

OFFICIAL STATEMENT

**SERIAL BONDS
BOOK-ENTRY-ONLY 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 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 for taxable years beginning prior to January 1, 2018. 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 subdivision, including The City of New York. See “TAX MATTERS” herein.

The Town will NOT designate the Bonds as “qualified tax-exempt obligations” pursuant to the provision of Section 265(b)(3) of the Code.

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

**\$10,500,000 PUBLIC IMPROVEMENT SERIAL BONDS – 2018 SERIES A
(the “Series A Bonds”)**

**\$5,465,000 PUBLIC IMPROVEMENT REFUNDING SERIAL BONDS – 2018 SERIES B
(the “Series B Bonds” together with the Series A Bonds, the “Bonds”)**

Dated: Date of Delivery

Principal and Interest Due: As shown on inside cover

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 New York Laws of 2011, as amended (the “Tax Levy Limit Law”). (See “*Tax Levy Limit Law*” herein).

Prior Redemption: The Series A Bonds maturing on September 15, 2026 and thereafter are subject to redemption, prior to maturity, at the option of the Town, on September 15, 2025 and thereafter on any date, in accordance with terms described herein. The Series B Bonds are not subject to redemption prior to maturity. (See “*Optional Redemption of the Series A Bonds*” and “*Optional Redemption of the Series B 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 “*DESCRIPTION OF BOOK-ENTRY SYSTEM*”, 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 “*DESCRIPTION OF BOOK-ENTRY SYSTEM*”, herein).

The Bonds are offered subject to the respective final approving opinions 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 Series A Bonds and the Series B Bonds in book-entry form will be made through the facilities of DTC on or about October 10, 2018 and October 17, 2018, respectively, in New York, New York.

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

September 27, 2018

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

\$10,500,000 PUBLIC IMPROVEMENT SERIAL BONDS – 2018 SERIES A

BOND MATURITY SCHEDULE

Principal Due: September 15, 2019-2033 inclusive
Interest Due: March 15, 2019, September 15, 2019
and semi-annually thereafter on
March 15 and September 15 in each
year to maturity

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield or Price</u>	<u>CUSIP #</u>
September 15, 2019	\$ 545,000	5.000%	1.810%	446457YF4
September 15, 2020	565,000	5.000	1.870	446457YG2
September 15, 2021	585,000	5.000	1.960	446457YH0
September 15, 2022	605,000	5.000	2.010	446457YJ6
September 15, 2023	625,000	5.000	2.100	446457YK3
September 15, 2024	645,000	5.000	2.230	446457YL1
September 15, 2025	670,000	5.000	2.320	446457YM9
September 15, 2026	690,000*	4.000	2.350	446457YN7
September 15, 2027	715,000*	4.000	2.550	446457YP2
September 15, 2028	740,000*	3.000	2.750	446457YQ0
September 15, 2029	770,000*	3.000	2.900	446457YR8
September 15, 2030	795,000*	3.000	3.000	446457YS6
September 15, 2031	820,000*	3.000	3.050	446457YT4
September 15, 2032	850,000*	3.000	3.150	446457YU1
September 15, 2033	880,000*	3.125	3.200	446457YV9

*Subject to prior redemption.

UBS FINANCIAL SERVICES

\$5,465,000 PUBLIC IMPROVEMENT REFUNDING SERIAL BONDS – 2018 SERIES B

BOND MATURITY SCHEDULE

Principal Due: December 1, 2018-2024 inclusive
Interest Due: December 1, 2018, and semi-
annually thereafter on June 1 and
December 1 in each year to
maturity

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield or Price</u>	<u>CUSIP #</u>
December 1, 2018	\$ 60,000	5.00%	1.78%	446457YW7
December 1, 2019	795,000	5.00	1.79	446457YX5
December 1, 2020	835,000	5.00	1.87	446457YY3
December 1, 2021	875,000	5.00	1.94	446457YZ0
December 1, 2022	920,000	5.00	2.02	446457ZA4
December 1, 2023	965,000	5.00	2.11	446457ZB2
December 1, 2024	1,015,000	5.00	2.25	446457ZC0

RAYMOND JAMES & ASSOCIATES



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

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100 Main Street
Huntington, New York 11743
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TOWN BOARD

Chad A. Lupinacci, Town Supervisor

Joan A. Cergol
Eugene Cook
Mark A. Cuthbertson
Edmund J. Smyth

Jillian Guthman, Receiver of Taxes
Kevin Orelli, Superintendent of Highway
Jo-Ann Raia, Town Clerk
Nicholas Ciappetta, 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



Municipal Finance Advisory Service

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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.

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OFFICIAL STATEMENT
TOWN OF HUNTINGTON
SUFFOLK COUNTY, NEW YORK

\$10,500,000 PUBLIC IMPROVEMENT SERIAL BONDS – 2018 SERIES A
AND
\$5,465,000 PUBLIC IMPROVEMENT REFUNDING SERIAL BONDS – 2018 SERIES B
[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 \$10,500,000 Public Improvement Serial Bonds – 2018 Series A (the “Series A Bonds”) and \$5,465,000 Public Improvement Refunding Serial Bonds – 2018 Series B (the “Series B Bonds”) of the Town. The Series A and Series B Bonds are collectively referred to herein as the “Bonds”.

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 SERIES A BONDS

Description of the Series A Bonds

The Series A Bonds will be dated October 10, 2018 and will mature on September 15, in each of the years 2019 to 2033, inclusive, in the principal amounts as set forth on the inside cover page hereof.

The Series A 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 Series A Bonds. Individual purchases of the Series A 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 Series A Bonds. (See “*Book-Entry System*”, herein).

Interest on the Series A Bonds will be payable on March 15, 2019, September 15, 2019, 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 Series A Bonds, as described herein. The Series A Bonds may be transferred in the manner described on the Series A Bonds and as referenced in certain proceedings of the Town referred to therein. (See “*Book-Entry System*”, herein).

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

The Town Clerk will act as Fiscal Agent for the Series A 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 of the Series A Bonds

The Series A Bonds maturing on or before September 15, 2025 will not be subject to redemption prior to maturity. The Series A Bonds maturing on September 15, 2026 and thereafter, will be subject to redemption, prior to maturity, at the option of the Town, 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 September 15, 2026, at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the date of redemption.

The Town may select the maturities of the Bonds to be redeemed and the amount to be redeemed of each maturity selected, as the Town shall determine to be in the best interest of the Town at the time of such redemption. If less than all of the Bonds of any maturity are to be redeemed prior to maturity, the particular Bonds of such maturity to be redeemed shall be selected by the Town by lot in any customary manner of selection as determined by the Town.

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.

Authorization and Purpose on the Series A Bonds

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

<u>Date of</u> <u>Authorization</u>	<u>Purpose</u>	<u>Amount to</u> <u>be Issued</u>
04/04/17	James Conte Community Center Improvements	\$ 2,695,000
04/04/17	Halesite Park Bulkhead Reconstruction	1,000,000
06/05/18	Plant No.3 Rehab Carl Straight Path	1,200,000
06/05/18	Plant #1 & #6 SCADA Upgrades	250,000
06/05/18	Meter Replacement	100,000
06/05/18	Purchase of a Rehab Primary Digester	560,000
06/05/18	Old Ice Rink Roof Replacement	175,000
06/05/18	Fence Repair & Replacement	100,000
06/05/18	Tank Sump Upgrades	130,000
06/05/18	Townwide Infrastructure Improvements	175,000
06/05/18	Resurfacing Parking Lots	75,000
06/05/18	Road Rehab Program - Contractors	2,000,000
06/05/18	In-house Roadway Rehab	200,000
06/05/18	Geometric & Structural Improvements	200,000
06/05/18	Purchase of Equipment - Super Sucker	390,000
06/05/18	Drainage Improvements	200,000
06/05/18	In-House Drainage Improvements	200,000
06/05/18	Paving Program - Drainage Improvements	200,000
06/05/18	Primary Watershed - Water Quality Improvements	150,000
06/05/18	Greenlawn Water Improvements	500,000
		<u>\$10,500,000</u>

THE SERIES B BONDS

Description of the Series B Bonds

The Series B Bonds will be dated October 17, 2018 and will mature on December 1, in each of the years 2018 to 2024, inclusive, in the principal amounts as set forth on the inside cover page hereof.

The Series B 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 Series B Bonds. Individual purchases of the Series B 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 Series B Bonds. (See "*Book-Entry System*", herein).

Interest on the Series B Bonds will be payable on December 1, 2018, and semiannually thereafter on June 1 and December 1 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 Series B Bonds, as described herein. The Series B Bonds may be transferred in the manner described on the Series B Bonds and as referenced in certain proceedings of the Town referred to therein. (See "*Book-Entry System*", herein).

The Record Date of the Series B Bonds will be the fifteenth day of the month preceding each interest payment date.

The Town Clerk will act as Fiscal Agent for the Series B 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 of the Series B Bonds

The Series B Bonds will not be subject to redemption prior to maturity.

Authorization and Purpose for the Series B Bonds

The Series B Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Local Finance Law, the Town Law and a refunding bond resolution duly adopted by the Town Board on July 17, 2018, (the "Refunding Bond Resolution"), authorizing the refunding of all or a part of the Public Improvement Serial Bonds - 2009. The amounts expected to be refunded are set forth below:

Summary of Refunded Bonds (the "Refunded Bonds")

Public Improvements Serial Bonds-2009 <u>Maturity Date</u>	<u>Amount to Be Refunded</u>	<u>Interest Rate</u>	<u>Date of Redemption</u>	<u>Call Price</u>	<u>CUSIP Numbers</u>
12/01/2019	\$ 905,000	3.000%	12/01/2018	100.00%	446457SD6
11/01/2020	930,000	3.000	12/01/2018	100.00	446457SE4
11/01/2021	960,000	3.100	12/01/2018	100.00	446457SF1
11/01/2022	990,000	3.750	12/01/2018	100.00	446457SG9
11/01/2023	1,025,000	4.000	12/01/2018	100.00	446457SH7
11/01/2024	<u>1,065,000</u>	4.000	12/01/2018	100.00	446457SJ3
Subtotal:	<u>\$5,875,000</u>				

Refunding Financial Plan

Pursuant to the Town’s Refunding Financial Plan, as referred to in the Refunding Bond Resolution, the Series B Bonds are being issued to effect the refunding of the Refunded Bonds maturing on their respective principal payment dates as set forth herein. The Refunding Financial Plan will permit the Town to realize, as a result of the issuance of the Series B Bonds, cumulative dollar and present-value debt service savings.

The net proceeds of the Series B Bonds (after payment of the underwriting fee and other costs of issuance relating to the Series B Bonds), will be used to purchase non-callable, direct obligations of or obligations guaranteed by the United States of America (the “Government Obligations”) which, together with remaining cash proceeds from the sale of the Series B Bonds, will be placed in an irrevocable trust fund (the “Escrow Fund”) to be held by U.S. Bank (the “Escrow Holder”), a bank located and authorized to do business in the State, pursuant to the terms of an escrow contract by and between the Town and the Escrow Holder, dated as of the delivery date of the Series B Bonds (the “Escrow Contract”). The Government Obligations so deposited will mature in amounts which, together with the cash so deposited, will be sufficient to pay the principal of, interest on and applicable redemption premiums, if any, of the Refunded Bonds on the dates of their redemption. The Refunding Plan requires the Escrow Holder, pursuant to the Refunding Bond Resolution of the Town and Escrow Contract, to pay the Refunded Bonds at maturity or at the earliest date on which the Refunded Bonds may be called for redemption prior to maturity.

The holders of the Refunded Bonds will have a first lien on all cash on deposit in the Escrow Fund. Upon payment by the Escrow Holder to the fiscal agent for the Refunded Bonds of amounts from the Escrow Fund adequate for the payment, in full, of the Refunded Bonds to be paid from the Escrow Fund, including interest and redemption premium, if any, payable with respect thereto, and payment of all expenses incidental to the issuance of the Series B Bonds, such Escrow Contract shall terminate.

Under the Refunding Financial Plan, the Refunded Bonds will continue to be general obligations of the Town and will continue to be payable from *ad valorem* taxes on all taxable real property in the Town. However, inasmuch as the funds held in the Escrow Fund together with interest earnings thereon and cash held in the Escrow Fund shall be sufficient to meet all required payments of principal of, interest on the premium payable with respect to the Refunded Bonds, it is not anticipated that other sources of payment will be utilized.

Sources and Uses of Bond Proceeds

Sources:

Par Amount of Bonds	\$ 5,465,000.00
Original Issue Premium	564,626.60
Total.....	\$6,029,626.60

Uses:

Escrow Deposit.....	\$5,962,672.00
Underwriter’s Discount	8,099.95
Allowance for Costs of Issuance and Contingency	58,854.65
Total.....	\$6,029,626.60

DESCRIPTION OF BOOK-ENTRY SYSTEM

DTC will act as Securities Depository for any Bonds issued as book-entry bonds. Such Bonds will be issued as fully registered securities, 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.

DTC is 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”) and together with Direct Participant, the (“Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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 effect 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.

Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of 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 issuer 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.

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 OBLIGATION 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 OF 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; (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

If the Bonds are issued as book-entry bonds registered in the name of Cede & Co., 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 transfers through DTC at any time. In the event that such book-entry system is discontinued, 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.

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 New York Laws of 2011, as amended. (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 New York Laws of 2011, as amended (the “*Tax Levy Limit Law*”), imposes a statutory 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 “*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 the 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 an 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 "*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*, 40 N.Y.2d 1088 (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 financial 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 by 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 203,974 according to the 2016 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 110 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 over 1.2 million sq. ft. and includes approximately 100 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. 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.

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.

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 volunteer Fire Districts that operate within the Town.

Employees

The Town employs approximately 675 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	12/31/22	191
Long Island Service Employees, ILA, Labor Unit.....	12/31/21	332
Long Island Service Employees, ILA, Supervisory Unit.	12/31/21	73

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Characteristics

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

<u>Year</u>	<u>Town of Huntington</u>	<u>Suffolk County</u>	<u>State of New York</u>
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
2016	203,974	1,498,130	19,697,457

Source: U.S. Bureau of the Census.

Income Data

	Per Capita Money Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2016^a</u>
Town of Huntington	\$24,810	\$36,390	\$46,862	\$53,783
County of Suffolk	18,481	26,577	35,755	40,253
State of New York	16,501	23,389	30,791	35,534

	Median Family Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2016^a</u>
Town of Huntington	\$65,820	\$90,606	\$116,478	\$127,225
County of Suffolk	53,244	72,112	96,220	104,790
State of New York	32,965	43,393	55,603	74,036

Source: United State Bureau of the Census.

a. Note: Based on American Community Survey Three-Year Estimates (2012-2016).

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
One Family	187	204	234	243	322
Commercial/Industrial	43	37	74	51	261
Alt & Adds (Res.)	754	801	726	725	843
Alt & Adds (Other)	266	260	371	323	307
Demolish Various Bldgs.	217	218	242	251	288
Other	1,208	1,467	1,731	1,544	1,388
Totals	2,675	2,987	3,378	3,137	3,409

Unemployment Rate Statistics

<u>Annual Averages:</u>	<u>Town of Huntington (%)</u>	<u>County of Suffolk (%)</u>	<u>New York State (%)</u>
2013	5.7	7.3	7.7
2014	4.6	7.8	6.4
2015	4.2	4.8	5.3
2016	3.7	4.3	4.9
2017	4.3	4.8	5.1
2018 (6 Months)	4.0	4.5	4.6

Source: Department of Labor, State of New York.

Selected Listing of Larger Employers

<u>Name</u>	<u>Type</u>	<u>Estimated Number Of Employees</u>
Huntington Hospital	Hospital	2,000
Northport Veterans Affairs Medical Center	Healthcare	2,000
Canon	Imaging Products	1,800
Estee Lauder, Inc.	Cosmetics	1,500
Half Hollow Hills CSD	Education	1,416
Henry Schein, Inc.	Medical & Dental Supplies	1,400
Western Suffolk BOCES	Education	1,317
Newsday	Newspaper	1,228
Marchon Eyewear	Healthcare	1,055
Northport-East Northport UFSD	Education	1,030

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, or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, 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 periods of probable usefulness of the objects or purposes as determined by statute or in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which such indebtedness is to be contracted; 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 fiscal year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds, bond anticipation notes and capital 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. The amount of such increase is limited by the formulas set forth in the Tax Levy Limit Law. (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 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 requirement with respect to the bond resolutions 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 bonds. Statutory law in New York permits 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, bonds issued in anticipation of the sale of 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 Town 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 outstanding 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. The amount of such increases is limited by the formulas set forth in the Tax Levy Limit Law. (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

	December 31:				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Bonds	\$113,114,998	\$108,045,000	\$107,770,000	\$108,460,000	\$107,300,000
Bond Anticipation Notes	0	3,585,000	1,000,000	500,000	0
Installment Purchase Debt	64,794	2,635	0	0	0
Totals	<u>\$113,179,792</u>	<u>\$111,632,635</u>	<u>\$108,770,000</u>	<u>\$108,960,000</u>	<u>\$107,300,000</u>

Details of Short-Term Indebtedness Outstanding

(As of September 12, 2018)

As of the date of this Official Statement, the Town has no short-term debt outstanding.

Computation of Debt Limit and Calculation of Net Debt Contracting Margin

(As of September 12, 2018)

Fiscal Year Ending <u>December 31:</u>	Assessed <u>Valuation</u>	State Equalization <u>Rate (%)</u>	Full <u>Valuation</u>
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	37,814,898,372
2017	324,025,888	0.85	38,120,692,706
2018	323,515,483	0.84	<u>38,513,747,976</u>
Total Five Year Full Valuation			\$187,407,428,195
Average Five Year Full Valuation			37,481,485,639
Debt Limit - 7% of Average Full Valuation			2,623,703,995
Inclusions:			
Outstanding Bonds:			
General Purpose Bonds			78,216,361
Water Debt			<u>24,118,639</u>
Total Inclusions			<u>102,335,000</u>
Exclusions:			
Appropriations for Bonds			6,007,779
Water Debt			<u>24,118,639</u>
Total Exclusions			30,126,418
Total Net Indebtedness Before Issuing the Series A Bonds			<u>72,208,582</u>
The Series A Bonds			10,500,000
Less: BANs to be Redeemed by the Series A Bonds			<u>0</u>
Net Effect of the Series A Bonds			10,500,000
Total Net Indebtedness After Issuing the Bonds			82,708,582
Net Debt Contracting Margin			<u><u>2,540,995,413</u></u>
Percent of Debt Limit Exhausted			3.15%

Debt Service Requirements – Outstanding Bonds

Fiscal Year Ending December 31:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$12,880,000	\$3,314,191	\$16,194,191
2019	12,295,000	2,848,795	15,143,795
2020	11,760,000	2,411,117	14,171,117
2021	11,035,000	2,001,940	13,036,940
2022	9,975,000	1,630,565	11,605,565
2023	9,060,000	1,308,563	10,368,563
2024	7,840,000	1,032,044	8,872,044
2025	6,955,000	815,050	7,770,050
2026	5,850,000	630,588	6,480,588
2027	5,155,000	493,381	5,648,381
2028	4,690,000	355,856	5,045,856
2029	3,645,000	226,581	3,871,581
2030	3,045,000	137,344	3,182,344
2031	2,075,000	57,666	2,132,666
2032	1,040,000	15,600	1,055,600
Totals	<u>\$107,300,000</u>	<u>\$17,279,279</u>	<u>\$124,579,279</u>

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 Villages	10/03/2017	15.63	\$276,962,101	\$209,340,293
School Districts	05/31/17 or Later	Var.	7,968,102	7,968,102
Fire Districts	06/30/17 or Later	Var.	206,204,552	148,367,660
Library Districts	12/31/16 or Later	Var.	13,299,924	13,299,924
	06/30/16 or Later	Var.	16,420,088	16,420,088
Totals			<u>\$520,854,767</u>	<u>\$395,396,067</u>

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 September 12, 2018)

	<u>Amount</u>	<u>Per Capita^a</u>	<u>Percentage Of Full Value (%)^b</u>
Total Direct Debt	\$102,335,000	\$502	0.265
Net Direct Debt	72,208,582	354	0.187
Total Direct & Applicable Total Overlapping Debt	623,189,767	3,055	1.615
Net Direct & Applicable Net Overlapping Debt	467,604,649	2,292	1.212

a. The current estimated population of the Town is 203,974.

b. The full valuation of taxable real property in the Town for 2017-18 is \$38,595,549,167.

Authorized And Unissued Debt
(As of September 12, 2018)

As of the date of this Official Statement, the Town has authorized but unissued debt in the aggregate amount of \$16,718,000 as follows:

Various Public Improvements	\$ 9,995,000
Highway Projects.....	2,400,000
Special Districts.....	<u>4,323,000</u>
 Total	 <u>\$ 16,718,000</u>

The issuance of the Series A Bonds will finance \$10,500,000 of such amount. In addition, the Town has authorized the issuance of \$6,200,000 refunding bonds pursuant to a refunding bond resolution adopted on July 17, 2018. The Series B Bonds will finance \$5,925,000 (subject to change) of such amount.

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, the Town paid the Town of Smithtown a charge of approximately \$33.30 per ton of solid waste deposited therein. For its use 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. 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 since been capped.

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, is expected to pay both the operating expenses and debt service of the facility. The Service Agreement had an initial term that expired in October 2012. In December 2010, the Town exercised the option to extend the 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. The Town of Smithtown is responsible for approximately 37% of the landfill costs. The total costs paid by the Town under this agreement to Covanta during 2017 was \$16,798,489 of which \$5,319,286 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 2018-2022

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Total</u>
Dix Hills Water District	\$1,400,000	\$3,280,000	\$3,726,000	\$2,500,000	\$3,311,000	\$14,217,000
Engineering	7,320,000	5,500,000	1,350,000	1,455,000		15,625,000
Environmental Waste Management	1,330,000	848,000	1,355,000	1,485,000	550,000	5,928,000
General Services	1,905,000	1,875,000	1,375,000	1,375,000	1,375,000	7,905,000
Highway	3,550,000	3,550,000	3,550,000	3,550,000	3,550,000	17,750,000
Information Technology	50,000					50,000
Planning	50,000	100,000	100,000	100,000	100,000	450,000
Street Lighting		200,000				200,000
Town Clerk	50,000					50,000
Transportation and Safety	<u>200,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>1,800,000</u>
Totals	<u>\$15,855,000</u>	<u>\$15,753,000</u>	<u>\$11,856,000</u>	<u>\$10,865,000</u>	<u>\$9,286,000</u>	<u>\$63,975,000</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, 2017, 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 2013-2017 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 of each year. 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 his or 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 and sewer 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 11.74% of its total general fund operating revenue from State aid in 2017 and is expected to receive 10.48% of general fund operating revenue in 2018. 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 2013 through 2017 and as budgeted, for 2018.

Fiscal Year Ending December 31:	Total General Fund Revenue	State Aid	Real Property Taxes to Revenues (%)
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	98,771,387	11,329,131	11.47
2017	101,434,819	11,912,773	11.74
2018 (Budgeted)	101,252,811	10,610,453	10.48

Source: Audited financial statements 2013 through 2017 and the adopted budget for 2018. The 2018 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: 12.9%).

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, along with the Town's response, 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 between January 1, 2010 and March 31, 2012. 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 requires 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 in certain years. 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 through 2016. 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, 2017 is \$1,702,231.

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

<u>Fiscal Year Ending</u> <u>December 31:</u>	<u>Amount of Contribution</u>
2013	\$12,736,105
2014	10,790,971
2015	11,317,997
2016	9,045,917
2017	8,764,939
2018 (Budgeted)	10,832,459

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:

<u>Annual OPEB Cost and Net OPEB Obligation</u>	<u>Fiscal Year Ended December 31, 2017</u>
Annual required contribution (ARC)	\$18,812,571
Interest on net OPEB obligation	3,549,647
Less: Adjustments to ARC	<u>(4,950,430)</u>
Annual OPEB cost (expense)	17,411,788
Less: Contributions made	<u>7,611,396</u>
Increase in net OPEB obligation	9,800,392
Net OPEB obligation-beginning of year	<u>88,741,199</u>
Net OPEB obligation-end of year	<u><u>\$98,541,591</u></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 \$194,261 and Huntington Community First Aid Squad, Inc. of \$674,970 for the year ended December 31, 2017 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 41.62% of total budgeted General Fund revenues, for the fiscal year ended 2017. 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 Limit Law*” herein).

The following table sets forth the percentage of the Town’s General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2013 through 2017, and, as budgeted, for the year ending December 31, 2018.

Fiscal Year Ending <u>December 31:</u>	<u>Total Revenue</u>	Real Property <u>Taxes</u>	Real Property Taxes to <u>Revenues (%)</u>
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	98,771,387	39,577,619	40.07
2017	101,434,819	42,218,885	41.62
2018 (Budgeted)	101,252,811	42,986,157	42.45

Source: Audited financial statements 2013 through 2017 and the adopted budget for 2018. The 2018 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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Tax Levy	\$906,878,249	\$990,124,578	\$1,005,781,356	\$1,022,937,520	\$1,042,572,430
Amount to Supervisor	828,251,272	849,582,079	863,060,764	878,328,523	895,604,546
Amount to County Treasurer	132,626,977	140,542,439	142,720,593	144,608,997	146,967,884
Uncollected (Returned)	24,722,780	25,859,062	24,555,382	25,500,438	23,879,194
Adjusted Percent Uncollected When Due	2.57%	2.61%	2.44%	2.49%	2.29%

- 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" herein.

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>As of December 31:</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Town-Wide	\$111.29	\$121.17	\$121.17	\$129.77	\$132.16
Highway Items and Part-Town	118.14	119.84	127.14	131.68	133.16

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.

The 2013 through 2018 Budgets did not exceed the tax levy limitation.

Selected Listing of Large Taxable Properties
2017 Assessment Roll^a

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
LIPA/Keyspan Energy Corp.	Utility	\$37,473,549
The Retail Property Trust	Real Estate	2,000,000
Reckson FS Limited Partnership	Commercial	801,465
Avalon Bay Communities	Real Estate	764,975
Huntington Quadrangle	Real Estate	675,000
CKL-HP	Office Buildings	585,000
Verizon	Utility	529,330
Estee Lauder	Cosmetics	469,700
Avalon Huntington Former S Corp	Real Estate	455,000
Grandview Hotel Limited	Hotel	425,000
	Total ^a	\$44,179,019

a. Assessment Roll established in 2017 for levy and collection of taxes during 2018 Fiscal Year.

b. Represents 13.63% of the total taxable assessed valuation of the Town for 2018.

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 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. The Court recently granted LIPA summary judgment, dismissing the separate lawsuit, but the Town will appeal. If the appeal is successful, the tax certiorari proceeding may 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 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 for taxable years beginning prior to January 1, 2108. 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 as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated above. 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 to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

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 (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Bonds. In general, the issue price for each maturity of Bonds is expected to be the initial public offering price set forth on the cover page of the 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 Bond 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.

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

CYBERSECURITY

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

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.

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. In the previous five years, the Town has complied with all previous undertakings in all material respect to Rule 15c2-12.

BOND RATING

S&P Global Ratings ("S&P") 55 Water Street, New York, NY 10041, Telephone: (877) 299-2569 and Fax: (212) 438-5153 has assigned a rating of "AAA" and Moody's Investors Service ("Moody's"), 7 WTC at Greenwich Street, New York, NY, Phone: (212) 553-4055 and Fax: (212) 298-6761 has assigned a rating of "Aaa" to the Bonds. The ratings reflect only the views of the rating agencies furnishing the same, and an explanation of the significance of these ratings may be obtained only from the rating agencies. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigation, studies and assumptions by the rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the ratings assigned to the Bonds could have an adverse affect on the market price of the Bonds or the availability of a secondary market for such Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS FOR THE SERIES B BONDS

Causey Demgen & Moore Inc. will verify from the information provided to them, the mathematical accuracy, as of the date of the closing of the Series B Bonds, of: (1) the computations contained in the provided schedules to determine that the anticipated receipts from the Government Obligations and cash deposits listed in the underwriter's schedules, to be held in escrow, will be sufficient to pay, when due, the principal, interest and call premium requirements of the Refunded Bonds, and (2) the computations of the yield on both the Government Obligations and the Series B Bonds contained in the provided schedules to be used by Hawkins Delafield & Wood LLP, as Bond Counsel to the Town for the Series B Bonds, in its determination that the interest on the Series B Bonds is excludable from gross income for Federal income tax purposes. Causey Demgen & Moore Inc. will express no opinion on the assumptions provided to them, nor as to the exclusion from taxation of the interest on the Series B Bonds.

The accuracy of the mathematical computations regarding the adequacy of the cash as deposit in the Escrow Fund, to pay, when due, the principal of and interest on the Refunded Bonds on the applicable payment date(s) will be verified by Causey Demgen & Moore, P.C. Such verification of the accuracy of the mathematical computation will be based, in part, upon factual information supplied by the Town and the Purchaser or the Municipal Advisor.

