

OFFICIAL STATEMENT

**SERIAL BONDS
BOOK-ENTRY-ONLY BONDS**

**RATING – 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. 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”)**

**\$17,935,000 PUBLIC IMPROVEMENT SERIAL BONDS – 2020 SERIES A
(the “Series A Bonds”)**

**\$3,970,000 PUBLIC IMPROVEMENT REFUNDING SERIAL BONDS – 2020 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 June 15, 2027 and thereafter are subject to redemption, prior to maturity, at the option of the Town, on June 15, 2026 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 September 23, 2020, respectively, in New York, New York.

FOR A DESCRIPTION OF THE TOWN’S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS, AS DESCRIBED IN RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION, SEE “DISCLOSURE UNDERTAKING” HEREIN.

September 15, 2020

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

\$17,935,000* PUBLIC IMPROVEMENT SERIAL BONDS – 2020 SERIES A

BOND MATURITY SCHEDULE

Principal Due: June 15, 2021-2035 inclusive
Interest Due: June 15, 2021, December 15, 2021 and semi-annually thereafter on June 15 and December 15 in each year to maturity

| <u>Year</u> | <u>Amount</u> | <u>Rate</u> | <u>Yield or Price</u> | <u>CUSIP #</u> |
|---------------|---------------|-------------|-----------------------|----------------|
| June 15, 2021 | \$ 805,000 | 5.000% | 0.140% | 446457A37 |
| June 15, 2022 | 965,000 | 5.000 | 0.150 | 446457A45 |
| June 15, 2023 | 1,015,000 | 5.000 | 0.160 | 446457A52 |
| June 15, 2024 | 1,065,000 | 5.000 | 0.200 | 446457A60 |
| June 15, 2025 | 1,120,000 | 5.000 | 0.250 | 446457A78 |
| June 15, 2026 | 1,175,000 | 5.000 | 0.370 | 446457A86 |
| June 15, 2027 | 1,225,000* | 3.000 | 0.500 | 446457A94 |
| June 15, 2028 | 1,255,000* | 2.000 | 0.700 | 446457B28 |
| June 15, 2029 | 1,275,000* | 1.125 | 1.125 | 446457B36 |
| June 15, 2030 | 1,290,000* | 1.250 | 1.250 | 446457B44 |
| June 15, 2031 | 1,310,000* | 1.375 | 1.375 | 446457B51 |
| June 15, 2032 | 1,325,000* | 1.500 | 1.500 | 446457B69 |
| June 15, 2033 | 1,345,000* | 1.625 | 1.625 | 446457B77 |
| June 15, 2034 | 1,370,000* | 1.750 | 1.750 | 446457B85 |
| June 15, 2035 | 1,395,000* | 2.000 | 1.600 | 446457B93 |

ROOSEVELT & CROSS, INC. AND ASSOCIATES

*Subject to prior redemption.

\$3,970,000 PUBLIC IMPROVEMENT REFUNDING SERIAL BONDS – 2020 SERIES B

BOND MATURITY SCHEDULE

Principal Due: June 15, 2021-2026 inclusive
Interest Due: June 15, 2021, December 15, 2021, and semi-annually thereafter on June 15 and December 15 in each year to maturity

| <u>Year</u> | <u>Amount</u> | <u>Rate</u> | <u>Yield or Price</u> | <u>CUSIP #</u> |
|---------------|---------------|-------------|-----------------------|----------------|
| June 15, 2021 | \$ 545,000 | 5.000% | 0.120% | 446457C27 |
| June 15, 2022 | 615,000 | 5.000 | 0.130 | 446457C35 |
| June 15, 2023 | 650,000 | 5.000 | 0.140 | 446457C43 |
| June 15, 2024 | 685,000 | 5.000 | 0.190 | 446457C50 |
| June 15, 2025 | 720,000 | 5.000 | 0.240 | 446457C68 |
| June 15, 2026 | 755,000 | 5.000 | 0.350 | 446457C76 |

FIDELITY CAPITAL MARKETS



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

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

TOWN BOARD

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
Andrew P. Raia, Town Clerk
Nicholas Ciappetta, Town Attorney
Peggy Karayianakis, CPA, Town Comptroller

* * *

Bond Counsel

Hawkins Delafield & Wood LLP
New York, New York

* * *

Prepared with the Assistance of

MUNICIPAL ADVISOR



Municipal Finance Advisory Service

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

E-mail: info@munistat.com
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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

\$17,935,000 PUBLIC IMPROVEMENT SERIAL BONDS – 2020 SERIES A
AND
\$3,970,000 PUBLIC IMPROVEMENT REFUNDING SERIAL BONDS – 2020 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 \$17,935,000 Public Improvement Serial Bonds – 2020 Series A (the “Series A Bonds”) and \$3,970,000 Public Improvement Refunding Serial Bonds – 2020 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.

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the Town’s overall economic situation and outlook (and all of the specific Town-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. See “MARKET MATTERS AFFECTING FINANCINGS OF THE MUNICIPALITIES OF THE STATE” and “IMPACT OF COVID-19” herein.

THE SERIES A BONDS

Description of the Series A Bonds

The Series A Bonds will be dated September 23, 2020 and will mature on June 15, in each of the years 2021 to 2035, 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 June 15, 2021, December 15, 2021, and semiannually thereafter on June 15 and December 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 “*Description of Book-Entry System*”, herein).

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

The Town Clerk will act as Fiscal Agent for the Series A Bonds. The Town’s contact information is as follows: Peggy Karayianakis, CPA, Town Comptroller, Town of Huntington, 100 Main Street, Huntington, New York 11743, Phone (631) 351-3038, Fax (631) 351-2898 and email: auditandcontrol@huntingtonny.gov.

Optional Redemption of the Series A Bonds

The Series A Bonds maturing on or before June 15, 2026 will not be subject to redemption prior to maturity. The Series A Bonds maturing on June 15, 2027 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 June 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 Authorization</u> | <u>Purpose</u> | Amount Outstanding | Amount to be Paid | Amount to be Issued |
|------------------------------|---|--------------------|-------------------|---------------------|
| 03/10/20 | Plant No. 3 Carl Straight Path Improvements | \$ 0 | \$ 0 | \$ 710,000 |
| 04/04/17 | James Conte Community Center Improvements | 0 | 0 | 2,000,000 |
| 02/11/20 | Flanagan Center Improvements | 0 | 0 | 1,000,000 |
| 02/11/20 | Replace Manor Field Synthetic Turf | 0 | 0 | 800,000 |
| 02/11/20 | Manor Park Spray Park Improvements | 0 | 0 | 750,000 |
| 02/11/20 | Vehicle & Equipment Replacement | 0 | 0 | 600,000 |
| 05/29/19 | Parking Lot Huntington Village Improvements | 3,200,000 | 0 | 3,200,000 |
| 02/11/20 | Flanagan Center Village Green Roof Replacement | 0 | 0 | 500,000 |
| 02/11/20 | Resurface Tennis Courts | 0 | 0 | 200,000 |
| 02/11/20 | Townwide Computerization Improvements | 0 | 0 | 200,000 |
| 03/10/20 | Acquisition of Two Trucks with Packer Bodies | 0 | 0 | 425,000 |
| 02/11/20 | Roadway Rehab Program | 0 | 0 | 4,500,000 |
| 02/11/20 | Installation of Concrete Curbs, Sidewalks & Pedestrian Ramp | 0 | 0 | 300,000 |
| 02/11/20 | Drainage Improvements | 0 | 0 | 1,000,000 |
| 02/11/20 | Acquisition of Highway Equipment | 0 | 0 | 1,000,000 |
| 02/11/20 | Traffic Signalization Improvements | 0 | 0 | 400,000 |
| 03/10/20 | Greenlawn Water District Improvements | 0 | 0 | 1,000,000 |
| | | <u>\$3,200,000</u> | <u>\$ 0</u> | <u>18,585,000</u> |

THE SERIES B BONDS

Description of the Series B Bonds

The Series B Bonds will be dated September 23, 2020 and will mature on June 15, in each of the years 2021 to 2026, 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 “*Description of Book-Entry System*”, herein).

Interest on the Series B Bonds will be payable on June 15, 2021, December 15, 2020, and semiannually thereafter on June 15 and December 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 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 “*Description of Book-Entry System*”, herein).

The Record Date of the Series B Bonds will be the last 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 May 20, 2020, (the “Refunding Bond Resolution”), authorizing the refunding of all or a part of the Town’s Public Improvement Serial Bonds - 2011. The amounts expected to be refunded are set forth below:

Summary of Refunded Bonds (the “Refunded Bonds”)

| Public Improvements Serial Bonds-2011 <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> |
|--|----------------------------------|--------------------------|-------------------------------|-----------------------|--------------------------|
| 06/15/2021 | \$ 700,000 | 3.000% | 09/17/2020 | 100.00% | 446457TK9 |
| 06/15/2022 | 720,000 | 3.000 | 09/17/2020 | 100.00 | 446457TL7 |
| 06/15/2023 | 745,000 | 3.000 | 09/17/2020 | 100.00 | 446457TM5 |
| 06/15/2024 | 770,000 | 3.125 | 09/17/2020 | 100.00 | 446457TN3 |
| 06/15/2025 | 795,000 | 3.250 | 09/17/2020 | 100.00 | 446457TP8 |
| 06/15/2026 | <u>820,000</u> | 3.250 | 09/17/2020 | 100.00 | 446457TQ6 |
| Subtotal: | <u>\$4,550,000</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 | \$3,970,000.00 |
| Original Issue Premium | 639,217.40 |
| Total..... | \$4,609,217.40 |
| Uses: | |
| Escrow Deposit..... | \$4,549,663.45 |
| Underwriter's Discount | 8,299.32 |
| Allowance for Costs of Issuance and Contingency | 51,254.63 |
| Total..... | \$4,609,217.40 |

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 availability of such monies and the timeliness of such payment may be affected by a delay in the adoption of the State budget, the impact to the State's economy and financial condition due to the COVID-19 outbreak and other circumstances, including State fiscal stress. State aid appropriated and apportioned to the Town can be paid only if the State has such monies available therefor. 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, 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. (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 201,546 according to the 2018 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 | 318 |
| Long Island Service Employees, ILA, Supervisory Unit . | 12/31/21 | 72 |

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 |
| 2018 | 201,546 | 1,481,093 | 19,542,209 |

Source: U.S. Bureau of the Census.

