

OFFICIAL STATEMENT

SERIAL BONDS

**RATING – S&P GLOBAL RATINGS: “AAA”
MOODY’S INVESTOR SERVICE: “Aaa”
See “Bond Rating”, herein**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In addition, in the opinion of Bond Counsel to the Town, under existing statutes, interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York. See “Tax Matters” herein.

The Bonds will NOT be designated by the Town as “qualified tax-exempt obligations” pursuant to the provision of Section 265 of the Code.

\$13,925,000

**TOWN OF HUNTINGTON
SUFFOLK COUNTY, NEW YORK
(the “Town”)**

**PUBLIC IMPROVEMENT SERIAL BONDS – 2016
[BOOK-ENTRY-ONLY BONDS]**

Dated: August 16, 2016

**Principal Due: March 15, 2017-2031, inclusive
Interest Due: March 15, 2017, September 15, 2017, and semi-
annually thereafter on March 15 and
September 15 in each year to maturity**

SEE BOND MATURITY SCHEDULE HEREIN

Security and Sources of Payment: The Bonds are general obligations of the Town of Huntington, Suffolk County, New York (the “Town”), and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied upon all the taxable real property within the Town, subject to certain statutory limitations imposed by Chapter 97 of the Laws of 2011, as amended (the “Tax Levy Limit Law”). (See “Tax Levy Limit Law” herein).

Prior Redemption: The Bonds maturing on March 15, 2025 and thereafter are subject to redemption, prior to maturity, at the option of the Town, on March 15, 2024, and thereafter on any date, in accordance with terms described herein. See “Optional Redemption” under “The Bonds,” herein.

Form and Denomination: The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as the securities depository for the Bonds. Individual purchases of the Bonds may be made only in book-entry form in denominations of \$5,000 or integral multiples thereof. Bondholders will not receive certificates representing their respective interests in the Bonds purchased. (See “Book-entry-only System” under “THE BONDS,” herein).

Payment: Payment of the principal of and interest on the Bonds will be made by the Town to DTC which will in turn remit such payment to its Participants for subsequent distribution to the Beneficial Owners of the Bonds in accordance with standing instructions and customary practices. Payment to the Beneficial Owners will be the responsibility of the DTC Participant or Indirect Participant and not of DTC or the Town, subject to any statutory and regulatory requirements as may be in effect from time to time. (See “Book-entry-only System” under “THE BONDS,” herein).

The Bonds are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Town, and certain other conditions. It is expected that delivery of the Bonds in book-entry form will be made through the facilities of DTC on or about August 16, 2016 in New York, New York.

THIS FOR A DESCRIPTION OF THE TOWN’S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS, AS DESCRIBED IN THE RULE, SEE “DISCLOSURE UNDERTAKING” HEREIN.

UBS FINANCIAL SERVICES

August 3, 2016

**TOWN OF HUNTINGTON
SUFFOLK COUNTY, NEW YORK**

\$13,925,000 PUBLIC IMPROVEMENT SERIAL BONDS - 2016

BOND MATURITY SCHEDULE

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield or Price</u>	<u>CUSIP #</u>
March 15, 2017	\$785,000	2.000%	0.470%	446457WS8
March 15, 2018	820,000	2.000	0.560	446457WT6
March 15, 2019	840,000	2.000	0.650	446457WU3
March 15, 2020	860,000	2.000	0.750	446457WV1
March 15, 2021	875,000	2.000	0.900	446457WW9
March 15, 2022	890,000	2.000	1.080	446457WX7
March 15, 2023	910,000	2.000	1.220	446457WY5
March 15, 2024	925,000	2.000	1.350	446457WZ2
March 15, 2025	940,000*	2.000	1.500	446457XA6
March 15, 2026	960,000*	2.000	1.600	446457XB4
March 15, 2027	980,000*	2.000	1.750	446457XC2
March 15, 2028	1,005,000*	2.000	1.900	446457XD0
March 15, 2029	1,025,000*	2.000	2.000	446457XE8
March 15, 2030	1,045,000*	2.000	2.150	446457XF5
March 15, 2031	1,065,000*	2.125	2.250	446457XG3

*Subject to prior redemption.

**TOWN OF HUNTINGTON
SUFFOLK COUNTY, NEW YORK**

Town Hall
100 Main Street
Huntington, New York 11743
Telephone: 631/351-3000
Fax: 631/424-7856

TOWN BOARD

Frank P. Petrone, Town Supervisor

Susan A. Berland
Eugene Cook
Mark A. Cuthbertson
Tracey A. Edwards

Ester Bivona, Receiver of Taxes
Peter Gunther, Superintendent of Highway
Jo-Ann Raia, Town Clerk
Cindy Elan-Mangano, Town Attorney
Peggy Karayianakis, CPA, Interim Town Comptroller

* * *

Bond Counsel

Hawkins Delafield & Wood LLP
New York, New York

* * *

Prepared with the Assistance of

MUNICIPAL ADVISOR

MUNISTAT SERVICES, INC.

Municipal Finance Advisory Service

12 Roosevelt Avenue
Port Jefferson Station, N.Y. 11776
(631) 331-8888

E-mail: info@munistat.com
Website: <http://www.munistat.com>

No dealer, broker, salesman or other person has been authorized by the Town to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof.

TABLE OF CONTENTS

	Page
THE BONDS	1
Description of the Bonds.....	1
Optional Redemption on the Bonds	1
Book-entry-only System.....	2
Certificated Bonds	3
Authorization and Purpose.....	4
Nature of Obligation	4
MARKET MATTERS AFFECTING FINANCINGS OF THE MUNICIPALITIES OF THE STATE	4
REMEDIES UPON DEFAULT	5
MUNICIPAL BANKRUPTCY	6
Financial Control Boards	7
No Past Due Debt.....	8
THE TOWN	8
General Information	8
Government.....	9
Utilities and Other Services	9
Employees.....	9
ECONOMIC AND DEMOGRAPHIC INFORMATION	10
Population Characteristics.....	10
Income Data	10
Summary of Building Activity	10
Unemployment Rate Statistics	11
Selected Listing of Larger Employers.....	11
INDEBTEDNESS OF THE TOWN	11
Constitutional Requirements	11
Statutory Procedure.....	12
Trend of Town Indebtedness.....	13
Details of Short-Term Indebtedness Outstanding	13
Debt Service Requirements – Outstanding Bonds	13
Computation of Debt Limit and Calculation of Net Debt Contracting Margin	14
Calculation of Estimated Overlapping and Underlying Indebtedness	14
Debt Ratios	15
Authorized And Unissued Debt	15
Resource Recovery Facilities	15
Town Landfill	16
Capital Project Plans.....	16
Capital Budget Summary 2016-2020	16
FINANCES OF THE TOWN.....	17
Independent Audit Procedures	17
<i>Fund Structure and Accounts</i>	17
<i>Basis of Accounting</i>	17

TABLE OF CONTENTS - CONTINUED

	Page
Budgetary Procedures	17
Financial Operations	18
Investment Policy	18
Revenues	18
<i>Real Property Taxes</i>	18
State Aid	19
The State Comptroller’s Fiscal Stress Monitoring System.....	19
Pension Systems.....	20
Contributions to the Retirement Systems	21
Other Post-Employment Benefits.....	21
Length of Service Award Program.....	22
REAL PROPERTY TAX INFORMATION.....	23
Real Property Taxes	23
Tax Levy and Collection Record	23
Tax Collection Procedure	24
Tax Rates Per \$1,000 of Assessed Valuation.....	24
Tax Levy Limit Law.....	24
Real Property Tax Rebate	25
Selected Listing of Large Taxable Properties	26
Tax Certiorari Claims.....	26
LITIGATION	26
TAX MATTERS	27
Opinion of Bond Counsel.....	27
Certain Ongoing Federal Tax Requirements and Certifications.....	27
Certain Collateral Federal Tax Consequences	27
Original Issue Discount.....	28
Bond Premium	28
Information Reporting and Backup Withholding	28
Miscellaneous	29
DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS	29
Absence of Litigation.....	29
Legal Matters	29
Closing Certificates.....	29
DISCLOSURE UNDERTAKING.....	30
Compliance History	30
BOND RATING	30
MUNICIPAL ADVISOR	30
ADDITIONAL INFORMATION	31
APPENDIX A: FINANCIAL INFORMATION	
APPENDIX B: AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015	
APPENDIX C: FORM OF BOND COUNSEL OPINION	
APPENDIX D: FORM OF CONTINUING DISCLOSURE UNDERTAKING	

OFFICIAL STATEMENT

\$13,925,000*

**TOWN OF HUNTINGTON
SUFFOLK COUNTY, NEW YORK**

**PUBLIC IMPROVEMENT SERIAL BONDS – 2016
[BOOK-ENTRY-ONLY BONDS]**

This Official Statement and the appendices hereto present certain information relating to the Town of Huntington, in the County of Suffolk, in the State of New York (the “Town,” “County” and “State,” respectively) in connection with the sale of \$13,925,000* Public Improvement Serial Bonds – 2016 (the “Bonds”) of the Town.

All quotations from and summaries and explanations of provisions of the Constitution and Laws of the State and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

THE BONDS

Description of the Bonds

The Bonds will be dated August 16, 2016 and will mature on March 15, in each of the years 2017 to 2031, inclusive, in the principal amounts as set forth on the inside cover page hereof.

The Bonds will be issued in fully registered form and when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Individual purchases of the Bonds may be made in book-entry form only, in denominations of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their respective interests in the Bonds. (See “*Book-Entry-Only System*” under “*THE BONDS*,” herein).

Interest on the Bonds will be payable on March 15, 2017, September 15, 2017, and semiannually thereafter on March 15 and September 15 in each year to maturity. Principal and interest will be paid by the Town to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the Town referred to therein. (See “*Book-entry-only System*” under “*THE BONDS*”, herein).

The Record Date of the Bonds will be the last business day of the month preceding each interest payment date.

The Town will act as Paying Agent for the Bonds. Paying agent fees, if any, will be paid by the purchaser. The Town’s contact information is as follows: Peggy Karayianakis, CPA, Interim Town Comptroller, Town of Huntington, 100 Main Street, Huntington, New York 11743, Phone (631) 351-3000, Fax (631) 424-7856 and email: pkarayianakis@huntingtonny.gov.

Optional Redemption on the Bonds

The Bonds maturing on or before March 15, 2024 will not be subject to redemption prior to maturity. The Bonds maturing on March 15, 2025 and thereafter, will be subject to redemption, at the option of the Town, prior to maturity, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), on any date on or after March 15, 2024, at par plus accrued interest to the date of redemption.

Notice of such call for redemption shall be given by mailing such notice to the registered owner at least thirty (30) days prior to the date set for such redemption. Notice of redemption having been given as aforesaid, the bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date.

*Preliminary, subject to change.

Book-entry-only System

DTC, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds and deposited with DTC for all of the Bonds bearing the same rate of interest.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of certificates.

Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its participants are on file with the Securities and Exchange Commission (the "Commission"). More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping accounts of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. So long as the Bonds remain in the Book-Entry-Only System, as described below, the Town will give such notice only to Cede & Co., or other successor nominee of DTC, as sole registered holder.

Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them or notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to the Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town on the payable date, in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC (nor its nominee) or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to Bondowners.

Source: The Depository Trust Company, New York, New York.

The information contained in the above section concerning DTC and DTC's book-entry system has been obtained from sample offering document language supplied by DTC, but the Town takes no responsibility for the accuracy thereof.

THE TOWN WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANTS, OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OR ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE BONDS; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO HOLDERS; OR (IV) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

THE TOWN CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO DIRECT PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (I) PAYMENTS OF THE PRINCIPAL OF OR INTEREST ON THE BONDS; (II) CONFIRMATION OF THEIR OWNERSHIP INTEREST IN THE BONDS; OR (III) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO. AS NOMINEE, AS REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SO SERVE AND ACT IN THE MANNER DESCRIBED IN THE OFFICIAL STATEMENT.

Certificated Bonds

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the Town and discharging its responsibilities with respect thereto under applicable law, or the Town may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, and a successor securities depository is not obtained, the following provisions will apply: The Bonds will be issued in registered form in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Bonds when due will be payable at the principal corporate trust office of a bank or trust company to be named by the Town as the fiscal agent. Certificated Bonds may be transferred or exchanged at no cost to the owner of such Bonds at any time prior to maturity at the corporate trust office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the certificate of the Supervisor authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law.

Authorization and Purpose

The Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Local Finance Law, and various bond resolutions duly adopted by the Town Board, authorizing the following purposes:

<u>Date of Authorization</u>	<u>Purpose</u>	<u>Total Amount To Be Issued</u>
07/14/2015	Erb Park Improvements.....	\$ 1,000,000
07/14/2015	Sweet Hollow Park Improvements.....	1,200,000
03/08/2016	Construction of Various Drainage Improvements	900,000
03/08/2016	Improvements to Curb, Sidewalks and Pedestrian Ramps.....	300,000
03/08/2016	Road Improvements	2,500,000
03/08/2016	Resurfacing of Athletic Courts	175,000
03/08/2016	Improvements to Town Buildings and Facilities	300,000
03/08/2016	Resurfacing of Various Parking Lots.....	300,000
03/08/2016	Installation of Fencing	150,000
03/08/2016	Acquisition of Vehicles and Equipment	300,000
03/08/2016	Acquisition of Equipment for Imaging Network	75,000
03/08/2016	Acquisition and Installation of Computer Equipment	175,000
03/08/2016	Acquisition of Highway Equipment	1,100,000
03/08/2016	Construction of Various Drainage Improvements	250,000
03/08/2016	Acquisition of a Portion of Property at 24 W. Carver Street.....	1,600,000
03/08/2016	Installation of New Traffic Signals.....	200,000
03/08/2016	Study and Analysis of Improvements to Roads and Highways	300,000
04/05/2016	Facility Improvements Consolidated Refuse District	190,000
04/05/2016	Dix Hills Water District.....	525,000
04/05/2016	Improvements to Sewer District	600,000
04/05/2016	Improvements to Wastewater Disposal District	285,000
04/05/2016	Improvements to Greenlawn Water District.....	<u>1,500,000</u>
		<u>\$13,925,000</u>

Nature of Obligation

Each Bond when duly issued and paid for will constitute a contract between the Town and the holder thereof.

The Bonds will be general obligations of the Town and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest the Town has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the Town, subject to certain statutory limitations imposed by Chapter 97 of the Laws of 2011. (See “Tax Levy Limit Law,; herein.

Under the Constitution of the State, the Town is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds, and the State is specifically precluded from restricting the power of the Town to levy taxes on real estate therefor. However, Chapter 97 of the Laws of 2011, as amended (the “Tax Levy Limit Law”), imposes a limitation upon the Town’s power to increase its annual tax levy. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town is subject to statutory limitations set forth in Tax Levy Limit Law, unless the Town complies with certain procedural requirements to permit the Town to levy certain year-to-year increases in real property taxes. (See “*The Tax Levy Limit Law,*” herein).

MARKET MATTERS AFFECTING FINANCINGS OF THE MUNICIPALITIES OF THE STATE

The Town’s credit rating could be affected by circumstances beyond the Town’s control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of Town property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the Town’s credit rating could adversely affect the market value of the Bonds.

If and when an owner of any of the Bonds should elect to sell a Bond prior to its maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Bonds. The market value of the Bonds is dependent upon the ability of holder to potentially incur a capital loss if such Bond is sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Bonds. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the Town to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

The Town is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received ("State Aid"). The Town's receipt of State aid may be delayed as a result of the State's failure to adopt its budget timely and/or to appropriate State Aid to municipalities and school districts. Should the Town fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys or by a reduction in State Aid or its elimination, the Town is authorized pursuant to the Local Finance Law ("LFL") to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the Town will have market access for any such borrowing on a cost effective basis. The elimination of or any substantial reduction in State Aid would likely have a materially adverse effect upon the Town requiring either a counterbalancing increase in revenues from other sources to the extent available or a curtailment of expenditures. (See also "*State Aid*" herein.)

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Bonds, for income taxation purposes could have an adverse effect on the market value of the Bonds (see "*Tax Matters*" herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the Town, without providing exclusion for debt service on obligations issued by municipalities and fire districts, including the Town, may affect the market price and/or marketability for the Bonds. (See "*The Tax Levy Limit Law*" herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the Town could impair the financial condition of such entities, including the Town and the ability of such entities, including the Town to pay debt service on the Bonds.

REMEDIES UPON DEFAULT

Neither the Bonds, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Bonds should the Town default in the payment of principal of or interest on the Bonds, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Bonds upon the occurrence of any such default. Each Bond is a general obligation contract between the Town and the owners for which the faith and credit of the Town are pledged and while remedies for enforcement of payment are not expressly included in the Town's contract with such owners, any permanent repeal by statute or constitutional amendment of a bond or note holder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

Upon default in the payment of principal of or interest on the Bonds, at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the Town. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such Bonds from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on a Bond, the owner of such Bond could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the Town to assess, levy and collect an *ad valorem* tax, upon all taxable property of the Town subject to taxation by the Town, sufficient to pay the principal of and interest on the Bonds as the same shall come due and payable (and interest from the due date to

date of payment) and otherwise to observe the covenants contained in the Bonds and the proceedings with respect thereto all of which are included in the contract with the owners of the Bonds. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of holders of bonds or notes of the Town, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 41 N.Y.2d 644 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the Town.

Pursuant to Article VIII, Section 2 of the State Constitution, the Town is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically this constitutional provision states: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in the State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy, to pay debt service on such obligations, but that such pledge may or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

While the courts in the State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have generally upheld and sustained the rights of holders of bonds or notes, such courts might hold that future events, including a financial crisis as such may occur in the State or in political subdivisions of the State, may require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

MUNICIPAL BANKRUPTCY

The undertakings of the Town should be considered with reference, specifically, to Chapter IX of the Bankruptcy Act, 11 U.S.C. §401, et seq., as amended ("Chapter IX") and, in general, to other bankruptcy laws affecting creditors' rights and municipalities. Chapter IX permits any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts (i) to file a petition in a Court of Bankruptcy for the purpose of effecting a plan to adjust its debts provided such entity is authorized to do so by applicable state law; (ii) directs such a petitioner to file with the court a list of a petitioner's creditors; (iii) provides that a petition filed under such chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; (iv) grants priority to debt owed for services or material actually provided within three (3) months of the filing of the petition; (v) directs a petitioner to file a plan for the adjustment of its debts; and (vi) provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds (2/3) in amount or more than one-half (1/2) in number of the listed creditors.

Bankruptcy proceedings by the Town could have adverse effects on holders of bonds or notes including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the Town after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Bonds. The Bankruptcy Code contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors such as the holders of general obligation bonds, such creditors will have the benefit of their original claim or the “indubitable equivalent”. The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretation.

Accordingly, enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the Town, may become subject to Chapter IX and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor’s rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against public agencies in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion, interpretation and of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

The State has consented (see Title 6-A of the Local Finance Law) that any municipality in the State may file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness. However, it is noted that there is no record of any recent filings by a New York municipality. Since the New York City fiscal crisis in 1975, the State has legislated a finance control or review board and assistance corporations to monitor and restructure finance matters in addition to New York City, for the Cities of Yonkers, Troy and Buffalo and for the Counties of Nassau and Erie. Similar active intervention pursuant to State legislation to relieve fiscal stress for the Town in the future cannot be assured.

No current state law purports to create any priority for holders of the Bonds should the Town be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness.

The above references to the Bankruptcy Act are not to be construed as an indication that the Town is currently considering or expects to resort to the provisions of the Bankruptcy Act.

Financial Control Boards

Pursuant to Article IX Section 2(b)(2) of the State Constitution, any municipality in the State may request the intervention of the State in its “property, affairs and government” by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the Cities of Buffalo, Troy and Yonkers and the County of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and in certain cases approve or disapprove collective bargaining agreements. Implementation is generally left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In addition, upon the issuance of a certificate of necessity of the Governor reciting facts which in the judgment of the Governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature, the State is authorized to intervene in the “property, affairs and governments” of local government units. This occurred in the case of the County of Erie in 2005. The authority of the State to intervene in the financial affairs of a local government is further supported by Article VIII, Section 12 of the Constitution which declares it to be the duty of the State legislature to restrict, subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, Towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

In 2013, the State established a new state advisory board to assist counties, cities, Towns and villages in financial distress. The Financial Restructuring Board for Local Governments (the “FRB”), is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations for, but cannot compel improvement of fiscal stability, management and delivery of municipal services, including shared services opportunities and is

authorized to offer grants and/or loans of up to \$5,000,000 through a Local Government Performance and Efficiency Program to undertake certain recommendations. If a municipality agrees to undertake the FRB recommendations, it will be automatically bound to fulfill the terms in order to receive the aid.

The FRB is also authorized to serve as an alternative arbitration panel for binding arbitration.

Although from time to time there have been proposals for the creation of a statewide financial control board with broad authority over local governments in the State, the FRB does not have emergency financial control board powers to intervene in the finances and operations of entities such as the public benefit corporations established by special acts as described above.

Several municipalities in the State are presently working with the FRB. The Town has not applied to the FRB and does not reasonably anticipate submission of a request to the FRB for a comprehensive review of its finances and operations. School districts and fire districts are not eligible for FRB assistance.

No Past Due Debt

No principal or interest payment on Town indebtedness is past due. The Town has never defaulted in the payment of the principal of and/or interest on any indebtedness.

THE TOWN

There follows in this Official Statement a brief description of the Town, together with certain information concerning its economy and governmental organization, its indebtedness, current major revenue sources and expenditures and general and specific funds.

General Information

The Town is located at the western end of Suffolk County adjacent to the Nassau-Suffolk County boundary. It is approximately 40 miles from Manhattan and 40 miles from Riverhead, the Suffolk County seat. The history of Huntington is closely associated with the early development of the American colonies. The community was originally settled in 1653, well within the lifetime of the earliest New England colonist. In the beginning, water-borne transportation gave life to the community. The natural harbors offered ready access to the farm lands of the Long Island interior. The harbor was the setting for the early Huntington community which became the focal point for the movement of agricultural products into the commerce of the colonies. Although agriculture was its mainstay and water-borne transportation its lifeline for two centuries, in later years the whaling industry and expanded manufacturing activity broadened the local economy and gave impetus to the expansion of the harbor communities of Cold Spring, Huntington and Northport.

The Town has five harbors bordering the north shore of the Town: Cold Spring, Lloyd, Huntington, Centerport and Northport Harbors. With its coves and bays there are a total of nine beaches maintained by the Town. The Town has also put into operation a number of marinas for the use of residents. These facilities, along with boat ramps and municipal golf courses and park sites, provide active recreation for Town residents.

The Town encompasses an area of approximately 94 square miles and has a population of 204,088 according to the 2014 Census estimates. There are four incorporated villages in the Town: Northport, Asharoken, Lloyd Harbor and Huntington Bay. In addition, there are several prominent unincorporated areas in the Town including Cold Spring Harbor, Elwood, Huntington, Huntington Station, South Huntington, Melville, East Northport, Halesite, Dix Hills, Centerport, Greenlawn and Fort Salonga.

Water facilities are provided by the Suffolk County Water Authority and three Town water district plants, which are located in Dix Hills, Greenlawn and South Huntington. Electricity and natural gas are furnished by Public Service Electric and Gas ("PSE&G") and National Grid, respectively. National grid maintains electric generating facilities in the Northport section of the Town.

There are eight public school districts in Huntington, five of which are entirely within the Town. The other three serve portions of the towns of Smithtown, Babylon and Oyster Bay, in addition to parts of Huntington.

The Town is within a short commuting distance of New York City. The Long Island Rail Road, which has frequent schedules of trains, accommodates its commuters daily to New York City from four stations in 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), the Northern State Parkway and the Long Island Expressway. In addition, Old Country Road provides a secondary east-west connecting highway to central and southern sections of the Town.

Over the past several decades, the “110 Corridor”, an area generally bordering New York State Route 110 (N-S) and primarily in the Melville section of the Town, has developed into a major business area. Numerous corporate offices as well as sizable commercial entities are situated there. The Hilton Long Island/Huntington, a 305 room hotel, and the Melville Marriott, a 372 room hotel, are located in this area and provided various amenities and facilities for businesses in the surrounding area. The 100 Corridor has been further strengthened with the addition of the new 700,000 square foot Canon North American Headquarters employing approximately 1,400 people.

Walt Whitman Shops, located within the Town, has completed construction on an expansion of 72,000 square feet. Major nationally known retail chains that currently anchor the Walt Whitman Shops are Bloomingdales, Lord & Taylor, Macy’s, and Saks Fifth Avenue. The mall encompasses 1,043 sq. ft. and includes approximately 98 satellite stores. The Town is home to a thriving downtown which hosts an art museum, movie theatre, about 50 restaurants and 200 retail stores.

Government

The Town was established in 1653. Eight independently governed school districts are located wholly or partially within the Town. These school districts rely on their own taxing powers granted by the State to raise revenues. The school districts use the Town’s assessment roll as their basis for taxation of property located within the Town.

Subject to the provisions of the State Constitution, the Town operates pursuant to the Town Law, the Local Finance Law, other laws generally applicable to the Town, and any special laws applicable to the Town. Under such laws, there is no authority for the Town to have a charter, but pursuant to the Town Law and other laws generally applicable to home rule, the Town may from time to time adopt local laws.

The legislative power of the Town is vested in the Town Board. The Town Board consists of five members, including the Supervisor. The Supervisor is the chief executive officer of the Town and is elected for a term of two years. The four other members of the Town Board are elected to four-year terms, which terms are staggered such that two councilmembers are elected every two years. All the Town Board members are elected at large and there is no limitation to the number of years that all elected officials may serve.

The Supervisor is also the chief fiscal officer of the Town. Additional Town officers are the Deputy Supervisor, the Town Clerk, (elected at large for a four year term), the Receiver of Taxes, who is responsible for the collection of taxes (elected at large for a four year term), the Superintendent of Highways (elected at large for a four year term), the Assessor, the Town Attorney, and the Comptroller, all of whom are appointed by the Town Board.

Utilities and Other Services

Electricity and natural gas is supplied to the Town by the Long Island Power Authority and National Grid. The Town supplies water to various special assessment water districts and is responsible for the financing and construction of water transmission lines as well as maintenance of the necessary facilities in such areas. The Suffolk County Water Authority also supplies water to various parts of the Town. Police protection is provided by the Suffolk County Police Department and various Village Police Departments, and fire protection is provided by eleven Fire Districts which serve the entire Town.

Employees

The Town employs approximately 683 full-time employees. The employees in collective bargaining agreement are shown below:

<u>Name of Union</u>	<u>Expiration Date of Contract</u>	<u>Approx. No. of Members</u>
Civil Service Employees Association.....	12/31/16	196
Long Island Service Employees, ILA, Labor Unit.....	12/31/15 ^a	330
Long Island Service Employees, ILA, Supervisory Unit .	12/31/15 ^a	76

a. Contracts in negotiations.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Characteristics

The population of the Town, County and the State since 1970 is represented below:

<u>Year</u>	<u>Town</u>	<u>Suffolk County</u>	<u>New York State</u>
1970	199,486	1,127,030	18,241,391
1980	201,530	1,284,231	17,557,288
1990	191,474	1,321,864	17,990,455
2000	195,269	1,419,369	18,976,457
2010	203,264	1,493,350	19,378,102
2014	204,088	1,495,803	19,487,053

Source: U.S. Bureau of the Census.

Income Data

	<u>Per Capita Money Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2014^a</u>
Town of Huntington	\$24,810	\$36,390	\$46,862	\$40,300
County of Suffolk	18,481	26,577	35,755	37,427
State of New York	16,501	23,389	30,948	32,829

	<u>Median Family Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2014^a</u>
Town of Huntington	\$65,820	\$90,606	\$116,478	\$124,038
County of Suffolk	53,244	72,112	96,220	102,125
State of New York	39,741	51,691	67,405	71,419

Source: United State Bureau of the Census.

a. Note: Based on American Community Survey Three-Year Estimates (2010-2014).

Summary of Building Activity (Number of Building Permits Issued)

The chart below represents the level of building permit activity for the five most recently completed fiscal years. The figures include residential and commercial activity and with most of the activity coming from additions and renovations to existing homes and facilities. It also includes demolitions, installation of fences, swimming pools, fences, accessory buildings, etc.

<u>Classification</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
One Family.....	272	234	187	204	234
Commercial/Industrial	32	25	43	37	74
Alt. & Add. (Res).....	770	767	754	801	726
Alt. & Add. (Other).....	283	304	266	260	371
Demolish Various Bldgs.	236	177	217	218	242
Other	<u>951</u>	<u>1,016</u>	<u>1,208</u>	<u>1,467</u>	<u>1,731</u>
Totals	<u>2,544</u>	<u>2,523</u>	<u>2,675</u>	<u>2,987</u>	<u>3,378</u>

Unemployment Rate Statistics

	<u>Town of Huntington</u>	<u>Suffolk County</u>	<u>New York State</u>
Annual Averages:			
2010	6.8%	7.6%	8.6%
2011	6.6	7.3	8.0
2012	6.8	7.8	8.6
2013	5.7	6.5	7.7
2014	4.6	5.3	6.4
2015	4.2	4.8	5.3

Source: Department of Labor, State of New York.

Selected Listing of Larger Employers

<u>Name</u>	<u>Type of Business</u>	<u>Number of Employees</u>
Huntington Hospital	Hospital	2,000
Northport Veterans Affairs Medical Center.....	Healthcare	2,000
Estee Lauder, Inc.	Cosmetics	1,629
Canon.....	Imaging Products	1,400
Newsday	Newspaper	1,228
Western Suffolk BOCES.....	Education	1,207
Marchon Eyewear, Inc.	Healthcare	1,055
BAE.....	Technology	650
Town of Huntington	Government	683
Henry Shein Inc.....	Medical and Dental Supplies	700

Source: Town of Huntington Audit & Control.

INDEBTEDNESS OF THE TOWN

Constitutional Requirements

The State Constitution limits the power of the Town (as well as other municipalities and school districts of the State) to issue obligations and contract indebtedness. Such constitutional limitations include the following, in summary form, and are generally applicable to the Town and the Bonds:

Purpose and Pledge. 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 indebtedness only for a Town purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute or the weighted average period of probable usefulness thereof; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the Town has authorized the issuance of indebtedness having substantially level or declining annual debt service. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

General. The Town is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation, assessment, borrowing money, contracting indebtedness and loaning the credit of the Town so as to prevent abuses in the exercise of such powers; however, as has been noted under "*Nature of Obligation*", the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Town to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Town's power to increase its annual tax levy, unless the Town complies with certain procedural requirements to permit the Town to levy certain year-to-year increases in real property taxes. (See "*Tax Levy Limit Law*" herein).

Statutory Procedure

In general, the State Legislature has authorized the power and procedure for the Town to borrow and incur indebtedness subject, of course, to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including the Town Law and the General Municipal Law.

Pursuant to the Local Finance Law, the Town authorizes the incurrence of indebtedness by the adoption of a bond resolution approved by at least two-thirds of the members of the Town Board, except in the event that the Town Board determines to subject the bond resolution to voter approval by mandatory referendum, in which case only a three-fifths vote is required.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The Town has complied with such requirements with respect to the bond resolution authorizing the issuance of the Bonds.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

Each bond resolution also authorizes the issuance of bond anticipation notes prior to the issuance of serial bonds. Statutory law in New York permits bond anticipation notes to be renewed each year provided that principal is amortized and provided that such renewals do not (with certain exceptions) extend more than five years beyond the original date of borrowing. However, notes issued in anticipation of the sale of serial bonds for assessable improvements are not subject to such five year limit and may be renewed, subject to annual reductions of principal, for the entire period of probable usefulness of the purpose for which such bonds were originally issued. (See "*Payment and Maturity*" under "*Constitutional Requirements*" herein).

In addition, under each bond resolution, the Town Board may delegate, and has delegated, power to issue and sell bonds and notes, to the Supervisor, the chief fiscal officer of the Town.

In general, the Local Finance Law contains similar provisions providing the Town with power to issue general obligation revenue anticipation notes, tax anticipation notes, deficiency notes and budget notes.

Debt Limit. The Town has the power to contract indebtedness for any Town purpose so long as the aggregate principal amount thereof shall not exceed seven per centum of the average full valuation of taxable real estate of the Town and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional and statutory method for determining the full valuation is by dividing the assessed valuation of taxable real estate by the respective equalization rates assigned to each assessment roll. Such equalization rates are the ratios which each of such assessed valuations bear to the respective full valuation of such year, as assigned by the Office of Real Property Tax Services. The State Legislature is required to prescribe the manner by which such ratios shall be determined. Average full valuation is determined by adding the full valuations for the most recently completed assessment roll and the four immediately preceding assessments rolls and dividing the resulting sum of such addition by five.

There is no constitutional limitation on the amount that may be raised by the Town by tax on real estate in any fiscal year to pay principal and interest on all indebtedness. However, the Tax Levy Limit Law, imposes a statutory limitation on the power of the Town to increase its annual tax levy, unless the Town complies with certain procedural requirements to permit the Town to levy certain year-to-year increases in real property taxes. (See "*Tax Levy Limit Law*" herein).

The following pages set forth certain details with respect to the indebtedness of the Town.

Trend of Town Indebtedness

	Fiscal Year Ending December 31:				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Bonds	\$119,250,000	\$112,540,000	\$113,114,998	\$108,045,000	\$107,770,000
Bond Anticipation Notes	0	0	0	3,585,000	1,000,000
Installment Purchase Debt	<u>295,679</u>	<u>214,296</u>	<u>64,794</u>	<u>2,635</u>	<u>0</u>
Totals	<u>\$119,545,679</u>	<u>\$112,754,296</u>	<u>\$113,179,792</u>	<u>\$111,632,635</u>	<u>\$108,770,000</u>

Details of Short-Term Indebtedness Outstanding
(As of July 22, 2016)

As of the date of this Official Statement, the Town has bond anticipation notes outstanding in the amount of \$1,000,000 that mature on December 8, 2016. Such amount is expected to be redeemed with renewal notes and budgetary appropriations.

Debt Service Requirements – Outstanding Bonds^a

Fiscal Year Ending December 31:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$13,235,000	\$3,505,546	\$16,740,546
2017	11,995,000	3,085,041	15,080,041
2018	11,675,000	2,675,772	14,350,772
2019	11,020,000	2,281,426	13,301,426
2020	10,435,000	1,891,798	12,326,798
2021	9,665,000	1,532,008	11,197,008
2022	8,485,000	1,209,833	9,694,833
2023	7,420,000	930,156	8,350,156
2024	6,045,000	689,363	6,734,363
2025	5,130,000	508,569	5,638,569
2026	3,990,000	360,956	4,350,956
2027	3,255,000	261,350	3,516,350
2028	2,745,000	162,863	2,907,863
2029	1,660,000	75,275	1,735,275
2030	<u>1,015,000</u>	<u>30,450</u>	<u>1,045,450</u>
Totals.....	<u>\$107,770,000</u>	<u>\$19,200,407</u>	<u>\$126,970,407</u>

a. Does not reflect payments made to date.

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of July 22, 2016)

Fiscal Year Ending December 31:	<u>Assessed Valuation</u>	State Equalization <u>Rate</u>	<u>Full Valuation</u>
2012	\$331,665,948	0.88%	\$37,689,312,273
2013	328,724,473	0.90	36,524,941,444
2014	327,205,498	0.90	36,356,166,444
2015	325,757,112	0.89	36,601,922,697
2016	325,208,126	0.86	<u>37,814,898,372</u>
Total Five Year Full Valuation.....			\$184,987,241,230
Average Five Year Full Valuation.....			36,997,448,246
Debt Limit - 7% of Average Full Valuation			<u>2,589,821,377</u>
Inclusions:			
Outstanding Bonds:			
General Purposes			75,208,845
Water Districts			<u>28,446,155</u>
Sub-Total			103,655,000
Bond Anticipation Notes.....			<u>1,000,000</u>
Total Inclusions			<u>104,655,000</u>
Exclusions:			
Water Debt (Outstanding Bonds)			28,446,155
Bond Appropriations			6,926,027
Note Appropriations.....			<u>500,000</u>
Total Exclusions			35,872,182
Total Net Indebtedness Before Issuing the Bonds.....			<u>68,782,818</u>
The Bonds.....			13,925,000
Less: BANs to be Redeemed by the Issuance of the Bonds			<u>0</u>
Less: Water Purposes Included in the Bonds			<u>2,025,000</u>
Net Effect of the Bonds			11,900,000
Total Net Indebtedness After Issuing the Bonds			<u>80,682,818</u>
Net Debt Contracting Margin			<u>\$ 2,509,138,559</u>
Percent of Debt Limit Exhausted.....			3.12%

Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Suffolk	12-02-2015	15.63%	\$209,885,902	\$235,348,836
Villages.....	05-31-15 or later	Var.	10,232,393	10,232,393
School Districts ^a	06-30-15 or later	Var.	206,594,523	129,406,845
Fire Districts	12-31-14 or later	Var.	8,148,201	8,148,201
Library Districts.....	12-31-14 or later	Var.	<u>9,527,983</u>	<u>9,527,983</u>
Totals			<u>\$525,389,002</u>	<u>\$392,664,257</u>

a. Does not include refunded bonds.

Sources: Annual Reports of the respective units for the most recently completed fiscal year on file with the Office of the State Comptroller or more recently published Statements.

Debt Ratios
(As of July 22, 2016)

	<u>Amount^a</u>	<u>Per Capita^b</u>	<u>Percentage Of Full Value^c</u>
Total Direct Debt	\$104,655,000	\$ 513	0.28%
Net Direct Debt	68,782,818	337	0.18
Total Direct & Applicable Total Overlapping Debt	630,044,002	3,087	1.67
Net Direct & Applicable Net Overlapping Debt	461,447,075	2,261	1.22

a. Exclusive of the Bonds.

b. The current estimated population of the Town is 204,088.

c. The full valuation of taxable real property in the Town for 2015-16 is \$37,814,898,372.

Authorized And Unissued Debt
(As of July 22, 2016)

As of the date of this Official Statement, the Town has authorized but unissued debt in the aggregate amount of \$14,525,000 as follows:

Various Public Improvements	\$ 5,475,000
Highway Projects.....	5,350,000
Special Districts.....	<u>3,700,000</u>
Total	<u>\$ 14,525,000^a</u>

a. \$13,925,000 of such amount will be financed with the issuance of the Bonds.

On August 26, 2008, the Town board adopted a bond resolution authorizing the issuance of \$15,000,000 in serial bonds for the Environmental Open Space and Park Funds for the purpose of providing continued acquisition of ownership rights or interest in land, and improvements thereto, for active and passive park and recreational purposes and for the preservation of open space, neighborhood enhancements and improvements and “green” renewable energy improvements and equipment projects. This resolution was approved by voters of the Town at a referendum held in November 2008. The Town has \$3,750,000 remaining authorized but unissued indebtedness for this purpose.

Resource Recovery Facilities

In September 1989, the Town Board closed the Town’s sixty year old landfill, and thereafter entered into an agreement with the neighboring Town of Smithtown. This agreement, executed in December 1989, provided that until such time as the Town’s waste-to-energy facility was constructed, the Town would share the use of Cells 5 and 6 in Smithtown’s State-approved landfill for the disposal of its solid waste. For the reserving of capacity and the transfer of a fee interest in Cell 5, of Cell 6, which was constructed to receive solid waste upon the Cell 5 being filled to capacity, the Town agreed to pay the Town of Smithtown a fee equal to a portion of the capital and usage costs associated with that cell, as well as the continuing costs incurred after Cell 6 was no longer utilized. The Town is paying 52.44% of such costs. Included in the capital costs was a general obligation bond issued by the Town of Smithtown to finance the construction of the Cell 6. Cell 6 has been capped. The total cost to close and cap Cell 6 was \$7,523,365 and the Town’s proportionate share of 52.44% was \$3,945,253 paid from a reserve account that was set aside for such purpose.

The waste-to-energy Resource Recovery Facility constructed to service the Town was financed through the issuance of \$176,550,000 in Industrial Development Bonds, by the New York State Environmental Facilities Corporation. The facility was constructed and is now being operated by Covanta Huntington Limited Partnership (formerly known as Ogden Martin Systems, LP), an affiliate of Covanta Energy, Inc. The facility is currently operating at full capacity.

Industrial Development Bonds are not general obligations of the Town and do not constitute any indebtedness of or charge against the general credit of the Town. However, the Town has entered into a Service Agreement with Covanta Huntington, LP pursuant to which the Town has certain obligations with respect to the delivery of waste to the facility and the payment of related service fees, which when combined with revenue from the sale of facility-generated electricity, will finance both the operating expenses and debt service of the facility. The Service Agreement has an initial term that expired in October 2012. In December 2010, the Town exercised the option to extend this Service Agreement until the year 2019 amending the financial provisions in the extension.

As further consideration for allowing the Town to use Cell 6 at the Smithtown landfill, the agreement grants the Town of Smithtown the right to deliver its processible solid waste to the waste-to-energy facility. By the terms of the agreement, the Town of Smithtown has agreed to share the obligations of the Town under the Service Agreement during 2015 was \$13,176,281 of which \$4,888,400 was reimbursed by the Town of Smithtown.

Town Landfill

A Remedial Investigation/Feasibility Study (RI/FS) and Interim Remedial Program (IRP) was completed for the Town’s East Northport Landfill and a Record of Decision (ROD) was issued by the NYS Department of Environmental Conservation (NYSDEC) in March of 1996. The IRP included capping the landfill, providing public water, and installing a methane control system. All remedial work was approved by NYSDEC in August of 1996 and the NYSDEC classification of the Landfill was changed from a Class 2 to a Class 4 (no impact to the public or environment). The cost of the RI/FS and IRP was approximately \$26,000,000 of which 75% was reimbursed to the Town through a NYSDEC 1986 EQBA Title 3 grant. The East Northport Landfill is periodically monitored for integrity of the cap, operation of the methane control system and contamination of the groundwater and reports are provided to NYSEC as required under the ROD.

Capital Project Plans

The Town is generally responsible for providing certain services to the citizens, as required, on a Town-wide basis. The Town maintains a Town road system necessitating a regular road resurfacing and improvement program and the acquisition of machinery and equipment. Additionally, although not a capital expense, such road system requires annual expenditures for snow removal as well as regular general operating maintenance expenses. The Town is also primarily responsible for the financing and construction of surface and storm water drainage improvements, and the Town is regularly acquiring and improving recreation facilities. The Town generally has provided the financing for water facilities for several water districts and maintains primary responsibility for this function. Additionally the Town finances park and community center improvements, and technology infrastructure. In general, needs for capital financing for the above described projects for which the Town has responsibility are anticipated to continue in similar amounts that have been issued in the past. The Town maintains a formal capital improvement plan that includes the priority, cost, and method of financing for each project.