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 CHAD A. LUPINACCI
Supervisor and Chief Fiscal Officer
Town of Huntington
Huntington, New York

September 27, 2018

APPENDIX A

FINANCIAL INFORMATION

BALANCE SHEETS

FISCAL YEAR ENDING DECEMBER 31, 2017

	Select Governmental Funds			
	General <u>Fund</u>	Highway <u>Funds</u>	Town Refuse & Garbage	Non-Major Governmental <u>Funds</u>
<u>Assets</u>				
Cash & Cash Equivalents	\$ 22,273,104	\$ 4,328,746	\$ 8,655,262	\$ 8,600,736
Restricted Cash	14,891,362	1,802,978	75,177	8,067,992
Accounts Receivable	3,722,169	12,541	39,867	1,543,915
State and Federal Aid Receivables	2,620,476	5,422,833	261,558	279,043
Due From Other Funds	614,733	35,410	13,072	49,913
Prepaid Charges	<u>1,393,075</u>	<u>446,238</u>	<u>170,685</u>	<u>389,890</u>
 Total Assets	 <u>\$ 45,514,919</u>	 <u>12,048,746</u>	 <u>\$ 9,215,621</u>	 <u>\$ 18,931,489</u>
 <u>Liabilities</u>				
Accounts Payable	\$ 1,999,523	\$ 372,818	\$ 728,066	\$ 1,228,425
Accrued Liabilities	6,374,429	530,839	1,511,091	351,992
Due to Other Governments				1,074,773
Due to Other Funds	<u>32,394</u>	<u>466,588</u>	<u>158,061</u>	<u>56,109</u>
 Total Liabilities	 <u>8,406,346</u>	 <u>1,370,245</u>	 <u>2,397,218</u>	 <u>2,711,299</u>
 <u>Deferred Inflows of Resources</u>				
Deferred Revenue	<u>6,918,299</u>	<u>6,009,385</u>	<u>2,001,826</u>	<u>1,033,379</u>
 <u>Fund Balance</u>				
Nonspendable	1,393,075	446,238	170,685	389,890
Restricted	14,891,362	1,802,978	75,177	8,067,992
Assigned	507,041	2,419,900	4,570,715	7,738,557
Unassigned	<u>13,398,796</u>	<u> </u>	<u> </u>	<u>(1,009,628)</u>
 Total Fund Balance	 <u>30,190,274</u>	 <u>4,669,116</u>	 <u>4,816,577</u>	 <u>15,186,811</u>
 Total Liabilities and Fund Balances	 <u>\$ 45,514,919</u>	 <u>\$ 12,048,746</u>	 <u>\$ 9,215,621</u>	 <u>\$ 18,931,489</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 (2017).

NOTE: This Schedule NOT audited.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GENERAL FUND

	Fiscal Years Ending December 31:				
	2013	2014	2015	2016	2017
Revenues:					
Real Property Taxes	\$ 35,393,763	\$ 36,728,178	\$ 39,676,446	\$ 39,577,619	\$ 42,218,885
Other Property Tax Items	322,419	338,536	355,817	365,187	417,834
Non-Property Tax items	3,956,027	4,225,784	4,407,959	4,715,779	4,887,765
Departmental Income	31,140,769	31,135,661	30,583,144	31,688,875	31,398,492
Intergovernmental Charges	133,866	186,869	129,941	138,365	216,782
Use of Money and Property	922,859	926,029	1,123,937	1,125,915	1,104,982
Licenses and Permits	965,623	1,006,951	1,020,414	1,048,059	1,023,016
Fines and Forfeitures	1,135,462	1,101,734	1,136,862	1,160,476	1,204,294
Sale of Property	787,442	414,989	468,012	1,048,705	305,069
Miscellaneous Local Sources	1,123,623	1,107,424	1,180,288	1,113,249	1,060,315
Interfund Revenues	4,051,494	4,138,963	4,150,647	4,469,548	4,763,246
State and Other Local Government Aid	10,130,804	9,025,085	9,897,625	11,329,131	11,912,773
Federal Aid	1,990,216	950,992	1,050,544	990,479	921,366
Total Revenues	<u>92,054,367</u>	<u>91,287,195</u>	<u>95,181,636</u>	<u>98,771,387</u>	<u>101,434,819</u>
Expenditures:					
General Government Support	23,236,683	24,126,298	24,401,190	24,450,385	25,344,163
Public Safety	4,553,926	4,904,851	5,005,238	5,037,331	5,281,060
Health	744,247	759,590	701,093	798,663	641,850
Transportation	4,722,382	5,033,471	5,083,505	4,815,160	4,953,653
Economic Assistance & Opportunity	2,071,285	2,101,653	2,132,736	2,158,587	2,237,607
Culture and Recreation	14,048,065	14,057,894	12,795,662	12,436,746	12,790,979
Home & Community Services	20,124,955	20,342,383	20,600,151	21,454,137	20,620,613
Employee Benefits	18,789,724	18,071,558	19,230,449	18,556,191	19,372,126
Debt Service	4,246,840	5,267	314,850	512,500	4,083
Total Expenditures	<u>92,538,107</u>	<u>89,402,965</u>	<u>90,264,874</u>	<u>90,219,700</u>	<u>91,246,134</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(483,740)	1,884,230	4,916,762	8,551,687	10,188,685
Other Financing Sources (Uses):					
Amortization of Retirement Systems					
Operating Transfers In	200,020		881,630	65,347	14,746
Other Transfers Out	(10,242,163)	(6,297,326)	(5,966,024)	(7,056,912)	(5,339,721)
Total Other Financing Sources (Uses)	<u>(10,042,143)</u>	<u>(6,297,326)</u>	<u>(5,084,394)</u>	<u>(6,991,565)</u>	<u>(5,324,975)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(10,525,883)	(4,413,096)	(167,632)	1,560,122	4,863,710
Fund Balance, Beginning of Year	38,871,189	28,347,170	23,934,074	23,766,442	25,326,564
Adjustment to Fund Balance Due to Accounting Changes	1,864				
Fund Balance, Beginning of Year, as Restated	<u>38,873,053</u>	<u>28,347,170</u>	<u>23,934,074</u>	<u>23,766,442</u>	<u>25,326,564</u>
Fund Balance, End of Year	<u>\$ 28,347,170</u>	<u>\$ 23,934,074</u>	<u>\$ 23,766,442</u>	<u>\$ 25,326,564</u>	<u>\$ 30,190,274</u>

Sources: Audited Financial Reports of the Town (2013-2017)

NOTE: This Schedule NOT audited.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

HIGHWAY FUND

	Fiscal Years Ending December 31:				
	2013	2014	2015	2016	2017
Revenues:					
Real Property Taxes	\$ 30,825,862	\$ 29,393,394	\$ 29,717,196	\$ 31,713,152	\$ 32,597,757
Other Property Tax Items	45,886	60,587	66,803	60,222	114,473
Departmental Income		83,088	465,153	560,438	205,709
Intergovernmental Charges		9,484	28,998	5,412	7,464
Use of Money and Property	89,867	73,425	78,685	146,765	133,709
Licenses and Permits	148,858	199,375	148,375	291,475	166,025
Sale of Property	16,372	55,817	418,026	149,318	140,413
Miscellaneous Local Sources	432,402	355,186	361,603	210,394	264,740
State and Other Local Government Aid	1,731,840	1,498,480	2,547,099	2,173,591	2,409,449
Federal Aid	9,770,553	955,715	256,604		
Total Revenues	<u>43,061,640</u>	<u>32,684,551</u>	<u>34,088,542</u>	<u>35,310,767</u>	<u>36,039,739</u>
Expenditures:					
General Government Support	183,138	191,623	176,757	180,744	1,879,892
Transportation	24,897,287	21,263,547	22,978,206	19,388,887	20,137,929
Employee Benefits	8,299,869	7,506,155	8,285,728	7,770,777	8,245,262
Debt Service		6,846	15,675		
Total Expenditures	<u>33,380,294</u>	<u>28,968,171</u>	<u>31,456,366</u>	<u>27,340,408</u>	<u>30,263,083</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,681,346	3,716,380	2,632,176	7,970,359	5,776,656
Other Financing Sources (Uses):					
Amortization of Retirement Systems					
Operating Transfers In	376,881	1,166,152	64,857		35,664
Other Transfers Out	(8,383,127)	(8,086,887)	(8,159,087)	(7,946,679)	(6,874,999)
Total Other Financing Sources (Uses)	<u>(8,006,246)</u>	<u>(6,920,735)</u>	<u>(8,094,230)</u>	<u>(7,946,679)</u>	<u>(6,839,335)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,675,100	(3,204,355)	(5,462,054)	23,680	(1,062,679)
Fund Balance, Beginning of Year	12,699,424	14,374,524	11,170,169	5,708,115	5,731,795
Adjustment to Fund Balance Due to Accounting Changes					
Fund Balance, Beginning of Year, as Restated	<u>12,699,424</u>	<u>14,374,524</u>	<u>11,170,169</u>	<u>5,708,115</u>	<u>5,731,795</u>
Fund Balance, End of Year	<u>\$ 14,374,524</u>	<u>\$ 11,170,169</u>	<u>\$ 5,708,115</u>	<u>\$ 5,731,795</u>	<u>\$ 4,669,116</u>

Sources: Audited Financial Reports of the Town (2013-2017)

NOTE: This Schedule NOT audited.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

REFUSE AND GARBAGE FUND

	Fiscal Years Ending December 31:				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues:					
Real Property Taxes	\$ 23,370,653	\$ 23,773,582	\$ 24,034,328	\$ 24,160,829	\$ 24,570,261
Other Property Tax Items	217	247	240	210	245
Departmental Income	9,262	9,785	8,595	8,430	11,528
Intergovernmental Charges	9,728	9,192	9,933	10,900	13,072
Use of Money and Property	42,171	44,118	51,394	72,570	104,113
Sale of Property	560,731	545,281	113,160	77,374	225,846
Miscellaneous Local Sources	104,274	90,918	94,313	49,725	58,603
State and Other Local Government Aid					
Federal Aid	49,067				
Total Revenues	<u>24,146,103</u>	<u>24,473,123</u>	<u>24,311,963</u>	<u>24,380,038</u>	<u>24,983,668</u>
Expenditures:					
General Government Support	1,992,537	1,977,787	1,965,050	2,088,791	2,234,288
Home & Community Services	19,458,329	19,403,786	18,889,789	18,576,864	18,976,670
Employee Benefits	2,820,372	2,573,004	2,489,744	2,672,822	2,774,401
Total Expenditures	<u>24,271,238</u>	<u>23,954,577</u>	<u>23,344,583</u>	<u>23,338,477</u>	<u>23,985,359</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(125,135)	518,546	967,380	1,041,561	998,309
Other Financing Sources (Uses):					
Amortization of Retirement Systems					
Operating Transfers In			21,133		
Other Transfers Out	(325,291)	(176,356)	(190,969)	(258,865)	(207,689)
Total Other Financing Sources (Uses)	<u>(325,291)</u>	<u>(176,356)</u>	<u>(169,836)</u>	<u>(258,865)</u>	<u>(207,689)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(450,426)	342,190	797,544	782,696	790,620
Fund Balance, Beginning of Year	2,553,953	2,103,527	2,445,717	3,243,261	4,025,957
Adjustment to Fund Balance Due to Accounting Changes					
Fund Balance, Beginning of Year, as Restated	<u>2,553,953</u>	<u>2,103,527</u>	<u>2,445,717</u>	<u>3,243,261</u>	<u>4,025,957</u>
Fund Balance, End of Year	<u>\$ 2,103,527</u>	<u>\$ 2,445,717</u>	<u>\$ 3,243,261</u>	<u>\$ 4,025,957</u>	<u>\$ 4,816,577</u>

Sources: Audited Financial Reports of the Town (2013-2017)

NOTE: This Schedule NOT audited.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NON-MAJOR GOVERNMENTAL FUNDS

	Fiscal Years Ending December 31:				
	2013	2014	2015	2016	2017
Revenues:					
Real Property Taxes	\$ 20,299,042	\$ 20,034,011	\$ 19,565,360	\$ 19,034,565	\$ 18,374,208
Other Property Tax Items	43,975	52,257	56,942	12,861	37,100
Non-Property Tax items	144,701	144,701	144,701	144,701	144,701
Departmental Income	7,536,123	7,631,362	9,544,908	9,163,554	9,690,827
Use of Money and Property	334,008	305,593	301,110	338,950	1,389,416
Licenses and Permits	804,050	704,081	963,883	815,757	841,153
Sale of Property		49,427	7,069	142,788	2,741,401
Miscellaneous Local Sources	603,389	730,961	859,281	1,326,008	1,567,626
State and Other Local Government Aid	30,316				
Federal Aid	1,076,170	1,016,392	1,375,114	586,157	590,958
Total Revenues	30,871,774	30,668,785	32,818,368	31,565,341	35,377,390
Expenditures:					
General Government Support	4,178,053	4,353,407	4,340,560	4,495,395	4,797,321
Public Safety	3,526,683	3,710,059	3,797,742	3,844,665	3,995,538
Health	2,537,524	2,604,129	2,545,120	2,061,881	2,500,369
Transportation	2,644,575	2,989,695	2,811,072	2,519,387	2,366,696
Economic Assistance and Opportunity				48,235	27,845
Home & Community Services	9,987,909	10,578,893	11,189,953	10,967,413	10,557,775
Employee Benefits	6,102,638	5,692,076	6,566,681	6,274,484	6,127,723
Total Expenditures	28,977,382	29,928,259	31,251,128	30,211,460	30,373,267
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,894,392	740,526	1,567,240	1,353,881	5,004,123
Other Financing Sources (Uses):					
Amortization of Retirement Systems					
Operating Transfers In	1,614		94,130	28,419	3,918
Other Transfers Out	(2,507,130)	(2,150,574)	(2,835,308)	(2,011,633)	(2,010,125)
Total Other Financing Sources (Uses)	(2,505,516)	(2,150,574)	(2,741,178)	(1,983,214)	(2,006,207)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(611,124)	(1,410,048)	(1,173,938)	(629,333)	2,997,916
Fund Balance, Beginning of Year	8,452,910	7,841,785	7,709,847	6,535,909	5,906,576
Adjustment to Fund Balance Due to Accounting Changes	(1)	1,278,110 ⁽¹⁾			6,282,319 ⁽²⁾
Fund Balance, Beginning of Year, as Restated	8,452,909	9,119,895	7,709,847	6,535,909	12,188,895
Fund Balance, End of Year	\$ <u>7,841,785</u>	\$ <u>7,709,847</u>	\$ <u>6,535,909</u>	\$ <u>5,906,576</u>	\$ <u>15,186,811</u>

(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

(2). The Town implemented GASB 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and amendments to Certain Provision of GASB Statements 67 and 68, in the fiscal year ended December 31, 2017. The implementation of the statement requires, among other things, that the Town present the benefits to volunteer ambulance personnel in the ambulance districts funds. In addition, the statement requires that the Town record

its total length of service award liability in the government-wide financial statements. Accounting changes adopted to conform to the provisions of the statement are to be applied retroactively and reported as a restatement of beginning net position in the government-wide Statement of Net Position and the beginning fund balances

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 district

Sources: Audited Financial Reports of the Town (2013-2017)

NOTE: This Schedule NOT audited.

ADOPTED BUDGETS - GENERAL FUND

	Fiscal Years Ending December 31:	
	<u>2017</u>	<u>2018</u>
Revenues:		
Real Property Taxes	\$ 42,129,825	\$ 42,986,157
Other Property Tax Items	348,045	390,000
Non-Property Tax items	4,257,954	4,407,954
Departmental Income	32,439,481	32,594,481
Intergovernmental Charges	128,357	128,357
Use of Money and Property	949,235	923,911
Licenses and Permits	1,026,000	1,071,000
Fines and Forfeitures	1,305,000	1,305,000
Sale of Property	279,200	267,000
Miscellaneous Local Sources	758,750	1,033,750
Interfund Revenues	4,763,246	4,482,286
State and Other Local Government Aid	10,090,453	10,610,453
Federal Aid	992,462	992,462
Appropriated Fund Balance	225,000	60,000
	<u>99,693,008</u>	<u>101,252,811</u>
Total Revenues	<u>99,693,008</u>	<u>101,252,811</u>
Expenditures:		
General Government Support	35,975,416	37,065,509
Public Safety	7,804,891	8,054,692
Health	862,708	861,070
Transportation	7,397,685	7,522,623
Economic Assistance & Opportunity	3,155,903	3,326,333
Culture and Recreation	17,129,700	17,326,963
Home & Community Services	22,819,188	22,951,047
Debt Service	4,500,000	4,100,000
Operating Transfers Out	47,517	44,574
	<u>99,693,008</u>	<u>101,252,811</u>
Total Expenditures	<u>99,693,008</u>	<u>101,252,811</u>

Source: Adopted Budgets of the Town of Huntington

TOWN OF HUNTINGTON

APPENDIX B

**AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

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, 2017



Town Board
Chad A. Lupinacci, Supervisor

Joan Cergol, Councilwoman
Eugene Cook, Councilman
Mark A. Cuthbertson, Councilman
Edmund J. Smyth, Councilman



Town of Huntington, New York
Comprehensive Annual Financial Report
Year Ended December 31, 2017

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, 2017
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**INTRODUCTORY
SECTION**



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CHAD A. LUPINACCI
Supervisor

June 6, 2017

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, 2017. 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 nineteen 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, 2017 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 2017 presented many challenges, however, through sound fiscal management, operating results were better than anticipated. We will continue to monitor the Town's 2018 budget closely and exercise financial discipline as economic conditions warrant.

Sincerely,

CHAD A. LUPINACCI
Supervisor





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Audit@HuntingtonNY.gov

AUDIT & CONTROL
Peggy Karayianakis, CPA
Interim Director

June 6, 2018

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, 2017. 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, 2017, 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 a three term 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 and have a three term limitation.

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 annual funding 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 and electric vehicles; installed high energy efficiency street lighting, solar energy at Town Hall and municipal parking lots; continued progress in Huntington Station revitalization through a private developer, assisting the municipality with the next phase of Huntington Station's revitalization and maintained programs to enhance care for children and seniors.

Median family income (\$127,225) and housing values (\$506,400) exceed figures for other Suffolk County towns as well as New York City suburban averages. Income within the Town 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 2017. Job growth continued in 2017 mainly in information services, manufacturing, financial activities, and professional and business services. Housing demand continued to strengthen in 2017. Home prices have increased in 2017 with a continued tight lending market.

Local Economy (continued)

Huntington's unemployment rate has remained low at 3.8% as of December of 2017, below the Suffolk County rate of 4.5%, New York State of 4.4% and the nation's rate of 4.1%.

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, as mixed-use residential projects in commercial districts, 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 2013, the Town has approved the construction of over 1,500 housing units of various building types and densities. Several major multi-family housing projects approved recently that are under construction or completed include the Seasons at Elwood, a planned two-hundred and sixty-three (263) unit retirement community; the Club at Melville with two hundred and sixty-one (261) units; Avalon Huntington Station/Country Pointe, a three hundred seventy-nine (379) unit project with 303 rental units and 76 for-sale condos; Northridge, a 16-unit mixed-use project by the LIRR; Gateway Plaza, a 66-unit project also located within walking distance to the LIRR, and Sunrise Senior Living, an assisted-living facility with 90 units. With respect to single-family residential subdivisions, the Town Planning Department is currently processing 86 subdivision applications that will ultimately result in the development of approximately 318 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 housing unit total that have received zone changes and are in various stages of site plan review. Included within this category is the Oheka Castle condominium project, totaling one hundred ninety (190) luxury housing units, and Valencia Tavern with twenty-four (24) units. Downtown Huntington Village also has a total of 377 potential apartments and condos in the pipeline or under construction.

Commercial and industrial development expansion and improvement remains steady. Over the past ten (10) 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). The MEC is home to major corporations including Canon USA, the Rubies Corporation, Air Techniques, Henry Schein, Honeywell Corporation, Leviton Corporation and the Capital One Bank Corporate Center. A second phase of the Canon project is projected in the near future, providing an additional 200,000 square feet of research and development space and 260 more employees, bringing the total employees to 2,060.

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 located on a property on the LIE South Service Road that formerly housed a one-story aging commercial building is nearing final approval. This office site is directly to the east of Canon USA.

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. In 2015 the Town hired the Manhattan consultant firm of Buckhurst, Fish & Jacquemart to prepare an integrated land use, circulation and infrastructure plan that would ensure that the MEC has the necessary land use policies and infrastructure to meet the future needs of corporate development. Following an 18-month planning process which included several public workshops, a draft MEC Plan was completed in 2016 and is being reviewed by the Town Board.

Local Economy (continued)

In addition to Melville, significant 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 a proposal for cluster housing at the Indian Hills Country Club, a 100 acre site in Northport now home to a golf course. There is also an application under review at the former VA site in Northport called Freedoms Point, which would result in an 113,343 square foot assisted living facility on 10.09 acres.

Another important project happening in the Town is the Huntington Station revitalization. The Town has been working in partnership with the community and a master developer, Renaissance Downtowns. Over the last three years, Renaissance Downtowns has developed concept plans for four project sites on New York Avenue, which include the following uses: a boutique hotel, office space, retail space, apartments over storefronts, and potential artist residences. Two projects; Northridge and Gateway Plaza Development are approved, under construction and will result in a total of 82 new housing units within a half-mile of the Huntington LIRR Station.

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 Mall 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, and the Huntington Square Mall recently gained approvals for a new movie theater. 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.

Finally, Huntington is home to several thriving "downtown" business districts, including Huntington Village, Cold Spring Harbor, Greenlawn and Northport Village. Huntington Village is one of Long Island's premier destinations, boasting a 1,573-capacity live entertainment theater, an art museum, a park with free concerts, an active historical society, an independent cinema arts theater, a commercial movie theater, over 50 restaurants and 200 retail stores. The Paramount Theater opened its doors in 2011 establishing itself as the premier live venue on Long Island, hosting an average of 200 events per year, attracting many to the downtown area. In recent years there has been an increasing trend, resulting in numerous projects underway, for mixed use construction within downtown Huntington Village. Other important developments in Huntington Village are a 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, including the Downtown Huntington Main Street proposal with 84 apartments and retail space, currently under review. 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 single-family homes located within walking distance to the downtown.

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 2017 including \$13.3 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, as well as its active and well-represented chambers of commerce, including Huntington Chamber, East Northport Chamber and Melville Chamber, continue to work cooperatively with the Town to enhance the Town's downtown business districts and corridors. These combined efforts are tied to stimulating economic activity through community events, business networking, ribbon cuttings of new businesses, recognition of the growth and enhancement of existing business and more. Events include cash mobs, street fairs, parades, sidewalk sales, tree and candle lightings, antique car shows and jazz festivals. The Huntington Chamber's annual Long Island Fall Festival that takes place over the 4-day Columbus Day weekend is a regional event that is attended by tens of thousands per day. The Huntington Community Development Agency (CDA) also submits the applications to Suffolk County for the Downtown Revitalization Grants on behalf of community organizations, and oversees the projects and required documentation.
- Further, as a member of the Huntington Village Parking Consortium the Town continues to take the lead in developing a plan 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. A phase one economic feasibility study was undertaken by the Town in partnership with its Economic Development Corporation, with initial findings very encouraging in that the projected parking program revenues are projected to be more than sufficient to meet the annual debt service to bond a future parking structure at the New Street/Green Street municipal parking lot. Through the Huntington Local Development Corporation (LDC), the Town was able to secure \$1.7 million in grant funding from NY State for use toward the cost of construction.
- 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, an emergency grant program for heating, septic and appliance repair, and a deferred loan program for home improvements. The CDA will soon break ground on a 14-unit condominium project in Huntington Station known as Columbia Terrace. This 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 as provided under public policy.
- The Town of Huntington, the Town of Huntington Economic Development Corporation, and Renaissance Downtowns, LLC public-private partnership saw construction nearly completed on the Northridge Project, a mixed use development in downtown Huntington Station that includes 6,200 square feet of commercial space and 16 one-bedroom apartments. Among the many benefits of this development are access to small retail, restaurants and public transportation for surrounding residents and commuters that will capture local spending and build the economy. The project anticipates 170+ construction jobs, 12.6 indirect full time jobs and 13.5 full time jobs. Construction will soon follow in summer 2017 on the Gateway Plaza project with 16,000 square feet of ground floor commercial and 66 rental apartments.

Major Initiatives (continued)

- 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 Manager. 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 the Town Board in June, 2015. Huntington is in the process of converting its public transit bus fleet 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. Together with Sustainable CUNY and the Town's Advisory Committee on Energy Efficiency, Renewables and Sustainability (ACEERS), Solarize Huntington, a group purchasing program, was developed and launched to provide education and outreach and lower the soft costs of solar PV installations for Town homeowners. 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 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.
- The Town was awarded \$100,000 grant under NYSERDA's RFP 3044 NY Prize Stage 1, and having successfully completed the Feasibility Assessment, applied for and was awarded the \$1,000,000 Stage 2 grant for detailed engineering design and business plans for the Town of Huntington Community Microgrid located in Huntington, NY. Stage 2 will be completed by the end of 2018. 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 of Huntington earned a Clean Energy Community (CEC) designation from NYSERDA by completing the following four high-impact action items: 1) Establishing the Solarize Huntington program, a group purchasing and community education program that leveraged the collective buying power of Huntington homeowners to significantly reduce the cost of residential solar installations. 2) Amending the Town Code to fast-track approval of solar installation permits and to adopt the NYS Unified Solar Permit Initiative to reduce costs and delays for solar projects. 3) Energy Code Enforcement Training for Town code compliance officers and other Town officials. 4) Leased a 2017 Chevy Volt Plug-In Hybrid Electric vehicle. The Town also purchased a Level 2 Electric Charging Station Double Pedestal for charging electric vehicles at Town Hall which is available free to employees and the public, and applied for and received a \$5,000 grant for the Chevy Volt and a \$5,000 grant for the electric vehicle charging station from NYSDEC. With the CEC designation the Town was able to apply for and receive a \$250,000 grant toward implementing the energy efficiency measures recommended in NYPA's ASHRAE Level 2+ Investment Grade Audit Reports completed at the Town Microgrid facilities: Town Hall, Flanagan Senior Center, Heckscher Museum and the Wastewater Treatment Plant, and also at the Dix Hills Ice Rink a high energy consuming Town facility.

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. Of the two projects on the east side of New York Avenue, Northridge has recently been completed and Gateway Plaza is well on the way to construction.
- Discussions continue regarding the possibility of developing 49 artist lofts on the west side of New York Avenue in Huntington Station's downtown and transportation hub.
- 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 is to create a destination to feed the nearby downtown shopping area in Huntington Station. Gateway Park includes a 1900s farmhouse that has been 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 completed renovations to the farmhouse were funded by a \$370,000 grant from the State of New York and CDBG funds.
- 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 2018 final budget was adopted on November 20, 2017.

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

Financial Information (continued)

Budgetary Control (continued)

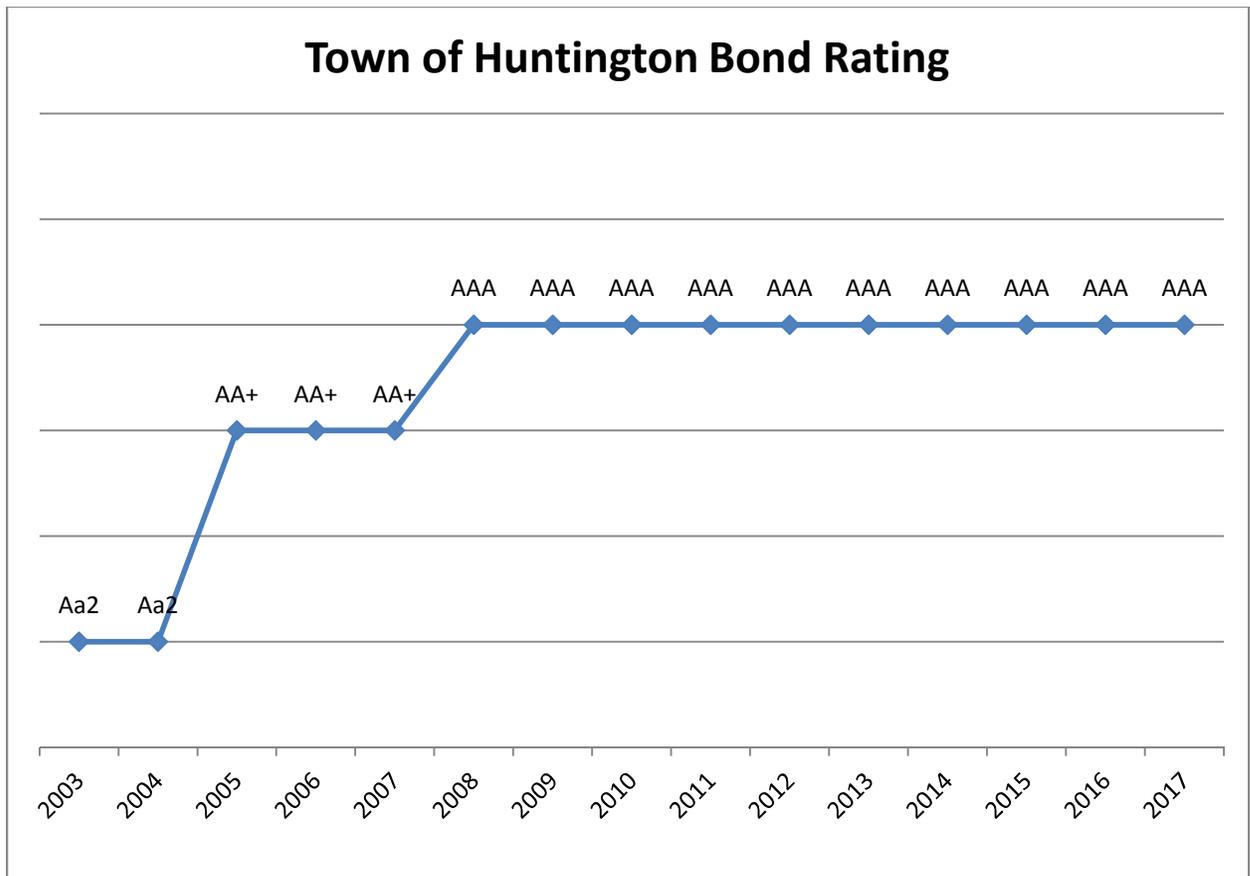
expenditures and the means of financing them. A public hearing is conducted to obtain taxpayer comments on the proposed budgets. Subsequent to the public hearing, revisions, if any, are made and the budget is then adopted by the Town Board as its final budget for the coming fiscal year. In the event 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 two rating agencies, Standard & Poor’s, and Moody’s Investor’s Service from 2010 to 2017, placing Huntington among the best fiscally managed Towns in New York State. 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, 2016. This was the nineteenth 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, 2018. This was the seventh 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 2017 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.