Income Data

| | Per Capita Money Income | | | |
|--------------------|-------------------------|-------------|-------------|-------------------------|
| | <u>1990</u> | <u>2000</u> | <u>2010</u> | <u>2018^a</u> |
| Town of Huntington | \$24,810 | \$36,390 | \$46,862 | \$60,027 |
| County of Suffolk | 18,481 | 26,577 | 35,755 | 43,905 |
| State of New York | 16,501 | 23,389 | 30,791 | 38,884 |

| | Median Family Income | | | |
|--------------------|----------------------|-------------|-------------|-------------------------|
| | <u>1990</u> | <u>2000</u> | <u>2010</u> | <u>2018^a</u> |
| Town of Huntington | \$65,820 | \$90,606 | \$116,478 | \$144,393 |
| County of Suffolk | 53,244 | 72,112 | 96,220 | 116,089 |
| State of New York | 32,965 | 43,393 | 55,603 | 83,311 |

Source: United State Bureau of the Census.

a. Based on American Community Survey Three-Year Estimates (2014-2018).

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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>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|-------------------------|-------------|-------------|-------------|-------------|-------------|
| One Family | 234 | 243 | 322 | 292 | 288 |
| Commercial/Industrial | 74 | 51 | 261 | 203 | 71 |
| Alt & Adds (Res.) | 726 | 725 | 843 | 751 | 690 |
| Alt & Adds (Other) | 371 | 323 | 307 | 271 | 246 |
| Demolish Various Bldgs. | 242 | 251 | 288 | 265 | 264 |
| Other | 1,731 | 1,544 | 1,388 | 1,276 | 1,445 |
| Totals | 3,378 | 3,137 | 3,409 | 3,058 | 3,004 |

Unemployment Rate Statistics

| <u>Annual Averages:</u> | <u>Town of Huntington (%)</u> | <u>County of Suffolk (%)</u> | <u>New York State (%)</u> |
|-------------------------|-------------------------------|------------------------------|---------------------------|
| 2015 | 4.2 | 4.8 | 5.3 |
| 2016 | 3.7 | 4.3 | 4.9 |
| 2017 | 4.3 | 4.8 | 5.1 |
| 2018 | 3.4 | 3.9 | 4.1 |
| 2019 | 3.3 | 3.7 | 4.0 |
| 2020 (5 Months) | 6.5 | 7.1 | 6.8 |

Source: Department of Labor, State of New York.

a. In April of 2020 there was a dramatic increase in unemployment rates due to the COVID-19 pandemic. See “*Impacts of COVID-19*” herein.

Selected Listing of Larger Employers

| <u>Name</u> | <u>Type</u> | <u>Estimated Number Of Employees</u> |
|---|---------------------------|--------------------------------------|
| Half Hollow Hills School District | Education | 2,441 |
| Northport Veterans Affairs Medical Center | Healthcare | 2,000 |
| Huntington Hospital | Hospital | 2,000 |
| Canon | Imaging Products | 1,509 |
| Estee Lauder, Inc. | Cosmetics | 1,450 |
| Commack School District | Education | 1,439 |
| Henry Schein, Inc. | Medical & Dental Supplies | 1,400 |
| Northport-East Northport UFSD | Education | 1,300 |
| Newsday | Newspaper | 1,228 |
| Western Suffolk BOCES | Education | 1,176 |

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 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. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement. Due to an Executive Order of the Governor of the State of New York, estoppel periods have been tolled (suspended) effective as of March 20, 2020, which has prevented the Town from complying with the estoppel procedures with respect to certain of the bond resolutions pursuant to which a portion of the Bonds are being issued.

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>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
| Bonds | \$107,770,000 | \$108,460,000 | \$107,300,000 | \$104,450,000 | \$104,985,000 |
| Bond Anticipation Notes | 1,000,000 | 500,000 | 0 | 0 | 3,200,000 |
| Installment Purchase Debt | <u>0</u> | <u>0</u> | <u>0</u> | <u>421,490</u> | <u>0</u> |
| Totals | <u>\$108,770,000</u> | <u>\$108,960,000</u> | <u>\$107,300,000</u> | <u>\$104,871,490</u> | <u>\$108,185,000</u> |

Details of Short-Term Indebtedness Outstanding
(As of July 23, 2020)

As of the date of this Official Statement, the Town has bond anticipation notes outstanding in the amount of \$3,200,000 that mature on September 24, 2020. The bond anticipation notes will be redeemed with a portion of the Bonds.

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Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of September 4, 2020)

| Fiscal Year Ending <u>December 31:</u> | Assessed <u>Valuation</u> | State Equalization <u>Rate (%)</u> | Full <u>Valuation</u> |
|--|------------------------------|--|-----------------------------|
| 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 | 38,513,747,976 |
| 2019 | 323,533,437 | 0.80 | 40,441,679,625 |
| 2020 | 322,626,518 | 0.76 | <u>42,450,857,632</u> |
| Total Five Year Full Valuation | | | \$197,341,876,311 |
| Average Five Year Full Valuation | | | 39,468,375,262 |
| Debt Limit - 7% of Average Full Valuation | | | 2,762,786,268 |
| Inclusions: | | | |
| Outstanding Bonds: | | | |
| General Purpose Bonds | | | 74,737,084 |
| Water Debt | | | 24,467,916 |
| Bond Anticipation Notes | | | <u>3,200,000</u> |
| Total Inclusions | | | <u>102,405,000</u> |
| Exclusions: | | | |
| Appropriations for Bonds | | | 5,644,544 |
| Water Debt | | | <u>24,467,916</u> |
| Total Exclusions | | | 30,112,460 |
| Total Net Indebtedness Before Issuing the Series A Bonds | | | <u>72,292,540</u> |
| The Series A Bonds | | | 18,585,000 |
| Less: Water Debt Included in the Series A Bonds | | | 1,000,000 |
| Less: BANs Being Redeemed by the Series A Bonds | | | <u>3,200,000</u> |
| Net Effect of the Series A Bonds | | | <u>14,385,000</u> |
| Total Net Indebtedness After Issuing the Series A Bonds | | | <u>86,677,540</u> |
| Net Debt Contracting Margin | | | <u><u>2,676,108,728</u></u> |
| Percent of Debt Limit Exhausted | | | 3.14% |

Debt Service Requirements – Outstanding Bonds and Refunding Bonds

| Fiscal Year Ending <u>December 31:</u> | <u>Outstanding Debt Service</u> | <u>Refunding Debt Service</u> | <u>Sub-total</u> | <u>Less: Debt Service to be Refunded*</u> | <u>Net After Issuance of Refunding Bonds</u> |
|--|-------------------------------------|-----------------------------------|-----------------------|---|--|
| 2019 | \$ 16,029,644 | \$ 0 | \$ 16,029,644 | \$ | \$ 16,029,644 |
| 2020 | 15,080,932 | 1,213,790 | 16,294,722 | 1,291,106 | 15,003,616 |
| 2021 | 13,934,655 | 1,212,250 | 15,146,905 | 1,288,856 | 13,858,048 |
| 2022 | 12,495,040 | 1,209,750 | 13,704,790 | 1,290,706 | 12,414,084 |
| 2023 | 11,248,912 | 1,215,000 | 12,463,912 | 1,291,506 | 11,172,406 |
| 2024 | 9,743,893 | 1,212,500 | 10,956,393 | 1,289,788 | 9,666,606 |
| 2025 | 8,676,500 | 1,207,500 | 9,884,000 | 1,285,463 | 8,598,538 |
| 2026 | 7,373,538 | 0 | 7,373,538 | 0 | 7,373,538 |
| 2027 | 6,538,731 | 0 | 6,538,731 | 0 | 6,538,731 |
| 2028 | 5,932,606 | 0 | 5,932,606 | 0 | 5,932,606 |
| 2029 | 4,766,131 | 0 | 4,766,131 | 0 | 4,766,131 |
| 2030 | 4,078,794 | 0 | 4,078,794 | 0 | 4,078,794 |
| 2031 | 3,030,266 | 0 | 3,030,266 | 0 | 3,030,266 |
| 2032 | 1,958,600 | 0 | 1,958,600 | 0 | 1,958,600 |
| 2033 | 907,500 | 0 | 907,500 | 0 | 907,500 |
| | <u>\$ 121,795,742</u> | <u>\$ 7,270,790</u> | <u>\$ 129,066,532</u> | <u>\$ 7,737,425</u> | <u>\$ 121,329,107</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 | 03/26/20 | 15.63 | \$307,522,339 | \$209,940,341 |
| Villages | 05/31/19 or Later | Var. | 4,686,133 | 4,686,133 |
| School Districts | 06/30/19 or Later | Var. | 178,946,479 | 128,755,016 |
| Fire Districts | 12/31/18 or Later | Var. | 12,000,978 | 1,200,978 |
| Library Districts | 06/30/18 or Later | Var. | 15,530,825 | 15,530,825 |
| | | | <u>\$518,686,754</u> | <u>\$360,113,293</u> |
| Totals | | | | |

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 4, 2020)

| | <u>Amount</u> | <u>Per Capita^a</u> | <u>Percentage Of Full Value (%)^b</u> |
|--|---------------|-----------------------------------|---|
| Total Direct Debt | \$102,405,000 | \$508 | 0.241 |
| Net Direct Debt | 72,292,540 | 359 | 0.170 |
| Total Direct & Applicable Total Overlapping Debt | 621,091,754 | 3,082 | 1.463 |
| Net Direct & Applicable Net Overlapping Debt | 432,405,833 | 2,145 | 1.019 |

a. The current estimated population of the Town is 201,546.

b. The full valuation of taxable real property in the Town for 2019-20 is \$42,450,857,632.

