraints placed on the use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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

**D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY** (continued)

**8. NET ASSETS AND FUND EQUITY CLASSIFICATIONS** (continued)

- c) Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Definitions* (GASB 54) has been implemented. GASB 54 changed the terminology and classification of fund balance to reflect spending constraints on resources rather than availability for appropriation. The fund balance section of the governmental funds balance sheets have been modified accordingly. Not all of the Town’s funds will necessarily have all of the components of fund balance available to that fund. The implementation of these new components is intended to increase clarity and help serve the needs of the financial statements users.

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.

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

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

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

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

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

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

**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.

Property taxes receivable includes restored taxes from prior tax rolls received within 60 days of year end.

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 ten years of service with the Town and can retire. Any employee who has five years of service with the Town, has reached the age of 70, and can retire is eligible for individual benefits.

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

The Town recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the government funds in the year paid. The liability for postemployment benefits healthcare costs is recorded as a non-current liability in the government-wide statements. The current year increase in the liability is based on the most recent actuarial valuation in accordance with the parameters of GASB Statement No. 45.

**3. COMPENSATED ABSENCES**

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

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

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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

**F. ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control 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.

**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, 2011, the Town adopted:

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

**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.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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

**A. BUDGETARY INFORMATION (continued)**

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

- f) Budgets for the General and certain Special Revenue Service Funds, including the Highway Fund, the Solid Waste Management Authority, the Part-Town Fund, the Refuse and Garbage Districts, the Park Districts, the Fire Protection Districts, the Lighting District, the Public Parking District, the Sidewalk 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, by supermajority vote, approved the annual budget as well as the property tax levy to be assessed for the 2012 year.

**B. FUND EQUITY**

**DEFICIT FUND EQUITY**

The Solid Waste Management Authority deficit, in unassigned fund balance, of \$2,344,349, resulted from prior years' shortfalls in revenue as a result of the economic downturn. The Town is obligated to pay service fees to the Authority to cover the shortfalls as long as the Authority continues to provide solid waste services to the Town.

The Capital Projects Fund deficit, in unassigned fund balance, and total fund balance of \$55,046,073, 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.

The nonmajor funds reported an unassigned deficit in Refuse and Garbage of \$761,022, resulting from classifying a long-term receivable as nonspendable fund balance. This will resolve itself upon collection of the long-term receivable.

**FUND BALANCE RESERVE**

**Debt Reserve**

The Town has established Debt Reserves totaling \$6,183,772. 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.

**EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended December 31, 2011, expenditures and transfers out exceeded appropriations in the General Fund, Highway Fund, Refuse and Garbage Districts and Fire Protection Districts by \$3,286,668, \$168,728, \$19,705 and \$22,987, respectively. There is sufficient fund balance in these funds to cover the amount by which expenditures exceed appropriations.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

**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.

Governmental Accounting Standards Board Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either:

- Uncollateralized
- Collateralized 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, 2011, the Town's deposits were \$77,977,761. This amount is inclusive of Fiduciary fund deposits of \$20,134,495 and restricted cash of \$4,285,548 but exclusive of petty cash of \$8,980. The bank balance required to be collateralized was \$76,747,176. Of the bank balance, \$12,567,655 was covered by Federal Deposit Insurance, and \$66,816,267 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, 2011, the Town of North Hempstead did not have any investments subject to credit risk, interest-rate risk or concentration of credit risk.

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**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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

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

At December 31, 2011, individual fund interfund receivable and payable balances for the primary government, other than \$2,130,000 from the Solid Waste Management Authority, are expected to be paid currently. These balances represent various temporary loans, recharges and reimbursements between funds and are stated as follows:

	Amount Receivable	Amount Payable
<b>Primary Government</b>		
<u>Major Funds:</u>		
General Fund	\$ 2,263,881	\$ 625,590
Highway	976,019	10,609
Solid Waste Management Authority	448,658	3,040,125
Debt Service	11,520	
Capital Projects Fund	84,262	343,276
<u>Nonmajor Funds:</u>		
Part Town	246,472	11,521
Park Districts		3,812
Lighting District	503	500
Public Parking District	600	1,000
Sidewalk District	12,018	7,500
	\$ 4,043,933	\$ 4,043,933

At December 31, 2011, 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
<b>Primary Government</b>		
<u>Major Funds:</u>		
General Fund	\$ 1,273,649	\$ 19,411,258
Highway	90,238	5,352,136
Solid Waste Management Authority	2,920,619	2,516,969
Debt Service	24,745,006	1,229,786
Capital Projects Fund	914,755	1,110,062
<u>Nonmajor Funds:</u>		
Part Town		10,000
Park Districts		59,713
Public Parking District		161,065
Sidewalk District		93,278
	\$ 29,944,267	\$ 29,944,267

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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

**C. CAPITAL ASSETS**

	Balance 1/1/2011	Additions	Deletions	Balance 12/31/2011
<b><u>Primary government</u></b>				
Capital assets not being depreciated				
Land - other than landfills	\$ 213,608,533	\$ 1,762,569		\$ 215,371,102
Construction in progress	16,075,166	14,416,355	\$ 11,368,814	19,122,707
Total capital assets not being depreciated	<u>229,683,699</u>	<u>16,178,924</u>	<u>11,368,814</u>	<u>234,493,809</u>
Depreciable capital assets				
Buildings	56,650,183	1,017,095	1,087,377	56,579,901
Improvements other than buildings	50,005,898	2,533,236		52,539,134
Machinery and equipment	28,925,122	3,926,360	1,487,694	31,363,788
Infrastructure	165,270,485	22,605,125		187,875,610
Intangibles - software	1,627,723	76,194		1,703,917
Total depreciable capital assets	<u>302,479,411</u>	<u>30,158,010</u>	<u>2,575,071</u>	<u>330,062,350</u>
Less accumulated depreciation				
Buildings	19,086,956	1,186,720	84,574	20,189,102
Improvements other than buildings	13,740,780	2,159,268		15,900,048
Machinery and equipment	18,654,345	2,001,522	1,434,592	19,221,275
Infrastructure	105,769,743	6,431,531		112,201,274
Intangibles - software	547,029	198,211		745,240
Total accumulated depreciation	<u>\$ 157,798,853</u>	<u>\$ 11,977,252</u>	<u>\$ 1,519,166</u>	<u>168,256,939</u>
Total net depreciable capital assets				<u>161,805,411</u>
Total net capital assets				<u>\$ 396,299,220</u>

The Town depreciated all fixed assets acquired or put in service during 2011 with an effective date of July 1, 2011, 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, 2011, 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	\$ 865,027
Public safety	156,779
Transportation	5,851,250
Culture and recreation	4,106,985
Home and community services	997,211
Total governmental activities depreciation expense	<u>\$ 11,977,252</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, 2011, the Town has not recorded any such impairment losses.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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

**C. CAPITAL ASSETS (continued)**

	Balance 1/1/2011	Additions	Deletions	Balance 12/31/2011
<b><u>Component units</u></b>				
Capital assets not being depreciated				
Land	\$ 13,113,612	\$ 2,129,846		\$ 15,243,458
Construction in progress	45,406,915	23,264,408	\$ 18,185,384	50,485,939
Total capital assets not being depreciated	<u>58,520,527</u>	<u>25,394,254</u>	<u>18,185,384</u>	<u>65,729,397</u>
Depreciable capital assets				
Buildings	79,620,968	9,084,580	178,444	88,527,104
Improvements other than buildings	39,476,267	338,383	18,150	39,796,500
Machinery and equipment	71,473,875	3,410,143	1,103,022	73,780,996
Infrastructure	58,781,398	11,900,643	348,769	70,333,272
Total depreciable capital assets	<u>249,352,508</u>	<u>24,733,749</u>	<u>1,648,385</u>	<u>272,437,872</u>
Less accumulated depreciation				
Buildings	41,553,595	1,825,367	41,679	43,337,283
Improvements other than buildings	17,199,591	1,144,962	13,352	18,331,201
Machinery and equipment	46,117,959	3,172,766	887,872	48,402,853
Infrastructure	28,578,320	1,710,789	31,710	30,257,399
Total accumulated depreciation	<u>\$ 133,449,465</u>	<u>\$ 7,853,884</u>	<u>\$ 974,613</u>	<u>140,328,736</u>
Total net depreciable capital assets				<u>132,109,136</u>
Total net capital assets				<u><u>\$197,838,533</u></u>

**D. INDEBTEDNESS**

**Bond Anticipation Notes (BANs)** – Bond Anticipation Notes (BANs) are used as a temporary means of financing capital expenditures in the Capital Projects Fund. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. 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, two Water Pollution Control Districts and two Water Districts have financed capital projects through the New York State EFC and State Revolving Fund Loans (bond issues). Under the financing plan, the Town and the Districts receive interest subsidies from the United States Environmental Protection Agency and the EFC. Proceeds of notes which have been refinanced by the issuance of serial bonds subsequent to the end of the year, but prior to dating of this financial statement, are reported as a financing source in the appropriate fund. At December 31, 2011, the Town had \$121,408,813 of BANs payable with interest rates ranging from 1.000% to 2.000% and maturities in 2012.

The New York State Environmental Facilities Corporation (EFC) completed a 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 \$290,895. There was no change to the principal amounts of the bonds. The net present value of the savings to the participating component units is \$212,004.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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

**D. INDEBTEDNESS (continued)**

These bond anticipation notes are summarized as follows:

	Balance 1/1/2011	Issued	Redeemed	Balance 12/31/2011
<b><u>Primary government:</u></b>				
Capital projects fund:				
General	\$ 50,416,162	\$ 67,181,612	\$ 56,440,777	\$ 61,156,997
Highway	6,513,282	17,958,142	10,238,167	14,233,257
Public parking	4,725,000	4,725,000	4,725,000	4,725,000
Refuse and Garbage		2,711,980		2,711,980
Total primary government	<u>61,654,444</u>	<u>92,576,734</u>	<u>71,403,944</u>	<u>82,827,234</u>
<b><u>Component units:</u></b>				
Park districts	700,000	700,000	700,000	700,000
Water districts	3,300,000	8,445,421	3,300,000	8,445,421
Water pollution control districts	11,166,200	17,616,938	1,785,000	26,998,138
Garbage districts		1,438,020		1,438,020
Library district		1,000,000		1,000,000
Total component units	<u>15,166,200</u>	<u>29,200,379</u>	<u>5,785,000</u>	<u>38,581,579</u>
Total bond anticipation notes	<u>\$ 76,820,644</u>	<u>\$ 121,777,113</u>	<u>\$ 77,188,944</u>	<u>\$ 121,408,813</u>

Included in the BANs is \$4,150,000 issued to fund the payment of cases challenging *ad valorem* garbage district taxes that the Town is confident will be reimbursed through the "County Guarantee". See Note 4.B, Litigation, for further discussion.

**Revenue Anticipation Notes (RANs)** – Revenue Anticipation Notes are used to finance operations repayable by anticipated future revenues. The Town issued RANs to finance cash flow requirements in anticipation of the collection of sales taxes due to the Town during the fiscal year commencing January 1, 2010, and mortgage tax payments and sales taxes due, and to become due to, the Town during the year commencing January 1, 2011, in the amount of \$9,150,000.

At December 31, 2011, the Town had \$9,150,000 of RANs payable with a 1.000% interest rate maturing on September 28, 2012.

These revenue anticipation notes are summarized as follows:

	Balance 1/1/2011	Issued	Redeemed	Balance 12/31/2011
<b><u>Primary government:</u></b>				
General	\$ -0-	\$ 9,150,000	\$ -0-	\$ 9,150,000
Total primary government	<u>\$ -0-</u>	<u>\$ 9,150,000</u>	<u>\$ -0-</u>	<u>\$ 9,150,000</u>

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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

**D. INDEBTEDNESS (continued)**

**General Obligation Bonds** – The Town borrows money in order to acquire land or equipment, or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are backed by the full faith and credit of the Town, bear interest at various rates from 1.000% to 8.800% and have maturity dates in 2012 through 2039.

	Balance 1/1/2011	Issued	Redeemed	Balance 12/31/2011
<b>Primary government:</b>				
Capital projects fund:				
General	\$ 107,979,309	\$ -0-	\$ 11,763,016	\$ 96,216,293
Highway	37,351,860		3,433,005	33,918,855
Public parking	127,126		62,784	64,342
Sidewalk	734,709		63,497	671,212
Parks	321,736		46,851	274,885
Total primary government	<u>146,514,740</u>	<u>-0-</u>	<u>15,369,153</u>	<u>131,145,587</u>
<b>Component units:</b>				
Business improvement district	115,589		7,901	107,688
Park districts	19,827,415		1,494,475	18,332,940
Water districts	34,285,007		3,030,409	31,254,598
Water pollution control districts	32,114,435		2,937,654	29,176,781
Police district	162,998		15,547	147,451
Library district	5,368,575		320,620	5,047,955
Total component units	<u>91,874,019</u>	<u>-0-</u>	<u>7,806,606</u>	<u>84,067,413</u>
Total general obligation bonds	<u>\$ 238,388,759</u>	<u>\$ -0-</u>	<u>\$ 23,175,759</u>	<u>\$ 215,213,000</u>

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

	Principal	Interest	Total Principal and Interest
Year Ending December 31, 2012	\$ 21,747,000	\$ 7,838,595	\$ 29,585,595
2013	21,259,000	6,968,320	28,227,320
2014	20,646,000	6,148,425	26,794,425
2015	20,152,000	5,349,562	25,501,562
2016	20,044,000	4,552,407	24,596,407
2017-2021	73,020,000	13,481,295	86,501,295
2022-2026	28,500,000	3,322,519	31,822,519
2027-2031	4,115,000	925,769	5,040,769
2032-2036	3,790,000	480,767	4,270,767
2037-2039	1,940,000	88,392	2,028,392
	<u>\$ 215,213,000</u>	<u>\$ 49,156,051</u>	<u>\$ 264,369,051</u>

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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

**D. INDEBTEDNESS (continued)**

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

<u>Outstanding Bond Issues</u>	<u>Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>	<u>Final Maturity</u>
Public Improvement Serial Bonds-1984	8.800%	\$ 16,850,000	\$ 900,000	May 1, 2013
Public Improvement Serial Bonds-1986	6.900%	16,065,000	420,000	April 1, 2016
General Obligation Serial Bonds-1986	7.200%	1,500,000	250,000	February 15, 2016
General Obligation Serial Bonds-1992, Series A	6.400%	5,145,000	1,325,000	February 1, 2017
General Obligation Serial Bonds-1992, Series B	6.400%	72,230,000	7,680,000	April 1, 2017
New York State EFC Bonds-1992	6.600%	360,000	30,000	September 15, 2012
New York State EFC Bonds-1993, Series A	5.600%	698,000	120,000	September 15, 2018
New York State EFC Bonds-1998, Series B	0.789%/ 2.974%	2,572,291	910,000	December 15, 2017
Refunding and Various Purposes Bonds-1999	5.000%	24,185,000	575,000	May 15, 2012
New York State EFC Bonds-2001, Series B	0.785%/ 3.811%	8,154,789	4,270,000	November 15, 2022
Various Purposes Serial Bonds-2002	4.250%	12,055,000	545,000	May 1, 2022
New York State EFC Bonds-2002 Series F	5.131%	1,365,000	825,000	November 15, 2023
New York State EFC Bonds-2002 Series G	0.540%/ 2.745%	3,452,513	1,720,000	October 15, 2019
New York State EFC Bonds-2002 Series I	3.780%/ 4.270%	1,160,000	453,000	September 15, 2022
General Obligation Serial Bonds-2003	4.000%	20,000,000	8,765,000	February 1, 2016
New York State EFC Bonds-2003 Series A	4.546%	1,160,000	870,000	April 15, 2031
New York State EFC Bonds-2003F	2.920%	985,000	640,000	January 15, 2023
Various Purposes Serial Bonds-2003	3.500%	24,060,000	13,515,000	July 15, 2019
General Obligation Serial Bonds-2004	4.000%	10,315,000	4,780,000	February 1, 2016
General Obligation Serial Bonds-2004	5.100%	3,880,000	255,000	February 15, 2022
General Obligation Serial/Refunding Bds-2004	3.000%	29,510,000	21,385,000	February 15, 2022
New York State EFC Bonds-2004 Series B	2.945%	6,861,511	4,030,000	May 15, 2021
General Obligation Serial Bonds-2004	3.700%	3,700,000	2,530,000	September 1, 2022
General Obligation Serial Bonds-2005	4.000%	16,060,000	12,690,000	April 15, 2025
Refunding Bonds - 2005	3.500%	46,830,000	33,325,000	January 15, 2023
Public Improvement Serial Bonds-2006	4.375%	24,000,000	19,855,000	February 1, 2026
New York State EFC Bonds-2006 Series C	3.891%	3,442,810	3,025,000	April 1, 2036
Public Improvement Serial Bonds-2007	4.000%	11,993,000	9,755,000	June 1, 2021
Public Improvement Serial Bonds-2007Series B	4.125%	5,788,500	4,965,000	November 1, 2027
Various Purposes Serial Bonds-2008	3.500%	13,210,000	11,460,000	June 15, 2022
NYS EFC Bonds-2008, Series A-1, B-1, A-2, B-2	4.270%	1,783,412	610,000	April 1, 2038
Public Improvement Serial Bonds - 2009	2.500%	11,615,000	10,470,000	June 1, 2024
EFC Serial Bonds - 2010 Series C	.0383%/4.603%	845,000	675,000	October 1, 2039
EFC Refunding - 2010	.0383%/4.603%	15,173,760	14,190,000	October 1, 2018
Various Purposes Serial Bonds-2010 Series A	1.000%-2.500%	6,063,000	5,545,000	October 1, 2021
Refunding Serial Bonds - 2010	2.000%-4.000%	12,065,000	11,855,000	May 1, 2022
			<u>\$ 215,213,000</u>	

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**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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

**D. INDEBTEDNESS (continued)**

**Revenue Bonds** – The Town borrowed money in order to finance the purchase of certain real property. These bonds bear interest at rates ranging from 2.000% to 4.000% and mature on February 1, 2011 through 2014.

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

	Principal	Interest	Total Principal and Interest
Year Ending December 31, 2012	\$ 2,230,000	\$ 290,713	\$ 2,520,713
2013	2,305,000	214,137	2,519,137
2014	4,345,000	86,900	4,431,900
	\$ 8,880,000	\$ 591,750	\$ 9,471,750

The Debt Service Reserve, of \$1,904,579, established in 2003 as part of the SWMA refunding bonds issued in the Debt Service Fund, amounts to \$1,983,310 at December 31, 2011. Activity included a cash disbursement of \$449,965, in 2011, used for the benefit of SWMA. The balance is expected to be used, if available, to partially offset the 2014 principal payment.

**Prior-Year Defeasance of Debt**

In prior years, the Town defeased certain general obligations and revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At December 31, 2011, \$7,155,000 of the bonds outstanding are considered defeased.