Capital Budget Summary 2016-2020

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Total</u>
Dix Hills Water District.....	\$ 325,000	\$ 810,000	\$ 2,850,000	\$ 3,255,000	\$ 3,435,000	\$10,675,000
Engineering.....	5,100,000	6,000,000	3,000,000	2,000,000		16,100,000
Environmental Waste Management....	1,306,000	720,000	340,000	225,000	350,000	2,941,000
General Services	2,825,000	1,225,000	1,225,000	1,225,000	1,225,000	7,725,000
Highway.....	5,350,000	5,400,000	5,400,000	5,400,000	5,400,000	26,950,000
Information Technology	250,000	235,000	175,000	300,000	250,000	1,210,000
Maritime	200,000		700,000			900,000
Planning.....	100,000	100,000	100,000	100,000	100,000	500,000
Transportation and Safety.....	<u>300,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>1,900,000</u>
Total Capital Program	<u>\$15,756,000</u>	<u>\$14,890,000</u>	<u>\$14,190,000</u>	<u>\$12,905,000</u>	<u>\$11,160,000</u>	<u>\$68,901,000</u>

FINANCES OF THE TOWN

Independent Audit Procedures

The financial statements of the Town are audited annually by independent accountants. The last such audit made available for public inspection covers the fiscal year ended December 31, 2015, and is attached as Appendix B. In addition, the financial affairs of the Town are subject to periodic compliance review by the Office of the State Comptroller (“OSC”) to ascertain whether the Town has complied with the requirements of various State and Federal statutes.

The Statements of Revenues, Expenditures and Changes in Fund Balances presented in Appendix A of this Statement are based on the audited Annual Financial Reports of the Town for the 2011-2015 fiscal years.

Fund Structure and Accounts

The Town utilizes fund accounting to record and report its various service activities. A fund represents both a legal and an accounting entity which segregates the transactions of specific programs in accordance with special regulations, restrictions or limitations.

There are two basic fund types: (1) governmental funds that are used to account for basic services and capital projects; (2) fiduciary funds that account for assets held in a trustee capacity. Account groups, which do not represent funds, are used to record fixed assets and long-term obligations that are not accounted for in a specific fund.

The Town presently maintains the following major governmental funds: General Fund, Highway, Debt Service, Refuse and Garbage and the Capital Projects Fund. Non-Major Funds consists of the Town Outside Village Fund, Special Grant, Local Development Corporation and Special District Funds. Fiduciary funds consist of a Trust and Agency Fund. Account groups are maintained for fixed assets and long-term debt.

Basis of Accounting

The Town’s governmental funds are accounted for on a modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become susceptible to accrual - that is, when they become “measurable” and “available” to finance expenditures to the current period. Revenues are susceptible to accrual include real property taxes, intergovernmental revenues (State and Federal aid) and operating transfers.

Expenditures are generally recognized under the modified accrual basis of accounting that is when the related fund liability is incurred. Exceptions to this general rule are (1) payments to employee retirement systems, which are recorded in the General Long-Term Debt Account Group and recognized as an expenditure when due, and (2) un-matured interest on general long-term debt, which is recognized when due.

Budgetary Procedures

The head of each administrative unit of the Town is required to file detailed estimates of revenues (other than real property taxes) and expenditures for the next fiscal year with the budget officer (Supervisor) on or before September 20th. The Town takes a multi-year approach to the budgetary process in order to help with future planning. Estimates for each fire district and certain special districts situated within the Town must also be filed with the budget officer by this date. After reviewing these estimates, the budget officer prepares a tentative budget which includes her recommendations. A budget message explaining the main features of the budget is also prepared at this time. The tentative budget is filed with the Town Clerk not later than the 30th of September. Subsequently, the Town Clerk presents the tentative budget to the Town Board at the regular or special hearing which must be held on or before October 5th. The Town Board reviews the tentative budget and makes such changes as it deems necessary and that are not inconsistent with the provisions of the law. Following this review process, the tentative budget and such modifications as are approved by the Board, if any, become the preliminary budget. A public hearing, notice of which must be duly published in the Town’s official newspaper, on the preliminary budget is generally required to be held on the Thursday immediately following the general election. At such hearing, any person may express his or her opinion concerning the preliminary budget; however, there is no requirement or provision that the preliminary budget or any portion thereof be voted on by members of the public. After the public hearing, the Town Board may further change and revise the preliminary budget. The Town Board, by resolution, adopts the preliminary budget as submitted or amended no later than November 20th, at which time the preliminary budget becomes the annual budget of the Town for the ensuing

fiscal year. Budgetary control during the year is the responsibility of the Supervisor who is assisted in this area by the Town Comptroller. However, any changes or modifications to the annual budget including the transfer of appropriations among line items must be approved by resolution of the Town Board. A summary of the budgeted revenues and expenditures for the current fiscal year and the previous fiscal year may be found in Appendix A.

Financial Operations

The Town Supervisor functions as the chief fiscal officer as provided in Section 2.00 of the Local Finance Law; in this role, the Supervisor is responsible for the Town's accounting and financial reporting activities, which are delegated to and carried out under the supervision of the Town Comptroller. In addition, the Supervisor is also the Town's budget officer and must therefore prepare the annual tentative budget for submission to the Town Board. During the absence of the Supervisor, the Deputy Supervisor may generally exercise the Supervisor's powers.

The Town Board, as a whole, serves as the finance board of the Town and is responsible for authorizing, by resolution, all material financial transactions such as operating and capital budgets and the issuance of bonded debt. Pursuant to Section 30.00 of the Local Finance Law, the Supervisor has been authorized to issue or renew certain specific types of notes. As required by law, the Supervisor must execute an authorizing certificate which then becomes a matter of public record.

Town finances are operated primarily through the General and Highway Funds. All real property taxes and most of the other Town revenues are credited to these funds. Current operating expenditures are paid from these funds subject to available appropriations. The Town also has water districts, which are accounted for within separate funds. The primary source of income for these districts comes from special assessments levied against district properties at the same time real estate taxes are levied. Capital projects and equipment purchases are accounted for in special capital projects funds. The Town observes a calendar year (January 1 through December 31) for operating and reporting purposes.

Investment Policy

The Town's investments are governed by a formal written investment policy, which is consistent with the Investment Policies and Procedures guidelines promulgated by the Office of the State Comptroller. The Town's monies must be deposited in FDIC-insured commercial banks or trust companies authorized to do business in the State of New York and authorized by the Town Board. The Town limits its investments to time deposit accounts, obligations of the United States of America, obligations of the State of New York, certificates of deposit and repurchase agreements that are fully collateralized and retained in segregated accounts.

It is the Town's policy to require collateral 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. Certain irrevocable letters of credit issued by banks and federal home loan banks may also be pledged as collateral.

The Town's investment policy further provides that all investment obligations must be payable or redeemable at the option of the Town within such time or times as the proceeds will be needed to meet expenditures for the purposes for which monies were provided.

The Town's investment policy does not permit the Town to invest in so-called derivatives or reverse repurchase agreements and the Town has never invested in derivatives or reverse repurchase agreements.

Revenues

The Town receives most of its revenues from real property taxes and assessments. A summary of such revenues and other financings sources for the five most recently completed fiscal years for which financial statements are available may be found in the Statements of Revenues, Expenditures and Changes in Fund Balance in Appendix A hereto.

Real Property Taxes

See "Real Property Tax Information," herein.

State Aid

The Town receives financial assistance from the State. 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. Additionally, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in this year or future years, the Town may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments.

The Town received approximately 10.4% of its total general fund operating revenue from State aid in 2015 and is expected to receive similar amount in 2016. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and, in fact, the State has drastically reduced funding to municipalities and school districts in the last several years in order to balance its own budget.

Although the Town cannot predict at this time whether there will be any delays and/or reductions in State aid in the current year or in future fiscal years or whether there will be additional Federal monies made available to pay State aid in future years, the Town may be able to mitigate the impact of any delays or reductions by reducing expenditures, increasing revenues appropriating other available funds on hand, and/or by any combination of the foregoing.

The following table sets forth the percentage of the Town's General Fund revenue comprised of State aid for each of the fiscal years 2011 through 2015 and as budgeted, for 2016.

Year Ended <u>December 31:</u>	<u>Total General Fund Town Revenue</u>	<u>State Aid</u>	<u>State Aid To Revenues (%)</u>
2011	\$90,454,973	\$ 9,815,458	10.85%
2012	84,695,253	9,357,002	11.05
2013	92,054,367	10,130,804	11.01
2014	91,287,195	9,025,085	9.89
2015	95,181,636	9,897,625	10.40
2016 (Budget)	97,611,961	10,060,453	10.31

Source: Audited financial statements 2011 through 2015 and the adopted budget for 2016. The 2016 budgeted revenues include appropriation of fund balance.

The State Comptroller's Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The most current applicable report of the State Comptroller designates the Town as "No Designation". (Fiscal Score: 19.2%).

See the State Comptroller's official website for more information on FSMS. Reference to this website implies no warranty of accuracy of information therein.

In addition, the Office of the State Comptroller helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The most recent audit performed was released in May, 2013. The purpose of such audit was to review internal controls over the Town's payroll and legal services practices for the period January 1, 2011 to May 31, 2012. The complete report may be found on the State Comptroller's official website. Reference to this website implies no warranty of accuracy of information therein.

Pension Systems

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System ("ERS" or "Retirement System"). The Retirement System is a cost-sharing multiple public employee retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service, except for "Tier 6" employees, as discussed below, whose benefits vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in the Retirement System are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 and before January 1, 2010 must contribute three percent of their gross annual salary towards the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary. On December 10, 2009, a new Tier 5 was created, which was effective for new ERS employees hired on or after January 1, 2010. New ERS employees in Tier 5 contribute 3% of their salaries to the pensions. There is no provision for these contributions to cease for Tier 5 employees after a certain period of service.

Pension reform legislation changed the billing cycle for employer contributions to the ERS retirement system to match budget cycles of the Town. Under the previous method, the Town was not provided with required payment until after the budget was implemented. Under the reforms implemented, the employer contribution for a given fiscal year is based on the value of the pension fund on the prior April 1, instead of the following April 1. As a result, the Town is notified of and can include the actual cost of the employer contribution in its budget. Legislation also required a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible.

In addition, the pension payment date for all local governments was changed from December 15 to February 1 and permits the legislative body of a municipality to establish a retirement contribution reserve fund for the purpose of financing retirement contributions in the future. The New York State Retirement System has advised the Town that municipalities can elect to make employer contribution payments in the December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made at a discount amount.

On March 16, 2012, the new Tier 6 pension program was established, effective for new ERS employees hired after April 1, 2012. The Tier 6 legislation provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier 6 employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

Due to significant capital market declines in the past, the State's Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, the employer contribution rate for the State's Retirement System continues to be higher than the minimum contribution rate established in the past. The State calculates contribution amounts based upon a five-year rolling average. As a result, contribution rates are expected to remain higher than the minimum contribution rates set by past legislation. To mitigate the expected increases in the employer contribution rate, various forms of legislation has been enacted that would permit local governments to borrow a portion of their required payments from the State pension plan.

The Town's contribution to the System was 100 percent of the contributions required for years ending December 31, 2013 and 2014. For the year ending December 31, 2012, the Town elected to amortize \$3,905,184 of its required pension contribution over a ten year period at an interest rate of 3%. The balance remaining at December 31, 2014 is \$3,213,994.

The Town is required to contribute an actuarially determined rate. The required contributions for the five most recently completed fiscal years are as follows:

Contributions to the Retirement Systems

Fiscal Year Ending <u>December 31:</u>	<u>Amount of Contribution</u>
2011	\$8,010,413
2012	10,760,219
2013	12,736,105
2014	10,790,971
2015	11,317,997

Other Post-Employment Benefits

The Town provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. GASB Statement No. 45 ("GASB 45") of the Governments Accounting Standards Board ("GASB") requires governmental entities, such as the Town, to account for the costs of certain non-pension post-employment benefits as it accounts for vested pension benefits.

OPEB refers to "other post-employment benefits," and refers to benefits other than pensions benefits. OPEB consists primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Before GASB 45, OPEB costs were generally accounted for and managed as current expenses in the year paid and were not reported as a liability on governmental financial statements.

GASB 45 requires municipalities and school districts to account for OPEB liabilities much like they already account for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB Statement No. 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") will be determined for each municipality or school district. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and form employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality or school district contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements (the "Net OPEB").

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advanced funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC.

The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

	For The Year Ended <u>December 31, 2015</u>
Annual Required Contribution.....	\$17,913,806
Interest on Net OPEB Obligation.....	2,755,451
Adjustment to Arc	<u>(3,586,407)</u>
Annual OPEB Cost.....	17,082,850
Contributions Made.....	<u>(7,016,510)</u>
Increase in Net OPEB Obligation	10,066,340
Net OPEB Obligation, Beginning of Year	<u>68,886,262</u>
Net OPEB Obligation, End of Year	<u>\$78,952,602</u>

The Town's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the Town's finances and could force the Town to reduce services, raise taxes or both. There is no authority in the State to establish a reserve fund for the liability at this time.

Actuarial Valuation will be required every two years for OPEB plans with more than two hundred members, or every three years if there are less than two hundred members. Additional information about GASB 45 and other accounting rules applicable to municipalities and school districts may be obtained from GASB.

Legislation has been introduced in the State Legislature to authorize local governments and other public entities to establish trusts to accumulate and disburse funds through governing board appropriation for payment of OPEB liabilities. This legislation would authorize the establishment of a trust by resolution of the local government's governing body which would serve as the trustee (unless trustee authority is delegated to the local government's chief fiscal officer). Trust investments would be held by the State Comptroller as sole custodian for investment in accordance with the written investment policy developed by the trustee and the written agreement between the trust and the State Comptroller. Trust funds would not be subject to local government creditor claims, and local government officers would not be subject to liability for loss on investments in the trust. Such legislation has not been approved at this time.

Length of Service Award Program

The Town sponsors two Volunteer Ambulance Workers Service Award Programs (the "Plans"): Commack Volunteer Ambulance Corporation, and Huntington Community First Aid Squad, Inc. All Plans are single-employer defined benefit plans covering the Town's volunteer ambulance workers.

Any volunteer ambulance worker who completes five years of service and attains age 65 is eligible for normal retirement benefits. Participants acquire a nonforfeitable right to a service award after being credited with five years of ambulatory service or upon attaining the program's entitlement age. In general, an active volunteer ambulance worker is credited with a year of ambulatory service for each calendar year after the establishment of the program in which he or she accumulated fifty 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 five years of service rendered prior to the establishment of the program.

A participant's benefit under the program is the actuarial equivalent of a monthly payment for life equal to \$20 multiplied by the person's total number of years of ambulatory service. The number of years of ambulatory service used to compute the benefit cannot exceed forty. Except in the case of disability or death, benefits are payable when a participant reaches entitlement age. The program provides statutorily mandated death and disability benefits.

The Town is required to retain an actuary to determine the amount of the Sponsor's contributions to the plan.

Pension contributions are determined based on an annual actuarial calculation. Based upon accepted actuarial methods and the assumptions used, it has been determined that the contributions for the Commack Volunteer Ambulance Corporation of \$59,507 and Huntington Community First Aid Squad, Inc. of \$380,000 for the year ended December 31, 2014 were sufficient to satisfy current and future service award obligations upon eligibility for retirement.

REAL PROPERTY TAX INFORMATION

Real Property Taxes

The Town derives a significant portion of its annual revenue from a tax on real property (see "Statement of Revenues, Expenditures and Changes in Fund Balance" in Appendix B, herein.) Property taxes accounted for approximately 41.68% of total budgeted general fund revenues, for the fiscal year ended 2015. On June 24, 2011, the Tax Levy Limitation Law was enacted, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the Town, without providing an exclusion for debt service on obligations issued by municipalities and fire districts, including the Town. (See "Tax Levy Limitation Law" herein).

Year Ended December 31:	Total General Fund Town Revenue	Real Property Taxes	Real Property Taxes to Revenues (%)
2011	\$90,454,973	\$33,243,518	36.75%
2012	84,695,253	33,493,480	39.55
2013	92,054,367	35,393,763	38.45
2014	91,287,195	36,728,178	40.23
2015	95,181,636	39,676,446	41.68
2016 (Budget)	97,611,961	39,502,847	40.47

Source: Audited financial statements 2011 through 2015 and the adopted budget for 2016. The 2016 budgeted revenues include appropriation of fund balance.

The following table presents the total tax levy, by purpose, with adjustments and collection performance for each of the last five fiscal years.

Tax Levy and Collection Record

As of May 31:	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total Tax Levy ^a	\$918,665,388	\$941,140,645	\$906,878,249	\$990,124,578	\$1,005,781,356
Amount to Town Supervisor	791,338,298	809,174,772	828,251,272	849,582,079	863,060,764
Amount to County Treasurer	127,337,090	131,965,873	132,626,977	140,542,439	142,720,593
Uncollected (Returned)	22,906,987	22,282,297	24,722,780	25,859,062	N/A
Adjusted Percent Uncollected When Due ^b	2.49%	2.37%	2.57%	2.61%	N/A

a. Includes School, County, Town and Special Districts.

b. Historically, the town has received 100% of its levy prior to the close of its fiscal year. See "Tax Collection Procedure."

Tax Collection Procedure

Property taxes for the Town, together with County, fire and school district taxes are collected by the Town Receiver of Taxes on a single tax bill. Such taxes are due and payable in equal installments on December 1 and May 10, but may be paid without penalty by January 10 and May 31, respectively. Penalties on unpaid taxes are 1% per month from the date such taxes are due and payable and 10% after May 31.

The Receiver of Taxes distributes the collected tax money to the Town, fire and school districts prior to distributing the balance to the County. Uncollected amounts are not segregated by the Receiver of Taxes and any deficiency in tax collection is the County's responsibility. The Town thereby is assured to receive its tax levy.

Tax Rates Per \$1,000 of Assessed Valuation

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Town-Town Wide	\$100.02	\$106.89	111.29	121.17	121.17
Highway Items and Part Town.....	134.83	131.74	118.14	119.84	127.14

Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the Laws of 2011 (the "Tax Levy Limit Law") on June 24, 2011, all the taxable real property within the Town had been subject to the levy of ad valorem taxes to pay the bonds and notes of the Town and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law imposes a tax levy limitation upon the Town for any fiscal year commencing after May 31, 2012, continuing through May 31, 2020 as extended, without providing an exclusion for debt service on obligations issued by the Town. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town is subject to statutory limitations, according to the formulas set forth in Tax Levy Limit Law.

The following is a brief summary of certain relevant provisions of the Tax Levy Limit Law. The summary is not complete and the full text of the Tax Levy Limit Law should be read in order to understand the details and implications thereof.

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

The Tax Levy Limit Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation bonds or notes of the Town or such indebtedness incurred after the effective date of the Tax Levy Limit Law. As such, there can be no assurances that the Tax Levy Limit Law will not come under legal challenge for violating (i) Article VIII, Section 12 of the State Constitution for not providing an exception for debt service on obligations issued prior to the enactment of the Tax Levy Limit Law, (ii) Article VIII, Section 10 of the State Constitution by effectively eliminating the exception for debt service to general real estate tax limitations, and (iii) Article VIII, Section 2 of the State Constitution by limiting the pledge of its faith and credit by a municipality or school district for the payment of debt service on obligations issued by such municipality or school district.

Real Property Tax Rebate

Chapter 59 of the Laws of 2014 (“Chapter 59”), a newly adopted State budget bill includes provisions which provide a refundable tax credit to real property taxpayers in school districts and certain municipal units of government. Real property taxpayers in school districts are eligible for this credit in the 2014 and 2015 taxable years. Real property taxpayers in certain other municipal units of government are eligible for this credit in the 2015 and 2016 taxable years. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction’s compliance with the provisions of the Tax Levy Limit Law. School districts budgets must comply in their 2014-2015 and 2015-2016 fiscal years. Other municipal units of government must have their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must be within the tax cap limits set by the Tax Levy Limit Law for the real property taxpayers to be eligible for this tax credit. The affected jurisdictions include counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

Certain additional restrictions on the amount of the tax credit are set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The tax credit payable will be equal to the greater of the homeowner’s year-to-year growth in property taxes or the allowable levy growth factor under the tax cap in the applicable years multiplied by the homeowner’s prior year tax bill

For the second taxable year of the program, the tax credit for real property taxpayers is additionally contingent upon adoption by the school district or municipal unit of a state approved “government efficiency plan” which demonstrates “three year savings and efficiencies of at least one per cent per year of the total tax levy from shared services, cooperation agreement and/or mergers or efficiencies”.

Municipalities, school districts and independent special districts must provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the tax credit.

While the provisions of Chapter 59 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limit Law. The Town qualified for the program for both years. The implications of this for future tax levies and for operations and services of the Town are uncertain at this time.

Selected Listing of Large Taxable Properties
2015 Assessment Roll^a

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
LIPA/Keyspan Energy Corporation	Utility	\$37,766,539
The Retail Property Trust.....	Real Estate	2,000,000
Huntington Quadrangle	Real Estate	1,100,000
Reckson FS Limited Partnership.....	Commercial	801,465
Avalon Bay Communities	Real Estate	764,975
Melville Industrial Associates.....	Office Building	648,000
Verizon	Utility	695,875
CKL-HP.....	Office Building	585,000
Starlight Building Corp.	Real Estate	474,700
Estee Lauder.....	Cosmetics	<u>469,700</u>
		<u>\$45,306,254^b</u>

a. Assessment Roll established in 2015 for levy and collection of taxes during 2016 Fiscal Year.

b. Represents 13.93% of the total taxable assessed valuation of the Town for 2016.

Tax Certiorari Claims

In common with other municipalities, there are a number of tax certiorari proceedings pending involving properties that are subject to the levy of Town taxes. The plaintiffs in these matters have asserted that their properties are over-assessed and are seeking assessment reductions. A refund of excess taxes is also generally requested. Historically, certiorari claims have been settled through negotiations, resulting in amounts, at times, substantially less than originally claimed. Many settlements provide for future adjustments with no direct outlay of money. There is one significant claim on file with the Town that is near settlement. (See “*Tax Collection Procedure*” and “*Litigation*” herein.)

LITIGATION

In common with other towns, the Town from time to time receives notices of claim and is party to litigation. In the opinion of the Town Attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the Town has not asserted a substantial and adequate defense, nor which, if determined against the Town, would have an adverse material effect on the financial condition of the Town, in view of the Town’s ability to fund the same through use of appropriate funding mechanisms provided by the Local Finance Law.

In October 2010, LIPA/National Grid filed a tax certiorari claim in Supreme Court, Suffolk County, seeking a significant reduction in the assessment of the Northport Power Plant. This facility currently has an assessed valuation of \$30,233,050 which represents approximately 9% of the town’s tax base. The Town is vigorously defending its assessment of the plant and has hired various experts including engineers and appraisers to make its case. The Town has also initiated a separate lawsuit against LIPA to defend its claim that the Town is a Third Party Beneficiary of LIPA’s pledge not to initiate Tax Certiorari proceedings providing the Town did not increase the assessment on the plant. That litigation withstood a Motion to Dismiss in Supreme Court, Suffolk County and was affirmed on appeal. If successful, the Tax Certiorari cases for 2010 through 2013 would be dismissed. If LIPA/National Grid is successful in its tax certiorari claim, the Court could order a reduction in the assessment of the Northport Power Plant, which would reduce the taxes paid by LIPA/National Grid to the Town. Any reduction in assessment ordered by the Court would be permanently reapportioned among the Town’s remaining real property tax base. In the event that the Court does order a reduction in the assessment for prior years, the resulting tax refunds for such years would be an obligation of the County and in the year following any payments by the County, there would be imposed a one-time “charge back” of such amounts to residents of the Town. The Town does not expect that an adverse outcome would have a material adverse impact upon the financial condition of the Town or the Town’s ability to pay principal and interest on its outstanding Bonds.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. The Tax Certificate of the Town (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Bonds will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Town in connection with the Bonds, and Bond Counsel has assumed compliance by the Town with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Town, under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Bonds, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Town, in executing the Tax Certificate, will certify to the effect that the Town will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Bonds.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity means the first price at which a substantial amount of the Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Bonds is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bond should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds. For example, budgets proposed by the Obama Administration from time to time have recommended a 28% limitation on certain itemized deductions and other tax benefits, including tax-exempt interest. The net effect of such a proposal, if enacted into law, would be that an owner of a tax-exempt obligation with a marginal tax rate in excess of 28% would pay some amount of Federal income tax with respect to the interest on such tax-exempt obligation, regardless of issue date.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

Absence of Litigation

Upon delivery of the Bonds, the Town shall furnish a certificate of the Town Attorney, dated the date of delivery of the Bonds, to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds, and further stating that there is no controversy or litigation of any nature now pending or threatened by or against the Town wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Town or adversely affect the power of the Town to levy, collect and enforce the collection of taxes or other revenues for the payment of the Bonds, which has not been disclosed in this Official Statement.

Legal Matters

Legal matters incident to the authorization, issuance and sale of the Bonds will be subject to the final approving opinion of Hawkins Delafield & Wood LLP, Bond Counsel, substantially as set forth in Appendix C.

Closing Certificates

Upon the delivery of the Bonds, the Purchaser will be furnished with the following items: (i) a Certificate of the Supervisor to the effect that as of the date of this Official Statement and at all times subsequent thereto, up to and including the time of delivery of the Bonds, this Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, and further stating that there has been no adverse material change in the financial condition of the Town since the date of this Official Statement to the date of issuance of the Bonds; and having attached thereto a copy of this Official Statement; (ii) a Certificate signed by an officer of the Town evidencing payment for the Bonds; (iii) a Signature Certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending or, to the knowledge of the signers, threatened, restraining or enjoining the issuance and delivery of the Bonds or the levy and collection of taxes to pay the principal of and interest thereon, nor in any manner questioning the proceedings and authority under which the Bonds were authorized or affecting the validity of the Bonds thereunder, (b) neither the corporate existence or boundaries of the Town nor the title of any of the officers thereof to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (iv) a Tax Certificate executed by the Supervisor, as described under "*Tax Matters*," herein.

DISCLOSURE UNDERTAKING

At the time of the delivery of the Bonds, the Town will provide an executed copy of its Undertaking to Provide Continuing Disclosure substantially as set forth in Appendix D.

Compliance History

One June 20, 2014, the Town filed a material event notice with EMMA regarding the current ratings of the bond insurer of past bonds issued by the Town. Since the fall of 2008, there have been over forty ratings actions on bond insurers by Moody's, Standard and Poor's (S&P) and Fitch Ratings (Fitch). The Town was late in filing this notice. Due to widespread knowledge of the downgrades to the bond insurer, material events notices were not filed in each instance.

One June 21, 2014, the Town filed a material event notice with EMMA regarding the change to the underlying rating of the Town by Moody's Investors Service, as a result of the recalibration of the U.S. municipal ratings from a municipal scale to the global scale in 2010, which resulted in a recalibrated rating of "Aaa". The Town was late in filing this notice. As this was a system wide recalibration by Moody's, and not considered an upgrade, a material event notice was not filed at the time.

On July 3, 2014, the Town filed a material event notice with EMMA regarding the change to the underlying rating of the Town by Fitch Ratings, as a result of the recalibration of the U.S. municipal ratings from a municipal scale to the global scale in 2010, which resulted in a recalibrated rating of "AAA". The Town was late in filing this notice. As this was a system wide recalibration by Fitch, and not considered an upgrade, a material event notice was not filed at the time.

For 2012 thru 2014 the Town's annual financial information and audited financial statements were filed on time. For 2011 they were filed approximately 30 days late. For 2010 the annual financial information was filed on time but the audited financial statements were filed approximately 60 days late. For 2009 the annual financial information was filed on time but the audited financial statements were filed approximately 30 days late. The Town filed a material event notice with EMMA on July 3, 2014 stating these late filings.

Other than as noted above, to the best of the Town's knowledge, the Town is in compliance in all material respects with the Rule over the past five years.

BOND RATING

Moody's Investors Service ("Moody's") 7 WTC at 250 Greenwich Street, New York, NY 10007, Phone: (212) 553-4055 and Fax: (212) 298-6761, and Standard & Poor's Corporation ("S&P"), 55 Water Street, New York, NY 10041, Telephone: (877) 299-2569 and Fax: (212) 438-5153, have assigned their municipal bond ratings of "Aaa" and "AAA", respectively, to the Bonds of the Town. These ratings reflect only the view of such rating agencies and an explanation of the significance of such ratings should be obtained from Moody's and S&P. There can be no assurance that such ratings will not be revised or withdrawn, if in the judgment of such rating agencies, circumstances so warrant. Any change or withdrawal of such ratings may have an adverse effect on the market price and the availability of a secondary market for the outstanding bonds and notes of the Town.

MUNICIPAL ADVISOR

Munistat Services, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the Town on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Bonds and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Bonds was based on materials provided by the Town and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the Town or the information set forth in this Official Statement or any other information available to the Town with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the office of Peggy Karayianakis, CPA, Interim Town Comptroller, Town of Huntington, 100 Main Street, Huntington, New York 11743, Phone (631) 351-3000, Fax (631) 424-7856 and email: pkarayianakis@huntingtonny.gov. or from the office of Munistat Services Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888.

Munistat Services, Inc. may place a copy of this Official Statement on its website at www.munistat.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Munistat Services, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the Town nor Munistat Services, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Munistat Services, Inc. and the Town disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Munistat Services, Inc. and the Town also assumes no liability or responsibility for any errors or omissions, unauthorized editing, or for any updates to dated website information.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be, in fact, realized. This Official Statement is not to be construed as a contract or agreement between the Town and the original purchasers or owners of any of the Bonds.

The preparation and distribution of this Official Statement has been authorized by the applicable refunding bond resolution of the Town which delegates to the Supervisor the power to sell and issue the Bonds.

TOWN OF HUNTINGTON, NEW YORK

By: s/s FRANK P. PETRONE
Supervisor and Chief Fiscal Officer
Town of Huntington
Huntington, New York

August 3, 2016

APPENDIX A

FINANCIAL INFORMATION

BALANCE SHEETS

FISCAL YEAR ENDING DECEMBER 31, 2015

	Select Governmental Funds			
	General	Highway	Town Refuse	Non-Major
<u>Assets</u>	<u>Fund</u>	<u>Funds</u>	<u>& Garbage</u>	<u>Funds</u>
Cash & Cash Equivalents	\$ 7,956,842	\$ 1,867,718	\$ 4,688,161	\$ 7,736,086
Restricted Cash	15,941,518	1,793,242	74,401	767,488
Accounts Receivable	3,530,593	467,480	2,355	1,023,985
State and Federal Aid Receivables	2,399,642	10,534,730	261,558	425,496
Due From Other Funds	816,422	402	10,937	95,947
Prepaid Charges	<u>1,145,091</u>	<u>380,899</u>	<u>129,788</u>	<u>326,302</u>
 Total Assets	 <u>\$ 31,790,108</u>	 <u>15,044,471</u>	 <u>\$ 5,167,200</u>	 <u>\$ 10,375,304</u>
 <u>Liabilities</u>				
Accounts Payable	\$ 2,719,247	\$ 964,587	\$ 1,002,741	\$ 1,337,605
Accrued Liabilities	5,144,429	521,897	792,285	526,140
Due to Other Governments				1,624,638
Due to Other Funds	<u>146,712</u>	<u>4,944,872</u>	<u>128,913</u>	<u>187,238</u>
 Total Liabilities	 <u>8,010,388</u>	 <u>6,431,356</u>	 <u>1,923,939</u>	 <u>3,675,621</u>
 <u>Deferred Inflows of Resources</u>				
Deferred Revenue	<u>13,278</u>	<u>2,905,000</u>	<u> </u>	<u>163,774</u>
 <u>Fund Balance</u>				
Nonspendable	1,145,091	380,899	129,788	326,302
Restricted	15,941,518	4,326,370	2,746,840	4,875,285
Assigned	1,107,420	1,000,846	366,633	2,256,611
Unassigned	<u>5,572,413</u>	<u> </u>	<u> </u>	<u>(922,289)</u>
 Total Fund Balance	 <u>23,766,442</u>	 <u>5,708,115</u>	 <u>3,243,261</u>	 <u>6,535,909</u>
 Total Liabilities and Fund Balances	 <u>\$ 31,790,108</u>	 <u>\$ 15,044,471</u>	 <u>\$ 5,167,200</u>	 <u>\$ 10,375,304</u>

Non-Major Governmental Funds include Town-Outside Village, Special Grant (HDCA), Local Development Corporation (LDC Town Business Improvement Districts and Special Districts

Sources: Audited Financial Reports of the Town (2015).

NOTE: This Schedule NOT audited.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GENERAL FUND

Fiscal Years Ending December 31:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues:					
Real Property Taxes	\$ 33,243,518	\$ 33,493,480	\$ 35,393,763	\$ 36,728,178	\$ 39,676,446
Other Property Tax Items	307,129	297,112	322,419	338,536	355,817
Non-Property Tax items	3,740,350	3,818,185	3,956,027	4,225,784	4,407,959
Departmental Income	28,860,716	27,350,259	31,140,769	31,135,661	30,583,144
Intergovernmental Charges	137,205	137,183	133,866	186,869	129,941
Use of Money and Property	1,036,364	1,532,249	922,859	926,029	1,123,937
Licenses and Permits	877,770	749,232	965,623	1,006,951	1,020,414
Fines and Forfeitures	646,834	760,548	1,135,462	1,101,734	1,136,862
Sale of Property	3,930,283	340,370	787,442	414,989	468,012
Miscellaneous Local Sources	1,025,904	889,636	1,123,623	1,107,424	1,180,288
Interfund Revenues	5,657,187	4,279,359	4,051,494	4,138,963	4,150,647
State and Other Local Government Aid	9,815,458	9,357,002	10,130,804	9,025,085	9,897,625
Federal Aid	<u>1,176,255</u>	<u>1,690,638</u>	<u>1,990,216</u>	<u>950,992</u>	<u>1,050,544</u>
Total Revenues	<u>90,454,973</u>	<u>84,695,253</u>	<u>92,054,367</u>	<u>91,287,195</u>	<u>95,181,636</u>
Expenditures:					
General Government Support	22,433,367	23,516,867	23,236,683	24,126,298	24,401,190
Public Safety	4,199,212	4,393,125	4,553,926	4,904,851	5,005,238
Health	692,523	644,352	744,247	759,590	701,093
Transportation	4,373,241	4,559,666	4,722,382	5,033,471	5,083,505
Economic Assistance & Opportunity	2,043,773	2,112,812	2,071,285	2,101,653	2,132,736
Culture and Recreation	13,644,237	13,850,124	14,048,065	14,057,894	12,795,662
Home & Community Services	18,378,822	12,668,154	20,124,955	20,342,383	20,600,151
Employee Benefits	16,965,129	18,100,686	18,789,724	18,071,558	19,230,449
Debt Service	<u> </u>	<u>4,227,457</u>	<u>4,246,840</u>	<u>5,267</u>	<u>314,850</u>
Total Expenditures	<u>82,730,304</u>	<u>84,073,243</u>	<u>92,538,107</u>	<u>89,402,965</u>	<u>90,264,874</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,724,669	622,010	(483,740)	1,884,230	4,916,762
Other Financing Sources (Uses):					
Amortization of Retirement Systems		2,190,729			
Operating Transfers In	484,113	614,619	200,020		881,630
Other Transfers Out	<u>(5,848,407)</u>	<u>(227,679)</u>	<u>(10,242,163)</u>	<u>(6,297,326)</u>	<u>(5,966,024)</u>
Total Other Financing Sources (Uses)	<u>(5,364,294)</u>	<u>2,577,669</u>	<u>(10,042,143)</u>	<u>(6,297,326)</u>	<u>(5,084,394)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,360,375	3,199,679	(10,525,883)	(4,413,096)	(167,632)
Fund Balance, Beginning of Year	33,311,135	35,671,510	38,871,189	28,347,170	23,934,074
Adjustment to Fund Balance Due to Accounting Changes			<u>1,864</u>		
Fund Balance, Beginning of Year, as Restated	<u>33,311,135</u>	<u>35,671,510</u>	<u>38,873,053</u>	<u>28,347,170</u>	<u>23,934,074</u>
Fund Balance, End of Year	\$ <u>35,671,510</u>	\$ <u>38,871,189</u>	\$ <u>28,347,170</u>	\$ <u>23,934,074</u>	\$ <u>23,766,442</u>

Sources: Audited Financial Reports of the Town (2011-2015)

NOTE: This Schedule NOT audited.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

HIGHWAY FUND

	Fiscal Years Ending December 31:				
	2011	2012	2013	2014	2015
Revenues:					
Real Property Taxes	\$ 30,819,524	\$ 31,693,663	\$ 30,825,862	\$ 29,393,394	\$ 29,717,196
Other Property Tax Items	23,664	24,413	45,886	60,587	66,803
Departmental Income				83,088	465,153
Intergovernmental Charges	98,466			9,484	28,998
Use of Money and Property	143,325	111,290	89,867	73,425	78,685
Licenses and Permits	263,625	101,400	148,858	199,375	148,375
Sale of Property	41,139	9,346	16,372	55,817	418,026
Miscellaneous Local Sources	34,321	135,182	432,402	355,186	361,603
State and Other Local Government Aid	1,310,590	3,194,629	1,731,840	1,498,480	2,547,099
Federal Aid	3,417,829	13,554,057	9,770,553	955,715	256,604
Total Revenues	36,152,483	48,823,980	43,061,640	32,684,551	34,088,542
Expenditures:					
General Government Support	109,312	111,079	183,138	191,623	176,757
Transportation	21,765,290	31,413,631	24,897,287	21,263,547	22,978,206
Employee Benefits	6,107,541	7,509,861	8,299,869	7,506,155	8,285,728
Debt Service				6,846	15,675
Total Expenditures	27,982,143	39,034,571	33,380,294	28,968,171	31,456,366
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,170,340	9,789,409	9,681,346	3,716,380	2,632,176
Other Financing Sources (Uses):					
Amortization of Retirement Systems		813,489			
Operating Transfers In			376,881	1,166,152	64,857
Other Transfers Out	(8,916,306)	(7,702,068)	(8,383,127)	(8,086,887)	(8,159,087)
Total Other Financing Sources (Uses)	(8,916,306)	(6,888,579)	(8,006,246)	(6,920,735)	(8,094,230)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(745,966)	2,900,830	1,675,100	(3,204,355)	(5,462,054)
Fund Balance, Beginning of Year	10,544,560	9,798,594	12,699,424	14,374,524	11,170,169
Adjustment to Fund Balance Due to Accounting Changes					
Fund Balance, Beginning of Year, as Restated	10,544,560	9,798,594	12,699,424	14,374,524	11,170,169
Fund Balance, End of Year	\$ 9,798,594	\$ 12,699,424	\$ 14,374,524	\$ 11,170,169	\$ 5,708,115

Sources: Audited Financial Reports of the Town (2011-2015)

NOTE: This Schedule NOT audited.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

REFUSE AND GARBAGE FUND

	Fiscal Years Ending December 31:				
	2011	2012	2013	2014	2015
Revenues:					
Real Property Taxes	\$ 23,099,153	\$ 23,099,153	\$ 23,370,653	\$ 23,773,582	\$ 24,034,328
Other Property Tax Items	593	453	217	247	240
Departmental Income	18,496	5,291	9,262	9,785	8,595
Intergovernmental Charges		94,975	9,728	9,192	9,933
Use of Money and Property	77,169	46,638	42,171	44,118	51,394
Sale of Property	711,097	472,795	560,731	545,281	113,160
Miscellaneous Local Sources	9,021	30,235	104,274	90,918	94,313
State and Other Local Government Aid		44,393			
Federal Aid	106,170	247,071	49,067		
Total Revenues	<u>24,021,699</u>	<u>24,041,004</u>	<u>24,146,103</u>	<u>24,473,123</u>	<u>24,311,963</u>
Expenditures:					
General Government Support	3,490,543	2,024,139	1,992,537	1,977,787	1,965,050
Home & Community Services	19,213,723	19,024,686	19,458,329	19,403,786	18,889,789
Employee Benefits	1,895,068	2,716,115	2,820,372	2,573,004	2,489,744
Total Expenditures	<u>24,599,334</u>	<u>23,764,940</u>	<u>24,271,238</u>	<u>23,954,577</u>	<u>23,344,583</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(577,635)	276,064	(125,135)	518,546	967,380
Other Financing Sources (Uses):					
Amortization of Retirement Systems		261,296			
Operating Transfers In					21,133
Other Transfers Out	(139,443)	(170,096)	(325,291)	(176,356)	(190,969)
Total Other Financing Sources (Uses)	<u>(139,443)</u>	<u>91,200</u>	<u>(325,291)</u>	<u>(176,356)</u>	<u>(169,836)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(717,078)	367,264	(450,426)	342,190	797,544
Fund Balance, Beginning of Year	2,903,767	2,186,689	2,553,953	2,103,527	2,445,717
Adjustment to Fund Balance Due to Accounting Changes					
Fund Balance, Beginning of Year, as Restated	<u>2,903,767</u>	<u>2,186,689</u>	<u>2,553,953</u>	<u>2,103,527</u>	<u>2,445,717</u>
Fund Balance, End of Year	\$ <u>2,186,689</u>	\$ <u>2,553,953</u>	\$ <u>2,103,527</u>	\$ <u>2,445,717</u>	\$ <u>3,243,261</u>

Sources: Audited Financial Reports of the Town (2011-2015)

NOTE: This Schedule NOT audited.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NON-MAJOR GOVERNMENTAL FUNDS

	Fiscal Years Ending December 31:				
	2011	2012	2013	2014	2015
Revenues:					
Real Property Taxes	\$ 20,390,713	\$ 20,768,305	\$ 20,299,042	\$ 20,034,011	\$ 19,565,360
Other Property Tax Items	3,010	38,226	43,975	52,257	56,942
Non-Property Tax items	144,701	144,701	144,701	144,701	144,701
Departmental Income	7,023,610	7,445,748	7,536,123	7,631,362	9,544,908
Use of Money and Property	596,501	322,076	334,008	305,593	301,110
Licenses and Permits	613,512	744,144	804,050	704,081	963,883
Sale of Property	26,128	18,325		49,427	7,069
Miscellaneous Local Sources	153,417	522,290	603,389	730,961	859,281
State and Other Local Government Aid	340,740	59,645	30,316		
Federal Aid	1,009,660	1,132,387	1,076,170	1,016,392	1,375,114
Total Revenues	30,301,992	31,195,847	30,871,774	30,668,785	32,818,368
Expenditures:					
General Government Support	4,344,852	4,438,369	4,178,053	4,353,407	4,340,560
Public Safety	3,185,794	3,641,277	3,526,683	3,710,059	3,797,742
Health	2,393,519	2,492,128	2,537,524	2,604,129	2,545,120
Transportation	2,598,849	2,976,001	2,644,575	2,989,695	2,811,072
Home & Community Services	9,674,634	10,014,188	9,987,909	10,578,893	11,189,953
Employee Benefits	5,334,648	6,094,806	6,102,638	5,692,076	6,566,681
Total Expenditures	27,532,296	29,656,769	28,977,382	29,928,259	31,251,128
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,769,696	1,539,078	1,894,392	740,526	1,567,240
Other Financing Sources (Uses):					
Amortization of Retirement Systems		639,670			
Operating Transfers In	57,780		1,614		94,130
Other Transfers Out	(2,210,939)	(1,899,625)	(2,507,130)	(2,150,574)	(2,835,308)
Total Other Financing Sources (Uses)	(2,153,159)	(1,259,955)	(2,505,516)	(2,150,574)	(2,741,178)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	616,537	279,123	(611,124)	(1,410,048)	(1,173,938)
Fund Balance, Beginning of Year	7,557,250	8,173,787	8,452,910	7,841,785	7,709,847
Adjustment to Fund Balance Due to Accounting Changes			(1)	1,278,110 ⁽¹⁾	
Fund Balance, Beginning of Year, as Restated	7,557,250	8,173,787	8,452,909	9,119,895	7,709,847
Fund Balance, End of Year	\$ 8,173,787	\$ 8,452,910	\$ 7,841,785	\$ 7,709,847	\$ 6,535,909

(1). As per recommendation from NYS Comptroller's office, revenue derived from Sewer Charges for capital improvements should be recorded in the operating budget of the Sewer District

Non-Major Governmental Funds include Town-Outside Village, Special Grant (HDCA), Local Development Corporation (LDC), Town Business Improvement Districts and Special Districts. The Special District Funds consist of a number of separate districts which are administered by the Board including a fire protection district, a street lighting district, two ambulance districts, three sewer districts, business improvement district and a water

Sources: Audited Financial Reports of the Town (2011-2015)

NOTE: This Schedule NOT audited.