Authorized And Unissued Debt
(As of September 4, 2020)

As of the date of this Official Statement, the Town has authorized but unissued debt in the aggregate amount of \$18,585,000 as follows:

| | |
|-----------------------------------|----------------------------------|
| Various Public Improvements | \$ 10,075,000 |
| Highway Projects..... | 6,800,000 |
| Special Districts..... | <u>1,710,000</u> |
| Total | <u>\$ 18,585,000^a</u> |

a. A portion of such amount is to be financed with a portion of the Series A Bonds.

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 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 2018 was \$20,264,028 of which \$7,578,746 was reimbursed by the Town of Smithtown. As of July 31, 2019 the total amount paid by the Town under this agreement to Covanta is \$10,881,482 of which \$4,080,556 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 Environmental Quality Bond Act ("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 certain areas of the Town through several water districts and maintains primary responsibility for this function in those areas. 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 2020-2024

| | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>Total</u> |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Dix Hills Water District | \$750,000 | \$2,410,000 | \$3,715,000 | \$1,330,000 | \$200,000 | \$8,405,000 |
| Engineering | 3,115,000 | | 335,000 | 2,500,000 | 5,000,000 | 10,950,000 |
| Parks and Recreation | 1,550,000 | 1,300,000 | 600,000 | 600,000 | 600,000 | 4,650,000 |
| Environmental Waste Management | 815,000 | 1,515,000 | 1,330,000 | 1,115,000 | 1,190,000 | 5,965,000 |
| General Services | 5,000,000 | 1,750,000 | 1,200,000 | 900,000 | 800,000 | 9,650,000 |
| Highway | 7,000,000 | 8,600,000 | 7,000,000 | 7,000,000 | 7,000,000 | 42,350,000 |
| Information Technology | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 1,000,000 |
| Maritime | 100,000 | | | 1,050,000 | | 1,150,000 |
| Public Safety | 100,000 | 2,000,000 | 2,000,000 | 1,500,000 | | 5,600,000 |
| Transportation and Safety | 400,000 | 760,000 | 400,000 | 400,000 | 400,000 | 2,360,000 |
| Totals | <u>\$19,030,000</u> | <u>\$18,535,000</u> | <u>\$16,780,000</u> | <u>\$16,595,000</u> | <u>\$15,390,000</u> | <u>\$92,080,000</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, 2019, 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 2015-2019 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

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 State is not constitutionally obligated to maintain or continue State aid to the Town. No assurance can be given that present State aid levels will be maintained in the future. Currently, due to the outbreak of COVID-19, the State has declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will experience budgetary restrictions which will require certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or the delay, elimination or substantial reduction in payments to municipalities, school districts or other recipients of State aid in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also "*IMPACT OF COVID*" herein.)

The State's 2020-2021 Adopted Budget authorizes the State's Budget Director to make periodic adjustments to nearly all State spending, including State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. Specifically, the legislation provides that the State Budget Director will determine whether the State's 2020-2021 budget is balanced during three "measurement periods": April 1 to April 30, May 1 to June 30, and July 1 to December 31. According to the legislation, if "a General Fund imbalance has occurred during any Measurement Period," the State's Budget Director will be empowered to "adjust or reduce any general fund and/or state special revenue fund appropriation ... and related cash disbursement by any amount needed to maintain a balanced budget," and "such adjustments or reductions shall be done uniformly across the board to the extent practicably or by specific appropriations as needed." The legislation further provides that prior to making any adjustments or reductions, the State's Budget Director must notify the Legislature in writing and the Legislature has 10 days following receipt of such notice to prepare and approve its own plan. If the Legislature fails to approve its own plan, the Budget Director's reductions take effect automatically.

It is anticipated that the State Budget Director's powers discussed herein will be activated and across-the-board and targeted reductions to local aid programs will be taken to close a substantial portion of the State fiscal year 2021 budget gap caused by the receipts shortfall. On April 25, 2020 the New York State Division of the Budget announced that the State fiscal year 2021 Enacted State Budget Financial Plan (the "Financial Plan"), projects a \$13.3 billion shortfall as a direct consequence of the COVID-19 pandemic. As a result, in the absence of Federal assistance, initial budget control actions are expected to significantly reduce State spending in several areas, including "aid-to-localities," a broad spending category that includes funding for health care, K-12 schools, and higher education as well as support for local governments, public transit systems, and not-for-profits. Reduced receipts are expected to carry through each subsequent year of the four year Financial Plan through State fiscal year 2024. Reductions or delays in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State.

The Governor's Executive Budget for the State's 2019-2020 fiscal year included the elimination of State Aid and Incentives for Municipalities ("AIM") for certain municipalities, including the Town. However, in the State's final 2019-2020 Executive Budget, additional sales tax revenue from the elimination of the internet tax advantage will be used to keep towns and villages whole. The Governor's Executive Budget for the State's 2020-2021 fiscal year maintains the Aid and Incentives for Municipalities ("AIM") Related Revenue Sharing consistent with the 2019-2020 Enacted Budget.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and the current Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 outbreak.

The federal government may enact budgetary changes or take other actions that adversely affect State finances. State legislation adopted with the State's 2019-2020 Budget continues authorization for a process by which the State would manage significant reductions in federal aid during Federal fiscal year 2020 should they arise. Specifically, the legislation allows the State Budget Director to prepare a plan for consideration by the State Legislature in the event that the federal government (i) reduces federal financial participation in Medicaid funding to the State or its subdivisions by \$850 million or more; or (ii) reduces federal financial participation of other federal aid funding to the State that affects the State Operating Funds financial plan by \$850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately. The plan prepared by the State Budget Director must equally and proportionately reduce appropriations and cash disbursements in the State's General Fund and State Special Revenue Funds. Upon receipt of the plan, the State Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the State Budget Director takes effect automatically.

Should the Town fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies, the Town is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

The following table sets forth the percentage of the Town’s General Fund revenue comprised of State aid for each of the fiscal years 2015 through 2019 and as budgeted, for 2020.

| Fiscal Year Ending December 31: | Total General Fund Revenue | State Aid | Real Property Taxes to Revenues (%) |
|---------------------------------------|-------------------------------|------------|---|
| 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 | 103,877,897 | 11,836,886 | 11.39 |
| 2019 | 109,356,709 | 10,677,159 | 9.76 |
| 2020 (Budgeted) | 107,278,347 | 10,779,067 | 10.05 |

Source: Audited financial statements 2015 through 2019, and the adopted budget for 2020. The 2020 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, 2018 is \$2,097,155.

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

Contributions to the Retirement Systems

| Fiscal Year Ending <u>December 31:</u> | <u>Amount of Contribution</u> |
|---|-------------------------------|
| 2014 | \$10,790,971 |
| 2015 | 11,317,997 |
| 2016 | 9,045,917 |
| 2017 | 8,764,939 |
| 2018 | 8,698,228 |
| 2019 | 8,531,934 |

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. School districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees. This protection from unilateral reduction of benefits had been extended annually by the New York State Legislature until recently when legislation was enacted to make permanent these health insurance benefit protections for retirees. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of the date hereof. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

GASB Statement No. 75 (“GASB 75”) of the Governmental Accounting Standards Board (“GASB”), requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits (“OPEB”). GASB 75 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements. Only current payments to existing retirees were recorded as an expense.

GASB 75 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

During the year ended December 31, 2018, the Town adopted GASB 75, which supersedes and eliminates GASB 45. Under GASB 45, based on actuarial valuation, an annual required contribution (“ARC”) will be determined for each state or local government. 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 former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality 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.

GASB 75 establishes new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures to provide more transparent reporting and useful information about the liability and cost of benefits. Municipalities and school districts are required to account for OPEB within the financial statements rather than only noted in the footnotes as previously required by GASB 45. It is measured as of a date no earlier than the end of the employer’s prior fiscal year and no later than the employer’s current fiscal year. The discount rate is based on 20-year, tax exempt general obligation municipal bonds. There is no amortization of prior service cost.

Those that have more than 200 participants are required to have a full actuarial valuation annually. Plans with fewer than 200 participants are required to have a full valuation every two years.