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**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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

**D. INDEBTEDNESS (continued)**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2011, is as follows:

	Balance 1/1/2011	Increases	Reductions	Balance 12/31/2011	Non-current liabilities due within one year	Non-current liabilities
<b>Primary government:</b>						
Bonds Payable:						
General obligation bonds payable	\$ 146,514,740		\$ 15,369,153	\$ 131,145,587	\$ 14,851,881	\$ 116,293,706
Revenue bonds payable	11,035,000		2,155,000	8,880,000	2,230,000	6,650,000
Plus deferred amounts:						
Premiums on issuance	1,870,192		300,842	1,569,350	194,181	1,375,169
Total Bonds Payable	159,419,932		17,824,995	141,594,937	17,276,062	124,318,875
Due to employees' retirement system	1,569,717	\$ 1,233,379	349,430	2,453,666	359,514	2,094,152
Compensated absences	4,155,882	3,690,781	3,176,282	4,670,381	233,519	4,436,862
Claims and judgments payable	5,292,840	1,275,357	776,384	5,791,813	660,000	5,131,813
Estimated liability for landfill closure and postclosure care costs	17,195,702		1,119,811	16,075,891	753,560	15,322,331
Postemployment benefits healthcare costs	28,494,425	12,703,381	3,171,942	38,025,864		38,025,864
	<u>\$ 216,128,498</u>	<u>\$ 18,902,898</u>	<u>\$ 26,418,844</u>	<u>\$ 208,612,552</u>	<u>\$ 19,282,655</u>	<u>\$ 189,329,897</u>
<b>Component units:</b>						
Bonds Payable:						
General obligation bonds	\$ 91,874,019		\$ 7,806,606	\$ 84,067,413	\$ 6,895,116	\$ 77,172,297
Plus deferred amounts:						
Premiums on issuance	78,539		6,503	72,036	6,150	65,886
Total Bonds Payable	91,952,558		7,813,109	84,139,449	6,901,266	77,238,183
Due to employees' retirement system		\$ 19,296	1,534	17,762	1,611	16,151
Compensated absences	10,032,004	1,021,356	378,407	10,674,953	1,480,420	9,194,533
Postemployment benefits healthcare costs	24,303,932	9,212,121	1,244,506	32,271,547		32,271,547
Installment purchase debt	1,059,467		60,194	999,273	936,129	63,144
	<u>\$ 127,347,961</u>	<u>\$ 10,252,773</u>	<u>\$ 9,497,750</u>	<u>\$ 128,102,984</u>	<u>\$ 9,319,426</u>	<u>\$ 118,783,558</u>

Long-term liabilities for general obligation bonds payable, revenue bonds payable, due to employees' retirement system, compensated absences, claims and judgments payable, estimated liability for landfill closure and postclosure care costs, and postemployment benefits healthcare costs, are to be paid by the fund that gave rise to the liability.

**E. RETIREMENT SYSTEM**

Plan Description

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

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

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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

**E. RETIREMENT SYSTEM (continued)**

Funding Policy

The System is non-contributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3% of their salary 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, 2011 are as follows:

<u>Contribution rates</u>		
<u>Tier/Plan/Option</u>		<u>3/31/2011 Rate</u>
1	75I/41J	15.3%
2	75I/41J	14.0%
3	A14/41J	11.3%
4	A15/41J	11.3%
5	A15/41J	9.1%

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

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

<u>Annual Required Contribution - ERS</u>							
<u>Amount</u>	<u>% of Covered Payroll</u>	<u>Credits &amp; Miscellaneous Adjustments</u>	<u>Prepayment Discount</u>	<u>2011 Amortization Installment</u>	<u>2010 Amortization Installment</u>	<u>2010 Incentive Installment</u>	<u>Total Payment</u>
2011 \$ 4,391,610	15.74%	\$ (210,713)	\$ (40,682)	\$ (1,129,802)	\$ 45,257	\$ 323,230	\$ 3,378,900
2010 3,329,425	12.07%	(83,767)		(349,463)			2,896,195
2009 2,071,520	8.17%	13,099	(19,959)				2,064,660

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.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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

**E. RETIREMENT SYSTEM** (continued)

Funding Policy (continued)

- 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.

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 and 2011 amortization years is \$321,679 and \$1,129,802, respectively, inclusive of SWMA, \$86,022, and two component unit districts, Shelter Rock Library District, \$77,885, and the Glenwood Water District, \$2,535. The total unpaid liability for the Town only portion of the 2010 and 2011 amortization years at the end of the year, \$303,269 and \$1,067,724, respectively, was recorded in the government-wide statements. Amortization contributions will be paid in ten equal installments, one per year, but may be prepaid at any time. The Town has, for now, opted to amortize over the ten-year period. The interest rate will be established annually for each year's amortization and paid out of current resources. Future principal and interest payments to maturity for the amortization installments are as follows:

	Principal	Interest	Total Principal and Interest
Year Ending December 31, 2012	\$ 29,173	\$ 16,084	\$ 45,257
2013	30,632	14,625	45,257
2014	32,163	13,094	45,257
2015	33,772	11,485	45,257
2016	35,460	9,797	45,257
2017-2020	160,479	20,549	181,028
	\$ 321,679	\$ 85,634	\$ 407,313

	Principal	Interest	Total Principal and Interest
Year Ending December 31, 2012	\$ 95,199	\$ 42,368	\$ 137,567
2013	98,769	38,798	137,567
2014	102,472	35,094	137,566
2015	106,315	31,251	137,566
2016	110,302	27,264	137,566
2017-2021	616,745	71,085	687,830
	\$ 1,129,802	\$ 245,860	\$ 1,375,662

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

**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 \$323,231 in principal payments paid on December 15, 2011, and interest of \$210,318. 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, 2012	\$ 242,036	\$ 81,196	\$ 323,232
2013	260,188	63,043	323,231
2014	279,702	43,528	323,230
2015	300,679	22,551	323,230
	\$ 1,082,605	\$ 210,318	\$ 1,292,923

**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 ten full years of service 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 \$1,157 per year for those who were Medicare enrollees prior to January 1, 2010, \$1,326 per year for those enrolling on January 1, 2010 through December 31, 2010, and \$1,385 per year for those who will enroll January 1, 2011 and after, 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 un-remarried 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.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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

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

Plan Description (continued)

GASB 45 allows plan sponsors 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 fiscal year ending December 31, 2011, is based on the employee data, plan provisions, methods and assumptions described in the actuarial valuation for the year ending December 31, 2010, with the exception of an adjustment to reflect an increase in the NYSHIP premiums as of January 1, 2011.

The number of participants as of January 1, 2010, 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	405
Retired Employees and spouses	428
Surviving spouses of deceased retirees	39
Total	872

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, 2011, the Town's annual other postemployment benefits cost (expenses) were \$12,703,281. Considering the annual expense as well as the payment of current health insurance premiums and medicare reimbursements, which totaled \$3,171,942 for retirees and their beneficiaries, the result was an increase in the other postemployment benefits liability of \$9,531,339 for the year ended December 31, 2011. The ARC for the component units for the year ended December 31, 2011, amounted to \$10,356,066. Considering health insurance payments totaling \$2,388,451, the increase in the other postemployment benefits liability for the component units for the year ended December 31, 2011, amounted to \$7,967,615.

Benefit Obligations and Normal Cost

	<b>Medical and Medicare Part B</b>
Actuarial Accrued Liability (AAL)	
Active employees	\$ 85,486,000
Retired employees	47,785,000
Total Actuarial Accrued Liability (AAL)	133,271,000
Actuarial value of plan assets	-0-
Unfunded actuarial accrued liability (UAAL)	\$ 133,271,000
Funded ratio	0%
Normal cost at the beginning of the year	\$ 5,517,000
Amortization cost at the beginning of the year	\$ 6,995,000
Annual covered payroll	\$ 30,863,411
UAAL as a percentage of covered payroll	431.81%

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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

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

Benefit Obligations and Normal Cost (continued)

The Town's annual other postemployment benefit cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The unfunded actuarial accrued liability for the Town for the year ended December 31, 2011, amounted to \$133,271,000. The unfunded actuarial accrued liability for the components units for the year ended December 31, 2011, amounted to \$118,628,987.

The following table shows the components of the Town's other postemployment benefits liability:

Level Dollar Amortization

Calculation of ARC under the Projected Unit Credit Cost Method

Normal cost	\$	5,738,000
Amortization of unfunded actuarial liability (UAAL) over 30 years		7,410,000
Annual required contribution (ARC)		13,148,000
Interest in net OPEB obligation		1,139,781
Adjustment to ARC		(1,584,500)
Annual OPEB Cost		12,703,281
Less: Contribution for year ended December 31, 2011		3,171,942
Increase in other postemployment benefits liability		9,531,339
Other postemployment benefits liability at December 31, 2010		28,494,525
Other postemployment benefits liability at December 31, 2011	\$	38,025,864
Percentage of annual OPEB cost contributed		25.0%

Funded Status and Funding Progress

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

	Annual OPEB Cost	Annual Contribution Made	Percentage Contributed	Net OPEB Obligation
2011	\$ 12,703,281	\$ 3,171,942	25.0%	\$ 38,025,864
2010	12,215,937	2,694,830	22.1%	28,494,525
2009	12,139,801	2,261,416	18.6%	18,973,418

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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

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

Funded Status and Funding Progress (continued)

The funded status of the plan as of December 31, 2011, 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-	\$ 133,271,000	\$ 133,271,000	0%	\$ 30,863,411	431.81%
Component Units	-0-	118,628,987	118,628,987	0%	29,250,824	405.56%

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

Actuarial Methods and Assumptions

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

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

In the January 1, 2010, 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 2.75% inflation rate, a 4.0% discount rate, and assume that the benefits are not prefunded. GASB 45 requires the discount rate to be set based on the expected earnings of the Town's General Fund. The valuation assumes a 13.68% healthcare cost trend increase for NYSHIP medical benefits for the year ended 2010, reduced by decrements to a rate of 5.0% after sixty-six years for pre-65 medical benefits and 11.32% for post-65 medical benefits, reduced by decrements to a rate of 5.0% after sixty-six years. The valuation assumes a 7.3% healthcare cost trend for Island 65 medical benefits, which is available for those age 65 and over, reduced by decrements to a rate of 5.0 % after sixty-six years. The valuation assumes a 0% cost trend for Medicare Part B benefits for the year ended 2010.

A copy of the Town of North Hempstead's Retiree Medical Program, December 31, 2010, Valuation is available by contacting the Town of North Hempstead, Office of the Comptroller, 220 Plandome Rd., Manhasset, New York 11030.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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

**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 assets. 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, 2011, the value of the accumulated vacation time and sick leave was \$4,670,381 for the primary government. The liability for compensated absences for the component units amounted to \$10,674,953.

**H. FUND BALANCE**

In order to comply with the Governmental Accounting Standard Board's (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the fund balance section of the balance sheets of the governmental funds has been modified. The change has been made in order for the Town's new fund balance components to focus on "the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent" (GASB 54 paragraph 54). Previously, the fund balance section focused on whether these resources were available for appropriation. It also distinguished the unreserved fund balance from the reserved fund balance. In order to show compliance with GASB 54 however, the components of the new fund balance include the following items, as needed: 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned.

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	Debt Service Fund	Capital Projects Funds	Other Governmental Funds	Total
<b>Fund Balances (Deficit):</b>							
<b>Nonspendable:</b>							
Long-term receivables	\$ 3,976,719					\$ 2,703,793	\$ 6,680,512
Inventory	237,234	\$ 564,479					801,713
Prepays	463,907	184,849	\$ 72,862			166,855	888,473
<b>Total Nonspendable</b>	<b>4,677,860</b>	<b>749,328</b>	<b>72,862</b>			<b>2,870,648</b>	<b>8,370,698</b>
<b>Restricted for:</b>							
Debt service			2,277,995	\$ 3,905,777			6,183,772
<b>Total Restricted</b>			<b>2,277,995</b>	<b>3,905,777</b>			<b>6,183,772</b>
<b>Assigned to:</b>							
Subsequent year's budget						297,866	297,866
Capital projects	274,333	150,000					424,333
Special revenue funds		1,448,180				10,184,307	11,632,487
Worker's compensation	703,098						703,098
Insurance	355,793						355,793
Tort claims	495,361						495,361
Senior endowment	2,142,171						2,142,171
<b>Total Assigned</b>	<b>3,970,756</b>	<b>1,598,180</b>				<b>10,482,173</b>	<b>16,051,109</b>
<b>Unassigned, reported in:</b>							
General Fund	510,271						510,271
Capital Projects Fund					\$ (55,046,073)		(55,046,073)
Solid Waste Management Authority			(2,344,349)				(2,344,349)
Refuse and Garbage Districts						(761,022)	(761,022)
<b>Total Unassigned</b>	<b>510,271</b>		<b>(2,344,349)</b>		<b>(55,046,073)</b>	<b>(761,022)</b>	<b>(57,641,173)</b>
<b>Total Fund Balances (Deficits)</b>	<b>\$ 9,158,887</b>	<b>\$ 2,347,508</b>	<b>\$ 6,508</b>	<b>\$ 3,905,777</b>	<b>\$ (55,046,073)</b>	<b>\$ 12,591,799</b>	<b>\$ (27,035,594)</b>

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

**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 \$3,155,452. 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 \$87,447,657.

The Town is self-insured for workers' compensation insurance and general liability insurance. Estimated benefits to be paid are appropriated in the various operating funds of the Town. The Town has provided an umbrella-type policy protecting against a catastrophic loss in the workers' compensation self-insurance protection program with \$500,000 retention, per occurrence, with benefits of up to \$25,000,000. Although the eventual value of these claims cannot presently be determined, the third-party administrator has estimated the workers' liability to be \$2,636,361. 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	
	2011	2010	2011	2010
Unpaid claims and claim adjustment expenditures at the beginning of the year	\$ 1,743,734	\$ 1,727,485	\$ 3,549,106	\$ 3,094,498
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.	1,533,023	493,880	(257,666)	476,833
Total incurred claims and claim adjustment expenditures	1,533,023	493,880	(257,666)	476,833
Payments				
Claim and claim adjustment expenditures attributable to insured events of the current and prior years.	640,396	477,631	135,988	22,225
Total unpaid claims and claim adjustment expenditures at the end of the year.	\$ 2,636,361	\$ 1,743,734	\$ 3,155,452	\$ 3,549,106

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

**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 \$1.6 million. 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. An action by Keypsan has resulted in a judgment of approximately \$2.5 million. Steps have been taken to obtain a similar judgment against the County in this case. 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. Further, liability would be apportioned between the Town and the Commissioner-operated districts.

FML Contracting, Inc. ("FML") has served a Notice of Claim seeking in excess of \$2,235,000 allegedly due under a contract for renovation of a Town pool, for change orders and costs incurred or to be incurred in repairing a leak in the pool. The outstanding payments are allegedly the result of improper administration by the engineering firm overseeing the contract as well as design errors. The Town had already made a claim against the FML's performance bond as there were numerous problems with the project and corrective measures were necessary. The Town has filed an answer which counterclaims FML's complaint and initial discovery demands. FML has not yet responded to the Town's discovery demands. The Town believes there are meritorious defenses which will serve to reduce or eliminate the Town's potential liability for payments allegedly due.

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 amounts 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. The Supreme Court recently issued an order in this case. Although the Court upheld the charge back for expenses associated with FIT's two-year degree 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.

This case was resolved in the Town's favor to the extent that expenses attributable to baccalaureate and master's degree programs may not be charged back to the Town. The Court's order requires the County to calculate the expenses for Town residents attending a two-year program at FIT within 60 days of the date of the order. As a result, the tuition charge back set forth above would be reduced, though the amount of the reduction is unclear at this point. The County and the Town both appealed portions of the decision.

The 2010 and the estimated annualized 2011 FIT tuition charge back to the Town amounts to \$1,172,220 and \$977,000, respectively.

As of December 31, 2011, no liability has been recorded in the financial statements for this matter.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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

**B. LITIGATION** (continued)

The Town is a defendant in an action relating to expenses incurred in repairing an underground Long Island Power Authority ("LIPA") line damaged by the Town during an excavation project. The Town engaged in the proper procedures, notifying One Call prior to the excavation, and LIPA and its agents came out and supposedly marked the locations of all of their lines prior to the Town undertaking the excavation. However, LIPA and its agent failed to mark out the damaged line. The complaint in the action seeks \$5,000,000 in damages and there is no excess coverage for this claim. The General Business Law applies to this claim. The Town moved to dismiss the complaint based upon such statute, which provides that if the utility does not diligently and accurately mark out its lines, it cannot recover for the expenses of repair. The statute does not preclude common law claims, however, LIPA's failure to accurately mark out its own lines would seem to militate against, or on the basis of comparative negligence at least dramatically reduce, the success of such claim regardless of how it is made. The motion was denied and is now being appealed. LIPA, its agent and the Town have attended Court-sponsored mediation without resolution. Given all of these circumstances, it is the opinion of the Town Attorney that any potential exposure of the Town will not remotely approach \$5,000,000.

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, 2011, a liability in the amount of \$3,155,452 has been recorded in the government-wide financial statements related to the above matters.

**C. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

State and federal laws and regulations require the Town to place a final cover on its landfill sites and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. The L-4 Landfill stopped receiving waste in 1991 and was closed in 1996. The L-5 Landfill stopped receiving waste in 2002, and the capping was completed in 2004. Postclosure maintenance and monitoring activities for the L-4 and L-5 Landfills are estimated to be approximately \$750,000 per year. Accordingly, as of December 31, 2011, the Town has recorded a liability of \$16,075,891, 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 (the "Authority") in an amount equal to the difference between Authority expenditures, including debt service, and Authority revenues. If the Authority revenues are insufficient to cover its expenditures, the Town is obligated to pay service fees to the Authority, as long as the Authority continues to provide solid waste services to the Town.

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

Construction in progress, commitments for equipment purchases, and other capital acquisition commitments amount to \$13,343,893 at December 31, 2011.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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

**F. LEASE COMMITMENTS AND LEASED ASSETS**

Operating Leases

The Town leases equipment and space under non-cancelable operating leases that commenced between August 2009 and December 2011, and expire between May 2012 and December 2015. Total rental expenditures on such leases for the year ended December 31, 2011, totaled \$324,796. The minimum future non-cancelable operating lease payments are as follows:

Year Ending December 31, 2012	\$ 261,802
2013	201,381
2014	69,355
2015	12,671
Total minimum lease payments	<u>\$ 545,209</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

At December 31, 2011, the Town has recorded no pollution remediation obligations.

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**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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

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

The Town of North Hempstead's financial statements are for the year ended December 31, 2011. However, the information contained in this note is based on information for the Length of Service Awards Program for the plan years ending on various dates (see table #1), which are the most recent plan years for which complete information is available.