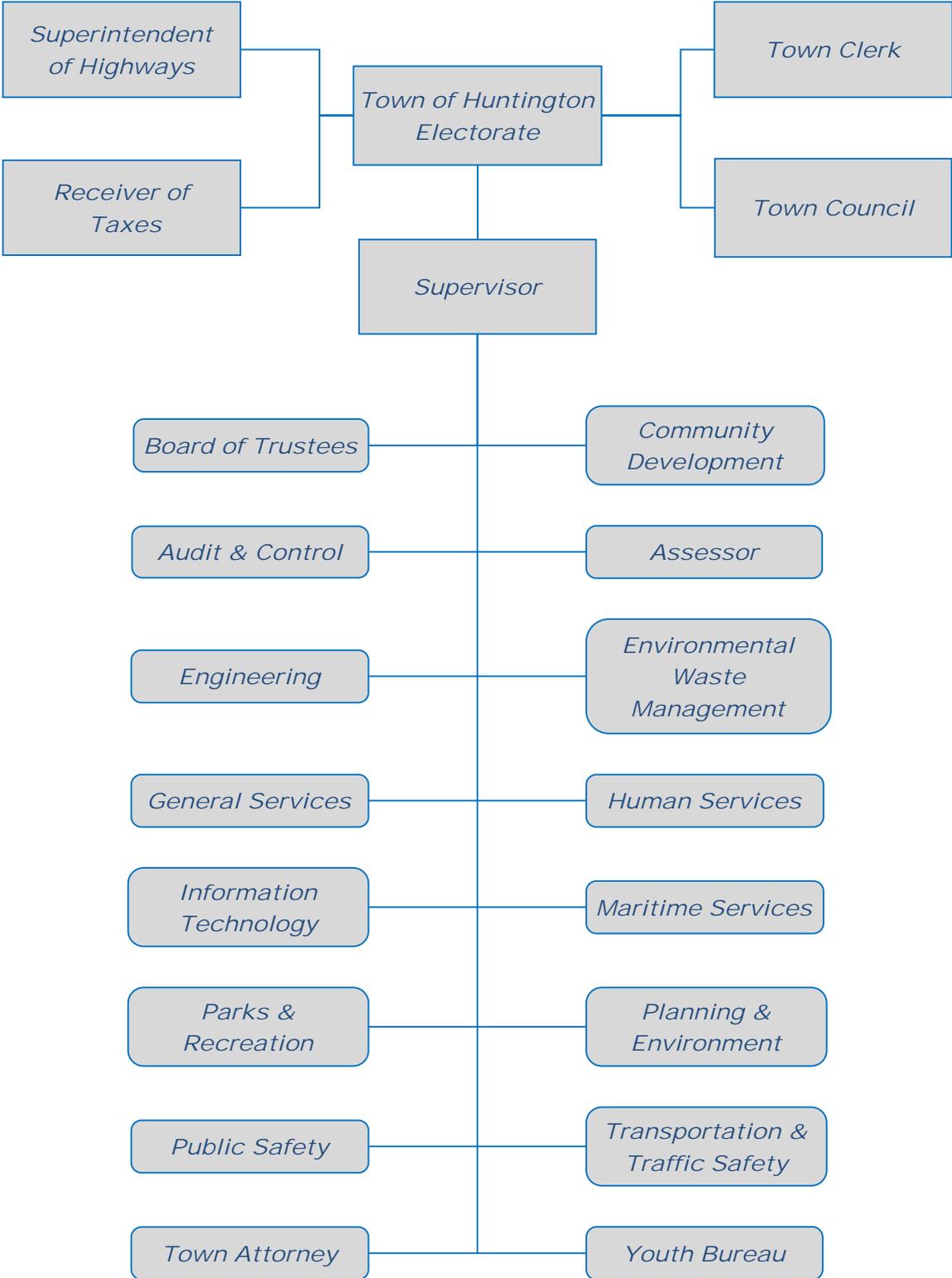
Finally, I would like to thank the Supervisor and the members of the Town Board for continued interest and support in planning and conducting the financial operations of the Town of Huntington in a responsible and progressive manner.

Respectfully submitted,



Peggy Karayianakis CPA
Town of Huntington
Interim Comptroller

Town of Huntington Organizational Chart



Town of Huntington Town Officials

Town Board



Chad A. Lupinacci
Town Supervisor



Joan Cergol
Councilwoman



Eugene Cook
Councilman



Mark A. Cuthbertson
Councilman



Edmund J. Smyth
Councilman

Town Clerk:

Jo-Ann Raia

Receiver of Taxes:

Jillian Guthman

Superintendent of Highways:

Kevin S. Orelli

Assessor:

Roger Ramme

Director of Audit and Control:

Peggy Karayianakis

Director of Engineering:

Joseph Cline

Director of Environmental Control:

John Clark

Director of General Services:

Andre Sorrentino

Director of Human Services:

Julia Frangione

Director of Information Technology:

William Crowley

Director of Maritime:

Edward Carr

Director of Parks & Recreation:

Greg Wagner

Director of Planning:

Anthony J. Aloisio

Director of Public Safety:

Peter Sammis

Director of Transportation & Traffic Safety:

Stephen McGloin

Director of Youth Bureau:

Maria E. Georgiou

Town Attorney:

Nicholas Ciappetta

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, 2016

Christopher P. Morvill

Executive Director/CEO

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**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, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the two discretely presented 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 discretely presented 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 Greenlawn Water District and South Huntington Water District, 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2017, 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 GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68* and GASB Statement No. 82, *Pension Issues, an amendment of GASB Statements No. 67, No. 68 and No. 73* as of December 31, 2017. Our opinions are not modified with respect to these matters.

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 contributions, and the proportionate share of the net pension liability on pages 22-33 and 88-106 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 108-129 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 the other auditors, the other supplementary information on pages 108-129 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 6, 2018, 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 the effectiveness of the Town of Huntington, New York's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Huntington, New York's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

June 6, 2018

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis

TOWN OF HUNTINGTON
MANAGEMENT’S DISCUSSION AND ANALYSIS
December 31, 2017

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, 2017. 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, 2017, the Town has adopted two new pronouncements. GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provision of GASB Statements 67 and 68*, addresses the financial reporting for assets accumulated for purposes of providing pension benefits to volunteer ambulance personnel. GASB Statement No. 82 *Pension Issues*, is 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.

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, 2017

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 for services, 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 Town of Huntington Community Development Agency and Town of Huntington 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, 2017

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

As a result from implementing GASB 73, the December 31, 2016 net position has decreased by over \$3.6 million and has been restated in the Condensed Statement of Net Position. Total assets and deferred outflows of the Town on December 31, 2017, were \$456.3 million, a decrease of \$6.0 million over the prior year. Total liabilities and deferred inflows were \$269.8 million, an decrease of \$.4 million over the prior year. This results in a net position balance of \$186.5 million, a decrease of \$9.2 million over the prior year. Of the Town's net position, \$258.9 million was net investment in capital assets, while \$24.8 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 (\$97.3) million, which is an increase in the deficit of \$6.4 million primarily as a result of an increase in the Other Post-Employment Benefits. The Town's bonded indebtedness was \$85.5 million, which included issuances in 2017 for \$12.8 million in Town bonds to finance road construction, improvements to Town facilities, parking and infrastructure and refunding of old outstanding bonds. See Note C.4 for more detail.

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)

Net Position (continued)

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

	<u>2017</u>	<u>As Restated 2016</u>
<u>Assets and Deferred outflows</u>		
Current and other assets	\$ 112,867,852	\$ 97,797,067 *
Non-current pension asset	-	220,892
Capital assets	322,720,155	326,195,052
Deferred outflow of resources	<u>20,703,914</u>	<u>38,059,642 *</u>
Total assets and deferred outflows	456,291,921	462,272,653
<u>Liabilities and Deferred inflows</u>		
Current and other liabilities	36,884,279	37,596,569
Non-current liabilities	212,813,429	216,206,112 *
Deferred inflow of resources	<u>20,063,317</u>	<u>16,335,510</u>
Total liabilities and deferred inflows	269,761,025	270,138,191
<u>Net Position</u>		
Net investment in capital assets	258,943,999	260,114,664
Restricted	24,837,509	22,869,340 *
Unrestricted (deficit)	<u>(97,250,612)</u>	<u>(90,849,542) *</u>
Total net position	<u>\$ 186,530,896</u>	<u>\$ 192,134,462</u>

*Certain reclassifications have been made to the December 31, 2016 presentation of net position to conform to the December 31, 2017 presentation, because of the adoption of GASB 73.

Changes in Net Position

The Town's program revenues for the year ended December 31, 2017 were \$43.9 million, an increase of \$1.1 million, primarily in charges for services and operating grants and contributions. General revenues were \$143.4 million, an increase of \$7.4 million over the prior year, for total revenues of \$187.2 million, an increase of \$8.5 million. The general revenue increases were primarily from property taxes, mortgage taxes, interest and investment income and miscellaneous sources. The expenses for the year ended December 31, 2017 of the Town were \$192.9 million, an increase of \$4.1 million. Total Net position for the year ended December 31, 2017 decreased in the amount of \$9.3 million, \$3.6 of which was a result of implementing GASB 73. Revenues and expenses of the Town's governmental activities are detailed on the next page.

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)

Governmental Activities

During the current fiscal year, net position for governmental activities decreased by \$5.6 million from the prior fiscal year for an ending balance of \$186.5 million. The decrease in overall net position of governmental activities is due primarily to other post employee benefits, depreciation in excess of Capital Investments and pension liability.

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

	<u>2017</u>	<u>2016</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 37,440,871	\$ 37,020,104
Operating grants & contributions	5,732,689	5,298,821
Capital grants & contributions	704,291	457,168
General Revenues:		
Property taxes	117,761,111	114,486,165
Mortgage taxes	9,269,448	8,695,368
Other taxes	5,602,118	5,298,960
Interest and investment income	2,767,823	1,738,647
State aid - unrestricted	1,067,256	1,067,256
Miscellaneous	6,904,063	4,649,536
Total revenues	187,249,670	178,712,025
<u>Expenses</u>		
General government support	\$46,687,794	\$ 44,950,816
Public safety	15,770,788	15,420,172
Health	3,234,732	2,958,022
Transportation	47,394,507	45,629,853
Economic assistance & opportunity	3,791,487	3,565,307
Culture & recreation	20,324,215	19,208,972
Home & community services	53,692,809	54,307,903
Interest & debt	1,956,904	2,700,334
Total expenses	192,853,236	188,741,379
Decrease in net position	(5,603,566)	(10,029,354)
Net position, January 1 (as restated)	192,134,462	205,789,477
Net position, December 31	\$ 186,530,896	\$ 195,760,123

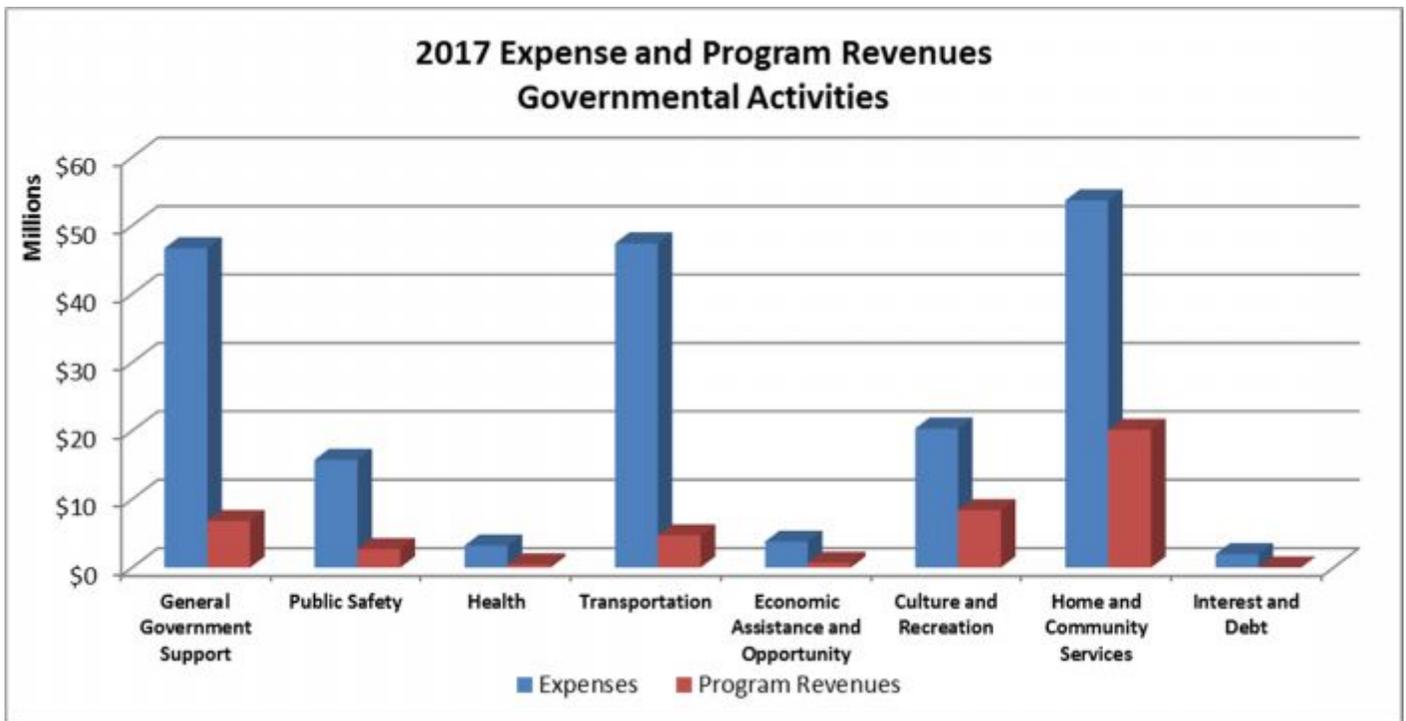
TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2017

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	
	2017	2016	2017	2016
General government support	\$ 46,687,794	\$ 44,950,816	\$ 39,873,913	\$ 38,640,472
Public safety	15,770,788	15,420,172	13,051,098	12,856,565
Health	3,234,732	2,958,022	2,784,882	2,458,901
Transportation	47,394,507	45,629,853	42,693,153	41,304,412
Economic assistance and opportunity	3,791,487	3,565,307	3,093,544	2,877,753
Culture and recreation	20,324,215	19,208,972	11,951,422	10,659,240
Home and community services	53,692,809	54,307,903	33,570,469	34,467,609
Interest on debt	1,956,904	2,700,334	1,956,904	2,700,334
Total	\$ 192,853,236	\$ 188,741,379	\$ 148,975,385	\$ 145,965,286



TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)

Governmental Funds

Total assets in the Town's General fund were \$45.5 million. Receivables reported were \$3.7 million, consisting of \$2.2 million in waste management fees, \$1.2 million in franchise fees and \$.3 million of various other miscellaneous receivables. Due from federal, state and other governments were \$2.6 million of which \$2.1 million is due from intermunicipal agreement for services provided by the resource recovery facility and \$.5 million from federal and state granting agencies.

Total liabilities and deferred inflow of resources in the Town's General fund was \$15.3 million. Accrued liabilities of \$6.4 million were the result of payroll accruals, waste management fees, and accounts payable of \$2.0 million. Deferred inflows of \$6.9 million relates to the 2018 fiscal year property taxes collected in advance.

In addition to the General fund, all Town Special Revenue funds exclusive of the Fire Protection 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 in advance for the 2017-2018 tax warrant.

As of December 31, 2017 governmental funds reported an overall fund balance of \$76.6 million. The unassigned fund balances in the General Fund is \$13.4 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 increased by \$4.9 million. The increase in the General Fund was primarily due to increases in real property taxes of \$2.6 million, increase in state aid of \$.6 million and decrease in transfers to other governmental funds of \$1.7 million primarily for capital project related expenses.

In the Highway Fund, the 2017 fund balance decreased by \$1.1 million. This decrease was due to an increase in general government support expenditures of \$1.7 million, primarily related to legal related settlements, a decrease in departmental income of \$.4 million, offset by an increase in the tax levy of \$.9 million.

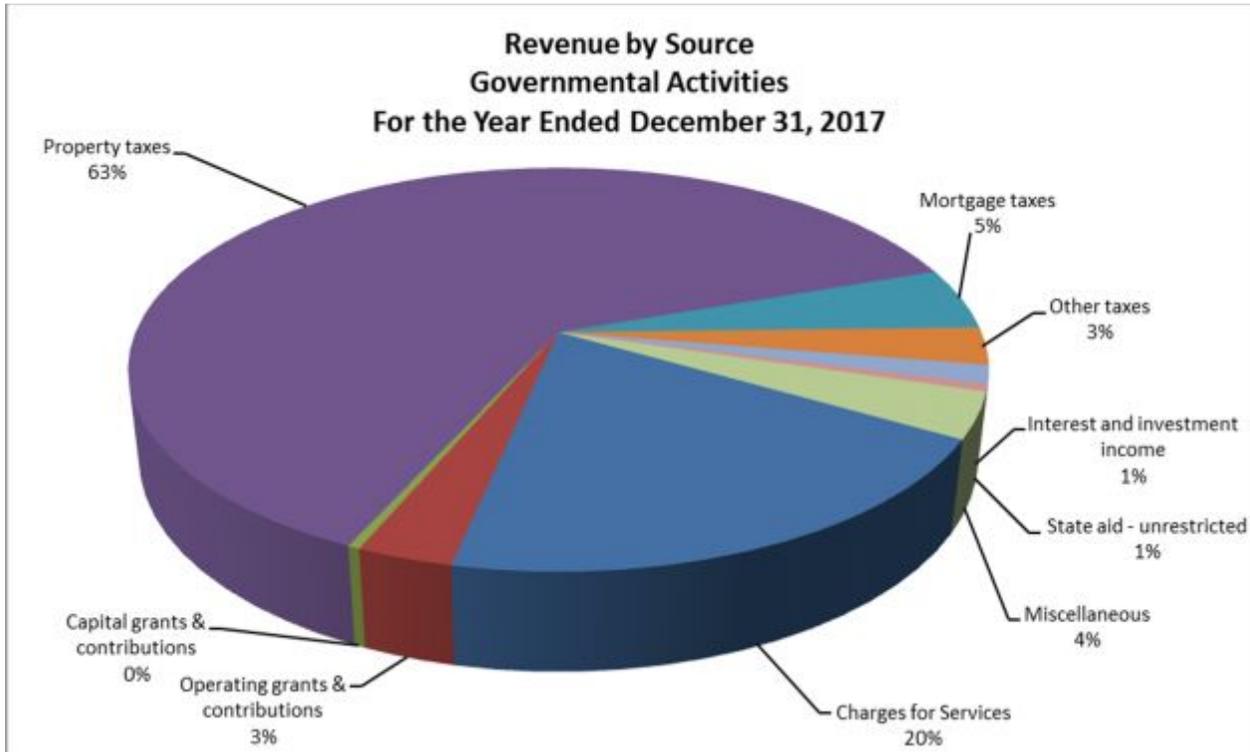
In the Refuse and Garbage Fund, the fund balance increased \$.8 million, which is comparable to the change in fund balance of the prior year. The fund did have an increase in the tax levy of \$.4 million and in the sale of property of \$.1 million which was offset by an equivalent increase in expenditures.

The Capital Projects fund had an increase in fund balance of \$3.6 million. This is due primarily 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, 2017

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 amounts showed an increase of \$.8 million. This increase was due primarily to an expected increase in state aid revenues from what was originally budgeted. The actual revenue exceeded the final revenue budget by \$1.1 million. This was due to actual state aid revenues exceeding the final revenue budget amount by \$1.2 million.

The final expenditure budget compared to the original expenditure budget showed an increase of \$2.2 million. These budget amendments were due primarily to expected increases in judgement and claims, workers' compensation and general government support. The actual expenditures as compared to the final budget expenditures showed a decrease of \$6.2 million. This decrease was due to a lower retirement bill and stringent monitoring of expenses.

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION

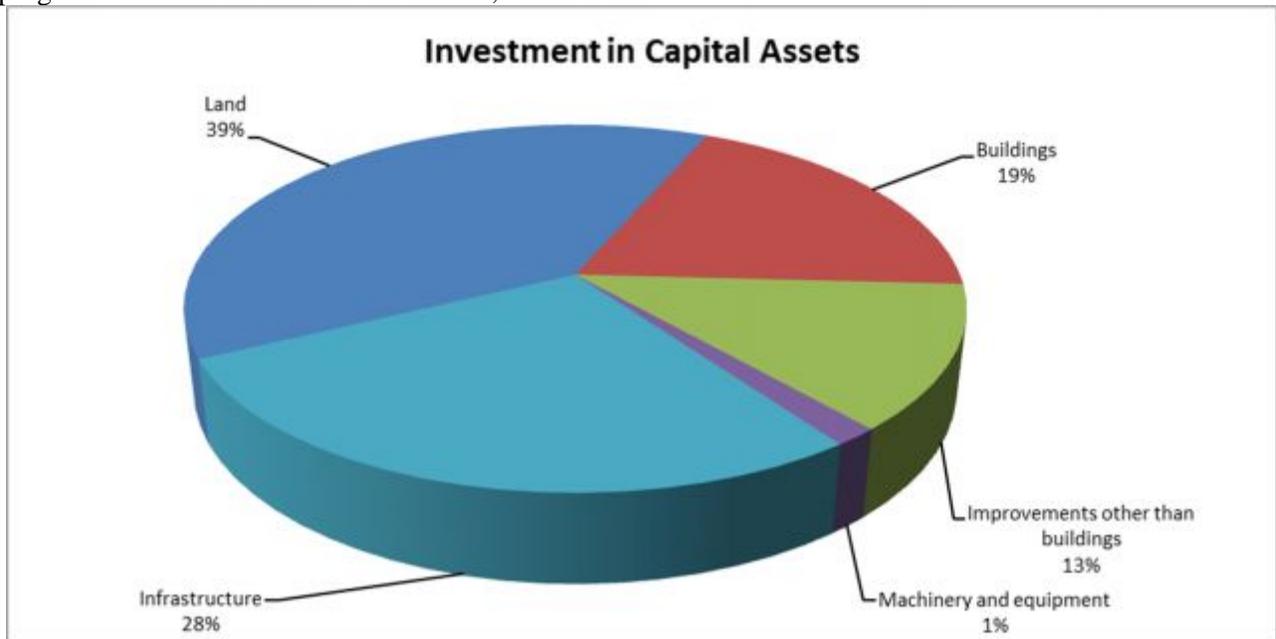
Capital Assets

As of December 31, 2017, the Town had \$322.7 million in net capital assets, of which \$89.4 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,

	2017	2016
Land	\$ 125,229,060	\$ 125,227,370
Buildings	62,104,370	63,197,488
Improvements other than buildings	40,808,653	41,408,527
Machinery and equipment	5,135,460	5,200,443
Infrastructure	89,442,612	91,161,224
Total net capital assets	\$ 322,720,155	\$ 326,195,052

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, 2017

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 affirmed the Town's 'AAA', 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 2017, the Town of Huntington, including discretely presented component units, issued \$13.3 million in general obligation bonds to finance the following: road reconstruction; improvements to Sewer District; acquisition of highway equipment, technology upgrades for Greenlawn Water District; 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 of Huntington, including discretely presented component units, issued \$19,135,000 in general obligation bonds to advance refund \$20,725,000 of outstanding serial bonds resulting in a present value savings on the transaction of \$1,582,763.

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, 2017

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, 2017 the total outstanding indebtedness for the Town of Huntington (including component units) aggregated \$107.3 million. Of this amount \$85.5 million was subject to the constitutional debt limit and represented approximately 3.3% of the statutory debt limit.

FACTORS AND NEXT YEAR'S BUDGET AND RATES

Union Contracts

The Town employs approximately 674 full-time employees as of December 31, 2017. The Civil Service Employees Association covers approximately 191 employees. Local 342, Long Island Service Employees, United Marine Division, and International Longshoremen's Association, covers approximately 405 of the Town's employees and is divided into two units. The supervisory unit covers 43 employees and the labor unit covers 332 employees. The Civil Service Employees Association contract expires on December 31, 2022 and all other contracts expire on December 31, 2021.

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 2017. Operating revenues in the General Fund Budget include approximately 10.7% to be derived from State Aid. The largest allotment of State Aid is derived from Mortgage Tax Collections. Mortgage tax revenue exceeded expectations in 2017 by \$1.5 million and the real estate market remains steady. Revenues from mortgage tax collections are expected to meet the budget projection for 2018.

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, 2017

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>
2017	1,022,937,520	878,328,523	144,608,997	25,288,698
2016	1,005,781,356	863,060,764	142,720,592	24,470,626
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

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.

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BASIC FINANCIAL STATEMENTS

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TOWN OF HUNTINGTON
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET POSITION
December 31, 2017

	<u>Primary Governmental Activities</u>	<u>Component Units</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 66,293,598	\$ 6,955,929
Cash - Restricted	24,837,509	8,204,355
Accounts receivable	5,318,492	1,907,323
Due from federal, state and other governn	11,827,130	65,479
Inventory of material and supplies	-	222,035
Prepays	4,591,123	212,732
Total Current Assets	<u>112,867,852</u>	<u>17,567,853</u>
Non-Current Assets		
Non-depreciable capital assets	125,229,060	7,998,878
Depreciable capital assets, net of deprecia	197,491,095	55,336,039
Total Non-Current Assets	<u>322,720,155</u>	<u>63,334,917</u>
DEFERRED OUTFLOW OF RESOURCES		
Pensions	20,166,203	832,477
Length of Service Award Program	330,923	-
Deferred charges, net of accumulated am	206,788	67,855
	<u>20,703,914</u>	<u>900,332</u>
	<u>\$ 456,291,921</u>	<u>\$ 81,803,102</u>
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable and other current liabi	\$ 5,587,188	\$ 497,064
Accrued liabilities	8,768,351	936,863
Accrued interest payable	607,019	34,699
Due to other governments	1,074,773	-
Due within one year	20,846,948	2,996,137
Total Current Liabilities	<u>36,884,279</u>	<u>4,464,763</u>
Non-Current Liabilities:		
Due in more than one year	212,813,429	26,624,083
Total Non-Current Liabilities	<u>212,813,429</u>	<u>26,624,083</u>
	<u>\$ 249,697,708</u>	<u>\$ 31,088,846</u>
DEFERRED INFLOW OF RESOURCES		
Deferred revenues	15,962,889	-
Pensions	3,201,160	146,513
Length of Service Award Program	899,268	-
	<u>20,063,317</u>	<u>146,513</u>
NET POSITION		
Net Investment in capital assets	258,943,999	43,130,259
Restricted	24,837,509	5,569,758
Unrestricted (deficit)	(97,250,612)	1,867,726
	<u>\$ 186,530,896</u>	<u>\$ 50,567,743</u>

See notes to the financial statements.