ADOPTED BUDGETS - GENERAL FUND

	Fiscal Years Ending December 31:	
	2015	2016
Revenues:		
Real Property Taxes	\$ 39,564,044	\$ 39,502,847
Other Property Tax Items	348,045	348,045
Non-Property Tax items	4,090,212	4,243,306
Departmental Income	32,183,481	32,517,481
Intergovernmental Charges	128,357	128,357
Use of Money and Property	998,451	1,035,312
Licenses and Permits	973,700	973,200
Fines and Forfeitures	1,430,000	1,530,000
Sale of Property	279,200	279,200
Miscellaneous Local Sources	1,218,268	933,750
Interfund Revenues	4,150,647	4,469,548
State and Other Local Government Aid	10,062,281	10,060,453
Federal Aid	955,755	992,462
Appropriated Fund Balance	656,000	598,000
Total Revenues	97,038,441	97,611,961
Expenditures:		
General Government Support	25,890,825	26,283,655
Public Safety	4,760,330	4,697,705
Health	859,888	859,312
Transportation	4,800,153	4,761,807
Economic Assistance & Opportunity	2,311,575	2,280,129
Culture and Recreation	13,149,892	13,001,035
Home & Community Services	21,866,492	21,778,171
Employee Benefits	19,059,611	19,797,611
Debt Service	4,334,170	4,115,000
Operating Transfers Out	5,505	37,536
Total Expenditures	97,038,441	97,611,961

Source: Adopted Budgets of the Town of Huntington

TOWN OF HUNTINGTON

APPENDIX B

**AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND/OR UPDATED IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT. CONSENT OF THE AUDITORS HAS NOT BEEN REQUESTED OR OBTAINED.



***COMPREHENSIVE
ANNUAL FINANCIAL REPORT***

Year Ended December 31, 2015



Town Board

Frank P. Petrone, Supervisor

Susan A. Berland, Councilwoman

Eugene Cook, Councilman

Mark A. Cuthbertson, Councilman

Tracey A. Edwards, Councilwoman



Town of Huntington, New York
Comprehensive Annual Financial Report
Year Ended December 31, 2015

Prepared by:
Department of Audit & Control

Peggy Karayianakis, CPA
Interim Director of Audit & Control

Peter Leodis
Interim Deputy Director of Audit & Control

TOWN OF HUNTINGTON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2015
TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Letters of Transmittal	2-12
Organizational Chart	13
Principal Officials.....	14
Certificate of Achievement for Excellence in Financial Reporting.....	15

FINANCIAL SECTION

Independent Auditors' Report.....	18-20
-----------------------------------	-------

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis (MD&A).....	22-33
--	-------

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Statement of Net Position	37
Statement of Activities.....	38

Fund Financial Statements

Governmental Fund Financial Statements

Balance Sheet.....	39
Reconciliation of the Governmental Funds Balance Sheet to The Statement of Net Position.....	40
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	41
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	42

Fiduciary Fund Financial Statements

Statement of Fiduciary Assets and Liabilities.....	43
--	----

Index for Notes to Financial Statements.....	45
--	----

Notes to Financial Statements.....	46-81
------------------------------------	-------

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual

General Fund.....	84-87
Highway Fund.....	88-89
Refuse and Garbage Fund.....	90-91
Schedule of Funding Progress - Post-employment Benefits Healthcare Costs	92
Schedule of Town's Contributions.....	94-95
Schedule of Town's Proportionate Share of the Net Pension Liability	96
Schedule of Districts' Contributions.....	98-99
Schedule of Districts' Proportionate Share of the Net Pension Liability.....	100

(Continued)

TOWN OF HUNTINGTON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2015
TABLE OF CONTENTS

OTHER SUPPLEMENTARY INFORMATION

COMBINING FUND STATEMENTS:

Nonmajor Governmental Funds	
Combining Balance Sheet.....	102
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	103
Special District Funds	
Combining Balance Sheet.....	104
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	105

FIDUCIARY FUND

Statement of Changes in Agency Assets and Liabilities.....	106
--	-----

**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – NONMAJOR SPECIAL REVENUE FUNDS**

Town Outside Village Fund.....	108-109
Town Business Improvement Districts.....	110
Fire Protection District Fund	111
Street Lighting District Fund	112-113
Ambulance Districts Fund	114
Sewer Districts Fund.....	116-117
Water Districts Fund.....	118-119
Debt Service Fund	120

DISCRETELY PRESENTED COMPONENT UNITS

Combining Statement of Net Position.....	122
Combining Statement of Activities	123

STATISTICAL SECTION

Financial Trends:

Net Position by Component – Ten Year Summary	126-127
Changes in Net Position – Ten Year Summary	128-129
Fund Balances of Governmental Funds – Ten Year Summary	130-131
Changes in Fund Balances of Governmental Funds –Ten Year Summary	132-133

Revenue Capacity:

Assessed Value, State Equalization Rate, and Estimated Full Value of Real Property – Ten Year Summary	134-135
Property Tax Rates Per \$100 Assessed Valuation – All Direct and Overlapping Governments – Ten Year Summary	136-137
Principal Property Taxpayers.....	138
Property Tax Levies and Collections – Ten Year Summary	139

(Continued)

TOWN OF HUNTINGTON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2015
TABLE OF CONTENTS

(Statistical Section Continued)

Debt Capacity:

Ratios of Outstanding Debt by Type – Ten Year Summary	140
Ratios of General Bonded Debt Outstanding	141
Direct and Overlapping Governmental Debt – Ten Year Summary	142
Debt Limit Margin Information	143

Demographic and Economic Statistics:

Demographic and Economic Statistics	144
Principal Employers	145

Operating Information:

Full-time Equivalent Town Employees by Function – Ten Year Summary	146
Operating Indicators by Function – Ten Year Summary	148-149
Capital Asset Statistics by Function – Ten Year Summary	150-151

THIS PAGE INTENTIONALLY LEFT BLANK

**INTRODUCTORY
SECTION**



Town Hall • 100 Main Street
Huntington, NY 11743-6991

Phone: (631) 351-3030
Fax: (631) 424-7856
FPetrone@huntingtonny.gov

FRANK P. PETRONE
Supervisor

June 13, 2016

Members of the Town Board
And Citizens of the Town of Huntington:

I am pleased to present the Comprehensive Annual Financial Report of the Town of Huntington, New York for the year ended December 31, 2015. The financial statements have been audited by the accounting firm selected by the Town Board, Cullen & Danowski, LLP. The independent auditors' unqualified opinion is included in this report.

In each of the past seventeen years the Town of Huntington has been awarded a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA). Certificates are awarded to those governments whose annual financial reports are judged to conform to the generally accepted accounting principles promulgated by the Government Accounting Standards Board (GASB). It is my belief that the December 31, 2015 Comprehensive Annual Financial Report continues to meet the requirements of the Certificate of Achievement Program.

The preparation of this report could not have been accomplished without the dedicated effort of the entire staff of the Comptroller's Office.

Fiscal Year 2015 presented many challenges, however, through sound fiscal management, operating results were better than anticipated. We will continue to monitor the Town's 2016 budget closely and exercise financial discipline as economic conditions warrant.

Sincerely,



FRANK P. PETRONE
Supervisor





Town Hall • 100 Main Street
Huntington, NY 11743-6991

Phone: (631) 351-3038
Fax: (631) 351-2898
Audit@HuntingtonNY.gov

AUDIT & CONTROL
Peggy Karayianakis, CPA
Interim Director

June 13, 2016

Honorable Members of the Town Board
and Citizens of the Town of Huntington:

The Office of the Comptroller is pleased to submit the Comprehensive Annual Financial Report (“CAFR”) of the Town of Huntington, New York (the “Town”) for the year ended December 31, 2015. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Town.

The report is designed to present the Town’s financial activities and the financial position and results of Town operations, as measured by the financial activity of its various funds. All required disclosures to enable the reader to gain a reasonable understanding of the Town’s financial position are included therein.

The accounting firm of Cullen & Danowski, LLP was selected by the Town Board to perform an independent audit of the Town’s financial statements as of December 31, 2015, and to provide reasonable assurance that the financial statements are free from material misstatement. The auditors’ unmodified opinion on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report.

This report includes government-wide statements, and fund financial statements of various departments, agencies and other organizational units, which are considered part of the Town of Huntington’s financial reporting entity. Criteria for determining the reporting entity and presentation of the related financial data are established by the Government Accounting Standards Board. The criteria include legal standing and financial accountability. Note A to the Financial Statements provides detail on the financial reporting entity with a brief summary of the nature of significant component units and their relationship to the Town of Huntington.

The Town is required to undergo an annual “single audit” in conformity with the provisions of the Federal Single Audit Act (as amended) and the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this “single audit”, including the schedule of expenditures of federal awards, findings and recommendations and the independent auditors’ reports on the internal control structure and compliance with applicable laws and regulations are not presented in this report, but rather are routinely presented as a separate report.

The Management’s Discussion and Analysis (MD&A), in the financial section, provides an introduction, overview and analysis of the Town’s basic financial statements. The MD&A compliments this letter of transmittal and should be read in conjunction with it.

General and Historical Information

The Town is located at the western end of Suffolk County contiguous to the Nassau-Suffolk County border. It is approximately 40 miles from Manhattan and 40 miles from Riverhead, the Suffolk County seat. The history of Huntington is closely associated with the early development of the American colonies. The community was originally settled in 1653, well within the lifetime of the earliest New England colonist. In the beginning, water-borne transportation gave life to the community. The natural harbors offered ready access to the farmlands of the Long Island interior. The harbor was the setting for the early Huntington community, which became the focal point for the movement of agricultural products into the commerce of the colonies. Although agriculture was its mainstay and water-borne transportation its lifeline for two centuries, in later years the whaling industry and expanded manufacturing activity broadened the local economy and gave impetus to the expansion of the harbor communities of Cold Spring Harbor, Huntington and Northport.

Huntington enjoys five harbors bordering the north shore of the Town: Cold Spring Harbor, Lloyd Harbor, Huntington, Centerport and Northport Harbors. Within its coves and bays there are a total of eight beaches maintained by the Town. The Town has also put into operations three marinas for the use of residents. These facilities, along with boat ramps, municipal golf courses, ice skating rinks and park sites, provide active recreation for Town residents.

The Town is within easy commuting distance of New York City. The Long Island Rail Road, which has frequent schedules of trains, accommodates its commuters daily to New York City from four stations in 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), the Northern State Parkway and the Long Island Expressway. In addition, Old Country Road provides a secondary east-west connecting highway to central and southern sections of the Town.

The Town provides the following services:

- Planning and Community Development: Environmental, land management, zoning, environmental open space and park fund (EOSPA), buildings review, housing services and economic development
- Citizen and Community Services: Neighborhood improvements, senior citizen services, handicapped services, women's services, veteran's and minority affairs
- Public Safety: Emergency management, code enforcement, fire prevention, animal control and special services
- Transportation and Parking: Street and drainage maintenance, roadway improvements, public transportation
- Support Services/Legislative/Administrative: Facilities, financial, fleet, human resources, technology, legal, tax collection, records management, historic preservation
- Culture and Recreation Services: Parks, beaches, recreational, youth programs
- Utilities: Water and Sewer
- Other Operations: Refuse disposal, recycling, resource recovery and environmental remediation

Town Government

The Town of Huntington is governed by Town Law, other general laws of the State of New York as well as various local laws and ordinances and is classified by New York State as a suburban town. Included in the Town are four incorporated villages: Northport, Asharoken, Lloyd Harbor and Huntington Bay. In addition, there are several prominent unincorporated areas in the Town. These include Cold Spring Harbor, Elwood, Huntington, Huntington Station, South Huntington, Melville, East Northport, Halesite, Dix Hills, Centerport, Greenlawn and Fort Salonga. The Town encompasses an area of approximately 94 square miles. There are eight public school districts in Huntington, five of which are entirely within the Town. The other three serve portions of the Towns of Smithtown, Babylon and Oyster Bay, in addition to parts of Huntington.

The chief executive officer of the Town is the Supervisor who is elected for a term of four years and is eligible for the right of succession. The Supervisor is also a member of the Town Board.

Town Government-(continued)

The Town Board is the principal policy-making body of the Town. Its four members, in addition to the Supervisor, are elected to four-year terms. The terms are staggered so that every two years two Council Members run for election. There is no limitation to the number of terms that may be served by members of the Town Board. Both Supervisor and Council Members are elected at large.

The Town Board appoints its Assessor, who serves a six-year term. The Town Board appoints the Comptroller and the Town Attorney. The Town Clerk, the Receiver of Taxes and the Superintendent of Highways are elected for four-year terms.

The Comptroller, who is responsible to the Town Board, also acts as the accounting officer of the Town. Pursuant to Local Law No. 12, 1974, certain financial functions of the Town are the responsibility of the Comptroller. The duties of the Comptroller include administration and direction and control of the following divisions: Audit & Control, Payroll and Purchasing.

The Comptroller is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for preparation of financial statements in conformity with U.S. generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation costs and benefits require estimates and judgment by Town management.

In December 2009, the Town established an Audit Committee consisting of five members including the Town Supervisor, one Town Board member and three members of the public. This Committee supports the Town Board's oversight of management, reporting and controls of the Town of Huntington's finances. Their primary role is to advise the Town Board with an informed and objective opinion regarding the workplace culture, policies, systems and controls in place to adequately safeguard the assets of the Town and accurately and transparently report the Town's financial information.

Local Economy

The cornerstones of Huntington's desirability as an outstanding place to live, work, and raise a family have always been its people, quality of life, pristine waterfront and beaches, open spaces, historical charm and property tax stability. With the Town's finances on sound fiscal footing, the Town Board has undertaken numerous initiatives to further enhance the Town's quality of life. These include: sponsorship of a third bond act of \$15 million to purchase and preserve open space, improve park facilities, fund neighborhood improvements, and support green energy efficient projects. The Town has implemented clean energy initiatives by purchasing natural gas garbage trucks, clean diesel fuel buses, hybrid vehicles; installed energy saving light fixtures, solar energy at Town Hall and municipal parking lots, progressed Huntington Station revitalization through a private developer to assist the municipality with the next phase of Huntington Station's revitalization, maintained programs to enhance care for children and seniors; continued the "American Dream" Program providing down payment assistance to first-time home buyers; continued the "Take Back the Blocks Program" to purchase and rehabilitate homes that are sold as affordable housing units with accessory apartments.

Median family income (\$124,038) and housing values (\$489,000) exceed figures for other Suffolk County towns as well as New York City suburban averages. Income growth within the Town has made a slight upswing in 2015 and is significantly higher than the state and county averages. Recent economic indicators demonstrate that the Town continues to be an economically vibrant community.

Long Island has shown signs of economic improvement in 2015. Job growth continued in 2015 mainly in education and health services, leisure and hospitality, professional and business services, natural resources, mining and construction, financial activities and manufacturing. Housing demand continued to strengthen in 2015. Home prices remained stable in a continued tight lending market.

Local Economy (continued)

Huntington's unemployment rate has remained low at 3.5% as of December of 2015, below the Suffolk County rate of 4.2%, New York State of 4.7% and the nation's rate of 5.0%.

The Town of Huntington is a mature suburban community. Although its capacity for new large-scale residential development on vacant land is limited, there continues to be a significant number of large-scale housing projects predominately resulting from the redevelopment of underutilized properties throughout the Town. In the future, new housing construction will generally occur as in-fill development on smaller parcels within existing neighborhoods or as major developments on large underutilized properties. This trend has and will continue to contribute to population and tax base growth in the future.

The strength of the local housing market is evidenced by the projects currently under Planning Department review, recently approved, under construction or completed. Since 2009 the Town has approved the construction of one-thousand – three hundred and twenty-six (1,326) housing units of various building types and densities. Several major multi-family housing projects approved in the past two years that are under construction or have recently been completed include the Club at Melville with two hundred and sixty-one (261) units, Creekside Apartments with nineteen (19) units, Avalon Bay, a three hundred seventy nine (379) rental project, and Heatherwood, a three story mixed use facility with twenty-six (26) rental units in downtown Huntington. With respect to single-family residential subdivisions, the Town Planning Department is currently processing forty-eight (48) subdivisions that will ultimately result in the development of approximately one-hundred and seventy-four (174) new single-family homes. It is also important to note that there are a number of significant residential projects not included within the town wide unit total that have received zone changes and are in various stages of site plan review. Included within this category are the Oheka Castle condominium project, totaling one hundred ninety (190) luxury housing units, and the Seasons at Elwood, a planned two-hundred and sixty-three (263) unit retirement community. Construction is anticipated to begin this year on these projects.

Commercial and industrial development expansion and improvement remains steady. Over the past nine (9) years, over two (2) million square feet of Class A office space has been constructed or renovated in the Town's corporate center, the Melville Employment Center (MEC). These developments include the Rubies Corporation, Air Techniques, Henry Schein, Honeywell Corporation, Leviton Corporation and the Capital One Bank Corporate Center. Further, a new Hyatt Hotel with one-hundred and sixty (160) rooms has been proposed on Route 110 in the MEC. In addition, TD Bank is currently constructing three (3) new locations within the Town.

The construction of the first phase of the 900,000 square foot Canon USA North American Headquarters, approved in March 2010, was completed February 2013. The first phase included the construction of 700,000 square feet of office and research space with parking garages for approximately three-thousand (3,000) cars. Canon USA employs approximately 1,800 people at this location. The second phase of the project is anticipated to begin in 2018 and provide an additional 200,000 square feet of research and development space which would increase the number of employees to 2,060. A regional economic analysis estimated that the Canon construction will inject approximately \$459.1 million into the local economy. Secondary economic impacts are expected to generate an additional \$350.0 million.

Vacant commercial and industrial land, like the Canon site, is limited. However, many sites zoned for such uses are under-utilized and excellent candidates for site redevelopment. This is an emerging trend that is fully supported and encouraged by Huntington officials, who have identified existing commercial corridors and industrial sites throughout the Town, and the Melville Employment Center (MEC) in particular, as the Town's primary focus in its 2008 Comprehensive Plan Update "Horizons 2020". Many of the under-utilized industrial sites in Melville are on large parcels in prime locations with access to the Long Island Expressway (LIE). The Town adopted new zoning guidelines in 2006 to promote redevelopment to meet the demands of modern corporations. The strong market demand for quality corporate office space will continue to spur redevelopment and result in increasing market values and commercial property tax revenues. For example, a new six-story 160,000 square foot corporate center is nearing final approval on a property on the LIE South Service Road that formerly housed a one-story aging commercial building. This office site is directly to the east of the Canon site and is currently under review.

Local Economy (continued)

As noted, continuing the success of attracting new corporations to the MEC over the past thirty (30) years is a major goal of the Town. The Town recognizes the importance of the MEC to the Long Island region as a major economic generator and is taking the necessary steps to enable its continued growth. Last year the Town funded a \$200,000 plan and hired the consultant firm of Buckhurst, Fish & Jacquemart headquartered in Manhattan, to prepare an integrated land use, circulation and infrastructure plan to ensure that the MEC has the necessary land use policies and infrastructure to meet the future needs of corporate development. A draft MEC Plan has been completed and is now being reviewed by the Town Board.

In addition to Melville, significant commercial projects continue to be proposed in other locations to take advantage of the income and employment levels in the Town. For example, currently under review is Villadom-Elwood Orchard development on the Jericho Turnpike Corridor. This project consists of the rezoning of 49.28 acres in Elwood for the construction of a 486,000 square foot mixed use development which will include retail, office, a supermarket, a restaurant and a fitness center. The developer estimates that this project will create 750 construction jobs and eventually create 950 permanent full time positions.

A similar redevelopment trend is occurring in other corridors as evidenced by the increasing number of applications to the Town's Planning and Zoning Boards for expansion of existing business uses. Shopping centers are upgrading to compete with the "box" stores and outlet centers. Simon Properties completed construction of a 74,000 square foot expansion of its existing 1.2 million square foot Walt Whitman Shops on Route 110 in 2013, Target Corporation purchased a 150,000 square foot retail location and opened a new store in October 2013, creating 250 jobs. Consumer expenditures per capita by Huntington households are among the highest in the nation and will continue to fuel the commercial redevelopment and expansion for the foreseeable future. In addition, there has been an increasing trend, and there are numerous projects underway, for mixed use construction within downtown Huntington Village.

Finally, Huntington is home to several thriving "downtown" business districts. Huntington Village is one of Long Island's finest, boasting a performing arts theater, an art museum, a park with free concerts, an independent cinema arts theater, a commercial movie theater, about 50 restaurants and 200 retail stores. The Paramount Theater, a performing arts center in the Village has opened its doors and hosts a variety of live events at an average of 200 per year, attracting many to the downtown area. Other important developments in Huntington Village are the planned boutique hotel that will provide first class lodging to visitors to the region and the increase in construction of mixed use developments in the downtown area. Located within a mile of local beaches and the LIRR and served by the HART Bus public transportation system, Huntington village features a considerable stock of rental units and smaller, more affordable single-family homes.

Long-range Financial Planning

The Town's capital budget program is a long-range financing plan and is approved annually by the Town Board. Each capital project may be financed by the issuance of general obligation bonds or the commitment of operating funds or reserve funds in lieu of capital borrowings in order to be on the "pay as you go" program to reduce the debt service burden.

The Town, over the years and as part of its long-range financial planning, has prudently built up reserves during periods of good times so that these funds can be strategically used to offset potential tax increases when times become tough. This fiscal policy continues to be a major initiative for the Town.

The Town's strategic financial planning encompasses conservative long-term forecasts of recurring revenue, future impact of long term agreements, careful reserve and fund balance analysis and a multi-year approach to capital project plans to anticipate future impacts of today's financial decisions and to reach long-term financial stability while achieving the Town's objectives.

Major Initiatives

Through sound fiscal management, the Town has been able to fund and complete various major projects in 2015 including \$22.2 million of road resurfacing, reconstruction, drainage, equipment purchases, land purchases, land improvements, recreational facility and building improvements.

Major initiatives that are currently underway within the Town include the following:

- Huntington's three Business Improvement Districts (BID), Huntington Village, Huntington Station and Cold Spring Harbor continue to work cooperatively with the Town to enhance the Town's downtown business districts. These efforts seek to stimulate economic activity. In order to attract interest to the districts, events such as cash mobs, street fairs, Halloween Parades and trick or treating of downtown shops, sidewalk sales and jazz festivals continue into 2016. Huntington Station is planning its 2016 "Huntington Awareness Day" that further encourages patronage of Huntington Station retail establishments and a sense of unity within the community.
- All of the BIDs agree that more programming is needed to attract the patronage necessary to sustain their various places of business. The Town continues to assist its BIDs in all ways possible. Further, the Town continues to participate as the lead member in consortium to address the need for additional parking in downtown Huntington Village. The consortium is comprised of the Town, the Huntington Chamber Commerce, Town of Huntington Economic Development Corporation, Huntington Village BID and Paramount Theater. During the summer of 2014, the consortium entities co-funded a pilot parking valet program in downtown Huntington Village that provided parking relief while major capital improvements and a renovation were occurring at one of the shopping district's largest municipal parking lots. In late 2015 the Town drafted, and in early 2016, released an RFP for the construction of one or more structured parking facilities via a public-private partnership. Three proposals were received in response to the RFP and are currently under review by consortium members.
- The Town of Huntington, through the Huntington Community Development Agency (CDA), administers approximately \$800,000 in program funding annually. This includes a Home Rehabilitation program designed to help elderly and limited-income residents remain in their homes; a Down Payment Assistance program that assists eligible first time buyers achieve the dream of homeownership; and "Take Back the Blocks" that purchases and renovates derelict properties and converts them to owner-occupied affordable housing. CDA is preparing to break ground on one such "Take Back the Blocks" project in Huntington Station known as Columbia Terrace. The 14-unit affordable condominium development will offer preference to U.S. military veterans and serve to uplift the area currently under revitalization. CDA also spearheads development programs to stimulate economic development and job growth in low-income areas such as the Huntington Opportunity Resource Center and Huntington Business Incubator, and serves as the HUD contract agency for the disbursement of Huntington's federal Community Development Block Grant (CDBG). Further, CDA administers the Town of Huntington's affordable housing program, and, during 2015, administered two lotteries, one for an affordable senior development of 260 units called The Club at Melville and the second for a 19-unit rental community known as Creekside by the Harbor, of which three of those units are affordable. CDA has scheduled its next affordable housing lottery on July 11th for a 76-townhouse home development in Huntington Station called Country Pointe at Huntington of which 11 of those units will be offered under the affordable program. CDA also spearheads development programs to stimulate economic development and job growth in low-income areas such as the Huntington Business Incubator, and serves as the HUD contract agency for the disbursement of Huntington's federal Community Development Block Grant (CDBG).

Major Initiatives (continued)

- Huntington, the Town of Huntington Economic Development Corporation, and Renaissance Downtowns, LLC public private partnership is moving closer to construction and revitalization in and around the Huntington Train Station transportation hub. The Community Benefits Agreement was finalized by the close of 2014 and forecasts some \$300,000 in developer fees coming to the Town for use in uplifting the Huntington Station area by way of community programs. The developer concluded its SEQRA process in 2015 for the area's proposed developments and active discussions continue with the New York State Department of Transportation and Long Island Rail Road with regard to the disposition of state-controlled lands to the Town so they can be developed in accordance with the development strategy. In March and April 2016, two of Renaissance's projects, Gateway Plaza (16,000 sq. ft. of ground floor retail with 66 studio and one bedroom apartments above) and Northridge, were heard by the Huntington Zoning Board for needed variances. Both projects are scheduled to break ground in fourth quarter 2016.
- In accordance with Town policy, the Town successfully completed the United States Department of Energy (USDOE) Energy Efficiency and Conservation Block Grant (EECBG) for energy-related projects including: 1) the installation of high-energy efficiency street lighting; 2) re-commissioning of Town Hall that included an energy audit and resulting implementation of energy conservation measures, such as, a building automation system upgrade and VFDs, 3) a 28kW solar PV demonstration project for Town Hall; 4) developed & implemented a residential energy efficiency retrofit program for Town homeowners that helped over 1,000 Huntington homeowners save energy and money; and 5) developed a comprehensive Town-wide long-range energy efficiency and capital investment plan. As a result of the Town's success with the EECBG, USDOE invited Huntington to join the Better Buildings Challenge (BBC), and as a BBC partner, the Town has committed to reduce energy intensity 20% by 2020. As a BBC partner, the Town has benchmarked the 40 largest energy consuming facilities, equivalent to 1,000,000 sq. ft. of facility building square footage, on EPA's Energy Star Portfolio Manage.
- The Town has adopted the NYSDEC Climate Smart Communities Pledge for localities to improve energy efficiency and reduce greenhouse gas emissions, and has developed a Climate Action Plan that was adopted by Town Board in June 2015. Huntington is in the process of converting its public transit bus fleet to clean diesel and its garbage trucks to CNG. The Town constructed a 12 KW solar powered PV system and five Electric Vehicle (EV) charging station at Huntington's LIRR South Parking Garage partially funded by a NYSERDA grant. The Town helped develop the LI Unified Solar Permitting Initiative (LIUSPI) resulting in Huntington's invitation to join Sustainable CUNY as a participating partner in NYSERDA's NY Sun Initiative and NY Solar Smart under DOE's Solar Rooftop Challenge II grant. The Town assisted Sustainable CUNY in modifying LIUSPI to bring unified solar permitting to NYS as part of their grant deliverable. The six month Solarize Huntington campaign succeeded in lowering the cost per watt of solar PV compared to the Suffolk County average for homeowners, had 516 applications and 56 contracted installations totaling 496 kW, almost half a megawatt, of contracted solar PV installed in the Town. The Town was awarded \$100,000 grant under NYSERDA's RFP 3044 NY Prize Stage 1 and has conducted a Feasibility Assessment for the Town of Huntington Community Microgrid located in Huntington, NY. The proposed microgrid will provide energy service to several critical facilities including: Town Hall, the Flanagan Senior Center, the Wastewater Treatment Plant, Huntington Hospital and the Huntington YMCA which serve a critical community need and have suffered from historic reliability issues in the past during Hurricane Sandy and Irene. The Town is working to develop a model geothermal code that will be suitable for the Town of Huntington, incorporating promoting the energy efficient and environmentally friendly emerging technology with safeguarding against faulty installations. The Town is a collaborative partner, along with other Long Island Towns and community-based organizations, with Sustainability Institute at Molloy College under their NYSERDA CGC grant, to provide education and outreach for the Long Island Green Homes Initiative helping Long Island homeowners save money by undertaking energy efficient improvements to their homes.

Economic Development

The Town of Huntington continues to advance its efforts Town-wide to improve and enhance economic development, facilitate the creation of jobs, cultivate retention and growth of business, and promote tourism. The Supervisor's Office and the Huntington Community Development Agency work closely with regional business associations, chambers of commerce and business improvement districts to streamline permitting, overcome regulatory obstacles, identify capital improvement projects and apply for and receive outside grant funding for public works projects.

Current projects the Town has implemented or is in the process of implementing to enhance the economic development of the Town are:

- Renaissance Downtowns, LLC as Master Developer for Huntington Station, continues to finalize its development programs for a series of new buildings on the west side of New York Avenue. These projects include a boutique hotel, office building, potential dine-in theatre and artists' lofts. Because the aforementioned projects involve some state-owned land Renaissance and The Town are in discussions with New York State DOT Region 10 to convey the land. Two projects on the east side of New York Avenue, Gateway Plaza and Northridge, are well on their way to construction in 2016, as described above.
- Town of Huntington Economic Development Corporation is continuing to interact and advise Renaissance Downtowns on the revitalization of Huntington Station and, among other things, is pursuing the continuing development of Gateway Park in Huntington Station. Gateway Park is made up of six land acquisitions totaling \$1.3 million under the Town's Open Space program. The goal was to create a destination to feed the nearby downtown shopping area in Huntington Station. Gateway Park includes a 1900s farmhouse that is being transformed into a meeting house with public restrooms for park-goers, and an exhibit hall to focus on the history of the area, Huntington Station's early agriculture, as well as current trends in agriculture and gardening. The nearly completed renovations to the farmhouse are being funded by a \$370,000 grant from the State of New York.
- The Town of Huntington purchased and razed a decade old Huntington Station eyesore at 1000 New York Avenue to pave the way for its resale and redevelopment by the private sector. For this project, the Town secured a \$1.1 million grant from Empire State Development Corporation that will be passed to a selected private developer to offset demolition and construction costs. This property will become a part of the Gateway Plaza project described above with 16,000 sq. ft. of new retail and 66 apartments above.
- The Huntington Business Incubator (Biz Inc) was opened in fall 2013 by the Huntington Community Development Agency to offer start-up businesses and entrepreneurs a place to access a host of business amenities including co-working space, conference rooms, business technology, professional guidance through volunteer mentors, and more. The purpose of Biz Inc is to seed fledgling businesses with a hope to nurture them to the point where they can be "re-seeded" in the Huntington Station redevelopment area or elsewhere in the Town.
- The Huntington Opportunity Resource Center (HORC) was opened in June 2014 at 1264-1268 New York Avenue to provide an array of services to assist the unemployed and underemployed in the Town. The Town partnered with Suffolk County to bring the County's Department of Social Services and Department of Labor to the Resource Center to assist residents in need. The Town/County partnership leverages shared resources that result in blanketing the community with a plethora of services, including resume writing, business software training, workshops, dress for success services, job search assistance and so much more.

Financial Information

Budgetary Control

The Supervisor prepares a tentative budget each year that becomes the preliminary budget upon the scheduling of a public hearing thereon. Subsequent to the public hearing, revisions, if any, are made and the budget is adopted by the Town Board as its final budget for the coming year. The Town’s fiscal year 2016 final budget was adopted on November 5, 2015.

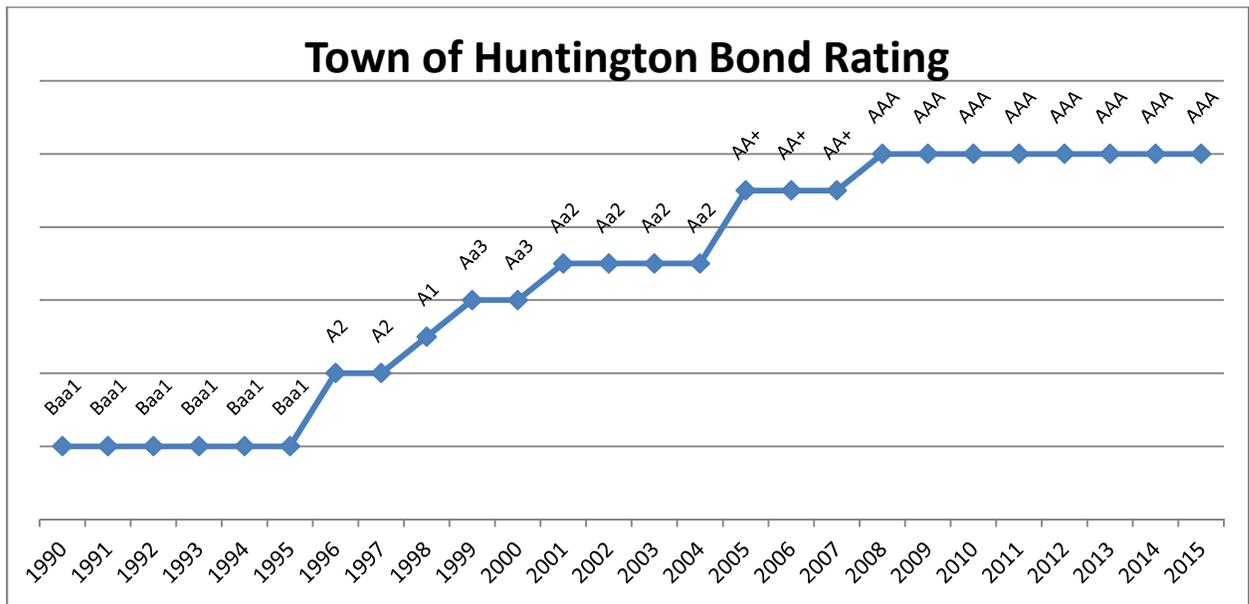
The Town establishes budgetary controls to ensure compliance with legal provisions in the annual appropriated budgets approved by the Town Board. The Supervisor submits a proposed operating budget for the General, Debt and Special Revenue Funds for the fiscal year commencing on January 1. The operating budgets include proposed expenditures and the means of financing them. A public hearing is conducted to obtain taxpayer comments on the proposed budgets. Subsequent to the public hearing, revisions, if any, are made and the budget is then adopted by the Town Board as its final budget for the coming fiscal year. In the event that the budget is not adopted, the proposed operating budget is adopted by default.

The level of budgetary control at which expenditures cannot exceed the appropriated budget amount is exercised at the object level within a department. The Town also maintains an encumbrance accounting system that accomplishes budgetary control. Appropriations which have not been expended or encumbered, lapse at the end of the year.

Debt Administration

The Town has achieved the highest bond rating of AAA from all three rating agencies, Standard & Poor’s, Fitch Rating Agency and Moody’s Investor’s Service from 2010 to 2015, placing Huntington among the best fiscally managed Towns in New York State. In 2014 Moody’s Investor’s Service placed 256 US local government General Obligation ratings under review in conjunction with updated methodology which included the Town of Huntington. On December 8, 2015, all three rating agencies confirmed the Town’s AAA rating. These ratings have been upheld for all previously issued bonds as well. This achievement reflects the Town’s consistently solid financial position and a low debt with manageable additional capital needs.

The Town has received six bond rating upgrades since July 1995. Prior to 1995, it had been 28 years since the Town received an increase in bond rating. As a result of these upgrades, the Town’s cost to borrow has decreased considerably. The Town is committed to maintaining its current bond rating in future years.



Financial Policies

The Town of Huntington is governed by financial policies pursuant to laws of the State of New York. In addition, the Town has adopted and adheres to a set of Financial Management Policies that includes the following policies: Debt Management Policy, Fund Balance Policy, Budget Policy, Investment Policy, Cash Collection Policy, Purchasing Policy, Credit Card/Debit Card Policy, Capital Asset Policy and a Cash, Payments & Deposits Policy. All policies are designed to strengthen internal controls.

Reporting Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Huntington for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2014. This was the seventeenth consecutive year that the Town of Huntington has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

In addition, the Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Distinguished Budget Presentation Award to the Town of Huntington for the fiscal year beginning January 1, 2016. This was the fourth consecutive year that the Town of Huntington has received this prestigious award.

A Certificate of Achievement and Distinguished Budget Presentation Award are valid for a period of one year only. We believe both our current comprehensive annual financial report and our adopted budget continue to conform to their respective program requirements. We are submitting the 2015 CAFR to the GFOA to determine their eligibility for another certificate.

Acknowledgements

The preparation of this report on a timely basis 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, Cullen & Danowski, LLP. I would like to extend my appreciation to all members of the department who assisted and contributed to its preparation.

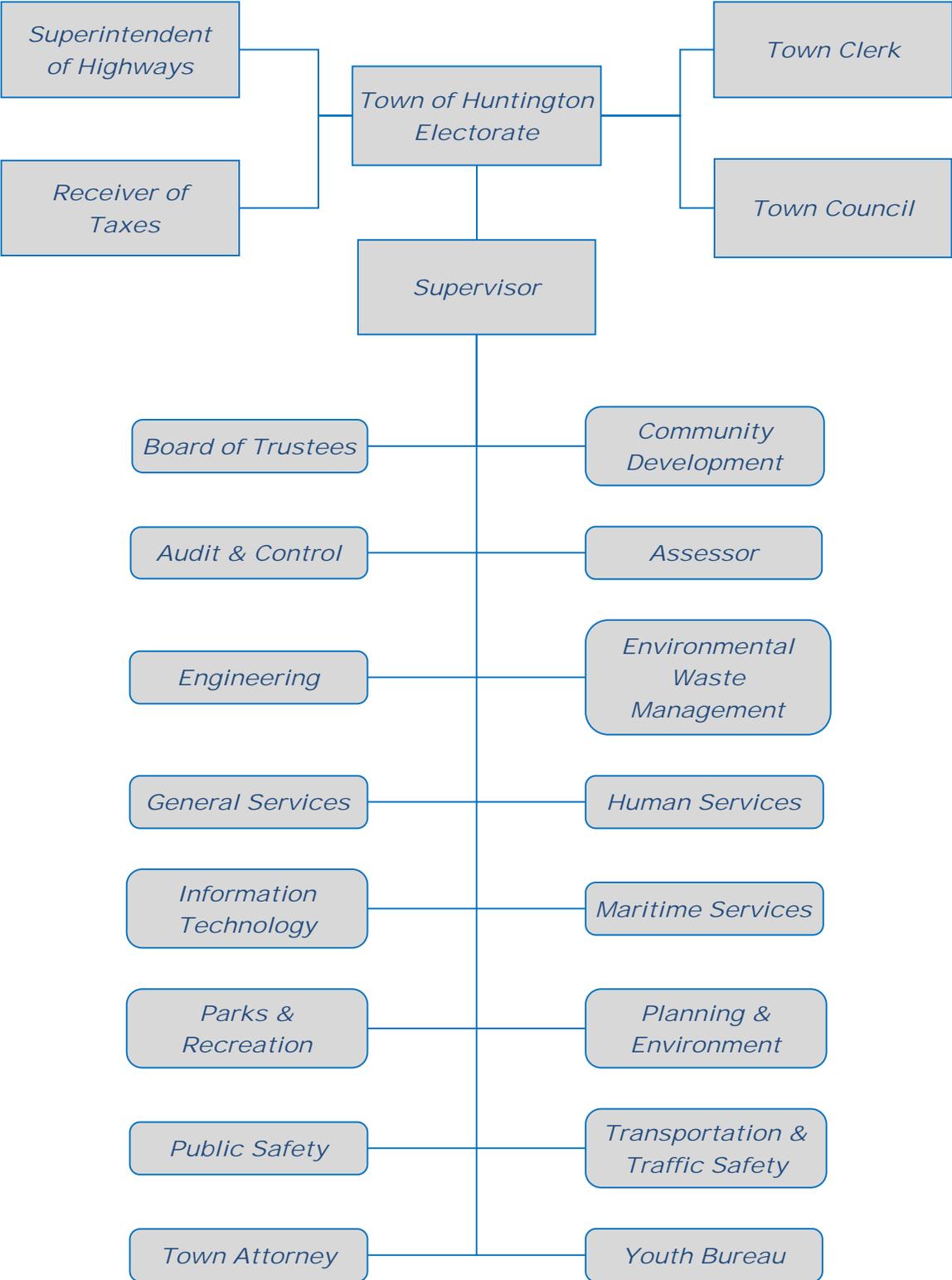
Finally, I would like to thank the Supervisor and the members of the Town Board for continued interest and support in planning and conducting the financial operations of the Town of Huntington in a responsible and progressive manner.