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

**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).

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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

**H. LENGTH OF SERVICE AWARD PROGRAMS (LOSAP) (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	12/31/2011	12/31/2011	12/31/2011	6/30/2012
Plan established by:		Town of North Hempstead; Villages of Great Neck, Kings Point and Saddle Rock (Joint Sponsoring Board)	Carle Place Fire Dept	Town of North Hempstead
Sponsored by:	Albertson Hook & Ladder Town of North Hempstead	Same as above	Town of North Hempstead	Town of North Hempstead
Effective date of plan	1/1/1991	1/1/1996	1/1/1991	1/1/1991
Entitlement Age	62	65	62	65
Nonforfeitable right to award after:	5 years	5 years	5 years	5 years
Prior service credit (up to):	5 years	5 years	5 years	5 years
Eligible age	17	17	18	18
Required years of service	One	One	One	One
Benefits:				
Monthly payment	\$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	12/31/2010	12/31/2011	12/31/2010
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 Glenwood H&L E&H Company	Port Washington Fire Department Town of North Hempstead	Joint Sponsoring Board
Effective date of plan	1/1/1990	1/1/1993	1/1/1991
Entitlement Age	55	65	62
Nonforfeitable right to award after:	5 years	5 years	5 years
Prior service credit (up to):	Per Adoption Agreement	5 years	5 years
Eligible age	18	18	18
Required years of service	One	After probationary period	One
Benefits:			
Monthly payment	\$20	\$20	\$20
Maximum years used to calculate	40	40	30
Benefits payable at	Entitlement Age except for disability or death	Entitlement Age except for disability or death	Entitlement Age except for disability or death
Optional line-of-duty disability	Yes	Yes	Yes

**Fiduciary Investment and Control**

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

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

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2011

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

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

**Fiduciary Investment and Control** (continued)

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

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

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

**Table # 2 Fiduciary Information**

	<u>Albertson</u>	<u>Alert</u>	<u>Carle Place</u>	<u>Floral Park Centre</u>
Administrated by:		Ackerman, Levine, Cullen, Brickman & Limmer LLP		
Disbursements approved by	VFIS Fire Company	Joint Sponsoring Board	VFIS Fire Company	VFIS Plan Administrator
Plan Trustee	N/A	Joint Sponsoring Board	N/A	N/A
Authority to invest assets	Town of North Hempstead	RBC Wealth Management	Town of North Hempstead	Town of North Hempstead
Valuation date	12/31/2011	12/31/2010	12/31/2011	6/30/2011
Actuary report date	4/12/2012	6/13/2011	4/26/2012	10/5/2011

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

	<u>Glenwood</u>	<u>Port Washington</u>	<u>Roslyn</u>
Administrated by:	VFIS	VFIS Benefits Division	Penflex, Inc.
Disbursements approved by	Fire Company's Board	Plan Administrator	Joint Sponsoring Board
Plan Trustee	N/A	N/A	Joint Sponsoring Board
Authority to invest assets	Hartford Life Insurance Company	Hartford Life Insurance Company	Program Trustee
Valuation date	12/31/2010	12/31/2010	12/31/2010
Actuary report date	6/10/2011	7/19/2011	8/11/2011

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**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

**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>
<u>Assets</u>				
Actuarial present value of:				
benefits at 12/31/2010		\$ 2,176,457		
benefits at 6/30/2011				\$ 626,872
benefits at 12/31/2011	\$ 3,001,871		\$ 2,077,958	
Less: assets available for benefits	<u>1,277,998</u>	<u>1,718,422</u>	<u>701,048</u>	<u>261,639</u>
Total unfunded benefits	1,723,873	458,035	1,376,910	365,233
Less: unfunded liability for prior service				81,674
Less: unfunded liability for separate costs		69,744		
Unfunded normal benefits	<u>\$ 1,723,873</u>	<u>\$ 388,291</u>	<u>\$ 1,376,910</u>	<u>\$ 283,559</u>
<u>Assets Available for Benefits</u>				
		% of total		% of total
Cash & short-term investments		\$ 19,903	1.163%	
Receivables		1,165	0.068%	
Government securities		81,869	4.784%	
Other securities/assets		1,608,345	93.985%	
		<u>1,711,282</u>		
Annuities	\$ 1,127,527	100%	\$ 701,048	100%
Benefits payable		7,140		
Total assets available for benefits	<u>\$ 1,127,527</u>	<u>\$ 1,718,422</u>	<u>\$ 701,048</u>	<u>\$ 261,639</u>
<u>Prior Service Costs/Separate Service Costs</u>				
Amortization period	-0-	-0-	-0-	21 years
Discount rate	-0-	-0-	-0-	6.25%
<u>Receipts and Disbursements</u>				
Plan assets, beginning of year	\$ 1,127,527	\$ 1,551,594	\$ 847,116	\$ 210,586
Plan contributions	171,150	143,164	140,442	51,000
Investment income earned	47,355	143,227	41,868	10,636
Other receipts			4,750	2,508
Plan benefit withdrawals	(51,540)	(100,580)	(314,644)	(8,680)
Life Insurance Premium	(13,406)		(15,175)	(3,435)
Administrative fees	(3,088)	(9,064)	(3,309)	(976)
Other expenses		(9,919)		
Plan assets - end of year	<u>\$ 1,277,998</u>	<u>\$ 1,718,422</u>	<u>\$ 701,048</u>	<u>\$ 261,639</u>
<u>Contributions</u>				
Recommended by Actuary	\$ 161,476	\$ 143,164	\$ 132,247	\$ 42,603
Actual contribution	\$ 171,150	\$ 143,164	\$ 140,442	\$ 51,000
Town of North Hempstead contribution for plans with multiple sponsors		\$ 9,850		
<u>Administration Fees</u>				
Paid to Plan Administrator	\$ 3,088	\$ 9,064	\$ 3,309	\$ 976
Paid to Trustee				
Unfunded vested accrued benefits (PVAVB less Assets)	107,299	458,035	626,645	212,642
Unfunded accrued benefits (PVAB less Assets)	138,677		643,597	220,253

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**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

**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 1/1/2009	\$ 1,708,866				
benefits at 12/31/2010			\$ 6,064,279		\$ 2,869,970
Less: assets available for benefits	<u>1,527,728</u>		<u>2,731,278</u>		<u>2,512,349</u>
Total unfunded benefits	181,138		3,333,001		357,621
Less: unfunded liability for prior service					
Less: unfunded liability for separate costs					
Unfunded normal benefits	<u>\$ 181,138</u>		<u>\$ 3,333,001</u>		<u>\$ 357,621</u>
<u>Assets Available for Benefits</u>		<u>% of total</u>		<u>% of total</u>	
Cash & short-term investments					\$ 141,039 5.590%
Receivables					167,446 6.637%
Government securities					90,081 3.570%
Other securities/assets					2,124,459 84.203%
					<u>2,523,025</u>
Annuities	\$ 1,527,728	100%	\$ 2,756,278	100%	
Benefits payable			(25,000)		(10,676)
Total assets available for benefits	<u>\$ 1,527,728</u>		<u>\$ 2,731,278</u>		<u>\$ 2,512,349</u>
<u>Prior Service Costs</u>					
Amortization period	-0-		-0-		-0-
Discount rate	-0-		-0-		-0-
<u>Receipts and Disbursements</u>					
Plan assets, beginning of year	\$ 1,488,011		\$ 2,519,089		\$ 2,210,010
Plan contributions	125,342		342,621		235,078
Investment income earned	62,728		109,652		211,267
Other receipts	9,312		58,045		
Plan benefit withdrawals	(144,778)		(194,956)		(112,036)
Life Insurance Premium	(11,315)		(74,433)		
Administrative fees	(1,572)		(3,740)		(10,984)
Other expenses					(20,986)
Plan assets - end of year	<u>\$ 1,527,728</u>		<u>\$ 2,756,278</u>		<u>\$ 2,512,349</u>
<u>Contributions</u>					
Recommended by Actuary	\$ 154,979		\$ 372,758		\$ (239,952)
Actual contribution	\$ 125,342		\$ 342,621		\$ (235,078)
Town of North Hempstead contribution for plans with multiple sponsors	\$ 30,450				\$ 51,001
<u>Administration Fees</u>					
Paid to Plan Administrator	\$ 1,572		\$ 3,740		\$ 10,984

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2011

**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		
	Entry Age Normal	Initial Liability	Entry Age Normal	Entry Age Normal
Assumed rate of return	4.75%	6.25%	4.75%	4.75%
Mortality table used for withdrawals, retirements, active and inactive deaths	U8400	*	U8400	U8400
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value

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

**Table #4 Methodology and Assumptions** (continued)

	<u>Glenwood</u>	<u>Port Washington</u>	<u>Roslyn Fire</u>
Actuarial cost method			Attained Age Normal Frozen
	Entry Age Normal	Entry Age Normal	Initial Liability
Assumed rate of return	5.75%	5.75%	6.00%
Mortality table used for withdrawals, retirements, active and inactive deaths	G 7100	U8400	*
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, 2011

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

The following represents condensed financial statements for the discretely presented component units as of, and for the year ended, December 31, 2011:

**Condensed Statement of Net Assets:**

	Assets		Liabilities		Net Assets		
	Current and Other Assets	Capital Assets Net of Depreciation	Current Liabilities	Bonds and Other Long-Term Liabilities	Investment in Capital Assets, Net of Related Debt	Restricted	Unrestricted
<b><u>WATER DISTRICTS</u></b>							
Glenwood	\$ 77,006	\$ 87,270	\$ 91,747	\$ 49,671	\$ 61,154		\$ (38,296)
Albertson	2,540,799	6,852,753	581,802	5,819,766	1,968,396	\$ 1,170,398	(146,810)
Garden City Park	5,950,837	8,443,031	343,101	1,943,281	7,788,031	5,186,371	(866,916)
Port Washington	7,416,226	12,145,646	6,175,516	7,909,550	6,083,860	197,010	(804,064)
Westbury	4,389,183	7,378,725	610,072	6,503,838	2,739,740	2,999,949	(1,085,691)
Roslyn	4,053,700	5,154,470	501,543	2,543,192	4,118,410	2,477,348	(432,323)
Carle Place	2,955,403	3,996,951	221,306	1,867,675	3,334,580	36,704	1,492,089
Manhasset - Lakeville	10,006,972	32,672,185	5,416,551	13,532,860	19,313,899	330,080	4,085,767
<b><u>WATER POLLUTION CONTROL DISTRICTS</u></b>							
Great Neck	3,184,372	35,193,245	28,087,869	2,381,454	8,857,212	3,432	(952,350)
Belgrave	4,789,005	13,408,523	4,431,239	7,870,687	4,673,519	176,784	1,045,299
Port Washington	7,012,989	33,620,037	1,851,744	21,458,799	11,243,696	814,517	5,264,270
<b><u>GARBAGE DISTRICTS</u></b>							
Port Washington	1,911,253	24,750	1,035,688		24,750		875,565
Glenwood	30,110		8,839				21,271
Carle Place	281,418		263,154				18,264
Roslyn	543,198		271,757				271,441
<b><u>PARK DISTRICTS</u></b>							
Manhasset	1,536,790	2,013,397	53,601	1,524,453	1,993,397		(21,264)
Great Neck	7,180,048	26,543,525	3,600,713	21,598,657	7,913,871	55,388	554,944
<b><u>OTHER</u></b>							
Port Washington							
Police District	9,680,374	897,605	2,724,048	18,786,177	750,155	989,755	(12,672,156)
Shelter Rock Public							
Library District	3,340,630	6,631,407	1,868,632	5,428,060	1,616,736	288,989	769,620
Community							
Development Agency	2,231,534	2,827,223	1,117,927	338,975	2,827,223	774,632	
Port Washington							
Business							
Improvement District	171,341	90,973	47,737	99,448	51,906	6,696	56,527
	<u>\$ 79,283,188</u>	<u>\$ 197,981,716</u>	<u>\$ 59,304,586</u>	<u>\$ 119,656,543</u>	<u>\$ 85,360,535</u>	<u>\$ 15,508,053</u>	<u>\$ (2,564,813)</u>

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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

**Condensed Statement of Activities:**

	Program				General Revenue		Net Assets		
	Expenses	Charges for Services	Operating/ Capital Grants and Contributions	Net Expense (Revenue)	Property Tax	Other	Change	1/1/2011	12/31/2011
<b><u>WATER DISTRICTS</u></b>									
Glenwood	\$ 349,613	\$ 137,498		\$ 212,115	\$ 181,927	\$ 382	\$ (29,806)	\$ 52,664	\$ 22,858
Albertson	2,894,244	1,218,416		1,675,828	1,577,082	43,889	(54,857)	3,046,841	2,991,984
Garden City Park	3,755,119	1,239,446		2,515,673	2,303,754	355,895	143,976	11,963,510	12,107,486
Port Washington	6,109,727	3,399,722		2,710,005	1,391,444	226,339	(1,092,222)	6,569,028	5,476,806
Westbury	4,356,027	1,681,906		2,674,121	2,610,400	330,998	267,277	4,386,721	4,653,998
Roslyn	3,646,166	2,093,582		1,552,584	1,929,386	95,218	472,020	5,691,415	6,163,435
Carle Place	2,277,012	761,639		1,515,373	1,608,740	347,457	440,824	4,422,549	4,863,373
Manhasset - Lakeville	8,224,363	6,008,931		2,215,432	2,608,587	371,391	764,546	22,965,200	23,729,746
<b><u>WATER POLLUTION CONTROL DISTRICTS</u></b>									
Great Neck	3,824,276	1,176,370		2,647,906	3,248,522	48,542	649,158	7,259,136	7,908,294
Belgrave	3,163,697	757,135		2,406,562	2,296,229	197,771	87,438	5,808,164	5,895,602
Port Washington	6,710,369	950,094		5,760,275	4,503,078	32,700	(1,224,497)	18,546,980	17,322,483
<b><u>GARBAGE DISTRICTS</u></b>									
Port Washington	1,940,037			1,940,037	2,147,657	11,673	219,293	681,022	900,315
Glenwood	45,529			45,529	54,502	118	9,091	12,180	21,271
Carle Place	684,343			684,343	560,262	7,441	(116,640)	134,904	18,264
Roslyn	466,858			466,858	501,401	4,242	38,785	232,656	271,441
<b><u>PARK DISTRICTS</u></b>									
Manhasset	1,663,891	599,584	\$ 9,361	1,054,946	712,362	20,594	(321,990)	2,294,123	1,972,133
Great Neck	14,776,336	3,636,067	122,244	11,018,025	11,247,078	126,121	355,174	8,169,029	8,524,203
<b><u>OTHER</u></b>									
Port Washington									
Police District	20,568,728	2,382	81,302	20,485,044	16,063,332	946,105	(3,475,607)	(7,456,639)	(10,932,246)
Shelter Rock Public									
Library District	4,148,304	201,579		3,946,725	3,607,883	56,768	(282,074)	2,957,419	2,675,345
Community									
Development Agency	1,405,629	127,582	1,438,749	(160,702)		1,775	162,477	3,439,378	3,601,855
Port Washington									
Business									
Improvement District	180,675	6,031	14,773	159,871	171,009	449	11,587	103,542	115,129
	<u>\$ 91,190,943</u>	<u>\$23,997,964</u>	<u>\$1,666,429</u>	<u>\$65,526,550</u>	<u>\$59,324,635</u>	<u>\$ 3,225,868</u>	<u>\$ (2,976,047)</u>	<u>\$101,279,822</u>	<u>\$ 98,303,775</u>

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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

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

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

**6. SUBSEQUENT EVENTS**

In January 2012, the Town issued \$5,355,000 of Refunding Serial Bonds – 2012 with maturity dates of August 1, 2012 and February 1, 2013-2016. The interest rates range from 2.000% to 4.000%. The bonds are being issued to refund \$5,480,000 in outstanding principal on the Town's 2003 General Obligation Serial Bonds, which were due to mature in the years 2014 to 2016. The interest rates on the refunded bonds range from 4.000% to 4.125%. All the bonds are callable on February 1, 2013.

On April 10, 2012, the Town issued \$12,701,000 in Bond Anticipation Notes (BANs) Series A at an interest rate of 1.000% maturing on April 10, 2013. These BANs provided new money for various capital projects.

On June 7, 2012, the Town issued \$44,822,062 in Bond Anticipation Notes (BANs) Series B at an interest rate of 1.000% maturing on June 7, 2013. These BANs refinanced \$35,186,462 of existing BANs and provided \$9,635,600 in new money for various capital projects.

Subsequent to year end, the Town's General Fund advanced \$1,241,350 to the Town's Solid Waste Management Authority.

**TOWN OF NORTH HEMPSTEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

**7. NEW PRONOUNCEMENTS**

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

The Governmental Accounting Standards Board (GASB) has issued Statement No. 63 *"Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position"*. This statement is for presentation purposes only. The requirements of the new statement become effective for fiscal periods beginning after December 15, 2011.

The Town is currently evaluating the impact of the new 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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES:</b>				
Ad valorem taxes	\$ 20,155,000	\$ 20,155,000	\$ 20,154,835	\$ (165)
Total Real Property Taxes	20,155,000	20,155,000	20,154,835	(165)
<b>REAL PROPERTY TAX ITEMS:</b>				
Payment in lieu of taxes	157,202	157,202	194,436	37,234
Interest and penalties on taxes	950,000	950,000	1,153,150	203,150
Returned check charge: property tax	4,000	4,000	2,480	(1,520)
Total Real Property Tax Items	1,111,202	1,111,202	1,350,066	238,864
<b>NON-PROPERTY TAX ITEMS:</b>				
Nassau County local government assistance	9,865,879	9,865,879	10,223,512	357,633
Franchises-cable TV	1,375,000	1,375,000	1,655,677	280,677
Total Non-Property Tax Items	11,240,879	11,240,879	11,879,189	638,310
<b>DEPARTMENTAL INCOME:</b>				
Comptroller's fees	10,000	10,000	8,820	(1,180)
Town clerk fees	50,000	50,000	42,696	(7,304)
Other general departmental income	16,800	16,800	7,021	(9,779)
Public pound charge dog fees	7,500	7,500	5,846	(1,654)
Parks and recreation charges	1,775,000	1,775,000	2,048,225	273,225
Dock storage leases	35,000	35,000	25,225	(9,775)
Recreational concessions	15,000	15,000	20,405	5,405
Special recreational facility charges	6,978,756	7,020,756	6,714,937	(305,819)
Total Departmental Income	8,888,056	8,930,056	8,873,175	(56,881)
<b>INTERGOVERNMENTAL CHARGES:</b>				
Services for other governments		3,000	11,845	8,845
Total Intergovernmental Charges		3,000	11,845	8,845
<b>USE OF MONEY AND PROPERTY:</b>				
Interest and earnings	40,000	40,000	33,698	(6,302)
Rental of real property			70,554	70,554
Commissions			22,985	22,985
Total Use of Money and Property	40,000	40,000	127,237	87,237

(Continued)

**TOWN OF NORTH HEMPSTEAD**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
Year ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>LICENSES AND PERMITS:</b>				
Games of chance	200	200	270	70
Bingo licenses	600	600	1,245	645
Dog license fund apportionment	45,000	45,000	30,531	(14,469)
Licensing fees	75,000	75,000	50,840	(24,160)
Town permits	124,000	124,000	107,485	(16,515)
Waterway permits	15,000	15,000	15,340	340
Total Licenses and Permits	<u>259,800</u>	<u>259,800</u>	<u>205,711</u>	<u>(54,089)</u>
<b>FINES AND FORFEITURES:</b>				
Court fines	50,000	50,000	50,000	-0-
Total Fines and Forfeitures	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-0-</u>
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS:</b>				
Sale of real property	900,000	900,000	1,275,000	375,000
Sale of equipment			24,561	24,561
Insurance recoveries	1,000	1,000	5,159	4,159
Total Sale of Property and Compensation for Loss	<u>901,000</u>	<u>901,000</u>	<u>1,304,720</u>	<u>403,720</u>
<b>MISCELLANEOUS REVENUE:</b>				
Reimbursement of Medicare Part D	200,000	200,000	219,710	19,710
Refund of prior year expenditures	11,000	11,000	20,432	9,432
Miscellaneous revenue	200,000	248,312	304,307	55,995
Total Miscellaneous Revenue	<u>411,000</u>	<u>459,312</u>	<u>544,449</u>	<u>85,137</u>
<b>INTERFUND REVENUES</b>	<u>5,822,316</u>	<u>5,822,316</u>	<u>5,930,234</u>	<u>107,918</u>
<b>STATE AID:</b>				
State aid - per capita	1,079,276	1,079,276	1,023,565	(55,711)
State aid - mortgage tax	6,080,625	6,080,625	5,752,767	(327,858)
State aid - real property tax	5,000	5,000		(5,000)
State aid - other			9,807	9,807
State aid - capital projects			4,350	4,350
State aid - programs for the aging	33,600	33,600	1,278	(32,322)
State aid - youth program	75,000	75,000	86,635	11,635
State aid - recreation for handicapp	27,500	27,500	16,897	(10,603)
State aid - culture and recreation		7,384	7,853	469
State aid - emergency disaster assistance			1,155	1,155
Total State Aid	<u>7,301,001</u>	<u>7,308,385</u>	<u>6,904,307</u>	<u>(404,078)</u>
<b>FEDERAL AID:</b>				
Federal aid - programs for the aging	876,752	876,752	112,454	(764,298)
Federal aid - culture and recreation			2,040	2,040
Federal aid - emergency disaster assistance			6,932	6,932
Total Federal Aid	<u>876,752</u>	<u>876,752</u>	<u>121,426</u>	<u>(755,326)</u>
Total Revenues	<u>57,057,006</u>	<u>57,157,702</u>	<u>57,457,194</u>	<u>299,492</u>