TOWN OF HUNTINGTON
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

Governmental Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and and Changes in Net Position	
		Charges for Services	Grants and Contributions	Capital Grants and Contributions	Primary	
					Governmental Activities	Component Units
Primary Government:						
Governmental Activities:						
General government support	\$ 46,687,794	\$ 6,400,496	\$ 174,120	\$ 239,265	\$ (39,873,913)	
Public safety	15,770,788	2,719,690	-	-	(13,051,098)	
Health	3,234,732	229,310	220,540	-	(2,784,882)	
Transportation	47,394,507	893,228	3,343,100	465,026	(42,693,153)	
Economic assistance and opportunity	3,791,487	376,293	321,650	-	(3,093,544)	
Culture and recreation	20,324,215	7,381,399	991,394	-	(11,951,422)	
Home and community services	53,692,809	19,440,455	681,885	-	(33,570,469)	
Interest on debt	1,956,904	-	-	-	(1,956,904)	
Total Primary Government	\$192,853,236	\$ 37,440,871	\$ 5,732,689	\$ 704,291	\$(148,975,385)	

Component Units:

Home and community services	\$ 14,360,642	\$ 6,558,320			\$ (7,802,322)
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General Revenues

Property taxes	\$ 117,761,111	\$ 6,361,150
Mortgage tax	9,269,448	-
Other taxes	5,602,118	-
Interest and investment income	2,767,823	1,004,118
State aid - unrestricted	1,067,256	-
Miscellaneous	6,904,063	353,492
Total General Revenues	143,371,819	7,718,760
Change in net position	(5,603,566)	(83,562)
Net position - Beginning of year (as restated)	192,134,462	50,651,305
Net position - Ending of year	\$ 186,530,896	\$ 50,567,743

See notes to the financial statements.

TOWN OF HUNTINGTON
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

	Major Governmental Funds					Nonmajor	Total
	General	Highway	Debt Service	Refuse and Garbage	Capital Projects	Governmental Funds	
Assets							
Cash and cash equivalents	\$22,273,104	\$ 4,328,746	\$ -	\$ 8,655,262	\$22,435,750	\$ 8,600,736	\$ 66,293,598
Cash - Restricted	14,891,362	1,802,978	-	75,177	-	8,067,992	24,837,509
Accounts receivable, net	3,722,169	12,541	-	39,867	-	1,543,915	5,318,492
Due from federal, state and other governments	2,620,476	5,422,833	-	261,558	591,437	279,043	9,175,347
Due from other funds	614,733	35,410	-	13,072	74,533	49,913	787,661
Prepays	1,393,075	446,238	-	170,685	-	389,890	2,399,888
Total Assets	<u>\$45,514,919</u>	<u>\$12,048,746</u>	<u>\$ -</u>	<u>\$ 9,215,621</u>	<u>\$23,101,720</u>	<u>\$18,931,489</u>	<u>\$ 108,812,495</u>
Liabilities, Deferred Inflows and Fund Balances							
Liabilities							
Accounts payable and other current liabilities	1,999,523	372,818	-	728,066	1,258,356	1,228,425	5,587,188
Accrued liabilities	6,374,429	530,839	-	1,511,091	-	351,992	8,768,351
Due to other governments	-	-	-	-	-	1,074,773	1,074,773
Due to other funds	32,394	466,588	-	158,061	74,509	56,109	787,661
Total Liabilities	<u>8,406,346</u>	<u>1,370,245</u>	<u>-</u>	<u>2,397,218</u>	<u>1,332,865</u>	<u>2,711,299</u>	<u>16,217,973</u>
Deferred Inflows of Resources							
Deferred revenue	6,918,299	6,009,385	-	2,001,826	-	1,033,379	15,962,889
Total Deferred Inflows	<u>6,918,299</u>	<u>6,009,385</u>	<u>-</u>	<u>2,001,826</u>	<u>-</u>	<u>1,033,379</u>	<u>15,962,889</u>
Fund Balances							
Non-Spendable							
Prepays	1,393,075	446,238	-	170,685	-	389,890	2,399,888
Restricted for:							
Open space land preservation	11,743,159	-	-	-	-	-	11,743,159
Debt service	309,780	115,661	-	21,398	-	37,846	484,685
Snow and ice removal/road repair	474,750	918,116	-	-	-	-	1,392,866
Workers' compensation	312,437	-	-	-	-	-	312,437
Judgments and claims	364,415	-	-	-	-	-	364,415
Retirement contribution	810	97,507	-	25,372	-	7,549,290	7,672,979
General Capital reserve	1,076,451	539,247	-	-	-	52,239	1,667,937
Employee Benefit Accrual Liability Reserve	609,560	132,447	-	28,407	-	428,617	1,199,031
Assigned:							
Highway	-	2,361,857	-	-	-	-	2,361,857
Refuse District	-	-	-	4,249,384	-	-	4,249,384
Capital projects fund balance	-	-	-	-	21,768,855	-	21,768,855
Town Outside Village	-	-	-	-	-	1,648,612	1,648,612
Community Development	-	-	-	-	-	-	-
Local Development Corporation	-	-	-	-	-	292,562	292,562
Fire Protection	-	-	-	-	-	22,235	22,235
Streetlighting	-	-	-	-	-	1,562,769	1,562,769
Ambulance Services	-	-	-	-	-	1,067,359	1,067,359
Sewer Services	-	-	-	-	-	1,525,843	1,525,843
Water Services	-	-	-	-	-	383,285	383,285
Subsequent year's budget	60,000	20,000	-	250,000	-	520,000	850,000
Unappropriated Fund Balance	447,041	38,043	-	71,331	-	715,892	1,272,307
Unassigned:							
General fund	13,398,796	-	-	-	-	-	13,398,796
Nonmajor Governmental Funds	-	-	-	-	-	(1,009,628)	(1,009,628)
Total Fund Balances	<u>30,190,274</u>	<u>4,669,116</u>	<u>-</u>	<u>4,816,577</u>	<u>21,768,855</u>	<u>15,186,811</u>	<u>76,631,633</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$45,514,919</u>	<u>\$12,048,746</u>	<u>\$ -</u>	<u>\$ 9,215,621</u>	<u>\$23,101,720</u>	<u>\$18,931,489</u>	<u>\$ 108,812,495</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, 2017

Total Fund Balances - Governmental Funds \$ 76,631,633

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	\$ 125,229,060	
Capital Assets - Depreciable	688,151,041	
Accumulated Depreciation	(490,659,946)	
		322,720,155

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. 2,191,235

Revenues in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the funds. 2,651,783

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 - employee's retirement system	20,166,203	
Deferred outflows of resources - length of service award program	330,923	
Net pension liability - employees' retirement system	(19,244,466)	
Deferred inflows of resources - length of service award program	(899,268)	
Deferred inflows of resources - employees' retirement system	(3,201,160)	
		(2,847,768)

Deferred charges on advance refunding bonds are not reported on the Balance Sheet, but are reflected on the Statement of Net Position and amortized over the life of the related bonds. 206,788

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, net	(86,848,754)	
Due to Employee Retirement System	(2,097,155)	
Other post-employment benefits payable	(92,538,216)	
Other Agency Liabilities- LOSAP	(10,413,276)	
Compensated absences	(13,154,390)	
Claims and judgments	(9,125,908)	
Estimated liability for landfill closure and post-closure care costs	(238,212)	
		(214,415,911)

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. (607,019)

Net Position of Governmental Activities \$ 186,530,896

See notes to the financial statements.

TOWN OF HUNTINGTON
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year ended December 31, 2017

	Major Governmental Funds					Nonmajor	Total
	General	Highway	Debt Service	Refuse and Garbage	Capital Projects	Governmental Funds	
REVENUES							
Real property taxes	\$ 42,218,885	\$ 32,597,757	\$ -	\$ 24,570,261	\$ -	\$ 18,374,208	\$ 117,761,111
Other real property tax items	417,834	114,473	-	245	-	37,100	569,652
Non-property tax items	4,887,765	-	-	-	-	144,701	5,032,466
Departmental income	31,398,492	205,709	-	11,528	-	9,690,827	41,306,556
Intergovernmental charges	216,782	7,464	-	13,072	-	-	237,318
Use of money and property	1,104,982	133,709	-	104,113	35,603	1,389,416	2,767,823
Licenses and permits	1,023,016	166,025	-	-	-	841,153	2,030,194
Fines and forfeitures	1,204,294	-	-	-	-	-	1,204,294
Sale of property and compensation for loss	305,069	140,413	-	225,846	-	2,741,401	3,412,729
Miscellaneous local sources	1,060,315	264,740	-	58,603	548,859	1,567,626	3,500,143
Interfund revenues	4,763,246	-	-	-	-	-	4,763,246
State aid	11,912,773	2,409,449	-	-	282,685	-	14,604,907
Federal aid	921,366	-	-	-	421,605	590,958	1,933,929
Total Revenues	<u>101,434,819</u>	<u>36,039,739</u>	<u>-</u>	<u>24,983,668</u>	<u>1,288,752</u>	<u>35,377,390</u>	<u>199,124,368</u>
EXPENDITURES							
Current:							
General government support	25,344,163	1,879,892	136,228	2,234,288	-	4,797,321	34,391,892
Public safety	5,281,060	-	-	-	-	3,995,538	9,276,598
Health	641,850	-	-	-	-	2,500,369	3,142,219
Transportation	4,953,653	20,137,929	-	-	-	2,366,696	27,458,278
Economic assistance and opportunity	2,237,607	-	-	-	-	27,845	2,265,452
Culture and recreation	12,790,979	-	-	-	-	-	12,790,979
Home and community services	20,620,613	-	-	18,976,670	-	10,557,775	50,155,058
Employee benefits	19,372,126	8,245,262	-	2,774,401	-	6,127,723	36,519,512
Capital outlay	-	-	-	-	12,416,379	-	12,416,379
Debt service:							
Principal	-	-	10,123,109	-	-	-	10,123,109
Interest	4,083	-	2,371,347	-	-	-	2,375,430
Total Expenditures	<u>91,246,134</u>	<u>30,263,083</u>	<u>12,630,684</u>	<u>23,985,359</u>	<u>12,416,379</u>	<u>30,373,267</u>	<u>200,914,906</u>
Excess (Deficiency) of Revenues							
Over (Under) Expenditures	<u>10,188,685</u>	<u>5,776,656</u>	<u>(12,630,684)</u>	<u>998,309</u>	<u>(11,127,627)</u>	<u>5,004,123</u>	<u>(1,790,538)</u>
Other Financing Sources (Uses)							
Debt issued	-	-	-	-	12,840,000	-	12,840,000
Capital leases	-	-	-	-	-	-	-
Transfers in	14,746	35,664	12,494,456	-	1,938,078	3,918	14,486,862
Transfer Out	(1,532,100)	(99,693)	-	-	(54,328)	(306,285)	(1,992,406)
Transfers out (Debt Service)	(3,807,621)	(6,775,306)	-	(207,689)	-	(1,703,840)	(12,494,456)
Refunding bonds issued	-	-	17,430,000	-	-	-	17,430,000
Premiums on obligations	-	-	1,855,536	-	-	-	1,855,536
Payments to refunded bond escrow agent	-	-	(19,149,308)	-	-	-	(19,149,308)
Total Other Financing Sources (Uses)	<u>(5,324,975)</u>	<u>(6,839,335)</u>	<u>12,630,684</u>	<u>(207,689)</u>	<u>14,723,750</u>	<u>(2,006,207)</u>	<u>12,976,228</u>
Net Change in Fund Balances	<u>4,863,710</u>	<u>(1,062,679)</u>	<u>-</u>	<u>790,620</u>	<u>3,596,123</u>	<u>2,997,916</u>	<u>11,185,690</u>
Fund Balances at Beginning of Year (as restated)	<u>25,326,564</u>	<u>5,731,795</u>	<u>-</u>	<u>4,025,957</u>	<u>18,172,732</u>	<u>12,188,895</u>	<u>65,445,943</u>
Fund Balances at End of Year	<u>\$ 30,190,274</u>	<u>\$ 4,669,116</u>	<u>\$ -</u>	<u>\$ 4,816,577</u>	<u>\$ 21,768,855</u>	<u>\$ 15,186,811</u>	<u>\$ 76,631,633</u>

See notes to the financial statements.

TOWN OF HUNTINGTON
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Net Change in Fund Balance \$ 11,185,690

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	\$ 12,679,686	
Depreciation Expense	<u>(16,145,774)</u>	(3,466,088)

Gains and losses on disposals of equipment are not reported by the governmental funds, but are included in the Statement of Activities. (8,809)

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 (70,244)

Proceeds and premium from the advanced refunding of bonds and other funding sources in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities. (19,285,536)

Payment to escrow agent is an expenditure in the government funds, but it decreases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 19,149,308

In the Statement of Activities, amortization of premiums related to advanced refunding of bonds exceeded the amortization of deferred charges. 464,273

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 234,848

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	(12,840,000)	
Repayment of bond principal	10,123,109	
Pension Liability	(2,407,280)	
Due to Employee Retirement System	383,380	
Other post-employment benefits payable	(9,116,460)	
Other Agency Liabilities- LOSAP	(586,022)	
Compensated absences	188,326	
Claims and judgments	460,750	
Estimated liability for landfill closure and post-closure care costs	32,936	
Accrued interest payable	<u>(45,747)</u>	(13,807,008)

Change in Net Position of Governmental Activities \$ (5,603,566)

See notes to the financial statements.

TOWN OF HUNTINGTON
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
December 31, 2017

	Total Agency Funds
ASSETS	
Cash	\$ 263,333,713
Other assets	1,363,620
Total Assets	\$ 264,697,333
 LIABILITIES	
Liabilities:	
Due to school districts	\$ 126,778,664
Due to other governments	126,778,664
Other liabilities	11,140,005
Total Liabilities	\$ 264,697,333

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TOWN OF HUNTINGTON
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December 31, 2017

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TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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, 2017

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
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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, 2017

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, 2017

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, 2017

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, 2017

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 three 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 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 and the Town's contributions to the pension system subsequent to the measurement date. The second item is the recording of length of service award payments made subsequent to the measurement date. The third item relates to the amortization of deferred charges relating to advance refunding on bonds.

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 three items that are reported as deferred inflow of resources. First item relates to deferred revenue that represents collections of the 2017 tax warrant. The property taxes collected are applicable to the 2018 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. The third item is related to length of service award reported in the district-wide statement of net position.

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, 2017

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, 2017

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.

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, 2017

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, 2017, the Town has adopted Governmental Accounting Standards Board GAS Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provision of GASB Statements 67 and 68*, which addresses the financial reporting for assets accumulated for purposes of providing pension benefits to volunteer ambulance personnel. This statement is effective for financial statements for fiscal years beginning after June 15, 2016.

Effective with the financial report for the year ended December 31, 2017, the Town has adopted Governmental Accounting Standards Board 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, 2016.

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, 2017

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, 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, 2017

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

1. BUDGETARY DATA (continued)

The 2018 budget reflects a 1.80% 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 these 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, 2017

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 2017 Preliminary Budget submitted by the Town Supervisor became the Adopted Budget on November 10, 2016. The 2017 adopted budget contained a projected use of \$1,980,000 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 re-appropriated 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, 2017

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

2. FUND BALANCES (continued)

All encumbrances are classified as assigned fund balance at December 31, 2017. The Town encumbered the following amounts:

	2017 Assigned Fund Balance
General Fund	\$ 447,042
Part Town Fund	12,258
Highway	38,043
Street Lighting	124,978
Refuse District	71,331
Sewer District	546,906
Water District	31,750
Total Assigned Unappropriated Fund Balance	\$ 1,272,308

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, 2017

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	\$ 93,416,846
Cash with the Town Receiver of Taxes	<u>253,558,371</u>
	\$ <u>346,975,217</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, 2017 the Town’s bank deposit balances were \$341,884,010. Of these balances, \$4,500,000 was covered by the Federal Deposit Insurance Corporation; \$408,193,716 was covered by collateral held by the Town’s agent, a third-party financial institution, in the Town’s name. No funds were uncollateralized.

At December 31, 2017, the Town’s component units’ bank balances were \$15,655,741. Of these balances, \$1,000,000 was covered by the Federal Deposit Insurance Corporation and \$14,891,609 was covered by collateral held by the Town’s component units’ agent, a third-party financial institution, in the Town’s component units’ name. 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, 2017

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, 2017 represent primarily the payment of debt service and operating expenditures that will be reimbursed subsequent to year end and are stated as follows:

<u>Major Funds</u>	<u>Amount Receivable</u>	<u>Amount Payable</u>
General Fund	\$ 614,733	\$ 32,394
Highway Fund	35,410	466,588
Refuse and Garbage Fund	13,072	158,061
Capital Projects Fund	74,533	74,509
<u>Nonmajor Funds</u>		
Town Outside Village	37,882	34,109
Street Lighting District	-	11,748
Sewer Districts	2,337	4,735
Water Districts	9,694	5,517
	<u>\$ 787,661</u>	<u>\$ 787,661</u>

Interfund transfer balances for the primary government at December 31, 2017 represent primarily the receipt and payment of general obligation bond principal and interest and funding of capital project expenditures and are stated as follows:

<u>Major Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 14,746	\$ 5,339,721
Highway Fund	35,664	6,874,999
Refuse and Garbage Fund	-	207,689
Capital Projects Fund	1,938,078	54,328
Debt Service	12,494,456	-
<u>Nonmajor Funds</u>		
Town Outside Village		321,316
Street Lighting District		10,992
Sewer Districts	2,392	915,959
Water Districts	1,526	761,858
	<u>\$ 14,486,862</u>	<u>\$ 14,486,862</u>

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

C. DETAILED NOTES ON ALL FUNDS (continued)

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance 1/1/17	Additions	Deletions	Balance 12/31/17
<u>Primary government</u>				
Capital assets not being depreciated				
Land	\$ 125,227,370	\$ 1,690	\$ -	\$ 125,229,060
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>125,227,370</u>	<u>1,690</u>	<u>-</u>	<u>125,229,060</u>
Other capital assets:				
Buildings	106,806,806	2,807,486	-	109,614,292
Improvements other than buildings	92,248,159	2,400,292	-	94,648,451
Machinery and equipment	43,830,761	2,593,215	793,484	45,630,492
Infrastructure	433,380,803	4,877,003	-	438,257,806
Total depreciable capital assets	<u>676,266,529</u>	<u>12,677,996</u>	<u>793,484</u>	<u>688,151,041</u>
Total assets Primary Government	<u>801,493,899</u>	<u>12,679,686</u>	<u>793,484</u>	<u>813,380,101</u>
Less accumulated depreciation				
Buildings	43,609,318	3,900,604	-	47,509,922
Improvements other than buildings	50,839,632	3,000,166	-	53,839,798
Machinery and equipment	38,630,318	2,649,389	784,675	40,495,032
Infrastructure	342,219,579	6,595,615	-	348,815,194
Total accumulated depreciation	<u>\$ 475,298,847</u>	<u>\$ 16,145,774</u>	<u>\$ 784,675</u>	<u>490,659,946</u>
Total net depreciable capital assets				<u>197,491,095</u>
Total net capital assets				<u>\$ 322,720,155</u>

Depreciation expense was charged to governmental functions as follows:

General government support	\$ 1,410,091
Public safety	1,022,414
Transportation	6,633,420
Economic assistance and opportunity	62,163
Culture and recreation	4,088,023
Home and community services	<u>2,929,663</u>
Total governmental activities depreciation expense	<u>\$ 16,145,774</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, 2017, the Town has not recorded any such impairment losses.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

C. DETAILED NOTES ON ALL FUNDS (continued)

3. CAPITAL ASSETS (continued)

<u>Discretely presented component units</u>	Balance 1/1/17	Additions	Deletions	Balance 12/31/17
Capital assets not being depreciated				
Land	\$ 1,306,746	\$ -	\$ -	\$ 1,306,746
Construction in progress	5,373,374	2,650,837	1,332,079	6,692,132
Total capital assets not being depreciated	<u>6,680,120</u>	<u>2,650,837</u>	<u>1,332,079</u>	<u>7,998,878</u>
Depreciable capital assets				
Buildings and improvements	49,346,545	1,552,524	4,050	50,895,019
Machinery and equipment	17,552,062	69,160	22,571	17,598,651
Infrastructure	53,710,967	200,855	-	53,911,822
Total depreciable capital assets	<u>120,609,574</u>	<u>1,822,539</u>	<u>26,621</u>	<u>122,405,492</u>
Total Assets - Component Units	<u>127,289,694</u>	<u>4,473,376</u>	<u>1,358,700</u>	<u>130,404,370</u>
Less accumulated depreciation				
Buildings and improvements	16,765,496	1,120,885	4,050	17,882,331
Machinery and equipment	10,088,566	758,370	22,571	10,824,365
Infrastructure	37,314,548	1,048,209	-	38,362,757
Total accumulated depreciation	<u>\$ 64,168,610</u>	<u>\$ 2,927,464</u>	<u>\$ 26,621</u>	<u>67,069,453</u>
Total net depreciable capital assets				<u>55,336,039</u>
Total net capital assets				<u>\$ 63,334,917</u>

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

C. DETAILED NOTES ON ALL FUNDS (continued)

4. INDEBTEDNESS

LONG TERM DEBT

Summary of changes in long term debt transactions for the year ended December 31, 2017 is as follows:

	Restated			Non-current		
	Balance			Balance	liabilities due	Non-current
	1/1/17	Increases	Reductions	12/31/17	within one year	liabilities
Primary Government:						
General obligation bonds	\$ 84,253,120	\$ 30,270,000	\$ 28,978,109	\$ 85,545,011	\$ 10,002,991	\$75,542,020
Premium on Advanced Refunding	-	1,855,536	551,793	1,303,743	453,404	850,339
Net Pension Liability	33,480,134	-	14,235,668	19,244,466	-	19,244,466
Due to Employee Retirement System	2,480,535	-	383,380	2,097,155	394,924	1,702,231
Other Long Term Liability-GASB 45	83,421,756	16,346,359	7,229,899	92,538,216	-	92,538,216
Net Pension Obligation-LOSAP	10,645,398	968,739	1,200,861	10,413,276	-	10,413,276
Compensated absences	13,342,716	6,313,695	6,502,020	13,154,391	6,502,020	6,652,371
Claims and judgments	9,586,658	6,099,979	6,560,730	9,125,907	3,464,359	5,661,548
Estimated liability for landfill closure and post-closure care costs	271,148	-	32,936	238,212	29,250	208,962
	<u>\$ 237,481,465</u>	<u>\$ 61,854,308</u>	<u>\$ 65,675,396</u>	<u>\$ 233,660,377</u>	<u>\$ 20,846,948</u>	<u>\$ 212,813,429</u>
Component Units:						
General obligation bonds	\$ 24,206,881	\$ 2,205,000	\$ 4,656,891	\$ 21,754,990	\$ 2,874,573	\$ 18,880,417
Premiums on Issuance	271,152	211,600	63,857	418,895	93,610	325,285
Other Long Term Liability-GASB 45	5,319,443	1,065,429	381,497	6,003,375	-	6,003,375
Net Pension Liability	1,507,624	551,242	1,205,558	853,308	-	853,308
Compensated absences	559,280	33,897	3,525	589,652	27,954	561,698
	<u>\$ 31,864,380</u>	<u>\$ 4,067,168</u>	<u>\$ 6,311,328</u>	<u>\$ 29,620,220</u>	<u>\$ 2,996,137</u>	<u>\$ 26,624,083</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 2018 through 2032. The outstanding debt, including component units, as of December 31, 2017 is \$107,300,001.

	Beg Balance			Ending Balance
	<u>1/1/17</u>	<u>Issued</u>	<u>Redeemed</u>	<u>12/31/17</u>
Principal Government				
General Fund	\$31,740,153	\$9,589,533	\$8,403,491	\$32,926,195
Town Outside Village	1,866,588	300,000	148,963	2,017,625
Highway Fund	40,484,134	15,220,745	16,105,779	39,599,100
Sewer Districts	4,449,065	3,404,972	2,384,340	5,469,697
Street Lighting District	50,050	46,995	59,591	37,454
Refuse and Garbage Fund	1,592,827	376,665	407,844	1,561,648
Water District	4,070,303	1,331,090	1,468,101	3,933,292
	<u>84,253,120</u>	<u>30,270,000</u>	<u>28,978,109</u>	<u>85,545,011</u>
Component Units				
Greenlawn Water District	4,970,469	500,000	571,811	4,898,658
South Huntington Water District	19,236,412	1,705,000	4,085,080	16,856,332
	<u>24,206,881</u>	<u>2,205,000</u>	<u>4,656,891</u>	<u>21,754,990</u>
Total General Obligation Bonds	<u>\$108,460,001</u>	<u>\$32,475,000</u>	<u>\$33,635,000</u>	<u>\$107,300,001</u>

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

C. DETAILED NOTES ON ALL FUNDS (continued)

4. INDEBTEDNESS (continued)

LONG TERM DEBT (continued)

Primary Government:

Year Ending

<u>December, 31</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total</u>
2018	\$ 10,002,991	\$ 2,605,169	\$ 12,608,160
2019	9,662,673	2,237,976	11,900,649
2020	9,327,540	1,894,482	11,222,022
2021	8,769,926	1,569,875	10,339,801
2022	7,812,308	1,274,847	9,087,155
2023-2026	27,456,857	3,436,841	30,893,698
2027-2032	12,512,715	694,471	13,207,186
	<u>\$ 85,545,010</u>	<u>\$ 13,713,661</u>	<u>\$ 99,258,671</u>

Component Units:

Year Ending

<u>December, 31</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total</u>
2018	2,877,009	709,022	\$ 3,586,031
2019	2,632,329	610,822	3,243,151
2020	2,432,460	516,635	2,949,095
2021	2,265,071	432,065	2,697,136
2022	2,162,692	355,717	2,518,409
2023-2026	7,403,145	842,784	8,245,929
2027-2032	1,982,284	98,577	2,080,861
	<u>\$ 21,754,990</u>	<u>\$ 3,565,622</u>	<u>\$ 25,320,612</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.

ADVANCE REFUNDING

On August 22, 2017 the Town issued \$19,135,000 in general obligation bonds with an average interest rate of 5.00% to advance refund \$20,725,000 of outstanding serial bonds with an average interest rate of 4.12%. The net proceeds of \$21,198,483 (including a premium of \$2,063,483 and after payment of \$144,905 in underwriting fees, insurance and other issuance costs) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased, and the liability for those bonds has been removed from the District’s financial statements. The economic gain on the transaction (the difference between the present values of the debt service payments on the old and new debt) is calculated at \$1,590,000. At December 31, 2017 the outstanding principal balance of the defeased bonds is \$17.6 million, of which approximately \$16.0 million was for general Town purposes and approximately \$1.6 million was for the component units and is expected to be fully redeemed in year 2023.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

C. DETAILED NOTES ON ALL FUNDS (continued)

4. INDEBTEDNESS (continued)

ADVANCE REFUNDING (continued)

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, 2017, the amount of prior-year defeased bonds outstanding was approximately \$6.4 million, of which approximately \$4.8 million was for general Town purposes and approximately \$1.6 million was for the component units.

In the Town-wide statements, the Town is amortizing deferred charges on the advance refunding and refunding bond premiums as a component of interest expense on a weighted average basis as follows:

Fiscal Year Ending December 31,	Amortization of Deferred Charges	Amortization of Premiums	Interest Expense Increase/ (Decrease)
2018	71,915	(453,404)	\$ (381,489)
2019	56,831	(358,306)	(301,475)
2020	40,978	(258,358)	(217,380)
2021	24,329	(153,387)	(129,058)
2022	10,317	(65,044)	(54,728)
2023	2,418	(15,244)	(12,826)
	<u>\$ 206,788</u>	<u>\$ (1,303,743)</u>	<u>\$ (1,096,955)</u>

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.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

C. DETAILED NOTES ON ALL FUNDS (continued)

5. RETIREMENT SYSTEM

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:

		<u>ERS</u>
For the year ending December 31,	2017	\$ 8,764,939
	2016	9,045,917
	2015	11,317,997

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

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

At December 31, 2017, the Town reported the following liability for its proportionate share of the net pension liability. The net pension liability was measured as March 31, 2017. 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, 2016
Net pension liability	\$ 19,244,466
Town's portion of the Plan's total net pension liability	0.2048107%

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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)

For the year ended December 31, 2017, the Town recognized pension expense of \$11,242,464. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$482,248	\$2,922,381
Net difference between projected and actual investment earnings on pension plan investments	3,843,900	
Changes of Assumptions	6,574,615	
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,077,390	278,779
Town's Contribution Subsequent to Measurement Date	8,188,050	
Total	\$20,166,203	\$3,201,160

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>
2018	\$3,861,384
2019	3,861,384
2020	3,583,357
2021	(2,529,132)
2022	-0-
Thereafter	-0-
	\$8,776,993

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

C. DETAILED NOTES ON ALL FUNDS (continued)

5. RETIREMENT SYSTEM (continued)

ACTUARIAL ASSUMPTIONS

The total pension liability as of the measurement date of March 31, 2017 was determined using an actuarial valuation as of April 1, 2016, 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:

	ERS
Measurement Date	March 31, 2017
Actuarial Valuation Date	April 1, 2016
Interest Rate	7.0%
Salary Scale	3.8%
Decrement Tables	Developed from Plan's 2015 experience study for period April 1, 2010 through March 31, 2015
Cost of Living Adjustment	1.3%
Inflation Rate	2.5%

Annuity mortality rates are based on April 1, 2010-March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries MP-2014.

The actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010-March 31, 2015.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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 as of March 31, 2017 are summarized below:

	ERS	
Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic equity	36.0%	4.55%
International equity	14.0%	6.35%
Private equity	10.0%	7.75%
Real estate	10.0%	5.80%
Absolute return strategies	2.0%	4.00%
Opportunistic portfolio	3.0%	5.89%
Real assets	3.0%	5.54%
Bonds and mortgages	17.0%	1.31%
Cash	1.0%	-0.25%
Inflation indexed bonds	4.0%	1.50%
	100.0%	

DISCOUNT RATE

The discount rate used to calculate the total pension liability was 7.0%. 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, 2017

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 7.0%, 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 (6.0%) or 1% higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability (asset)	\$61,463,013	\$19,244,466	(\$16,451,235)

PENSION PLAN FIDUCIARY NET POSITION

The components of the current-year pension liability of the employers participating in the System's as of the March 31, 2017 were as follows:

	ERS (Dollars in thousands)
Measurement Date	March 31, 2017
Employers' total pension liability	\$ (177,400,586)
Fiduciary net pension	168,004,363
Employer's net pension liability	\$ (9,396,223)
Ratio of fiduciary net pension to the employer's total pension liability	94.7%

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

C. DETAILED NOTES ON ALL FUNDS (continued)

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

Plan Description:

The Town provides fully paid health insurance for exempt employees who separate from service, are at least 50 years old and have 15 consecutive years of full time service with the Town. 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. For all other employees who separate from service with the Town and have 10 consecutive years of full time service, the Town will pay 75% of premiums for employees and 35% of spouse's premium.

Funding Policy:

The number participants as of January 1, 2017, 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.

	<u>Total</u>	<u>Town</u>	<u>Component Units</u>
Active Employees	621	589	32
Retirees	620	595	25
Spouses of Retired Employees	299	282	17
Total	<u>1,540</u>	<u>1,466</u>	<u>74</u>

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, 2017, the Town's annual other post-employment benefits, including component units, cost (expenses) were \$17,411,788. Considering the annual expense as well as the payment of current health insurance premiums, which totaled \$7,611,396 for retirees and their beneficiaries, the result was an increase in the other post-employment benefits liability of \$9,800,392 for the year ended December 31, 2017.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

C. DETAILED NOTES ON ALL FUNDS (continued)

**6. 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, 2017 are as follows:

	<u>Total</u>	<u>Town</u>	<u>Component Units</u>
Annual Required Contribution (ARC)	\$ 18,812,571	\$ 17,662,651	\$ 1,149,920
Interest on net OPEB Obligation	3,549,647	3,336,870	212,777
Adjustment to ARC	(4,950,430)	(4,653,162)	(297,268)
Annual OPEB Cost	<u>17,411,788</u>	<u>16,346,359</u>	<u>1,065,429</u>
Payments Made	<u>(7,611,396)</u>	<u>(7,229,899)</u>	<u>(381,497)</u>
Increase in Net OPEB Obligation	9,800,392	9,116,460	683,932
Net OPEB Obligation-beginning of year	<u>88,741,199</u>	<u>83,421,756</u>	<u>5,319,443</u>
Net OPEB Obligation-end of year	<u>\$ 98,541,591</u>	<u>\$ 92,538,216</u>	<u>\$ 6,003,375</u>

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, 2017:

Annual Other Post-Employment Benefits Cost and Net Obligation:

<u>Town of Huntington</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$ 16,346,359	44.2%	\$ 92,538,216
2016	\$ 16,750,364	45.0%	\$ 83,421,756
2015	\$ 16,127,345	41.4%	\$ 74,210,837

<u>Component Units</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$ 1,065,429	35.8%	\$ 6,003,375
2016	\$ 993,298	41.8%	\$ 5,319,443
2015	\$ 955,505	35.1%	\$ 4,741,765

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

C. DETAILED NOTES ON ALL FUNDS (continued)

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

Funded Status and Funding Progress:

The funded status of the plan as of January 1, 2017 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	1/1/2017	-	\$ 220,019,704	\$ 220,019,704	0%	\$ 61,513,907	357.7%
Component Units	1/1/2017	-	13,385,326	13,385,326	0%	2,483,580	539.0%
Total			<u>\$ 233,405,030</u>	<u>\$ 233,405,030</u>		<u>\$ 63,997,487</u>	

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 update as of January 1, 2017, 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	4.00%	4.00%
2017 Medical Rate Trends (Pre-65/Post-65)	9.00%/6.00%	9.00%/6.00%
Ultimate Medical Trend Rate	5.00%	5.00%
Year Ultimate Trend Rates Reached(Pre-65/Post-65)	2021/2018	2021/2018
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Remaining Amortization Period at 12/31/17	19.86	19.81,19.94
Annual Payroll Increase	2.50%	2.50%

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

C. DETAILED NOTES ON ALL FUNDS (continued)

7. 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, 2017, the value of the accumulated vacation time and sick leave was \$13,154,390 for the Town and \$589,652 for the Component Units.

Primary Government	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017
General Fund	\$ 7,900,352	\$ 3,446,869	\$ 3,477,178	\$ 7,870,043
Part Town Fund	899,622	650,163	593,723	956,062
Highway	2,496,794	1,437,543	1,492,426	2,441,911
Street Lighting	149,968	95,777	111,593	134,152
Refuse District	1,053,247	354,529	445,634	962,142
Sewer Districts	284,709	193,192	208,414	269,487
Water District	356,705	128,550	120,114	365,141
CDA	201,319	7,071	52,938	155,452
Total Primary Government	\$ 13,342,716	\$ 6,313,694	\$ 6,502,020	\$ 13,154,390
Component Units				
Greenlawn Water District	\$ 238,036	\$ 33,897		\$ 271,933
South Huntington Water District	321,244		3,525	317,719
Total Components	\$ 559,280	\$ 33,897	\$ 3,525	\$ 589,652

8. TAX ABATEMENTS

The Town of Huntington has two real property tax abatement agreements with housing development and redevelopment companies organized pursuant to Article V or Article XI of the Private Housing Finance Law of the State of New York (“PHFL”) for the purpose of creating or preserving affordable housing in the Town.

Generally, these agreements, which are eligible for tax exemption under Section 52 of Public Housing Laws, and Section 577 of PHFL, provide for a 100 percent abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) based either on a percentage of shelter rents or an agreed upon per unit basis, and shall continue until the property no longer provides the required affordable housing or no longer complies with the requirements of the PHFL.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

C. DETAILED NOTES ON ALL FUNDS (continued)

8. TAX ABATEMENTS (continued)

Information relevant to disclosure of these agreements for the year ended December 31, 2017 is as follows:

Start Date	Agreement	Taxable Assessed	Tax Rate	Tax Value	PILOT Received	Terms of the Agreement	Taxes Abated
		Valuation					
3/1/1999	Huntington Housing Authority, 40 units	\$ 50,700	26.30	\$ 13,334	\$ 1,801	49 Years	\$ 11,533
12/1/2015	HG Housing Development Fund Company, Inc. & Highland Green Residence, LLC. Vacant Land	\$ 11,650	26.30	\$ 3,064	9,002	30 Years	\$ (5,938)
				\$ 13,398	\$ 10,803		\$ 5,595

In addition, the Suffolk County Industrial Development Agency (SCIDA) has entered into PILOT agreements on ten properties located within the Town of Huntington in lieu of Real Property Taxes. The PILOT agreements are eligible and authorized under Title I of Article 18-A of General Municipal Law Section 874 of the State of New York. The purpose of these agreements fall within the scope of the SCIDA mission statement which is to promote the economic welfare, employment opportunities and quality of life of the residents of Suffolk. The SCIDA accomplishes this mission by providing financial assistance to businesses in order to help them flourish and grow in Suffolk County. The Town's tax value and the PILOTs on these properties as of December 31, 2017 were \$410,095 and \$220,118 respectively. The abated taxes are comprised of General Fund, Highway Fund, Part-Town Fund, Street-Lighting and various non-major funds and totaled \$189,977.

9. CHANGE IN ACCOUNTING PRINCIPLE/RESTATEMENT

The Town implemented GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provision of GASB Statements 67 and 68*, in the fiscal year ended December 31, 2017. The implementation of the statement requires, among other things, that the Town present the benefits to volunteer ambulance personnel in the ambulance districts' funds. In addition, the statement requires that the Town record its total length of service award liability in the government-wide financial statements. Accounting changes adopted to conform to the provisions of the statement are to be applied retroactively and reported as a restatement of beginning net position in the government-wide Statement of Net Position and the beginning fund balances of the Ambulance District Funds in the fund financial statements. As a result, beginning of year net position has been restated as follows:

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

C. DETAILED NOTES ON ALL FUNDS (continued)

9. CHANGE IN ACCOUNTING PRINCIPLE/RESTATEMENT (continued)

	<u>Net Position</u>	<u>Ambulance District Fund Balance</u>
Beginning of year, as reported	\$ 195,760,123	\$ 133,847
GASB Statement No.73 implementation		
Beginning service award asset	6,282,319	6,282,319
Beginning service award liability	(10,157,779)	
Beginning deferred outflow of resources for benefit payments subsequent to the measurement date	<u>249,799</u>	
Beginning of year, as restated	<u>\$ 192,134,462</u>	<u>\$ 6,416,166</u>

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 \$9,125,907. 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.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

D. COMMITMENTS AND CONTINGENCIES (continued)

1. RISK RETENTION (continued)

	<u>Workers’ Compensation</u>		<u>General Liability</u>	
	2017	2016	2017	2016
Unpaid claims and claim adjustment expenditures at beginning of year	\$5,208,723	\$5,186,824	\$4,377,935	\$3,648,955
Incurred claims and claim adjustment expenditures: Provision for insured events of the current year and increases in provision for insured events of prior years	4,172,476	3,156,014	1,927,503	2,837,704
Less Payments:				
Claims and claim adjustment expenditures attributable to insured events and of the current and prior years	3,720,792	3,134,115	2,839,938	2,108,724
Total unpaid claims and claim adjustment expenditures at the end of year	<u>\$5,660,407</u>	<u>\$5,208,723</u>	<u>\$3,465,500</u>	<u>\$4,377,935</u>

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.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

D. COMMITMENTS AND CONTINGENCIES (continued)

2. RESOURCE RECOVERY FACILITY (continued)

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 2017 amounted to \$13,199,393 of which \$3,429,678 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, 2017, the Town has recorded a liability of \$238,212, 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.

4. CONSTRUCTION AND OTHER CAPITAL ACQUISITION COMMITMENTS

Construction in progress, commitments for equipment purchases and other capital acquisition commitments amounting to \$8,060,865 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. GRANTS

The Town has received grants that are subject to review and approval, and subject to audit by agencies of the State and Federal government. Such reviews or audits may result in disallowances or a request for a return of funds. Based on prior years, the Town does not believe that any disallowance would be material.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

D. COMMITMENTS AND CONTINGENCIES (continued)

7. 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. 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 amount calculated by the actuary retained by the State Comptroller. The Town pays the contribution from the Town's respective Ambulance District Fund. This program is a single-employer defined benefit plan with contributions and program assets in a grantor/rabbi trust and, as such, the assets are subject to the claims of the Town's general creditors. The trustee of the Ambulance Program, which has been designated by the State Comptroller, is authorized to invest the funds in authorized investment vehicle. Administrative costs are paid from the Trust Fund and added to the required contribution calculated by the actuary and paid by the Town.

Benefits Provided

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. The benefits and refunds of the plan are recognized when due and payable in accordance with the terms of the plan. The Ambulance Program also provides disability and death benefits.

Participants covered by the benefit terms, At the December 31, 2016 measurement date, the following participants were covered by the benefit terms.

:

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

D. COMMITMENTS AND CONTINGENCIES (continued)

7. LENGTH OF SERVICE AWARD PROGRAM-LOSAP

Commack Volunteer Ambulance Corps

Inactive participants currently receiving benefit payments	11
Inactive participants entitled to but not yet receiving benefit payments	42
Active participants	<u>93</u>
Total	<u>146</u>

Huntington Community First Aid Squad

Inactive participants currently receiving benefit payments	56
Inactive participants entitled to but not yet receiving benefit payments	95
Active participants	<u>231</u>
Total	<u>382</u>

Contributions

New York State General Municipal Law §219-o (1) requires the Town Board to contribute an actuarially determined contribution on an annual basis. The actuarially determined contribution shall be appropriated annually by the Town Board.

Measurement of Total Pension Liability

The total pension liability at the December 31, 2016 measurement date was determined using an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Salary Scale:	None assumed

Mortality rates were based on the RP-2014 Mortality Table (60/40 male/female blend) projected for mortality improvement to the year 2020 with scale MP2016.

Discount Rate: The discount rate used to measure the total pension liability was 3.71%. This was the yield to maturity of the S&P Dow Jones Indices notes that the index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years and with a rating of at least Aa2 by Moody's Investors Service's, AA by Fitch , or AA by Standard & Poor's Rating Services.

Trust Assets: Although assets have been accumulated in an irrevocable trust such that the assets dedicated to providing pensions to the plan members in accordance with benefit term, the trust assets are not legally protected from creditors of the Town. As such, the trust assets do not meet the criteria in paragraph 4 of GASB Statement No. 73.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

D. COMMITMENTS AND CONTINGENCIES (continued)

7. LENGTH OF SERVICE AWARD PROGRAM-LOSAP

Changes in the Total Pension Liability

Commack Volunteer Ambulance Corps

Balance as of 12/31/15 measurement date	\$	1,863,919
Service Cost		139,147
Interest		63,742
Changes of assumptions or other inputs		(181,074)
Differences between expected and actual experience		(96,436)
Benefit Payments		(22,284)
Net Changes		(96,905)
Balance as of 12/31/16 measurement date	\$	1,767,014

Sensitivity of the Total Pension Liability to changes in the discount rate. The following presents the total pension liability of the Town as of December 31, 2016 measurement date, calculated using the discount rate of 3.71 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.71 percent) or one percentage point higher (4.71 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	2.71%	3.71%	4.71%
Total pension liability	\$2,146,169	\$1,767,014	\$1,472,903

Huntington Community First Aid Squad

Balance as of 12/31/15 measurement date	\$	8,781,479
Service Cost		423,132
Interest		291,125
Changes of assumptions or other inputs		(687,163)
Differences between expected and actual experience		51,594
Benefit Payments		(213,905)
Net Changes		(135,217)
Balance as of 12/31/16 measurement date	\$	8,646,262

Sensitivity of the Total Pension Liability to changes in the discount rate. The following presents the total pension liability of the Town as of December 31, 2016 measurement date, calculated using the discount rate of 3.71 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.71 percent) or one percentage point higher (4.71 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	2.71%	3.71%	4.71%
Total pension liability	\$10,068,017	\$8,646,262	\$7,492,442

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

D. COMMITMENTS AND CONTINGENCIES (continued)

7. LENGTH OF SERVICE AWARD PROGRAM-LOSAP

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Commack Volunteer Ambulance Corps

For the year ended December 31, 2017, the Town recognized pension expense of \$194,261. St December 31, 2017, the Town reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 91,662
Changes of assumptions or other inputs	-	172,109
Benefit payments & administrative expenses subsequent to the measurement date	31,459	-
Total	\$ 31,459	\$ 263,771

\$31,459 reported as deferred outflows of resources related to pensions resulting from Town transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ended December 31, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

December 31:	
2018	\$ (13,738)
2019	(13,738)
2020	(13,738)
2021	(13,738)
2022	(13,738)
Thereafter	(195,081)

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

D. COMMITMENTS AND CONTINGENCIES (continued)

7. LENGTH OF SERVICE AWARD PROGRAM-LOSAP

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (continued)**

Huntington Community First Aid Squad

For the year ended December 31, 2017, The Town recognized pension expense of \$674,970. At December 31, 2017, The Town reported deferred outflows and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 47,714	\$ -
Changes of assumptions or other inputs	-	635,497
Benefit payments & administrative expenses subsequent to the measurement date	251,750	\$ -
Total	\$ 299,464	\$ 635,497

\$251,750 reported as deferred outflows of resources related to pensions resulting from Town transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ended December 31, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

December 31:		
2018	\$	(47,787)
2019		(47,787)
2020		(47,787)
2021		(47,787)
2022		(47,787)
Thereafter		(348,848)

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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, 2017:

Condensed Statement of Net Position:

	South Huntington Water District	Greenlawn Water District	Totals
Assets			
Current assets and other assets	11,003,808	6,564,045	17,567,853
Capital assets net of depreciation	44,021,969	19,312,948	63,334,917
Deferred outflow of resources	491,680	408,652	900,332
Total Assets	55,517,457	26,285,645	81,803,102
Liabilities and Net Position			
Current liabilities	3,159,362	1,305,401	4,464,763
Other long term liabilities	18,687,885	7,936,198	26,624,083
Investment in capital assets	27,942,485	15,187,774	43,130,259
Deferred inflow of resources	67,040	79,473	146,513
Restricted	4,064,962	1,504,796	5,569,758
Unrestricted	1,595,723	272,003	1,867,726
Total Liabilities and Net Position	55,517,457	26,285,645	81,803,102

Condensed Statement of Activities:

	Program			General Revenue		Net Assets (As restated)		
	Expenses	Charges for Services	Net (Expense) Revenue	Property Tax	Other	Change	1/1/17	12/31/17
South Huntington Water District	\$ 8,613,126	\$ 4,093,426	\$ (4,519,700)	\$ 3,991,327	\$ 758,683	\$ 230,310	\$ 33,372,860	\$ 33,603,170
Greenlawn Water District	5,747,516	2,464,894	(3,282,622)	2,369,823	598,927	(313,872)	17,278,445	16,964,573
	\$ 14,360,642	\$ 6,558,320	\$ (7,802,322)	\$ 6,361,150	\$ 1,357,610	\$ (83,562)	\$ 50,651,305	\$ 50,567,743

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

F. SUBSEQUENT EVENTS

There were no reportable subsequent events.

G. NEW PRONOUNCEMENTS

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) 83 issued authoritative guidance GAS Statement No. 83) *Certain Asset Retirement Obligations*. The objective of this statement is to enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. The Town is required to implement this authoritative guidance for reporting periods beginning after June 15, 2018.

Governmental Accounting Standards Board (GASB) 84 issued authoritative guidance GAS Statement No. 84) *Fiduciary Activities*. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Town is required to implement this authoritative guidance for reporting periods beginning after December 15, 2018.

Governmental Accounting Standards Board (GASB) 85 issued authoritative guidance GAS Statement No. 85) *Omnibus 2017*. The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement specifically addresses issues related to blending component units, goodwill, fair value measurement and application of postemployment benefits (pensions and OPEB). The Town is required to implement this authoritative guidance for reporting periods beginning after June 15, 2017.

Governmental Accounting Standards Board (GASB) 86 issued authoritative guidance GAS Statement No. 86) *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceed of refunding debt. The Town is required to implement this authoritative guidance for reporting periods beginning after June 15, 2017.

Governmental Accounting Standards Board (GASB) 87 issued authoritative guidance GAS Statement No. 87) *Leases*. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The Town is required to implement this authoritative guidance for reporting periods beginning after December 15, 2019.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

G. NEW PRONOUNCEMENTS (continued)

Governmental Accounting Standards Board (GASB) 88 issued authoritative guidance GAS Statement No. 88) *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct placements, and to provide financial statement users with additional essential information about debt. The Town is required to implement this authoritative guidance for reporting periods beginning after June 15, 2018.

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, 2017

	Budgetary Amounts		Actual	Variance with
	Original	Final		Final Budget
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 42,129,825	\$ 42,129,825	\$ 42,218,885	\$ 89,060
Total Real Property Taxes	42,129,825	42,129,825	42,218,885	89,060
OTHER REAL PROPERTY TAXES				
Payment In lieu of taxes	68,045	68,045	137,027	68,982
Interest and penalty on taxes	280,000	280,000	280,807	807
Total Other Real Property Taxes	348,045	348,045	417,834	69,789
NON-PROPERTY TAX ITEMS				
Franchises - cable TV	4,257,954	4,257,954	4,887,765	629,811
Total Non-Property Tax Items	4,257,954	4,257,954	4,887,765	629,811
DEPARTMENTAL INCOME				
Town clerk fees	400,000	400,000	261,528	(138,472)
Other general departmental income	165,000	204,275	254,415	50,140
Parking meter fees	700,000	700,000	798,947	98,947
Transportation	480,000	480,000	514,045	34,045
Charges - programs for the aging	322,000	322,000	382,990	60,990
Park and recreational charges	2,056,000	2,070,320	2,003,513	(66,807)
Recreational concessions	80,000	80,000	87,786	7,786
Special recreational facility charges	5,319,000	5,335,000	5,289,993	(45,007)
Refuse and garbage charges	22,917,481	22,917,481	21,805,275	(1,112,206)
Total Departmental Income	32,439,481	32,509,076	31,398,492	(1,110,584)
INTERGOVERNMENTAL CHARGES				
Information Technology - other governments	-	-	-	-
Miscellaneous Revenue	27,000	102,000	124,004	22,004
Refuse and Garbage Service	101,357	101,357	92,778	(8,579)
Total Intergovernmental Charges	128,357	203,357	216,782	13,425
USE OF MONEY AND PROPERTY				
Interest and earnings	182,099	182,099	361,566	179,467
Rental of real property	767,136	767,136	743,416	(23,720)
Total Use of Money and Property	949,235	949,235	1,104,982	155,747
LICENSES AND PERMITS				
Bingo licenses	14,000	14,000	18,546	4,546
Dog licenses	37,000	37,000	30,972	(6,028)
Parking Permits	950,000	950,000	940,800	(9,200)
Other permits	25,000	25,000	32,698	7,698
Total Licenses and Permits	1,026,000	1,026,000	1,023,016	(2,984)
FINES AND FORFEITURES				
Fines	1,305,000	1,305,000	1,204,294	(100,706)
Total Fines and Forfeitures	1,305,000	1,305,000	1,204,294	(100,706)

(Continued)

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Year ended December 31, 2017

	Budgetary Amounts		Actual	Variance with
	Original	Final		Final Budget
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sales of scrap and excess material	25,000	25,000	52,603	27,603
Sales of refuse for recycling	21,200	21,200	9,846	(11,354)
Sales other	8,000	8,000	8,020	20
Sales of Real Property	-	-	-	-0-
Sales of equipment	5,000	29,665	59,543	29,878
Insurance recoveries	220,000	220,000	175,057	(44,943)
Total Sale of Property & Compensation for Loss	<u>279,200</u>	<u>303,865</u>	<u>305,069</u>	<u>1,204</u>
MISCELLANEOUS LOCAL SOURCES				
Refund of prior year expenditures	-	-	10,603	10,603
Gifts and donations	-	17,925	21,740	3,815
Miscellaneous revenue	758,750	790,331	1,027,972	237,641
Total Miscellaneous Local Sources	<u>758,750</u>	<u>808,256</u>	<u>1,060,315</u>	<u>252,059</u>
INTERFUND REVENUES	<u>4,763,246</u>	<u>4,763,246</u>	<u>4,763,246</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	7,951,045	9,034,600	1,083,555
State Aid - other	-	112,500	164,400	51,900
State Aid - bus and other mass transit	789,085	789,085	833,651	44,566
State Aid - programs for aging	206,000	206,000	317,977	111,977
State Aid - youth program	448,112	493,112	359,137	(133,975)
State Aid - other culture and recreation	50,000	50,000	45,446	(4,554)
State Aid - other home and community services	30,000	30,000	90,306	60,306
Total State Aid	<u>10,090,453</u>	<u>10,698,998</u>	<u>11,912,773</u>	<u>1,213,775</u>
FEDERAL AID				
Federal Aid - programs for the aging	217,000	217,000	112,090	(104,910)
Federal Aid - bud and other mass transit	-	-	100,000	100,000
Federal Aid - youth program	775,462	775,462	708,655	(66,807)
Federal Aid - other home and community services	-	-	621	621
Total Federal Aid	<u>992,462</u>	<u>992,462</u>	<u>921,366</u>	<u>(71,096)</u>
Total Revenues	<u>\$ 99,468,008</u>	<u>\$ 100,295,319</u>	<u>\$ 101,434,819</u>	<u>\$ 1,139,500</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, 2017

Function	Budgetary Amounts		Actual	Encumbrances	Variance with Final Budget
	Original	Final			
CURRENT:					
GENERAL GOVERNMENT SUPPORT					
Town board	\$ 738,173	\$ 735,981	\$ 735,745	\$ -	\$ 236
Traffic violations bureau	133,999	118,999	107,531	-	11,468
Supervisor	816,179	840,181	838,037	1,960	184
Comptroller	1,274,627	1,346,442	1,286,446	7,423	52,573
Tax collection	668,126	713,928	713,473	242	213
Purchasing	302,808	321,559	321,557	-	2
Assessment	1,223,113	1,200,021	1,191,766	-	8,255
Fiscal agent fees	35,000	30,000	26,442	-	3,558
Town clerk	1,087,532	1,130,357	1,104,295	4,372	21,690
Town attorney	2,829,587	3,341,980	3,113,223	128,219	100,538
Personnel	569,617	709,523	707,485	500	1,538
Engineer	974,102	1,001,016	990,995	2,398	7,623
General services	513,935	581,131	580,147	-	984
Operation of plant	9,777,257	10,300,938	10,016,406	3,005	281,527
Central storeroom	436,764	422,170	410,594	-	11,576
Central printing and mailing	251,000	245,858	234,145	-	11,713
Information Technology	2,194,389	2,263,076	1,925,681	142,353	195,042
Unallocated insurance	360,500	340,500	325,282	-	15,218
Municipal assessment dues	9,000	9,000	7,822	-	1,178
Judgments and claims	300,000	795,472	678,917	63,109	53,446
Purchase of land and right of way	1,500,000	1,500,000	-	-	1,500,000
Taxes and assessment on municipal property	20,000	12,400	12,274	-	126
Contractual	20,000	50,359	15,900	-	34,459
Total General Government Support	26,035,708	28,010,891	25,344,163	353,581	2,313,147
PUBLIC SAFETY					
Administration	3,092,887	3,256,356	3,138,900	24,264	93,192
Harbors and waterways	755,713	823,934	820,335	-	3,599
Control of dogs	923,477	1,009,413	990,912	158	18,343
Safety inspection	252,764	290,249	289,136	-	1,113
Civil defense	75,089	50,089	41,777	-	8,312
Total Public Safety	5,099,930	5,430,041	5,281,060	24,422	124,559
HEALTH					
Substance Abuse	862,708	858,822	641,850	-	216,972
Total Health	862,708	858,822	641,850	-	216,972
TRANSPORTATION					
Highway and street administration	786,396	800,686	775,816	76	24,794
Public transportation	4,106,476	4,158,265	4,112,958	5,196	40,111
Waterways Navigation	61,895	65,107	64,879	-	228
Total Transportation	4,954,767	5,024,058	4,953,653	5,272	65,133
ECONOMIC ASSISTANCE AND OPPORTUNITY					
Community action administration	17,250	17,250	15,320	-	1,930
Public Information	163,173	162,618	162,616	-	2
Veterans service	8,500	8,500	8,250	-	250
Family Assistance Program	169,270	169,270	155,302	-	13,968
Programs for the aging	1,899,578	1,955,482	1,896,119	349	59,014
Total Economic Assistance And Opportunity	2,257,771	2,313,120	2,237,607	349	75,164

(Continued)

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Year ended December 31, 2017

Function	Budgetary Amounts		Actual	Encumbrances	Variance with
	Original	Final			Final Budget
CULTURE AND RECREATION					
Council on the arts	147,500	147,500	147,500	-	-
Recreation administration	3,819,289	3,869,038	3,773,314	15,788	79,936
Playgrounds and recreation centers	1,396,936	1,316,143	1,234,285	-	81,858
Special recreation facility charges	2,766,030	2,873,864	2,778,801	-	95,063
Band concerts	143,811	162,080	156,641	-	5,439
Youth programs	565,586	615,423	615,068	-	355
Joint youth programs	2,701,916	2,746,916	2,683,655	-	63,261
Museums	730,021	749,466	737,993	7,409	4,064
Historian	53,565	53,565	41,341	-	12,224
Celebrations	10,000	8,829	8,829	-	-
Adult recreation	667,867	635,655	613,552	-	22,103
Total Culture and Recreation	13,002,521	13,178,479	12,790,979	23,197	364,303
HOME AND COMMUNITY SERVICES					
Refuse and garbage	20,178,119	20,140,594	18,951,872	40	1,188,682
Landfill Post Closure	66,500	55,777	45,030	-	10,747
Recycling	612,122	642,433	634,046	-	8,387
General natural resources	944,552	964,531	933,404	-	31,127
Miscellaneous	45,000	75,672	56,261	8,931	10,480
Total Home and Community Services	21,846,293	21,879,007	20,620,613	8,971	1,249,423
EMPLOYEE BENEFITS					
State employee retirement system	6,072,111	5,836,672	4,752,262	-	1,084,410
Social security	111,000	70,800	65,472	-	5,328
Workers' compensation	1,400,000	1,896,071	1,864,820	31,250	1
Life insurance	50,000	32,500	31,597	-	903
Unemployment insurance	130,000	112,173	49,278	-	62,895
Disability benefits	90,000	85,000	58,920	-	26,080
Hospital, medical and dental	12,211,400	11,394,565	11,387,422	-	7,143
Union welfare benefits	270,000	270,000	251,585	-	18,415
Other employee benefits	798,000	984,405	910,770	-	73,635
Total Employee Benefits	21,132,511	20,682,186	19,372,126	31,250	1,278,810
DEBT SERVICE					
Principal on Bond Anticipation Note	500,000	500,000	-	-	500,000
Interest on Bond Anticipation Note	-	4,084	4,083	-	1
Total Debt Service	500,000	504,084	4,083	-	500,001
Total Expenditures	95,692,209	97,880,688	91,246,134	447,042	6,187,512
Excess (Deficiency) of Revenues Over Expenditures	3,775,799	2,414,631	10,188,685	(447,042)	7,327,012
Other Financing Sources (Uses)					
Transfers In		14,746	14,746	-	-
Transfers out	-	(1,032,100)	(1,532,100)	-	500,000
Transfers out (Debt Service)	(4,000,000)	(4,000,000)	(3,807,621)	-	192,379
Total Other Financing Sources (Uses)	(4,000,000)	(5,017,354)	(5,324,975)	-	692,379
Net Change in Fund Balance	\$ (224,201)	\$ (2,602,723)	4,863,710	\$ (447,042)	\$ 8,019,391
Fund Balance at Beginning of Year			25,326,564		
Fund Balance at End of Year			\$ 30,190,274		