Respectfully submitted,



Peggy Karayianakis CPA
Town of Huntington
Interim Comptroller

Town of Huntington Organizational Chart



Town of Huntington Town Officials

Town Board



Frank P. Petrone
Town Supervisor



Susan A. Berland
Councilwoman



Eugene Cook
Councilman



Mark A. Cuthbertson
Councilman



Tracey A. Edwards
Councilwoman

Town Clerk:

Jo-Ann Raia

Receiver of Taxes:

Ester Bivona

Superintendent of Highways:

Peter Gunther

Assessor:

Roger Ramme

Director of Audit and Control:

Peggy Karayianakis

Director of Engineering:

Joseph Cline

Director of Environmental Control:

Matt Laux

Director of General Services:

Mark J. Tyree

Director of Human Services:

Jillian Guthman-Abadom

Director of Information Technology:

William Crowley

Director of Maritime:

Edward Carr

Director of Parks & Recreation:

Donald McKay

Director of Planning:

Anthony J. Aloisio

Director of Public Safety:

Joseph Rose

Director of Transportation & Traffic Safety:

Stephen McGloin

Director of Youth Bureau:

Maria E. Georgiou

Town Attorney:

Cindy Elan-Mangano

Town Historian:

Robert Hughes



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Huntington
New York**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

THIS PAGE INTENTIONALLY LEFT BLANK

**FINANCIAL
SECTION**

INDEPENDENT AUDITORS' REPORT

Honorable Supervisor and Town Board
Town of Huntington
Huntington, New York

Report on Financial Statements

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 Huntington, New York (Town), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the two component units, which represent 100% of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the component units, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the South Huntington Water District, one of the discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of 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 Huntington, New York, as of December 31, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Accounting Principles

As discussed in Note A.6 to the financial statements, "New Accounting Principles", the Town has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, as of December 31, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules of funding progress - postemployment benefits healthcare costs, the proportionate share of the net pension liability, and the contributions on pages 22-33 and 84-100 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 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 the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Huntington, New York's basic financial statements. The introductory section, other supplementary information section, and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information on pages 102-123 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the other supplementary information on pages 102-123 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2016, on our consideration of the Town of Huntington, New York's internal control over financial reporting and on our tests on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Huntington, New York's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

June 13, 2016

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Huntington (the "Town"), we offer readers of the Town's financial statements this Management Discussion and Analysis ("MD&A") of the financial activities of the Town for the fiscal year ended December 31, 2015. The MD&A is intended to serve as an introduction to the Town's basic financial statements, which have the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

New Accounting Principles- Effective with the financial report for the year ended December 31, 2015, the Town has adopted two new pronouncements. GASB Statement No.68 on *Accounting and Financial Reporting for Pensions*, amends GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. The objective of the statement is to improve financial reporting by state and local governmental pension plans. GASB Statement No. 71 on *Pension Transition for Contributions Made Subsequent to the Measurement Date* is an amendment of GASB Statement No. 68. The objective of this Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68 concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities. The provisions of this Statement have been applied simultaneously with the provisions of Statement 68.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report presents the Town's financial activities and position in four parts—MD&A (this section), the basic financial statements, required supplementary information other than MD&A, and other supplementary information presenting combining statements for non-major governmental funds, and component units. The report also includes statistical and economic data.

The basic financial statements include government-wide financial statements, fund financial statements, and notes that provide more detailed information to supplement the basic financial statements.

Reporting on the Town as a Whole

The government-wide financial statements are designed to present an overall picture of the financial position of the Town. These statements consist of the Statement of Net Position and the Statement of Activities, which are prepared using the economic resources measurement focus and the accrual basis of accounting. This means that all the current year's revenues and expenses are included regardless of when cash is received or paid, producing a view of financial position similar to that presented by most private-sector companies.

The Statement of Net Position combines and consolidates the Town's current financial resources with capital assets and long-term obligations. This statement includes all of the Town's assets and liabilities. Net position is the difference between the Town's assets and liabilities, and represents one measure of the Town's financial health. Overtime, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities focuses on both the gross and net cost of various activities (governmental and component unit); these costs are paid by the Town's general tax and other revenues. This statement summarizes the cost of providing (or the subsidy provided by) specific government services, and includes all current year revenues and expenses.

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The Statement of Net Position and the Statement of Activities divide the Town's activities into two types.

Governmental Activities

The Town's basic services are reported here, including general government, public safety, health, transportation, economic assistance and opportunity, culture and recreation, and home and community services. Taxes, fees, and federal and state aid finance most of these activities.

Discretely Presented Component Units

Discretely Presented 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. The Town includes two discretely presented component units in the notes to this report. These entities are reported in a separate column in the government-wide statements. See Note A.1 for information on separately issued financial statements.

Blended Component Units

Certain Component Units, being legally separated from the primary government, are reported as if they were part of the primary government because they provide services exclusively to the Town and thus are reported as if they were part of the primary government, The Blended Component Units, are Huntington Community Development Agency and Local Development Corporation and are reported as non-major government funds.

Reporting on the Town's Most Significant Funds

Fund financial statements present financial information in a form more familiar to experienced users of governmental financial statements. However, these statements now focus on the most significant funds. Use these statements to find more detailed information about the Town's most significant activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The Town uses funds to keep track of sources of funding and spending related to specific activities.

Governmental Funds

A majority of the Town's activities are reported in governmental funds. Reporting of these funds focuses on how money flows into and out of the funds, and amounts remaining at year-end for future spending.

Governmental funds are accounted for using the modified accrual basis of accounting, which measures cash and other assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general governmental operations and the basic services it provides. This information should help you determine whether there are more or less resources available for the Town's programs. The reconciliation following the fund financial statements explains the differences between the government's activities, reported in the government-wide Statement of Net Position and government-wide statement of Activities, and the governmental funds. The General Fund, Highway Fund, Debt Service Fund,

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Governmental Funds (continued)

Refuse and Garbage Fund and Capital Projects Fund are reported as major funds.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because those funds are not available to support the Town of Huntington's activities.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net Position

The December 31, 2014 net position has been decreased by \$2.3 million resulting from the implementation of GASB Statement No. 68. Total assets and deferred outflows of the Town on December 31, 2015, were \$417.1 million, a decrease of \$.6 million over the prior year. Total liabilities and deferred inflows were \$211.3 million, an increase of \$1.1 million over the prior year. This results in a net position balance of \$205.8 million, a decrease of \$1.7 million over the prior year. Of the Town's net position, \$259.1 million was net investment in capital assets, while \$18.6 million was restricted by statute or other legal requirements, and was not available to finance day-to-day operations of the Town. The unrestricted net position (deficit) was (\$71.9) million, and increased the deficit by \$5.0 million primarily as a result an increase in the Other Post-Employment Benefits liability (OPEB). The Town's bonded indebtedness was \$82.4 million, which included issuances in 2015 for \$9.3 million in Town bonds to finance road construction, improvements to Town facilities, parking and infrastructure.

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)

Condensed Statement of Net Position Governmental Activities As of December 31,		
	<u>2015</u>	<u>As Restated 2014</u>
<u>Assets and Deferred outflows</u>		
Current and other assets	\$ 79,321,934	\$ 92,083,135
Non-current pension asset	242,117	248,929
Capital assets	327,647,140	325,385,662
Deferred outflow of resources	9,922,050	
Total assets and deferred outflows	<u>417,133,241</u>	<u>417,717,726</u>
<u>Liabilities and Deferred inflows</u>		
Current and other liabilities	39,108,739	46,883,756
Non-current liabilities	168,841,852	153,009,634
Deferred inflow of resources	3,393,173	10,357,863
Total liabilities and deferred inflows	<u>211,343,764</u>	<u>210,251,253</u>
<u>Net Position</u>		
Net investment in capital assets	259,128,388	254,011,721
Restricted	18,576,649	20,407,556 *
Unrestricted (deficit)	(71,915,560)	(66,952,804) *
Total net position	<u>\$ 205,789,477</u>	<u>\$ 207,466,473</u>

* Certain reclassifications have been made to the December 31, 2014 presentation of net position to conform to the December 31, 2015 presentation.

Changes in Net Position

The Town's program revenues for the year ended December 31, 2015 were \$45.8 million, an increase of \$3.9 million and general revenues were \$132.3 million, an increase of \$5.1 million over the prior year, for total revenues of \$178.1 million, an increase of \$9.0 million. The expenses for the year ended December 31, 2015 of the Town were \$179.8 million, a decrease of \$11.1 million. Net position for the year ended December 31, 2015 decreased in the amount of \$1.7 million. Revenues and expenses of the Town's governmental activities are detailed on the next page.

Effective January 1, 2015, the Town adopted GASB 68, *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27 and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68.

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)

Governmental Activities

During the current fiscal year, net position for governmental activities decreased by \$1.7 million from the prior fiscal year for an ending balance of \$205.8 million. The decrease in overall net position of governmental activities is due primarily to the appropriation of fund balance for additional snow removal costs.

Condensed Statement of Net Position
Governmental Activities
For the Years Ended December 31,

	<u>2015</u>	<u>2014</u>
<u>Revenues</u>		
Program Revenues:		
Charges for services	\$ 36,116,247	\$ 34,260,701
Operating grants & contributions	6,682,848	5,923,624
Capital grants & contributions	2,994,958	1,680,112
General Revenues:		
Property taxes	112,993,330	109,929,165
Mortgage taxes	7,896,508	6,423,492
Other taxes	5,032,462	4,822,112
Interest and investment income	1,557,627	1,351,384
State aid – unrestricted	1,067,256	1,067,256
Miscellaneous	<u>3,741,360</u>	<u>3,608,743</u>
Total revenues	<u>178,082,596</u>	<u>169,066,589</u>
<u>Expenses</u>		
General government support	\$ 40,273,049	\$ 41,719,964
Public safety	13,902,197	14,465,259
Health	3,366,426	3,526,646
Transportation	47,669,222	52,657,107
Economic assistance and opportunity	3,188,292	3,395,864
Culture and recreation	18,496,883	21,483,238
Home and community services	50,030,197	50,666,829
Interest and debt	<u>2,833,326</u>	<u>2,983,178</u>
Total expenses	<u>179,759,592</u>	<u>190,898,085</u>
Decrease in net position	(1,676,996)	(21,831,496)
Net position, January 1 (as restated)	<u>207,466,473</u>	<u>231,613,067</u>
Net position, December 31	<u><u>\$205,789,477</u></u>	<u><u>\$209,781,571</u></u>

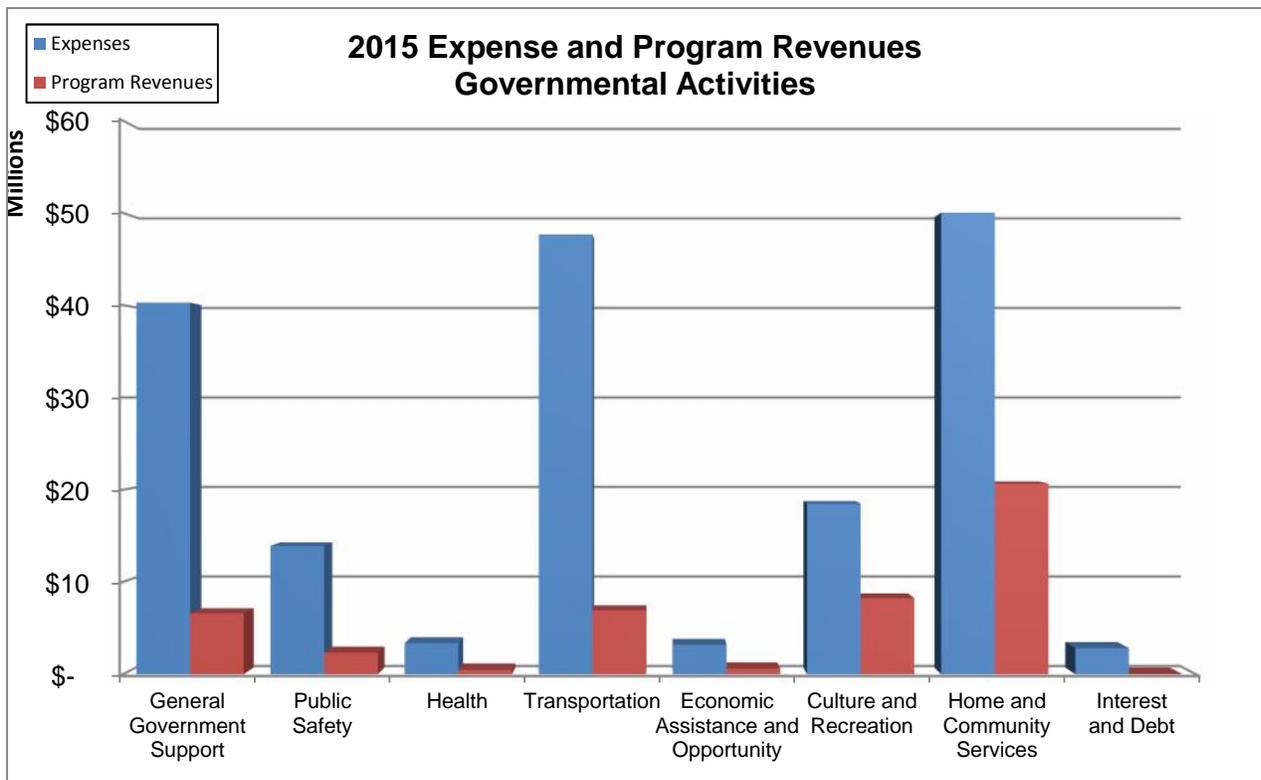
TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2015

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)

Governmental Activities (continued)

Net Cost of the Town's Governmental Activities
 For Years Ended December 31,

	Total Cost of Services		Net Costs of Services	
	2015	2014	2015	2014
General government support	\$ 40,273,049	\$ 41,719,964	\$ 33,675,773	\$ 35,867,052
Public safety	13,902,197	14,465,259	11,577,870	12,452,323
Health	3,366,426	3,526,646	2,900,089	3,040,204
Transportation	47,669,222	52,657,107	40,755,097	47,845,028
Economic assistance and opportunity	3,188,292	3,395,864	2,600,064	2,788,484
Culture and recreation	18,496,883	21,483,238	10,258,275	12,403,525
Home and community services	50,030,197	50,666,829	29,365,045	31,653,854
Interest on debt	2,833,326	2,983,178	2,833,326	2,983,178
Total	\$ 179,759,592	\$ 190,898,085	\$ 133,965,539	\$ 149,033,648



TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)

Governmental Funds

Total assets in the Town's General fund were \$31.8 million. Receivables reported were \$3.5 million, consisting of \$1.6 million in waste management fees, \$1.1 million in franchise fees and \$.8 million of various small revenue receivables. Due from federal, state and other governments were \$2.4 million of which \$2.0 million is due from intermunicipal agreement for services provided by the resource recovery facility and \$.4 million from federal and state granting agencies.

Total liabilities and deferred inflow of resources in the Town's General fund was \$8.0 million. Accrued liabilities of \$5.1 million were the result of payroll accruals and waste management fees, and accounts payable of \$2.7 million.

In addition to the General fund, all Town Special Revenue funds exclusive of the Fire Protection District, the Street Lighting District, the Ambulance Districts, Huntington Community Development Agency and Huntington Local Development Agency, which are included in the non-major governmental funds, have deferred inflow of resources. These balances are derived from tax monies collected for the 2015-2016 tax warrant.

As of December 31, 2015 governmental funds reported an overall fund balance of \$53.2 million. The unassigned fund balances in the General Fund is \$5.6 million. Fund balances in the Highway, Refuse and Garbage, Capital Projects and other non-major funds are recorded as assigned funds, with the exception of those funds with deficit fund balances, in accordance with Governmental Accounting Standards Board Statement No. 54.

In the General Fund, the fund balance has decreased by \$.2 million. The decrease in the General Fund was primarily due to additional transfers out for capital related projects.

In the Highway Fund, the fund balance has decreased by \$5.4 million. The decrease in fund balance is primarily attributable to the appropriation of \$1 million from the debt service reserve, the appropriation of \$1.7 million for snow removal, and an increase in retirement costs of \$.3 million.

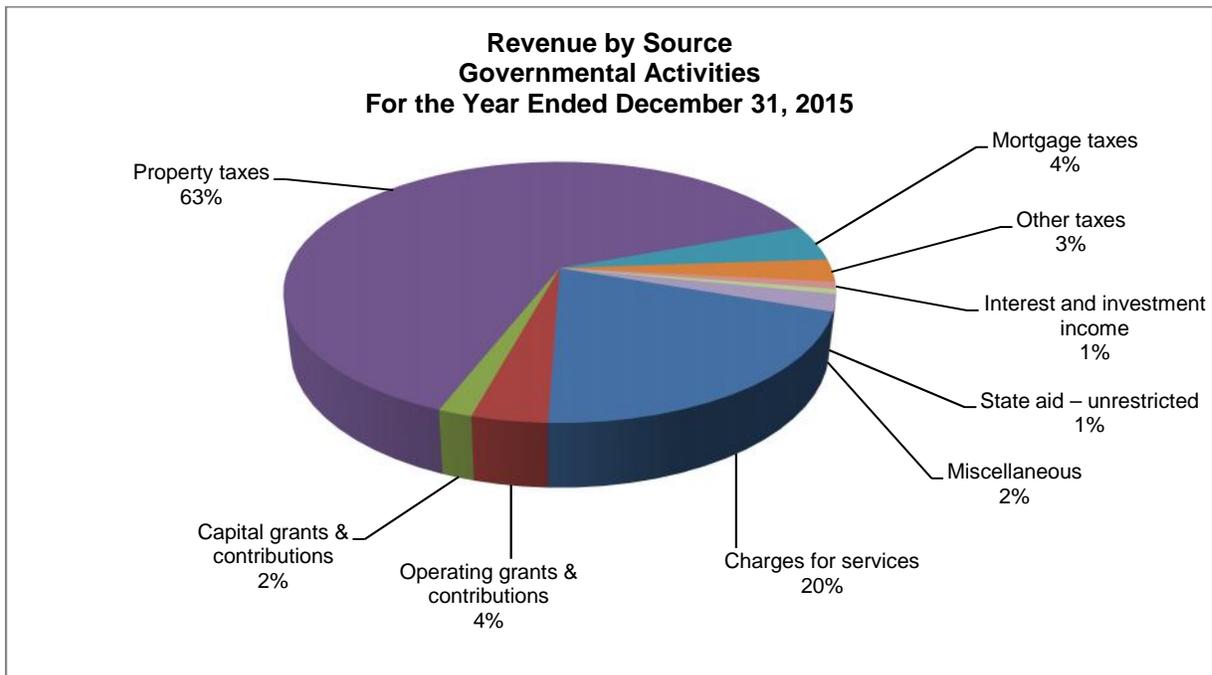
In the Refuse and Garbage Fund, the fund balance increased \$.8 million due to a reduction in the Home & Community Services expenditures incurred.

The Capital Projects fund had an increase in fund balance of \$1.3 million. This is due to the timing of when revenues are recorded from the issuance of long-term debt, and when the expenditures for the related projects are incurred.

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)

Governmental Funds (continued)



BUDGETARY HIGHLIGHTS

Variances for the General Fund

In the current year, the General Fund's final revenue budget amounts compared to the original revenue budget showed slight changes due to various immaterial adjustments.

The final expenditure and other financing uses budget compared to the original expenditure budget showed slight changes that were due primarily to a decrease in refuse and garbage costs.

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2015

CAPITAL ASSETS AND DEBT ADMINISTRATION

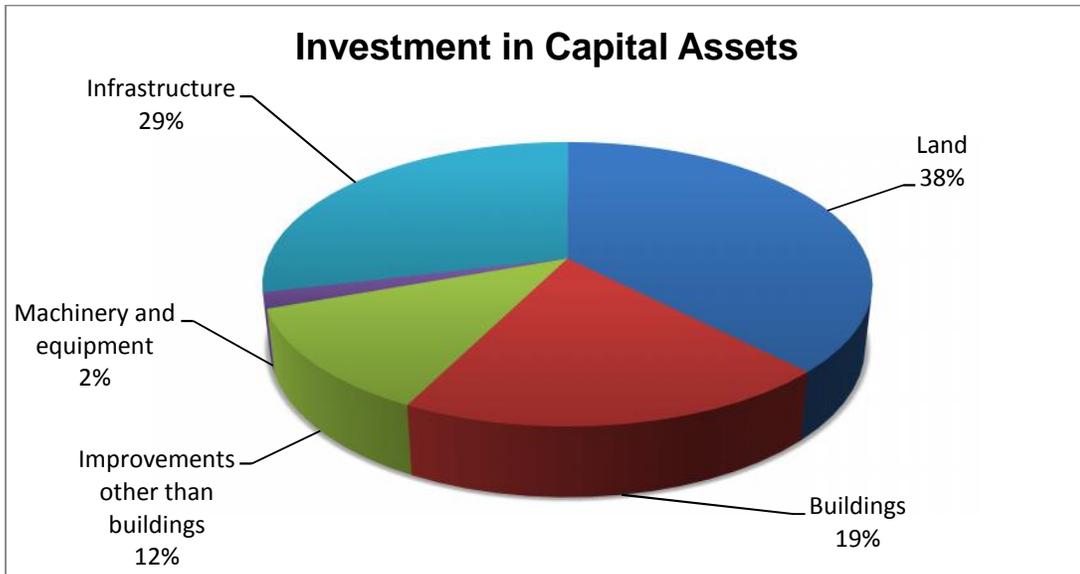
Capital Assets

As of December 31, 2015, the Town had \$327.6 million in net capital assets, of which \$94.3 million net was infrastructure. The Town's capital assets also include land, buildings, improvements other than buildings and machinery and equipment. The details of capital assets are shown in Note C.3 to the financial statements.

Capital Assets - Net of Depreciation
Governmental Activities
 As of December 31,

	2015	2014
Land	\$ 123,632,060	\$ 122,125,810
Construction in Progress		
Buildings	64,405,866	63,554,700
Improvements other than buildings	39,438,600	41,376,591
Machinery and equipment	5,883,866	4,424,430
Infrastructure	94,286,748	93,904,131
Total net capital assets	\$ 327,647,140	\$ 325,385,662

The Capital Budget Program is a long range financing guide and not a definitive plan. The Town Board must authorize each appropriation before any project is initiated. Each project may be financed by the issuance of general obligation bonds, which, at times, are preceded by the issuance of bond anticipation notes for various periods of time depending on the period's probable usefulness of the purpose of expenditure. The Town has made significant transfers of operating funds in lieu of capital borrowings in order to be on a "pay as you go" program to reduce the debt service burden, which has led to the reduction of debt service.



TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Debt Administration

The Town of Huntington may issue both general obligation bonds and bond anticipation notes. The Town may contract indebtedness only for a Town purpose and pledges its full faith and credit for the payment of principal and interest. Standard & Poor's Fitch Rating Agency affirmed the Town's 'AAA' respectively, reflecting the town's strong local economy, a diverse and continually expanding local employment base, consistently solid financial position with healthy unreserved fund balances and a low debt burden on a market value basis. Moody's Investors Service affirmed the Town's bond rating to Aaa.

During fiscal year 2015, the Town of Huntington issued \$13.0 million in general obligation bonds to finance the following: reconstruction of Halesite bulkhead; road reconstruction; improvements to Erb and Sweet Hollow Parks; town wide parking lots; technology; upgrades for South Huntington Water and Greenlawn Water Districts; and other improvements to Town infrastructure and facilities. Note-C.4 to the financial statements shows the details of the Town's long-term liabilities. In addition, the town issued \$1.0 million in bond anticipation notes for acquisition of property.

The New York State Constitution limits the power of towns (and other municipalities and school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional limitations, in summary form, as generally applicable to the Town, include the following:

Purpose and Pledge - 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 indebtedness only for a Town purpose and shall pledge its full faith and credit for the payment of principal and interest thereon.

Payment and Maturity - Except for certain short-term indebtedness contracted in anticipation of tax revenue or to be paid within three fiscal year periods, indebtedness shall be paid: (a) in annual installments commencing no later than two years after the date of such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object of purpose as determined by statute; and (b) no installment may be more than fifty percent (50%) in excess of the smallest prior installment unless the Town authorized the issuance of bonds with a substantial level of declining debt service. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its general obligation bonds and such required annual installments on its notes.

Debt Limit - The Town has the power to contract indebtedness for any Town purpose so long as the principal amount thereof, subject to certain limited exceptions, shall not exceed seven percent (7%) of the average full valuation of taxable real estate of the Town and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service.

The constitutional method of determining full valuation is calculated by taking the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the State Board of Equalization and Assessment.

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Debt Administration (continued)

The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking a sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

At December 31, 2015 the total outstanding indebtedness for the Town of Huntington (including component units) aggregated \$107.8 million. Of this amount \$82.4 million was subject to the constitutional debt limit and represented approximately 3.96% of the statutory debt limit.

FACTORS AND NEXT YEAR'S BUDGET AND RATES

Union Contracts

The Town employs approximately 697 full-time employees as of December 31, 2015. The Civil Service Employees Association covers approximately 200 employees. Local 342, Long Island Service Employees, United Marine Division, and International Longshoremen's Association, covers approximately 416 of the Town's employees and is divided into two units. The supervisory unit covers 76 employees and the labor unit covers 340 employees. The Civil Service Employees Association contract expires on December 31, 2016 and all other contracts expired on December 31, 2015.

State Aid

The Town receives state aid from the State of New York. While the State is not constitutionally obligated to maintain or continue providing State Aid; it has given no indication of terminating the funding in 2016. Operating revenues in the General Fund Budget include approximately 10.4% to be derived from State Aid. The largest allotment of State Aid is derived from Mortgage Tax Collections. Mortgage tax revenue did meet expectations in 2015 and the real estate market remains steady. Revenues from mortgage tax collections are expected to meet the budget projection for 2016.

Utility and Fuel Costs

The Town has addressed the unstable energy market by implementing energy efficiency programs to reduce its consumption. The Town will continue to monitor utility and fuel expenses closely to limit its financial exposure.

Tax Collection

Property taxes for the Town, together with the County, Fire District and School District taxes are collected by the Town Tax Receiver on a single tax bill. Such taxes are due and payable in equal installments on December 1 and May 10, but may be paid without penalty by January 10th and May 31st respectively. Penalties on unpaid taxes are 1% per month from the date such taxes are due and payable and 10% after May 31st.

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

FACTORS AND NEXT YEAR'S BUDGET AND RATES (continued)

Tax Collection (continued)

<u>As of May 31</u>	<u>Total Tax Levy</u>	<u>To Town Supervisor</u>	<u>To County Treasurer</u>	<u>Uncollected / Returned</u>
2015	\$990,124,518	\$849,582,079	\$140,542,439	\$25,764,056
2014	960,878,249	828,251,272	132,626,977	24,508,573
2013	941,140,645	809,174,772	131,965,873	22,286,297
2012	918,665,388	791,338,298	127,337,090	22,906,987
2011	879,997,364	761,108,582	118,888,782	24,068,926

The Tax Receiver distributes collected tax money to the Town, Fire Districts and School Districts prior to distributing the balance collected to the County. Uncollected amounts are not segregated by the Receiver and any deficiency in tax collection is the County's responsibility. The Town is thereby assured of full tax collection.

Contacting the Town's Financial Management

This financial report is designed to provide the Town's citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to demonstrate 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 Huntington, Department of Audit & Control at 100 Main Street, Huntington, NY 11743.

THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF HUNTINGTON
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET POSITION
December 31, 2015

	Primary Governmental Activities	Component Units
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 33,461,269	\$ 11,766,187
Cash - Restricted	18,576,649	7,289,484
Accounts receivable	5,024,413	1,856,461
Due from federal, state and other governments	17,448,024	25,720
Inventory of material and supplies	-	498,620
Prepays	4,811,579	313,667
Total Current Assets	79,321,934	21,750,139
Non-Current Assets		
Net Pension Asset	242,117	-
Non-depreciable capital assets	123,632,060	3,939,337
Depreciable capital assets, net of depreciation	204,015,080	56,076,099
Total Non-Current Assets	327,889,257	60,015,436
DEFERRED OUTFLOW OF RESOURCES		
Pensions	9,922,050	428,650
Deferred charges, net of accumulated amortization	-	132,969
Total Deferred Outflow of Resources	9,922,050	561,619
Total Assets and Deferred Outflow	\$ 417,133,241	\$ 82,327,194
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable and other current liabilities	\$ 8,192,139	\$ 736,275
Accrued liabilities	6,984,751	331,795
Accrued interest payable	538,363	84,564
Bond anticipation notes payable	1,000,000	-
Due to other governments	1,624,638	-
Due within one year	20,768,848	2,761,321
Total Current Liabilities	39,108,739	3,913,955
Non-Current Liabilities:		
Due in more than one year	168,841,852	28,492,499
Total Non-Current Liabilities	168,841,852	28,492,499
Total Liabilities	\$ 207,950,591	\$ 32,406,454
DEFERRED INFLOW OF RESOURCES		
Deferred revenues	3,082,052	-
Pensions	311,121	-
Total Deferred Inflow of Resources	3,393,173	-
NET POSITION		
Net Investment in capital assets	259,128,388	40,840,415
Restricted	18,576,649	6,537,959
Unrestricted (deficit)	(71,915,560)	2,542,366
Total Net Position	\$ 205,789,477	\$ 49,920,740

See notes to the financial statements.

TOWN OF HUNTINGTON
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2015

Governmental Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units
Primary Government:						
Governmental Activities:						
General government support	\$ 40,273,049	\$ 5,692,858	\$ 106,098	\$ 798,320	\$ (33,675,773)	
Public safety	13,902,197	2,324,327	-	-	(11,577,870)	
Health	3,366,426	227,660	238,677	-	(2,900,089)	
Transportation	47,669,222	1,098,912	3,618,575	2,196,638	(40,755,097)	
Economic assistance and opportu	3,188,292	312,380	275,848	-	(2,600,064)	
Culture and recreation	18,496,883	7,167,157	1,071,451	-	(10,258,275)	
Home and community services	50,030,197	19,292,953	1,372,199	-	(29,365,045)	
Interest on debt	2,833,326	-	-	-	(2,833,326)	
Total Primary Government	\$ 179,759,592	\$ 36,116,247	\$ 6,682,848	\$ 2,994,958	\$(133,965,539)	
Component Units:						
Home and community services	\$ 14,122,226	\$ 7,290,062			\$ (6,832,164)	
General Revenues						
Property taxes				\$ 112,993,330	\$ 6,257,254	
Mortgage tax				7,896,508	-	
Other taxes				5,032,462	-	
Interest and investment income				1,557,627	465,646	
State aid - unrestricted				1,067,256	-	
Miscellaneous				3,741,360	1,062,011	
Total General Revenues				132,288,543	7,784,911	
Change in net position				(1,676,996)	952,747	
Net position - Beginning of year (as restated)				207,466,473	48,967,993	
Net position - Ending of year				\$ 205,789,477	\$ 49,920,740	

See notes to the financial statements.

TOWN OF HUNTINGTON
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2015

Major Governmental Funds

	General	Highway	Debt Service	Refuse and Garbage	Capital Projects	Nonmajor Governmental Funds	Total
Assets							
Cash and cash equivalents	\$ 7,956,842	\$ 1,867,718	\$ -	\$ 4,688,161	\$ 11,212,462	\$ 7,736,086	\$ 33,461,269
Cash - Restricted	15,941,518	1,793,242	-	74,401	-	767,488	18,576,649
Accounts receivable, net	3,530,593	467,480	-	2,355	-	1,023,985	5,024,413
Due from federal, state and other governments	2,399,642	10,534,730	-	261,558	1,391,751	425,496	15,013,177
Due from other funds	816,422	402	-	10,937	4,749,858	95,947	5,673,566
Prepays	1,145,091	380,899	-	129,788	-	326,302	1,982,080
Total Assets	<u>\$ 31,790,108</u>	<u>\$ 15,044,471</u>	<u>\$ -</u>	<u>\$ 5,167,200</u>	<u>\$ 17,354,071</u>	<u>\$ 10,375,304</u>	<u>\$ 79,731,154</u>
Liabilities, Deferred Inflows and Fund Balances							
Liabilities							
Accounts payable and other current liabilities	2,719,247	964,587	-	1,002,741	2,167,959	1,337,605	8,192,139
Accrued liabilities	5,144,429	521,897	-	792,285	-	526,140	6,984,751
Bond Anticipation Notes Payable	-	-	-	-	1,000,000	-	1,000,000
Due to other governments	-	-	-	-	-	1,624,638	1,624,638
Due to other funds	146,712	4,944,872	-	128,913	265,831	187,238	5,673,566
Total Liabilities	<u>8,010,388</u>	<u>6,431,356</u>	<u>-</u>	<u>1,923,939</u>	<u>3,433,790</u>	<u>3,675,621</u>	<u>23,475,094</u>
Deferred Inflows of Resources							
Deferred revenue	13,278	2,905,000	-	-	-	163,774	3,082,052
Total Deferred Inflows	<u>13,278</u>	<u>2,905,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>163,774</u>	<u>3,082,052</u>
Fund Balances							
Non-Spendable							
Prepays	1,145,091	380,899	-	129,788	-	326,302	1,982,080
Restricted for:							
Open space land preservation	12,252,764	-	-	-	-	-	12,252,764
Debt service	585,360	123,548	-	21,174	-	142,986	873,068
Snow and ice removal/road repair	469,771	908,487	-	-	-	-	1,378,258
Workers' compensation	309,160	-	-	-	-	-	309,160
Judgments and claims	360,593	-	-	-	-	-	360,593
Retirement contribution	802	96,557	-	25,125	-	59,106	181,590
General Capital reserve	1,360,077	533,592	-	-	-	51,691	1,945,360
Employee Benefit Accrual Liability Reserve	602,991	131,058	-	28,102	-	513,705	1,275,856
Assigned:							
Highway	-	2,533,128	-	-	-	-	2,533,128
Refuse District	-	-	-	2,672,439	-	-	2,672,439
Capital projects fund balance	-	-	-	-	13,920,281	-	13,920,281
Town Outside Village	-	-	-	-	-	32,270	32,270
Community Development	-	-	-	-	-	-	-
Local Development Corporation	-	-	-	-	-	330,610	330,610
Fire Protection	-	-	-	-	-	19,084	19,084
Streetlighting	-	-	-	-	-	1,253,017	1,253,017
Ambulance Services	-	-	-	-	-	41,240	41,240
Sewer Services	-	-	-	-	-	1,276,417	1,276,417
Water Services	-	-	-	-	-	1,155,159	1,155,159
Subsequent year's budget	598,000	1,000,000	-	350,000	-	1,944,000	3,892,000
Unappropriated Fund Balance	509,420	846	-	16,633	-	312,611	839,510
Unassigned:							
General fund	5,572,413	-	-	-	-	-	5,572,413
Nonmajor Governmental Funds	-	-	-	-	-	(922,289)	(922,289)
Total Fund Balances	<u>23,766,442</u>	<u>5,708,115</u>	<u>-</u>	<u>3,243,261</u>	<u>13,920,281</u>	<u>6,535,909</u>	<u>53,174,008</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 31,790,108</u>	<u>\$ 15,044,471</u>	<u>\$ -</u>	<u>\$ 5,167,200</u>	<u>\$ 17,354,071</u>	<u>\$ 10,375,304</u>	<u>\$ 79,731,154</u>

See notes to the financial statements.

TOWN OF HUNTINGTON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
As of December 31, 2015

Total Fund Balances - Governmental Funds \$ 53,174,008

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

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

Capital Assets - Non-Depreciable	\$ 123,632,060	
Capital Assets - Depreciable	665,640,030	
Accumulated Depreciation	(461,624,950)	327,647,140

Other Agency Net Pension Asset - LOSAP 242,117

New York State Employees Retirement System annual contributions paid on an annual basis have been prepaid, creating a year-end asset. The asset is not a current available resource and is not reported in the funds. 2,829,499

Revenues in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the funds. 2,434,847

Proportionate share of long-term asset and liability, and deferred outflows and inflows associated with participation in the state retirement systems are not current financial resources or obligations and are not reported in the funds.

Deferred outflows of resources	9,922,050	
Net pension liability - employees' retirement system	(6,969,189)	
Deferred inflows of resources	(311,121)	2,641,740

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	(82,439,033)	
Due to Employee Retirement System	(2,852,706)	
Other post-employment benefits payable	(74,210,837)	
Other Agency Liabilities- LOSAP	(550,393)	
Compensated absences	(13,454,413)	
Claims and judgments	(8,835,779)	
Estimated liability for landfill closure and post-closure care costs	(298,350)	
Installment purchase debt	-	(182,641,511)

Interest payable applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported in the funds. However, these liabilities are included in the Statement of Net Position. (538,363)

Net Position of Governmental Activities \$ 205,789,477

See notes to the financial statements.

TOWN OF HUNTINGTON
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year ended December 31, 2015

	Major Governmental Funds					Nonmajor Governmental Funds	Total
	General	Highway	Debt Service	Refuse and Garbage	Capital Projects		
REVENUES							
Real property taxes	\$ 39,676,446	\$ 29,717,196	\$ -	\$ 24,034,328	\$ -	\$ 19,565,360	\$ 112,993,330
Other real property tax items	355,817	66,803	-	240	-	56,942	479,802
Non-property tax items	4,407,959	-	-	-	-	144,701	4,552,660
Departmental income	30,583,144	465,153	-	8,595	-	9,544,908	40,601,800
Intergovernmental charges	129,941	28,998	-	9,933	-	-	168,872
Use of money and property	1,123,937	78,685	-	51,394	2,501	301,110	1,557,627
Licenses and permits	1,020,414	148,375	-	-	-	963,883	2,132,672
Fines and forfeitures	1,136,862	-	-	-	-	-	1,136,862
Sale of property and compensation for loss	468,012	418,026	-	113,160	-	7,069	1,006,267
Miscellaneous local sources	1,180,288	361,603	-	94,313	312,320	859,281	2,807,805
Interfund revenues	4,150,647	-	-	-	-	-	4,150,647
State aid	9,897,625	2,547,099	-	-	1,027,778	-	13,472,502
Federal aid	1,050,544	256,604	-	-	1,967,179	1,375,114	4,649,441
Total Revenues	<u>95,181,636</u>	<u>34,088,542</u>	<u>-</u>	<u>24,311,963</u>	<u>3,309,778</u>	<u>32,818,368</u>	<u>189,710,287</u>
EXPENDITURES							
Current:							
General government support	24,401,190	176,757	-	1,965,050	-	4,340,560	30,883,557
Public safety	5,005,238	-	-	-	-	3,797,742	8,802,980
Health	701,093	-	-	-	-	2,545,120	3,246,213
Transportation	5,083,505	22,978,206	-	-	-	2,811,072	30,872,783
Economic assistance and opportunity	2,132,736	-	-	-	-	-	2,132,736
Culture and recreation	12,795,662	-	-	-	-	-	12,795,662
Home and community services	20,600,151	-	-	18,889,789	-	11,189,953	50,679,893
Employee benefits	19,230,449	8,285,728	-	2,489,744	-	6,566,681	36,572,602
Capital outlay	-	-	-	-	13,983,820	-	13,983,820
Debt service:							
Principal	285,000	-	10,881,634	-	-	-	11,166,634
Interest	29,850	15,675	2,848,044	-	-	-	2,893,569
Total Expenditures	<u>90,264,874</u>	<u>31,456,366</u>	<u>13,729,678</u>	<u>23,344,583</u>	<u>13,983,820</u>	<u>31,251,128</u>	<u>204,030,449</u>
Excess (Deficiency) of Revenues							
Over (Under) Expenditures	<u>4,916,762</u>	<u>2,632,176</u>	<u>(13,729,678)</u>	<u>967,380</u>	<u>(10,674,042)</u>	<u>1,567,240</u>	<u>(14,320,162)</u>
Other Financing Sources (Uses)							
Debt issued	-	-	-	-	9,585,000	-	9,585,000
Transfers in	881,630	64,857	13,729,678	21,133	3,421,710	94,130	18,213,138
Transfer Out	(1,766,352)	(681,258)	-	(15,000)	(1,061,750)	(959,100)	(4,483,460)
Transfers out (Debt Service)	(4,199,672)	(7,477,829)	-	(175,969)	-	(1,876,208)	(13,729,678)
Total Other Financing Sources (Uses)	<u>(5,084,394)</u>	<u>(8,094,230)</u>	<u>13,729,678</u>	<u>(169,836)</u>	<u>11,944,960</u>	<u>(2,741,178)</u>	<u>9,585,000</u>
Net Change in Fund Balances	<u>(167,632)</u>	<u>(5,462,054)</u>	<u>-</u>	<u>797,544</u>	<u>1,270,918</u>	<u>(1,173,938)</u>	<u>(4,735,162)</u>
Fund Balances at Beginning of Year	<u>23,934,074</u>	<u>11,170,169</u>	<u>-</u>	<u>2,445,717</u>	<u>12,649,363</u>	<u>7,709,847</u>	<u>57,909,170</u>
Fund Balances at End of Year	<u>\$ 23,766,442</u>	<u>\$ 5,708,115</u>	<u>\$ -</u>	<u>\$ 3,243,261</u>	<u>\$ 13,920,281</u>	<u>\$ 6,535,909</u>	<u>\$ 53,174,008</u>

See notes to the financial statements.

TOWN OF HUNTINGTON
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

Net Change in Fund Balance \$ (4,735,162)

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

Capital Outlay	\$ 17,058,400	
Depreciation Expense	<u>(14,724,212)</u>	2,334,188

Gains and losses on disposals of equipment are not reported by the governmental funds, but are included in the Statement of Activities. (72,710)

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.