(Continued)

**TOWN OF NORTH HEMPSTEAD**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2011**

<b>EXPENDITURES</b>	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>CURRENT:</b>				
<b>GENERAL GOVERNMENT SUPPORT:</b>				
Town board	744,534	744,534	722,256	22,278
Supervisor	783,820	783,870	796,584	(12,714)
Director of finance	465,060	454,004	454,004	-0-
Comptroller	1,362,632	1,696,986	1,838,397	(141,411)
Internal auditor	159,550	146,721	146,721	-0-
Receiver of taxes	1,019,824	1,022,235	1,034,852	(12,617)
Purchasing	139,241	139,242	105,092	34,150
Credit card fees	89,600	97,173	97,173	-0-
Fiscal agent fees	40,000	34,091	34,091	-0-
Town clerk	690,678	690,678	667,838	22,840
Town attorney	1,152,317	1,448,542	1,478,764	(30,222)
Human resources	102,108	107,656	107,656	-0-
Engineering	208,500	208,500	185,846	22,654
Records management	193,720	193,720	153,794	39,926
Public information	462,720	514,485	506,039	8,446
Public works	264,100	324,100	304,625	19,475
General services	1,247,306	1,226,939	1,134,380	92,559
Central printing and mail	591,438	612,439	520,856	91,583
Technology services	1,523,908	1,482,726	1,417,696	65,030
Unallocated insurance	449,206	440,962	440,962	-0-
Other general government support	1,112,234	686,031	686,031	-0-
Total General Government Support	12,802,496	13,055,634	12,833,657	221,977
<b>EDUCATION:</b>				
Community College	600,000	600,000	600,000	-0-
Total Education	600,000	600,000	600,000	-0-
<b>PUBLIC SAFETY:</b>				
Administration	446,160	487,341	507,892	(20,551)
Animal shelter	595,248	568,801	568,801	-0-
Total Public Safety	1,041,408	1,056,142	1,076,693	(20,551)
<b>ECONOMIC ASSISTANCE AND OPPORTUNITY:</b>				
Community services	428,272	453,330	453,330	-0-
Publicity	524,127	542,635	509,980	32,655
Veterans services	10,000	9,475	9,475	-0-
Programs for the aging	1,896,617	1,892,711	1,423,452	469,259
Total Economic Assistance and Opportunity	2,859,016	2,898,151	2,396,237	501,914

(Continued)

**TOWN OF NORTH HEMPSTEAD**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>CULTURE AND RECREATION:</b>				
Arts council		5,793	5,793	-0-
Parks and recreation	1,709,619	1,553,095	1,553,095	-0-
Parks	6,057,924	6,242,069	6,985,563	(743,494)
Community center	60,500	60,480	60,480	-0-
Special recreation facilities	5,857,286	5,915,330	6,202,986	(287,656)
Youth activities	723,731	753,326	753,326	-0-
Total Culture and Recreation	<u>14,409,060</u>	<u>14,530,093</u>	<u>15,561,243</u>	<u>(1,031,150)</u>
<b>HOME AND COMMUNITY SERVICES:</b>				
Environmental facilities	975,000	973,488	970,871	2,617
Housing authority	229,086	228,500	226,115	2,385
Emergency tenant protection act	7,500	5,890	5,890	-0-
Total Home and Community Services	<u>1,211,586</u>	<u>1,207,878</u>	<u>1,202,876</u>	<u>5,002</u>
<b>EMPLOYEE BENEFITS:</b>				
State employee retirement system	1,608,014	1,622,051	1,622,051	-0-
Social security	1,194,327	1,235,450	1,235,450	-0-
Workers' compensation	350,000	343,631	343,631	-0-
Unemployment benefits	50,000	37,987	37,987	-0-
Disability benefits	450	28	28	-0-
Hospital, medical and dental	4,352,686	4,368,460	4,411,463	(43,003)
Other employee benefits	18,000	12,863	12,863	-0-
Total Employee Benefits	<u>7,573,477</u>	<u>7,620,470</u>	<u>7,663,473</u>	<u>(43,003)</u>
Total Expenditures	<u>40,497,043</u>	<u>40,968,368</u>	<u>41,334,179</u>	<u>(365,811)</u>
<b>Excess of Revenues Over Expenditures</b>	<u>16,559,963</u>	<u>16,189,334</u>	<u>16,123,015</u>	<u>(66,319)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,113,248	1,113,248	1,273,649	160,401
Transfers out	(16,868,211)	(16,840,604)	(19,411,258)	(2,570,654)
Premiums on debt issuance			46,208	46,208
Bond anticipation notes redeemed	(805,000)	(833,797)	(1,184,000)	(350,203)
Total Other Financing Uses	<u>(16,559,963)</u>	<u>(16,561,153)</u>	<u>(19,275,401)</u>	<u>(2,714,248)</u>
<b>Net Change in Fund Balances</b>	<u>\$ -0-</u>	<u>\$ (371,819)</u>	<u>(3,152,386)</u>	<u>\$ (2,780,567)</u>
<b>Fund Balances at Beginning of Year</b>			<u>12,311,273</u>	
<b>Fund Balances at End of Year</b>			<u>\$ 9,158,887</u>	

**TOWN OF NORTH HEMPSTEAD**  
**HIGHWAY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
Year ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES:</b>				
Ad valorem taxes	\$ 20,610,724	\$ 20,610,724	\$ 20,631,699	\$ 20,975
Total Real Property Taxes	20,610,724	20,610,724	20,631,699	20,975
<b>REAL PROPERTY TAX ITEMS:</b>				
Payment in lieu of taxes	219,183	219,183	286,968	67,785
Total Real Property Tax Items	219,183	219,183	286,968	67,785
<b>INTERGOVERNMENTAL CHARGES:</b>				
Services for other governments	75,000	401,500	338,364	(63,136)
Total Intergovernmental Charges	75,000	401,500	338,364	(63,136)
<b>USE OF MONEY AND PROPERTY:</b>				
Interest and earnings	15,500	15,500	16,251	751
Rental of real property		5,500	66,932	61,432
Total Use of Money and Property	15,500	21,000	83,183	62,183
<b>LICENSES AND PERMITS:</b>				
Permits - road restoration fee	225,000	225,000	170,278	(54,722)
Total Licenses and Permits	225,000	225,000	170,278	(54,722)
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS:</b>				
Recovery of damage to Town property	1,000	1,000	12,778	11,778
Total Sale of Property and Compensation for Loss	1,000	1,000	12,778	11,778
<b>MISCELLANEOUS REVENUE:</b>				
Refund of prior year expenditures	1,000	1,000	(252)	(1,252)
Miscellaneous revenue			1,018	1,018
Total Miscellaneous Revenue	1,000	1,000	766	(234)
<b>INTERFUND REVENUES</b>	<b>1,074,635</b>	<b>1,074,635</b>	<b>1,101,924</b>	<b>27,289</b>
<b>STATE AID:</b>				
State aid - other			(19,152)	(19,152)
State aid - consolidated highway aid	503,412	503,412	570,558	67,146
State aid - emergency disaster assistance		55,994	59,174	3,180
Total State Aid	503,412	559,406	610,580	51,174
<b>FEDERAL AID:</b>				
Federal aid - emergency disaster assistance		335,967	355,042	19,075
Total Federal Aid		335,967	355,042	19,075
Total Revenues	22,725,454	23,449,415	23,591,582	142,167

(Continued)

**TOWN OF NORTH HEMPSTEAD**  
**HIGHWAY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
Year ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
<b>GENERAL GOVERNMENT SUPPORT:</b>				
Unallocated insurance	226,773	222,611	222,611	-0-
Other general government support	2,271,437	2,010,168	2,010,168	-0-
Total General Government Support	<u>2,498,210</u>	<u>2,232,779</u>	<u>2,232,779</u>	<u>-0-</u>
<b>TRANSPORTATION:</b>				
Administration	3,381,971	4,950,540	5,066,018	(115,478)
Garage	4,876,194	5,036,930	5,036,953	(23)
Snow removal	860,000	831,081	831,081	-0-
Services for other governments	808,567	577,828	577,828	-0-
Signs	475,015	519,204	519,204	-0-
Traffic safety	71,299	71,478	71,478	-0-
Total Transportation	<u>10,473,046</u>	<u>11,987,061</u>	<u>12,102,562</u>	<u>(115,501)</u>
<b>EMPLOYEE BENEFITS:</b>				
State employee retirement system	768,263	713,320	713,320	-0-
Social security	527,666	533,656	533,656	-0-
Workers' compensation	225,000	299,654	299,654	-0-
Unemployment benefits	9,000	33,520	33,520	-0-
Disability benefits	200	8	8	-0-
Hospital, medical and dental	2,747,997	2,655,803	2,709,030	(53,227)
Other employee benefits	10,000	5,000	5,000	-0-
Total Employee Benefits	<u>4,288,126</u>	<u>4,240,961</u>	<u>4,294,188</u>	<u>(53,227)</u>
Total Expenditures	<u>17,259,382</u>	<u>18,460,801</u>	<u>18,629,529</u>	<u>(168,728)</u>
<b>Excess of Revenues Over Expenditures</b>	<u>5,466,072</u>	<u>4,988,614</u>	<u>4,962,053</u>	<u>(26,561)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	139,522	139,522	90,238	(49,284)
Transfers out	(5,336,594)	(5,352,136)	(5,352,136)	-0-
Bond anticipation notes redeemed	(269,000)	(276,000)	(276,000)	-0-
Total Other Financing Uses	<u>(5,466,072)</u>	<u>(5,488,614)</u>	<u>(5,537,898)</u>	<u>(49,284)</u>
<b>Net Change in Fund Balances</b>	<u>\$ -0-</u>	<u>\$ (500,000)</u>	<u>(575,845)</u>	<u>\$ (75,845)</u>
<b>Fund Balances at Beginning of Year</b>			<u>2,923,353</u>	
<b>Fund Balances at End of Year</b>			<u>\$ 2,347,508</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, 2011

REVENUES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>DEPARTMENTAL INCOME:</b>				
Solid waste	\$ 18,151,550	\$ 18,151,550	\$ 14,895,205	\$ (3,256,345)
Other	100,500	100,500	71,658	(28,842)
Total Departmental Income	18,252,050	18,252,050	14,966,863	(3,285,187)
<b>INTERGOVERNMENTAL CHARGES:</b>				
Services for other governments	1,025,000	1,025,000	1,025,000	-0-
Total Intergovernmental Charges	1,025,000	1,025,000	1,025,000	-0-
<b>USE OF MONEY AND PROPERTY:</b>				
Interest and earnings			1,022	1,022
Rental of real property	50,000	50,000	25,300	(24,700)
Total Use of Money and Property	50,000	50,000	26,322	(23,678)
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS:</b>				
Recycling	420,000	420,000	458,552	38,552
Total Sale of Property and Compensation for Loss	420,000	420,000	458,552	38,552
<b>MISCELLANEOUS REVENUE:</b>				
Refund of prior years expenditures			303	303
Miscellaneous revenue			38,887	38,887
Total Miscellaneous Revenue			39,190	39,190
<b>STATE AID:</b>				
State aid - recycling grant			3,037	3,037
State aid - other			12,599	12,599
Total State Aid			15,636	15,636
Total Revenues	19,747,050	19,747,050	16,531,563	(3,215,487)

(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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
CURRENT:				
HOME AND COMMUNITY SERVICES:				
Administration	966,569	979,345	966,274	13,071
Leachate	592,824	539,324	501,710	37,614
Transfer station	16,622,824	16,614,849	13,648,515	2,966,334
Scale house	289,654	294,757	294,757	-0-
Maintenance	306,113	337,101	337,101	-0-
Equipment	91,500	49,329	38,054	11,275
Recycling	177,900	216,900	201,572	15,328
Total Home and Community Services	<u>19,047,384</u>	<u>19,031,605</u>	<u>15,987,983</u>	<u>3,043,622</u>
EMPLOYEE BENEFITS:				
State employee retirement system	141,739	133,870	110,919	22,951
Social security	84,427	87,097	87,097	-0-
Workers' compensation	5,000	25,978	25,978	-0-
Disability benefits	100	100	8	92
Hospital, medical and dental	468,400	468,400	423,628	44,772
Total Employee Benefits	<u>699,666</u>	<u>715,445</u>	<u>647,630</u>	<u>67,815</u>
Total Expenditures	<u>19,747,050</u>	<u>19,747,050</u>	<u>16,635,613</u>	<u>3,111,437</u>
<b>Deficiency of Revenues Under Expenditures</b>			<u>(104,050)</u>	<u>(104,050)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,516,969	2,516,969	2,920,619	403,650
Transfers out	(2,516,969)	(2,516,969)	(2,516,969)	-0-
Total Other Financing Sources			<u>403,650</u>	<u>403,650</u>
<b>Net Change in Fund Balances</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	299,600	<u>\$ 299,600</u>
<b>Fund Balances (Deficits) at Beginning of Year</b>			<u>(293,092)</u>	
<b>Fund Balances at End of Year</b>			<u>\$ 6,508</u>	

**TOWN OF NORTH HEMPSTEAD**  
**TOWN OF NORTH HEMPSTEAD RETIREE MEDICAL PROGRAM**  
**POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS**  
**SCHEDULE OF FUNDING PROGRESS**  
December 31, 2011

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)
2011	\$ -0-	\$ 133,271,000 *	\$ 133,271,000 *	0%	\$30,863,411	431.81%
2010	-0-	125,785,000	125,785,000	0%	30,437,386	413.26%
2009	-0-	124,832,000 *	124,832,000 *	0%	29,701,483	420.29%
2008	-0-	117,768,000	117,768,000	0%	29,008,187	405.98%

\* Roll forward

## **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, 2011

	Special Revenue Funds				
	Part Town	Refuse and Garbage Districts	Park Districts	Fire Protection Districts	Lighting District
<b>ASSETS</b>					
Cash and investments	\$ 6,360,755	\$ 2,289,525	\$ 480,471	\$ 904,497	\$ 1,080,683
Accounts receivable, net of allowances	18,137		8,003		
Prepays	109,374		14,882		5,036
Due from other funds	246,472				503
State and federal aid receivables	60,463				
Due from other governments	122,471	2,703,796		1,193	1,887
Total Assets	<u>\$ 6,917,672</u>	<u>\$ 4,993,321</u>	<u>\$ 503,356</u>	<u>\$ 905,690</u>	<u>\$ 1,088,109</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 76,264	\$ 337,176	\$ 21,828		\$ 249,702
Bond anticipation notes payable		2,711,980			
Due to other governments	36,867				
Due to other funds	11,521		3,812		500
Deferred revenue	19,126	1,394			55
Total Liabilities	<u>143,778</u>	<u>3,050,550</u>	<u>25,640</u>		<u>250,257</u>
<b>Fund Balances</b>					
Nonspendable	109,374	2,703,793	14,882		5,036
Assigned	6,664,520		462,834	\$ 905,690	832,816
Unassigned		(761,022)			
Total Fund Balances	<u>6,773,894</u>	<u>1,942,771</u>	<u>477,716</u>	<u>905,690</u>	<u>837,852</u>
Total Liabilities and Fund Balances	<u>\$ 6,917,672</u>	<u>\$ 4,993,321</u>	<u>\$ 503,356</u>	<u>\$ 905,690</u>	<u>\$ 1,088,109</u>

Public Parking District	Sidewalk District	Water District	Total Nonmajor Governmental Funds
\$ 761,739	\$ 914,284	\$ 12,378	\$ 12,804,332
8,141	29,422		26,140
600	12,018		166,855
			259,593
			60,463
83	2,938		2,832,368
<u>\$ 770,563</u>	<u>\$ 958,662</u>	<u>\$ 12,378</u>	<u>\$ 16,149,751</u>
\$ 18,089	\$ 48,818	\$ 12,240	\$ 764,117
			2,711,980
			36,867
1,000	7,500		24,333
	80		20,655
<u>19,089</u>	<u>56,398</u>	<u>12,240</u>	<u>3,557,952</u>
8,141	29,422		2,870,648
743,333	872,842	138	10,482,173
			(761,022)
<u>751,474</u>	<u>902,264</u>	<u>138</u>	<u>12,591,799</u>
<u>\$ 770,563</u>	<u>\$ 958,662</u>	<u>\$ 12,378</u>	<u>\$ 16,149,751</u>

**TOWN OF NORTH HEMPSTEAD**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
Year ended December 31, 2011

	Special Revenue Funds				
	Part Town	Refuse and Garbage Districts	Park Districts	Fire Protection Districts	Lighting District
<b>REVENUES</b>					
Real property taxes	\$ 4,713,297	\$ 7,007,098	\$ 1,067,504	\$ 6,031,653	\$ 2,096,812
Real property tax items	61,929	90,422	387	111,079	31,021
Non-property tax items	150,000				
Departmental income	876,028		367,211		
Use of money and property	25,031	12,516	17,178	8,071	6,041
Licenses and permits	4,012,490				
Fines and forfeitures	299,525				
Miscellaneous revenue	40,493		125		
Interfund revenues	9,820		30,000		503
State aid	66,933				4,378
Federal aid					26,266
<b>Total Revenues</b>	<u>10,255,546</u>	<u>7,110,036</u>	<u>1,482,405</u>	<u>6,150,803</u>	<u>2,165,021</u>
<b>EXPENDITURES</b>					
Current:					
General government support	1,624,138	390,976	265,857	652,266	199,110
Public safety	3,422,330			5,621,879	
Health	214,121				
Transportation					1,875,733
Culture and recreation			820,220		
Home and community services	1,046,335	6,931,614			
Employee benefits	1,829,540		213,576		67,275
<b>Total Expenditures</b>	<u>8,136,464</u>	<u>7,322,590</u>	<u>1,299,653</u>	<u>6,274,145</u>	<u>2,142,118</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>2,119,082</u>	<u>(212,554)</u>	<u>182,752</u>	<u>(123,342)</u>	<u>22,903</u>
<b>Other Financing Sources (Uses)</b>					
Transfers out	(10,000)		(59,713)		
Premiums on debt issuance		30,446			
<b>Total Other Financing Sources (Uses)</b>	<u>(10,000)</u>	<u>30,446</u>	<u>(59,713)</u>		
<b>Net Change in Fund Balances</b>	2,109,082	(182,108)	123,039	(123,342)	22,903
<b>Fund Balances at Beginning of Year</b>	<u>4,664,812</u>	<u>2,124,879</u>	<u>354,677</u>	<u>1,029,032</u>	<u>814,949</u>
<b>Fund Balances at End of Year</b>	<u>\$ 6,773,894</u>	<u>\$ 1,942,771</u>	<u>\$ 477,716</u>	<u>\$ 905,690</u>	<u>\$ 837,852</u>