For the fiscal year ended December 31, 2018, the Town implemented GASB 75. The implementation of this Statement resulted in the reporting of the entire actuarial accrued liability for other post-employment benefits. The Town’s total OPEB liability at December 31, 2019 is as follows:

| | |
|---|----------------------|
| Total OPEB Liability at Dec 31, 2018 | <u>\$229,879,541</u> |
| Charges for the Year: | |
| Service Cost | 5,370,925 |
| Interest | 9,480,232 |
| Difference between expected and actual experience | -6,547,596 |
| Changes in Assumptions or Other Inputs | 54,617,376 |
| Benefit Payments | (8,520,920) |
| Net Changes | 54,400,017 |
| Total OPEB Liability at Dec 31, 2019 | <u>\$284,279,558</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 75 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 \$47,828 and Huntington Community First Aid Squad, Inc. of \$478,950 for the year ended December 31, 2019 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 40.81% of total budgeted General Fund revenues, for the fiscal year ended 2019. 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 2015 through 2019, and, as budgeted, for the year ending December 31, 2020.

| Fiscal Year Ending <u>December 31:</u> | <u>Total Revenue</u> | Real Property <u>Taxes</u> | Real Property Taxes to <u>Revenues (%)</u> |
|---|----------------------|-------------------------------|--|
| 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 | 103,877,897 | 43,033,219 | 41.43 |
| 2019 | 109,356,709 | 44,631,243 | 40.81 |
| 2020 (Budgeted) | 107,278,347 | 45,769,811 | 42.66 |

Source: Audited financial statements 2015 through 2019, and the adopted budget for 2020. The 2020 budgeted revenues include appropriation of fund balance.

Tax Levy and Collection Record

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

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Total Tax Levy | \$1,005,781,356 | \$1,022,937,520 | \$1,042,572,430 | \$1,070,127,499 | \$1,108,453,781 |
| Amount to Supervisor | 863,060,764 | 878,328,523 | 895,604,546 | 921,369,255 | 953,576,579 |
| Amount to County Treasurer | 142,720,593 | 144,608,997 | 146,967,884 | 148,758,244 | 154,877,201 |
| Uncollected (Returned) | 24,555,382 | 25,500,438 | 23,879,194 | 25,658,988 | N/A |
| Adjusted Percent Uncollected | 2.44% | 2.49% | 2.29% | 2.40% | N/A |
| When Due | | | | | |

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.

As a result of the COVID-19 pandemic, in certain counties in the State, during the first half of the 2020 fiscal year, the deadline to pay property taxes, without interest or penalty, was extended in certain circumstances. No assurance can be given that similar extensions with respect to the deadlines to pay property taxes, without interest or penalty, may occur during the balance of the 2020 fiscal year or during the 2021 fiscal year. Any such extensions may result in a delay in the receipt of taxes collected.

Tax Rates Per \$1,000 of Assessed Valuation

| <u>As of December 31:</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|
| General Town-Wide | \$121.17 | \$129.77 | \$132.16 | \$137.92 | \$141.30 |
| Highway Items and Part-Town | 127.14 | 131.68 | 133.16 | 137.73 | 139.61 |

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, 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 2013-2016 and 2018-2020 Budgets did not exceed the tax levy limitation. Town did exceed the tax cap in 2017.

Selected Listing of Large Taxable Properties
2020 Assessment Roll^a

| <u>Name</u> | <u>Type</u> | <u>Assessed Valuation</u> |
|---------------------------------|-------------|---------------------------|
| LIPA/Keyspan Energy Corp. | Utility | \$37,913,984 |
| 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 |
| Verizon | Utility | 459,694 |
| Estee Lauder | Cosmetics | 469,700 |
| Avalon Huntington Former S Corp | Real Estate | 455,000 |
| Grandview Hotel Limited | Hotel | 425,000 |
| 3 HQ Owner LLC | Real Estate | 425,000 |
| Total ^a | | \$44,389,818 |

a. Assessment Roll established in 2019 for levy and collection of taxes during 2020 Fiscal Year.

b. Represents 13.76% of the total taxable assessed valuation of the Town for 2020.

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. (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 has vigorously defended its assessment of the plant and has hired various experts including engineers and appraisers to make its case. Last year, a bench trial was conducted in the New York State Supreme Court, County of Suffolk, regarding the real property assessments for the Northport Power Plant, solely as of the taxable status date for 2014. 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 any payments by the County would be charged back 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. 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 granted LIPA summary judgment in 2018, dismissing the separate lawsuit, but the Town has appealed.

On September 3, 2020, a majority of the Town Board of the Town of Huntington voted to approve the terms of a settlement of the tax certiorari proceedings and the third party beneficiary lawsuit as set forth in a term sheet dated July 2, 2020 (Term Sheet) negotiated by the attorneys for the Town, LIPA, and Northport-East Northport Union Free School District (NENSD), authorize the Town Attorney to withdraw any and all pending appeals filed by the Town in the tax certiorari proceedings and the third party beneficiary lawsuit, and further authorize the Town Attorney to execute a formal settlement agreement with LIPA and the NENSD and any other documents necessary in accordance with the terms and provisions in the Term Sheet.

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.

IMPACT OF COVID-19

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the Town's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the COVID-19 outbreak has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to continue to affect economic growth worldwide. The outbreak caused the Federal government to declare a national state of emergency, which was followed by the enactment of a variety of stimulus measures designed to address financial stability and liquidity issues caused by the outbreak. The State also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. Efforts to contain the spread of COVID-19 has reduced the spread of the virus in some areas and there have been recent efforts to relax some of the restrictions put in place following the initial outbreak. Nevertheless, the outbreak of COVID-19 and the dramatic steps taken by the Federal government and State to address it are expected to negatively impact federal and local economies, including the economy of the State. The full impact of COVID-19 on the State's operations and financial condition is not expected to be known for some time. Similarly, the degree of the impact to the Town's operations and finances as a result of COVID-19 is extremely difficult to predict due to the uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions have been or may continue to be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The spread of the outbreak or resurgence later in the year could have a material adverse effect on the State and municipalities and school districts located in the State, including the Town. The Town is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "*State Aid*" herein).

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. 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

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.

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.

BOND RATING

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. Such rating will reflect only the view of such rating agency and an explanation of the significance of such rating should be obtained from the respective rating agency. There can be no assurance that such rating will not be revised or withdrawn, if in the judgement of agency circumstances so warrant. Any downward revision or withdrawal of the rating 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, Town Comptroller, Town of Huntington, 100 Main Street, Huntington, New York 11743, Phone (631) 351-3038, Fax (631) 351-2898 and email: auditandcontrol@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 15, 2020

APPENDIX A

FINANCIAL INFORMATION

BALANCE SHEETS

FISCAL YEAR ENDING DECEMBER 31, 2019

| | 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 | \$ 30,419,027 | \$ 7,275,078 | \$ 7,528,773 | \$ 15,138,154 |
| Restricted Cash | 16,514,841 | 1,849,957 | 77,786 | 11,888,410 |
| Accounts Receivable | 4,067,947 | 1,913 | 22,574 | 1,138,919 |
| State and Federal Aid Receivables | 3,145,074 | 292,613 | 103,619 | |
| Due From Other Funds | 201,395 | | 12,794 | 14,403 |
| Due From Other Governments | | | | |
| Inventories | | | | |
| Prepaid Charges | <u>1,470,676</u> | <u>477,791</u> | <u>181,612</u> | <u>375,672</u> |
| Total Assets | \$ <u>55,818,960</u> | \$ <u>9,897,352</u> | \$ <u>7,927,158</u> | \$ <u>28,555,558</u> |
| <u>Liabilities</u> | | | | |
| Accounts Payable | \$ 1,712,947 | \$ 990,222 | \$ 770,089 | \$ 1,028,400 |
| Accrued Liabilities | 6,994,483 | 447,604 | 963,376 | 307,409 |
| Due to Other Governments | | | | 1,775,253 |
| Other Liabilities | 0 | | | |
| Due to Other Funds | <u>27,197</u> | <u>106,697</u> | <u>60,890</u> | <u>33,808</u> |
| Total Liabilities | <u>8,734,627</u> | <u>1,544,523</u> | <u>1,794,355</u> | <u>3,144,870</u> |
| <u>Deferred Inflows of Resources</u> | | | | |
| Deferred Revenue | <u>9,198,295</u> | | | <u>3,044,120</u> |
| <u>Fund Balance</u> | | | | |
| Nonspendable | 1,470,676 | 477,791 | 181,612 | 375,672 |
| Restricted | 16,514,841 | 1,849,957 | 77,787 | 10,722,280 |
| Assigned | 719,777 | 6,025,081 | 5,873,405 | 13,026,976 |
| Unassigned | <u>19,180,744</u> | | | <u>(1,758,360)</u> |
| Total Fund Balance | <u>37,886,038</u> | <u>8,352,829</u> | <u>6,132,804</u> | <u>22,366,568</u> |
| Total Liabilities and Fund Balances | \$ <u>55,818,960</u> | \$ <u>9,897,352</u> | \$ <u>7,927,159</u> | \$ <u>28,555,558</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 Statements of the Town (2019).