Prepaid charges		131,756
-----------------	--	---------

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 519,627

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

Debt issued	(9,585,000)	
Repayment of bond principal	11,166,634	
Pension Liability	4,956,838	
Due to Employee Retirement System	361,288	
Other post-employment benefits payable	(9,446,391)	
Other Agency Liabilities- LOSAP	(146,920)	
Compensated absences	438,132	
Claims and judgments	2,185,017	
Estimated liability for landfill closure and post-closure care costs	152,829	
Installment purchase debt	2,635	
Accrued interest payable	<u>60,243</u>	
		<u>145,305</u>

Change in Net Position of Governmental Activities \$ (1,676,996)

See notes to the financial statements.

TOWN OF HUNTINGTON
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
December 31, 2015

	Total Agency Funds
ASSETS	
Cash	\$ 239,607,203
Other assets	1,766,681
Total Assets	\$ 241,373,884
LIABILITIES	
Liabilities:	
Due to school districts	\$ 114,884,081
Due to other governments	114,903,397
Other liabilities	11,586,406
Total Liabilities	\$ 241,373,884

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF HUNTINGTON
INDEX FOR NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Note A – Summary of Significant Accounting Policies	
A.1 Reporting Entity	46-47
A.2 Basis of Presentation	47-49
A.3 Basis of Accounting/Measurement Focus	49-50
A.4 Assets, Liabilities and Fund Equity	50-52
A.5 Revenues and Expenditures	53-54
A.6 New Accounting Principles	54
A.7 Use of Estimates	54
Note B – Stewardship, Compliance and Accountability	
B.1 Budgetary Data	55-56
B.2 Fund Balances	56-58
Note C – Detailed Notes on All Funds	
C.1 Cash and Investments	58-59
C.2 Interfund Receivables, Payables and Transfers	60
C.3 Capital Assets	61-62
C.4 Indebtedness	62-64
C.5 Retirement System	65-69
C.6 Employee Retirement Incentives	69
C.7 Other Post-Employment Benefits (Obligations for Health Insurance)	70-72
C.8 Compensated Absences	73
C.9 Change in Accounting Principle	73
Note D – Commitments and Contingencies	
D.1 Risk Retention	74
D.2 Resource Recovery Facility	75
D.3 Landfill Closure and Post-Closure Care Costs	75
D.4 Construction and Other Capital Acquisition Commitments	76
D.5 Litigation	76
D.6 Length of Service Award Program - LOSAP	76-79
Note E – Condensed Financial Statements for the Discretely Presented Component Units	80
Note F – Subsequent Events	81
Note G- New Pronouncements	81

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Huntington (the “Town”), which was established in 1653, is governed by Town Law and other general laws of the State of New York and various local laws and ordinances. The Town Board (the “Board”) is the legislative body responsible for overall operations. The Board consists of the Town Supervisor (the “Supervisor”) who is elected for a term of four years and four council members who are elected for terms of four years. The Superintendent of Highways, Town Clerk and Receiver of Taxes are elected and serve four year terms. The Town Board appoints Town Attorney and the following Directors: General Services, Community Services, Youth Services, Human Services, Engineering Services, Parks and Recreation, Planning and Environmental Services, Audit and Control, Maritime, Assessor, Information Technology, Traffic and Transportation and Public Safety. The Directors serve at the discretion of the Board except for the Assessor, whose term is six years. The Town provides a full range of municipal services including public safety, transportation, home and community services, youth services, public works and road maintenance, recreation and parks, and general and administrative services.

The financial statements of the Town of Huntington have been prepared in conformity with accounting principles generally accepted 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 more significant of the government’s accounting policies are described below.

1. REPORTING ENTITY

The financial reporting entity consists of: (a) the primary government, which is the Town of Huntington; (b) organizations for which the primary government is financially accountable for; 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 the applicable GASB statements.

The decision to include a potential component unit in the Town of Huntington reporting entity is based on several criteria set forth in various GASB statements including legal standing, fiscal dependency, fiscal accountability, or management’s professional judgement on the nature and significance of a potential component units’ relationship with the Town. Based on the application of these criteria, the following is a summary of certain entities considered in determining the Town of Huntington’s reporting entity.

The Huntington Community Development Agency (“HCDA”) 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 Board presides as the HCDA Board. HCDA’s management is designated by the Board. The Board is completely accountable for fiscal matters. The HCDA’s governing body is the same as the Town of Huntington’s therefore it is a blended unit of the Town and is reported in the special revenue fund.

The Town of Huntington Local Development Corporation (“HLDC”) is a separate public benefit corporation created by the Board to conduct activities that will relieve and reduce unemployment, promote and provide for maximum employment, improve and maintain job opportunities, lessen the burdens of governments and act in the public interest. The Board presides as the HLDC Board. HLDC’s management is designated by the Board. The Board is completely accountable for fiscal matters. The HLDC’s governing body is the same as the Town of Huntington’s therefore it is a blended unit of the Town and is reported in the special revenue fund.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. REPORTING ENTITY (continued)

The South Huntington Water District and the Greenlawn Water District, special districts of the Town of Huntington, provide water services to residents and businesses within the districts. These special 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 fiscal matters result in a fiscal interdependency with the Town. Accordingly, these special districts have been determined to be component units of the Town and are presented discretely in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government.

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

South Huntington Water District 13 th Street & 5 th Avenue South Huntington Station, N.Y. 11746	Greenlawn Water District 45 Railroad Street Greenlawn, N.Y. 11740
---	---

Condensed financial statements of these components are presented in Note E.

2. BASIS OF PRESENTATION

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 report information on the Town as a whole, except fiduciary activities with separate columns for the primary governmental activities as well as the discretely presented component units.

In the government-wide Statement of Net Position, the Town's governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts — Net investment in capital assets, restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functional categories (general government support, public safety, health, transportation, home and community services, etc.), which are otherwise supported by general government revenues (property, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants and contributions and capital grants and contributions to produce the net cost of each program.

Program revenues include (a) charges for services and (b) operating and capital grants and contributions that are directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function) are normally covered by general revenue (property or sales taxes, intergovernmental revenues, interest income, etc.).

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. BASIS OF PRESENTATION (continued)

Government-wide Financial Statements (continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Eliminations have been made to prevent distortion of the direct costs and program revenues reported. Sales and purchase of goods and services for a price approximating their external value are not eliminated between the funds in the government-wide statements.

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Fund Financial Statements

The fund financial statements are similar to the financial statements presented in the previous model. The emphasis is on the major funds in the fund financial statements. Nonmajor funds are summarized into a single column.

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 as follows:

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.

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 except those required to be accounted for in other funds. The major sources of revenue are real property taxes and various departmental income.

Highway Fund - is a Special Revenue Fund used to account for revenues and expenditures for highway purposes. The major source of revenue is real property taxes.

Debt Service Fund - is used to account for the accumulation of resources for the payment of principal, and interest on indebtedness. The major source of revenue is interfund transfers.

Refuse and Garbage Fund - is a Special Revenue Fund used to account for the pickup of garbage in the Town. The major source of income is real property taxes.

Capital Projects Fund - is used to account for financial resources used for the acquisition or construction of major capital facilities. The major source of funding is bond proceeds.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. BASIS OF PRESENTATION (continued)

Fund Financial Statements (continued)

Additionally, the Town reports the following non-major funds:

Special Revenue Funds – are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds include the following:

- Town Outside Village Fund – is used for revenues and expenditures for certain services provided to the area of the Town located outside of Incorporated Villages. The major sources of funding are real property taxes and building permits.
- Special Grant Fund (HCDA) – is used to account for the Huntington Community Development Agency. This agency is used to account for Federal Aid from the Community Development Block Grant Program. The major source of revenue is federal funding.
- Local Development Corporation (LDC) – is used to account for sponsor conduit financing and earn a fee income to support its mission.
- Special District Funds – are used to account for taxes or other revenue sources 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 Board including a fire protection district, a street lighting district, two ambulance districts, three sewer districts, business improvement district and a water district.

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

- Trust and Agency Funds – include agency funds which are used for money (and/or property) received and held in the capacity of trustee, custodian or agent.
- Town Agency Funds – accounts for consolidated payroll, amounts due to component units and other agency liabilities.
- Town Receiver of Taxes Agency Funds – accounts for amounts due to other governments for general and school taxes collected.

3. BASIS OF ACCOUNTING/MEASUREMENT FOCUS

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

In the government-wide statements, governmental activities are presented using the economic resources measurement focus and are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. BASIS OF ACCOUNTING/MEASUREMENT FOCUS (continued)

In the funds statements, governmental funds use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (measurable and available to finance current operations). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers all revenues available if they are collected within 60 days after the year-end. Revenues susceptible to accrual include, franchise fees, mortgage taxes, 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. Expenditures are recorded on the accrual basis except that (a) expenditures for prepaid expenses are recognized when incurred; (b) principal and interest on indebtedness are recognized as expenditures when due; (c) compensated absences, such as vacation and sick leave, which vest or accumulate, are charged as expenditures when paid.

4. ASSETS, LIABILITIES AND FUND EQUITY

RECEIVABLES

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

PREPAIDS

Prepays in the various funds represent insurance premiums paid for coverage that will benefit the subsequent period. Prepays in the government-wide statements represent retirement benefits that will benefit a future period.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town did not have any items that qualified.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. ASSETS, LIABILITIES AND FUND EQUITY (continued)

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The Town has two items that qualify for reporting in this category. The first item represents the effect of the net change in the Town's proportion of the collective net pension asset or liability and difference during the measurement period between the Town's contributions and its proportionate share of total contributions to the pension system not included in pension expense. The second item is the Town's contributions to the pension system subsequent to the measurement date,

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two items that are reported as deferred inflow of resources. First item relates to deferred revenue that represents collections of the 2015 tax warrant. The property taxes collected are applicable to the 2016 fiscal and thus are not available for use at year end. The second item is related to pensions reported in the district-wide statement of net position. This represents the effect of the net change in the Town's proportion of the collective net pension liability and difference during the measurement periods between the Town's contributions and its proportionate share of total contributions to the pension system not included in pension expense, including the net difference between projected and actual earnings on pension plan investments.

CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. 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. Infrastructure assets, consisting of certain improvements other than buildings including roads, curbs, sidewalks, drainage system, street lighting, water mains and sewer system are capitalized along with other capital assets. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	25-40 years
Improvements other than buildings	15-30 years
Machinery and equipment	4-12 years
Infrastructure	
Roads	25 years
Curbs and sidewalks	15 years
Drainage system	25 years
Street lighting	20 years
Water mains	50 years
Sewer system	40 years

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

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. ASSETS, LIABILITIES AND FUND EQUITY (continued)

LONG-TERM OBLIGATIONS

The liabilities for long-term obligations consisting of general obligation bonds, employees retirement, other post-employment benefits payable, compensated absences, claims and judgments, estimated liability for landfill closure and post closure costs, and installment purchase debt are recognized in the government-wide financial statements.

In the fund financial statements long-term obligations are not reported as liabilities. The debt proceeds are reported as other financing sources, and payment of principal and interest are reported as expenditures.

EQUITY CLASSIFICATIONS

In Government-wide Statements equity is classified as net position and displayed in three components:

- a) Net investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Net position-restricted – 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.
- c) Net position-unrestricted – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the Town’s policy to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, assigned and unassigned. Portions of fund equity are segregated for future use and are therefore not available for future appropriation or expenditure. Amounts reserved for encumbrances, prepaids, open space land preservation and bond retirement, represent portions of fund equity which are required to be segregated in accordance with state law or GAAP. Designations of fund balances in governmental funds indicate the utilization of these resources in the subsequent year’s budget or tentative plans for future use.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. REVENUES AND EXPENDITURES

REAL PROPERTY TAX ASSESSMENT AND COLLECTION PROCEDURES

Real property tax payments are due in two equal installments: the first half payable the December 1st preceding the year for which the tax is levied and the second half payable May 10th. The first half tax is payable without penalty until January 10th and the second half tax is payable without penalty to May 31st. Penalties are imposed thereafter at the rate of 1% per month from December 1st and May 10th until May 31st, after which taxes are payable to the County Treasurer and accrue a 10% penalty. The Town has its own Assessor's Office whose responsibilities are independent and distinct from those of the Receiver of Taxes ("Receiver"). The Town assessment rolls are used for the levy of real property taxes by the Town and the school districts, as well as by the County of Suffolk, New York, (the "County") and by special districts based upon a single tax bill. The Receiver collects all taxes based on this single bill and distributes the proceeds to the Town prior to distributing the remaining balance collected to the County.

REAL PROPERTY TAX ASSESSMENT AND COLLECTION PROCEDURES (continued)

Responsibility for the collection of unpaid taxes rests with the County and, accordingly, the Town is assured of 100% collection of real property taxes. The responsibility of transmitting school taxes to the school districts rests with the Supervisor. Property tax bills that relate to the ensuing fiscal year are recorded as deferred revenues.

INTERFUND TRANSACTIONS

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

a) **Interfund Revenues**

Interfund revenues 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) **Transfers**

Transfers represent primarily payments to the Debt Service Fund and Capital Projects Fund from the other funds for their appropriate share of the debt service and capital projects.

COMPENSATED ABSENCES

The liability for vested or accumulated vacation and sick leave (compensated absences) is recorded as current and noncurrent obligations in the government-wide statements. The current portion of this debt is estimated based on historical trends. Compensated absences liability and expense are reported in the governmental funds only if they have matured, for example, as a result of employee resignations and 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 HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. REVENUES AND EXPENDITURES (continued)

OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits, the Town provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the Town's employees may become eligible for these benefits if they reach normal retirement age while working for the Town.

Health care benefits in accordance with New York State Health Insurance Rules and Regulations (administered by the New York State Department of Civil Service), are provided through the New York State Empire Plan (the "Empire Plan") whose premiums are based on the benefits paid)

The Town recognizes the cost of providing other post-employment benefits by recording its share of insurance premiums as an expenditure in the year paid. The Town's union contracts and ordinances require that it provide its eligible enrollees with the Empire Plan benefit coverage, or if another provider is utilized, the equivalent coverage. Under the provisions of the Empire Plan, premiums are adjusted on a prospective basis for any losses experienced by the Empire Plan. The Town has the option to terminate its participation in the Empire Plan at any time without liability for its respective share of any previously incurred loss.

6. NEW ACCOUNTING PRINCIPLES

Effective with the financial report for the year ended December 31, 2015, the Town has adopted GASB Statement No. 68 on *Accounting and Financial Reporting for Pensions*, which amends GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. The objective of the statement is to improve financial reporting by state and local governmental pension plans. The Town is required to implement this authoritative guidance for the year ended December 31, 2015.

Effective with the financial report for the year ended December 31, 2015, the Town has adopted GASB Statement No. 71 on *Pension Transition for Contributions Made Subsequent to the Measurement Date* an amendment of GASB Statement No. 68 issued November 2013. The objective of this Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68, *Accounting and Financial Reporting for Pensions*, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities. The provisions of this Statement have been applied simultaneously with the provisions of Statement 68.

7. USE OF ESTIMATES

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. BUDGETARY DATA

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, office or district submits to the Budget Officer and 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 fiscal year.
- b) On or before September 30th, the Budget Officer files with the Town Clerk and the Comptroller and presents to the Board a tentative budget for the ensuing fiscal year.
- c) On or before October 5th, the Board reviews the tentative budget and files with the Town Clerk a preliminary budget.
- d) The Board conducts a public hearing on the preliminary budget and on or before November 20th the Board meets to adopt the budget now known as the “annual budget.”
- e) Formal budgetary integration is employed during the year as a management control device for the General and certain Special Revenue Funds. The Board adopts the budget and establishes a legal level of control over 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 appropriations over \$5,000 require Board approval. Appropriations for all governmental funds, except the Capital Projects Fund, lapse at year-end.

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

- f) Budgets for the General and all Special Revenue Funds except for the Special Grant and Capital Projects Funds are legally adopted each year. The budgets are adopted on a basis of accounting consistent with GAAP. The Capital Projects and Special Grant Funds budgets are adopted on a project or grant basis.
- g) Budgetary controls for the Special Grant Funds are established in accordance with the applicable grant agreement, which covers a period other than the Town’s fiscal year. Consequently, the budgets for such funds have been excluded.
- h) In June 2011, New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which includes a 2.00% property tax cap for municipalities, however there are permitted exceptions and adjustments that can increase the property tax cap percentage. 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 the calculated property tax cap; however local governments can exceed the property tax cap limit by a 60% vote of the governing body and annually adopting a local law.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

1. BUDGETARY DATA (continued)

The 2016 budget reflects a 1.4% increase in real property tax revenue from the prior year for the Town's overall government activities, which is in compliance with the property tax cap imposed by New York State.

2. FUND BALANCES

FUND BALANCE CLASSIFICATION

The Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB-54") that defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB-54 requires the fund balance amounts to be properly reported within one of the following fund balance categories:

Nonspendable

Includes amounts that cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. This includes fund balance related to inventories, prepaids, long-term debt, notes receivable and property held for resale (unless the proceeds are restricted, committed or assigned).

Restricted

Includes amounts that can be spent only for specific purposes stipulated by constitutional provisions, enabling legislation or external resource providers such as creditors, grantors, contributors or laws/regulations of other governments. All of the reserves of fund balance established by the Town allowed by law meet this criteria.

Committed

Includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the Board, the Town's highest level of decision-making authority. These constraints can only be removed by the same formal action of the Board.

Assigned

Includes amounts that are constrained by the Town's intent to be used for specific purposes, but do not meet the criteria to be classified as restricted or committed. The Town Board has the authority to assign amounts to be used for specific purposes. The Board is not required to impose or remove the constraint. Assignments cannot be made if it would result in a negative unassigned fund balance.

Unassigned

Includes the residual classification of the Town's General fund and includes all spendable amounts not contained in other classifications, including deficits in other funds.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

2. FUND BALANCES (continued)

FUND BALANCE CLASSIFICATION POLICIES AND PROCEDURES

The Board is the highest level of authority for the Town and as such must adopt formal Board resolutions to establish, modify or rescind a Committed or Assigned fund balance for a specific purpose in accordance with all governing laws. General Municipal Law authorizes the governing board to establish most of the reserves of fund balance that are restricted for specific purposes.

The Town's policy is to apply expenditures against restricted fund balance, committed fund balance first, and then assigned fund balance and unassigned fund balance at the end of the fiscal year, in order as needed.

ASSIGNED FUND BALANCE

The Town's Assigned Fund Balance is a result of the Town Board's adoption of a resolution assigning funds for specific purposes.

The 2016 Preliminary Budget submitted by the Town Supervisor became the Adopted Budget on November 5, 2015. The 2016 adopted budget contained a projected use of \$3,892,000 of fund balance.

ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded for budgetary control purposes in order to reflect the unexpended portion of the applicable appropriation, is employed in the governmental funds. Appropriations for all governmental funds except the Capital Projects Fund lapse at year-end. However, encumbrances are reappropriated in the ensuing year. Encumbrances are reported as either restricted, committed, or assigned fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

2. FUND BALANCES (continued)

All encumbrances are classified as assigned fund balance at December 31, 2015. The Town encumbered the following amounts:

	<u>2015 Assigned Fund Balance</u>
General Fund	\$ 509,420
Part Town Fund	100,433
Highway	846
Capital Projects	5,673,842
Street Lighting	57,062
Refuse District	16,633
Sewer District	155,116
Total Assigned Unappropriated Fund Balance	\$ 6,513,352

C. DETAILED NOTES ON ALL FUNDS

1. CASH AND INVESTMENTS

Cash consists of funds deposited in demand accounts, time deposit accounts, and certificates of deposit with maturities of less than three months.

The Town’s investments are governed by a formal investment policy that was adopted by a formal Board resolution. The Town’s monies must be deposited in FDIC-insured commercial banks or trust companies authorized to do business within the State of New York. The Town is authorized to invest monies not required for immediate expenditure for terms not to exceed its projected cash flow needs. The policy authorizes the Town to invest in certificates of deposit, obligations of the U.S. Treasury, U.S. Agencies and investments made by the Cooperative Liquid Asset Security System (“CLASS”).

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 does not maintain any cash and/or investments with CLASS.

The Town does not engage in the use of any derivative products or arbitrage investments.

All banks doing business with the Town must collateralize all amounts held by them in excess of the Federal Deposit Insurance Act (“FDIC”) amount.

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 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.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

C. DETAILED NOTES ON ALL FUNDS (continued)

1. CASH AND INVESTMENTS (continued)

Book balances of the primary government, including Agency Funds consists of the following:

Cash with the Town Supervisor	\$ 61,855,628
Cash with the Town Receiver of Taxes	<u>229,789,493</u>
	\$ <u>291,645,121</u>

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 exist 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.

GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, requires deposits to be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either:

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

At December 31, 2015 the Town’s bank deposit balances were \$277,252,560. Of these balances, \$2,895,504 was covered by the Federal Deposit Insurance Corporation; \$305,514,735 was covered by collateral held by the Town’s agent, a third-party financial institution, in the Town’s name. LDC funds of \$86,867 were uncollateralized.

At December 31, 2015, the Town’s component units’ bank balances were \$19,322,698. Of these balances, \$1,000,000 was covered by the Federal Deposit Insurance Corporation and \$18,559,670 was covered by collateral held by the Town’s component units’ agent, a third-party financial institution, in the Town’s component units’ name and no funds were uncollateralized.

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 – Exists when investments in anyone type represents 5 percent or more of the total investments. Excluding from this requirement are investments issued or explicitly guarantee by the U.S. government.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

C. DETAILED NOTES ON ALL FUNDS (continued)

2. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances for the primary government at December 31, 2015 represent primarily the payment of debt service and operating expenditures that will be reimbursed subsequent to year end and are stated as follows:

Primary Government

<u>Major Funds</u>	<u>Amount Receivable</u>	<u>Amount Payable</u>
General Fund	\$ 816,422	\$ 146,712
Highway Fund	402	4,944,872
Refuse and Garbage Fund	10,937	128,913
Capital Projects Fund	4,749,858	265,831
 <u>Nonmajor Funds</u>		
Town Outside Village	512	35,668
Street Lighting District	-	112,152
Sewer Districts	10,786	26,624
Water Districts	84,649	12,794
	<u>\$ 5,673,566</u>	<u>\$ 5,673,566</u>

Interfund transfer balances for the primary government at December 31, 2015 represent primarily the receipt and payment of general obligation bond principal and interest and funding of capital project expenditures and are stated as follows:

Primary Government

<u>Major Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 881,630	\$ 5,966,024
Highway Fund	64,857	8,159,087
Refuse and Garbage Fund	21,133	190,969
Capital Projects Fund	3,421,710	1,061,750
Debt Service	13,729,678	-
 <u>Nonmajor Funds</u>		
Town Outside Village	-	182,729
Street Lighting District	-	14,335
Sewer Districts	300	1,354,075
Water Districts	93,830	1,284,169
	<u>\$ 18,213,138</u>	<u>\$ 18,213,138</u>

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

C. DETAILED NOTES ON ALL FUNDS (continued)

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

	Balance 1/1/15	Additions	Deletions	Balance 12/31/15
Primary government				
Capital assets not being depreciated				
Land	\$ 122,125,810	\$ 1,506,250	\$ -	\$ 123,632,060
Total capital assets not being depreciated	<u>122,125,810</u>	<u>1,506,250</u>	<u>-</u>	<u>123,632,060</u>
Other capital assets:				
Buildings	101,766,256	3,547,309	-	105,313,565
Improvements other than buildings	86,664,559	875,260	-	87,539,819
Machinery and equipment	41,085,418	4,081,368	2,269,195	42,897,591
Infrastructure	422,840,842	7,048,213	-	429,889,055
Total depreciable capital assets	<u>652,357,075</u>	<u>15,552,150</u>	<u>2,269,195</u>	<u>665,640,030</u>
Total assets Primary Government	<u>774,482,885</u>	<u>17,058,400</u>	<u>2,269,195</u>	<u>789,272,090</u>
Less accumulated depreciation				
Buildings	38,211,556	2,696,143	-	40,907,699
Improvements other than buildings	45,287,968	2,813,251	-	48,101,219
Machinery and equipment	36,660,988	2,549,222	2,196,485	37,013,725
Infrastructure	328,936,711	6,665,596	-	335,602,307
Total accumulated depreciation	<u>\$ 449,097,223</u>	<u>\$ 14,724,212</u>	<u>\$ 2,196,485</u>	<u>461,624,950</u>
Total net depreciable capital assets				<u>204,015,080</u>
Total net capital assets				<u>\$ 327,647,140</u>

Depreciation expense was charged to governmental functions as follows:

General Government Support	\$ 1,338,037
Public Safety	931,081
Transportation	6,854,525
Economic assistance and opportunity	59,604
Culture and recreation	2,703,939
Home and community services	2,837,026
Total governmental activities depreciation expense	<u>\$ 14,724,212</u>

The Town of Huntington 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, 2015, the Town has not recorded any such impairment losses.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

C. DETAILED NOTES ON ALL FUNDS (continued)

3. CAPITAL ASSETS (continued)

<u>Discretely presented component units</u>	<u>Balance</u> <u>1/1/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/15</u>
Capital assets not being depreciated				
Land	\$ 1,306,746	\$ -	\$ -	\$ 1,306,746
Construction in progress	<u>6,852,381</u>	<u>1,882,518</u>	<u>6,102,308</u>	<u>2,632,591</u>
Total capital assets not being depreciated	<u>8,159,127</u>	<u>1,882,518</u>	<u>6,102,308</u>	<u>3,939,337</u>
Depreciable capital assets				
Buildings and improvements	25,897,798	3,401,026	-	29,298,824
Machinery and equipment	17,336,178	1,910,363	-	19,246,541
Infrastructure	<u>67,394,174</u>	<u>1,328,891</u>	<u>-</u>	<u>68,723,065</u>
Total depreciable capital assets	<u>110,628,150</u>	<u>6,640,280</u>	<u>-</u>	<u>117,268,430</u>
Total Assets - Component Units	<u>118,787,277</u>	<u>8,522,798</u>	<u>6,102,308</u>	<u>121,207,767</u>
Less accumulated depreciation				
Buildings and improvements	8,715,958	644,935	-	9,360,893
Machinery and equipment	9,297,099	824,248	-	10,121,347
Infrastructure	<u>40,298,343</u>	<u>1,411,748</u>	<u>-</u>	<u>41,710,091</u>
Total accumulated depreciation	<u>\$ 58,311,400</u>	<u>\$ 2,880,931</u>	<u>\$ -</u>	<u>61,192,331</u>
Total net depreciable capital assets				<u>56,076,099</u>
Total net capital assets				<u>\$ 60,015,436</u>

4. INDEBTEDNESS

SHORT TERM DEBT

Bond Anticipation Notes (BANs) – Liabilities for BANs are generally accounted for 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. The Town issued \$4,300,000 in BANs during 2015, in which \$3,300,000 was redeemed by December 31, 2015. Total balance of bond anticipation notes payable as of year-end is \$1,000,000. The remaining BAN payable matures on December 8, 2016 and carries an interest rate of 1.25%.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

C. DETAILED NOTES ON ALL FUNDS (continued)

4. INDEBTEDNESS (continued)

LONG TERM DEBT

Summary of changes in long term debt transactions for the year ended December 31, 2015 is as follows:

	Balance 1/1/15	Increases	Reductions	Balance 12/31/15	Non-current liabilities due within one year	Non-current liabilities
Primary Government:						
General obligation bonds	\$ 84,020,668	\$ 9,300,000	\$ 10,881,635	\$ 82,439,033	\$ 10,610,914	\$ 71,828,119
Net Pension Liability	9,322,235	6,229,403	8,582,449	6,969,189	-	6,969,189
Due to Employee Retirement System	3,213,994	-	361,288	2,852,706	372,171	2,480,535
Other Long Term Liability-GASB 45	64,764,446	16,127,345	6,680,954	74,210,837	-	74,210,837
Net Pension Obligation-LOSAP	410,285	496,517	356,409	550,393	356,409	193,984
Compensated absences	13,892,545	5,891,972	6,330,104	13,454,413	6,330,104	7,124,309
Claims and judgments	11,020,796	2,571,096	4,756,113	8,835,779	3,070,000	5,765,779
Estimated liability for landfill closure and post-closure care costs	451,179	-	152,829	298,350	29,250	269,100
Installment purchase debt	2,635	-	2,635	-	-	-
	<u>\$ 187,098,783</u>	<u>\$ 40,616,333</u>	<u>\$ 38,104,416</u>	<u>\$ 189,610,700</u>	<u>\$ 20,768,848</u>	<u>\$ 168,841,852</u>
Component Units:						
General obligation bonds	\$ 24,024,334	\$ 3,690,000	\$ 2,383,366	\$ 25,330,968	\$ 2,624,087	\$ 22,706,881
Premiums on Issuance	340,274	22,248	54,201	308,321	55,078	253,243
Other Long Term Liability-GASB 45	4,121,816	858,800	238,851	4,741,765	-	4,741,765
Net Pension Liability	439,897	-	111,035	328,862	-	328,862
Compensated absences	541,804	20,297	18,197	543,904	82,156	461,748
	<u>\$ 29,468,125</u>	<u>\$ 4,591,345</u>	<u>\$ 2,805,650</u>	<u>\$ 31,253,820</u>	<u>\$ 2,761,321</u>	<u>\$ 28,492,499</u>

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 2.00% to 5.2% and have maturity dates in 2016 through 2030. The outstanding debt, including component units, as of December 31, 2015 is \$107,770,000.

	<u>Beg Bal 1/1/15</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance @ 12/31/15</u>
Primary Government				
General Fund	\$ 27,526,221	\$ 5,250,000	\$ 3,329,323	\$ 29,446,898
Town Outside Village	1,577,824	335,000	112,108	1,800,716
Highway Fund	43,775,304	3,300,000	5,942,418	41,132,886
Sewer Districts	4,708,340	190,000	684,942	4,213,398
Street Lighting District	67,459	-	8,537	58,922
Refuse and Garbage Fund	1,454,974	225,000	129,963	1,550,011
Water District	4,910,546	-	674,344	4,236,202
	<u>\$ 84,020,668</u>	<u>\$ 9,300,000</u>	<u>\$ 10,881,635</u>	<u>\$ 82,439,033</u>
Component Units				
Greenlawn Water District	\$ 2,969,560	\$ 1,400,000	\$ 427,570	\$ 3,941,990
South Huntington Water District	21,054,774	2,290,000	1,955,796	21,388,978
	<u>\$ 24,024,334</u>	<u>\$ 3,690,000</u>	<u>\$ 2,383,366</u>	<u>\$ 25,330,968</u>
Total General Obligation Bonds	<u>\$108,045,002</u>	<u>\$12,990,000</u>	<u>\$13,265,001</u>	<u>\$107,770,001</u>

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

C. DETAILED NOTES ON ALL FUNDS (continued)

4. INDEBTEDNESS (continued)

LONG TERM DEBT (continued)

Principal Government:

<u>Year Ending December, 31</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total</u>
2016	\$ 10,610,914	\$ 2,664,925	\$ 13,275,839
2017	9,302,669	2,327,207	11,629,876
2018	8,884,432	2,009,073	10,893,505
2019	8,477,579	1,708,638	10,186,217
2020	8,095,164	1,409,894	9,505,058
2021-2025	27,532,385	3,566,263	31,098,648
2026-2030	9,535,890	661,407	10,197,297
	<u>\$ 82,439,033</u>	<u>\$ 14,347,407</u>	<u>\$ 96,786,440</u>

Component Units:

<u>Year Ending December 31</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total</u>
2016	\$ 2,624,087	\$ 840,622	\$ 3,464,709
2017	2,692,331	757,834	3,450,165
2018	2,790,568	666,699	3,457,267
2019	2,542,421	572,791	3,115,212
2020	2,339,836	481,904	2,821,740
2021-2025	9,212,615	1,303,665	10,516,280
2026-2030	3,129,110	229,488	3,358,598
	<u>\$ 25,330,968</u>	<u>\$ 4,853,003</u>	<u>\$ 30,183,971</u>

Other Long-Term Debt – The governmental activities of employee’s retirement incentive, other post-employment benefits payable, compensated absences, claims and judgments, and estimated liability for landfill closure and post-closure care costs, and installment purchase debt are generally liquidated by the General Fund.

Prior-Year Defeasance of Debt

In prior years, the Town of Huntington defeased certain general obligations and other 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, 2015, the amount of defeased bonds outstanding was approximately \$15 million, of which approximately \$12 million was for general Town purposes and approximately \$3 million was for the component units.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

C. DETAILED NOTES ON ALL FUNDS (continued)

5. RETIREMENT SYSTEM

Plan Description

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

The obligation 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 (Comptroller) serves as sole trustee and administrative head of the ERS. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the ERS and for the custody and control of their funds.

A publicly available annual report containing financial statements and required supplemental information for the Employees' Retirement System may be obtained by writing to the New York State Retirement System, Governor Smith State Building, Albany, NY 12244.

Funding Policy

The System is noncontributory for employees who joined the New York State and Local Employees' Retirement System prior to July 27, 1976 (Tiers 1 & 2). Employees who joined the New York State and Local Retirement System between July 27, 1976 and December 31, 2009 (Tiers 3 & 4) are required to contribute 3% of their gross earnings until they have ten years of membership or ten years of credited services, whichever occurs first. Employees who joined the New York State and Local Retirement System between January 1, 2010 and March 31, 2012 (Tier 5) must contribute 3% of their gross earning for their entire career. Employees who joined the New York State and Local Retirement System after April 1, 2012 to present (Tier 6) must contribute between 3% and 6% of their gross earning for their entire career. The amount that Tier 6 members contribute is initially based on their annual wage. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made employers to the pension accumulation fund.

The Town is required to contribute at an actuarially determined rate. The actual contributions were equal to the actuarially required amounts and also include additional contributions to fund various early retirement incentives made available to the Town employees. The credits and miscellaneous adjustments represent modification made by the ERS for prior years' contributions.

The required contributions paid for the Primary government, during the current year and two preceding years were:

	ERS
For the year ending December 31, 2015	\$ 11,317,997
2014	10,790,971
2013	12,736,105

The Town's contribution to the System was 100 percent of the contributions required for each year.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

C. DETAILED NOTES ON ALL FUNDS (continued)

5. RETIREMENT SYSTEM (continued)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES RELATED TO PENSIONS

At December 31, 2015, the Town reported the following liability for its proportionate share of the net pension liability. The net pension liability was measured as December 31, 2015. The total pension liability used to calculate the net pension (liability was determined by an actuarial valuation. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS System in reports provided to the Town.

Actuarial valuation date	April 1, 2014
Net pension liability	\$ 6,969,189
Town's portion of the Plan's total net pension liability	0.2062962%

For the year ended December 31, 2015, the Town recognized pension expense of \$6,229,404. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 223,092	\$ -
Net difference between projected and actual investment earnings on pension plan investments	1,210,460	
Changes in proportion and differences between employer contributions and proportionate share of contributions		311,121
Employer contributions subsequent to the measurement date	8,488,498	
Total	\$ 9,922,050	\$ 311,121

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

C. DETAILED NOTES ON ALL FUNDS (continued)

5. RETIREMENT SYSTEM (continued)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)

Net amount of the Town's balances of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year Ended March 31</u>	<u>Amount</u>
2016	\$ 280,608
2017	280,608
2018	280,608
2019	280,608
	<u>\$ 1,122,432</u>

ACTUARIAL ASSUMPTIONS

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>
Measurement Date	March 31, 2015
Actuarial Valuation Date	April 1, 2014
Interest Rate	7.50%
Salary Scale	4.90%
Decrement tables	April 1, 2005- March 31, 2010
	System Experience
Inflation rate	2.7%

Annuity mortality rates are based on April 1, 2005-March 31, 2010 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005-March 31, 2010.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

C. DETAILED NOTES ON ALL FUNDS (continued)

5. RETIREMENT SYSTEM (continued)

ACTUARIAL ASSUMPTIONS (continued)

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

	ERS	
	Target Allocation	Long-term Expected Rate of Return
Asset type		
Domestic equity	38.0%	7.30%
International equity	13.0%	8.55%
Real estate	8.0%	8.25%
Alternative investments	19.0%	6.75-11.00%
Bonds and mortgages	18.0%	4.00%
Cash	2.0%	2.25%
Inflation indexed bonds	2.0%	4.00%
	100%	

DISCOUNT RATE

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

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

C. DETAILED NOTES ON ALL FUNDS (continued)

5. RETIREMENT SYSTEM (continued)

SENSITIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET) TO THE DISCOUNT RATE ASSUMPTION

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

	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension liability (asset)	\$46,452,663	\$6,969,189	(\$26,364,653)

PENSION PLAN FIDUCIARY NET POSITION

The components of the current-year pension liability of the employers as of the valuation date were as follows:

	(Dollars in Thousands)
	ERS
Valuation Date	April 1, 2014
Employer's total pension liability	(\$ 164,591,504)
Plan Fiduciary Net Position	161,213,259
Employer's net pension liability	(\$ 3,378,245)
Ratio of plan fiduciary net position to the Employers' total pension liability	97.95%

6. EMPLOYEE RETIREMENT INCENTIVES

The Town made available retirement incentive programs to eligible employees. The incentive offered to pay health insurance benefits for the retirees and their spouses.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

C. DETAILED NOTES ON ALL FUNDS (continued)

7. OTHER POST-EMPLOYMENT BENEFITS (OBLIGATIONS FOR HEALTH INSURANCE)

Plan Description:

The Town provides continuation of medical insurance to employees who are at least 50 years old and have 15 consecutive years of service with the Town. Based on collective bargaining agreements, the retiree and his/her beneficiaries receive this coverage for the life of the retiree and continued coverage for a non-married spouse and dependent children upon the death of the retiree. The same benefits are available to non-union employees.

The Town retiree's pays 100% of the premiums for those employees who retired prior to January 1, 2004. The Town will pay 75% of premiums for employees and 35% of spouse's premium for those employees who retire after January 1, 2004. A retirement incentive is offered to employees whereby the Town will pay the full premium cost for those who retire within the first year that they are eligible during the period of January 1, 2012 through December 31, 2016.

Funding Policy:

The number participants as of January 1, 2015, the effective date of the biennial other post-employment benefits (OPEB) valuation, are as follows. There have been no significant changes in the number or type of coverage since that date.

	Total	Town	Component Units
Active Employees	630	598	32
Retirees	640	616	24
Spouses of Retired Employees	327	310	17
Total	1597	1524	73

The Town currently pays for post-employment health care benefits on a pay-as-you-go basis. GASB 45 does not require that the unfunded liability be amortized nor that it be funded only that the unfunded accrued liability is accounted for and in compliance in meeting its Annual Required Contribution ("ARC"). However, if the liability is funded, assets must be transferred to a qualifying irrevocable trust or equivalent arrangement for the exclusive benefit of plan members and must be protected from creditors.

At this time, there is no New York State statute providing local governments with the requisite authority for establishing another post-employment benefits trust. Therefore, these financial statements are presented on a pay-as-you-go basis until a funding mechanism is authorized for Municipalities by New York State statute.

Annual Other Post-Employment Benefits Cost and Net Obligation:

For the year ended December 31, 2015, the Town's annual other post-employment benefits, including component units, cost (expenses) were \$17,082,850. Considering the annual expense as well as the payment of current health insurance premiums, which totaled \$7,016,510 for retirees and their beneficiaries, the result was an increase in the other post-employment benefits liability of \$10,066,340 for the year ended December 31, 2015.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

C. DETAILED NOTES ON ALL FUNDS (continued)

**7. OTHER POST-EMPLOYMENT BENEFITS (OBLIGATIONS FOR HEALTH INSURANCE)
(continued)**

The Town's annual other post-employment benefits cost, the amount actually paid and changes to the Town's net other post-employment benefits obligation to the Plan for the year ended December 31, 2015 are as follows:

	Total	Town	Component Units
Annual Required Contribution (ARC)	\$ 17,913,806	\$ 16,905,256	\$ 1,008,550
Interest on net OPEB Obligation	2,755,451	2,590,578	164,873
Adjustment to ARC	(3,586,407)	(3,368,489)	(217,918)
Annual OPEB Cost	17,082,850	16,127,345	955,505
Payments Made	(7,016,510)	(6,680,954)	(335,556)
Increase in Net OPEB Obligation	10,066,340	9,446,391	619,949
Net OPEB Obligation-beginning of year	68,886,262	64,764,446	4,121,816
Net OPEB Obligation-end of year	\$78,952,602	\$74,210,837	\$ 4,741,765

The Town's annual other post-employment benefits cost, the percentage of annual other post-employment benefits cost contributed to the Plan and the net other post-employment benefits obligation for the year ended December 31, 2015:

Annual Other Post-Employment Benefits Cost and Net Obligation:

Town of Huntington	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 16,127,345	41.4%	\$ 74,210,837
2014	\$ 14,357,620	46.3%	\$ 64,764,446
2013	\$ 13,812,790	42.8%	\$ 57,049,743

Component Units	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 955,505	35.1%	\$ 4,741,765
2014	\$ 951,819	40.2%	\$ 4,121,816
2013	\$ 913,620	34.9%	\$ 3,552,228

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

C. DETAILED NOTES ON ALL FUNDS (continued)

7. OTHER POST-EMPLOYMENT BENEFITS (OBLIGATIONS FOR HEALTH INSURANCE) (continued)

Funded Status and Funding Progress:

The funded status of the plan as of January 1, 2015 is as follows:

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded ratio	Covered Payroll	UAAL as a % of Covered Payroll
Town	1/1/2015	-	\$ 221,109,413	\$ 221,109,413	0%	\$ 61,337,769	360.5%
Component Units	1/1/2015	-	12,616,851	12,616,851	0%	2,309,502	546.3%
Total			\$ 233,726,264	\$ 233,726,264		\$ 63,647,271	

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 annual 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.

Based on the Town's actuarial report as of January 1, 2016, the annual other post-employment benefits cost (expense) is calculated based on the annual required contribution (ARC) to the Town, an amount that was actuarially determined by using the entry age method (one of the actuarial cost methods in accordance with parameters of GASB 45) and level percentage of projected payroll of active plan members on a closed basis. Included coverage is "community-rated" and annual premiums for community-rated coverage was used with future trend increases without age adjustments. The actuarial methods and assumptions are as follows:

	Town	Component Units
Interest Rate	4.0%	4.0%
2015 Medical Rate Trends (Pre-65/Post-65)	9.0%/8.0%	9.0%/6.0%
Ultimate Medical Trend Rate	5.0%	5.0%
Year Ultimate Trend Rates Reached (Pre-65/Post-65)	2019/2018	2019/2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Remaining amortization Period at 12/31/2013	21.67	21.33, 21.21
Annual Payroll Increase	2.5%	2.5%

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

C. DETAILED NOTES ON ALL FUNDS (continued)

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

Estimated vacation, sick leave and compensatory absences accumulated by governmental fund type employees have been recorded in the government-wide financial statements. Payment of vacation time and sick leave is dependent upon many factors, and therefore the 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, 2015, the value of the accumulated vacation time and sick leave was \$13,454,412 for the Town and \$543,904 for the Component Units.