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGHWAY FUND
For the Year ended December 31, 2017

	Budgetary Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 32,597,757	\$ 32,597,757	\$ 32,597,757	\$ -
Total Real Property Taxes	<u>32,597,757</u>	<u>32,597,757</u>	<u>32,597,757</u>	<u>-</u>
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	66,500	66,500	114,148	47,648
Interest and penalties on taxes	-	-	325	325
Total Other Real Property Taxes	<u>66,500</u>	<u>66,500</u>	<u>114,473</u>	<u>47,973</u>
DEPARTMENTAL INCOME				
Other general departmental income	-	99,693	205,709	106,016
Total Departmental Income	<u>-</u>	<u>-</u>	<u>205,709</u>	<u>106,016</u>
INTERGOVERNMENT CHARGE				
Transportation Services, Other Government	-	-	7,464	7,464
Total Departmental Income	<u>-</u>	<u>-</u>	<u>7,464</u>	<u>7,464</u>
USE OF MONEY AND PROPERTY				
Interest and earnings	80,000	80,000	133,709	53,709
Total Use of Money and Property	<u>80,000</u>	<u>80,000</u>	<u>133,709</u>	<u>53,709</u>
LICENSES AND PERMITS				
Licenses and permits	300,000	274,350	166,025	(108,325)
Total Licenses and Permits	<u>300,000</u>	<u>274,350</u>	<u>166,025</u>	<u>(108,325)</u>
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sales of scrap materials/equipment	8,000	8,000	14,788	6,788
Insurance recoveries	5,000	5,000	125,625	120,625
Total Sale of Property and Compensation for Loss	<u>13,000</u>	<u>13,000</u>	<u>140,413</u>	<u>127,413</u>
MISCELLANEOUS LOCAL SOURCES				
Miscellaneous revenue	240,100	240,100	264,740	24,640
Total Miscellaneous Local Sources	<u>240,100</u>	<u>240,100</u>	<u>264,740</u>	<u>24,640</u>
STATE AID				
State aid - Consolidated highway aid	1,706,000	2,427,476	2,327,476	(100,000)
State Aid - Other	-	-	81,973	81,973
Total State Aid	<u>1,706,000</u>	<u>2,427,476</u>	<u>2,409,449</u>	<u>(18,027)</u>
Total Revenues	<u>\$ 35,003,357</u>	<u>\$ 35,699,183</u>	<u>\$ 36,039,739</u>	<u>\$ 240,863</u>

(Continued)

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGHWAY FUND
For the Year ended December 31, 2017

	Budgetary Amounts		Actual	Encumbrances	Variance with Final Budget
	Original	Final			
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT SUPPORT					
Insurance	\$ 112,000	\$ 98,100	\$ 97,962	\$ -	\$ 138
Bond and note issue expense	45,000	38,900	25,302	-	13,598
Other Government Support	82,200	1,760,385	1,756,628	-	3,757
Total General Government Support	<u>239,200</u>	<u>1,897,385</u>	<u>1,879,892</u>	<u>-</u>	<u>17,493</u>
TRANSPORTATION					
Highway repairs	12,681,260	12,479,493	12,390,284	11,468	77,741
Capital highway improvements	1,706,000	2,427,476	2,327,476	-	100,000
Highway and machinery	2,081,530	2,102,280	2,046,309	26,575	29,396
Brush and weeds	380,000	396,200	391,651	-	4,549
Snow removal	2,188,908	2,982,212	2,982,209	-	3
Total Transportation	<u>19,037,698</u>	<u>20,387,661</u>	<u>20,137,929</u>	<u>38,043</u>	<u>211,689</u>
EMPLOYEE BENEFITS					
State employee retirement system	2,322,659	1,926,358	1,926,358	-	-
Social security	48,000	22,934	22,934	-	-
Workers Compensation	1,100,000	1,336,684	1,336,684	-	-
Life insurance	400	400	197	-	203
Unemployment insurance	75,000	15,000	962	-	14,038
Disability benefits	1,000	1,000	167	-	833
Hospital, medical and dental	4,780,400	4,466,874	4,460,192	-	6,682
Union welfare benefits	200,000	200,000	187,550	-	12,450
Other employee benefits	224,000	310,220	310,218	-	2
Total Employee Benefits	<u>8,751,459</u>	<u>8,279,470</u>	<u>8,245,262</u>	<u>-</u>	<u>34,208</u>
Total Expenditures	<u>28,028,357</u>	<u>30,564,516</u>	<u>30,263,083</u>	<u>38,043</u>	<u>263,390</u>
Excess (Deficiency) of Revenues					
Over Expenditures	6,975,000	5,134,667	5,776,656	(38,043)	504,253
Other Financing Sources (Uses)					
Transfer Out		(99,693)	(99,693)		-
Transfers in	-	35,664	35,664		-
Transfers out (Debt Service)	(7,000,000)	(7,000,000)	(6,775,306)	-	(224,694)
Total Other Financing Sources (Uses)	<u>(7,000,000)</u>	<u>(7,064,029)</u>	<u>(6,839,335)</u>	<u>-</u>	<u>(224,694)</u>
Net Change in Fund Balance	<u>\$ (25,000)</u>	<u>\$ (1,929,362)</u>	<u>\$ (1,062,679)</u>	<u>\$ (38,043)</u>	<u>\$ 279,559</u>
Fund Balance at Beginning of Year			5,731,795		
Fund Balance at End of Year			<u>\$ 4,669,116</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, 2017

	Budgetary Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 24,570,261	\$ 24,570,261	\$ 24,570,261	\$ -
Total Real Property Taxes	24,570,261	24,570,261	24,570,261	-
OTHER REAL PROPERTY TAX ITEMS				
Interest and penalties on taxes	1,000	1,000	245	(755)
Total Other Real Property Tax Items	1,000	1,000	245	(755)
DEPARTMENTAL INCOME				
Refuse and garbage charges	9,040	9,040	11,528	2,488
Total Departmental Income	9,040	9,040	11,528	2,488
INTERGOVERNMENT CHARGE				
Refuse & Garbage Service, Other Government	9,658	9,658	13,072	3,414
Total Intergovernment Charge	9,658	9,658	13,072	3,414
USE OF MONEY AND PROPERTY				
Interest and earnings	70,000	70,000	104,113	34,113
Total Use of Money and Property	70,000	70,000	104,113	34,113
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sales of recycled materials	40,000	40,000	196,601	156,601
Insurance recoveries	-	-	29,245	29,245
Total Sale of Property and Compensation for Loss	40,000	40,000	225,846	185,846
MISCELLANEOUS LOCAL SOURCES				
Miscellaneous	50,000	50,000	58,603	8,603
Total Miscellaneous Local Sources	50,000	50,000	58,603	8,603
Total Revenues	\$ 24,749,959	\$ 24,749,959	\$ 24,983,668	\$ 233,709

(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, 2017

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Encumbrances</u>	Variance with
	<u>Original</u>	<u>Final</u>			<u>Final Budget</u>
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT SUPPORT					
Insurance	\$ 80,000	\$ 80,000	\$ 69,572	\$ -	\$ 10,428
Other government support	2,168,961	2,216,684	2,164,716	-	51,968
Total General Government Support	<u>2,248,961</u>	<u>2,296,684</u>	<u>2,234,288</u>		<u>62,396</u>
HOME AND COMMUNITY SERVICES					
Refuse and garbage	19,947,724	19,647,353	18,976,670	71,330	599,353
Total Home and Community Services	<u>19,947,724</u>	<u>19,647,353</u>	<u>18,976,670</u>	<u>71,330</u>	<u>599,353</u>
EMPLOYEE BENEFITS					
State employee retirement system	740,174	735,174	560,693	-	174,481
Social security	23,000	23,000	15,510	-	7,490
Workers Compensation	300,000	484,576	484,576	-	-
Life insurance	500	500	98	-	402
Unemployment insurance	20,000	5,000	3,109	-	1,891
Disability insurance	500	500	83	-	417
Hospital, medical and dental	1,379,100	1,471,658	1,445,545	-	26,113
Union welfare benefits	68,000	63,000	62,040	-	960
Other employee benefits	104,000	219,747	202,747	-	17,000
Total Employee Benefits	<u>2,635,274</u>	<u>3,003,155</u>	<u>2,774,401</u>	<u>-</u>	<u>228,754</u>
Total Expenditures	<u>24,831,959</u>	<u>24,947,192</u>	<u>23,985,359</u>	<u>71,330</u>	<u>890,503</u>
Excess (Deficiency) of Revenues					
Over Expenditures	(82,000)	(197,233)	998,309	(71,330)	1,124,212
Other Financing Sources (Uses)					
Transfers out (Debt Service)	(218,000)	(218,000)	(207,689)	-	10,311
Total Other Financing Sources (Uses)	<u>(218,000)</u>	<u>(218,000)</u>	<u>(207,689)</u>	<u>-</u>	<u>10,311</u>
Net Change in Fund Balance	<u>\$ (300,000)</u>	<u>\$ (415,233)</u>	790,620	<u>\$ (71,330)</u>	<u>\$ 1,134,523</u>
Fund Balance at Beginning of Year			<u>4,025,957</u>		
Fund Balance at End of Year			<u>\$ 4,816,577</u>		

TOWN OF HUNTINGTON
SCHEDULE OF FUNDING PROGRESS
POST-EMPLOYMENT BENEFITS HEALTHCARE COSTS
December 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
1/1/2017	\$ -	\$ 220,019,704	\$ 220,019,704	0%	\$ 61,513,907	357.7%
1/1/2016	-	228,677,882	228,677,882	0%	59,916,368	381.7%
1/1/2015	-	221,109,413	221,109,413	0%	61,337,769	360.5%

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 8,764,939	\$ 9,045,917	\$ 11,317,997
Contributions in relation to the contractually required contribution	<u>8,764,939</u>	<u>9,045,917</u>	<u>11,317,997</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Town's covered employee payroll	54,953,769	54,676,490	55,099,418
Contributions as a percentage of covered employee payroll	16%	17%	21%

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 10,790,971	\$ 12,736,105	\$ 10,760,219	\$ 8,010,413	\$ 5,777,432	\$ 3,675,479	\$ 4,165,774
<u>10,790,971</u>	<u>12,736,105</u>	<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>
\$ -	\$ -	\$ 3,905,184	\$ -	\$ -	\$ -	\$ -
53,285,268	51,630,809	52,095,461	49,396,373	51,110,066	50,805,977	49,240,978
20%	25%	13%	16%	11%	7%	8%

TOWN OF HUNTINGTON
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 December 31, 2017
 LAST THREE FISCAL YEARS

Employees' Retirement System

	2017	2016	2015
Town's proportion of the net pension liability	0.2048107%	0.2085953%	0.2062962%
Town's proportionate share of the net pension liability	\$ 19,244,466	\$ 33,480,134	\$ 6,969,189
Town's covered employee payroll	\$ 52,103,438	\$ 53,342,327	\$ 55,263,873
Town's proportionate share of the net pension liability as a percentage of its covered employee payroll	36.94 %	62.76 %	12.61 %
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.68%	97.95%

TOWN OF HUNTINGTON

SCHEDULE OF CHANGES IN THE TOWN'S TOTAL LENGTH OF SERVICE AWARD PROGRAM PENSION LIABILITY

December 31, 2017

Last Fiscal Year

Length of Service Award Program

Commack Volunteer Ambulance Corps

Measurement date as of December 31,	<u>2016</u>
Service cost	139,147
Interest	63,742
Changes of assumptions or other inputs	(181,073)
Differences between expected and actual experience	(96,437)
Benefit payments	(22,284)
Net change in total pension liability	(96,905)
Total pension liability - beginning	1,863,919
Total pension liability - ending	1,767,014
 Covered employee payroll	 N/A
 Total pension liability as a percentage of covered-employee payroll	 N/A

Huntington Community First Aid Squad, Inc.

Measurement date as of December 31,	<u>2016</u>
Service cost	423,133
Interest	291,125
Changes of assumptions or other inputs	(687,163)
Differences between expected and actual experience	51,593
Benefit payments	(213,905)
Net change in total pension liability	(135,217)
Total pension liability - beginning	8,781,479
Total pension liability - ending	8,646,262
 Covered employee payroll	 N/A
 Total pension liability as a percentage of covered-employee payroll	 N/A

Notes to Required Supplementary Information:

The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The discount rate used to measure the total pension liability was based on the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index and was as follows:

December 31, 2015	3.20%
December 31, 2016	3.71%

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of the GASB Statement No. 73 to pay related benefits

TOWN OF HUNTINGTON
SCHEDULE OF TOWN'S LENGTH OF SERVICE AWARD PROGRAM PENSION LIABILITY
 December 31, 2017
 Last Two Fiscal Years

Huntington Community First Aid Squad, Inc.

	<u>2017</u>	<u>2016</u>
Total Length of Service Award Program Pension Liability	8,646,262	8,781,479
Town's covered employee payroll	Not Applicable	Not Applicable
Contributions as a percentage of covered employee payroll	Not Applicable	Not Applicable

Commack Volunteer Ambulance Corps

	<u>2017</u>	<u>2016</u>
Total Length of Service Award Program Pension Liability	1,767,014	1,863,919
Town's covered employee payroll	Not Applicable	Not Applicable
Contributions as a percentage of covered employee payroll	Not Applicable	Not Applicable

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COMPONENT UNITS
SCHEDULE OF DISTRICTS' CONTRIBUTIONS
LAST TEN YEARS

Greenlawn Water District

	2017	2016	2015
Contractually required contribution	\$ 185,667	\$ 204,112	\$ 241,020
Contributions in relation to the contractually required contribution	185,667	204,112	241,020
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered employee payroll	1,212,152	1,160,988	1,232,499
Contributions as a percentage of covered employee payroll	15%	18%	20%

South Huntington Water District

	2017	2016	2015
Contractually required contribution	\$ 189,105	\$ 193,255	\$ 205,756
Contributions in relation to the contractually required contribution	189,105	193,255	205,756
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered employee payroll	1,329,652	1,228,683	1,316,312
Contributions as a percentage of covered employee payroll	14%	16%	16%

2014	2013	2012	2011	2010	2009	2008
\$ 253,554	\$ 286,409	\$ 181,359	\$ 215,544	\$ 136,735	\$ 72,345	\$ 126,743
<u>253,554</u>	<u>286,409</u>	<u>181,359</u>	<u>215,544</u>	<u>136,735</u>	<u>72,345</u>	<u>126,743</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,315,312	1,271,843	1,198,977	1,117,345	1,185,214	1,009,692	936,971
19%	23%	15%	19%	12%	7%	14%

2014	2013	2012	2011	2010	2009	2008
\$ 326,700	\$ 215,311	\$ 255,066	\$ 166,737	\$ 144,068	\$ 75,202	\$ 88,049
<u>326,700</u>	<u>215,311</u>	<u>255,066</u>	<u>166,737</u>	<u>144,068</u>	<u>75,202</u>	<u>88,049</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,373,704	1,352,331	1,204,400	1,265,077	1,203,485	1,108,048	1,034,812
24%	16%	21%	13%	12%	7%	9%

COMPONENT UNITS

SCHEDULE OF THE DISTRICTS' PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

December 31, 2017

Employees' Retirement System

	2017 Greenlawn Water District	2016 Greenlawn Water District	2015 Greenlawn Water District
District's proportion of the net pension liability	0.0048558%	0.0050102%	0.5260900%
District's proportionate share of the net pension liability	\$ 456,262	\$ 804,147	\$ 237,283
District's covered employee payroll	\$ 1,162,078	\$ 1,243,616	\$ 1,245,786
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	39.26 %	64.66 %	19.05 %
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.68%	97.95%

	2017 South Huntington Water District	2016 South Huntington Water District	2015 South Huntington Water District
District's proportion of the net pension liability	0.0042256%	0.0043830%	0.0044837%
District's proportionate share of the net pension liability	\$ 397,046	\$ 703,477	\$ 151,472
District's covered employee payroll	\$ 1,256,412	\$ 1,184,360	\$ 1,358,006
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	31.60 %	59.40 %	11.15 %
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.68%	97.95%

OTHER SUPPLEMENTARY INFORMATION

Combining Fund Statements

TOWN OF HUNTINGTON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2017

	Special Revenue Funds					
	Town Outside Village	Special Grant (HCDA)	Local		Town Business	
			Development Corp (LDC)	Improvement		Total
				Districts	Special Districts	
Assets						
Cash and cash equivalents	\$2,617,220	\$ 347,463	\$ 292,562	\$ -	\$ 5,343,491	\$ 8,600,736
Cash-Restricted	419,774	-	-	-	7,648,218	8,067,992
Prepays	225,282	11,539	-	-	153,069	389,890
Accounts receivable, net	269,922	24,086	-	-	1,249,907	1,543,915
Due from federal, state & other governments	83,029	25,037	-	-	170,977	279,043
Due from other funds	37,882	-	-	-	12,031	49,913
Total Assets	<u>3,653,109</u>	<u>408,125</u>	<u>292,562</u>	<u>-</u>	<u>14,577,693</u>	<u>18,931,489</u>
Liabilities						
Accounts payable & other current liabilities	117,845	241,924	-	-	868,656	1,228,425
Accrued liabilities	188,112	66,563	-	-	97,317	351,992
Due to other governments	-	1,074,773	-	-	-	1,074,773
Due to other funds	34,109	-	-	-	22,000	56,109
Total Liabilities	<u>340,066</u>	<u>1,383,260</u>	<u>-</u>	<u>-</u>	<u>987,973</u>	<u>2,711,299</u>
Deferred Inflows						
Deferred revenue	1,007,117	22,954	-	-	3,308	1,033,379
Total Deferred Inflows	<u>1,007,117</u>	<u>22,954</u>	<u>-</u>	<u>-</u>	<u>3,308</u>	<u>1,033,379</u>
Fund Balance						
Non-Spendable						
Prepays	225,282	11,539	-	-	153,069	389,890
Restricted for:						
Debt service	-	-	-	-	37,846	37,846
Capital projects	-	-	-	-	-	-
Retirement contribution	243	-	-	-	7,549,047	7,549,290
Capital reserve	52,239	-	-	-	-	52,239
Employee Benefit Accrual Liability	367,292	-	-	-	61,325	428,617
Assigned to:						
Town Outside Village	1,648,612	-	-	-	-	1,648,612
Community Development	-	-	-	-	-	-
Local Development Corporation	-	-	292,562	-	-	292,562
Fire Protection	-	-	-	-	22,235	22,235
Street Lighting	-	-	-	-	1,562,769	1,562,769
Ambulance Services	-	-	-	-	1,067,359	1,067,359
Sewer Services	-	-	-	-	1,525,843	1,525,843
Water Services	-	-	-	-	383,285	383,285
Subsequent year's budget	-	-	-	-	520,000	520,000
Unappropriated Fund Balance	12,258	-	-	-	703,634	715,892
Unassigned Fund Balance/(Deficit)	-	(1,009,628)	-	-	-	(1,009,628)
Total Fund Balance/(Deficit)	<u>2,305,926</u>	<u>(998,089)</u>	<u>292,562</u>	<u>-</u>	<u>13,586,412</u>	<u>15,186,811</u>
Total Liabilities, Deferred Inflows & Fund Balance	<u>\$3,653,109</u>	<u>\$ 408,125</u>	<u>\$ 292,562</u>	<u>\$ -</u>	<u>\$14,577,693</u>	<u>\$18,931,489</u>

TOWN OF HUNTINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	Special Revenue Funds					Total
	Town Outside Village	Special Grant (HCDA)	Local		Town Business Improvement Districts	
			Development Corp (LDC)	Special Districts		
REVENUES						
Real property taxes	\$4,616,154	\$ -	\$ -	\$ 186,500	\$13,571,554	\$18,374,208
Other real property tax items	16,969	-	-	2	20,129	37,100
Non-property tax items	-	-	-	-	144,701	144,701
Departmental income	5,978,466	-	3,000	-	3,709,361	9,690,827
Use of money and property	29,267	-	292	-	1,359,857	1,389,416
Licenses and permits	841,153	-	-	-	-	841,153
Sale of property and Compensation for loss	28,171	-	-	-	2,713,230	2,741,401
Miscellaneous local sources	278,220	1,144,677	-	-	144,729	1,567,626
State aid	-	-	-	-	0	-
Federal aid	-	590,958	-	-	0	590,958
Total Revenues	<u>11,788,400</u>	<u>1,735,635</u>	<u>3,292</u>	<u>186,502</u>	<u>21,663,561</u>	<u>35,377,390</u>
EXPENDITURES						
Current:						
General government support	2,122,215	-	-	-	2,675,106	4,797,321
Public safety	2,517,407	-	-	-	1,478,131	3,995,538
Health	122,502	-	-	-	2,377,867	2,500,369
Transportation	-	-	-	-	2,366,696	2,366,696
Economic assistance and opportunity	-	-	27,845	-	-	27,845
Home and community services	2,028,555	1,664,778	-	186,502	6,677,940	10,557,775
Employee benefits	3,580,362	-	-	-	2,547,361	6,127,723
Total Expenditures	<u>10,371,041</u>	<u>1,664,778</u>	<u>27,845</u>	<u>186,502</u>	<u>18,123,101</u>	<u>30,373,267</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	1,417,359	70,857	(24,553)	-	3,540,460	5,004,123
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	3,918	3,918
Transfers out	(122,495)	-	-	-	(183,790)	(306,285)
Transfers out (Debt Service)	(198,821)	-	-	-	(1,505,019)	(1,703,840)
Total Other Financing Sources (Uses)	<u>(321,316)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,684,891)</u>	<u>(2,006,207)</u>
Net Change in Fund Balance	1,096,043	70,857	(24,553)	-	1,855,569	2,997,916
Fund Balances/(Deficit) at Beginning of Year (as restated)	<u>1,209,883</u>	<u>(1,068,946)</u>	<u>317,115</u>	<u>-</u>	<u>11,730,843</u>	<u>12,188,895</u>
Fund Balances/(Deficit) at End of Year	<u>\$2,305,926</u>	<u>\$ (998,089)</u>	<u>\$ 292,562</u>	<u>\$ -</u>	<u>\$13,586,412</u>	<u>\$15,186,811</u>

TOWN OF HUNTINGTON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL DISTRICT FUNDS
December 31, 2017

	Special Revenue Funds					Total
	Fire	Street	Ambulance	Sewer	Water	
	Protection District	Lighting District				
ASSETS						
Cash and cash equivalents	\$ 37,592	\$ 2,124,344	\$ 477,565	\$ 2,295,259	\$ 408,731	\$ 5,343,491
Cash-Restricted	-	25,280	7,489,603	42,045	91,290	7,648,218
Prepays	-	30,150	-	76,648	46,271	153,069
Accounts receivable, net	-	-	809,213	376	440,318	1,249,907
Due from federal, state and other governments	-	-	-	144,701	26,276	170,977
Due from other funds	-	-	-	2,337	9,694	12,031
Total Assets	<u>37,592</u>	<u>2,179,774</u>	<u>8,776,381</u>	<u>2,561,366</u>	<u>1,022,580</u>	<u>14,577,693</u>
LIABILITIES						
Accounts payable and other current liabilities	15,357	142,549	219,419	304,518	186,813	868,656
Accrued liabilities	-	32,300	-	40,671	24,346	97,317
Due to other funds	-	11,748	-	4,735	5,517	22,000
Total Liabilities	<u>15,357</u>	<u>186,597</u>	<u>219,419</u>	<u>349,924</u>	<u>216,676</u>	<u>987,973</u>
DEFERRED INFLOWS						
Deferred revenues	-	-	-	-	3,308	3,308
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,308</u>	<u>3,308</u>
FUND BALANCE						
Non-Spendable						
Prepays	-	30,150	-	76,648	46,271	153,069
Restricted for:						
Debt service	-	-	-	32,038	5,808	37,846
Retirement contribution	-	4,579	7,489,603	3,398	51,467	7,549,047
Employee Benefit Accrual Liability	-	20,701	-	6,609	34,015	61,325
Assigned to:						
Fire Protection	22,235	-	-	-	-	22,235
Street Lighting	-	1,562,769	-	-	-	1,562,769
Ambulance Services	-	-	1,067,359	-	-	1,067,359
Sewer Services	-	-	-	1,525,843	-	1,525,843
Water Services	-	-	-	-	383,285	383,285
Subsequent year's budget	-	250,000	-	20,000	250,000	520,000
Unappropriated Fund Balance	<u>22,235</u>	<u>1,993,177</u>	<u>8,556,962</u>	<u>2,211,442</u>	<u>802,596</u>	<u>13,586,412</u>
Total Fund Balance	<u>22,235</u>	<u>1,993,177</u>	<u>8,556,962</u>	<u>2,211,442</u>	<u>802,596</u>	<u>13,586,412</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 37,592</u>	<u>\$ 2,179,774</u>	<u>\$ 8,776,381</u>	<u>\$ 2,561,366</u>	<u>\$ 1,022,580</u>	<u>\$ 14,577,693</u>

TOWN OF HUNTINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL DISTRICT FUNDS
Year Ended December 31, 2017

	Special Revenue Funds					Total
	Fire	Street	Ambulance	Sewer	Water	
	Protection	Lighting				
	District	District	Districts	Districts	District	
REVENUES						
Real property taxes	\$ 1,574,370	\$ 3,477,062	\$ 1,263,139	\$ 4,861,666	\$ 2,395,317	\$ 13,571,554
Other real property tax items	16	14,636	3,475	1,976	26	20,129
Non-property tax items	-	-	-	144,701	-	144,701
Departmental income	-	-	-	1,855,787	1,853,574	3,709,361
Use of money and property	5,471	20,228	1,030,405	33,601	270,152	1,359,857
Sale of Property and Compensation for loss		20,296	2,684,969	3,948	4,017	2,713,230
Miscellaneous local sources	-	13,457	45,768	50,832	34,672	144,729
Total Revenues	<u>1,579,857</u>	<u>3,545,679</u>	<u>5,027,756</u>	<u>6,952,511</u>	<u>4,557,758</u>	<u>21,663,561</u>
EXPENDITURES						
Current:						
General government support	99,319	613,203	225,883	985,792	750,909	2,675,106
Public safety	1,478,131	-	-	-	-	1,478,131
Health	-	-	2,377,867	-	-	2,377,867
Transportation	-	2,366,696	-	-	-	2,366,696
Home and community services	-	-	-	3,648,688	3,029,252	6,677,940
Employee benefits	-	477,470	283,210	1,069,403	717,278	2,547,361
Total Expenditures	<u>1,577,450</u>	<u>3,457,369</u>	<u>2,886,960</u>	<u>5,703,883</u>	<u>4,497,439</u>	<u>18,123,101</u>
Excess (Deficiency) of Revenues Over						
Expenditures	2,407	88,310	2,140,796	1,248,628	60,319	3,540,460
Other Financing Sources (Uses)						
Transfers in	-	-	-	2,392	1,526	3,918
Transfers out	-	-	-	(120,000)	(63,790)	(183,790)
Transfers out (Debt Service)	-	(10,992)	-	(795,959)	(698,068)	(1,505,019)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(10,992)</u>	<u>-</u>	<u>(913,567)</u>	<u>(760,332)</u>	<u>(1,684,891)</u>
Net Change in Fund Balance	2,407	77,318	2,140,796	335,061	(700,013)	1,855,569
Fund Balances at Beginning of Year (as restated)	<u>19,828</u>	<u>1,915,859</u>	<u>6,416,166</u>	<u>1,876,381</u>	<u>1,502,609</u>	<u>11,730,843</u>
Fund Balances at End of Year	<u>\$ 22,235</u>	<u>\$ 1,993,177</u>	<u>\$ 8,556,962</u>	<u>\$ 2,211,442</u>	<u>\$ 802,596</u>	<u>\$ 13,586,412</u>