Public Parking District	Sidewalk District	Water District	Total Nonmajor Governmental Funds
\$ 310,566	\$ 3,069,517	\$ 51,410	\$ 24,347,857
11,904	39,988		346,730
			150,000
582,162			1,825,401
3,018	5,102	64	77,021
			4,012,490
			299,525
600	12,018		40,618
			52,941
			71,311
			26,266
<u>908,250</u>	<u>3,126,625</u>	<u>51,474</u>	<u>31,250,160</u>
159,462	527,200		3,819,009
			9,044,209
361,692	2,030,218		214,121
			4,267,643
			820,220
113,734	398,813	51,460	8,029,409
<u>634,888</u>	<u>2,956,231</u>	<u>51,460</u>	<u>2,622,938</u>
273,362	170,394	14	2,432,611
(161,065)	(93,278)		(324,056)
			30,446
<u>(161,065)</u>	<u>(93,278)</u>		<u>(293,610)</u>
112,297	77,116	14	2,139,001
639,177	825,148	124	10,452,798
<u>\$ 751,474</u>	<u>\$ 902,264</u>	<u>\$ 138</u>	<u>\$ 12,591,799</u>

**TOWN OF NORTH HEMPSTEAD**  
**PART TOWN**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
Year ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES:</b>				
Ad valorem taxes	\$ 4,713,276	\$ 4,713,276	\$ 4,713,297	\$ 21
Total Real Property Taxes	4,713,276	4,713,276	4,713,297	21
<b>REAL PROPERTY TAX ITEMS:</b>				
Payment in lieu of taxes	47,301	47,301	61,929	14,628
Total Real Property Tax Items	47,301	47,301	61,929	14,628
<b>NON-PROPERTY TAX ITEMS:</b>				
Franchises-cable TV	150,000	150,000	150,000	-0-
Total Non-Property Tax Items	150,000	150,000	150,000	-0-
<b>DEPARTMENTAL INCOME:</b>				
Parking enforcement	564,000	564,000	481,476	(82,524)
Registrar of vital statistics	245,000	245,000	242,072	(2,928)
Zoning board fees	135,000	135,000	152,480	17,480
Total Departmental Income	944,000	944,000	876,028	(67,972)
<b>USE OF MONEY AND PROPERTY:</b>				
Interest and earnings	19,000	19,000	25,031	6,031
Total Use of Money and Property	19,000	19,000	25,031	6,031
<b>LICENSES AND PERMITS:</b>				
Building permits	2,525,000	2,525,000	4,012,490	1,487,490
Total Licenses and Permits	2,525,000	2,525,000	4,012,490	1,487,490
<b>FINES AND FORFEITURES:</b>				
Court fines	225,000	225,000	299,525	74,525
Total Fines and Forfeitures	225,000	225,000	299,525	74,525
<b>MISCELLANEOUS REVENUE:</b>				
Refund of prior year expenditures			471	471
Miscellaneous revenue		40,022	40,022	-0-
Total Miscellaneous Revenue		40,022	40,493	471
<b>INTERFUND REVENUES</b>				
			9,820	9,820
<b>STATE AID:</b>				
State aid - other culture and recreation			10,787	10,787
State aid - planning studies		56,146	56,146	-0-
Total State Aid		56,146	66,933	10,787
<b>FEDERAL AID:</b>				
Federal aid - economic assistance	175,000	78,832		(78,832)
Total Federal Aid	175,000	78,832		(78,832)
Total Revenues	8,798,577	8,798,577	10,255,546	1,456,969

(Continued)

**TOWN OF NORTH HEMPSTEAD**  
**PART TOWN**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
Year ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
CURRENT:				
GENERAL GOVERNMENT SUPPORT:				
Unallocated insurance	65,520	65,520	64,317	1,203
Other general government support	1,719,921	1,637,136	1,559,821	77,315
Total General Government Support	<u>1,785,441</u>	<u>1,702,656</u>	<u>1,624,138</u>	<u>78,518</u>
PUBLIC SAFETY:				
Parking enforcement	315,693	382,668	382,668	-0-
Building	3,400,212	3,415,798	3,039,662	376,136
Total Public Safety	<u>3,715,905</u>	<u>3,798,466</u>	<u>3,422,330</u>	<u>376,136</u>
HEALTH:				
Registrar of vital statistics	281,817	281,817	214,121	67,696
Total Health	<u>281,817</u>	<u>281,817</u>	<u>214,121</u>	<u>67,696</u>
HOME AND COMMUNITY SERVICES:				
Board of appeals	322,832	351,527	351,527	-0-
Planning and development - staff	589,666	606,195	606,195	-0-
Brownfields	200,000	200,000	88,613	111,387
Total Home and Community Services	<u>1,112,498</u>	<u>1,157,722</u>	<u>1,046,335</u>	<u>111,387</u>
EMPLOYEE BENEFITS:				
State employee retirement system	415,843	424,957	424,957	-0-
Social security	336,464	327,350	306,603	20,747
Workers' compensation	95,000	95,000	91,509	3,491
Disability benefits	100	100	5	95
Unemployment benefits	15,000	15,000	3,469	11,531
Hospital, medical and dental	1,028,109	1,028,109	1,000,597	27,512
Other employee benefits	2,400	2,400	2,400	-0-
Total Employee Benefits	<u>1,892,916</u>	<u>1,892,916</u>	<u>1,829,540</u>	<u>63,376</u>
Total Expenditures	<u>8,788,577</u>	<u>8,833,577</u>	<u>8,136,464</u>	<u>697,113</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>10,000</u>	<u>(35,000)</u>	<u>2,119,082</u>	<u>2,154,082</u>
<b>Other Financing Uses</b>				
Transfers out	(10,000)	(10,000)	(10,000)	-0-
Total Other Financing Uses	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-0-</u>
<b>Net Change in Fund Balances</b>	<u>\$ -0-</u>	<u>\$ (45,000)</u>	<u>2,109,082</u>	<u>\$ 2,154,082</u>
<b>Fund Balances at Beginning of Year</b>			<u>4,664,812</u>	
<b>Fund Balances at End of Year</b>			<u>\$ 6,773,894</u>	

**TOWN OF NORTH HEMPSTEAD**  
**REFUSE AND GARBAGE DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
Year ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES:</b>				
Ad valorem taxes	\$ 7,007,080	\$ 7,007,080	\$ 7,007,098	\$ 18
Total Real Property Taxes	7,007,080	7,007,080	7,007,098	18
<b>REAL PROPERTY TAX ITEMS:</b>				
Payment in lieu of taxes	90,741	90,741	90,422	(319)
Total Real Property Tax Items	90,741	90,741	90,422	(319)
<b>USE OF MONEY AND PROPERTY:</b>				
Interest and earnings	12,830	12,828	12,516	(312)
Total Use of Money and Property	12,830	12,828	12,516	(312)
Total Revenues	7,110,651	7,110,649	7,110,036	(613)
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
<b>GENERAL GOVERNMENT SUPPORT:</b>				
Other general government support	383,500	390,959	390,976	(17)
Total General Government Support	383,500	390,959	390,976	(17)
<b>HOME AND COMMUNITY SERVICE:</b>				
Sanitation	6,920,000	6,912,539	6,931,614	(19,075)
Total Home and Community Service	6,920,000	6,912,539	6,931,614	(19,075)
Total Expenditures	7,303,500	7,303,498	7,322,590	(19,092)
<b>Deficiency of Revenues Under Expenditures</b>	(192,849)	(192,849)	(212,554)	(19,705)
<b>Other Financing Sources</b>				
Premiums on debt issuance			30,446	30,446
Total Other Financing Sources			30,446	30,446
<b>Net Change in Fund Balances</b>	<u>\$ (192,849)</u>	<u>\$ (192,849)</u>	(182,108)	<u>\$ 10,741</u>
<b>Fund Balances at Beginning of Year</b>			2,124,879	
<b>Fund Balances at End of Year</b>			<u>\$ 1,942,771</u>	

**TOWN OF NORTH HEMPSTEAD**  
**PARK DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES:</b>				
Ad valorem taxes	\$ 1,067,501	\$ 1,067,501	\$ 1,067,504	\$ 3
Total Real Property Taxes	1,067,501	1,067,501	1,067,504	3
<b>REAL PROPERTY TAX ITEMS:</b>				
Payment in lieu of taxes	355	355	387	32
Total Real Property Tax Items	355	355	387	32
<b>DEPARTMENTAL INCOME:</b>				
Recreational concessions	7,500	7,500	7,500	-0-
Special recreational facility charges	355,250	355,250	359,711	4,461
Total Departmental Income	362,750	362,750	367,211	4,461
<b>INTERGOVERNMENTAL CHARGES:</b>				
Services for other governments	40,000	10,000		(10,000)
Total Intergovernmental Charges	40,000	10,000		(10,000)
<b>USE OF MONEY AND PROPERTY:</b>				
Interest and earnings	16,846	16,846	17,178	332
Total Use of Money and Property	16,846	16,846	17,178	332
<b>MISCELLANEOUS REVENUE:</b>				
Miscellaneous revenue			125	125
Total Miscellaneous Revenue			125	125
<b>INTERFUND REVENUES</b>				
Total Revenues	1,487,452	1,487,452	1,482,405	(5,047)
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
<b>GENERAL GOVERNMENT SUPPORT:</b>				
Credit card fees	1,250	2,709	2,709	-0-
Unallocated insurance	17,778	17,778	17,451	327
Other general government support	249,475	247,341	245,697	1,644
Total General Government Support	268,503	267,828	265,857	1,971
<b>CULTURE AND RECREATION:</b>				
Parks and pools	937,223	941,216	820,220	120,996
Total Culture and Recreation	937,223	941,216	820,220	120,996
<b>EMPLOYEE BENEFITS:</b>				
State employee retirement system	52,176	55,337	54,558	779
Social security	48,958	47,900	46,386	1,514
Workers' compensation	4,000	4,653	4,340	313
Disability benefits	60	60	60	60
Hospital, medical and dental	119,533	113,459	107,542	5,917
Other employee benefits	750	750	750	-0-
Total Employee Benefits	225,477	222,159	213,576	8,583
Total Expenditures	1,431,203	1,431,203	1,299,653	131,550
<b>Excess of Revenues Over Expenditures</b>	56,249	56,249	182,752	126,503
<b>Other Financing Uses</b>				
Transfers out	(59,713)	(59,713)	(59,713)	-0-
Total Other Financing Uses	(59,713)	(59,713)	(59,713)	-0-
<b>Net Change in Fund Balances</b>	\$ (3,464)	\$ (3,464)	123,039	\$ 126,503
<b>Fund Balances at Beginning of Year</b>			354,677	
<b>Fund Balances at End of Year</b>			\$ 477,716	

**TOWN OF NORTH HEMPSTEAD**  
**FIRE PROTECTION DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
Year ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES:</b>				
Ad valorem taxes	\$ 6,031,653	\$ 6,031,653	\$ 6,031,653	\$ -0-
Total Real Property Taxes	6,031,653	6,031,653	6,031,653	-0-
<b>REAL PROPERTY TAX ITEMS:</b>				
Payment in lieu of taxes	100,262	100,262	111,079	10,817
Total Real Property Tax Items	100,262	100,262	111,079	10,817
<b>USE OF MONEY AND PROPERTY:</b>				
Interest and earnings	8,995	8,996	8,071	(925)
Total Use of Money and Property	8,995	8,996	8,071	(925)
Total Revenues	6,140,910	6,140,911	6,150,803	9,892
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
<b>GENERAL GOVERNMENT SUPPORT:</b>				
Unallocated insurance	215,038	221,072	244,605	(23,533)
Other general government support	407,661	407,661	407,661	-0-
Total General Government Support	622,699	628,733	652,266	(23,533)
<b>PUBLIC SAFETY:</b>				
Fire protection	5,518,211	5,622,425	5,621,879	546
Total Public Safety	5,518,211	5,622,425	5,621,879	546
Total Expenditures	6,140,910	6,251,158	6,274,145	(22,987)
<b>Net Change in Fund Balances</b>	<b>\$ -0-</b>	<b>\$ (110,247)</b>	<b>(123,342)</b>	<b>\$ (13,095)</b>
<b>Fund Balances at Beginning of Year</b>			1,029,032	
<b>Fund Balances at End of Year</b>			<b>\$ 905,690</b>	

**TOWN OF NORTH HEMPSTEAD**  
**LIGHTING DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
Year ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES:</b>				
Ad valorem taxes	\$ 2,096,810	\$ 2,096,810	\$ 2,096,812	\$ 2
Total Real Property Taxes	2,096,810	2,096,810	2,096,812	2
<b>REAL PROPERTY TAX ITEMS:</b>				
Payment in lieu of taxes	22,753	22,753	31,021	8,268
Total Real Property Tax Items	22,753	22,753	31,021	8,268
<b>USE OF MONEY AND PROPERTY:</b>				
Interest and earnings	6,000	6,000	6,041	41
Total Use of Money and Property	6,000	6,000	6,041	41
<b>INTERFUND REVENUES</b>				
			503	503
<b>STATE AID:</b>				
State aid - emergency disaster assistance			4,378	4,378
Total State Aid			4,378	4,378
<b>FEDERAL AID:</b>				
Federal aid - emergency disaster assistance			26,266	26,266
Total Federal Aid			26,266	26,266
Total Revenues	2,125,563	2,125,563	2,165,021	39,458
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
<b>GENERAL GOVERNMENT SUPPORT:</b>				
Unallocated insurance	2,671	2,671	2,622	49
Other general government support	196,595	196,595	196,488	107
Total General Government Support	199,266	199,266	199,110	156
<b>TRANSPORTATION:</b>				
Lighting	2,053,859	2,052,419	1,875,733	176,686
Total Transportation	2,053,859	2,052,419	1,875,733	176,686
<b>EMPLOYEE BENEFITS:</b>				
State employee retirement system	19,986	21,237	21,237	-0-
Social security	14,805	14,995	14,995	-0-
Disability benefits	50	20	100	20
Workers' compensation	1,000	1,371	1,371	-0-
Hospital, medical and dental	29,914	29,572	29,572	-0-
Other employee benefits	100	100	100	-0-
Total Employee Benefits	65,855	67,295	67,275	20
Total Expenditures	2,318,980	2,318,980	2,142,118	176,862
<b>Net Change in Fund Balances</b>	<b>\$ (193,417)</b>	<b>\$ (193,417)</b>	22,903	<b>\$ 216,320</b>
<b>Fund Balances at Beginning of Year</b>			814,949	
<b>Fund Balances at End of Year</b>			<b>\$ 837,852</b>	

**TOWN OF NORTH HEMPSTEAD**  
**PUBLIC PARKING DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
Year ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES:</b>				
Ad valorem taxes	\$ 310,566	\$ 310,566	\$ 310,566	\$ -0-
Total Real Property Taxes	310,566	310,566	310,566	-0-
<b>REAL PROPERTY TAX ITEMS:</b>				
Payment in lieu of taxes	4,183	4,183	11,904	7,721
Total Real Property Tax Items	4,183	4,183	11,904	7,721
<b>DEPARTMENTAL INCOME:</b>				
Parking enforcement	25,000	25,000	25,000	-0-
Parking permits	47,500	47,500	50,530	3,030
Parking lots	332,500	332,500	337,416	4,916
Parking meter fees	150,000	150,000	169,216	19,216
Total Departmental Income	555,000	555,000	582,162	27,162
<b>USE OF MONEY AND PROPERTY:</b>				
Interest and earnings	2,000	2,000	3,018	1,018
Total Use of Money and Property	2,000	2,000	3,018	1,018
<b>INTERFUND REVENUES</b>				
Total Revenues	871,749	871,749	908,250	36,501
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
<b>GENERAL GOVERNMENT SUPPORT:</b>				
Credit card fees		2,892	2,892	-0-
Unallocated insurance	13,377	13,683	13,683	-0-
Other general government support	167,932	167,627	142,887	24,740
Total General Government Support	181,309	184,202	159,462	24,740
<b>TRANSPORTATION:</b>				
Parking	440,874	414,852	361,692	53,160
Total Transportation	440,874	414,852	361,692	53,160
<b>EMPLOYEE BENEFITS:</b>				
State employee retirement system	30,965	30,612	30,612	-0-
Social security	18,664	20,972	20,972	-0-
Workers' compensation	4,500	2,208	2,208	-0-
Disability benefits	50	50		50
Hospital, medical and dental	46,376	59,842	59,842	-0-
Other employee benefits	100	100	100	-0-
Total Employee Benefits	100,655	113,784	113,734	50
Total Expenditures	722,838	712,838	634,888	77,950
<b>Excess of Revenues Over Expenditures</b>	<b>148,911</b>	<b>158,911</b>	<b>273,362</b>	<b>114,451</b>
<b>Other Financing Uses</b>				
Transfers out	(151,065)	(161,065)	(161,065)	-0-
Total Other Financing Uses	(151,065)	(161,065)	(161,065)	-0-
<b>Net Change in Fund Balances</b>	<b>\$ (2,154)</b>	<b>\$ (2,154)</b>	<b>112,297</b>	<b>\$ 114,451</b>
<b>Fund Balances at Beginning of Year</b>			<b>639,177</b>	
<b>Fund Balances at End of Year</b>			<b>\$ 751,474</b>	

**TOWN OF NORTH HEMPSTEAD**  
**SIDEWALK DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
Year ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES:</b>				
Ad valorem taxes	\$ 3,069,511	\$ 3,069,511	\$ 3,069,517	\$ 6
Total Real Property Taxes	3,069,511	3,069,511	3,069,517	6
<b>REAL PROPERTY TAX ITEMS:</b>				
Payment in lieu of taxes	35,462	35,462	39,988	4,526
Total Real Property Tax Items	35,462	35,462	39,988	4,526
<b>USE OF MONEY AND PROPERTY:</b>				
Interest and earnings	6,001	6,001	5,102	(899)
Total Use of Money and Property	6,001	6,001	5,102	(899)
<b>INTERFUND REVENUES</b>				
Total Revenues	3,110,974	3,110,974	3,126,625	15,651
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
<b>GENERAL GOVERNMENT SUPPORT:</b>				
Unallocated insurance	29,630	29,630	29,086	544
Other general government support	498,656	498,656	498,114	542
Total General Government Support	528,286	528,286	527,200	1,086
<b>TRANSPORTATION:</b>				
Sidewalks	2,163,018	2,162,018	2,030,218	131,800
Total Transportation	2,163,018	2,162,018	2,030,218	131,800
<b>EMPLOYEE BENEFITS:</b>				
State employee retirement system	104,512	109,462	109,462	-0-
Social security	78,277	78,277	77,340	937
Disability benefits	100	100	100	100
Workers' compensation	7,000	7,000	6,623	377
Hospital, medical and dental	235,536	230,120	205,288	24,832
Other employee benefits	100	100	100	-0-
Total Employee Benefits	425,525	425,059	398,813	26,246
Total Expenditures	3,116,829	3,115,363	2,956,231	159,132
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(5,855)</b>	<b>(4,389)</b>	<b>170,394</b>	<b>174,783</b>
<b>Other Financing Uses</b>				
Transfers out	(92,976)	(93,442)	(93,278)	164
Total Other Financing Uses	(92,976)	(93,442)	(93,278)	164
<b>Net Change in Fund Balances</b>	<b>\$ (98,831)</b>	<b>\$ (97,831)</b>	<b>77,116</b>	<b>\$ 174,947</b>
<b>Fund Balances at Beginning of Year</b>			<b>825,148</b>	
<b>Fund Balances at End of Year</b>			<b>\$ 902,264</b>	