NOTE: This Schedule NOT audited.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GENERAL FUND

| | Fiscal Years Ending December 31: | | | | |
|--|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Revenues: | | | | | |
| Real Property Taxes | \$ 39,676,446 | \$ 39,577,619 | \$ 42,218,885 | \$ 43,033,219 | \$ 44,631,243 |
| Other Property Tax Items | 355,817 | 365,187 | 417,834 | 365,518 | 413,758 |
| Non-Property Tax items | 4,407,959 | 4,715,779 | 4,887,765 | 4,852,415 | 5,452,789 |
| Departmental Income | 30,583,144 | 31,688,875 | 31,398,492 | 32,296,260 | 32,978,424 |
| Intergovernmental Charges | 129,941 | 138,365 | 216,782 | 142,415 | 163,048 |
| Use of Money and Property | 1,123,937 | 1,125,915 | 1,104,982 | 1,735,020 | 2,236,002 |
| Licenses and Permits | 1,020,414 | 1,048,059 | 1,023,016 | 1,050,988 | 1,149,331 |
| Fines and Forfeitures | 1,136,862 | 1,160,476 | 1,204,294 | 1,163,599 | 1,609,378 |
| Sale of Property | 468,012 | 1,048,705 | 305,069 | 470,177 | 1,988,108 |
| Miscellaneous Local Sources | 1,180,288 | 1,113,249 | 1,060,315 | 1,660,233 | 1,736,015 |
| Interfund Revenues | 4,150,647 | 4,469,548 | 4,763,246 | 4,482,286 | 4,558,953 |
| State and Other Local Government Aid | 9,897,625 | 11,329,131 | 11,912,773 | 11,836,886 | 11,744,316 |
| Federal Aid | 1,050,544 | 990,479 | 921,366 | 788,881 | 636,839 |
| Total Revenues | 95,181,636 | 98,771,387 | 101,434,819 | 103,877,897 | 109,298,204 |
| Expenditures: | | | | | |
| General Government Support | 24,401,190 | 24,450,385 | 25,344,163 | 26,080,545 | 26,990,336 |
| Public Safety | 5,005,238 | 5,037,331 | 5,281,060 | 5,292,953 | 5,564,167 |
| Health | 701,093 | 798,663 | 641,850 | 738,268 | 785,734 |
| Transportation | 5,083,505 | 4,815,160 | 4,953,653 | 4,967,828 | 5,001,925 |
| Economic Assistance & Opportunity | 2,132,736 | 2,158,587 | 2,237,607 | 2,278,756 | 2,303,917 |
| Culture and Recreation | 12,795,662 | 12,436,746 | 12,790,979 | 12,392,839 | 13,146,479 |
| Home & Community Services | 20,600,151 | 21,454,137 | 20,620,613 | 22,564,073 | 23,446,067 |
| Employee Benefits | 19,230,449 | 18,556,191 | 19,372,126 | 21,267,404 | 20,337,259 |
| Debt Service | 314,850 | 512,500 | 4,083 | | 0 |
| Total Expenditures | 90,264,874 | 90,219,700 | 91,246,134 | 95,582,666 | 97,575,884 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 4,916,762 | 8,551,687 | 10,188,685 | 8,295,231 | 11,722,320 |
| Other Financing Sources (Uses): | | | | | |
| Amortization of Retirement Systems | | | | | |
| Operating Transfers In | 881,630 | 65,347 | 14,746 | 92,178 | 58,507 |
| Other Transfers Out | (5,966,024) | (7,056,912) | (5,339,721) | (5,076,780) | (7,395,692) |
| Total Other Financing Sources (Uses) | (5,084,394) | (6,991,565) | (5,324,975) | (4,984,602) | (7,337,185) |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (167,632) | 1,560,122 | 4,863,710 | 3,310,629 | 4,385,135 |
| Fund Balance, Beginning of Year | 23,934,074 | 23,766,442 | 25,326,564 | 30,190,274 | 33,500,903 |
| Adjustment to Fund Balance Due to Accounting Changes | | | | | |
| Fund Balance, Beginning of Year, as Restated | 23,934,074 | 23,766,442 | 25,326,564 | 30,190,274 | 33,500,903 |
| Fund Balance, End of Year | \$ 23,766,442 | \$ 25,326,564 | \$ 30,190,274 | \$ 33,500,903 | \$ 37,886,038 |

Sources: Audited Financial Reports of the Town (2015-2019)

NOTE: This Schedule NOT audited.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

HIGHWAY FUND

| | Fiscal Years Ending December 31: | | | | |
|--|----------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
| Revenues: | | | | | |
| Real Property Taxes | \$ 29,717,196 | \$ 31,713,152 | \$ 32,597,757 | \$ 32,839,462 | \$ 33,734,114 |
| Other Property Tax Items | 66,803 | 60,222 | 114,473 | 106,528 | 112,849 |
| Departmental Income | 465,153 | 560,438 | 205,709 | 364,220 | 445,482 |
| Intergovernmental Charges | 28,998 | 5,412 | 7,464 | 126,742 | 10,575 |
| Use of Money and Property | 78,685 | 146,765 | 133,709 | 311,753 | 559,123 |
| Licenses and Permits | 148,375 | 291,475 | 166,025 | 229,425 | 184,025 |
| Sale of Property | 418,026 | 149,318 | 140,413 | 186,681 | 164,568 |
| Miscellaneous Local Sources | 361,603 | 210,394 | 264,740 | 593,014 | 567,440 |
| State and Other Local Government Aid | 2,547,099 | 2,173,591 | 2,409,449 | 2,756,699 | 2,820,554 |
| Federal Aid | 256,604 | | | | |
| Total Revenues | <u>34,088,542</u> | <u>35,310,767</u> | <u>36,039,739</u> | <u>37,514,524</u> | <u>38,598,730</u> |
| Expenditures: | | | | | |
| General Government Support | 176,757 | 180,744 | 1,879,892 | 187,106 | 223,237 |
| Transportation | 22,978,206 | 19,388,887 | 20,137,929 | 19,454,126 | 22,047,448 |
| Employee Benefits | 8,285,728 | 7,770,777 | 8,245,262 | 8,653,816 | 8,544,981 |
| Debt Service | 15,675 | | | | 0 |
| Total Expenditures | <u>31,456,366</u> | <u>27,340,408</u> | <u>30,263,083</u> | <u>28,295,048</u> | <u>30,815,666</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 2,632,176 | 7,970,359 | 5,776,656 | 9,219,476 | 7,783,064 |
| Other Financing Sources (Uses): | | | | | |
| Amortization of Retirement Systems | | | | | |
| Operating Transfers In | 64,857 | | 35,664 | 189,558 | 258 |
| Other Transfers Out | (8,159,087) | (7,946,679) | (6,874,999) | (6,884,338) | (6,624,305) |
| Total Other Financing Sources (Uses) | <u>(8,094,230)</u> | <u>(7,946,679)</u> | <u>(6,839,335)</u> | <u>(6,694,780)</u> | <u>(6,624,047)</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (5,462,054) | 23,680 | (1,062,679) | 2,524,696 | 1,159,017 |
| Fund Balance, Beginning of Year | 11,170,169 | 5,708,115 | 5,731,795 | 4,669,116 | 7,193,812 |
| Adjustment to Fund Balance Due to Accounting Changes | | | | | |
| Fund Balance, Beginning of Year, as Restated | <u>11,170,169</u> | <u>5,708,115</u> | <u>5,731,795</u> | <u>4,669,116</u> | <u>7,193,812</u> |
| Fund Balance, End of Year | \$ <u><u>5,708,115</u></u> | \$ <u><u>5,731,795</u></u> | \$ <u><u>4,669,116</u></u> | \$ <u><u>7,193,812</u></u> | \$ <u><u>8,352,829</u></u> |

Sources: Audited Financial Reports of the Town (2015-2019)

NOTE: This Schedule NOT audited.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

REFUSE AND GARBAGE FUND

| | Fiscal Years Ending December 31: | | | | |
|---|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
| Revenues: | | | | | |
| Real Property Taxes | \$ 24,034,328 | \$ 24,160,829 | \$ 24,570,261 | \$ 24,548,321 | \$ 25,128,313 |
| Other Property Tax Items | 240 | 210 | 245 | 806 | 2,130 |
| Departmental Income | 8,595 | 8,430 | 11,528 | 12,815 | 8,055 |
| Intergovernmental Charges | 9,933 | 10,900 | 13,072 | 11,474 | 12,794 |
| Use of Money and Property | 51,394 | 72,570 | 104,113 | 244,742 | 363,088 |
| Sale of Property | 113,160 | 77,374 | 225,846 | 153,319 | 121,899 |
| Miscellaneous Local Sources | 94,313 | 49,725 | 58,603 | 112,489 | 119,428 |
| State and Other Local Government Aid | | | | | 103,619 |
| Federal Aid | | | | | |
| Total Revenues | <u>24,311,963</u> | <u>24,380,038</u> | <u>24,983,668</u> | <u>25,083,966</u> | <u>25,859,326</u> |
| Expenditures: | | | | | |
| General Government Support | 1,965,050 | 2,088,791 | 2,234,288 | 2,117,106 | 2,242,421 |
| Home & Community Services | 18,889,789 | 18,576,864 | 18,976,670 | 19,337,620 | 20,274,571 |
| Employee Benefits | 2,489,744 | 2,672,822 | 2,774,401 | 2,613,782 | 2,605,068 |
| Debt Service | | | | | 0 |
| Total Expenditures | <u>23,344,583</u> | <u>23,338,477</u> | <u>23,985,359</u> | <u>24,068,508</u> | <u>25,122,060</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 967,380 | 1,041,561 | 998,309 | 1,015,458 | 737,266 |
| Other Financing Sources (Uses): | | | | | |
| Amortization of Retirement Systems | | | | | |
| Operating Transfers In | 21,133 | | | | |
| Other Transfers Out | (190,969) | (258,865) | (207,689) | (217,931) | (218,567) |
| Total Other Financing Sources (Uses) | <u>(169,836)</u> | <u>(258,865)</u> | <u>(207,689)</u> | <u>(217,931)</u> | <u>(218,567)</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 797,544 | 782,696 | 790,620 | 797,527 | 518,699 |
| Fund Balance, Beginning of Year | 2,445,717 | 3,243,261 | 4,025,957 | 4,816,577 | 5,614,104 |
| Adjustment to Fund Balance Due to Accounting Changes | | | | | |
| Fund Balance, Beginning of Year, as Restated | <u>2,445,717</u> | <u>3,243,261</u> | <u>4,025,957</u> | <u>4,816,577</u> | <u>5,614,104</u> |
| Fund Balance, End of Year | <u>\$ 3,243,261</u> | <u>\$ 4,025,957</u> | <u>\$ 4,816,577</u> | <u>\$ 5,614,104</u> | <u>\$ 6,132,803</u> |