TOWN OF HUNTINGTON
FIDUCIARY FUND
STATEMENT OF CHANGES IN AGENCY ASSETS AND LIABILITIES
Year ended December 31, 2017

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
ASSETS				
Town Agency Fund				
Cash	\$ 10,016,870	\$ 230,257,988	\$ 230,499,517	\$ 9,775,341
Other assets	1,455,091	187,564,430	187,655,901	1,363,620
Total Assets - Town Agency Fund	<u>11,471,961</u>	<u>417,822,418</u>	<u>418,155,418</u>	<u>11,138,961</u>
Town Receiver of Taxes Agency Fund				
Cash	223,997,031	1,139,636,100	1,110,074,759	253,558,372
Total Assets - Town Receiver of Taxes Agency Fund	<u>223,997,031</u>	<u>1,139,636,100</u>	<u>1,110,074,759</u>	<u>253,558,372</u>
Total Assets	<u>\$ 235,468,992</u>	<u>\$ 1,557,458,518</u>	<u>\$ 1,528,230,177</u>	<u>\$ 264,697,333</u>
LIABILITIES				
Town Agency Fund				
Other liabilities	\$ 11,477,908	\$ 836,515,714	\$ 836,853,617	\$ 11,140,005
Total Liabilities - Town Agency Fund	<u>11,477,908</u>	<u>836,515,714</u>	<u>836,853,617</u>	<u>11,140,005</u>
Town Receiver of Taxes Agency Fund				
Due to school districts	111,995,542	126,778,663	111,995,541	126,778,664
Due to other governments	111,995,542	1,012,858,898	998,075,776	126,778,664
Total Liabilities - Town Receiver Agency Fund	<u>223,991,084</u>	<u>1,139,637,561</u>	<u>1,110,071,317</u>	<u>253,557,328</u>
Total Liabilities	<u>\$ 235,468,992</u>	<u>\$ 1,976,153,275</u>	<u>\$ 1,946,924,934</u>	<u>\$ 264,697,333</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, 2017

	Budgetary Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 4,616,154	\$ 4,616,154	\$ 4,616,154	\$ -
Total Real Property Taxes	4,616,154	4,616,154	4,616,154	-
OTHER REAL PROPERTY TAXES				
Payment in lieu of taxes	36,000	36,000	16,923	(19,077)
Interest and penalties on taxes	1,000	1,000	46	(954)
Total Other Real Property Taxes	37,000	37,000	16,969	(20,031)
DEPARTMENTAL INCOME				
Building fees	4,600,000	4,600,000	5,076,010	476,010
Zoning board fees	138,000	138,000	135,292	(2,708)
Planning fees	300,000	300,000	356,939	56,939
Other fees	252,500	252,500	410,225	157,725
Total Departmental Income	5,290,500	5,290,500	5,978,466	687,966
USE OF MONEY AND PROPERTY				
Interest and earnings	15,000	15,000	29,267	14,267
Total Use of Money and Property	15,000	15,000	29,267	14,267
LICENSES AND PERMITS				
Building permits	825,000	825,000	841,153	16,153
Total Licenses and Permits	825,000	825,000	841,153	16,153
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Insurance recoveries	-	-	19,214	19,214
Other Compensation for Loss	-	-	8,957	8,957
Total Sale of Property and Compensation for Loss	-	-	28,171	28,171
MISCELLANEOUS LOCAL SOURCES				
Miscellaneous revenue	120,000	131,336	278,220	146,884
Total Miscellaneous Local Sources	120,000	131,336	278,220	146,884
Total Revenues	\$ 10,903,654	\$ 10,914,990	\$ 11,788,400	\$ 873,410

(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, 2017

	Budgetary Amounts		Actual	Encumbrances	Variance with Final Budget
	Original	Final			
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT SUPPORT					
Government Support Administration	\$ 1,920,726	\$ 2,218,335	\$ 2,091,753	\$ -	\$ 126,582
Insurance	35,000	35,000	30,462	-	4,538
Total General Government Support	1,955,726	2,253,335	2,122,215	-	131,120
PUBLIC SAFETY					
Traffic control	669,607	621,239	601,567	12,258	7,414
Safety inspection	1,790,413	1,917,056	1,915,840	-	1,216
Total Public Safety	2,460,020	2,538,295	2,517,407	12,258	8,630
HEALTH					
Registrar of vital statistics	141,903	123,002	122,502	-	500
Total Health	141,903	123,002	122,502	-	500
HOME AND COMMUNITY SERVICES					
Zoning	163,449	160,644	156,777	-	3,867
Planning	1,631,905	1,511,673	1,505,437	-	6,236
Joint planning board	128,949	125,141	123,975	-	1,166
Accessory Apartment	207,928	226,672	223,256	-	3,416
Conservation	16,199	19,112	19,110	-	2
Total Home and Community Services	2,148,430	2,043,242	2,028,555	-	14,687
EMPLOYEE BENEFITS					
State employee retirement system	1,091,375	1,031,375	858,000	-	173,375
Social security	26,500	15,905	8,122	-	7,783
Workers Compensation	120,000	156,873	156,873	-	-
Life insurance	10,000	10,000	7,601	-	2,399
Unemployment insurance	8,000	272	136	-	136
Disability benefits	20,000	10,000	7,851	-	2,149
Hospital, medical and dental	2,634,700	2,539,720	2,434,292	-	105,428
Other employee benefits	172,000	152,917	107,487	-	45,430
Total Employee Benefits	4,082,575	3,917,062	3,580,362	-	336,700
Total Expenditures	10,788,654	10,874,936	10,371,041	12,258	491,637
Excess (Deficiency) of Revenues					
Over Expenditures	115,000	40,054	1,417,359	(12,258)	1,365,047
Other Financing Uses					
Transfers out	-	(122,495)	(122,495)	-	-
Operating transfers in	-	-	-	-	-
Transfers out (Debt Service)	(205,000)	(200,000)	(198,821)	-	(1,179)
Total Other Financing Uses	(205,000)	(322,495)	(321,316)	-	(1,179)
Net Change in Fund Balance	\$ (90,000)	\$ (282,441)	1,096,043	\$ (12,258)	\$ 1,363,868
Fund Balance at Beginning of Year			1,209,883		
Fund Balance at End of Year			\$ 2,305,926		

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, 2017

	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	2	(3)
Total Other Real Property Tax Items	5	5	2	(3)
Total Revenues	186,505	186,505	186,502	(3)
EXPENDITURES				
CURRENT:				
HOME AND COMMUNITY SERVICES				
Contractual expenditures	186,505	186,505	186,502	3
Total Home and Community Services	186,505	186,505	186,502	3
Total Expenditures	186,505	186,505	186,502	3
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>	

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, 2017

	Budgetary Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 1,574,370	\$ 1,574,370	\$ 1,574,370	\$ -
Total Real Property Taxes	<u>1,574,370</u>	<u>1,574,370</u>	<u>1,574,370</u>	<u>-</u>
OTHER REAL PROPERTY TAX ITEMS				
Interest and penalties on taxes	-	-	16	16
Total Other Real Property Tax Items	<u>-</u>	<u>-</u>	<u>16</u>	<u>16</u>
USE OF MONEY AND PROPERTY				
Interest and earnings	5,000	5,000	5,471	471
Total Use of Money and Property	<u>5,000</u>	<u>5,000</u>	<u>5,471</u>	<u>471</u>
Total Revenues	<u>1,579,370</u>	<u>1,579,370</u>	<u>1,579,857</u>	<u>487</u>
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT SUPPORT				
Other government support	99,319	99,319	99,319	-
Total General Government Support	<u>99,319</u>	<u>99,319</u>	<u>99,319</u>	<u>-</u>
PUBLIC SAFETY				
Fire protection	1,480,051	1,480,051	1,478,131	1,920
Total Public Safety	<u>1,480,051</u>	<u>1,480,051</u>	<u>1,478,131</u>	<u>1,920</u>
Total Expenditures	<u>1,579,370</u>	<u>1,579,370</u>	<u>1,577,450</u>	<u>1,920</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	2,407	<u>\$ 2,407</u>
Fund Balance at Beginning of Year			<u>19,828</u>	
Fund Balance at End of Year			<u>\$ 22,235</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, 2017

	Budgetary Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 3,477,062	\$ 3,477,062	\$ 3,477,062	\$ -
Total Real Property Taxes	3,477,062	3,477,062	3,477,062	-
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	7,700	7,700	14,601	6,901
Interest and penalties on taxes	-	-	35	35
Total Other Real Property Tax Items	7,700	7,700	14,636	6,936
USE OF MONEY AND PROPERTY				
Interest and earnings	22,000	22,000	20,228	(1,772)
Total Use of Money and Property	22,000	22,000	20,228	(1,772)
SALE OF PROPERTY/COMPENSATION FOR LOSS				
Insurance Recoveries	-	-	20,296	20,296
Total Sale of Property/Compensation for Loss	-	-	20,296	20,296
MISCELLANEOUS LOCAL SOURCES				
Miscellaneous	15,000	15,000	13,457	(1,543)
Total Miscellaneous Local Sources	15,000	15,000	13,457	(1,543)
Total Revenues	\$ 3,521,762	\$ 3,521,762	\$ 3,545,679	\$ 23,917

(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, 2017

	Budgetary Amounts		Actual	Encumbrances	Variance with Final Budget
	Original	Final			
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT SUPPORT					
Insurance	\$ 14,000	\$ 11,841	\$ 11,364	\$ -	\$ 477
Other government support	602,511	602,511	601,839	-	672
Total General Government Support	<u>616,511</u>	<u>614,352</u>	<u>613,203</u>		<u>1,149</u>
TRANSPORTATION					
Lighting	2,831,150	2,872,808	2,366,696	124,977	381,135
Total Transportation	<u>2,831,150</u>	<u>2,872,808</u>	<u>2,366,696</u>	<u>124,977</u>	<u>381,135</u>
EMPLOYEE BENEFITS					
State employee retirement system	148,301	138,301	123,060	-	15,241
Social security	7,250	7,250	1,780	-	5,470
Workers Compensation	10,000	53,140	53,139	-	1
Life insurance	300	300	64	-	236
Unemployment insurance	5,000	5,000	-	-	5,000
Disability insurance	1,000	1,000	83	-	917
Hospital, medical and dental	312,600	294,744	266,840	-	27,904
Union welfare benefits	11,000	11,000	9,240	-	1,760
Other employee benefits	67,000	67,000	23,264	-	43,736
Total Employee Benefits	<u>562,451</u>	<u>577,735</u>	<u>477,470</u>	<u>-</u>	<u>100,265</u>
Total Expenditures	<u>4,010,112</u>	<u>4,064,895</u>	<u>3,457,369</u>	<u>124,977</u>	<u>482,549</u>
Excess (Deficiency) of Revenues					
Over Expenditures	(488,350)	(543,133)	88,310	(124,977)	506,466
Other Financing Uses					
Transfers out (Debt Service)	(11,650)	(11,650)	(10,992)	-	(658)
Total Other Financing (Uses)	<u>(11,650)</u>	<u>(11,650)</u>	<u>(10,992)</u>	<u>-</u>	<u>(658)</u>
Net Change in Fund Balance	<u>\$ (500,000)</u>	<u>\$ (554,783)</u>	77,318	<u>\$ (124,977)</u>	<u>\$ 505,808</u>
Fund Balance at Beginning of Year			<u>1,915,859</u>		
Fund Balance at End of Year			<u>\$ 1,993,177</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, 2017

	Budgetary Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 1,263,139	\$ 1,263,139	\$ 1,263,139	\$ -
Total Real Property Taxes	1,263,139	1,263,139	1,263,139	-
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	2,100	2,100	3,463	1,363
Interest and penalties on taxes	100	100	12	(88)
Total Other Real Property Tax Items	2,200	2,200	3,475	1,275
USE OF MONEY AND PROPERTY				
Interest and earnings	7,600	7,600	1,030,405	1,022,805
Total Use of Money and Property	7,600	7,600	1,030,405	1,022,805
SALE OF PROPERTY/COMPENSATION FOR LOSS				
Insurance Recoveries	-	1,831,529	2,684,969	853,440
Total Sale of Property/Compensation for Loss	-	1,831,529	2,684,969	853,440
MISCELLANEOUS LOCAL SOURCES				
Miscellaneous	61,085	61,085	45,768	(15,317)
Total Miscellaneous Local Sources	61,085	61,085	45,768	(15,317)
Total Revenues	1,334,024	3,165,553	5,027,756	1,862,203
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT SUPPORT				
Insurance				
Other government support	192,686	192,686	225,883	(33,197)
Total General Government Support	192,686	192,686	225,883	(33,197)
HEALTH				
Ambulance	546,338	2,377,867	2,377,867	-
Total Health	546,338	2,377,867	2,377,867	-
EMPLOYEE BENEFITS				
State employee retirement system	595,000	595,000	283,210	311,790
Total Employee Benefits	595,000	595,000	283,210	311,790
Total Expenditures	1,334,024	3,165,553	2,886,960	278,593
Excess (Deficiency) of Revenues Over Expenditures				
	-		2,140,796	2,140,796
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	2,140,796	<u>\$ 2,140,796</u>
Fund Balance at Beginning of Year (as restated)			6,416,166	
Fund Balance at End of Year			<u>\$ 8,556,962</u>	

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TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEWER DISTRICTS FUND
For the Year ended December 31, 2017

	Budgetary Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 4,861,666	\$ 4,861,666	\$ 4,861,666	\$ -
Total Real Property Taxes	4,861,666	4,861,666	4,861,666	-
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	1,700	1,700	1,927	227
Interest and penalties on taxes	500	500	49	(451)
Total Other Real Property Tax Items	2,200	2,200	1,976	(224)
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	1,434,522	1,572,185	1,855,787	283,602
Total Departmental Income	1,434,522	1,572,185	1,855,787	283,602
USE OF MONEY AND PROPERTY				
Interest and earnings	14,500	14,500	33,601	19,101
Total Use of Money and Property	14,500	14,500	33,601	19,101
SALE OF PROPERTY/COMPENSATION FOR LOSS				
Insurance Recoveries	-	-	3,948	3,948
Total Sale of Property/Compensation for Loss	-	-	3,948	3,948
MISCELLANEOUS LOCAL SOURCES				
Miscellaneous	25,000	25,000	50,832	25,832
Total Miscellaneous Local Sources	25,000	25,000	50,832	25,832
Total Revenues	\$ 6,482,589	\$ 6,620,252	\$ 6,952,511	\$ 332,259

(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, 2017

	Budgetary Amounts		Actual	Encumbrances	Variance with
	Original	Final			Final Budget
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT SUPPORT					
Insurance	\$ 22,500	\$ 20,650	\$ 18,635	\$ -	\$ 2,015
Other government support	959,149	968,149	967,157	-	992
Total General Government Support	981,649	988,799	985,792	-	3,007
HOME AND COMMUNITY SERVICES					
Sewer	3,630,376	4,367,088	3,648,688	546,905	171,495
Total Home and Community Services	3,630,376	4,367,088	3,648,688	546,905	171,495
EMPLOYEE BENEFITS					
State employee retirement system	343,769	313,769	279,865	-	33,904
Social security	10,445	10,445	1,911	-	8,534
Workers Compensation	80,000	55,850	13,714	-	42,136
Life insurance	1,000	500	-	-	500
Unemployment insurance	8,000	2,577	-	-	2,577
Disability benefits	750	750	-	-	750
Hospital, medical and dental	739,600	733,956	723,859	-	10,097
Union welfare benefits	30,000	30,000	25,080	-	4,920
Other employee benefits	75,000	76,350	24,974	-	51,376
Total Employee Benefits	1,288,564	1,224,197	1,069,403	-	154,794
Total Current	5,900,589	6,580,084	5,703,883	546,905	329,296
Total Expenditures	5,900,589	6,580,084	5,703,883	546,905	329,296
Excess (Deficiency) of Revenues					
Over Expenditures	582,000	40,168	1,248,628	(546,905)	661,555
Other Financing Sources (Uses)					
Transfers in	-	2,392	2,392	-	-
Transfers out	-	(120,000)	(120,000)	-	-
Transfers out (Debt Service)	(832,000)	(832,000)	(795,959)	-	36,041
Total Other Financing Sources (Uses)	(832,000)	(949,608)	(913,567)	-	36,041
Net Change in Fund Balance	<u>\$ (250,000)</u>	<u>\$ (909,440)</u>	335,061	<u>\$ (546,905)</u>	<u>\$ 697,596</u>
Fund Balance at Beginning of Year			<u>1,876,381</u>		
Fund Balance at End of Year			<u>\$ 2,211,442</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, 2017

	Budgetary Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 2,395,317	\$ 2,395,317	\$ 2,395,317	\$ -
Total Real Property Taxes	2,395,317	2,395,317	2,395,317	-
OTHER REAL PROPERTY TAX ITEMS				
Interest and penalties on taxes	-	-	26	26
Total Other Real Property Tax Items	-	-	26	26
DEPARTMENTAL INCOME				
Metered water sales	2,000,250	2,064,040	1,687,249	(376,791)
Water rental arrears	100,000	100,000	166,325	66,325
Total Departmental Income	2,100,250	2,164,040	1,853,574	(310,466)
USE OF MONEY AND PROPERTY				
Interest and earnings	12,061	12,061	12,885	824
Tower rental	283,000	283,000	257,267	(25,733)
Total Use of Money and Property	295,061	295,061	270,152	(24,909)
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Insurance recoveries	-	-	4,017	4,017
Total Sale of Property and Compensation for Loss	-	-	4,017	4,017
MISCELLANEOUS LOCAL SOURCES				
Miscellaneous	12,000	12,000	34,672	22,672
Total Miscellaneous Local Sources	12,000	12,000	34,672	22,672
Total Revenues	\$ 4,802,628	\$ 4,866,418	\$ 4,557,758	\$ (308,660)

(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, 2017

	Budgetary Amounts		Actual	Encumbrances	Variance with Final Budget
	Original	Final			
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT SUPPORT					
Insurance	\$ 20,000	\$ 20,000	\$ 15,287	\$ -	\$ 4,713
Other government support	737,703	762,156	735,622	-	26,534
Total General Government Support	<u>757,703</u>	<u>782,156</u>	<u>750,909</u>	<u>-</u>	<u>31,247</u>
HOME AND COMMUNITY SERVICES					
Water	3,045,750	3,170,144	3,029,252	31,750	109,142
Total Home and Community Services	<u>3,045,750</u>	<u>3,170,144</u>	<u>3,029,252</u>	<u>31,750</u>	<u>109,142</u>
EMPLOYEE BENEFITS					
State employee retirement system	212,975	207,975	173,546	-	34,429
Social security	12,000	12,000	799	-	11,201
Workers' Compensation	60,000	79,796	79,796	-	-
Life insurance	300	300	197	-	103
Unemployment benefits	5,000	-	-	-	-
Disability benefits	500	500	83	-	417
Hospital, medical and dental	474,400	469,525	437,888	-	31,637
Union welfare benefits	17,000	17,000	14,520	-	2,480
Other employee benefits	83,000	83,000	10,449	-	72,551
Total Employee Benefits	<u>865,175</u>	<u>870,096</u>	<u>717,278</u>	<u>-</u>	<u>152,818</u>
Total Expenditures	<u>4,668,628</u>	<u>4,822,396</u>	<u>4,497,439</u>	<u>31,750</u>	<u>293,207</u>
Excess (Deficiency) of Revenues					
Over Expenditures	134,000	44,022	60,319	(31,750)	(15,453)
Other Financing Sources (Uses)					
Transfers in	-	1,526	1,526	-	-
Transfers out	-	(63,790)	(63,790)	-	-
Transfers out (Debt Service)	(724,000)	(724,000)	(698,068)	-	25,932
Total Other Financing Sources (Uses)	<u>(724,000)</u>	<u>(786,264)</u>	<u>(760,332)</u>	<u>-</u>	<u>25,932</u>
Net Change in Fund Balance	<u>\$ (590,000)</u>	<u>\$ (742,242)</u>	(700,013)	<u>\$ (31,750)</u>	<u>\$ 10,479</u>
Fund Balance at Beginning of Year			<u>1,502,609</u>		
Fund Balance at End of Year			<u>\$ 802,596</u>		

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
Year ended December 31, 2017

	Budgetary Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT SUPPORT				
Issuance cost	-	-	136,228	(136,228)
Total General Government Support	-	-	136,228	(136,228)
DEBT SERVICE				
Principal	\$ -	\$ 10,123,109	\$ 10,123,109	\$ -
Interest	-	2,371,347	2,371,347	-
Total Debt Service	-	12,494,456	12,494,456	-
Total Expenditures	-	12,494,456	12,630,684	(136,228)
Deficiency of Revenues				
Over Expenditures	-	(12,494,456)	(12,630,684)	(136,228)
Other Financing Sources				
Transfers In	-	12,494,456	12,494,456	-
Premiums on obligations			1,855,536	(1,855,536)
Refunding bonds issued	-	-	17,430,000	(17,430,000)
Payments to refunded bond escrow agent	-	-	(19,149,308)	19,149,308
Total Other Financing Sources	-	12,494,456	12,630,684	(136,228)
Net Change in Fund Balance	\$ -	\$ -	-	\$ (272,456)
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, 2017

	South Huntington Water District	Greenlawn Water District	Totals
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 4,302,178	\$ 2,653,751	\$ 6,955,929
Cash Restricted	5,391,370	2,812,985	8,204,355
Accounts receivable, net	1,008,734	898,589	1,907,323
Due from federal, state and other governments	65,479	-	65,479
Inventory of materials and supplies	144,307	77,728	222,035
Prepays	91,740	120,992	212,732
Total Current Assets	<u>11,003,808</u>	<u>6,564,045</u>	<u>17,567,853</u>
Non-Current Assets			
Non-depreciable capital assets	7,690,061	308,817	7,998,878
Depreciable capital assets, net of depreciation	36,331,908	19,004,131	55,336,039
Total Non-Current Assets	<u>44,021,969</u>	<u>19,312,948</u>	<u>63,334,917</u>
Deferred Outflow of Resources			
Deferred charges, net of accumulated amortization	67,855		67,855
Pensions	423,825	408,652	832,477
Total Deferred Outflow of Resources	<u>491,680</u>	<u>408,652</u>	<u>900,332</u>
Total Assets	<u>55,517,457</u>	<u>26,285,645</u>	<u>81,803,102</u>
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable and other current liabilities	404,522	92,542	497,064
Accrued liabilities	394,378	542,485	936,863
Accrued interest payable		34,699	34,699
Non-current liabilities due within one year	2,360,462	635,675	2,996,137
Total Current Liabilities	<u>3,159,362</u>	<u>1,305,401</u>	<u>4,464,763</u>
Non-Current Liabilities			
Due in more than one year	18,687,885	7,936,198	26,624,083
Total Non-Current Liabilities	<u>18,687,885</u>	<u>7,936,198</u>	<u>26,624,083</u>
Total Liabilities	<u>21,847,247</u>	<u>9,241,599</u>	<u>31,088,846</u>
Deferred Inflow of Resources			
Pensions	67,040	79,473	146,513
Total Deferred inflow of Resources	<u>67,040</u>	<u>79,473</u>	<u>146,513</u>
NET POSITION			
Investment in capital assets, net of related debt	27,942,485	15,187,774	43,130,259
Restricted for:			
Capital Projects	4,064,962	1,403,701	5,468,663
Employee benefit accrued liability		101,095	101,095
Unrestricted	1,595,723	272,003	1,867,726
Total Net Position	<u>33,603,170</u>	<u>16,964,573</u>	<u>50,567,743</u>
Total Liabilities and Net Position	<u>\$ 55,517,457</u>	<u>\$ 26,285,645</u>	<u>\$ 81,803,102</u>

TOWN OF HUNTINGTON
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the Year ended December 31, 2017

	South Huntington Water District	Greenlawn Water District	Totals
REVENUES			
Charges for services	\$ 4,093,426	\$ 2,464,894	\$ 6,558,320
Real property taxes	3,991,327	2,369,823	6,361,150
Interest and investment income	498,323	505,795	1,004,118
Miscellaneous	260,360	93,132	353,492
Total Revenues	<u>8,843,436</u>	<u>5,433,644</u>	<u>14,277,080</u>
EXPENSES			
Current:			
Home and community services	<u>8,613,126</u>	<u>5,747,516</u>	<u>14,360,642</u>
Total Expenditures	<u>8,613,126</u>	<u>5,747,516</u>	<u>14,360,642</u>
Changes in Net Position	230,310	(313,872)	(83,562)
Net Position at Beginning of Year (as restated)	<u>33,372,860</u>	<u>17,278,445</u>	<u>50,651,305</u>
Net Position at End of Year	<u>\$ 33,603,170</u>	<u>\$ 16,964,573</u>	<u>\$ 50,567,743</u>

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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.	132-139
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	140-145
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.	146-149
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.	150-151
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.	152-157

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

<u>Year Ended December 31,</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Primary government				
Governmental activities				
Net investment in capital assets	\$ 258,943,999	\$ 260,114,664	\$ 259,128,388	\$ 254,011,721
Restricted	24,837,509	16,587,022	18,576,649	20,407,556
Unrestricted	<u>(97,250,612)</u>	<u>(80,941,563)</u>	<u>(71,915,560)</u>	<u>(64,637,706)</u>
Total primary governmental net position	<u>\$ 186,530,896</u>	<u>\$ 195,760,123</u>	<u>\$ 205,789,477</u>	<u>\$ 209,781,571</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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 259,663,495	\$ 245,737,404	\$ 245,685,682	\$ 242,979,302	\$ 223,896,536	\$ 206,681,526
22,649,980	15,237,323	16,229,038	22,238,564	31,253,835	28,468,496
<u>(51,961,730)</u>	<u>(26,378,032)</u>	<u>(22,650,385)</u>	<u>(18,948,323)</u>	<u>(11,169,761)</u>	<u>13,048,556</u>
<u>\$ 230,351,745</u>	<u>\$ 234,596,695</u>	<u>\$ 239,264,335</u>	<u>\$ 246,269,543</u>	<u>\$ 243,980,610</u>	<u>\$ 248,198,578</u>

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

<u>Year Ended December 31,</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Expenses			
Governmental activities:			
General government support	\$46,687,794	\$44,950,816	\$40,273,049
Public safety	15,770,788	15,420,172	13,902,197
Health	3,234,732	2,958,022	3,366,426
Transportation	47,394,507	45,629,853	47,669,222
Economic assistance and opportunity	3,791,487	3,565,307	3,188,292
Culture and recreation	20,324,215	19,208,972	18,496,883
Home and community service	53,692,809	54,307,903	50,030,197
Interest on long-term debt	1,956,904	2,700,334	2,833,326
Total governmental activities expenses	<u>192,853,236</u>	<u>188,741,379</u>	<u>179,759,592</u>
Total primary government expenses	<u>\$ 192,853,236</u>	<u>\$ 188,741,379</u>	<u>\$ 179,759,592</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government support	\$6,400,496	\$5,948,409	\$ 5,692,858
Public safety	2,719,690	2,563,607	2,324,327
Health	229,310	232,950	227,660
Transportation	893,228	1,337,183	1,098,912
Economic assistance and opportunity	376,293	383,472	312,380
Culture and recreation	7,381,399	7,472,694	7,167,157
Home and community service	19,440,455	19,081,789	19,292,953
Operating grants and contributions	5,732,689	5,298,821	6,682,848
Capital grants and contributions	704,291	457,168	2,994,958
Total governmental activities program revenues	<u>43,877,851</u>	<u>42,776,093</u>	<u>45,794,053</u>
Total primary government program revenues	<u>\$ 43,877,851</u>	<u>\$ 42,776,093</u>	<u>\$ 45,794,053</u>
Net (Expense)/Revenue			
Governmental activities	<u>\$ (148,975,385)</u>	<u>\$ (145,965,286)</u>	<u>\$ (133,965,539)</u>
Total primary government net expense	<u>\$ (148,975,385)</u>	<u>\$ (145,965,286)</u>	<u>\$ (133,965,539)</u>
General Revenues and Other Changes in Net Assets			
Governmental Activities			
Real property taxes	\$117,761,111	\$114,486,165	\$112,993,330
Mortgage tax	9,269,448	8,695,368	7,896,508
Refunded Debt	-	-	-
Other taxes	5,602,118	5,298,960	5,032,462
Unrestricted grants and contributions	-	-	(72,710)
Interest earnings	2,767,823	1,738,647	1,557,627
State aid-unrestricted	1,067,256	1,067,256	1,067,256
Special Item	-	-	-
Miscellaneous	6,904,063	4,649,536	3,814,070
Total governmental activities	<u>143,371,819</u>	<u>135,935,932</u>	<u>132,288,543</u>
Total primary government	<u>\$ 143,371,819</u>	<u>\$ 135,935,932</u>	<u>\$ 132,288,543</u>
Change in Net Position			
Governmental Activities	<u>\$ (5,603,566)</u>	<u>\$ (10,029,354)</u>	<u>\$ (1,676,996)</u>
Total primary government	<u>\$ (5,603,566)</u>	<u>\$ (10,029,354)</u>	<u>\$ (1,676,996)</u>