**TOWN OF NORTH HEMPSTEAD**  
**WATER DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
Year ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES:</b>				
Ad valorem taxes	\$ 51,410	\$ 51,410	\$ 51,410	\$ -0-
Total Real Property Taxes	51,410	51,410	51,410	-0-
<b>USE OF MONEY AND PROPERTY:</b>				
Interest and earnings	50	50	64	14
Total Use of Money and Property	50	50	64	14
Total Revenues	51,460	51,460	51,474	14
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
<b>HOME AND COMMUNITY SERVICE:</b>				
Water	51,460	51,460	51,460	-0-
Total Home and Community Service	51,460	51,460	51,460	-0-
Total Expenditures	51,460	51,460	51,460	-0-
<b>Net Change in Fund Balances</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	14	<b>\$ 14</b>
<b>Fund Balances at Beginning of Year</b>			124	
<b>Fund Balances at End of Year</b>			<b>\$ 138</b>	

**TOWN OF NORTH HEMPSTEAD**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN AGENCY ASSETS AND LIABILITIES**  
Year ended December 31, 2011

	Balance January 1, 2011	Additions	Deductions	Balance December 31, 2011
<b>ASSETS</b>				
<i>Town Agency Fund</i>				
Cash	\$ 18,107,488	\$ 258,549,427	\$ 259,181,937	\$ 17,474,978
<b>Total Assets - Town Agency Fund</b>	<b>18,107,488</b>	<b>258,549,427</b>	<b>259,181,937</b>	<b>17,474,978</b>
<i>Town Clerk Agency Fund</i>				
Cash	47,578	540,315	547,220	40,673
<b>Total Assets - Town Clerk Agency Fund</b>	<b>47,578</b>	<b>540,315</b>	<b>547,220</b>	<b>40,673</b>
<i>Town Receiver of Taxes Agency Fund</i>				
Cash	4,981,672	1,177,818,932	1,180,181,760	2,618,844
<b>Total Assets - Town Receiver of Taxes Agency Fund</b>	<b>4,981,672</b>	<b>1,177,818,932</b>	<b>1,180,181,760</b>	<b>2,618,844</b>
<b>Total Assets</b>	<b>\$ 23,136,738</b>	<b>\$1,436,908,674</b>	<b>\$1,439,910,917</b>	<b>\$ 20,134,495</b>
<b>LIABILITIES</b>				
<i>Town Agency Fund</i>				
Other liabilities	\$ 18,107,488	\$ 258,549,427	\$ 259,181,937	\$ 17,474,978
<b>Total Liabilities - Town Agency Fund</b>	<b>18,107,488</b>	<b>258,549,427</b>	<b>259,181,937</b>	<b>17,474,978</b>
<i>Town Clerk Agency Fund</i>				
Other liabilities	47,578	540,315	547,220	40,673
<b>Total Liabilities - Town Clerk Agency Fund</b>	<b>47,578</b>	<b>540,315</b>	<b>547,220</b>	<b>40,673</b>
<i>Town Receiver of Taxes Agency Fund</i>				
Due to school districts	4,980,920	814,469,332	816,831,494	2,618,758
Other liabilities	752	363,349,600	363,350,266	86
<b>Total Liabilities - Town Receiver of Taxes Agency Fund</b>	<b>4,981,672</b>	<b>1,177,818,932</b>	<b>1,180,181,760</b>	<b>2,618,844</b>
<b>Total Liabilities</b>	<b>\$ 23,136,738</b>	<b>\$1,436,908,674</b>	<b>\$1,439,910,917</b>	<b>\$ 20,134,495</b>

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## **DISCRETELY PRESENTED COMPONENT UNITS**

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

**TOWN OF NORTH HEMPSTEAD**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**COMBINING STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2011**

**WATER DISTRICTS**

	Glenwood	Albertson	Garden City Park	Port Washington	Westbury	Roslyn	Carle Place	Manhasset - Lakeville
<b>ASSETS</b>								
<b>Current Assets:</b>								
Cash and investments	\$ 43,645	\$ 1,752,562	\$ 5,513,444	\$ 6,434,875	\$ 2,881,261	\$ 3,417,656	\$ 2,163,874	\$ 8,349,128
Accounts receivable, net of allowances	25,608	225,256	201,903	619,530	559,420	269,343	283,432	976,478
Prepays			117,968	129,714	97,550	153,609	47,909	79,229
Due from other governments	7,753	562,981	70,134	232,107	821,902	100,395	393,356	385,104
Inventory of materials and supplies			47,388		29,050	112,697	66,832	217,033
Total Current Assets	<u>77,006</u>	<u>2,540,799</u>	<u>5,950,837</u>	<u>7,416,226</u>	<u>4,389,183</u>	<u>4,053,700</u>	<u>2,955,403</u>	<u>10,006,972</u>
<b>Non-current Assets:</b>								
Deferred charges, net of accumulated depreciation		57,591						
Capital assets, net of depreciation	87,270	6,795,162	8,443,031	12,145,646	7,378,725	5,154,470	3,996,951	32,672,185
Total Non-Current Assets	<u>87,270</u>	<u>6,852,753</u>	<u>8,443,031</u>	<u>12,145,646</u>	<u>7,378,725</u>	<u>5,154,470</u>	<u>3,996,951</u>	<u>32,672,185</u>
Total Assets	<u>164,276</u>	<u>9,393,552</u>	<u>14,393,868</u>	<u>19,561,872</u>	<u>11,767,908</u>	<u>9,208,170</u>	<u>6,952,354</u>	<u>42,679,157</u>
<b>LIABILITIES</b>								
<b>Current Liabilities:</b>								
Accounts payable	27,232	67,248	196,238	380,887	173,620	309,134	81,750	486,219
Accrued interest payable	145	46,692	17,506	74,838	79,180	13,289	16,098	243,081
Bond anticipation notes payable	60,000			5,191,947				3,193,474
Due to other governments	249							3,977
Deferred revenues					604		40,269	10,810
Other liabilities		1,510	17,357	60,917		22,619		35,427
<b>Non-Current Liabilities due within one year:</b>								
General obligation bonds payable	4,121	447,352	112,000	466,927	356,668	156,501	83,189	1,443,563
Due to employees' retirement system								
Compensated absences		19,000						
Installment purchase debt								
Total Current Liabilities	<u>91,747</u>	<u>581,802</u>	<u>343,101</u>	<u>6,175,516</u>	<u>610,072</u>	<u>501,543</u>	<u>221,306</u>	<u>5,416,551</u>
<b>Non-Current Liabilities due in more than one year:</b>								
General obligation bonds payable	21,995	4,667,319	543,000	5,594,859	4,282,317	879,559	938,881	11,323,976
Due to employees' retirement system								
Compensated absences	3,676	383,594	190,162	312,117	126,398	367,870	45,549	37,714
Postemployment benefits healthcare costs	24,000	768,853	1,210,119	2,002,574	2,095,123	1,295,763	883,245	2,171,170
Installment purchase debt								
Total Non-Current Liabilities	<u>49,671</u>	<u>5,819,766</u>	<u>1,943,281</u>	<u>7,909,550</u>	<u>6,503,838</u>	<u>2,543,192</u>	<u>1,867,675</u>	<u>13,532,860</u>
Total Liabilities	<u>141,418</u>	<u>6,401,568</u>	<u>2,286,382</u>	<u>14,085,066</u>	<u>7,113,910</u>	<u>3,044,735</u>	<u>2,088,981</u>	<u>18,949,411</u>
<b>NET ASSETS</b>								
Investment in capital assets, net of related debt	61,154	1,968,396	7,788,031	6,083,860	2,739,740	4,118,410	3,334,580	19,313,899
Restricted		1,170,398	5,186,371	197,010	2,999,949	2,477,348	36,704	330,080
Unrestricted	(38,296)	(146,810)	(866,916)	(804,064)	(1,085,691)	(432,323)	1,492,089	4,085,767
Total Net Assets	<u>\$ 22,858</u>	<u>\$ 2,991,984</u>	<u>\$ 12,107,486</u>	<u>\$ 5,476,806</u>	<u>\$ 4,653,998</u>	<u>\$ 6,163,435</u>	<u>\$ 4,863,373</u>	<u>\$23,729,746</u>

WATER POLLUTION CONTROL DISTRICTS			GARBAGE DISTRICTS			
Great Neck	Belgrave	Port Washington	Port Washington	Glenwood	Carle Place	Roslyn
\$ 3,123,687	\$ 4,650,716	\$ 5,547,546	\$ 1,002,720	\$ 21,305	\$ 17,754	\$ 266,668
18,165	26,236	1,271,353	81			5,115
38,369	21,927	186,341	1,895	17		492
4,151	90,126		905,766	8,788	263,664	270,620
		7,749	791			303
<u>3,184,372</u>	<u>4,789,005</u>	<u>7,012,989</u>	<u>1,911,253</u>	<u>30,110</u>	<u>281,418</u>	<u>543,198</u>
		67,345				
35,193,245	13,408,523	33,552,692	24,750			
35,193,245	13,408,523	33,620,037	24,750			
<u>38,377,617</u>	<u>18,197,528</u>	<u>40,633,026</u>	<u>1,936,003</u>	<u>30,110</u>	<u>281,418</u>	<u>543,198</u>
4,368,527	209,551	455,464	139,972	24	1,103	318
31,659	95,181	223,156				
23,303,812	3,694,325		895,716	8,815	262,051	271,439
166		535				
		51,000				
383,705	432,182	1,121,589				
<u>28,087,869</u>	<u>4,431,239</u>	<u>1,851,744</u>	<u>1,035,688</u>	<u>8,839</u>	<u>263,154</u>	<u>271,757</u>
1,569,298	6,983,555	18,686,452				
17,654	46,151	271,392				
794,502	840,981	2,500,955				
<u>2,381,454</u>	<u>7,870,687</u>	<u>21,458,799</u>				
<u>30,469,323</u>	<u>12,301,926</u>	<u>23,310,543</u>	<u>1,035,688</u>	<u>8,839</u>	<u>263,154</u>	<u>271,757</u>
8,857,212	4,673,519	11,243,696	24,750			
3,432	176,784	814,517				
(952,350)	1,045,299	5,264,270	875,565	21,271	18,264	271,441
<u>\$ 7,908,294</u>	<u>\$ 5,895,602</u>	<u>\$ 17,322,483</u>	<u>\$ 900,315</u>	<u>\$ 21,271</u>	<u>\$ 18,264</u>	<u>\$ 271,441</u>

(Continued)

**TOWN OF NORTH HEMPSTEAD**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**COMBINING STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2011**

	<b>PARK DISTRICTS</b>		<b>POLICE DISTRICT</b>	<b>PUBLIC LIBRARY DISTRICT</b>	<b>COMMUNITY DEVELOPMENT AGENCY</b>
	<u>Manhasset</u>	<u>Great Neck</u>	<u>Port Washington</u>	<u>Shelter Rock</u>	<u>Town of North Hempstead</u>
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and investments	\$ 1,500,239	\$ 6,391,033	\$ 8,889,900	\$ 2,231,003	\$ 796,546
Accounts receivable, net of allowances		341,333	14,750	238	1,094,253
Prepays		203,390	775,724	43,235	25,755
Due from other governments	36,551	244,292		1,066,154	314,980
Inventory of materials and supplies					
Total Current Assets	<u>1,536,790</u>	<u>7,180,048</u>	<u>9,680,374</u>	<u>3,340,630</u>	<u>2,231,534</u>
<b>Non-current Assets:</b>					
Deferred charges, net of accumulated depreciation				18,247	
Capital assets, net of depreciation	2,013,397	26,543,525	897,605	6,613,160	2,827,223
Total Non-Current Assets	<u>2,013,397</u>	<u>26,543,525</u>	<u>897,605</u>	<u>6,631,407</u>	<u>2,827,223</u>
Total Assets	<u>3,550,187</u>	<u>33,723,573</u>	<u>10,577,979</u>	<u>9,972,037</u>	<u>5,058,757</u>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts payable	43,601	706,119	1,236,809	530,263	24,425
Accrued interest payable		103,546	2,840		
Bond anticipation notes payable		700,000		1,000,000	
Due to other governments			15,864		
Deferred revenue		494,155		858	1,093,502
Other liabilities				1,536	
<b>Non-Current Liabilities due within one year:</b>					
General obligation bonds payable	10,000	1,533,749	16,038	325,441	
Due to employees' retirement system				1,611	
Compensated absences			1,452,497	8,923	
Installment purchase debt		63,144			
Total Current Liabilities	<u>53,601</u>	<u>3,600,713</u>	<u>2,724,048</u>	<u>1,868,632</u>	<u>1,117,927</u>
<b>Non-Current Liabilities due in more than one year:</b>					
General obligation bonds payable	10,000	16,779,192	131,412	4,726,920	
Due to employees' retirement system				16,151	
Compensated absences	165,994	608,783	6,468,138	125,018	24,323
Postemployment benefits healthcare costs	1,348,459	3,274,553	12,186,627	559,971	314,652
Installment purchase debt		936,129			
Total Non-Current Liabilities	<u>1,524,453</u>	<u>21,598,657</u>	<u>18,786,177</u>	<u>5,428,060</u>	<u>338,975</u>
Total Liabilities	<u>1,578,054</u>	<u>25,199,370</u>	<u>21,510,225</u>	<u>7,296,692</u>	<u>1,456,902</u>
<b>NET ASSETS</b>					
Investment in capital assets, net of related debt	1,993,397	7,913,871	750,155	1,616,736	2,827,223
Restricted		55,388	989,755	288,989	774,632
Unrestricted	(21,264)	554,944	(12,672,156)	769,620	
Total Net Assets	<u>\$ 1,972,133</u>	<u>\$ 8,524,203</u>	<u>\$ (10,932,246)</u>	<u>\$ 2,675,345</u>	<u>\$ 3,601,855</u>

**BUSINESS  
IMPROVEMENT  
DISTRICT**

<u>Port Washington</u>	<u>Totals</u>
\$ 108,794	\$ 65,104,356
14,773	5,947,267
47,774	1,923,124
	5,826,598
	481,843
<u>171,341</u>	<u>79,283,188</u>
	143,183
<u>90,973</u>	<u>197,838,533</u>
<u>90,973</u>	<u>197,981,716</u>
<u>262,314</u>	<u>277,264,904</u>
29,857	9,468,361
555	947,766
	38,581,579
	20,791
9,084	1,700,282
	139,366
8,241	6,901,266
	1,611
	1,480,420
	63,144
<u>47,737</u>	<u>59,304,586</u>
99,448	77,238,183
	16,151
	9,194,533
	32,271,547
	936,129
<u>99,448</u>	<u>119,656,543</u>
<u>147,185</u>	<u>178,961,129</u>
51,906	85,360,535
6,696	15,508,053
56,527	(2,564,813)
<u>\$ 115,129</u>	<u>\$ 98,303,775</u>

**TOWN OF NORTH HEMPSTEAD**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**COMBINING STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2011

**WATER DISTRICTS**

	Glenwood	Albertson	Garden City Park	Port Washington	Westbury	Roslyn	Carle Place	Manhasset - Lakeville
<b>REVENUES</b>								
Program revenues								
Charges for services	\$ 137,498	\$ 1,218,416	\$ 1,239,446	\$ 3,399,722	\$ 1,681,906	\$ 2,093,582	\$ 761,639	\$ 6,008,931
Operating grants and contributions								
Capital grants and contributions								
Real property taxes	181,927	1,577,082	2,303,754	1,391,444	2,610,400	1,929,386	1,608,740	2,608,587
Real property tax items				32,774		65,262		
Interest and earnings - unrestricted	81	10,715	24,097	55,151	301,627	18,284	285,824	25,198
Sale of property and compensation for loss		26,133					33,377	
Miscellaneous revenue	301	7,041	331,798	138,414	29,371	11,672	16,008	346,193
State aid							1,513	
Federal aid							10,735	
Total Revenues	<u>319,807</u>	<u>2,839,387</u>	<u>3,899,095</u>	<u>5,017,505</u>	<u>4,623,304</u>	<u>4,118,186</u>	<u>2,717,836</u>	<u>8,988,909</u>
<b>EXPENSES</b>								
Current:								
Public safety								
Transportation								
Culture and recreation								
Home and community service	349,613	2,894,244	3,755,119	6,109,727	4,356,027	3,646,166	2,277,012	8,224,363
Total Expenses	<u>349,613</u>	<u>2,894,244</u>	<u>3,755,119</u>	<u>6,109,727</u>	<u>4,356,027</u>	<u>3,646,166</u>	<u>2,277,012</u>	<u>8,224,363</u>
<b>Change in Net Assets</b>	<u>(29,806)</u>	<u>(54,857)</u>	<u>143,976</u>	<u>(1,092,222)</u>	<u>267,277</u>	<u>472,020</u>	<u>440,824</u>	<u>764,546</u>
<b>Net Assets (Deficit) at Beginning of Year</b>	<u>52,664</u>	<u>3,046,841</u>	<u>11,963,510</u>	<u>6,569,028</u>	<u>4,386,721</u>	<u>5,691,415</u>	<u>4,652,423</u>	<u>22,965,200</u>
<b>Prior Period Adjustment</b>							<u>(229,874)</u>	
<b>Net Assets (Deficit) at Beginning Year as Restated</b>	<u>52,664</u>	<u>3,046,841</u>	<u>11,963,510</u>	<u>6,569,028</u>	<u>4,386,721</u>	<u>5,691,415</u>	<u>4,422,549</u>	<u>22,965,200</u>
Net Assets (Deficit) at End of Year	<u>\$ 22,858</u>	<u>\$ 2,991,984</u>	<u>\$ 12,107,486</u>	<u>\$ 5,476,806</u>	<u>\$ 4,653,998</u>	<u>\$ 6,163,435</u>	<u>\$ 4,863,373</u>	<u>\$ 23,729,746</u>