Sources: Audited Financial Reports of the Town (2015-2019)

NOTE: This Schedule NOT audited.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NON-MAJOR GOVERNMENTAL FUNDS

| | Fiscal Years Ending December 31: | | | | |
|---|----------------------------------|---------------------|---------------------------------|--------------------|--------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Revenues: | | | | | |
| Real Property Taxes | \$ 19,565,360 | \$ 19,034,565 | \$ 18,374,208 | 19,439,002 | 19,373,768 |
| Other Property Tax Items | 56,942 | 12,861 | 37,100 | 31,462 | 47,449 |
| Non-Property Tax items | 144,701 | 144,701 | 144,701 | 144,701 | 144,701 |
| Departmental Income | 9,544,908 | 9,163,554 | 9,690,827 | 9,356,833 | 10,310,556 |
| Intergovernmental Charges | | | | | |
| Use of Money and Property | 301,110 | 338,950 | 1,389,416 | 581,284 | 770,539 |
| Licenses and Permits | 963,883 | 815,757 | 841,153 | 851,461 | 1,001,687 |
| Sale of Property | 7,069 | 142,788 | 2,741,401 | 2,677,588 | 2,734,759 |
| Miscellaneous Local Sources | 859,281 | 1,326,008 | 1,567,626 | 3,847,951 | 4,240,939 |
| State Aid | | | | | 23,233 |
| Federal Aid | 1,375,114 | 586,157 | 590,958 | 636,632 | 672,617 |
| Total Revenues | 32,818,368 | 31,565,341 | 35,377,390 | 37,566,914 | 39,320,248 |
| Expenditures: | | | | | |
| General Government Support | 4,340,560 | 4,495,395 | 4,797,321 | 4,628,312 | 4,606,331 |
| Public Safety | 3,797,742 | 3,844,665 | 3,995,538 | 4,014,152 | 4,106,491 |
| Health | 2,545,120 | 2,061,881 | 2,500,369 | 3,147,439 | 3,323,506 |
| Transportation | 2,811,072 | 2,519,387 | 2,366,696 | 2,143,909 | 2,008,542 |
| Economic Assistance and Opportunity | | 48,235 | 27,845 | 18,609 | 2,575 |
| Home & Community Services | 11,189,953 | 10,967,413 | 10,557,775 | 10,787,125 | 13,486,962 |
| Employee Benefits | 6,566,681 | 6,274,484 | 6,127,723 | 6,060,776 | 5,932,954 |
| Debt Service | | | | | |
| Total Expenditures | 31,251,128 | 30,211,460 | 30,373,267 | 30,800,322 | 33,467,361 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 1,567,240 | 1,353,881 | 5,004,123 | 6,766,592 | 5,852,887 |
| Other Financing Sources (Uses): | | | | | |
| Amortization of Retirement Systems | | | | | |
| Operating Transfers In | 94,130 | 28,419 | 3,918 | 3,192 | |
| Other Transfers Out | (2,835,308) | (2,011,633) | (2,010,125) | (2,309,805) | (3,133,109) |
| Total Other Financing Sources (Uses) | (2,741,178) | (1,983,214) | (2,006,207) | (2,306,613) | (3,133,109) |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (1,173,938) | (629,333) | 2,997,916 | 4,459,979 | 2,719,778 |
| Fund Balance, Beginning of Year | 7,709,847 | 6,535,909 | 5,906,576 | 15,186,811 | 19,646,790 |
| Adjustment to Fund Balance Due to Accounting Changes | | | 6,282,319 ⁽¹⁾ | | |
| Fund Balance, Beginning of Year, as Restated | 7,709,847 | 6,535,909 | 12,188,895 | 15,186,811 | 19,646,790 |
| Fund Balance, End of Year | \$ 6,535,909 | \$ 5,906,576 | \$ 15,186,811 | 19,646,790 | 22,366,568 |

(1). 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

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 (2015-2019)

NOTE: This Schedule NOT audited.

ADOPTED BUDGETS - GENERAL FUND

| | Fiscal Years Ending December 31: | |
|--------------------------------------|----------------------------------|--------------------|
| | <u>2019</u> | <u>2020</u> |
| Revenues: | | |
| Real Property Taxes | \$ 44,647,858 | \$ 45,769,811 |
| Other Property Tax Items | 390,000 | 390,000 |
| Non-Property Tax items | 4,457,221 | 4,600,000 |
| Departmental Income | 32,857,100 | 34,064,300 |
| Intergovernmental Charges | 128,357 | 145,000 |
| Use of Money and Property | 1,226,500 | 1,544,125 |
| Licenses and Permits | 1,120,000 | 1,126,000 |
| Fines and Forfeitures | 1,305,000 | 1,555,000 |
| Sale of Property | 267,000 | 267,000 |
| Miscellaneous Local Sources | 1,319,204 | 1,320,000 |
| Interfund Revenues | 4,558,953 | 4,686,461 |
| State and Other Local Government Aid | 10,681,506 | 10,779,067 |
| Federal Aid | 1,094,616 | 931,583 |
| Appropriated Fund Balance | 60,000 | 100,000 |
| | <u>104,113,315</u> | <u>107,278,347</u> |
| Total Revenues | | |
| Expenditures: | | |
| General Government Support | 38,611,511 | 39,204,718 |
| Public Safety | 8,516,157 | 8,746,958 |
| Health | 861,070 | 872,249 |
| Transportation | 7,628,964 | 7,631,531 |
| Economic Assistance & Opportunity | 3,448,508 | 3,506,589 |
| Culture and Recreation | 17,532,548 | 17,489,423 |
| Home & Community Services | 23,097,557 | 25,221,879 |
| Debt Service | 4,417,000 | 4,605,000 |
| Operating Transfers Out | | |
| | <u>104,113,315</u> | <u>107,278,347</u> |
| Total Expenditures | | |

Source: Adopted Budgets of the Town of Huntington

TOWN OF HUNTINGTON

APPENDIX B

**AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019**

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, 2019



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, 2019

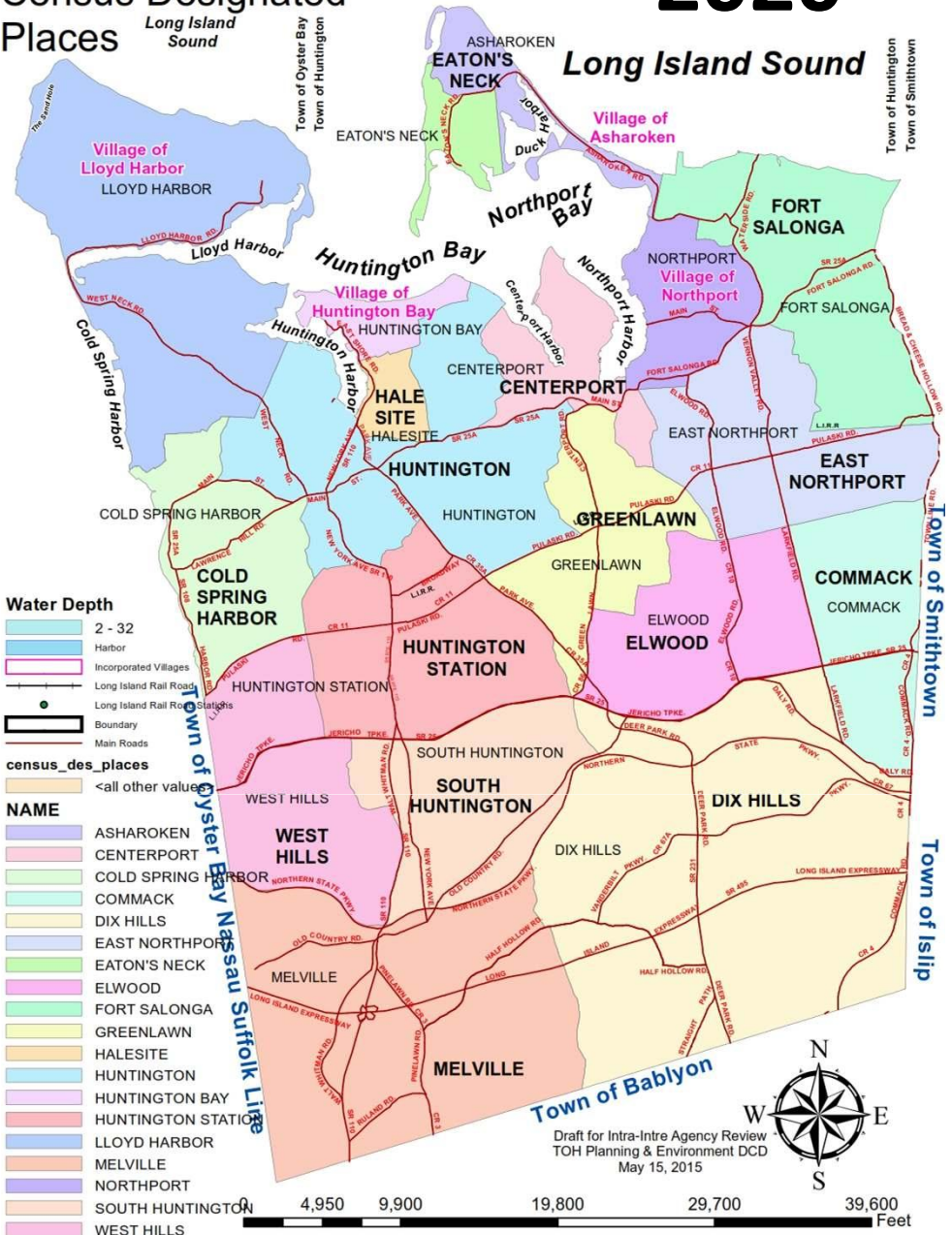
Prepared by:
Department of Audit & Control