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

2014	2013	2012	2011	2010	2009	2008
\$41,719,964	\$ 38,235,587	\$ 41,391,051	\$ 39,036,309	\$ 39,790,531	\$ 38,857,392	\$ 38,494,761
14,465,259	13,568,077	13,800,053	12,123,722	11,476,179	11,038,050	11,066,396
3,526,646	3,440,004	3,302,681	3,052,675	3,222,943	3,148,777	3,003,556
52,657,107	50,671,798	59,810,512	50,963,397	42,082,298	39,357,751	38,092,747
3,395,864	3,288,214	3,394,231	3,335,597	3,319,996	2,977,427	2,850,847
21,483,238	23,333,531	20,374,655	18,824,298	18,219,053	18,292,698	18,226,501
50,666,829	52,238,856	40,672,616	46,382,915	52,609,247	53,781,830	49,874,168
2,983,178	2,683,833	3,193,082	3,903,598	4,025,756	3,717,197	3,900,344
<u>190,898,085</u>	<u>187,459,900</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>\$ 190,898,085</u>	<u>\$ 187,459,900</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>
\$ 4,926,059	\$ 4,815,610	\$ 4,428,836	\$ 8,177,246	\$ 5,149,354	\$ 4,313,478	\$ 4,390,671
2,012,936	1,803,881	1,317,625	1,230,831	1,148,705	1,169,492	1,121,825
219,720	219,180	208,700	210,970	203,810	193,270	203,200
738,867	601,018	462,488	736,177	500,861	690,742	490,646
335,082	304,172	309,956	276,643	259,887	276,579	329,830
8,064,953	8,124,066	8,205,323	7,620,757	7,222,427	7,202,512	7,105,367
17,963,084	18,085,563	14,700,673	18,212,053	18,518,355	19,722,791	19,793,208
5,923,624	16,123,065	21,469,143	8,869,297	6,159,015	4,427,799	5,355,625
1,680,112	3,102,784	1,407,987	8,009,856	8,076,450	3,121,355	337,856
<u>41,864,437</u>	<u>53,179,339</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>\$ 41,864,437</u>	<u>\$ 53,179,339</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>\$ (149,033,648)</u>	<u>\$ (134,280,561)</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>\$ (149,033,648)</u>	<u>\$ (134,280,561)</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>
\$ 109,929,165	\$ 109,889,320	\$ 113,181,079	\$ 107,674,455	\$ 108,462,698	\$ 108,148,199	\$ 104,553,579
6,423,492	7,988,336	6,742,019	6,678,915	6,948,509	310,923	8,440,815
-	-	-	-	99,571	8,493,498	-
4,822,112	4,513,225	390,204	484,626	442,311	12,975	462,913
-	-	-	9,176	26,126	2,462,846	35,815
1,351,384	1,390,584	2,014,266	949,519	1,464,479	1,159,105	4,790,462
1,067,256	1,067,256	1,067,256	1,067,256	1,089,037	5,089,592	1,201,356
(19,781)	-	3,948,106	-	(979,724)	-	-
3,628,523	6,163,186	-	5,705,282	6,474,156	-	4,843,015
<u>127,202,151</u>	<u>131,011,907</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>\$ 127,202,151</u>	<u>\$ 131,011,907</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>\$ (21,831,497)</u>	<u>\$ (3,268,654)</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>\$ (21,831,497)</u>	<u>\$ (3,268,654)</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>

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

<u>Year Ended December 31,</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund				
Nonspendable	\$ 1,393,075	\$ 1,298,983	\$ 1,145,091	\$ 1,065,926
Restricted	14,891,362	14,146,148	15,941,518	16,722,415
Assigned	507,041	1,108,339	1,107,420	1,389,557
Unassigned	13,398,796	8,773,094	5,572,413	4,756,176
Total General Fund	<u>\$ 30,190,274</u>	<u>\$ 25,326,564</u>	<u>\$ 23,766,442</u>	<u>\$ 23,934,074</u>
All other governmental funds				
Nonspendable	\$ 1,006,813	\$ 944,370	\$ 836,989	\$ 826,253
Restricted	9,946,147	2,440,874	2,635,131	3,685,141
Assigned	36,498,027	31,535,017	26,857,735	30,411,502
Unassigned, reported in:				
Special Revenue Funds	(1,009,628)	(1,083,201)	(922,289)	(947,800)
Total all other governmental funds	<u>\$ 46,441,359</u>	<u>\$ 33,837,060</u>	<u>\$ 29,407,566</u>	<u>\$ 33,975,096</u>

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

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 1,037,161	\$ 1,038,259	\$ 970,613	\$ 793,306	\$ 742,453	\$ 1,098,045
18,464,541	23,756,924	20,461,112	19,616,680	22,171,472	33,125,337
1,696,483	2,640,211	3,018,000	5,237,708	7,453,051	7,378,874
7,148,985	11,435,795	11,221,787	7,663,441	9,361,915	10,671,160
<u>\$ 28,347,170</u>	<u>\$ 38,871,189</u>	<u>\$ 35,671,512</u>	<u>\$ 33,311,135</u>	<u>\$ 39,728,891</u>	<u>\$ 52,273,416</u>
\$ 805,303	\$ 464,581	\$ 746,844	\$ 672,765	\$ 649,493	\$ 455,616
4,990,742	12,617,074	18,362,285	18,266,637	10,940,268	8,003,520
35,977,907	16,913,749	17,170,751	24,344,963	41,493,165	43,780,247
-	-	-	-	-	-
<u>\$ 41,773,952</u>	<u>\$ 29,995,404</u>	<u>\$ 36,279,880</u>	<u>\$ 43,284,365</u>	<u>\$ 53,082,926</u>	<u>\$ 52,239,383</u>

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

Year Ended December 31,	2017	2016	2015	2014
Revenues				
Real property taxes	\$ 117,761,111	\$ 114,486,165	\$ 112,993,330	\$ 109,929,165
Other real property tax items	569,652	438,480	479,802	451,627
Non-property taxes	5,032,466	4,860,480	4,552,660	4,370,485
Departmental income	41,306,556	41,421,297	40,601,800	38,859,896
Intergovernmental charges	237,318	154,677	168,872	205,545
Use of money and property	2,767,823	1,738,647	1,557,627	1,351,384
License and permits	2,030,194	2,155,291	2,132,672	1,910,407
Fines and forfeitures	1,204,294	1,160,476	1,136,862	1,101,734
Sale of property & compensation for loss	3,412,729	1,418,185	1,006,267	1,065,514
Miscellaneous and local sources	3,500,143	3,250,372	2,807,805	2,563,009
Interfund revenues	4,763,246	4,469,548	4,150,647	4,138,963
State aid	14,604,907	13,728,025	13,472,502	11,452,087
Federal aid	1,933,929	1,808,501	4,649,441	3,674,689
Total Revenues	199,124,368	191,090,144	189,710,287	181,074,505
Expenditures				
Current:				
General government support	34,391,892	31,215,315	30,883,557	30,649,115
Public safety	9,276,598	8,881,996	8,802,980	8,614,910
Health	3,142,219	2,860,544	3,246,213	3,363,719
Transportation	27,458,278	26,333,036	30,872,783	29,286,713
Economic assistance and opportunity	2,265,452	2,206,822	2,132,736	2,101,653
Culture and recreation	12,790,979	12,436,746	12,795,662	14,057,894
Home and community service	50,155,058	50,998,414	50,679,893	50,325,062
Employee benefits	36,519,512	35,274,274	36,572,602	33,842,793
Capital outlay	12,416,379	14,030,043	13,983,820	16,534,234
Debt Service:				
Principal	10,123,109	11,110,913	10,881,634	11,007,429
Interest	2,375,430	2,677,425	3,178,569	3,049,258
Total Expenditures	200,914,906	198,025,528	204,030,449	202,832,780
Excess of revenues over (under) expenditures	(1,790,538)	(6,935,384)	(14,320,162)	(21,758,275)
Other financing sources (uses)				
Amortization of retirement system contribution	-	-	-	-
Bonds issued	12,840,000	12,925,000	9,585,000	8,285,000
Capital leases	-	-	-	-
Transfers in	14,486,862	17,367,855	18,213,138	17,877,295
Transfers out	(14,486,862)	(17,367,855)	(18,213,138)	(17,877,295)
Refunding bonds issued	17,430,000	-	-	-
Premium on bonds issued	1,855,536	-	-	-
Payments to refund bond escrow agent	(19,149,308)	-	-	-
Total other financing sources (uses)	12,976,228	12,925,000	9,585,000	8,285,000
Net change in fund balances	\$ 11,185,690	\$ 5,989,616	\$ (4,735,162)	\$ (13,473,275)
Debt service as a percentage of noncapital expenditures	6.63%	7.49%	7.40%	7.55%

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*.

	2013	2012	2011	2010	2009	2008
\$	109,889,320	\$ 109,054,601	\$ 107,552,908	\$ 108,375,068	\$ 108,050,206	\$ 104,482,088
	412,497	360,204	334,396	362,430	302,597	342,356
	4,100,728	3,962,886	3,885,051	3,732,931	3,418,102	3,219,166
	38,686,154	34,801,298	35,902,822	36,371,423	37,091,352	37,932,147
	143,594	232,158	235,671	212,017	230,523	198,017
	1,390,584	2,014,267	1,854,711	2,208,584	3,187,399	5,457,339
	1,918,531	1,594,776	1,754,907	1,550,543	1,588,318	1,412,228
	1,135,462	760,548	646,834	655,849	748,601	676,093
	1,364,545	840,836	4,708,647	2,359,773	1,616,146	1,747,098
	4,774,920	2,291,436	1,888,592	2,379,497	2,418,825	1,235,762
	4,051,494	4,279,359	5,657,187	5,609,839	5,531,969	5,573,344
	12,423,562	13,441,235	14,505,595	12,032,056	13,371,366	13,277,833
	14,933,074	17,246,580	10,017,200	8,819,217	1,394,175	2,763,613
	<u>195,224,465</u>	<u>190,880,184</u>	<u>188,944,521</u>	<u>184,669,227</u>	<u>178,949,579</u>	<u>178,317,084</u>
	29,590,411	30,090,454	30,374,952	31,541,339	31,324,727	30,989,879
	8,080,611	8,034,402	7,385,006	7,685,737	7,458,446	7,066,827
	3,281,771	3,136,480	3,086,042	3,097,626	3,043,546	2,890,720
	32,264,244	38,949,298	28,737,380	25,945,124	26,380,638	24,702,035
	2,071,285	2,112,812	2,043,773	2,127,168	2,108,791	2,071,199
	14,048,065	13,850,124	13,644,237	13,424,653	13,312,110	12,574,292
	49,571,193	41,707,028	47,267,179	52,114,208	53,747,108	55,486,780
	36,012,603	34,421,468	30,302,386	28,084,741	24,303,462	24,581,780
	21,583,565	10,814,930	22,550,436	33,582,051	25,462,611	23,117,859
	10,704,821	10,654,320	11,049,744	10,707,885	11,292,923	10,962,502
	3,171,256	3,264,926	3,666,929	3,750,762	3,965,197	3,964,601
	<u>210,379,825</u>	<u>197,036,242</u>	<u>200,108,064</u>	<u>212,061,294</u>	<u>202,399,559</u>	<u>198,408,474</u>
	(15,155,360)	(6,156,058)	(11,163,543)	(27,392,067)	(23,449,980)	(20,091,390)
	-	3,905,184	-	-	-	-
	7,430,000	7,600,000	6,380,000	11,160,000	11,443,000	10,900,000
	-	18,987	139,431	15,752	313,082	157,544
	26,283,066	14,841,544	17,660,108	20,443,890	28,859,469	20,050,066
	(26,283,066)	(14,841,544)	(17,660,108)	(20,443,890)	(28,859,469)	(20,050,066)
	-	15,481,635	-	-	-	-
	-	(15,481,635)	-	-	-	-
	-	-	-	-	-	-
	<u>7,430,000</u>	<u>11,524,171</u>	<u>6,519,431</u>	<u>11,175,752</u>	<u>11,756,082</u>	<u>11,057,544</u>
\$	<u>(7,725,360)</u>	<u>\$ 5,368,113</u>	<u>\$ (4,644,112)</u>	<u>\$ (16,216,315)</u>	<u>\$ (11,693,898)</u>	<u>\$ (9,033,846)</u>
	7.35%	7.47%	8.29%	8.10%	8.62%	8.52%

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
2017	\$ 251,731,395	\$ 41,331,708	\$ 2,348,216	\$ 71,327,163	\$ 42,712,594
2016	253,364,853	41,435,946	2,345,781	71,452,714	43,391,168
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

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.

Total Net Assessed Value	Total Direct Tax Rate (a)	State Equalization Rate	Full Valuation	Assessed Value as a Percentage of Full Value
\$ 324,025,888	28.82	0.85%	\$ 38,120,692,706	0.96%
325,208,126	28.82	0.86%	37,677,428,837	0.98%
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%

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
2017	\$ 38,120,692,706	0.85%	\$ 324,025,888	\$ 117,652,051	28.82
2016	37,814,898,372	0.86%	325,208,126	114,391,393	28.82
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

Source: Town of Huntington Tax Warrant & IT Department

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
\$ 144,608,997	44.63	\$ 716,219,155	221.04	294.49
142,720,593	43.89	704,944,597	216.77	289.47
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

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

2017

Rank	Taxpayer	Nature of Business	Assessed Valuation	Percent of Total Assessed Valuation (a)
1	LIPA/Keyspan Energy Corporation	Utility	\$ 37,473,549	11.56%
2	The Retail Property Trust	Real Estate	2,000,000	0.62%
3	Reckson FS Limited Partnership	Commercial	801,465	0.25%
4	Avalon Bay Communities	Real Estate	764,975	0.24%
5	Huntington Quadrangle	Real Estate	675,000	0.21%
6	CKL-HP	Office Building	585,000	0.18%
7	Verizon	Utility	529,330	0.16%
8	Estee Lauder	Cosmetics	469,700	0.14%
9	Avalon Huntington Former S Corp	Real Estate	455,000	0.14%
10	Grandview Hotel Limited	Hotel	425,000	0.13%
	Total		<u>\$ 44,179,019</u>	<u>13.63%</u>

2008

Rank	Taxpayer	Nature of Business	Assessed Valuation	Percent of Total Assessed Valuation (b)
1	Keyspan Energy Corp.	Utility	\$35,875,637	10.58%
2	The Retail Property Trust	Real Estate	2,050,000	0.60%
3	Melville Industrial Associates	Office Buildings	\$922,000	0.27%
4	Verizon	Utility	\$908,885	0.27%
5	Huntington Quadrangle #1 Co.	Real Estate	\$850,000	0.25%
6	Reckson FS Limited Partnership	Commercial	\$801,465	0.24%
7	TMCT, LLC (Newsday)	Newspaper	\$571,000	0.17%
8	Grandview Hotel Limited	Hotel	\$550,000	0.16%
9	Avalon Bay Communities	Real Estate	\$532,400	0.16%
10	Sunstone Broadhollow, LLC	Hotel	\$525,000	0.15%
	Total		<u>\$ 43,586,387</u>	<u>12.86%</u>

Source: Town of Huntington Department of Information Technology

(a) Total taxable assessed valuations per the Town's 2016 assessment roll for taxes levied in fiscal 2017 are \$324,025,888

(b) Total taxable assessed valuations per the Town's 2007 assessment roll for taxes levied in fiscal 2008 are \$338,964,210

TOWN OF HUNTINGTON
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Year Ended	Tax Levy	Total	Amount	Percent	Amount	Percent
December 31,	For Town ^(a)	Tax Levy ^(b)	Collected ^(c)	Collected for Town ^(d)	Uncollected ^(c)	Uncollected ^(d)
2017	\$ 117,652,051	\$ 1,022,937,519	\$ 117,652,051	100.00%	\$ -	0.00%
2016	114,391,393	1,005,781,356	114,391,393	100.00%	-	0.00%
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%
	<u>\$ 1,102,656,569</u>	<u>\$ 9,245,061,750</u>	<u>\$ 1,102,656,569</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 levy 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			Percentage of Personal Income¹	Per Capita¹
	General Obligation Bonds	Capital Leases	Total Primary Government		
2017	\$ 85,545,010	\$ -	\$ 85,545,010	0.83%	419
2016	84,253,119	-	84,253,119	0.84%	412
2015	82,439,032	-	82,439,032	0.82%	404
2014	84,020,659	2,634	84,023,293	0.84%	412
2013	86,743,093	63,435	86,806,528	0.88%	427
2012	90,017,918	214,296	90,232,214	0.93%	444
2011	94,334,163	295,678	94,629,841	0.97%	467
2010	99,003,914	284,950	99,288,864	1.05%	491
2009	98,551,800	394,220	98,946,020	N/A	483
2008	98,712,647	392,650	99,105,297	N/A	486

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
2017	\$ 85,545,010	\$ (484,685)	\$ 85,060,325	0.22%	417
2016	84,253,119	(536,854)	83,716,265	0.22%	410
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

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, 2017

<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	\$ 85,545,010	100.00%	\$ 85,545,010
Component Units	21,754,990	100.00%	21,754,990
Total direct Debt			<u>\$ 107,300,000</u>
Overlapping:			
County	\$ 1,362,892,534	15.63%	\$ 213,020,103
Villages	7,968,102	100.00%	7,968,102
School Districts	260,417,468	79.18%	206,204,552
Library Districts	17,420,000	94.26%	16,420,088
Fire Districts	13,299,924	100.00%	13,299,924
Total overlapping debt			<u>456,912,769</u>
Total direct and overlapping debt			<u>\$ 564,212,769</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, 2017

Year Ended December 31,	Net Assessed Valuation	State Equalization Rate	Full Valuation
2017	\$ 324,025,888	0.85%	\$ 38,120,692,706
2016	325,208,126	0.86%	37,814,898,372
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
Total Five Year Full Valuation			\$ 185,418,621,663
Five Year Average Full Valuation of Taxable Real Property			37,083,724,333
Constitutional Debt Limit (7% of Average Full Valuation)			2,595,860,703
Outstanding Indebtedness at December 31st			107,300,000
Less: Water Bonds			21,754,990
Net Indebtedness Subject to Debt Limit			85,545,010
Net Debt Contracting Margin			\$ 2,510,315,693
Percentage of Net Debt Contracting Margin Available			96.70%
Percentage of Net Debt Contracting Power Exhausted			3.30%

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
2017	\$ 2,595,860,703	\$ 107,300,000	\$ 21,754,990	\$ 85,545,010	\$ 2,510,315,693	96.70%	96.70%
2016	2,589,821,377	108,460,000	24,206,877	84,253,123	2,505,568,254	96.75%	96.75%
2015	2,079,847,788	107,770,000	25,330,965	82,439,035	1,997,408,753	96.04%	96.04%
2014	2,654,740,512	108,044,993	24,024,334	84,020,659	2,570,719,853	96.84%	96.84%
2013	2,768,164,599	113,114,998	26,371,905	86,743,093	2,681,421,506	96.87%	96.87%
2012	2,873,113,983	112,540,000	22,522,082	90,017,918	2,783,096,065	96.87%	96.87%
2011	2,937,891,163	119,250,000	24,915,837	94,334,163	2,843,557,000	96.79%	96.79%
2010	2,950,556,432	99,003,913	29,238,675	69,765,238	2,880,791,194	97.64%	97.64%
2009	2,878,072,240	118,345,005	25,769,146	92,575,859	2,785,496,381	96.78%	96.78%
2008	2,698,332,860	118,335,002	27,383,430	90,951,572	2,607,381,288	96.63%	96.63%

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
2017	203,974	10,368	50,830	3.8%	68,521	2.94	2,170
2016	204,398	10,029	49,067	3.5%	69,000	2.92	2,174
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	0	-	6.3%	68,896	2.92	2,179
2008	203,977	0	-	5.3%	68,696	2.92	2,170

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 AND NINE YEARS AGO

2016

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	Canon	Melville	Imaging Products	1,800	1.7%
4	Estee Lauder, Inc.	Melville	Cosmetics	1,500	1.5%
5	Half Hollow Hills School District	Dix Hills	Education	1,416	1.4%
6	Henry Schein, Inc.	Melville	Medical & Dental Supplies	1,400	1.4%
7	Western Suffolk Boces	Dix Hills	Education	1,317	1.3%
8	Newsday	Melville	Newspaper	1,228	1.2%
9	Marchon Eyewear	Melville	Healthcare	1,055	1.0%
10	Northport-East Northport School District	Northport	Education	1,030	1.0%
10	South Huntington School District	South Huntington	Education	1,030	1.0%

2008

Rank	Name	Headquarters	Type of Business	Number of Employees	% of Total Town Employees
1	Summit Security Services	Melville	Security	2,500	2.4%
2	Estee Lauder	Melville	Cosmetics	2,400	2.3%
3	Newsday	Melville	Newspaper	2,000	1.9%
4	Huntington Hospital	Huntington	Hospital	1,980	1.9%
5	Northport Veterans Affairs Medical Center	Northport	Healthcare	1,561	1.5%
6	Henry Schein	Huntington	Medical Supplies	1,320	1.3%
7	Training Source through Western Suffolk Boces	Huntington	Education	1,000	1.0%
8	Town of Huntington	Huntington	Government	757	0.7%
9	Nycomed	Melville	Manufacturing	750	0.7%
10	Arrow Electronics	Melville	Electronics	750	0.7%

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,

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Function										
General government support	258	251	264	249	248	253	270	263	275	288
Public safety	86	90	99	82	81	78	82	79	78	80
Health	2	3	5	4	4	5	5	5	5	4
Transportation	219	222	228	224	215	218	230	230	230	235
Economic assistance and opportunity	28	26	25	27	27	27	28	30	26	29
Culture and recreation	143	142	151	148	151	149	167	160	145	136
Home and community services	<u>143</u>	<u>148</u>	<u>152</u>	<u>145</u>	<u>146</u>	<u>142</u>	<u>150</u>	<u>157</u>	<u>163</u>	<u>178</u>
Total	<u><u>879</u></u>	<u><u>882</u></u>	<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>

Source: Department of Information Technology

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TOWN OF HUNTINGTON
OPERATING INDICATORS BY FUNCTION
LAST TEN YEARS

Year Ended December 31,	2017	2016	2015	2014
Function				
Public Safety				
Building				
Residential building permits issued	2,767	2,533	2,881	2,615
Commercial building permits issued	642	604	497	352
Building inspections	13,035	13,394	9,773	7,967
Fire Prevention				
Fire inspections*	2,143	1,593	1,631	1,086
Transportation				
Public Transportation				
Average daily ridership	663	725	716	698
Streetlighting				
Energy Efficient Streetlights	18,010	16,975	12,913	12,913
Public Safety				
Parking violations	15,615	17,762	14,256	12,876
Accessory apartment permits	1,781	1,749	1,661	2,205
Highways and streets				
Street resurfacing (miles)	34	30	20	19
Number of trees planted	125	90	158	158
Number of trees removed	700	789	646	729
Culture and Recreation				
Beach permits issued	11,411	12,754	13,297	11,429
Rounds of golf	62,661	72,136	73,163	67,147
Recreation program registrations	10,193	10,441	11,678	9,898
Home and Community Services				
Sanitation				
Refuse collected (tons/day)	268.4	268.4	261.2	266.5
Recyclables collected (tons/yr)	36,174	39,521	37,730	36,983
Water				
Water main breaks	10	17	12	15
Average daily consumption (thousands of gallons)	5,183	6,011	6,089	5,529
Sewer Usage				
Average daily sewage treatment (millions of gallons)	1.7	1.6	1.8	1.9
Wastewater				
Average daily sewage treatment (thousands of gallons)	61	59	47	48

Source: Various government departments of the Town of Huntington

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
2,325	1,756	2,170	2,100	2,312	2,506
330	767	353	225	213	301
11,871	11,405	11,388	10,558	11,670	14,621
1139	1,225	1,203	1,835	3,820	4,309
966	870	869	880	912	929
10,886	9,000				
24,879	14,000	9,104	9,801	10,065	13,087
1,689	1,667	1,555	1,494	1,827	1,747
30	35	28	32	30	40
160	450	340	456	445	312
858	2,400	1,900	750	710	800
10,708	10,529	10,453	10,922	10,479	10,846
71,120	73,299	66,242	72,223	73,350	79,030
10,892	11,109	10,906	10,818	15,116	13,673
271.3	302.0	273.0	263.5	268.7	283.8
39,360	35,520	39,528	40,518	40,542	40,351
13	13	8	10	8	10
5,940	5,496	5,512	6,504	4,648	5,247
1.9	2.5	2.5	2.4	2.1	2.0
50	53	44	45	46	47

TOWN OF HUNTINGTON
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN YEARS

Year Ended December 31,	2017	2016	2015	2014
Function				
General Government				
Municipal Building	1	1	1	1
Maintenance Buildings	5	5	5	5
Vehicles	463	444	460	470
Public safety				
Animal Shelter	1	1	1	1
Vehicles	39	38	36	38
Transportation				
Public Transportation				
Buses	27	26	24	24
Highways and streets				
Streets (miles)	816	816	789	789
Streetlighting				
Traffic signals	271	266	257	253
Culture and recreation				
Parks	44	43	43	42
Beaches	9	9	9	9
Boat launch ramps	5	5	5	5
Golf Courses	2	2	2	2
Ice Rinks	2	2	2	2
Marinas	3	3	3	3
Rifle Ranges	0	0	0	0
Rollerblading Parks	2	2	1	4
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	25	26	26
Resource Recovery Plants	1	1	1	1
Maximum daily capacity (tons burned per day)	750	750	750	750
Water				
Fire hydrants	1290	1290	1288	1284
Water mains (miles)	170	170	170	170
Maximum daily capacity (millions of gallons)	33	33	33	33
Sewer				
Sewer Treatment Plant	1	1	1	1
Sanitary sewers (miles)	26	26	26	26
Maximum daily treatment capacity (millions of gallons)	3	3	3	3

Source: Various government departments of the Town of Huntington

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</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	37	37	38	45	42
24	24	24	20	20	21
789	789	789	789	789	789
239	239	239	238	236	233
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	0
3	3	3	3	3	3
2	2	2	2	1	1
1	1	1	1	1	1
1	1	1	1	1	1
26	26	26	26	26	25
1	1	1	1	1	1
750	750	750	750	750	750
1285	1285	1284	1284	1284	1284
169	169	169	169	169	169
33	33	33	33	33	33
1	1	1	1	1	1
26	26	26	26	26	26
3	3	3	3	3	3

APPENDIX C

FORM OF BOND COUNEL OPINION

Hawkins Delafield & Wood LLP
7 World Trade Center
250 Greenwich Street
New York, New York 10007

October 10, 2018

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"), in the County of Suffolk, New York, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$10,500,000 Public Improvement Serial Bonds-2018 Series A (the "Bonds"), dated and delivered on the date hereof.

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.

The Town expects to issue its \$5,925,000 Public Improvement Refunding Serial Bonds-2018 Series B (the "Refunding Bonds") on October 17, 2018. The Refunding Bonds are treated, together with the Bonds, as a single issue for federal tax purposes. We serve as Bond Counsel with respect to the issuance of the Refunding Bonds and, on the closing date of the Refunding Bonds, we expect to render our opinion with respect to the exclusion of interest on the Refunding Bonds from gross income for federal income tax purposes in substantially the form of paragraph 2 below and subject to the same conditions and limitations set forth herein. Noncompliance with such conditions and limitations may cause interest on both the Bonds and the Refunding Bonds to become subject to federal income taxation retroactive to the respective dates of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

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 New York 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 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 for taxable years beginning prior to January 1, 2018.

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.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Bonds 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.

Very truly yours,

/s/ Hawkins Delafield & Wood LLP

Hawkins Delafield & Wood LLP
7 World Trade Center
250 Greenwich Street
New York, New York 10007

October 17, 2018

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”), in the County of Suffolk, New York, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$5,925,000 Public Improvement Refunding Serial Bonds-2018 Series B (the “Bonds”), dated and delivered on the date hereof.

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.

The Town issued its \$10,500,000 Public Improvement Serial Bonds–2018 Series A (the “Series A Bonds”) on October 10, 2018. The Series A Bonds are treated, together with the Bonds, as a single issue for federal tax purposes. We served as Bond Counsel with respect to the issuance of the Series A Bonds and, on October 10, 2018, we rendered our opinion with respect to the exclusion of interest on the Series A Bonds from gross income for federal income tax purposes in substantially the form of paragraph 2 below and subject to the same conditions and limitations set forth herein. Noncompliance with such conditions and limitations may cause interest on both the Bonds and the Series A Bonds to become subject to federal income taxation retroactive to the respective dates of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

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 New York 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 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 for taxable years beginning prior to January 1, 2018.

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.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding

federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Bonds 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.

Very truly yours,

/s/ Hawkins Delafield & Wood LLP

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 September 27, 2018.

“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 [**\$10,500,000 Public Improvement Serial Bonds-2018 Series A**, dated October 10, 2018, maturing in various principal amounts on September 15 in each of the years 2019 to 2033] [**\$5,925,000 Public Improvement Refunding Serial Bonds-2018 Series B**, dated October 17, 2018, maturing in various principal amounts on December 1 in each of the years 2018 to 2024], 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 (6) months after the end of each fiscal year, commencing with the fiscal year ending December 31, 2018, the Annual Information relating to such fiscal year, and (B) no later than six (6) months after the end of each fiscal year, commencing with the fiscal year ending December 31, 2018, 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 (1) year after the end of each fiscal year; provided further, however, that the unaudited financial statement shall be provided for any fiscal year only if the Issuer 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 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 October [10][17], 2018.

TOWN OF HUNTINGTON

By _____
Supervisor and Chief Fiscal Officer