<u>Town</u>	Balance			Balance
	1/1/2015	Additions	Deletions	12/31/2015
General Fund	\$ 7,715,008	\$ 3,382,321	\$ 3,259,998	\$ 7,837,331
Town Outside Village	1,124,789	509,436	593,915	1,040,310
Highway	2,770,852	1,241,128	1,526,140	2,485,840
Street Lighting	199,563	90,452	144,062	145,953
Refuse	1,022,457	441,111	409,315	1,054,253
Sewer Districts	382,101	76,019	156,497	301,623
Water Districts	489,128	95,154	188,816	395,466
CDA	188,646	56,351	51,361	193,636
Total Primary Government	\$ 13,892,544	\$ 5,891,972	\$ 6,330,104	\$ 13,454,412
Component Units				
Greenlawn Water District	\$ 233,472	\$ 20,297	\$ -	\$ 253,769
South Huntington Water District	308,332	-	18,197	290,135
Total Components	\$ 541,804	\$ 20,297	\$ 18,197	\$ 543,904

9. CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2015, the Town adopted GASB 68 and GASB Statement No. 71. These statements address accounting and financial reporting for pensions provided to Town employees that are administered by ERS. The statements also require various note disclosures (Note C.5) and required supplementary information. As a result, beginning of year net position has been restated as follows:

	Town's Net	Component Units
	Position	Net Position
Beginning of year, as reported	\$ 209,781,571	\$ 48,914,774
Net Pension Liability	(2,315,098)	53,219
Beginning of year, as restated	<u>\$ 207,466,473</u>	<u>\$ 48,967,993</u>

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

D. COMMITMENTS AND CONTINGENCIES

1. RISK RETENTION

In common with other municipalities, the Town receives numerous notices of claims. The Town self-insures for bodily injury and property damage up to a maximum of \$2,000,000 per claim. Claims in excess of \$2,000,000 are covered by an excess liability policy providing for \$10,000,000 per occurrence and in the aggregate. The Town is also self-insured for automobile liability insurance with the same limits as above. Additionally, the Town is self-insured for workers' compensation 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 catastrophic workers' compensation losses up to a \$10,000,000 cap with a \$2,000,000 retention for each loss. Although the eventual outcome of these claims cannot presently be determined, the amount of unsettled claims and litigation is estimated to be \$8,835,779. 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.

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 its workers' compensation and general liability by consulting with legal counsel and 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 general liability and workers' compensation and includes an estimate of claims that have been incurred but not yet reported.

	Workers' Compensation		General Liability	
	2015	2014	2015	2014
Unpaid claims and claim adjustment expenditures at beginning of year	\$ 6,900,639	\$ 4,834,153	\$ 4,120,157	\$ 5,327,668
Incurred claims and claim adjustment expenditures:				
Provision for insured events of the current year and increases in provision for insured events of prior years	1,517,069	7,927,064	1,054,027	332,162
Payments:				
Claims and claim adjustment expenditures attributable to insured events and of the current and prior years	(3,230,884)	(5,860,578)	(1,525,229)	(1,539,673)
Total unpaid claims and claim adjustment expenditures at the end of year	\$ 5,186,824	\$ 6,900,639	\$ 3,648,955	\$ 4,120,157

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

D. COMMITMENTS AND CONTINGENCIES (continued)

2. RESOURCE RECOVERY FACILITY

The waste-to-energy Resource Recovery Facility, which was constructed to service the Town, was financed through the issuance of \$176,550,000 in Industrial Development Bonds, by the New York State Environmental Facilities Corporation. The facility was constructed and is now being operated by Covanta Huntington Limited Partnership (“Covanta”) (formerly known as Ogden Martin Systems, Inc.), an affiliate of Covanta Energy, Inc. The facility is currently operating at full capacity.

Industrial Development Bonds are not general obligations of the Town and do not constitute any indebtedness of or charge against the general credit of the Town. However, the Town has entered into a Service Agreement with Covanta pursuant to which the Town has certain obligations with respect to the delivery of waste tonnage to the facility and the payment of related service fees, that when combined with revenue from the sale of project-generated electricity will finance both the operating expenses and debt service relating to the facility. The original Service Agreement had a term of 25 years. In December 2010, the Town exercised their option to extend this Service Agreement until the year 2019 and amended the financial provisions in the extension.

In September 1989, the Board closed its 60-year old landfill and thereafter, entered into an agreement with the neighboring Town of Smithtown. This agreement executed in December 1989 provided that until such time as Huntington’s waste-to-energy facility was constructed, Huntington would share the use of two cells in Smithtown’s State-approved landfill for the disposal of its solid waste. For the reserving of capacity and the transfer of a fee interest in the first cell, the Town has paid the Town of Smithtown a charge of approximately \$33.30 per ton of solid waste disposed of therein. For its use of the second cell, which was constructed to receive solid waste upon the first cell being filled to capacity, the Town must pay the Town of Smithtown a fee equal to a portion of the capital costs, costs of usage associated with such cell, and the costs incurred after the cell is no longer utilized.

The Town has been paying approximately one-half of these costs. Included in the capital costs is a general obligation bond issued by the Town of Smithtown to finance the construction of the second cell.

As further consideration for allowing the Town to use its landfill, the agreement grants the Town of Smithtown the right to deliver its processable solid waste to the waste-to-energy facility. By the terms of the agreement, the Town of Smithtown has agreed to share the obligations of the Town under the Service Agreement with Covanta. The total costs paid by the Town under this service agreement during 2015 amounted to \$18,228,846 of which \$6,785,162 was reimbursed by the Town of Smithtown.

3. LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

State and federal laws and regulations require the Town of Huntington to place a final cover on its landfill site, which stopped accepting waste in 1989, and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Accordingly, as of December 31, 2015, the Town has recorded a liability of \$298,350, which represents the provision to be made in future budgets for unfunded closure and post-closure landfill costs. Actual costs may be higher or lower due to inflation or deflation, changes in technology or changes in regulations or applicable laws.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

D. COMMITMENTS AND CONTINGENCIES (continued)

4. CONSTRUCTION AND OTHER CAPITAL ACQUISITION COMMITMENTS

Construction in progress, commitments for equipment purchases and other capital acquisition commitments amounting to \$5,673,842 has been recorded as encumbrances in the Capital Projects Fund.

5. LITIGATION

The Town is involved in various litigation arising in the normal conduct of its affairs. Some of the law suits seek damages which could be in excess of the Town's insurance coverage. However, it is not possible to determine the Town's potential exposure, if any, at this time.

6. LENGTH OF SERVICE AWARD PROGRAM-LOSAP

Plan Description

The Town of Huntington participates in two Volunteer Ambulance First Aid Workers Service Award Programs (the Plans): Commack Volunteer Ambulance Corps. and Huntington Community First Aid Squad, Inc. Both plans are single-employer defined benefit pension plans covering the volunteer ambulance workers. The Plans are administered by Penflex, Inc. with all provisions and amendments subject to approval of the Board. None of the pension plans issue separate audited reports on the pension plans.

Funding Policy

The Plans are established under New York State Law Section 565-B, A7635-B, and Article 11AAA. The Plans are non-contributory. The Town is required to contribute the total amount sufficient to cover the normal cost of the plans.

Any volunteer ambulance worker who completed five years of service and attains age 65 is eligible for normal retirement benefits. The amount of the monthly retirement income payable to a volunteer ambulance worker eligible for normal retirement benefits is equal to \$20 multiplied by the total years of service, which is not to exceed 40 years with no post-retirement benefit increases.

Pension expense is determined based on an annual actuarial calculation. The required contribution for the Plans consists of two components. The first component, the annual prior service cost which equals the level annual payment required to fund over the prior service funding period, the portion of the current participants' projected benefits at entitlement age which is based on the service credit ambulance workers earned before the effective date of the Service Award Program. The second component, the "normal cost," which is equal to the level annual payment required to fund the portion of the current participants' projected benefits based on their service credit earned after the effective date of the Service Award Program. Based upon accepted actuarial methods and the assumptions used, it has been determined that the contributions for the Commack Volunteer Ambulance Corps of \$59,507 and the Huntington Community First Aid Squad of \$380,000 for the year ended December 31, 2014 was sufficient to satisfy current and future service award obligations upon eligibility for retirement. The Fiscal Year 2014 contribution was made in Fiscal Year 2015. Actuarial results for Fiscal Year 2015 were not available to be reported in this financial statement. The Annual Required Contribution and the Annual Contribution do not vary significantly from year to year and are not material to the financial statements as a whole.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

D. COMMITMENTS AND CONTINGENCIES (continued)

6. LENGTH OF SERVICE AWARD PROGRAM-LOSAP

Funding Policy (continued)

Commack Volunteer Ambulance Corps

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Paid	Percentage of Annual Postemployment Benefit Cost Contributed	Net Service Award Obligation (Asset)
12/31/2015	\$ 55,294	\$ 48,482	88%	\$ (242,117)
12/31/2014	\$ (41,419)	\$ 63,646	-154%	\$ (248,929)
12/31/2013	\$ 7,224	\$ 69,687	965%	\$ (143,864)
12/31/2012	\$ 78,827	\$ 68,524	87%	\$ (81,401)
12/31/2011	\$ 14,367	\$ 71,971	501%	\$ (91,704)
12/31/2010	\$ 6,882	\$ 78,127	1135%	\$ (34,100)

	2015	2014	2013	2012	2011	2010
Annual required contribution (ARC)	\$ 59,507	\$ 48,482	\$ 63,646	\$ 69,687	\$ 68,524	\$ 71,970
Interest on net OPEB obligation	(14,936)	(8,991)	(5,291)	(5,960)	(2,216)	3,310
Adjustment to ARC	10,723	(80,910)	(51,131)	15,100	(51,942)	(82,162)
Annual OPEB cost (expense)	55,294	(41,419)	7,224	78,827	14,366	(6,882)
Payments made	(48,482)	(63,646)	(69,687)	(68,524)	(71,970)	(78,127)
Increase (decrease) in net OPEB obligation	6,812	(105,065)	(62,463)	10,303	(57,604)	(85,009)
Net OPEB, beginning of year	(248,929)	(143,864)	(81,401)	(91,704)	(34,100)	50,909
Net OPEB, end of year	<u>\$ (242,117)</u>	<u>\$ (248,929)</u>	<u>\$ (143,864)</u>	<u>\$ (81,401)</u>	<u>\$ (91,704)</u>	<u>\$ (34,100)</u>

The funded status of the plan as of December 31, 2014 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Accrued Liability (AAL)	(Overfunded)/ Underfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
12/31/2014	1,124,558	882,441	(242,117)	127.4%	N/A	N/A
12/31/2013	1,033,644	784,719	(248,925)	131.7%	N/A	N/A
12/31/2012	835,007	691,143	(143,864)	120.8%	N/A	N/A
12/31/2011	703,107	621,706	(81,401)	113.1%	N/A	N/A
12/31/2010	687,326	595,622	(91,704)	115.4%	N/A	N/A
12/31/2009	565,236	531,136	(34,100)	106.4%	N/A	N/A

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

D. COMMITMENTS AND CONTINGENCIES (continued)

6. LENGTH OF SERVICE AWARD PROGRAM-LOSAP

Funding Policy (continued)

Huntington Community First Aid Squad

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Paid	Percentage of Annual Postemployment Benefit Cost Contributed	Net Service Award Obligation (Asset)
12/31/2015	\$ 496,517	\$ 356,409	72%	\$ 550,393
12/31/2014	\$ 117,369	\$ 356,813	304%	\$ 410,285
12/31/2013	\$ 178,112	\$ 355,889	200%	\$ 649,729
12/31/2012	\$ 432,859	\$ 328,130	76%	\$ 827,506
12/31/2011	\$ 227,078	\$ 320,258	141%	\$ 722,777
12/31/2010	\$ 168,023	\$ 330,474	197%	\$ 815,957

	2015	2014	2013	2012	2011	2010
Annual required contribution (ARC)	\$ 416,961	\$ 356,409	\$ 356,813	\$ 355,889	\$ 328,130	\$ 320,258
Interest on net OPEB obligation	24,617	40,608	53,788	46,981	53,037	63,597
Adjustment to ARC	54,939	(279,648)	(232,489)	29,989	(154,089)	(215,832)
Annual OPEB cost (expense)	496,517	117,369	178,112	432,859	227,078	168,023
Payments made	(356,409)	(356,813)	(355,889)	(328,130)	(320,258)	(330,474)
Increase in net OPEB obligation	140,108	(239,444)	(177,777)	104,729	(93,180)	(162,451)
Net OPEB, beginning of year	410,285	649,729	827,506	722,777	815,957	978,408
Net OPEB, end of year	<u>\$ 550,393</u>	<u>\$ 410,285</u>	<u>\$ 649,729</u>	<u>\$ 827,506</u>	<u>\$ 722,777</u>	<u>\$ 815,957</u>

The funded status of the plan as of December 31, 2014 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
12/31/2014	4,337,628	4,888,021	550,393	88.7%	N/A	N/A
12/31/2013	3,922,570	4,332,855	410,285	90.5%	N/A	N/A
12/31/2012	3,185,108	3,834,837	649,729	83.1%	N/A	N/A
12/31/2011	2,700,107	3,527,613	827,506	76.5%	N/A	N/A
12/31/2010	2,488,933	3,211,710	722,777	77.5%	N/A	N/A
12/31/2009	2,095,658	2,911,615	815,957	72.0%	N/A	N/A

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

D. COMMITMENTS AND CONTINGENCIES (continued)

6. LENGTH OF SERVICE AWARD PROGRAM-LOSAP

Funding Policy (continued)

Actuarial Methods and Assumptions

Commack Volunteer Ambulance Corps

Valuation Date	December 31, 2014
Actuarial Cost Method	Attained Age Normal Frozen Initial Liability Cost Method
Amortization Method	Level Dollar, Open
Pre-Entitlement age mortality table	None assumed
Post-entitlement age mortality table	50/50 blend 1994 US Uninsured Pensioner Mortality
Remaining Amortization Period	5 Years
Asset Valuation Method	Fair Market Value
Actuarial Assumptions:	
Investment Rate of Return, Including an inflation factor	6 %

Huntington Community First Aid Squad

Valuation Date	December 31, 2014
Actuarial Cost Method	Attained Age Normal Frozen Initial Liability Cost Method
Amortization Method	Level Dollar, Open
Pre-Entitlement age mortality table	None assumed
Post-entitlement age mortality table	50/50 blend 1994 US Uninsured Pensioner Mortality
Remaining Amortization Period	5 Years
Asset Valuation Method	Fair Market Value
Actuarial Assumptions:	
Investment Rate of Return, Including an inflation factor	6 %

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

E. 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, 2015:

Condensed Statement of Net Position:

	South Huntington Water District	Greenlawn Water District	Totals
ASSETS			
Current Assets and other assets	15,538,089	6,212,050	21,750,139
Capital assets net of depreciation	41,896,417	18,119,019	60,015,436
Deferred Outflow of Resources	368,463	193,156	561,619
Total Assets	<u>57,802,969</u>	<u>24,524,225</u>	<u>82,327,194</u>
LIABILITIES AND NET POSITION			
Current Liabilities	3,067,381	846,574	3,913,955
Other long-term liabilities	22,285,780	6,206,719	28,492,499
Investment in capital assets	26,667,489	14,172,926	40,840,415
Restricted	4,481,426	2,056,533	6,537,959
Unrestricted	1,300,893	1,241,473	2,542,366
Total Net Position	<u>32,449,808</u>	<u>17,470,932</u>	<u>49,920,740</u>
Total Liabilities and Net Position	<u>\$ 57,802,969</u>	<u>\$ 24,524,225</u>	<u>\$ 82,327,194</u>

Condensed Statement of Activities:

	Program		General Revenue			Net Assets		
	Expenses	Charges for Services	Net (Expense) Revenue	Property Tax	Other	Change	1/1/2015	12/31/2015
South Huntington Water District	\$ 8,271,753	\$ 4,305,407	\$ (3,966,346)	\$ 3,925,973	\$ 1,457,154	\$ 1,416,781	\$ 31,033,027	* \$ 32,449,808
Greenlawn Water District	5,850,473	2,984,655	(2,865,818)	2,331,281	70,503	(464,034)	17,934,966	* 17,470,932
	<u>\$ 14,122,226</u>	<u>\$ 7,290,062</u>	<u>\$ (6,832,164)</u>	<u>\$ 6,257,254</u>	<u>\$ 1,527,657</u>	<u>\$ 952,747</u>	<u>\$ 48,967,993</u>	<u>\$ 49,920,740</u>

*Restated

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

F. SUBSEQUENT EVENTS

There were no reportable subsequent events.

G. NEW PRONOUNCEMENTS

Governmental Accounting Standards Board (GASB) issued authoritative guidance (GAS Statement No. 72) *Fair Value Measurement and Application*. The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes. The Town is required to implement this authoritative guidance for the year ended December 31, 2016.

Governmental Accounting Standards Board (GASB) issued authoritative guidance (GAS Statement No. 75) *Accounting and Financial Reporting for Postemployment Benefits Plans Other Than Pensions*, replacing Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB, No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*, establishing new accounting and financial reporting requirements for OPEB plans. This statement is effective for financial statements for fiscal years beginning after June 15, 2017.

Governmental Accounting Standards Board (GASB) issued authoritative guidance (GAS Statement No. 76) *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principle (GAAP). The Town is required to implement this authoritative guidance for the year ended December 31, 2016.

Governmental Accounting Standards Board (GASB) issued authoritative guidance (GAS Statement No. 77) *Tax Abatement Disclosures*, This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Town is required to implement this authoritative guidance for the year ended December 31, 2016.

Governmental Accounting Standards Board (GASB) issued authoritative guidance (GAS Statement No. 80) *Blending Requirements for Certain Component Units*, an amendment of Statement No. 14, *The Financial Reporting Entity*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

Governmental Accounting Standards Board (GASB) issued authoritative guidance (GAS Statement No. 82) *Pension Issues*, an amendment of Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting. And Financial Reporting for Pensions and Related Assets That are not Within the Scope of GASB Statement No. 68 and Amendments to Certain Provisions of GASB Statements No. 67 and 68*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

Notes to Required Supplementary Information

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

Budgets for the General and certain Special Revenue Funds are legally adopted for each fiscal year. The budgets are adopted on a basis of accounting consistent with GAAP, except that appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior years. The Capital Projects and Special Grant Funds are budgeted on a project or grant basis.

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Year ended December 31, 2015

	Budgetary Amounts		Actual	Variance with Final Budget
	Original	Final		
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 39,564,044	\$ 39,564,044	\$ 39,676,446	\$ 112,402
Total Real Property Taxes	39,564,044	39,564,044	39,676,446	112,402
OTHER REAL PROPERTY TAXES				
Payment In lieu of taxes	68,045	68,045	73,545	5,500
Interest and penalty on taxes	280,000	280,000	282,272	2,272
Total Other Real Property Taxes	348,045	348,045	355,817	7,772
NON-PROPERTY TAX ITEMS				
Franchises - cable TV	4,090,212	4,090,212	4,407,959	317,747
Total Non-Property Tax Items	4,090,212	4,090,212	4,407,959	317,747
DEPARTMENTAL INCOME				
Town clerk fees	400,000	400,000	354,633	(45,367)
Other general departmental income	4,000	4,000	82,525	78,525
Parking meter fees	850,000	850,000	663,905	(186,095)
Transportation	439,000	439,000	456,680	17,680
Charges - programs for the aging	320,000	320,000	319,795	(205)
Park and recreational charges	1,896,000	1,903,247	2,013,786	110,539
Recreational concessions	80,000	80,000	70,125	(9,875)
Special recreational facility charges	5,277,000	5,277,000	5,083,042	(193,958)
Refuse and garbage charges	22,917,481	22,917,481	21,538,653	(1,378,828)
Total Departmental Income	32,183,481	32,190,728	30,583,144	(1,607,584)
INTERGOVERNMENTAL CHARGES				
Information Technology - other governments	-	-	-	-
Miscellaneous Revenue	27,000	27,000	26,117	(883)
Refuse and Garbage Service	101,357	101,357	103,824	2,467
Total Intergovernmental Charges	128,357	128,357	129,941	1,584
USE OF MONEY AND PROPERTY				
Interest and earnings	209,400	209,400	226,710	17,310
Rental of real property	789,051	789,051	897,227	108,176
Total Use of Money and Property	998,451	998,451	1,123,937	125,486
LICENSES AND PERMITS				
Bingo licenses	13,500	13,500	14,122	622
Dog licenses	30,200	30,200	26,848	(3,352)
Parking Permits	905,000	905,000	950,250	45,250
Other permits	25,000	28,043	29,194	1,151
Total Licenses and Permits	973,700	976,743	1,020,414	43,671
FINES AND FORFEITURES				
Fines	1,430,000	1,430,000	1,136,862	(293,138)
Total Fines and Forfeitures	1,430,000	1,430,000	1,136,862	(293,138)

(Continued)

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Year ended December 31, 2015

	Budgetary Amounts		Actual	Variance with Final Budget
	Original	Final		
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sales of scrap and excess material	25,000	25,000	23,533	(1,467)
Sales of refuse for recycling	21,200	21,200	11,336	(9,864)
Sales other	8,000	8,000	4,800	(3,200)
Sales of Real Property	-	-	141,000	141,000
Sales of equipment	5,000	5,000	10,513	5,513
Insurance recoveries	220,000	220,000	276,830	56,830
Total Sale of Property and Compensation for Loss	<u>279,200</u>	<u>279,200</u>	<u>468,012</u>	<u>188,812</u>
MISCELLANEOUS LOCAL SOURCES				
Refund of prior year expenditures	-	-	39,476	39,476
Gifts and donations	-	19,300	20,475	1,175
Miscellaneous revenue	1,218,268	1,230,293	1,120,337	(109,956)
Total Miscellaneous Local Sources	<u>1,218,268</u>	<u>1,249,593</u>	<u>1,180,288</u>	<u>(69,305)</u>
INTERFUND REVENUES	<u>4,150,647</u>	<u>4,150,647</u>	<u>4,150,647</u>	<u>-</u>
STATE AID				
State Aid - revenue sharing	1,067,256	1,067,256	1,067,256	-
State Aid - mortgage tax	7,500,000	7,500,000	7,376,881	(123,119)
State Aid - other	-	-	1,718	1,718
State Aid - disaster assistance				-0-
State Aid - bus and other mass transit	789,085	789,085	811,808	22,723
State Aid - programs for aging	206,000	206,000	204,018	(1,982)
State Aid - youth program	443,686	443,686	377,258	(66,428)
State Aid - code enforcement	7,580	7,580	-	(7,580)
State Aid - other culture and recreation	48,674	48,674	48,672	(2)
State Aid - other home and community services	-	-	10,014	10,014
Total State Aid	<u>10,062,281</u>	<u>10,062,281</u>	<u>9,897,625</u>	<u>(164,656)</u>
FEDERAL AID				
Federal Aid - programs for the aging	217,000	217,000	190,683	(26,317)
Federal Aid - youth program	738,755	738,755	773,152	34,397
Federal Aid - other home and community services				-
Federal Aid - federal emergency management assistance			86,124	86,124
Federal Aid - other culture and recreation	-	-	585	585
Total Federal Aid	<u>955,755</u>	<u>955,755</u>	<u>1,050,544</u>	<u>94,789</u>
Total Revenues	<u>\$ 96,382,441</u>	<u>\$ 96,424,056</u>	<u>\$ 95,181,636</u>	<u>\$ (1,242,420)</u>

(Continued)

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Year ended December 31, 2015

Function	Budgetary Amounts		Actual	Encumbrances	Variance with Final Budget
	Original	Final			
CURRENT:					
GENERAL GOVERNMENT SUPPORT					
Town board	\$ 735,265	\$ 730,265	\$ 723,755	\$ -	\$ 6,510
Traffic violations bureau	116,199	116,199	110,381	-	5,818
Supervisor	800,622	800,384	797,844	-	2,540
Comptroller	1,234,209	1,179,878	1,139,885	-	39,993
Tax collection	659,515	670,427	670,308	-	119
Purchasing	288,106	297,952	297,822	-	130
Assessment	1,180,048	1,166,003	1,126,767	-	39,236
Fiscal agent fees	35,000	47,787	47,780	-	7
Town clerk	1,062,485	1,089,885	1,065,152	1,175	23,558
Town attorney	2,732,993	2,972,883	2,598,763	140,622	233,498
Personnel	663,266	693,864	675,251	-	18,613
Engineer	734,561	869,461	829,222	10,000	30,239
General services	634,601	684,321	683,930	-	391
Operation of plant	9,897,644	9,917,498	9,697,265	34,567	185,666
Central storeroom	426,434	427,271	412,751	-	14,520
Central printing and mailing	247,000	247,000	234,210	-	12,790
Information Technology	2,249,237	2,451,051	2,210,234	200,904	39,913
Unallocated insurance	341,645	329,785	324,946	-	4,839
Municipal assessment dues	9,000	9,000	6,836	-	2,164
Judgments and claims	300,000	793,208	716,405	-	76,803
Purchase of land and right of way	1,500,000	-	-	-	-
Taxes and assessment on municipal property	28,500	20,773	20,183	-	590
Contractual	20,000	44,067	11,500	-	32,567
Total General Government Support	25,896,330	25,558,962	24,401,190	387,268	770,504
PUBLIC SAFETY					
Administration	2,870,049	3,106,265	3,086,335	15,598	4,332
Harbors and waterways	687,526	750,970	743,890	-	7,080
Control of dogs	887,938	923,890	909,849	188	13,853
Safety inspection	235,948	248,810	235,640	-	13,170
Civil defense	78,869	78,869	29,524	10,860	38,485
Total Public Safety	4,760,330	5,108,804	5,005,238	26,646	76,920
HEALTH					
Substance Abuse	859,888	701,093	701,093	-	-
Total Health	859,888	701,093	701,093	-	-
TRANSPORTATION					
Highway and street administration	849,264	856,750	842,441	-	14,309
Public transportation	3,888,995	4,221,551	4,174,885	25,641	21,025
Waterways Navigation	61,894	66,222	66,179	-	43
Total Transportation	4,800,153	5,144,523	5,083,505	25,641	35,377
ECONOMIC ASSISTANCE AND OPPORTUNITY					
Community action administration	76,408	77,058	76,673	-	385
Public Information	163,173	170,436	170,434	-	2
Veterans service	8,500	8,500	8,500	-	-
Family Assistance Program	169,270	169,270	163,270	-	6,000
Programs for the aging	1,894,224	1,846,636	1,713,859	5,257	127,520
Total Economic Assistance And Opportunity	2,311,575	2,271,900	2,132,736	5,257	133,907

(Continued)

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Year ended December 31, 2015

Function	Budgetary Amounts		Actual	Encum- brances	Variance with Final Budget
	Original	Final			
CULTURE AND RECREATION					
Council on the arts	147,500	147,500	147,500	-	-
Recreation administration	3,882,513	3,877,105	3,776,775	418	99,912
Playgrounds and recreation centers	1,323,545	1,400,444	1,280,055	5,457	114,932
Special recreation facility charges	2,739,706	2,735,079	2,609,367	-	125,712
Band concerts	143,811	150,096	150,094	-	2
Youth programs	544,134	554,601	554,523	-	78
Joint youth programs	2,701,916	2,701,848	2,690,902	-	10,946
Museums	828,565	819,248	795,090	3,000	21,158
Historian	53,565	56,977	54,240	2,110	627
Celebrations	10,000	9,146	9,146	-	-
Adult recreation	774,637	736,159	727,970	-	8,189
Total Culture and Recreation	13,149,892	13,188,203	12,795,662	10,985	381,556
HOME AND COMMUNITY SERVICES					
Refuse and garbage	20,262,725	19,029,131	19,017,665	-	11,466
Landfill Post Closure	66,500	59,000	52,271	-	6,729
Recycling	612,122	631,061	628,154	-	2,907
General natural resources	879,346	867,113	862,724	-	4,389
Miscellaneous	45,799	62,109	39,337	22,373	399
Total Home and Community Services	21,866,492	20,648,414	20,600,151	22,373	25,890
EMPLOYEE BENEFITS					
State employee retirement system	6,072,111	6,072,111	6,028,983	-	43,128
Social security	99,500	74,500	67,292	-	7,208
Workers' compensation	1,100,000	1,846,623	1,815,373	31,250	-
Life insurance	50,000	45,000	30,068	-	14,932
Unemployment insurance	130,000	130,000	57,326	-	72,674
Disability benefits	90,000	90,000	61,287	-	28,713
Hospital, medical and dental	10,450,000	10,037,201	10,035,641	-	1,560
Union welfare benefits	270,000	270,000	254,850	-	15,150
Other employee benefits	798,000	905,139	879,629	-	25,510
Total Employee Benefits	19,059,611	19,470,574	19,230,449	31,250	208,875
DEBT SERVICE					
Principal on Bond Anticipation Note	-	285,000	285,000	-	-
Interest on Bond Anticipation Note	-	29,850	29,850	-	-
Total Debt Service	-	314,850	314,850	-	-
Total Expenditures	92,704,271	92,407,323	90,264,874	509,420	1,633,029
Excess (Deficiency) of Revenues Over Expenditures					
	3,678,170	4,016,733	4,916,762	(509,420)	390,609
Other Financing Sources (Uses)					
Transfers In	-	881,630	881,630	-	-
Transfers out	-	(1,766,352)	(1,766,352)	-	-
Transfers out (Debt Service)	(4,334,170)	(4,334,170)	(4,199,672)	-	134,498
Total Other Financing Sources (Uses)	(4,334,170)	(5,218,892)	(5,084,394)		134,498
Net Change in Fund Balance	\$ (656,000)	\$ (1,202,159)	(167,632)	\$ (509,420)	\$ 525,107
Fund Balance at Beginning of Year			23,934,074		
Fund Balance at End of Year			\$ 23,766,442		

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGHWAY FUND
For the Year ended December 31, 2015

	Budgetary Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 29,717,196	\$ 29,717,196	\$ 29,717,196	\$ -
Total Real Property Taxes	29,717,196	29,717,196	29,717,196	-
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	66,500	66,500	66,506	6
Interest and penalties on taxes	-	-	297	297
Total Other Real Property Taxes	66,500	66,500	66,803	303
DEPARTMENTAL INCOME				
Other general departmental income	-	16,500	465,153	448,653
Total Departmental Income	-	-	465,153	448,653
INTERGOVERNMENT CHARGE				
Transportation Services, Other Government	-	-	28,998	28,998
Total Departmental Income	-	-	28,998	28,998
USE OF MONEY AND PROPERTY				
Interest and earnings	90,000	90,000	78,685	(11,315)
Total Use of Money and Property	90,000	90,000	78,685	(11,315)
LICENSES AND PERMITS				
Licenses and permits	150,000	150,000	148,375	(1,625)
Total Licenses and Permits	150,000	150,000	148,375	(1,625)
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sales of scrap materials/equipment	8,000	8,000	15,017	7,017
Insurance recoveries	5,000	5,000	403,009	398,009
Total Sale of Property and Compensation for Loss	13,000	13,000	418,026	405,026
MISCELLANEOUS LOCAL SOURCES				
Miscellaneous revenue	375,100	375,100	361,603	(13,497)
Total Miscellaneous Local Sources	375,100	375,100	361,603	(13,497)
STATE AID				
State aid - Consolidated highway aid	1,709,769	1,962,436	2,420,057	457,621
State Aid - Other	-	-	127,042	127,042
Total State Aid	1,709,769	1,962,436	2,547,099	584,663
FEDERAL AID				
Federal Aid - Federal Emergency Management Assi	-	-	256,604	256,604
Total Federal Aid	-	-	256,604	256,604
Total Revenues	\$ 32,121,565	\$ 32,374,232	\$ 34,088,542	\$ 1,697,810

(Continued)

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGHWAY FUND
For the Year ended December 31, 2015

	Budgetary Amounts		Actual	Encumbrances	Variance with Final Budget
	Original	Final			
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT SUPPORT					
Insurance	\$ 106,085	\$ 93,556	\$ 93,556	\$ -	\$ -
Bond and note issue expense	45,000	45,000	37,150	-	7,850
Employee training	9,000	5,250	5,250	-	-
Other Government Support	52,220	41,309	40,801	-	508
Total General Government Support	212,305	185,115	176,757	-	8,358
TRANSPORTATION					
Highway repairs	12,927,454	12,282,431	12,250,149	846	31,436
Capital highway improvements	1,709,769	2,420,506	2,420,057	-	449
Highway and machinery	2,384,807	2,504,680	2,491,119	-	13,561
Brush and weeds	410,000	311,993	311,168	-	825
Snow removal	1,894,145	5,513,824	5,505,713	-	8,111
Total Transportation	19,326,175	23,033,434	22,978,206	846	54,382
EMPLOYEE BENEFITS					
State employee retirement system	2,322,659	2,613,552	2,613,552	-	-
Social security	48,000	48,000	42,721	-	5,279
Workers Compensation	1,100,000	932,629	932,628	-	1
Life insurance	400	400	184	-	216
Unemployment insurance	75,000	836	836	-	-
Disability benefits	1,000	1,000	167	-	833
Hospital, medical and dental	4,089,500	3,950,553	3,946,011	-	4,542
Union welfare benefits	200,000	200,000	191,180	-	8,820
Other employee benefits	224,000	558,449	558,449	-	-
Total Employee Benefits	8,060,559	8,305,419	8,285,728	-	19,691
DEBT SERVICE					
Interest on Bond Anticipation Not	-	15,675	15,675	-	-
Total Debt Service	-	15,675	15,675	-	-
Total Expenditures	27,599,039	31,539,643	31,456,366	846	82,431
Excess (Deficiency) of Revenues Over Expenditures	4,522,526	834,589	2,632,176	(846)	1,780,241
Other Financing Sources (Uses)					
Transfer Out	-	(681,258)	(681,258)	-	-
Transfers in	-	64,857	64,857	-	-
Transfers out (Debt Service)	(7,497,526)	(7,481,851)	(7,477,829)	-	(4,022)
Total Other Financing Sources (Uses)	(7,497,526)	(8,098,252)	(8,094,230)	-	(4,022)
Net Change in Fund Balance	\$ (2,975,000)	\$ (7,263,663)	\$ (5,462,054)	\$ (846)	\$ 1,776,219
Fund Balance at Beginning of Year			<u>11,170,169</u>		
Fund Balance at End of Year			<u>\$ 5,708,115</u>		

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
REFUSE AND GARBAGE FUND
For the Year ended December 31, 2015

	Budgetary Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 24,034,328	\$ 24,034,328	\$ 24,034,328	\$ -
Total Real Property Taxes	24,034,328	24,034,328	24,034,328	-
OTHER REAL PROPERTY TAX ITEMS				
Interest and penalties on taxes	1,000	1,000	240	(760)
Total Other Real Property Tax Items	1,000	1,000	240	(760)
DEPARTMENTAL INCOME				
Refuse and garbage charges	9,040	9,040	8,595	(445)
Total Departmental Income	9,040	9,040	8,595	(445)
INTERGOVERNMENT CHARGE				
Refuse & Garbage Service, Other Government	9,658	9,658	9,933	275
Total Intergovernment Charge	9,658	9,658	9,933	275
USE OF MONEY AND PROPERTY				
Interest and earnings	71,200	71,200	51,394	(19,806)
Total Use of Money and Property	71,200	71,200	51,394	(19,806)
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sales of recycled materials	550,000	550,000	113,160	(436,840)
Total Sale of Property and Compensation for Loss	550,000	550,000	113,160	(436,840)
MISCELLANEOUS LOCAL SOURCES				
Miscellaneous	105,000	105,000	94,313	(10,687)
Total Miscellaneous Local Sources	105,000	105,000	94,313	(10,687)
Total Revenues	\$ 24,780,226	\$ 24,780,226	\$ 24,311,963	\$ (468,263)

(Continued)

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
REFUSE AND GARBAGE FUND
For the Year ended December 31, 2015

	Budgetary Amounts		Actual	Encumbrances	Variance with Final Budget
	Original	Final			
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT SUPPORT					
Insurance	\$ 76,284	\$ 76,284	\$ 67,276	\$ -	\$ 9,008
Other government support	1,899,193	2,039,817	1,897,774	-	142,043
Total General Government Support	1,975,477	2,116,101	1,965,050	-	151,051
HOME AND COMMUNITY SERVICES					
Refuse and garbage	20,515,505	20,218,514	18,889,789	16,633	1,312,092
Total Home and Community Services	20,515,505	20,218,514	18,889,789	16,633	1,312,092
EMPLOYEE BENEFITS					
State employee retirement system	740,174	740,174	721,070	-	19,104
Social security	23,000	23,000	4,818	-	18,182
Workers Compensation	300,000	455,589	455,589	-	-
Life insurance	500	500	88	-	412
Unemployment insurance	20,000	21,279	21,279	-	-
Disability insurance	500	500	83	-	417
Hospital, medical and dental	1,227,100	1,212,100	1,162,347	-	49,753
Union welfare benefits	68,000	66,913	61,490	-	5,423
Other employee benefits	104,000	105,087	62,980	-	42,107
Total Employee Benefits	2,483,274	2,625,142	2,489,744	-	135,398
Total Expenditures	24,974,256	24,959,757	23,344,583	16,633	1,598,541
Excess (Deficiency) of Revenues Over Expenditures	(194,030)	(179,531)	967,380	(16,633)	1,130,278
Other Financing Sources (Uses)					
Transfers out	-	(15,000)	(15,000)	-	-
Transfers in	-	21,133	21,133	-	-
Transfers out (Debt Service)	(175,970)	(175,970)	(175,969)	-	1
Total Other Financing Sources (Uses)	(175,970)	(169,837)	(169,836)	-	1
Net Change in Fund Balance	\$ (370,000)	\$ (349,368)	797,544	\$ (16,633)	\$ 1,130,279
Fund Balance at Beginning of Year			2,445,717		
Fund Balance at End of Year			\$ 3,243,261		

TOWN OF HUNTINGTON
SCHEDULE OF FUNDING PROGRESS
POST-EMPLOYMENT BENEFITS HEALTHCARE COSTS
December 31, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll
1/1/2015	\$ -	\$ 221,109,413	\$ 221,109,413	0%	\$ 61,337,769	360.5%
1/1/2014	-	199,225,531	199,225,531	0%	\$ 59,000,459	337.7%
1/1/2013	-	192,762,104	192,762,104	0%	\$ 57,270,545	336.6%

Additional Post-employment Benefits information is shown on Note C. 7 to the financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF HUNTINGTON
SCHEDULE OF TOWN'S CONTRIBUTIONS
LAST TEN YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 11,317,997	\$ 10,790,971	\$ 12,736,105
Contributions in relation to the contractually required contribution	<u>11,317,997</u>	<u>10,790,971</u>	<u>12,736,105</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Town's covered employee payroll	55,099,418	53,285,268	51,630,809
Contributions as a percentage of covered employee payroll	21%	20%	25%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 10,760,219	\$ 8,010,413	\$ 5,777,432	\$ 3,675,479	\$ 4,165,774	\$ 4,139,894	\$ 4,801,559
<u>6,855,035</u>	<u>8,010,413</u>	<u>5,777,432</u>	<u>3,675,479</u>	<u>4,165,774</u>	<u>4,139,894</u>	<u>4,801,559</u>
\$ 3,905,184	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
52,095,461	49,396,373	51,110,066	50,805,977	49,240,978	48,625,551	46,362,977
13%	16%	11%	7%	8%	9%	10%

TOWN OF HUNTINGTON
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 December 31, 2015

Employees' Retirement System

	2015
Town's proportion of the net pension liability	0.2062962%
Town's proportionate share of the net pension liability	\$ 6,969,189
Town's covered employee payroll	\$ 55,263,873
Town's proportionate share of the net pension liability as a percentage of its covered employee payroll	12.61 %
Plan fiduciary net position as a percentage of the total pension liability	97.95%

THIS PAGE INTENTIONALLY LEFT BLANK

COMPONENT UNITS
SCHEDULE OF DISTRICTS' CONTRIBUTIONS
LAST TEN YEARS

Greenlawn Water District

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 234,751	\$ 253,709	\$ 286,409
Contributions in relation to the contractually required contribution	<u>234,751</u>	<u>253,709</u>	<u>286,409</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered employee payroll	1,245,786	1,233,467	1,202,453
Contributions as a percentage of covered employee payroll	19%	21%	24%

South Huntington Water District

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 205,756	\$ 326,700	\$ 215,311
Contributions in relation to the contractually required contribution	<u>205,756</u>	<u>326,700</u>	<u>215,311</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered employee payroll	1,316,312	1,373,704	1,352,331
Contributions as a percentage of covered employee payroll	16%	24%	16%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 215,544	\$ 136,735	\$ 71,746	\$ 72,345	\$ 126,743	\$ 119,054	\$ 130,681
<u>215,544</u>	<u>136,735</u>	<u>71,746</u>	<u>72,345</u>	<u>126,743</u>	<u>119,054</u>	<u>130,681</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,140,642	1,047,393	925,811	891,082	907,766	860,590	822,413
19%	13%	8%	8%	14%	14%	16%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 255,066	\$ 166,737	\$ 144,068	\$ 75,202	\$ 88,049	\$ 94,689	\$ 110,436
<u>255,066</u>	<u>166,737</u>	<u>144,068</u>	<u>75,202</u>	<u>88,049</u>	<u>94,689</u>	<u>110,436</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,204,400	1,265,077	1,203,485	1,108,048	1,034,812	1,007,497	922,613
21%	13%	12%	7%	9%	9%	12%

COMPONENT UNITS
SCHEDULE OF THE DISTRICTS' PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 December 31, 2015

Employees' Retirement System

	Greenlawn Water District	South Huntington Water District
District's proportion of the net pension liability	0.0052609%	0.0044837%
District's proportionate share of the net pension liability	\$ 237,283	\$ 151,472
District's covered employee payroll	\$ 1,245,786	\$ 1,358,006
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	19.05 %	11.15 %
Plan fiduciary net position as a percentage of the total pension liability	97.95%	97.95%