**WATER POLLUTION CONTROL DISTRICTS**

**GARBAGE DISTRICTS**

Great Neck	Belgrave	Port Washington	Port Washington	Glenwood	Carle Place	Roslyn
\$ 1,176,370	\$ 757,135	\$ 950,094				
3,248,522	2,296,229	4,503,078	\$ 2,147,657	\$ 54,502	\$ 560,262	\$ 501,401
17,493	20,488	25,448	1,618	118	3,965 3,476	1,195
31,049	177,283	7,252	10,055			3,047
<u>4,473,434</u>	<u>3,251,135</u>	<u>5,485,872</u>	<u>2,159,330</u>	<u>54,620</u>	<u>567,703</u>	<u>505,643</u>
<u>3,824,276</u>	<u>3,163,697</u>	<u>6,710,369</u>	<u>1,940,037</u>	<u>45,529</u>	<u>684,343</u>	<u>466,858</u>
<u>3,824,276</u>	<u>3,163,697</u>	<u>6,710,369</u>	<u>1,940,037</u>	<u>45,529</u>	<u>684,343</u>	<u>466,858</u>
<u>649,158</u>	<u>87,438</u>	<u>(1,224,497)</u>	<u>219,293</u>	<u>9,091</u>	<u>(116,640)</u>	<u>38,785</u>
<u>7,259,136</u>	<u>5,808,164</u>	<u>18,546,980</u>	<u>681,022</u>	<u>12,180</u>	<u>134,904</u>	<u>232,656</u>
<u>7,259,136</u>	<u>5,808,164</u>	<u>18,546,980</u>	<u>681,022</u>	<u>12,180</u>	<u>134,904</u>	<u>232,656</u>
<u>\$ 7,908,294</u>	<u>\$ 5,895,602</u>	<u>\$ 17,322,483</u>	<u>\$ 900,315</u>	<u>\$ 21,271</u>	<u>\$ 18,264</u>	<u>\$ 271,441</u>

(continued)

**TOWN OF NORTH HEMPSTEAD**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**COMBINING STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2011

	<u>PARK DISTRICTS</u>		<u>POLICE DISTRICT</u>	<u>PUBLIC LIBRARY DISTRICT</u>	<u>COMMUNITY DEVELOPMENT AGENCY</u>
	<u>Manhasset</u>	<u>Great Neck</u>	<u>Port Washington</u>	<u>Shelter Rock</u>	<u>Town of North Hempstead</u>
<b>REVENUES</b>					
Program revenues					
Charges for services	\$ 599,584	\$ 3,636,067	\$ 2,382	\$ 201,579	\$ 127,582
Operating grants and contributions	9,361		81,302		1,438,749
Capital grants and contributions		122,244			
Real property taxes	712,362	11,247,078	16,063,332	3,607,883	
Real property tax items			492,216		
Interest and earnings - unrestricted	15,324	48,081	105,843	11,737	975
Sale of property and compensation for loss			214,473	122	
Miscellaneous revenue	5,270	78,040	129,789	25,914	800
State aid			541	18,995	
Federal aid			3,243		
Total Revenues	<u>1,341,901</u>	<u>15,131,510</u>	<u>17,093,121</u>	<u>3,866,230</u>	<u>1,568,106</u>
<b>EXPENSES</b>					
Current:					
Public safety			20,568,728		
Transportation	1,663,891				
Culture & Recreation		14,776,336		4,148,304	
Home and community service					1,405,629
Total Expenses	<u>1,663,891</u>	<u>14,776,336</u>	<u>20,568,728</u>	<u>4,148,304</u>	<u>1,405,629</u>
<b>Change in Net Assets</b>	<u>(321,990)</u>	<u>355,174</u>	<u>(3,475,607)</u>	<u>(282,074)</u>	<u>162,477</u>
<b>Net Assets (Deficit) at Beginning of Year</b>	<u>2,294,123</u>	<u>8,169,029</u>	<u>(7,456,639)</u>	<u>2,957,419</u>	<u>3,349,854</u>
<b>Prior Period Adjustment</b>					89,524
<b>Net Assets (Deficit) at Beginning Year as Restated</b>	<u>2,294,123</u>	<u>8,169,029</u>	<u>(7,456,639)</u>	<u>2,957,419</u>	<u>3,439,378</u>
Net Assets at End of Year	<u>\$ 1,972,133</u>	<u>\$ 8,524,203</u>	<u>\$ (10,932,246)</u>	<u>\$ 2,675,345</u>	<u>\$ 3,601,855</u>

**BUSINESS  
IMPROVEMENT  
DISTRICT**

<u>Port Washington</u>	<u>Totals</u>
\$ 6,031	\$ 23,997,964
	1,529,412
14,773	137,017
171,009	59,324,635
	594,217
449	973,222
	274,105
	1,349,297
	21,049
	13,978
<u>192,262</u>	<u>88,214,896</u>
	20,568,728
	1,663,891
180,675	18,924,640
<u>180,675</u>	<u>50,033,684</u>
<u>180,675</u>	<u>91,190,943</u>
<u>11,587</u>	<u>(2,976,047)</u>
<u>103,542</u>	<u>101,420,172</u>
	<u>(140,350)</u>
<u>103,542</u>	<u>101,279,822</u>
<u>\$ 115,129</u>	<u>\$ 98,303,775</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 government's overall financial health.

<b><u>Contents</u></b>	<b>Page</b>
<b>Financial Trends</b> <i>These schedules contain information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	122-132
<b>Revenue Capacity</b> <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	133-137
<b>Debt Capacity</b> <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	138-142
<b>Demographic and Economic Information</b> <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	143-144
<b>Operating Information</b> <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	145-149

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

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

<u>As of December 31,</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 223,505,633	\$ 217,695,935	\$ 81,566,768	\$ 76,605,301	\$ 63,227,590
Restricted	6,183,772	5,557,086	4,730,567	11,493,040	17,282,036
Unrestricted	<u>(62,918,534)</u>	<u>(54,631,750)</u>	<u>(39,184,455)</u>	<u>(41,691,280)</u>	<u>(34,576,956)</u>
Total primary government net assets	<u>\$ 166,770,871</u>	<u>\$ 168,621,271</u>	<u>\$ 47,112,880</u>	<u>\$ 46,407,061</u>	<u>\$ 45,932,670</u>

Note: Data not available prior to fiscal 2003 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

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

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

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

Year ended December 31,	2011	2010	2009	2008	2007
<b>Expenses</b>					
Governmental activities:					
General government support	\$ 27,001,662	\$ 25,899,656	\$ 23,933,803	\$ 23,840,684	\$ 20,421,287
Education	600,000	601,906	571,367	629,492	282,439
Public safety	11,813,435	10,541,116	10,859,785	11,382,404	9,566,154
Health	393,024	311,324	336,891	318,914	253,083
Transportation	26,314,860	23,896,533	23,299,489	22,076,865	15,695,095
Economic assistance and opportunity	3,519,550	2,931,069	2,098,481	3,135,811	2,456,352
Culture and recreation	26,220,885	24,971,385	24,682,702	22,643,001	14,212,650
Home and community service	26,003,597	26,943,688	22,950,170	23,993,678	23,945,836
Interest on debt	6,864,391	7,050,021	7,319,311	8,106,577	8,439,201
Total primary government expenses	<u>\$ 128,731,404</u>	<u>\$ 123,146,698</u>	<u>\$ 116,051,999</u>	<u>\$ 116,127,426</u>	<u>\$ 95,272,097</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government support	\$ 322,246	\$ 316,511	\$ 268,864	\$ 321,849	\$ 333,594
Public safety	5,032,348	4,157,137	3,632,095	4,491,380	4,153,285
Health	242,072	241,740			
Transportation	1,173,076	1,464,958	1,231,699	958,363	1,176,630
Culture and recreation	9,192,518	8,488,338	8,291,163	8,876,165	8,475,019
Home and community service	16,514,602	15,917,596	13,360,668	14,796,616	12,372,598
Operating grants and contributions	1,293,242	3,688,338	3,752,788	2,788,957	5,366,607
Capital grants and contributions	2,498,242	9,070,051	905,706	1,170,927	1,024,300
Total primary government program revenues	<u>\$ 36,268,346</u>	<u>\$ 43,344,669</u>	<u>\$ 31,442,983</u>	<u>\$ 33,404,257</u>	<u>\$ 32,902,033</u>
<b>Net (Expense) Revenue</b>					
Total primary government net expense	<u>\$ (92,463,058)</u>	<u>\$ (79,802,029)</u>	<u>\$ (84,609,016)</u>	<u>\$ (82,723,169)</u>	<u>\$ (62,370,064)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental Activities:					
Real property taxes	\$ 65,134,391	\$ 63,816,162	\$ 61,685,941	\$ 56,422,999	\$ 54,216,380
Real property tax items	1,986,292	1,808,357	1,772,707	2,108,771	2,712,672
Non-property tax items	12,029,189	11,272,681	10,553,049	11,177,944	11,058,164
Interest earnings - unrestricted	1,466,528	1,328,722	796,401	1,270,556	2,201,639
Mortgage tax	5,752,767	5,863,439	5,643,419	7,677,222	12,071,333
Sale of property and compensation for loss					
State aid - unrestricted	1,065,026	1,044,454	1,111,654	1,111,654	1,502,952
Licenses and permits					
Other	3,178,465	116,176,605	3,751,664	1,342,723	985,153
Total primary government	<u>\$ 90,612,658</u>	<u>\$ 201,310,420</u>	<u>\$ 85,314,835</u>	<u>\$ 81,111,869</u>	<u>\$ 84,748,293</u>
<b>Change in Net Assets</b>					
Total primary government	<u>\$ (1,850,400)</u>	<u>\$ 121,508,391</u>	<u>\$ 705,819</u>	<u>\$ (1,611,300)</u>	<u>\$ 22,378,229</u>

Note: Data not available prior to fiscal 2003 implementation of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

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

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

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

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

Note: Data not available prior to fiscal 2003 implementation of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and *Management's Discussion and Analysis for State and Local Governments*.

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

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

<u>As of December 31,</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund					
Reserved		\$ 2,395,670	\$ 519,264	\$ 552,305	\$ 559,395
Unreserved		9,915,603	11,636,395	17,289,914	17,840,400
Nonspendable	\$ 4,677,860				
Assigned	3,970,756				
Unassigned	510,271				
Total General Fund	<u>\$ 9,158,887</u>	<u>\$ 12,311,273</u>	<u>\$ 12,155,659</u>	<u>\$ 17,842,219</u>	<u>\$ 18,399,795</u>
All other governmental funds					
Reserved		\$ 35,247,468	\$ 20,071,816	\$ 18,548,411	\$ 17,311,971
Unreserved, reported in:					
Special revenue funds		10,041,155	7,810,240	5,750,366	8,264,263
Capital projects funds		(54,504,415)	(18,493,070)	(6,046,966)	825,420
Debt service fund		752,320	2,812,787	2,477,787	2,126,273
Nonspendable	\$ 3,692,838				
Restricted	6,183,772				
Assigned	12,080,353				
Unassigned	(58,151,444)				
Total All Other Governmental Funds	<u>\$ (36,194,481)</u>	<u>\$ (8,463,472)</u>	<u>\$ 12,201,773</u>	<u>\$ 20,729,598</u>	<u>\$ 28,527,927</u>

Note: Components of Fund Balance reclassified in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*

Source: Town of North Hempstead Audited Financial Statements  
Balance Sheet

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

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

Year ended December 31,	2011	2010	2009	2008	2007
<b>Revenues</b>					
Real property taxes	\$ 65,134,391	\$ 63,816,162	\$ 61,685,941	\$ 56,422,999	\$ 54,216,380
Real property tax items	1,983,764	1,808,357	1,772,707	2,108,771	2,712,672
Non-property tax items	12,029,189	11,272,681	10,553,049	11,177,944	11,058,164
Departmental income	25,665,439	24,400,667	23,203,649	25,662,941	22,989,409
Intergovernmental charges	1,375,209	1,622,331	578,911	856,683	564,285
Use of money and property	1,229,803	1,216,559	842,928	1,323,318	2,087,042
License and permits	4,388,479	3,745,966	2,876,128	4,069,511	3,507,525
Fines and forfeitures	349,525	301,504	395,050	162,710	159,663
Sale of property and compensation for loss	1,776,050	459,710	2,204,692	601,074	277,099
Miscellaneous revenue	1,240,997	120,830,435	4,336,599	2,805,462	4,954,459
Interfund revenues	7,088,604	6,186,021	6,545,301	6,257,139	5,450,233
State aid	7,861,711	9,429,326	7,926,549	9,684,298	13,831,969
Federal aid	2,706,105	5,390,644	707,018	965,817	58,223
<b>Total Revenues</b>	<b>132,829,266</b>	<b>250,480,363</b>	<b>123,628,522</b>	<b>122,098,667</b>	<b>121,867,123</b>
<b>Expenditures</b>					
General government support	18,885,445	18,041,263	17,174,514	16,915,724	16,174,256
Education	600,000	601,906	571,367	629,492	282,439
Public safety	10,120,902	9,276,505	9,354,264	9,898,211	8,694,795
Health	214,121	181,135	191,946	189,337	179,701
Transportation	16,370,205	15,645,227	14,285,581	14,105,804	13,436,869
Economic assistance and opportunity	2,396,237	2,075,798	1,442,441	2,105,211	1,929,023
Culture and recreation	16,381,463	16,326,553	16,051,879	15,601,723	14,985,315
Home and community service	25,220,268	24,568,372	22,457,155	23,308,180	21,693,967
Employee benefits	15,228,229	13,265,108	12,829,691	12,761,276	12,229,435
Debt Service					
Principal	17,524,153	18,803,632	19,597,605	18,440,527	18,733,803
Interest	7,072,317	6,988,606	7,540,463	8,329,626	8,735,528
Other charges		130,757			
Capital outlay	33,775,975	148,094,890	22,361,001	10,439,461	10,541,134
<b>Total Expenditures</b>	<b>163,789,315</b>	<b>273,999,752</b>	<b>143,857,907</b>	<b>132,724,572</b>	<b>127,616,265</b>
Excess (Deficiency) of Revenues over (under) Expenditures	(30,960,049)	(23,519,389)	(20,229,385)	(10,625,905)	(5,749,142)
<b>Other Financing Sources (Uses)</b>					
Transfers in	29,944,267	35,647,342	30,969,268	27,543,991	32,502,871
Transfers out	(29,944,267)	(35,647,342)	(30,969,268)	(27,543,991)	(32,502,871)
Debt issuance		2,879,000	6,015,000	2,270,000	12,056,540
Refunding bonds issued		7,547,603			
Bond anticipation notes redeemed	76,654	(383,500)			
Retirement of debt made by funds	(1,460,000)	383,500			
Premium on debt issuance		410,228	1,460,000	1,460,000	
Payments to refund bond escrow agent		(7,827,073)			
<b>Total Other Financing Sources (Uses)</b>	<b>(1,383,346)</b>	<b>3,009,758</b>	<b>7,475,000</b>	<b>3,730,000</b>	<b>12,056,540</b>
<b>Net Change in Fund Balances</b>	<b>\$ (32,343,395)</b>	<b>\$ (20,509,631)</b>	<b>\$ (12,754,385)</b>	<b>\$ (6,895,905)</b>	<b>\$ 6,307,398</b>
	(32,343,395)				
Debt service as a percentage of noncapital expenditures	27.27%	20.55%	22.4%	22.0%	24.8%

Note: Data not available prior to fiscal 2003 implementation of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

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

	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
\$	51,660,364	\$ 50,158,581	\$ 49,894,446	\$ 48,972,304
	2,281,401	1,522,506	2,071,859	1,110,538
	10,813,890	10,331,465	10,111,751	9,643,766
	24,634,712	23,059,773	23,663,869	24,004,900
	718,260	314,185	1,007,691	966,278
	2,181,278	1,581,364	874,392	752,335
	2,770,710	2,653,415	2,362,171	2,387,378
	157,575	248,730	261,340	50,150
	427,912	167,014	1,778,851	320,500
	260,265	1,490,244	1,553,287	571,735
	5,174,044	4,882,312	4,074,801	3,788,915
	16,478,668	17,324,015	18,143,409	15,614,376
	522,452	592,105	193,453	253,018
	<u>118,081,531</u>	<u>114,325,709</u>	<u>115,991,320</u>	<u>108,436,193</u>
	16,289,286	14,265,315	10,264,926	8,614,312
	412,968	507,426		
	7,511,865	7,273,249	8,145,434	8,161,085
	159,313	216,956		
	11,743,873	9,292,569	10,850,662	9,575,977
	2,036,580	1,766,579		
	13,876,255	11,862,827	12,003,478	10,910,362
	23,775,327	24,292,675	24,681,057	24,907,126
	12,548,262	11,776,837	10,319,301	9,218,942
	16,244,807	16,971,276	17,934,906	17,109,058
	9,283,941	9,558,185	9,915,105	10,494,205
		1,989,226		
	10,883,705	13,805,282	10,148,286	5,060,233
	<u>124,766,182</u>	<u>123,578,402</u>	<u>114,263,155</u>	<u>104,051,300</u>
	<u>(6,684,651)</u>	<u>(9,252,693)</u>	<u>1,728,165</u>	<u>4,384,893</u>
	28,820,810	32,609,941	28,080,577	28,355,912
	(28,820,940)	(32,609,941)	(28,080,577)	(28,355,912)
	10,078,000	13,507,000	37,138,761	44,180,346
		38,935,987		
	1,460,000	2,177,350		
		(39,124,111)	(29,459,726)	(43,736,346)
	<u>11,537,870</u>	<u>15,496,226</u>	<u>7,679,035</u>	<u>444,000</u>
\$	<u>4,853,219</u>	<u>\$ 6,243,533</u>	<u>\$ 9,407,200</u>	<u>\$ 4,828,893</u>

22.5%

24.8%

27.2%

28.5%

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

<b>Year Ended December 31,</b>	<b>Real Property Tax<sup>1</sup></b>	<b>Sales Tax<sup>2</sup></b>	<b>Mortgage Tax<sup>3</sup></b>	<b>Franchise Tax</b>	<b>Total</b>
2011	\$ 65,134,391	\$ 10,223,512	\$ 5,752,767	\$ 1,805,677	\$ 82,916,347
2010	63,816,162	9,550,499	5,863,439	1,722,182	80,952,282
2009	61,685,941	9,005,021	5,643,419	1,548,028	77,882,409
2008	56,422,999	9,724,584	7,677,222	1,453,360	75,278,165
2007	54,216,380	9,745,787	12,071,333	1,312,377	77,345,877
2006	51,660,364	9,645,396	14,173,192	1,168,494	76,647,446
2005	50,158,581	9,227,420	15,827,682	1,104,045	76,317,728
2004	49,894,446	9,033,724	16,366,560	1,078,027	76,372,757
2003	48,972,304	8,624,707	12,259,724	1,019,059	70,875,794
2002	44,171,679	8,413,533	9,502,256	983,772	63,071,240

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

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

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

<b>Year Ended December 31,</b>	<b>Residential Property 1 to 4 Family Homes</b>	<b>Residential Property Condominia and Cooperatives</b>	<b>Utility Property</b>	<b>All Other Property</b>	<b>Total Net Assessed Value</b>	<b>State Equalization Rate</b>	<b>Full Valuation</b>	<b>Total Direct Tax Rate</b>
2011	\$ 116,480,241	\$ 10,753,627	\$ 8,852,979	\$ 56,526,239	\$ 192,613,086	0.35%	\$ 55,032,310,286	\$ 101.791
2010	132,570,851	10,243,443	8,477,047	54,793,312	206,084,653	0.33%	62,449,894,848	96.924
2009	133,075,463	9,655,173	8,204,377	51,658,844	202,593,857	0.32%	63,310,580,313	96.505
2008	129,604,894	8,624,417	7,459,244	48,342,052	194,030,607	0.30%	64,676,869,000	92.669
2007	122,364,045	7,836,398	7,143,895	44,661,722	182,006,060 <sup>1</sup>	0.30%	60,668,686,667	94.180
2006	206,543,361	7,447,777	5,695,638	43,451,172	263,137,948 <sup>1</sup>	0.50%	52,627,589,600	62.168
2005	335,172,557	6,845,499	5,661,149	43,021,519	390,700,724	0.82%	47,646,429,756	39.896
2004	342,996,484	7,421,796	5,545,802	43,400,710	399,364,792 <sup>2</sup>	0.90%	44,373,865,778	38.648
2003	567,190,027	36,196,867	101,354,590	268,513,118	973,254,602	2.41%	40,384,008,382	15.566
2002	564,384,945	38,454,225	99,686,946	273,886,207	976,412,323	2.78%	35,122,745,432	14.863