Peggy Karayianakis, CPA
Director of Audit & Control

Peter Leodis
Deputy Director of Audit & Control

Town of Huntington Census Designated Places

2020



TOWN OF HUNTINGTON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2019
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**INTRODUCTORY
SECTION**



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

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

CHAD A. LUPINACCI
Supervisor

August 20, 2020

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, 2019. The financial statements have been audited by the accounting firm selected by the Town Board, Albrecht, Viggiano, Zurek & Company, P.C. The independent auditors' unmodified opinion is included in this report.

Every year for more than two decades, 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, 2019 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 efforts of the entire staff of the Comptroller's Office.

Fiscal Year 2019 presented many challenges, however, through sound fiscal management, operating results were generally better than anticipated. We will continue to monitor the Town's 2020 budget closely and exercise financial discipline as economic conditions warrant.

Sincerely,

Chad A. Lupinacci
Supervisor



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

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

AUDIT & CONTROL
Peggy Karayianakis, CPA
Director

August 20, 2020

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, 2019. 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 Albrecht, Viggiano, Zureck & Company, P.C. was selected by the Town Board to perform an independent audit of the Town’s financial statements as of December 31, 2019, 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 and the United States Office of Management and Budget’s issuance of Subpart F: *Audit Requirements, contained in 2 CFR Part 200, of the Uniform Administrative Requirement, Cost Principle and Audit Requirements for Federal Awards (“Uniform Guidance”)*. 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: the continued funding of open space in order 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 and hybrid vehicles; installed energy saving light fixtures, solar energy at Town Hall and municipal parking lots, progressed with the continued partnership with a private developer to assist the municipality with the next phase of Huntington Station's revitalization and maintained programs to enhance care for children and seniors.

Median family income (\$117,992) and housing values (\$541,800) 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 2019. Job growth continued in 2019 mainly in education and health services, construction, natural resources and mining. Housing demand continued to strengthen in 2019. Home prices have increased in 2019 with a continued tight lending market.

Local Economy (continued)

As of December 31, 2019, Huntington's unemployment rate has remained low at 3.3%, below the Suffolk County rate of 3.8%, New York State of 3.7% and the national rate of 3.5%. As a result of the recent COVID-19 pandemic, Huntington's unemployment rate increased to 11.4%, as of May 31, 2020 but this was still well below the Suffolk County rate of 12.4%, New York State rate of 14.5% and national rate of 13.3%. Huntington's unemployment rate is expected to decrease significantly now that the Town is in Stage 4 of the New York State reopening plan.

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.

Interest in redeveloping land with new uses is increasing in the Town. From mid-2015 through mid-2020 the Town received forty-one (41) zone change applications, with the total applications exceeding that of the previous five years combined. Assisted living facilities and senior housing condominium developments have been popular application types, representing one-quarter of the zone change applications in the last five years.

The strength of the local housing market is evidenced by projects either 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 two-hundred and sixty-three (263) unit retirement community; the Club at Melville with two hundred and sixty-one (261) age-restricted units; Avalon Huntington Station/Country Pointe, a three hundred seventy nine (379) rental project with seventy-six (76) for-sale condos; Harborfields Estates, a forty-seven (47) lot subdivision with homes priced from \$799,000; 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. Pricing starts at \$499,000 for condos at Avalon/Country Pointe and \$318,000 at Club at Melville for income-restricted units. With respect to single-family residential subdivisions, the Town Planning Department is currently processing over 50 subdivision applications that will ultimately result in the development of approximately 254 new tax lots. One recently filed subdivision is Tuscany Estates, a thirty (30) lot subdivision approved in 2010 located in Dix Hills. 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, the Manors at Commack with eighty-eight (88) age-restricted units and Creekside Apartments II with fourteen (14) units. Downtown Huntington Village including the surrounding area by the LIRR also has over 200 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, 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. Hartz Mountain has submitted applications for the Newsday site in Melville, which will be redeveloped into two warehouse buildings with over 900,000 square feet. Estee Lauder is also proposing to open a multi-million dollar engineering center in the MEC, next door to their current factory and research lab.

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

Local Economy (continued)

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

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 funded a \$200,000 plan and hired the consultant firm of Buckhurst, Fish & Jacquemart headquartered in Manhattan, to prepare an integrated land use, circulation and infrastructure plan which will 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 under final review by the Town Board. It includes recommendations to add a mix of uses, including retail and housing, to this important area.

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. Since the adoption of the development strategy in 2013, Renaissance Downtowns has developed concept plans for four project sites on New York Avenue north of the Long Island Railroad (LIRR) tracks, which include the following uses: a boutique hotel, office space, retail space, apartments over storefronts, and potential artist residences. Two projects; Northridge (completed and fully occupied) and Gateway Plaza Development (under construction) will result in a total of 82 new housing units within a half-mile of the Huntington LIRR Station. Another known as Northridge Square is under review which will add mixed-use retail space and fourteen (14) apartments along New York Avenue. Suffolk County has recently approved funding for a sewer study to consider the connection of the portion of Huntington Station south of the railroad tracks to the County's Southwest Sewer District. The Town also was recently awarded a grant from the New York State Department of State for an engineering study in preparation for additional sewer funding grant applications. This would be a great assistance to potential Renaissance projects south of the tracks, where the lack of sewer availability is the most significant obstacle to redevelopment. Renaissance is looking at underutilized parcels in the area, including the underutilized Town-owned railroad parking lot on the west side of New York Avenue, which is currently generating no property tax revenue. A bus company also occupies a large property within walking distance of the train station and is a prime candidate for redevelopment.

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. Other significant remodeling and upgrading projects underway throughout the Town include the "Big H" shopping center located between the Huntington Station LIRR and Huntington Village, which completed construction to remove large retaining walls to develop the lower level basement into retail and is now proposing the addition of a much-needed supermarket to the site. Melville Mall along Route 110 has new retail pad sites under construction, and Trader Joe's in Commack recently invested in a move to a newly-renovated site nearby to increase square footage and parking availability. Consumer expenditures per capita by Huntington households are among the highest in the nation and will continue to fuel the commercial redevelopment and expansion for the foreseeable future. In addition, there has been an increasing trend with numerous projects underway for mixed use construction within downtown Huntington Village.

The Town of Huntington expects to receive benefits from two major capital projects underway by the LIRR. One is the East Side Access project, which will allow LIRR trains direct access to Grand Central Station in Manhattan for the first time. This will reduce the time and the hassle to reach many employment centers on the east side of Manhattan, such as the United Nations complex. The other project is the Third Track project, which will add a third railroad track between Floral Park and Hicksville, allowing for both additional trains to New York City for the conventional commute (which will also support the East Side Access project), and will make it easier for reverse commutes from the city to the Town of Huntington. Additional railroad capacity will be combined with two other

Local Economy (continued)

local transit projects in the planning stages, the reopening of Republic Station on the LIRR's Ronkonkoma line and a bus rapid transit (BRT) system planned for the Route 110 corridor. Both of these projects are designed to serve the businesses and employees in the Melville Employment Center area, an area currently with limited transit options. The BRT service would also connect the LIRR Ronkonkoma line with the LIRR Babylon line at the Amityville station, providing the only express connection between the two railroad lines east of the Jamaica station, and allowing both railroad lines to provide a connection to Melville.

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 and events year-round, an active historical society, an independent cinema arts theater, a commercial movie theater and over 50 restaurants and 200 retail stores. The Paramount Theater opened its doors in 2011 and offers live performances, attracting many to the downtown area. Other important developments in Huntington Village are a planned 80-room boutique hotel that was recently approved and will provide first class lodging to visitors to the region, as well as an increase in construction of mixed-use developments in the downtown area. Located within a mile of local beaches and the LIRR and served by the HART Bus public transportation system, Huntington Village also features a considerable stock of rental units and smaller single-family homes located within walking distance to the downtown.

Major Initiatives

Through sound fiscal management, the Town has been able to fund and complete various major projects in 2019 including \$15.7 million of road resurfacing, reconstruction, drainage, equipment purchases, land purchases, land improvements, traffic signalization, 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 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, as well as to state agencies and elected officials, 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 over \$1.3 million in program funding annually. This includes a Home Rehabilitation program designed to assist elderly and limited-income residents to remain in their homes, an emergency grant program for heating, septic and appliance repair, and a deferred loan program for home improvements. Construction was started in November of 2018 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 through the Huntington Opportunity Resource Center, and serves as the HUD contract agency for the disbursement of

Major Initiatives (continued)

Huntington's federal Community Development Block Grant (CDBG). Further, CDA administers the Town of Huntington's affordable housing program as provided under public policy. In April of 2020, the Town of Huntington was informed by the Department of Housing and Urban Development that it would receive \$510,000 under the Coronavirus Aid, Relief and Economic Security Act (CARES Act) through CDBG, in wake of the COVID-19 pandemic. The CDA solicited applications from nonprofit agencies in the community that have been providing assistance to families and individuals who have been impacted by the pandemic, and will be distributing funding to seven (7) service agencies; addressing food insecurity, health and safety issues, and providing shelter for those who are unable to shelter safely in place.