OTHER SUPPLEMENTARY INFORMATION

Combining Fund Statements

TOWN OF HUNTINGTON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2015

	Special Revenue Funds					Total
	Town	Special	Local	Town Business	Special Districts	
	Outside Village	Grant (HCDA)	Development Corp (LDC)	Improvement Districts		
Assets						
Cash and cash equivalents	\$ 297,909	\$ 817,433	\$ 336,867	\$ -	\$ 6,283,877	\$ 7,736,086
Cash-Restricted	504,954	-	-	-	262,534	767,488
Prepays	182,052	12,833	-	-	131,417	326,302
Accounts receivable, net	344,235	24,322	-	-	655,428	1,023,985
Due from federal, state and other governments	141,375	113,144	-	-	170,977	425,496
Due from other funds	512	-	-	-	95,435	95,947
Total Assets	<u>1,471,037</u>	<u>967,732</u>	<u>336,867</u>	<u>-</u>	<u>7,599,668</u>	<u>10,375,304</u>
Liabilities						
Accounts payable and other current liabilities	305,063	209,511	5,257	-	817,774	1,337,605
Accrued liabilities	162,897	18,039	-	-	345,204	526,140
Due to other governments	-	1,624,638	-	-	-	1,624,638
Due to other funds	35,668	-	-	-	151,570	187,238
Total Liabilities	<u>503,628</u>	<u>1,852,188</u>	<u>5,257</u>	<u>-</u>	<u>1,314,548</u>	<u>3,675,621</u>
Deferred Inflows						
Deferred revenue	3,700	25,000	1,000	-	134,074	163,774
Total Deferred Inflows	<u>3,700</u>	<u>25,000</u>	<u>1,000</u>	<u>-</u>	<u>134,074</u>	<u>163,774</u>
Fund Balance						
Non-Spendable						
Prepays	182,052	12,833	-	-	131,417	326,302
Restricted for:						
Encumbrances	-	-	-	-	-	-
Debt service	-	-	-	-	142,986	142,986
Capital projects	-	-	-	-	-	-
Retirement contribution	241	-	-	-	58,865	59,106
Capital reserve	51,691	-	-	-	-	51,691
Employee Benefit Accrual Liability Reserve	453,022	-	-	-	60,683	513,705
Assigned to:						
Town Outside Village	32,270	-	-	-	-	32,270
Community Development	-	-	-	-	-	-
Local Development Corporation	-	-	330,610	-	-	330,610
Fire Protection	-	-	-	-	19,084	19,084
Street Lighting	-	-	-	-	1,253,017	1,253,017
Ambulance Services	-	-	-	-	41,240	41,240
Sewer Services	-	-	-	-	1,276,417	1,276,417
Water Services	-	-	-	-	1,155,159	1,155,159
Subsequent year's budget	144,000	-	-	-	1,800,000	1,944,000
Unappropriated Fund Balance	100,433	-	-	-	212,178	312,611
Unassigned Fund Balance/(Deficit)	-	(922,289)	-	-	-	(922,289)
Total Fund Balance/(Deficit)	<u>963,709</u>	<u>(909,456)</u>	<u>330,610</u>	<u>-</u>	<u>6,151,046</u>	<u>6,535,909</u>
Total Liabilities, Deferred Inflows & Fund Balance	<u>\$ 1,471,037</u>	<u>\$ 967,732</u>	<u>\$ 336,867</u>	<u>\$ -</u>	<u>\$ 7,599,668</u>	<u>\$ 10,375,304</u>

TOWN OF HUNTINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

	Special Revenue Funds					Total
	Town Outside Village	Special Grant (HCDA)	Local Development Corp (LDC)	Town Business Improvement Districts	Special Districts	
REVENUES						
Real property taxes	\$ 4,195,795	\$ -	\$ -	\$ 186,500	\$ 15,183,065	\$ 19,565,360
Other real property tax items	15,383	-	-	-	41,559	56,942
Non-property tax items	-	-	-	-	144,701	144,701
Departmental income	5,284,859	-	196,009	-	4,064,040	9,544,908
Intergovernmental charges	-	-	-	-	-	-
Use of money and property	17,312	-	-	-	283,798	301,110
Licenses and permits	963,883	-	-	-	-	963,883
Sale of property and Compensation for loss	44	-	-	-	7,025	7,069
Miscellaneous local sources	257,896	475,689	-	-	125,696	859,281
State aid	-	-	-	-	0	-
Federal aid	5,568	1,358,231	-	-	11,315	1,375,114
Total Revenues	<u>10,740,740</u>	<u>1,833,920</u>	<u>196,009</u>	<u>186,500</u>	<u>19,861,199</u>	<u>32,818,368</u>
EXPENDITURES						
Current:						
General government support	2,012,591	-	-	-	2,327,969	4,340,560
Public safety	2,330,365	-	-	-	1,467,377	3,797,742
Health	188,779	-	-	-	2,356,341	2,545,120
Transportation	-	-	55,638	-	2,755,434	2,811,072
Economic assistance and opportunity	-	-	-	-	-	-
Culture and recreation	0	-	-	-	-	-0-
Home and community services	2,359,511	2,005,571	-	186,500	6,638,371	11,189,953
Employee benefits	3,467,877	-	-	-	3,098,804	6,566,681
Total Expenditures	<u>10,359,123</u>	<u>2,005,571</u>	<u>55,638</u>	<u>186,500</u>	<u>18,644,296</u>	<u>31,251,128</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	381,617	(171,651)	140,371	-	1,216,903	1,567,240
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	94,130	94,130
Transfers out	(26,300)	-	-	-	(932,800)	(959,100)
Transfers out (Debt Service)	(156,429)	-	-	-	(1,719,779)	(1,876,208)
Total Other Financing Sources (Uses)	<u>(182,729)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,558,449)</u>	<u>(2,741,178)</u>
Net Change in Fund Balance	198,888	(171,651)	140,371	-	(1,341,546)	(1,173,938)
Fund Balances/(Deficit) at Beginning of Year	<u>764,821</u>	<u>(737,805)</u>	<u>190,239</u>	<u>-</u>	<u>7,492,592</u>	<u>7,709,847</u>
Fund Balances/(Deficit) at End of Year	<u>\$ 963,709</u>	<u>\$ (909,456)</u>	<u>\$ 330,610</u>	<u>\$ -</u>	<u>\$ 6,151,046</u>	<u>\$ 6,535,909</u>

TOWN OF HUNTINGTON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL DISTRICT FUNDS
December 31, 2015

Special Revenue Funds						
	Fire Protection District	Street Lighting District	Ambulance Districts	Sewer Districts	Water District	Total
ASSETS						
Cash and cash equivalents	\$ 34,404	\$ 2,459,293	\$ 40,094	\$ 2,091,650	\$ 1,658,436	\$ 6,283,877
Cash-Restricted	-	25,019	-	59,030	178,485	262,534
Prepays	-	27,002	-	63,494	40,921	131,417
Accounts receivable, net	-	6,515	1,146	140,140	507,627	655,428
Due from federal, state and other governments	-	-	-	144,701	26,276	170,977
Due from other funds	-	-	-	10,786	84,649	95,435
Total Assets	<u>34,404</u>	<u>2,517,829</u>	<u>41,240</u>	<u>2,509,801</u>	<u>2,496,394</u>	<u>7,599,668</u>
LIABILITIES						
Accounts payable and other current liabilities	15,320	237,800	-	354,515	210,139	817,774
Accrued liabilities	-	55,777	-	201,757	87,670	345,204
Due to other funds	-	112,152	-	26,624	12,794	151,570
Total Liabilities	<u>15,320</u>	<u>405,729</u>	<u>-</u>	<u>582,896</u>	<u>310,603</u>	<u>1,314,548</u>
DEFERRED INFLOWS						
Deferred revenues	-	-	-	122,848	11,226	134,074
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,848</u>	<u>11,226</u>	<u>134,074</u>
FUND BALANCE						
Non-Spendable						
Prepays	-	27,002	-	63,494	40,921	131,417
Restricted for:						
Encumbrances						-
Debt service	-	-	-	49,125	93,861	142,986
Retirement contribution	-	4,534	-	3,365	50,966	58,865
Employee Benefit Accrual Liability Reserve	-	20,485	-	6,540	33,658	60,683
Assigned to:						
Fire Protection	19,084	-	-			19,084
Street Lighting	-	1,253,017	-			1,253,017
Ambulance Services	-	-	41,240			41,240
Sewer Services	-	-	-	1,276,417		1,276,417
Water Services	-	-	-		1,155,159	1,155,159
Subsequent year's budget	-	750,000	-	250,000	800,000	1,800,000
Unappropriated Fund Balance	-	57,062	-	155,116	-	212,178
Total Fund Balance	<u>19,084</u>	<u>2,112,100</u>	<u>41,240</u>	<u>1,804,057</u>	<u>2,174,565</u>	<u>6,151,046</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 34,404</u>	<u>\$ 2,517,829</u>	<u>\$ 41,240</u>	<u>\$ 2,509,801</u>	<u>\$ 2,496,394</u>	<u>\$ 7,599,668</u>

TOWN OF HUNTINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL DISTRICT FUNDS
Year Ended December 31, 2015

	Special Revenue Funds					Total
	Fire Protection District	Street Lighting District	Ambulance Districts	Sewer Districts	Water District	
REVENUES						
Real property taxes	\$ 1,531,543	\$ 3,281,315	\$ 2,920,294	\$ 5,016,636	\$ 2,433,277	\$ 15,183,065
Other real property tax items	15	7,157	3,254	31,107	26	41,559
Non-property tax items	-	-	-	144,701	-	144,701
Departmental income	-	-	-	1,628,386	2,435,654	4,064,040
Use of money and property	1,237	16,466	1,324	15,590	249,181	283,798
Compensation for loss	-	-	-	7,025	-	7,025
Miscellaneous local sources	-	26,280	38,263	36,603	24,550	125,696
Federal aid	-	3,064	-	8,251	-	11,315
Total Revenues	<u>1,532,795</u>	<u>3,334,282</u>	<u>2,963,135</u>	<u>6,888,299</u>	<u>5,142,688</u>	<u>19,861,199</u>
EXPENDITURES						
Current:						
General government support	89,054	462,704	168,053	871,129	737,029	2,327,969
Public safety	1,467,377	-	-	-	-	1,467,377
Health	-	-	2,356,341	-	-	2,356,341
Transportation	-	2,755,434	-	-	-	2,755,434
Home and community services	-	-	-	3,654,024	2,984,347	6,638,371
Employee benefits	-	589,918	439,508	1,173,654	895,724	3,098,804
Total Expenditures	<u>1,556,431</u>	<u>3,808,056</u>	<u>2,963,902</u>	<u>5,698,807</u>	<u>4,617,100</u>	<u>18,644,296</u>
Excess (Deficiency) of Revenues Over Expenditures	(23,636)	(473,774)	(767)	1,189,492	525,588	1,216,903
Other Financing Sources (Uses)						
Transfers in	-	-	-	300	93,830	94,130
Transfers out	-	(3,100)	-	(493,200)	(436,500)	(932,800)
Transfers out (Debt Service)	-	(11,235)	-	(860,875)	(847,669)	(1,719,779)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(14,335)</u>	<u>-</u>	<u>(1,353,775)</u>	<u>(1,190,339)</u>	<u>(2,558,449)</u>
Net Change in Fund Balance	(23,636)	(488,109)	(767)	(164,283)	(664,751)	(1,341,546)
Fund Balances at Beginning of Year	<u>42,720</u>	<u>2,600,209</u>	<u>42,007</u>	<u>1,968,340</u>	<u>2,839,316</u>	<u>7,492,592</u>
Fund Balances at End of Year	<u>\$ 19,084</u>	<u>\$ 2,112,100</u>	<u>\$ 41,240</u>	<u>\$ 1,804,057</u>	<u>\$ 2,174,565</u>	<u>\$ 6,151,046</u>

TOWN OF HUNTINGTON
FIDUCIARY FUND
STATEMENT OF CHANGES IN AGENCY ASSETS AND LIABILITIES
Year ended December 31, 2015

	Balance January 1, 2015	Additions	Deductions	Balance December 31, 2015
ASSETS				
Town Agency Fund				
Cash	\$ 10,961,034	\$ 227,401,948	\$ 228,545,272	\$ 9,817,710
Other assets	1,411,759	192,173,077	191,818,155	1,766,681
Total Assets - Town Agency Fund	<u>12,372,793</u>	<u>419,575,025</u>	<u>420,363,427</u>	<u>11,584,391</u>
Town Receiver of Taxes Agency Fund				
Cash	117,972,252	1,119,952,546	1,008,135,305	229,789,493
Total Assets - Town Receiver of Taxes Agency Fund	<u>117,972,252</u>	<u>1,119,952,546</u>	<u>1,008,135,305</u>	<u>229,789,493</u>
Total Assets	<u>\$ 130,345,045</u>	<u>\$ 1,539,527,571</u>	<u>\$ 1,428,498,732</u>	<u>\$ 241,373,884</u>
LIABILITIES				
Town Agency Fund				
Other liabilities	\$ 12,372,794	\$ 908,737,914	\$ 909,524,302	\$ 11,586,406
Total Liabilities - Town Agency Fund	<u>12,372,794</u>	<u>908,737,914</u>	<u>909,524,302</u>	<u>11,586,406</u>
Town Receiver of Taxes Agency Fund				
Due to school districts	58,986,125	114,884,082	58,986,126	114,884,081
Due to other governments	58,986,127	998,980,188	943,062,918	114,903,397
Total Liabilities - Town Receiver Agency Fund	<u>117,972,252</u>	<u>1,113,864,270</u>	<u>1,002,049,044</u>	<u>229,787,478</u>
Total Liabilities	<u>\$ 130,345,046</u>	<u>\$ 2,022,602,184</u>	<u>\$ 1,911,573,346</u>	<u>\$ 241,373,884</u>

**Schedules of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Nonmajor Special Revenue Funds**

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TOWN OUTSIDE VILLAGE FUND
For the Year ended December 31, 2015

	Budgetary Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 4,195,795	\$ 4,195,795	\$ 4,195,795	\$ -
Total Real Property Taxes	4,195,795	4,195,795	4,195,795	-
OTHER REAL PROPERTY TAXES				
Payment in lieu of taxes	36,000	36,000	15,341	(20,659)
Interest and penalties on taxes	1,000	1,000	42	(958)
Total Other Real Property Taxes	37,000	37,000	15,383	(21,617)
DEPARTMENTAL INCOME				
Building fees	4,355,000	4,626,568	4,362,178	(264,390)
Zoning board fees	138,000	138,000	130,441	(7,559)
Planning fees	250,000	250,000	354,344	104,344
Other fees	230,500	430,500	437,896	7,396
Total Departmental Income	4,973,500	5,445,068	5,284,859	(160,209)
USE OF MONEY AND PROPERTY				
Interest and earnings	23,000	23,000	17,312	(5,688)
Total Use of Money and Property	23,000	23,000	17,312	(5,688)
LICENSES AND PERMITS				
Building permits	920,000	920,000	963,883	43,883
Total Licenses and Permits	920,000	920,000	963,883	43,883
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Insurance recoveries	-	-	44	44
Total Sale of Property and Compensation for Loss	-	-	44	44
MISCELLANEOUS LOCAL SOURCES				
Miscellaneous revenue	260,000	281,842	257,896	(23,946)
Total Miscellaneous Local Sources	260,000	281,842	257,896	(23,946)
STATE AID				
State Aid - Other	30,316	30,316	-	(30,316)
Total State Aid	30,316	30,316	-	(30,316)
FEDERAL AID				
Federal Aid - Federal Emergency Management Assistance	-	-	5,568	5,568
Total Federal Aid	-	-	5,568	5,568
Total Revenues	\$ 10,439,611	\$ 10,933,021	\$ 10,740,740	\$ (192,281)

(Continued)

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TOWN OUTSIDE VILLAGE FUND
For the Year ended December 31, 2015

	Budgetary Amounts		Actual	Encumbrances	Variance with Final Budget
	Original	Final			
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT SUPPORT					
Government Support Administration	\$ 2,082,222	\$ 2,022,890	\$ 1,984,858	\$ 16	\$ 38,016
Insurance	31,447	31,447	27,733	-	3,714
Total General Government Support	2,113,669	2,054,337	2,012,591	16	41,730
PUBLIC SAFETY					
Traffic control	652,179	637,082	587,579	12,801	36,702
Safety inspection	1,550,092	1,786,127	1,742,786	1,000	42,341
Total Public Safety	2,202,271	2,423,209	2,330,365	13,801	79,043
HEALTH					
Registrar of vital statistics	245,311	189,101	188,779	-	322
Total Health	245,311	189,101	188,779	-	322
HOME AND COMMUNITY SERVICES					
Zoning	163,449	182,681	168,488	-	14,193
Planning	1,626,027	1,885,571	1,798,951	86,598	22
Joint planning board	128,949	121,581	119,947	-	1,634
Accessory Apartment	200,160	260,087	260,055	18	14
Conservation	16,199	16,199	12,070	-	4,129
Total Home and Community Services	2,134,784	2,466,119	2,359,511	86,616	19,992
EMPLOYEE BENEFITS					
State employee retirement system	1,091,375	1,120,850	1,076,794	-	44,056
Social security	26,500	26,500	12,702	-	13,798
Workers Compensation	120,000	125,696	125,696	-	-
Life insurance	10,000	7,955	6,992	-	963
Unemployment insurance	8,000	4,280	-	-	4,280
Disability benefits	20,000	20,000	8,652	-	11,348
Hospital, medical and dental	2,098,000	2,115,539	1,918,124	-	197,415
Union welfare benefits	150,000	156,012	151,566	-	4,446
Other employee benefits	172,000	188,474	167,351	-	21,123
Total Employee Benefits	3,695,875	3,765,306	3,467,877	-	297,429
Total Expenditures	10,391,910	10,898,072	10,359,123	100,433	438,516
Excess (Deficiency) of Revenues					
Over Expenditures	47,701	34,949	381,617	(100,433)	246,235
Other Financing Uses					
Transfers out	-	(26,300)	(26,300)	-	-
Operating transfers in	-	-	-	-	-
Transfers out (Debt Service)	(157,701)	(157,701)	(156,429)	-	(1,272)
Total Other Financing Uses	(157,701)	(184,001)	(182,729)	-	(1,272)
Net Change in Fund Balance	\$ (110,000)	\$ (149,052)	198,888	\$ (100,433)	\$ 244,963
Fund Balance at Beginning of Year			764,821		
Fund Balance at End of Year			\$ 963,709		

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TOWN BUSINESS IMPROVEMENT DISTRICTS
For the Year ended December 31, 2015

	Budgetary Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 186,500	\$ 186,500	\$ 186,500	\$ -
Total Real Property Taxes	186,500	186,500	186,500	-
OTHER REAL PROPERTY TAX ITEMS				
Interest and penalties on taxes	5	5	-	(5)
Total Other Real Property Tax Items	5	5	-	(5)
Total Revenues	186,505	186,505	186,500	(5)
EXPENDITURES				
CURRENT:				
HOME AND COMMUNITY SERVICES				
Contractual expenditures	186,505	186,505	186,500	5
Total Home and Community Services	186,505	186,505	186,500	5
Total Expenditures	186,505	186,505	186,500	5
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance at Beginning of Year			-	
Fund Balance at End of Year			\$ -	

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FIRE PROTECTION DISTRICT FUND
For the Year ended December 31, 2015

	Budgetary Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 1,531,543	\$ 1,531,543	\$ 1,531,543	\$ -
Total Real Property Taxes	<u>1,531,543</u>	<u>1,531,543</u>	<u>1,531,543</u>	<u>-</u>
OTHER REAL PROPERTY TAX ITEMS				
Interest and penalties on taxes	-	-	15	15
Total Other Real Property Tax Items	<u>-</u>	<u>-</u>	<u>15</u>	<u>15</u>
USE OF MONEY AND PROPERTY				
Interest and earnings	5,000	5,000	1,237	(3,763)
Total Use of Money and Property	<u>5,000</u>	<u>5,000</u>	<u>1,237</u>	<u>(3,763)</u>
Total Revenues	<u>1,536,543</u>	<u>1,536,543</u>	<u>1,532,795</u>	<u>(3,748)</u>
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT SUPPORT				
Other government support	89,054	89,054	89,054	-
Total General Government Support	<u>89,054</u>	<u>89,054</u>	<u>89,054</u>	<u>-</u>
PUBLIC SAFETY				
Fire protection	1,447,489	1,469,561	1,467,377	2,184
Total Public Safety	<u>1,447,489</u>	<u>1,469,561</u>	<u>1,467,377</u>	<u>2,184</u>
Total Expenditures	<u>1,536,543</u>	<u>1,558,615</u>	<u>1,556,431</u>	<u>2,184</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (22,072)</u>	(23,636)	<u>\$ (1,564)</u>
Fund Balance at Beginning of Year			<u>42,720</u>	
Fund Balance at End of Year			<u>\$ 19,084</u>	

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STREET LIGHTING DISTRICT FUND
For the Year ended December 31, 2015

	Budgetary Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 3,281,315	\$ 3,281,315	\$ 3,281,315	\$ -
Total Real Property Taxes	3,281,315	3,281,315	3,281,315	-
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	7,700	7,700	7,124	(576)
Interest and penalties on taxes	-	-	33	33
Total Other Real Property Tax Items	7,700	7,700	7,157	(543)
USE OF MONEY AND PROPERTY				
Interest and earnings	22,500	22,500	16,466	(6,034)
Total Use of Money and Property	22,500	22,500	16,466	(6,034)
MISCELLANEOUS LOCAL SOURCES				
Miscellaneous	27,000	27,000	26,280	(720)
Total Miscellaneous Local Sources	27,000	27,000	26,280	(720)
FEDERAL AID				
Federal Aid - Federal Emergency Management Assistance	-	-	3,064	3,064
Total Federal Aid	-	-	3,064	3,064
Total Revenues	\$ 3,338,515	\$ 3,338,515	\$ 3,334,282	\$ (4,233)

(Continued)

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STREET LIGHTING DISTRICT FUND
For the Year ended December 31, 2015

	Budgetary Amounts		Actual	Encumbrances	Variance with Final Budget
	Original	Final			
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT SUPPORT					
Insurance	\$ 12,287	\$ 12,287	\$ 10,833	\$ -	\$ 1,454
Other government support	450,623	503,412	451,871	-	51,541
Total General Government Support	<u>462,910</u>	<u>515,699</u>	<u>462,704</u>	<u>-</u>	<u>52,995</u>
TRANSPORTATION					
Lighting	3,115,318	2,978,002	2,755,434	57,062	165,506
Total Transportation	<u>3,115,318</u>	<u>2,978,002</u>	<u>2,755,434</u>	<u>57,062</u>	<u>165,506</u>
EMPLOYEE BENEFITS					
State employee retirement system	148,301	174,637	174,637	-	-
Social security	7,250	7,937	7,937	-	-
Workers Compensation	10,000	47,961	47,961	-	-
Life insurance	300	300	89	-	211
Unemployment insurance	5,000	4,422	-	-	4,422
Disability insurance	1,000	1,000	83	-	917
Hospital, medical and dental	269,200	266,678	246,221	-	20,457
Union welfare benefits	11,000	11,000	9,240	-	1,760
Other employee benefits	67,000	103,750	103,750	-	-
Total Employee Benefits	<u>519,051</u>	<u>617,685</u>	<u>589,918</u>	<u>-</u>	<u>27,767</u>
Total Expenditures	<u>4,097,279</u>	<u>4,111,386</u>	<u>3,808,056</u>	<u>57,062</u>	<u>246,268</u>
Excess (Deficiency) of Revenues					
Over Expenditures	<u>(758,764)</u>	<u>(772,871)</u>	<u>(473,774)</u>	<u>(57,062)</u>	<u>242,035</u>
Other Financing Uses					
Transfers out	-	(3,100)	(3,100)	-	-
Transfers out (Debt Service)	(11,236)	(11,236)	(11,235)	-	(1)
Total Other Financing (Uses)	<u>(11,236)</u>	<u>(14,336)</u>	<u>(14,335)</u>	<u>-</u>	<u>(1)</u>
Net Change in Fund Balance	<u>\$ (770,000)</u>	<u>\$ (787,207)</u>	(488,109)	<u>\$ (57,062)</u>	<u>\$ 242,034</u>
Fund Balance at Beginning of Year			<u>2,600,209</u>		
Fund Balance at End of Year			<u>\$ 2,112,100</u>		

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
AMBULANCE DISTRICTS FUND
For the Year ended December 31, 2015

	Budgetary Amounts			Actual	Variance with Final Budget
	Original	Adjustments	Final		
REVENUES					
REAL PROPERTY TAXES					
Ad valorem taxes	\$ 2,920,294	\$ -	\$ 2,920,294	\$ 2,920,294	\$ -
Total Real Property Taxes	2,920,294	-	2,920,294	2,920,294	-
OTHER REAL PROPERTY TAX ITEMS					
Payment in lieu of taxes	2,100	-	2,100	3,225	1,125
Interest and penalties on taxes	100	-	100	29	(71)
Total Other Real Property Tax Items	2,200	-	2,200	3,254	1,054
USE OF MONEY AND PROPERTY					
Interest and earnings	7,600	-	7,600	1,324	(6,276)
Total Use of Money and Property	7,600	-	7,600	1,324	(6,276)
MISCELLANEOUS LOCAL SOURCES					
Miscellaneous	46,300	-	46,300	38,263	(8,037)
Total Miscellaneous Local Sources	46,300	-	46,300	38,263	(8,037)
Total Revenues	2,976,394	-	2,976,394	2,963,135	(13,259)
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT SUPPORT					
Other government support	168,053	-	168,053	168,053	-
Total General Government Support	168,053	-	168,053	168,053	-
HEALTH					
Ambulance	2,356,341	-	2,356,341	2,356,341	-
Total Health	2,356,341	-	2,356,341	2,356,341	-
EMPLOYEE BENEFITS					
State employee retirement system	452,000	-	452,000	439,508	12,492
Total Employee Benefits	452,000	-0-	452,000	439,508	12,492
Total Expenditures	2,976,394	-	2,976,394	2,963,902	12,492
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	(767)	<u>\$ (767)</u>
Fund Balance at Beginning of Year				42,007	
Fund Balance at End of Year				<u>\$ 41,240</u>	

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEWER DISTRICTS FUND
For the Year ended December 31, 2015

	Budgetary Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 5,016,636	\$ 5,016,636	\$ 5,016,636	\$ -
Total Real Property Taxes	5,016,636	5,016,636	5,016,636	-
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	30,500	30,500	31,057	557
Interest and penalties on taxes	500	500	50	(450)
Total Other Real Property Tax Items	31,000	31,000	31,107	107
NON-PROPERTY TAX ITEMS				
Local government assistance	144,701	144,701	144,701	-
Total Non-Property Tax Items	144,701	144,701	144,701	-
DEPARTMENTAL INCOME				
Sewer charges	1,373,783	1,373,783	1,628,386	254,603
Total Departmental Income	1,373,783	1,373,783	1,628,386	254,603
USE OF MONEY AND PROPERTY				
Interest and earnings	19,000	19,000	15,590	(3,410)
Total Use of Money and Property	19,000	19,000	15,590	(3,410)
SALE OF PROPERTY/COMPENSATION FOR LOSS				
Insurance Recoveries	-	4,251	7,025	2,774
Total Sale of Property/Compensation for Loss	-	4,251	7,025	2,774
MISCELLANEOUS LOCAL SOURCES				
Miscellaneous	40,401	40,401	36,603	(3,798)
Total Miscellaneous Local Sources	40,401	40,401	36,603	(3,798)
FEDERAL AID				
Federal Aid - Federal Emergency Management Assistance	-	-	8,251	8,251
Total Federal Aid	-	-	8,251	8,251
Total Revenues	\$ 6,625,821	\$ 6,629,772	\$ 6,888,299	\$ 258,527

(Continued)

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEWER DISTRICTS FUND
For the Year ended December 31, 2015

	Budgetary Amounts		Actual	Encumbrances	Variance with Final Budget
	Original	Final			
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT SUPPORT					
Insurance	\$ 20,865	\$ 20,859	\$ 18,055	\$ -	\$ 2,804
Other government support	854,365	879,565	853,074	-	26,491
Total General Government Support	<u>875,230</u>	<u>900,424</u>	<u>871,129</u>	<u>-</u>	<u>29,295</u>
HOME AND COMMUNITY SERVICES					
Sewer	3,785,180	3,934,641	3,654,024	155,116	125,501
Total Home and Community Services	<u>3,785,180</u>	<u>3,934,641</u>	<u>3,654,024</u>	<u>155,116</u>	<u>125,501</u>
EMPLOYEE BENEFITS					
State employee retirement system	343,769	352,103	352,103	-	-
Social security	10,445	10,537	9,862	-	675
Workers Compensation	80,000	80,011	51,190	-	28,821
Life insurance	1,000	1,000	-	-	1,000
Unemployment insurance	8,000	8,000	-	-	8,000
Disability benefits	750	750	-	-	750
Hospital, medical and dental	616,000	631,893	606,941	-	24,952
Union welfare benefits	30,000	30,000	24,640	-	5,360
Other employee benefits	75,000	152,638	128,918	-	23,720
Total Employee Benefits	<u>1,164,964</u>	<u>1,266,932</u>	<u>1,173,654</u>	<u>-</u>	<u>93,278</u>
Total Current	<u>5,825,374</u>	<u>6,101,997</u>	<u>5,698,807</u>	<u>155,116</u>	<u>248,074</u>
Total Expenditures	<u>5,825,374</u>	<u>6,101,997</u>	<u>5,698,807</u>	<u>155,116</u>	<u>248,074</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>800,447</u>	<u>527,775</u>	<u>1,189,492</u>	<u>(155,116)</u>	<u>506,601</u>
Other Financing Sources (Uses)					
Transfers in	-	300	300	-	-
Transfers out	-	(493,200)	(493,200)	-	-
Transfers out (Debt Service)	(862,147)	(862,147)	(860,875)	-	1,272
Total Other Financing Sources (Uses)	<u>(862,147)</u>	<u>(1,355,047)</u>	<u>(1,353,775)</u>	<u>-</u>	<u>1,272</u>
Net Change in Fund Balance	<u>\$ (61,700)</u>	<u>\$ (827,272)</u>	<u>(164,283)</u>	<u>\$ (155,116)</u>	<u>\$ 507,873</u>
Fund Balance at Beginning of Year			<u>1,968,340</u>		
Fund Balance at End of Year			<u>\$ 1,804,057</u>		

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
WATER DISTRICT FUND
For the Year ended December 31, 2015

	Budgetary Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 2,433,277	\$ 2,433,277	\$ 2,433,277	\$ -
Total Real Property Taxes	<u>2,433,277</u>	<u>2,433,277</u>	<u>2,433,277</u>	<u>-</u>
OTHER REAL PROPERTY TAX ITEMS				
Interest and penalties on taxes	-	-	26	26
Total Other Real Property Tax Items	<u>-</u>	<u>-</u>	<u>26</u>	<u>26</u>
DEPARTMENTAL INCOME				
Metered water sales	1,925,250	1,925,250	2,075,774	150,524
Water rental arrears	100,000	100,000	173,880	73,880
Water Service Charges		186,000	186,000	-
Total Departmental Income	<u>2,025,250</u>	<u>2,211,250</u>	<u>2,435,654</u>	<u>224,404</u>
USE OF MONEY AND PROPERTY				
Interest and earnings	13,561	13,561	10,108	(3,453)
Tower rental	255,825	255,825	239,073	(16,752)
Total Use of Money and Property	<u>269,386</u>	<u>269,386</u>	<u>249,181</u>	<u>(20,205)</u>
MISCELLANEOUS LOCAL SOURCES				
Miscellaneous	24,000	24,000	24,550	550
Total Miscellaneous Local Sources	<u>24,000</u>	<u>24,000</u>	<u>24,550</u>	<u>550</u>
Total Revenues	<u>\$ 4,751,913</u>	<u>\$ 4,937,913</u>	<u>\$ 5,142,688</u>	<u>\$ 204,775</u>

(Continued)

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
WATER DISTRICT FUND
For the Year ended December 31, 2015

	Budgetary Amounts		Actual	Encumbrances	Variance with Final Budget
	Original	Final			
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT SUPPORT					
Insurance	\$ 16,402	\$ 16,402	\$ 14,461	\$ -	\$ 1,941
Other government support	726,495	782,480	722,568	-	59,912
Total General Government Support	<u>742,897</u>	<u>798,882</u>	<u>737,029</u>	<u>-</u>	<u>61,853</u>
HOME AND COMMUNITY SERVICES					
Water	3,177,018	3,099,606	2,984,347	-	115,259
Total Home and Community Services	<u>3,177,018</u>	<u>3,099,606</u>	<u>2,984,347</u>	<u>-</u>	<u>115,259</u>
EMPLOYEE BENEFITS					
State employee retirement system	212,975	241,300	241,300	-	-
Social security	12,000	12,000	11,986	-	14
Workers' Compensation	60,000	65,977	65,976	-	1
Life insurance	300	300	113	-	187
Unemployment benefits	5,000	5,000	-	-	5,000
Disability benefits	500	500	83	-	417
Hospital, medical and dental	472,200	467,600	404,512	-	63,088
Union welfare benefits	17,000	17,000	15,070	-	1,930
Other employee benefits	83,000	157,925	156,684	-	1,241
Total Employee Benefits	<u>862,975</u>	<u>967,602</u>	<u>895,724</u>	<u>-</u>	<u>71,878</u>
Total Expenditures	<u>4,782,890</u>	<u>4,866,090</u>	<u>4,617,100</u>	<u>-</u>	<u>248,990</u>
Excess (Deficiency) of Revenues Over Expenditures	(30,977)	71,823	525,588		453,765
Other Financing Sources (Uses)					
Transfers in	-	93,830	93,830	-	
Transfers out	-	(436,500)	(436,500)	-	-
Transfers out (Debt Service)	(854,023)	(854,023)	(847,669)	-	6,354
Total Other Financing Sources (Uses)	<u>(854,023)</u>	<u>(1,196,693)</u>	<u>(1,190,339)</u>	<u>-</u>	<u>6,354</u>
Net Change in Fund Balance	<u>\$ (885,000)</u>	<u>\$ (1,124,870)</u>	(664,751)	<u>-</u>	<u>\$ 460,119</u>
Fund Balance at Beginning of Year			<u>2,839,316</u>		
Fund Balance at End of Year			<u>\$ 2,174,565</u>		

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
Year ended December 31, 2015

	Budgetary Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
EXPENDITURES				
DEBT SERVICE				
Principal	\$ -	\$ 10,881,634	\$ 10,881,634	\$ -
Interest	-	2,848,044	2,848,044	-
Total Debt Service	-	13,729,678	13,729,678	-
Total Expenditures	-	13,729,678	13,729,678	-
Deficiency of Revenues Over Expenditures	-	(13,729,678)	(13,729,678)	-
Other Financing Sources				
Transfers In	-	13,729,678	13,729,678	-
Total Other Financing Sources	-	13,729,678	13,729,678	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance at Beginning of Year			-	
Fund Balance at End of Year			<u>\$ -</u>	

**DISCRETELY PRESENTED
COMPONENT UNITS**

These component units of the Town provide water 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 an interdependency with the Town.

TOWN OF HUNTINGTON
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
December 31, 2015

	South Huntington Water District	Greenlawn Water District	Totals
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 9,711,362	\$ 2,054,825	\$ 11,766,187
Cash Restricted	4,481,426	2,808,058	7,289,484
Accounts receivable, net	1,063,590	792,871	1,856,461
Due from federal, state and other governments	25,720	-	25,720
Inventory of materials and supplies	148,349	350,271	498,620
Prepays	107,642	206,025	313,667
Total Current Assets	<u>15,538,089</u>	<u>6,212,050</u>	<u>21,750,139</u>
Non-Current Assets			
Non-depreciable capital assets	2,097,932	1,841,405	3,939,337
Depreciable capital assets, net of depreciation	39,798,485	16,277,614	56,076,099
Total Non-Current Assets	<u>41,896,417</u>	<u>18,119,019</u>	<u>60,015,436</u>
Deferred Outflow of Resources			
Deferred charges, net of accumulated amortization	117,203	15,766	132,969
Pensions	251,260	177,390	428,650
Total Deferred Outflow of Resources	<u>368,463</u>	<u>193,156</u>	<u>561,619</u>
Total Assets	<u>57,802,969</u>	<u>24,524,225</u>	<u>82,327,194</u>
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable and other current liabilities	520,491	215,784	736,275
Accrued liabilities	324,739	7,056	331,795
Accrued interest payable	-	84,564	84,564
Non-current liabilities due within one year	2,222,151	539,170	2,761,321
Total Current Liabilities	<u>3,067,381</u>	<u>846,574</u>	<u>3,913,955</u>
Non-Current Liabilities			
Due in more than one year	<u>22,285,780</u>	<u>6,206,719</u>	<u>28,492,499</u>
Total Non-Current Liabilities	<u>22,285,780</u>	<u>6,206,719</u>	<u>28,492,499</u>
Total Liabilities	<u>25,353,161</u>	<u>7,053,293</u>	<u>32,406,454</u>
NET POSITION			
Investment in capital assets, net of related debt	26,667,489	14,172,926	40,840,415
Restricted for:			
Capital Projects	4,481,426	2,056,533	6,537,959
Unrestricted	<u>1,300,893</u>	<u>1,241,473</u>	<u>2,542,366</u>
Total Net Position	<u>32,449,808</u>	<u>17,470,932</u>	<u>49,920,740</u>
Total Liabilities and Net Position	<u>\$ 57,802,969</u>	<u>\$ 24,524,225</u>	<u>\$ 82,327,194</u>

TOWN OF HUNTINGTON
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the Year ended December 31, 2015

	South Huntington Water District	Greenlawn Water District	Totals
REVENUES			
Charges for services	\$ 4,305,407	\$ 2,984,655	\$ 7,290,062
Real property taxes	3,925,973	2,331,281	6,257,254
Interest and investment income	438,797	26,849	465,646
Miscellaneous	1,018,357	43,654	1,062,011
Total Revenues	<u>9,688,534</u>	<u>5,386,439</u>	<u>15,074,973</u>
EXPENSES			
Current:			
Home and community services	8,271,753	5,850,473	14,122,226
Total Expenditures	<u>8,271,753</u>	<u>5,850,473</u>	<u>14,122,226</u>
Changes in Net Position	1,416,781	(464,034)	952,747
Net Position at Beginning of Year (as restated)	<u>31,033,027</u>	<u>17,934,966</u>	<u>48,967,993</u>
Net Position at End of Year	<u>\$ 32,449,808</u>	<u>\$ 17,470,932</u>	<u>\$ 49,920,740</u>

THIS PAGE INTENTIONALLY LEFT BLANK

STATISTICAL SECTION

The comprehensive statistical data for the Town includes, in some cases, statistical information for the villages, school districts, and special districts which are not part of the Town reporting entity. It is intended to provide readers of this report with a broader and more complete understanding of the Town and its financial affairs than is possible from the financial statements and schedules included in the Financial Section. Many tables in this section cover several years for comparison purposes, and may present data from outside of the Town's accounting records. This part of the Town of Huntington'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.

	<u>Page</u>
Financial Trends These schedules contain information to help the reader understand how the government's financial performance and well-being have changed over time.	126-133
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	134-139
Debt Capacity 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.	140-143
Demographic and Economic Information These schedules offer demographic and economic indicators to help the Reader understand the environment within which the government's Financial activities take place.	144-145
Operating Information 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.	146-151

TOWN OF HUNTINGTON
NET POSITION BY COMPONENT
LAST TEN YEARS
(accrual basis of accounting)

<u>Year Ended December 31,</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Primary government				
Governmental activities				
Net Assets				
Invested in capital assets, net of related debt	\$ 259,128,388	\$ 254,011,721	\$ 259,663,495	\$ 245,737,404
Restricted	18,576,649	20,407,556	22,649,980	15,237,323
Unrestricted	<u>(71,915,560)</u>	<u>(64,637,706)</u>	<u>(51,961,730)</u>	<u>(26,378,032)</u>
Total primary governmental net position	<u>\$ 205,789,477</u>	<u>\$ 209,781,571</u> *	<u>\$ 230,351,745</u>	<u>\$ 234,596,695</u>

* Excludes restatement of net pension liability of \$2.3 million.