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

Sources: Town of North Hempstead Budgets and Official Statements

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

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

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

GOVERNMENTAL FUNDS

TOWN OPERATED DISTRICTS

Year Ended December 31,	Town <sup>1</sup>				TOWN OPERATED DISTRICTS						
	General	Outside Villages	Highway	Part-Town	Fire Protection	Garbage	Lighting	Parks	Public Parking	Sidewalk	Water
2011	\$ 10.464	\$ 32.673			\$ 19.502	\$ 10.758	\$ 2.647	\$ 18.830	\$ 1.069	\$ 3.875	\$ 1.974
2010	9.404	29.436			18.276	15.043	2.349	15.995	0.999	3.625	1.798
2009	9.164	28.738			18.541	15.824	2.233	15.727	1.009	3.482	1.787
2008	8.504	26.751			18.408	16.182	2.090	14.592	1.004	3.327	1.811
2007	8.780	27.100			17.962	17.532	2.041	14.396	1.044	3.380	1.946
2006	5.795		\$ 17.179	\$ 1.616	11.838	12.186	1.367	7.963	0.671	2.293	1.260
2005	3.903		11.563	1.109	7.932	7.647	0.869	4.161	0.438	1.452	0.824
2004	3.819		11.360	1.089	7.699	7.332	0.825	3.924	0.429	1.391	0.780
2003	1.523		4.260	0.357	3.022	2.716	0.316	2.294	0.213	0.517	0.347
2002	1.108		4.115	0.327	2.952	2.685	0.324	2.305	0.218	0.500	0.328

Source: Adopted Town Budgets

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

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

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

Includes all classes of property for each Fund/District

<b>Town Direct Rate</b>	<b>County Direct Rate</b>	<b>School Direct Rate</b>	<b>Total Direct &amp; Overlapping Rate</b>
\$ 101.791	\$ 119.43	\$ 423.99	\$ 645.22
96.924	110.06	389.58	596.56
96.505	92.62	396.29	585.42
92.669	113.80	406.07	612.53
94.180 <sup>2</sup>	119.42	394.15	607.75
62.168 <sup>2</sup>	79.92	256.12	398.21
39.896	53.61	172.50	266.00
38.648 <sup>3</sup>	52.43	168.75	259.83
15.566	20.84	69.25	105.65
14.863	17.72	69.02	101.60

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

2011

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

2002

Rank	Taxpayer	Nature of Business	Assessed Valuation	Percentage of Total Assessed Valuation <sup>(1)(2)</sup>
1	Long Island Power Authority	Utility	\$ 109,827,563	11.25%
2	NY Telephone Company	Utility	28,357,565	2.90%
3	Fifth Avenue of Long Island Realty Assoc.	Retail	3,215,530	0.33%
4	Reckson Associates	Office Buildings	2,760,000	0.28%
5	Federated Department Stores	Retail	2,689,090	0.28%
6	BDG Management LTD	Office Buildings	2,338,000	0.24%
7	Met Life RE Investment	Office Buildings	2,304,690	0.24%
8	Lake Success Shopping Center	Retail	2,224,660	0.23%
9	Chase Manhattan Bank	Banking	1,930,450	0.20%
10	IPARK Lake Success	Office Buildings	1,414,490	0.14%
	Total		<u>\$ 157,062,038</u>	<u>16.09%</u>

Source: Town of North Hempstead 2011 and 2002 Official Statements

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

<sup>2</sup> See Assessed Valuation, State Equalization Rate and Estimated Full Value of Real Property page 133 for total net assessed value.

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

<b>Year Ended December 31,</b>	<b>Tax Levy For Town</b>	<b>Total Tax Levy<sup>1</sup></b>	<b>Amount Collected<sup>2</sup></b>	<b>Percent of Total Tax Levy Collected</b>	<b>Amount Uncollected<sup>2</sup></b>	<b>Percent of Total Tax Levy Uncollected</b>
2011	\$ 139,663,972	\$ 369,704,857	\$ 362,617,428	98.08%	\$ 7,087,429	1.92%
2010	135,200,465	362,025,228	353,981,362	97.78%	8,043,866	2.22%
2009	132,256,987	319,905,676	313,611,841	98.03%	6,293,835	1.97%
2008	123,632,214	344,434,261	337,510,707	97.99%	6,923,554	2.01%
2007	119,033,554	336,388,044	329,563,031	97.97%	6,825,013	2.03%
2006	115,060,611	325,360,939	319,175,699	98.10%	6,185,240	1.90%
2005	110,445,336	319,905,676	313,611,941	98.03%	6,293,735	1.97%
2004	107,351,616	316,724,188	309,989,056	97.87%	6,735,132	2.13%
2003	97,809,793	300,603,279	294,031,943	97.81%	6,571,336	2.19%
2002	90,060,435	263,079,023	257,405,464	97.84%	5,673,559	2.16%

Source: Town of North Hempstead Official Statements

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

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

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

<b>Governmental Activities</b>					
<b>Year Ended December 31,</b>	<b>General Obligation Bonds</b>		<b>Revenue Bonds</b>	<b>Installment Purchase Debt</b>	<b>Total Primary Government</b>
2011	\$	131,145,587	\$	8,880,000	\$ 140,025,587
2010		146,514,740		11,035,000	157,549,740
2009		160,142,656		13,130,000	173,272,656
2008		171,685,261		15,170,000	186,855,261
2007		185,870,788		17,155,000	203,025,788
2006		190,598,051		19,105,000	209,703,051
2005		196,764,858		19,105,000	215,869,858
2004		200,287,258		19,235,000	219,522,258
2003		195,688,403		19,955,000	215,643,403
2002		188,614,242		17,250,000 \$ 29,215	205,893,457

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

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

At December 31, 2011, the Town had \$82,827,234 in short-term bond anticipation notes not being presented.

At December 31, 2011, the Town had \$9,150,000 in short-term revenue anticipation notes maturing on September 28, 2012.

<sup>1</sup> See the schedule of Demographic and Economic Statistics on page 143 for personal income and population.

<u>Percentage of Personal Income<sup>1</sup></u>		<u>Per Capita<sup>1</sup></u>
0.16%	\$	619
0.18%		694
0.21%		766
0.21%		829
0.23%		903
0.26%		937
0.29%		969
0.31%		989
0.38%		972
0.31%		929

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

<b>Year Ended December 31,</b>	<b>General Obligation Bonds</b>	<b>Percentage of Total Net Assessed Valuation<sup>1</sup></b>	<b>Percentage of Full Taxable Value<sup>1</sup> of Property</b>	<b>Per Capita<sup>2</sup></b>
2011	\$ 131,145,587	68.09%	0.24%	\$ 579
2010	146,514,740	71.09%	0.23%	646
2009	160,142,656	79.05%	0.25%	708
2008	171,685,261	88.48%	0.27%	762
2007	185,870,788	102.12%	0.31%	827
2006	190,598,051	72.43%	0.36%	851
2005	196,764,858	50.36%	0.41%	883
2004	200,287,258	50.15% <sup>3</sup>	0.45%	902
2003	195,688,403	20.11%	0.48%	882
2002	188,614,242	19.32%	0.54%	851

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

<sup>1</sup> See the Schedule of Assessed Value, Equalization Rate and Estimated Full Value of Real Property on page 133.

<sup>2</sup> Population data can be found in the Schedule of Demographic and Economic Statistics on page 143.

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

**Town of North Hempstead  
Direct and Overlapping Governmental Activities Debt  
As of December 31, 2011**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Overlapping Debt</b>
<b>Direct:</b>			
Town of North Hempstead	\$ 224,093,000	100.00%	\$ 224,093,000
<b>Overlapping:</b>			
Nassau County	\$ 3,016,107,500	24.70%	\$ 744,978,553
Incorporated Villages	144,222,611	varied <sup>1</sup>	144,222,611
School Districts	279,902,324	varied <sup>2</sup>	279,902,324
Fire Districts	2,920,000	100.00%	2,920,000
<b>Total overlapping debt</b>			<u>1,172,023,488</u>
<b>Total direct and overlapping debt</b>			<u>\$ 1,396,116,488</u>

Note: As of the 2011 CAFR the Town is no longer reporting bond anticipation notes on this schedule in accordance with GASB 44 paragraph 45.  
At December 31, 2011, the Town had \$82,827,234 in short-term bond anticipation notes not being presented.  
At December 31, 2011, the Town had \$9,150,000 in short-term revenue anticipation notes maturing on September 28, 2012.

Source: Town of North Hempstead Comptroller's Office

- <sup>1</sup> Six of the villages located in the Town are also partially located in one of the neighboring towns.
- <sup>2</sup> One of the school districts located in the Town is also located in one of the neighboring towns.

**Town of North Hempstead  
Legal Debt Margin Information  
December 31, 2011**

Year Ended December 31,	Net Assessed Valuation	State Equalization Rate	Full Valuation
2011	\$ 192,613,086	0.35%	\$ 55,032,310,286
2010	206,084,653	0.33%	62,449,894,848
2009	202,593,857	0.32%	63,310,580,313
2008	194,030,607	0.30%	64,676,869,000
2007	182,006,060	0.30%	60,668,686,667
Total Five Year Full Valuation			<u>306,138,341,113</u>
Five Year Average Full Valuation of Taxable Real Property			<u>61,227,668,223</u>
Constitutional Debt Limit (7% of Average Full Valuation)			<u>4,285,936,776</u>
Outstanding Bonded Indebtedness at December 31st			224,093,000
Outstanding Bond Anticipation Notes at December 31st			121,408,813
Less: 2012 Appropriations for Non-Exempt Debt Principal			24,187,886
Less: Exclusions			<u>40,700,118</u>
Net Indebtedness Subject to Debt Limit			<u>280,613,809</u>
Net Debt Contracting Margin			<u>\$ 4,005,322,967</u>
Percentage of Net Debt Contracting Margin Available			93.45%
Percentage of Net Debt Contracting Power Exhausted			6.55%

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
2011	\$ 4,285,936,776	\$ 280,613,809	\$ 4,005,322,967	6.55%	93.45%
2010	4,252,270,686	266,350,279	3,985,920,407	6.26%	93.74%
2009	4,045,022,175	225,179,837	3,819,842,338	5.57%	94.43%
2008	3,723,316,751	216,981,938	3,506,334,813	5.83%	94.17%
2007	3,439,808,123	214,779,024	3,225,029,099	6.24%	93.76%
2006	3,082,169,945	220,913,890	2,861,256,055	7.17%	92.83%
2005	2,783,075,006	211,879,579	2,571,195,427	7.61%	92.39%
2004	2,523,939,144	224,711,913	2,299,227,231	8.90%	91.10%
2003	2,256,642,631	236,382,517	2,020,260,114	10.47%	89.53%
2002	2,072,978,373	237,810,432	1,835,167,941	11.47%	88.53%

Source: Town of North Hempstead Comptroller's Office

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

<b>Year Ended December 31,</b>	<b>Population<sup>1</sup></b>	<b>Personal Income<sup>2</sup> (billions of dollars)</b>	<b>Per Capita Income<sup>2</sup></b>	<b>Median Family Income<sup>3,4</sup></b>	<b>Unemployment Rate<sup>5</sup></b>	<b>Number of Households Estimate<sup>1</sup></b>	<b>Average Household Size Estimates<sup>1</sup></b>	<b>Population Density Per Square Mile</b>
2011	226,322	\$ 87,992	\$ 65,615	\$ 115,307	6.4%	78,333	2.89	4,224
2010	226,874	87,992	65,615	115,307	6.8%	78,333	2.89	4,224
2009	226,109	83,985	61,871	112,059	6.5%	78,097	2.86	4,220
2008	225,291	88,078	65,091	119,773	4.4%	77,764	2.86	4,205
2007	224,774	87,168	64,423	115,697	3.4%	77,420	2.85	4,195
2006	223,870	80,873	59,827	114,567	3.5%	77,420	2.85	4,178
2005	222,836	75,451	55,683	106,764	3.7%	77,108	2.85	4,159
2004	222,042	70,394	51,896	108,948	4.3%	76,973	2.85	4,144
2003	221,968	57,167	49,625	105,219	4.3%	77,126	2.84	4,143
2002	221,569	65,670	48,653	102,084	4.4%	77,034	2.84	4,135

**Data Sources:**

- <sup>1</sup> Long Island Power Authority Population survey - 2011 data not available.
- <sup>2</sup> U.S. Department of Commerce, Bureau of Economic Analysis for Nassau County, 2011 data is estimated 2001-2007 source was Long Island Business News/Doing Business on Long Island.
- <sup>3</sup> 2005-2010 U.S. Census Bureau Data. 2001-2004 see note 4.
- <sup>4</sup> Long Island Business News/Doing Business on Long Island 2001-2004.
- <sup>5</sup> State of New York, Department of Labor - Division of Statistics - [www.workforcenewyork.org/li](http://www.workforcenewyork.org/li)  
(Note: Percentages are not seasonally adjusted).

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

2011			
Rank	Name	Type of Business	Number of Employees
1	North Shore - Long Island Jewish Health System	Hospital	13,332
2	Winthrop - University Hospital	Hospital	6,600
3	St. Francis Hospital	Hospital	3,090
4	Parker Jewish Institute	Skilled Nursing and Rehabilitation Center	3084
5	ProHEALTH Care Associates	Comprehensive Multi-Specialty Medical Practice	2,000
6	Broadridge Financial Solutions Inc.	Finance	1,500
7	New York Community Bancorp Inc.	Banking	1,331
8	Canon USA	Imaging Solution Provider	1167
9	Astoria Federal Savings & Loan Association	Banking	1,148
10	PALL Corporation	Technology	800

2002			
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: 2011 - Long Island Business News 2012 Book of Lists  
2002 - 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 Employees as of December 31,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General government	84	78	89	94	83	88	77	78	60	63
Highways	94	89	94	92	102	93	93	73	70	74
Parks and recreation	79	82	90	96	93	86	82	84	84	84
Buildings and planning	42	39	46	35	51	38	44	41	41	40
Public works	25	21	17	22	20	22	21	33	38	33
Community services	16	21	24	23	20	19	18	15	17	17
Town clerk	21	21	21	17	16	19	17	15	15	15
Receiver of taxes	17	14	13	14	13	13	15	15	15	16
Public safety	28	25	23	20	15	16	10	19	21	22
Solid waste management	15	18	10	9	11	9	8	8	7	6
<b>Total</b>	<b>421</b>	<b>408</b>	<b>427</b>	<b>422</b>	<b>424</b>	<b>403</b>	<b>385</b>	<b>381</b>	<b>368</b>	<b>370</b>

Source: Town of North Hempstead Human Resource Department records

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

Year Ended December 31,	2011	2010	2009	2008
<b>Function</b>				
Town Clerk				
Vital statistic documents	25,931	25,893	26,205	23,953
Dog licenses	5,440	5,339	5,612	5,844
Business licenses	1,365	1,062	1,104	1,329
Marriage licenses	905	910	1,009	1,137
Dumping permits	567	2,698	1,260	1,136
Building				
Building permits issued	4,625	4,053	4,336	4,399
Estimated value of building construction	\$ 97,300,750	\$ 86,648,174	\$ 91,009,096	\$ 83,557,923
Public Safety				
Dogs adopted or reclaimed by owners	274	366	365	354
Dog citations issued	-0 <sup>1</sup>	57	262	275
Fire				
Number of fire protection districts	11	11	11	11
Parking				
Number of parking meters	805	807	803	775
Parking lots and garage revenue	\$ 337,401	\$ 308,602	\$ 335,286	\$ 335,032
Annual meter revenue	\$ 169,216	\$ 153,552	\$ 149,814	\$ 151,156
Parking permit revenue	\$ 50,540	\$ 45,945	\$ 47,445	\$ 47,687
Highways and Streets				
Street resurfacing (lane miles)	11	14	14	14
Number of trees planted	244	505	456	559
Number of trees trimmed	2,078	1,334	955	1,170
Number of tress removed	585	692	424	365
Road opening permits issued	668	754	721	855
Abandoned vehicles removed	9	10	8	12
Signs installed	1,580	1,688	1,457	1,450
Sanitation (tons per annum)				
Residential and commercial waste collected	173,472	166,610	135,769	142,860
Recyclables collected	11,550	12,181	13,050	2,557
Yardwaste	18,291	19,014	16,576	19,961
Construction and demolition debris	6,598	4,323	4,491	6,671
Culture and recreation				
Beach permits issued	3,380	3,000	3,175	3,120
Registration for adult programs	355	340	339	898
Registration for summer programs	6,223 <sup>2</sup>	3,150	3,104	1,477
Cultural passes issued	815	1,265	1,250	1,200

Source: Various government departments

<sup>1</sup> Dog citations no longer being tracked.

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

	2007	2006	2005	2004	2003	2002
	25,745	24,858	25,441	24,353	23,169	22,623
	5,843	5,961	5,677	5,953	5,907	6,069
	1,346	1,408	1,400	1,204	1,024	1,058
	1,099	1,337	1,378	1,449	1,423	1,506
	1,065	1,324	1,241	1,136	1,130	1,127
	1,881	4,081	4,472	5,451	5,381	4,697
\$	\$ 45,020,443	\$ 79,908,795	\$ 118,539,416	\$ 99,571,696	\$ 100,364,420	\$ 144,423,746
	343	369	398	411	447	502
	313	334	452	610	485	562
	11	11	11	11	11	11
	775	775	775	725	700	675
\$	\$ 344,567	\$ 340,178	\$ 329,678	\$ 317,258	\$ 317,011	\$ 336,939
\$	\$ 157,392	\$ 163,601	\$ 158,195	\$ 149,330	\$ 147,357	\$ 157,641
\$	\$ 48,853	\$ 59,997	\$ 49,810	\$ 49,605	\$ 50,820	\$ 51,315
	14	13	12	13	11	10
	598	802	419	54	804	844
	1,086	997	440	832	442	646
	519	438	259	354	364	409
	762	1,042	930	929	780	682
	16	18	53	42	66	63
	815	868	641	1,013	1,302	1,795
	143,301	171,397	182,566	192,912	208,590	188,531
	2,208	3,178	5,734	5,996	6,409	8,222
	19,353	25,426	20,532	21,418	21,553	23,755
	5,482	8,650	7,627	10,295	11,136	8,998
	1,608	1,592	1,553	1,191	1,226	1,556
	1,277	1,223	1,167	971	1,012	967
	2,096	2,077	2,020	1,641	1,964	1,969
	1,200	1,200	1,200	1,200	1,200	1,200

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

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

Source: Various government departments

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

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
2	2	2	2	2	2
1	1	1	1	1	1
170,344	208,652	216,459	230,621	247,688	146,506
274	268	268	268	269	269
833	672	672	672	672	672
22	15	15	15	15	15
6	5	5	5	5	5
3	2	2	2	2	2
2	2	2	2	2	2
2	2	2	2	2	2
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
35	31	31	31	31	31
2	2	2	2	2	2