Source: Office of the Comptroller and the audited financial statements of the Town of Huntington

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 245,685,682	\$ 242,979,302	\$ 223,896,536	\$ 206,681,526	\$ 196,497,063	\$ 176,353,725
16,229,038	22,238,564	31,253,835	28,468,496	35,100,108	29,249,213
<u>(22,650,385)</u>	<u>(18,948,323)</u>	<u>(11,169,761)</u>	<u>13,048,556</u>	<u>18,812,542</u>	<u>29,542,899</u>
<u>\$ 239,264,335</u>	<u>\$ 246,269,543</u>	<u>\$ 243,980,610</u>	<u>\$ 248,198,578</u>	<u>\$ 250,409,713</u>	<u>\$ 235,145,837</u>

TOWN OF HUNTINGTON
CHANGES IN NET POSITION
LAST TEN YEARS
(accrual basis of accounting)

Year Ended December 31,	2015	2014	2013
Expenses			
Governmental activities:			
General government support	\$40,273,049	\$41,719,964	\$ 38,235,587
Public safety	13,902,197	14,465,259	13,568,077
Health	3,366,426	3,526,646	3,440,004
Transportation	47,669,222	52,657,107	50,671,798
Economic assistance and opportunity	3,188,292	3,395,864	3,288,214
Culture and recreation	18,496,883	21,483,238	23,333,531
Home and community service	50,030,197	50,666,829	52,238,856
Interest on long-term debt	2,833,326	2,983,178	2,683,833
Total governmental activities expenses	<u>179,759,592</u>	<u>190,898,085</u>	<u>187,459,900</u>
Total primary government expenses	<u>\$ 179,759,592</u>	<u>\$ 190,898,085</u>	<u>\$ 187,459,900</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government support	\$ 5,692,858	\$ 4,926,059	\$ 4,815,610
Public safety	2,324,327	2,012,936	1,803,881
Health	227,660	219,720	219,180
Transportation	1,098,912	738,867	601,018
Economic assistance and opportunity	312,380	335,082	304,172
Culture and recreation	7,167,157	8,064,953	8,124,066
Home and community service	19,292,953	17,963,084	18,085,563
Operating grants and contributions	6,682,848	5,923,624	16,123,065
Capital grants and contributions	2,994,958	1,680,112	3,102,784
Total governmental activities program revenues	<u>45,794,053</u>	<u>41,864,437</u>	<u>53,179,339</u>
Total primary government program revenues	<u>\$ 45,794,053</u>	<u>\$ 41,864,437</u>	<u>\$ 53,179,339</u>
Net (Expense)/Revenue			
Governmental activities	<u>\$ (133,965,539)</u>	<u>\$ (149,033,648)</u>	<u>\$ (134,280,561)</u>
Total primary government net expense	<u>\$ (133,965,539)</u>	<u>\$ (149,033,648)</u>	<u>\$ (134,280,561)</u>
General Revenues and Other Changes in Net Assets			
Governmental Activities			
Real property taxes	\$112,993,330	\$ 109,929,165	\$ 109,889,320
Mortgage tax	7,896,508	6,423,492	7,988,336
Refunded Debt			
Other taxes	5,032,462	4,822,112	4,513,225
Unrestricted grants and contributions	(72,710)	-	-
Interest earnings		1,351,384	1,390,584
State aid-unrestricted	1,557,627	1,067,256	1,067,256
Special Item	1,067,256	(19,781)	-
Miscellaneous	3,814,070	3,628,523	6,163,186
Total governmental activities	<u>132,288,543</u>	<u>127,202,151</u>	<u>131,011,907</u>
Total primary government	<u>\$ 132,288,543</u>	<u>\$ 127,202,151</u>	<u>\$ 131,011,907</u>
Change in Net Position			
Governmental Activities	<u>\$ (1,676,996)</u>	<u>\$ (21,831,497)</u>	<u>\$ (3,268,654)</u>
Total primary government	<u>\$ (1,676,996)</u>	<u>\$ (21,831,497)</u>	<u>\$ (3,268,654)</u>

Source: Office of the Comptroller and the audited financial statements of the Town of Huntington

	2012	2011	2010	2009	2008	2007	2006
\$	41,391,051	\$ 39,036,309	\$ 39,790,531	\$ 38,857,392	\$ 38,494,761	\$ 37,510,058	\$ 29,032,433
	13,800,053	12,123,722	11,476,179	11,038,050	11,066,396	10,827,569	8,977,952
	3,302,681	3,052,675	3,222,943	3,148,777	3,003,556	2,957,496	3,704,774
	59,810,512	50,963,397	42,082,298	39,357,751	38,092,747	35,401,854	31,821,414
	3,394,231	3,335,597	3,319,996	2,977,427	2,850,847	2,720,148	2,482,726
	20,374,655	18,824,298	18,219,053	18,292,698	18,226,501	16,454,187	18,543,175
	40,672,616	46,382,915	52,609,247	53,781,830	49,874,168	55,433,797	49,478,528
	3,193,082	3,903,598	4,025,756	3,717,197	3,900,344	3,795,661	3,662,193
	<u>185,938,882</u>	<u>177,622,512</u>	<u>174,746,002</u>	<u>171,171,122</u>	<u>165,509,320</u>	<u>165,100,770</u>	<u>147,703,195</u>
\$	<u>185,938,882</u>	<u>\$ 177,622,512</u>	<u>\$ 174,746,002</u>	<u>\$ 171,171,122</u>	<u>\$ 165,509,320</u>	<u>\$ 165,100,770</u>	<u>\$ 147,703,195</u>
\$	4,428,836	\$ 8,177,246	\$ 5,149,354	\$ 4,313,478	\$ 4,390,671	\$ 4,460,228	\$ 4,767,764
	1,317,625	1,230,831	1,148,705	1,169,492	1,121,825	1,251,949	1,261,930
	208,700	210,970	203,810	193,270	203,200	219,040	201,090
	462,488	736,177	500,861	690,742	490,646	361,563	337,082
	309,956	276,643	259,887	276,579	329,830	304,113	260,312
	8,205,323	7,620,757	7,222,427	7,202,512	7,105,367	7,107,158	6,850,466
	14,700,673	18,212,053	18,518,355	19,722,791	19,793,208	18,979,836	17,959,144
	21,469,143	8,869,297	6,159,015	4,427,799	5,355,625	4,797,541	4,375,487
	1,407,987	8,009,856	8,076,450	3,121,355	337,856	8,949,883	973,950
	<u>52,510,731</u>	<u>53,343,830</u>	<u>47,238,864</u>	<u>41,118,018</u>	<u>39,128,228</u>	<u>46,431,311</u>	<u>36,987,225</u>
\$	<u>52,510,731</u>	<u>\$ 53,343,830</u>	<u>\$ 47,238,864</u>	<u>\$ 41,118,018</u>	<u>\$ 39,128,228</u>	<u>\$ 46,431,311</u>	<u>\$ 36,987,225</u>
\$	<u>(133,428,151)</u>	<u>\$ (124,278,682)</u>	<u>\$ (127,507,138)</u>	<u>\$ (130,053,104)</u>	<u>\$ (126,381,092)</u>	<u>\$ (118,669,459)</u>	<u>\$ (110,715,970)</u>
\$	<u>(133,428,151)</u>	<u>\$ (124,278,682)</u>	<u>\$ (127,507,138)</u>	<u>\$ (130,053,104)</u>	<u>\$ (126,381,092)</u>	<u>\$ (118,669,459)</u>	<u>\$ (110,715,970)</u>
\$	113,181,079	\$ 107,674,455	\$ 108,462,698	\$ 108,148,199	\$ 104,553,579	\$ 104,268,372	\$ 102,076,056
	6,742,019	6,678,915	6,948,509	310,923	8,440,815	15,242,969	17,244,476
			99,571	8,493,498			
	390,204	484,626	442,311	12,975	462,913	508,273	562,643
	-	9,176	26,126	2,462,846	35,815	36,869	28,622
	2,014,266	949,519	1,464,479	1,159,105	4,790,462	7,741,662	7,132,133
	1,067,256	1,067,256	1,089,037	5,089,592	1,201,356	1,247,213	1,157,444
	3,948,106		(979,724)				
		5,705,282	6,474,156		4,843,015	4,887,977	4,186,139
	<u>127,342,930</u>	<u>122,569,229</u>	<u>124,027,163</u>	<u>125,677,138</u>	<u>124,327,955</u>	<u>133,933,335</u>	<u>132,387,513</u>
\$	<u>127,342,930</u>	<u>\$ 122,569,229</u>	<u>\$ 124,027,163</u>	<u>\$ 125,677,138</u>	<u>\$ 124,327,955</u>	<u>\$ 133,933,335</u>	<u>\$ 132,387,513</u>
\$	<u>(6,085,221)</u>	<u>\$ (1,709,453)</u>	<u>\$ (3,479,975)</u>	<u>\$ (4,375,966)</u>	<u>\$ (2,053,137)</u>	<u>\$ 15,263,876</u>	<u>\$ 21,671,543</u>
\$	<u>(6,085,221)</u>	<u>\$ (1,709,453)</u>	<u>\$ (3,479,975)</u>	<u>\$ (4,375,966)</u>	<u>\$ (2,053,137)</u>	<u>\$ 15,263,876</u>	<u>\$ 21,671,543</u>

TOWN OF HUNTINGTON
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)

<u>Year Ended December 31,</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund				
Nonspendable	\$ 1,145,091	\$ 1,065,926	\$ 1,037,161	\$ 1,038,259
Restricted	15,941,518	16,722,415	18,464,541	23,756,924
Assigned	1,107,420	1,389,557	1,696,483	2,640,211
Reserved	-	-	-	-
Unassigned	5,572,413	4,756,176	7,148,985	11,435,795
Total General Fund	<u>\$ 23,766,442</u>	<u>\$ 23,934,074</u>	<u>\$ 28,347,170</u>	<u>\$ 38,871,189</u>
All other governmental funds				
Nonspendable	\$ 836,989	\$ 826,253	\$ 805,303	\$ 464,581
Restricted	2,635,131	3,685,141	4,990,742	12,617,074
Assigned	26,857,735	30,411,502	35,977,907	16,913,749
Reserved	-	-	-	-
Unassigned, reported in:				
Special Revenue Funds	(922,289)	(947,800)	-	-
Capital Projects funds	-	-	-	-
Total all other governmental funds	<u>\$ 29,407,566</u>	<u>\$ 33,975,096</u>	<u>\$ 41,773,952</u>	<u>\$ 29,995,404</u>

Source: Office of the Comptroller and audited financial statements of the Town of Huntington

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 970,613	\$ 793,306				
20,461,112	19,616,680				
3,018,000	5,237,708				
-		\$ 7,121,674	\$ 9,389,555	\$ 6,878,603	\$ 6,937,753
11,221,787	7,663,441	39,728,891	52,273,416	48,572,651	46,995,197
<u>\$ 35,671,512</u>	<u>\$ 33,311,135</u>	<u>\$ 46,850,565</u>	<u>\$ 61,662,971</u>	<u>\$ 55,451,254</u>	<u>\$ 53,932,950</u>
\$ 746,844	\$ 672,765				
18,362,285	18,266,637				
17,170,751	24,344,963				
-	-	\$ 17,120,920	\$ 17,120,920	\$ 15,765,468	\$ 5,726,455
-	-	19,281,358	4,468,952	22,455,232	18,245,579
-	-	21,259,956	21,259,956	26,753,294	18,465,620
<u>\$ 36,279,880</u>	<u>\$ 43,284,365</u>	<u>\$ 57,662,234</u>	<u>\$ 42,849,828</u>	<u>\$ 64,973,994</u>	<u>\$ 42,437,654</u>

TOWN OF HUNTINGTON
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)

Year Ended December 31,	2015	2014	2013	2012
Revenues				
Real property taxes	\$ 112,993,330	\$ 109,929,165	\$ 109,889,320	\$ 109,054,601
Other real property tax items	479,802	451,627	412,497	360,204
Non-property taxes	4,552,660	4,370,485	4,100,728	3,962,886
Departmental income	40,601,800	38,859,896	38,686,154	34,801,298
Intergovernmental charges	168,872	205,545	143,594	232,158
Use of money and property	1,557,627	1,351,384	1,390,584	2,014,267
License and permits	2,132,672	1,910,407	1,918,531	1,594,776
Fines and forfeitures	1,136,862	1,101,734	1,135,462	760,548
Sale of property and compensation for loss	1,006,267	1,065,514	1,364,545	840,836
Miscellaneous and local sources	2,807,805	2,563,009	4,774,920	2,291,436
Interfund revenues	4,150,647	4,138,963	4,051,494	4,279,359
State aid	13,472,502	11,452,087	12,423,562	13,441,235
Federal aid	4,649,441	3,674,689	14,933,074	17,246,580
Total Revenues	189,710,287	181,074,505	195,224,465	190,880,184
Expenditures				
Current:				
General government support	30,883,557	30,649,115	29,590,411	30,090,454
Public safety	8,802,980	8,614,910	8,080,611	8,034,402
Health	3,246,213	3,363,719	3,281,771	3,136,480
Transportation	30,872,783	29,286,713	32,264,244	38,949,298
Economic assistance and opportunity	2,132,736	2,101,653	2,071,285	2,112,812
Culture and recreation	12,795,662	14,057,894	14,048,065	13,850,124
Home and community service	50,679,893	50,325,062	49,571,193	41,707,028
Employee benefits	36,572,602	33,842,793	36,012,603	34,421,468
Capital outlay	13,983,820	16,534,234	21,583,565	10,814,930
Debt Service:				
Principal	10,881,634	11,007,429	10,704,821	10,654,320
Interest	3,178,569	3,049,258	3,171,256	3,264,926
Total Expenditures	204,030,449	202,832,780	210,379,825	197,036,242
Excess of revenues over (under) expenditures	(14,320,162)	(21,758,275)	(15,155,360)	(6,156,058)
Other financing sources (uses)				
Amortization of retirement system contribution	-	-	-	3,905,184
Bonds issued	9,585,000	8,285,000	7,430,000	7,600,000
Capital leases	-	-	-	18,987
Transfers in	18,213,138	17,877,295	26,283,066	14,841,544
Transfers out	(18,213,138)	(17,877,295)	(26,283,066)	(14,841,544)
Refunding bonds issued	-	-	-	15,481,635
Premium on bonds issued	-	-	-	(15,481,635)
Total other financing sources (uses)	9,585,000	8,285,000	7,430,000	11,524,171
Net change in fund balances	\$ (4,735,162)	\$ (13,473,275)	\$ (7,725,360)	\$ 5,368,113
Debt service as a percentage of noncapital expenditures	7.40%	7.55%	7.35%	7.47%

Source: Office of the Comptroller and the audited financial statements of the Town of Huntington

Note: Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

	2011	2010	2009	2008	2007	2006
\$	107,552,908	\$ 108,375,068	\$ 108,050,206	\$ 104,482,088	\$ 104,268,372	\$ 102,076,056
	334,396	362,430	302,597	342,356	363,569	337,132
	3,885,051	3,732,931	3,418,102	3,219,166	2,977,294	2,684,496
	35,902,822	36,371,423	37,091,352	37,932,147	37,550,785	37,291,254
	235,671	212,017	230,523	198,017	182,185	349,191
	1,854,711	2,208,584	3,187,399	5,457,339	8,387,194	7,661,795
	1,754,907	1,550,543	1,588,318	1,412,228	1,447,023	1,421,451
	646,834	655,849	748,601	676,093	755,113	710,146
	4,708,647	2,359,773	1,616,146	1,747,098	1,761,072	707,995
	1,888,592	2,379,497	2,418,825	1,235,762	1,003,358	1,309,444
	5,657,187	5,609,839	5,531,969	5,573,344	5,826,953	5,419,337
	14,505,595	12,032,056	13,371,366	13,277,833	29,785,313	22,256,489
	10,017,200	8,819,217	1,394,175	2,763,613	2,124,246	1,806,370
	<u>188,944,521</u>	<u>184,669,227</u>	<u>178,949,579</u>	<u>178,317,084</u>	<u>196,432,477</u>	<u>184,031,156</u>
	30,374,952	31,541,339	31,324,727	30,989,879	30,845,576	30,471,034
	7,385,006	7,685,737	7,458,446	7,066,827	7,091,650	6,710,902
	3,086,042	3,097,626	3,043,546	2,890,720	2,829,372	2,808,167
	28,737,380	25,945,124	26,380,638	24,702,035	23,725,720	22,460,334
	2,043,773	2,127,168	2,108,791	2,071,199	1,902,587	1,936,096
	13,644,237	13,424,653	13,312,110	12,574,292	12,717,401	12,776,569
	47,267,179	52,114,208	53,747,108	55,486,780	54,935,602	52,060,539
	30,302,386	28,084,741	24,303,462	24,581,780	23,398,787	21,467,337
	22,550,436	33,582,051	25,462,611	23,117,859	22,138,606	26,283,625
	11,049,744	10,707,885	11,292,923	10,962,502	10,434,124	11,203,370
	3,666,929	3,750,762	3,965,197	3,964,601	3,848,293	3,724,456
	<u>200,108,064</u>	<u>212,061,294</u>	<u>202,399,559</u>	<u>198,408,474</u>	<u>193,867,718</u>	<u>191,902,429</u>
	(11,163,543)	(27,392,067)	(23,449,980)	(20,091,390)	2,564,759	(7,871,273)
	-	-	-	-	-	-
	6,380,000	11,160,000	11,443,000	10,900,000	14,565,000	14,935,000
	139,431	15,752	313,082	157,544	46,282	101,006
	17,660,108	20,443,890	28,859,469	20,050,066	24,072,181	24,458,333
	(17,660,108)	(20,443,890)	(28,859,469)	(20,050,066)	(24,072,181)	(24,458,333)
	-	-	-	-	-	-
	-	-	-	-	-	13,166
	<u>6,519,431</u>	<u>11,175,752</u>	<u>11,756,082</u>	<u>11,057,544</u>	<u>14,611,282</u>	<u>15,049,172</u>
\$	<u>(4,644,112)</u>	<u>(16,216,315)</u>	<u>(11,693,898)</u>	<u>(9,033,846)</u>	<u>\$ 17,176,041</u>	<u>\$ 7,177,899</u>
	8.29%	8.10%	8.62%	8.52%	8.32%	9.01%

TOWN OF HUNTINGTON
ASSESSED VALUE, STATE EQUALIZATION RATE, AND ESTIMATED FULL VALUE OF REAL PROPERTY
LAST TEN YEARS

Year Ended December 31,	Residential Property	Commercial Property	Vacant Property	Other	Less: Tax Exempt Real Property
2015	\$ 253,773,579	\$ 41,962,696	\$ 2,373,696	\$ 71,265,542	\$ 43,618,401
2014	255,652,884	42,396,208	2,340,531	71,359,816	44,543,941
2013	257,584,341	42,433,561	2,517,806	71,492,560	45,303,795
2012	259,638,035	43,874,382	2,211,427	71,437,375	45,495,271
2011	261,810,983	45,198,563	2,204,842	71,544,679	46,445,869
2010	263,770,555	46,357,047	2,387,307	71,183,911	46,975,939
2009	265,575,827	46,286,235	2,354,454	71,118,730	47,455,305
2008	266,664,631	46,281,700	2,354,454	71,118,730	47,455,305
2007	266,185,449	46,901,830	2,825,488	70,878,314	48,261,051
2006	265,339,030	47,690,042	3,103,276	70,968,877	48,716,481

Source: Town of Huntington Assessors Office, Town of Huntington IT Department

(a) - Town of Huntington's Refuse District Tax Rate is based on a flat fee, not assessed valuation.

N/A - Information not available

Total Net Assessed Value	Total Direct Tax Rate (a)	State Equalization Rate	Full Valuation	Assessed Value as a Percentage of Full Value
\$ 325,757,112	27.35	0.89%	\$ 36,601,922,697	1.01%
327,205,498	26.34	0.90%	\$ 36,356,166,444	1.02%
328,724,473	26.34	0.90%	\$ 36,524,941,444	1.02%
331,665,948	25.92	0.88%	\$ 37,689,312,273	1.00%
334,313,198	25.18	0.88%	\$ 37,990,136,136	1.00%
336,722,881	25.18	0.82%	\$ 41,063,765,976	0.93%
337,879,941	25.18	0.76%	\$ 44,457,886,974	0.87%
338,964,210	25.18	0.77%	\$ 44,021,325,974	0.88%
338,530,030	23.84	0.80%	\$ 42,316,253,750	0.91%
338,384,744	23.27	0.87%	\$ 38,894,798,161	1.00%

TOWN OF HUNTINGTON
PROPERTY TAX RATES, DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS

Town Direct Rates

Years Ended December 31,	Full Valuation	State Equalization Rate	Total Taxable Assessed Value	Tax Levy For Town	Total Town Direct Tax Rate ¹
2015	\$ 36,601,922,697	0.89%	\$ 325,757,112	\$ 112,860,928	27.35
2014	36,356,166,444	0.90%	327,205,498	109,686,705	26.34
2013	36,524,941,444	0.90%	328,724,473	109,686,705	26.34
2012	37,689,312,273	0.88%	331,665,948	109,413,864	25.92
2011	37,990,136,136	0.88%	334,313,198	107,692,484	25.18
2010	41,063,765,975	0.82%	336,722,881	108,503,547	25.18
2009	44,457,886,973	0.76%	337,879,941	108,186,064	25.18
2008	44,021,325,974	0.77%	338,964,210	104,582,829	25.18
2007	42,316,253,750	0.80%	338,530,030	104,383,431	23.84
2006	38,894,798,161	0.87%	338,384,744	102,237,678	23.27

Source: Town of Huntington Department of Information Technology

¹ Per \$100 of assessed value

Overlapping Rates

County Tax Levy For Town	Total County Direct Rate ¹	School Levy	Total School Direct Rate ¹	Total Direct & Overlapping Rates
\$ 140,542,439	43.14	\$694,180,118	213.10	283.59
132,626,977	40.53	677,469,063	207.05	273.92
131,965,873	40.14	659,657,285	200.67	267.16
127,337,090	38.39	643,809,830	194.11	258.43
118,888,782	35.56	579,387,049	173.31	234.05
114,639,824	34.05	566,610,386	168.27	227.50
113,772,335	33.67	595,186,877	176.15	235.01
104,451,179	30.81	572,110,308	168.78	224.78
109,948,191	32.48	547,479,443	161.72	218.04
106,354,217	31.43	519,189,924	153.43	208.13

TOWN OF HUNTINGTON
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

2015				
Rank	Taxpayer	Nature of Business	Assessed Valuation	Percent of Total Assessed Valuation (a)
1	LIPA/Keyspan Energy Corporation	Utility	\$ 37,362,030	11.47%
2	The Retail Property Trust	Real Estate	2,000,000	0.61%
3	Huntington Quadrangle	Real Estate	1,100,000	0.34%
4	Reckson FS Limited Partnership	Commercial	801,465	0.25%
5	Avalon Bay Communities	Real Estate	764,975	0.23%
6	Melville Industrial Associates	Office Building	648,000	0.20%
7	Verizon	Utility	640,958	0.20%
8	CKL-HP	Office Building	585,000	0.18%
9	Starlight Building Corp	Real Estate	474,700	0.15%
10	Estee Lauder	Cosmetics	469,700	0.14%
	Total		<u>\$ 44,846,828</u>	<u>13.77%</u>

2006				
Rank	Taxpayer	Nature of Business	Assessed Valuation	Percent of Total Assessed Valuation (b)
1	Keyspan Energy Corp.	Utility	\$35,831,975	10.59%
2	The Retail Property Trust	Real Estate	\$2,050,000	0.61%
3	Reckson FS Limited Partnership	Commercial	\$1,611,265	0.48%
4	Melville Industrial Associates	Office Buildings	\$1,215,000	0.36%
5	Verizon New York Inc.	Utility	\$932,391	0.28%
6	TMCT, LLC (Newsday)	Newspaper	\$653,000	0.19%
7	Grandview Hotel Limited	Hotel	\$550,000	0.16%
8	Huntington Quadrangle #1 Co.	Real Estate	\$550,000	0.16%
9	Avalon Bay Communities	Real Estate	\$532,400	0.16%
10	Sunstone Broadhollow, LLC	Hotel	\$525,000	0.16%
	Total		<u>\$ 44,451,031</u>	<u>13.14%</u>

Source: Town of Huntington Department of Information Technology

(a) Total taxable assessed valuations per the Town's 2014 assessment roll for taxes levied in fiscal 2015 are \$325,757,112

(b) Total taxable assessed valuations per the Town's 2005 assessment roll for taxes levied in fiscal 2006 are \$338,384,744

TOWN OF HUNTINGTON
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Year Ended December 31,	Tax Levy For Town ^(a)	Total Tax Levy ^(b)	Amount Collected ^(c)	Percent Collected for Town ^(d)	Amount Uncollected ^(e)	Percent Uncollected ^(d)
2015	\$ 112,860,928	\$ 990,124,518	\$ 112,860,928	100.00%	\$ -	0.00%
2014	109,686,705	960,878,249	109,686,705	100.00%	-	0.00%
2013	109,686,705	941,140,645	109,686,705	100.00%	-	0.00%
2012	109,413,864	918,665,388	109,413,864	100.00%	-	0.00%
2011	107,692,484	879,997,364	107,692,484	100.00%	-	0.00%
2010	108,503,547	862,046,658	108,503,547	100.00%	-	0.00%
2009	108,186,064	851,271,257	108,186,064	100.00%	-	0.00%
2008	104,582,829	812,218,796	104,582,829	100.00%	-	0.00%
2007	104,383,431	792,607,515	104,383,431	100.00%	-	0.00%
2006	102,237,678	757,314,066	102,237,678	100.00%	-	0.00%
	<u>\$ 1,077,234,234</u>	<u>\$ 8,766,264,456</u>	<u>\$ 1,077,234,234</u>		<u>\$ -</u>	

Source: The most recent official statement of the Town of Huntington and Town of Huntington 2015 Adopted Budget

(a) Gross levy for Town purposes. (Includes all Town controlled funds)

(b) Includes all Town and County taxes.

(c) At end of the lvy year.

(d) Uncollected taxes are returned to the County for collection.

The Town retains 100% of its levy. See "Tax Collection Procedures".

All subsequent year tax collections are collected by the County.

TOWN OF HUNTINGTON
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

Year Ended	Governmental Activities				Total Primary Government	Percentage of Personal Income¹	Per Capita¹
	General Obligation Bonds	BANs	Capital Leases				
2015	\$ 82,439,032	\$ 1,000,000	\$ -	\$ 83,439,032	0.83%	409	
2014	84,020,659	3,585,000	2,634	87,608,293	0.88%	429	
2013	86,743,093	-0-	63,435	86,806,528	0.88%	427	
2012	90,017,918	-0-	214,296	90,232,214	0.93%	444	
2011	94,334,163	-0-	295,678	94,629,841	0.97%	467	
2010	99,003,914	-0-	284,950	99,288,864	1.05%	491	
2009	98,551,800	-0-	394,220	98,946,020	0.97%	483	
2008	98,712,647	-0-	392,650	99,105,297	1.01%	486	
2007	98,775,151	-0-	437,107	99,212,258	1.04%	487	
2006	94,644,275	-0-	599,041	95,243,316	1.04%	470	

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

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

TOWN OF HUNTINGTON
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS

Year Ended	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Full Taxable Value¹ of Property	Per Capita²
2015	\$ 82,439,035	\$ (873,067)	\$ 81,565,968	0.22%	400
2014	84,020,659	(1,106,604)	82,914,055	0.23%	406
2013	86,743,093	(772,229)	85,970,864	0.24%	423
2012	90,017,918	(663,624)	89,354,294	0.24%	440
2011	94,334,163	(1,156,839)	93,177,324	0.25%	460
2010	99,003,914	(263,178)	98,740,736	0.24%	488
2009	98,551,800	(620,781)	97,931,019	0.22%	478
2008	98,712,647	(980,083)	97,732,564	0.22%	479
2007	98,775,151	(1,312,215)	97,462,936	0.23%	478
2006	94,644,275	(1,605,005)	93,039,270	0.24%	459

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

¹ See the Schedule of Assessed Value, Equalization Rate and Estimated Full Value of Real Property for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics

TOWN OF HUNTINGTON
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
December 31, 2015

<u>Governmental Unit</u>	<u>Net Long-Term Debt</u>	<u>Percentage Applicable to the Town of Huntington</u>	<u>Town of Huntington Share of Debt</u>
Direct:			
Town of Huntington	\$ 82,439,035	100.00%	\$ 82,439,035
Component Units	25,330,965	100.00%	25,330,965
Total direct Debt			<u>107,770,000</u>
Overlapping:			
County	\$ 2,271,074,231	15.63%	354,968,902
Villages	6,409,728	100.00%	6,409,728
School Districts	252,165,000	69.44%	175,091,144
Library Districts	10,765,000	88.51%	9,527,983
Fire Districts	8,148,201	100.00%	8,148,201
Total overlapping debt			<u>554,145,958</u>
Total direct and overlapping debt			<u>\$ 661,915,958</u>

Source: Official Statement of the Town of Huntington

Note: Amounts are inclusive of component unit debt.

TOWN OF HUNTINGTON
DEBT LIMIT MARGIN INFORMATION
December 31, 2015

Year Ended December 31,	Net Assessed Valuation	State Equalization Rate	Full Valuation
2015	\$ 325,757,112	0.89%	\$ 36,601,922,697
2014	327,205,498	0.90%	36,356,166,444
2013	328,724,473	0.90%	36,524,941,444
2012	331,665,948	0.88%	37,689,312,272
2011	334,313,198	0.88%	37,990,136,136
Total Five Year Full Valuation			\$ 148,560,556,297
Five Year Average Full Valuation of Taxable Real Property			29,712,111,259
Constitutional Debt Limit (7% of Average Full Valuation)			2,079,847,788
Outstanding Indebtedness at December 31st			107,770,000
Less: Water Bonds			25,330,965
Net Indebtedness Subject to Debt Limit			82,439,035
Net Debt Contracting Margin			\$ 1,997,408,753
Percentage of Net Debt Contracting Margin Available			96.04%
Percentage of Net Debt Contracting Power Exhausted			3.96%

Last Ten Years							Percentage of Net Debt Contracting Margin Available
Year	Constitutional Debt Limit	Outstanding Indebtedness December 31	Less: Appropriations for Debt Principal	Indebtedness Subject to Debt Limit	Net Debt Contracting Margin	Net Debt Contracting Margin	Percentage of Net Debt Contracting Margin Available
2015	\$ 2,079,847,788	\$ 107,770,000	\$ 25,330,965	\$ 82,439,035	\$ 1,997,408,753	96.04%	
2014	2,654,740,512	108,044,993	24,024,334	84,020,659	2,570,719,853	96.84%	
2013	2,768,164,599	113,114,998	26,371,905	86,743,093	2,681,421,506	96.87%	
2012	2,873,113,983	112,540,000	22,522,082	90,017,918	2,783,096,065	96.87%	
2011	2,937,891,163	119,250,000	24,915,837	94,334,163	2,843,557,000	96.79%	
2010	2,950,556,432	99,003,913	29,238,675	69,765,238	2,880,791,194	97.64%	
2009	2,878,072,240	118,345,005	25,769,146	92,575,859	2,785,496,381	96.78%	
2008	2,698,332,860	118,335,002	27,383,430	90,951,572	2,607,381,288	96.63%	
2007	2,470,958,115	117,165,002	27,089,502	90,075,500	2,380,882,615	96.35%	
2006	2,207,535,665	114,100,000	27,695,108	86,404,892	2,121,130,773	96.09%	

TOWN OF HUNTINGTON
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Year Ended December 31,	Population¹	Personal Income (millions of dollars)	Per Capita Income³	Unemployment Rate²	Year-Round Households Estimate⁴	Average Household Size Estimates⁴	Population Density Per Square Mile⁴
2015	204,088	10,072	49,349	3.5%	69,026	2.96	2,171
2014	204,088	9,989	48,943	4.4%	69,026	2.91	2,171
2013	203,447	9,830	48,315	4.5%	69,311	2.89	2,164
2012	203,138	9,653	47,519	6.2%	69,311	2.89	2,161
2011	202,633	9,715	47,944	6.3%	69,311	2.89	2,156
2010	202,185	9,430	46,638	6.2%	69,165	2.93	2,151
2009	204,784	10,154	49,582	6.3%	68,896	2.92	2,179
2008	203,977	9,819	48,138	5.3%	68,696	2.92	2,170
2007	203,834	9,526	46,736	3.5%	68,713	2.92	2,168
2006	202,767	9,201	45,375	2.8%	68,528	2.91	2,157

Sources:

- ¹ Bureau of the Census (factfinder.census.gov)
- ² Bureau of Economic Analysis/State Department of Labor
- ³ Factfinder.census.gov and Suffolk County Planner (Peter Lambert)
- ⁴ Factfinder.census.gov)

TOWN OF HUNTINGTON
PRINCIPAL EMPLOYERS
CURRENT YEAR

2015

Rank	Name	Headquarters	Type of Business	Number of Employees	% of Total Town Employees
1	Huntington Hospital	Huntington	Hospital	2,000	1.9%
2	Northport Veterans Affairs Medical Center	Northport	Healthcare	2,000	1.9%
3	Estee Lauder, Inc.	Melville	Cosmetics	1,629	1.6%
4	Henry Schein, Inc	Melville	Medical & Dental Supplies	1,600	1.5%
5	Canon	Melville	Imaging Products	1,570	1.5%
6	Newsday	Melville	Newspaper	1,228	1.2%
7	Western Suffolk Boces	Dix Hills	Education	1,207	1.2%
8	Marchon Eyewear	Melville	Healthcare	1,055	1.0%
9	Town of Huntington	Huntington	Government	683	0.7%
10	BAE	Greenlawn	Technology	650	0.6%

Source: Audit & Control

TOWN OF HUNTINGTON
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTIONS
LAST TEN YEARS

Full-time Equivalent Employees as of December 31, 2015

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Function										
General government support	264	249	248	253	270	263	275	288	295	309
Public safety	99	82	81	78	82	79	78	80	84	80
Health	5	4	4	5	5	5	5	4	4	5
Transportation	228	224	215	218	230	230	230	235	237	230
Economic assistance and opportunity	25	27	27	27	28	30	26	29	33	29
Culture and recreation	151	148	151	149	167	160	145	136	150	158
Home and community services	<u>152</u>	<u>145</u>	<u>146</u>	<u>142</u>	<u>150</u>	<u>157</u>	<u>163</u>	<u>178</u>	<u>173</u>	<u>181</u>
Total	<u><u>924</u></u>	<u><u>879</u></u>	<u><u>872</u></u>	<u><u>872</u></u>	<u><u>932</u></u>	<u><u>924</u></u>	<u><u>923</u></u>	<u><u>950</u></u>	<u><u>976</u></u>	<u><u>992</u></u>

Source: Department of Information Technology

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF HUNTINGTON
OPERATING INDICATORS BY FUNCTION
LAST TEN YEARS

Year Ended December 31,	2015	2014	2013	2012
Function				
Public Safety				
Building				
Residential building permits issued	2,881	2,615	2,325	1,756
Commercial building permits issued	497	352	330	767
Building inspections	9,773	7,967	11,871	11,405
Fire Prevention				
Fire inspections*	1,631	1,086		1,225
Transportation				
Public Transportation				
Average daily ridership	716	698	966	870
Streetlighting				
Energy Efficient Streetlights	12,913	12,913	10,886	9,000
Public Safety				
Parking violations	14,256	12,876	24,879	14,000
Accessory apartment permits	1,661	2,205	1,689	1,667
Highways and streets				
Street resurfacing (miles)	20	19	30	35
Number of trees planted	158	158	160	450
Number of trees removed	646	729	858	2,400
Culture and Recreation				
Beach permits issued	13,297	11,429	10,708	10,529
Rounds of golf	73,163	67,147	71,120	73,299
Recreation program registrations	11,678	9,898	10,892	11,109
Home and Community Services				
Sanitation				
Refuse collected (tons/day)	261.2	266.5	271.3	302.0
Recyclables collected (tons/yr)	37,730	36,983	39,360	35,520
Water				
Water main breaks	12	15	13	13
Average daily consumption (thousands of gallons)	6,089	5,529	5,940	5,496
Sewer Usage				
Average daily sewage treatment (millions of gallons)	1.8	1.9	1.9	2.5
Wastewater				
Average daily sewage treatment (thousands of gallons)	47	48	50	53

Source: Various government departments of the Town of Huntington

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
2,170	2,100	2,312	2,506	2,436	3,130
353	225	213	301	572	246
11,388	10,558	11,670	14,621	15,470	16,812
1,203	1,835	3,820	4,309	4,216	4,739
869	880	912	929	880	863
9,104	9,801	10,065	13,087	13,262	15,905
1,555	1,494	1,827	1,747	1,958	1,978
28	32	30	40	49	50
340	456	445	312	154	438
1,900	750	710	800	676	610
10,453	10,922	10,479	10,846	7,877	8,405
66,242	72,223	73,350	79,030	79,654	81,422
10,906	10,818	15,116	13,673	14,467	11,323
273.0	263.5	268.7	283.8	301.0	311.2
39,528	40,518	40,542	40,351	39,252	47,133
8	10	8	10	16	4
5,512	6,504	4,648	5,247	6,259	5,366
2.5	2.4	2.1	2.0	2.0	2.0
44	45	46	47	50	45

TOWN OF HUNTINGTON
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN YEARS

Year Ended December 31,	2015	2014	2013	2012
Function				
General Government				
Municipal Building	1	1	1	1
Maintenance Buildings	5	5	5	5
Vehicles	460	470	470	470
Public safety				
Animal Shelter	1	1	1	1
Vehicles	36	38	37	37
Transportation				
Public Transportation				
Buses	24	24	24	24
Highways and streets				
Streets (miles)	789.1	788.5	788.5	788.5
Streetlighting				
Traffic signals	257	253	239	239
Culture and recreation				
Parks	43	42	40	40
Beaches	9	9	9	9
Boat launch ramps	5	5	5	5
Golf Courses	2	2	2	2
Ice Rinks	2	2	1	1
Marinas	3	3	3	3
Rifle Ranges	0	0	0	0
Rollerblading Parks	1	4	3	3
Skateboarding Parks	2	2	2	2
Swimming pools	1	1	1	1
Home and Community Services				
Building	1	1	1	1
Sanitation				
Collection trucks	26	26	26	26
Resource Recovery Plants	1	1	1	1
Maximum daily capacity (tons burned per day)	750	750	750	750
Water				
Fire hydrants	1,288	1,284	1285	1285
Water mains (miles)	170	170	169	169
Maximum daily capacity (millions of gallons)	33.0	33.1	33.3	33.3
Sewer				
Sewer Treatment Plant	1	1	1	1
Sanitary sewers (miles)	26.0	26.0	26	26
Maximum daily treatment capacity (millions of gallons)	2.6	2.6	2.5	2.5

Source: Various government departments of the Town of Huntington

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
1	1	1	1	1	1
5	5	5	5	5	5
470	470	470	470	470	470
1	1	1	1	1	1
37	38	45	42	42	41
24	20	20	21	23	23
788.5	788.5	788.5	788.5	788.5	788.5
239	238	236	233	234	223
40	40	40	40	40	40
9	9	9	9	9	9
5	5	5	5	5	5
2	2	2	2	2	2
1	1	1	1	1	1
3	3	3	3	3	3
-0-	-0-	-0-	-0-	-0-	1
3	3	3	3	3	3
2	2	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
26	26	26	25	26	26
1	1	1	1	1	1
750	750	750	750	750	750
1,284	1,284	1,284	1,284	1,284	1,284
169	169	169	169	169	169
33.3	33.3	33.3	33.3	33.3	33.3
1	1	1	1	1	1
26.0	26.0	26.0	26.0	26.0	26.0
2.5	2.5	2.5	2.5	2.5	2.5

APPENDIX C

FORM OF BOND COUNEL OPINION

Hawkins Delafield & Wood LLP

28 LIBERTY STREET
NEW YORK, NY 10005
WWW.HAWKINS.COM

August 16, 2016

The Town Board of
the Town of Huntington,
in the County of Suffolk, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Huntington (the “Town”), Suffolk County, New York, a municipal corporation of the State of New York, in connection with the \$13,925,000 Public Improvement Serial Bonds-2016 (the “Bonds”), dated and delivered on the date hereof, and have examined a record of proceedings relating to the authorization, sale and issuance of the Bonds.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds are valid and legally binding general obligations of the Town for which the Town has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Town is subject to the levy of ad valorem real estate taxes to pay the Bonds and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the Laws of 2011, as amended. The enforceability of rights or remedies with respect to such Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations.

The Code establishes certain requirements which must be met subsequent to the issuance of the Bonds in order that the interest on the Bonds be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of

the Bonds, restrictions on the investment of proceeds of the Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Bonds to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Bonds, the Town will execute a Tax Certificate relating to the Bonds containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the Town represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the Town's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Bonds, and (ii) compliance by the Town with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Except as stated in paragraphs 2 and 3 above, we express no opinion regarding any other federal, state or local tax consequences with respect to the Bonds or the ownership or disposition thereof. Further, we express no opinion herein as to the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Bonds, or under state and local tax law.

We render our opinion under existing statutes and court decisions as of the date of issuance of the Bonds, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or in interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement or Official Statement or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the Town, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Bonds.

We have examined the executed first numbered Bond of said issue and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Section 1. Definitions

“Annual Information” shall mean the information specified in Section 3 hereof.

“EMMA” shall mean the Electronic Municipal Market Access System implemented by the MSRB.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“Holder” shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean the **Town of Huntington**, in the County of Suffolk, a municipal corporation of the State of New York.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

“Purchaser” shall mean the financial institution referred to in the Certificate of Award, executed by the Supervisor as of August 3, 2016.

“Rule” shall mean Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

“Securities” shall mean the Issuer’s **\$13,925,000 Public Improvement Serial Bonds-2016**, dated August 16, 2016, maturing in various principal amounts on March 15 in each of the years 2017 to 2031, inclusive, and delivered on the date hereof.

Section 2. Obligation to Provide Continuing Disclosure. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York, to the EMMA System:

- (i) (A) no later than six months after the end of each fiscal year, commencing with the fiscal year ending December 31, 2016, the Annual Information relating to such fiscal year, and (B) no later than six months after the end of each fiscal year, commencing with the fiscal year ending December 31, 2016, the audited financial statements of the Issuer for each fiscal year, if audited financial statements are prepared by the Issuer and then available; provided, however, that if audited financial statements are not prepared or are not then available, unaudited financial statements shall be provided

and audited financial statements, if any, shall be delivered to the EMMA System within sixty (60) days after they become available and in no event later than one year after the end of the succeeding fiscal year; provided further, however, that the unaudited financial statement shall be provided for any fiscal year only if the Town has made a determination that providing such unaudited financial statement would be compliant with federal securities laws, including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17 (a)(2) of the Securities Act of 1933; and

- (ii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of any of the following events with respect to the Securities:
 - (1) principal and interest payment delinquencies;
 - (2) non-payment related defaults, if material;
 - (3) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (4) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) substitution of credit or liquidity providers, or their failure to perform;
 - (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other events affecting the tax status of the Securities;
 - (7) modifications to rights of Securities holders, if material;
 - (8) Bond calls, if material, and tender offers;
 - (9) defeasances;
 - (10) release, substitution, or sale of property securing repayment of the Securities, if material;
 - (11) rating changes;
 - (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any

other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

- (iii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide by the date set forth in Section 2(a)(i) hereof any Annual Information required by Section 3 hereof.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Annual Information. (a) The required Annual Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in the Issuer's final official statement relating to the Securities under the headings: "The Town," "Economic and Demographic Information," "Indebtedness of the Town," "Finances of the Town," "Real Property Tax Information" and "Litigation" and Appendix A.

(b) All or any portion of the Annual Information may be incorporated in the Annual Information by cross reference to any other documents which are (i) available to the

public on the EMMA System or (ii) filed with the SEC. If such a document is a final official statement, it also must be available from the EMMA System.

(c) Annual Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 7(e) hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. Financial Statements. The Issuer's annual financial statements for each fiscal year, if prepared, shall be prepared in accordance with GAAP or New York State regulatory requirements as in effect from time to time. Such financial statements, if prepared, shall be audited by an independent accounting firm. The Issuer's Annual Financial Report Update Document prepared by the Issuer and filed annually with New York State in accordance with applicable law, shall not be subject to the foregoing requirements.

Section 5. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 6. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 7. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to modify the contents, presentation and format of the Annual Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or
- (f) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 7 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 8. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased pursuant to the their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

In addition, this Agreement, or any provision hereof, shall be null and void in the event that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Securities, whether because such portions of the Rule are invalid, have been repealed, or otherwise.

Section 9. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 10. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of August 16, 2016.

TOWN OF HUNTINGTON

By _____
Supervisor and Chief Fiscal Officer