- The Town of Huntington, the Town of Huntington Economic Development Corporation, and Renaissance Downtowns, LLC public-private partnership saw construction completed in early 2018 on the Northridge Project, a mixed used 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 anticipated 170+ construction jobs, 12.6 indirect full time jobs and 13.5 full time jobs.

- Construction is near completion on the Gateway Plaza Development project with 16,000 square feet of ground floor commercial and 66 rental apartments, comprised of studio and one-bedroom units. The CDA secured a \$1.4 million grant from Empire State Development Corporation (EDC), and is responsible for the oversight and reporting on this project as well.

- 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 2023. 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 (CSC) Pledge for localities to improve energy efficiency and reduce greenhouse gas emissions, and developed a Climate Action Plan (CAP) that was adopted by the Town Board in June, 2015. In 2018, the Town applied for and was awarded a NYSDEC CSC grant in the amount of \$62,500 with the Town providing a \$62,500 match to complete CSC Certification Project to inventory Government Operations and Community-wide Greenhouse Gas (GHG) emissions, 100% Renewable Energy Feasibility Study, amend and update the CAP including a Capital Phase-In Plan to meet the NYS Climate Leadership and Community Protection Act (CLCPA) GHG reduction goals. Conducting a fleet assessment and building out the EV fleet and infrastructure will be included in the recommendations as part of the Climate Smart Communities RFP for our CSC Certification grant project. Huntington is in the process of converting its public transit bus fleet to hybrids.

- 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 program signups and 56 contracted installations totaling 496 kW, almost half a megawatt, of contracted solar PV installed in the Town. Working with Sustainable CUNY the Town was designated a USDOE SolSmart Community at the Bronze level. 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.

Major Initiatives (continued)

- The Town was awarded \$100,000 grant under NYSEERDA'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 September 30, 2020. 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 NYSEERDA 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's Clean Vehicles & Infrastructure rebates. The Town participates in SuffolkShare and is part of the SuffolkShare Electric Vehicle Working Group which is working to build out EV infrastructure both for public use and for municipal operations, and is a member of the USGBCLI Drive Electric Long Island EV Infrastructure subcommittee. The Town is also planning to include "make ready" for EV charging stations + solar PV for any new Town projects so that it is ready if funding is not available in the present.
- With the CEC designation the Town was able to apply for and was awarded 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 including LED lighting retrofits at Town Hall, Flanagan Senior Center, and steam trap repairs and replacement at Town Hall and Flanagan Senior Center, and retro-commissioning at Town Hall, and includes working with PSEG Long Island to obtain any available PSEG rebates by retrofitting the LED lights at Town Hall, Flanagan Senior Center, and the Wastewater Treatment Plant, and replacing HPS and metal halide lighting for outdoor lighting at various Town Facilities and Parks. A feasibility study for a geothermal system will be conducted as part of the design that includes solar PV system for the building of the James Conte Community Center in Huntington Station. Working with NYPA, the 30% design for a geothermal system at the Dix Hills Ice Rink is being finalized, which is the Town's highest 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

Economic Development (continued)

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 nearly completed renovations to the farmhouse are being funded by a \$370,000 grant from the State of New York and CDBG funds.

- 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.

- The CDA has received a \$25,000 grant from NYS Empire State Development for the purpose of conducting a feasibility study and planning.

Long-range Financial Planning

The Town's capital budget program is a long-range financial 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, such as the current COVID-19 pandemic. 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.

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 2020 final budget became the final budget by default on November 19, 2019.

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 1st. The operating budgets include proposed expenditures and the means of financing them. A public hearing is conducted to obtain taxpayer comments on the proposed budgets. Subsequent to the public hearing, revisions, if any, are made and the budget is then adopted by the Town Board as its final budget for the coming fiscal year. In the event that the budget is not adopted, the proposed operating budget becomes the final budget 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.

Financial Information (continued)

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 2019, 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 Timekeeping 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, 2018. This was the twenty first 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, 2020. This was the ninth 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 2019 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, Albrecht, Viggiano, Zureck & Company PC. I would like to extend my appreciation to all members of the department who assisted and contributed to its preparation.

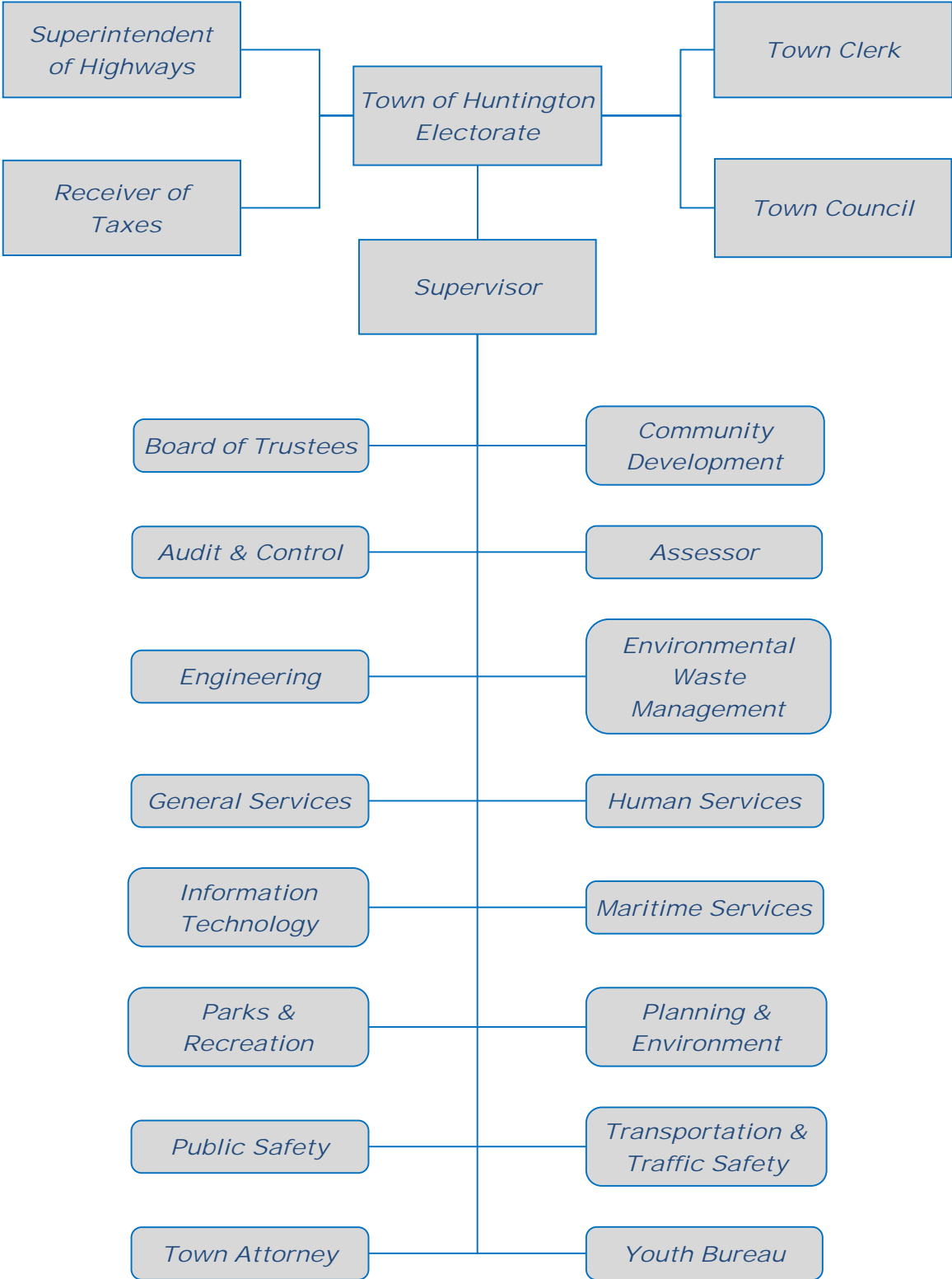
Finally, I would like to thank the Supervisor and the members of the Town Board for continued interest and support in planning and conducting the financial operations of the Town of Huntington in a responsible and progressive manner.

Respectfully submitted,



Peggy Karayianakis CPA
Town of Huntington
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:

Andrew Raia

Receiver of Taxes:

Jillian Guthman

Superintendent of Highways:

Kevin S. Orelli

Assessor:

Lisa Leonick

Director of Audit and Control:

Peggy Karayianakis

Director of Engineering:

Daniel Martin

Director of Environmental Control:

John Clark

Director of General Services:

Andre Sorrentino

Director of Human Services:

Carmen Kasper

Deputy Director of Information Technology:

Indranie Sanichar

Director of Maritime:

Dom Spada

Director of Parks & Recreation:

Greg Wagner

Director of Planning:

Anthony J. Aloisio

Director of Public Safety:

Joseph Cirigliano

Director of Transportation & Traffic Safety:

Scott R. Spittal

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, 2018

Christopher P. Morrill

Executive Director/CEO

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**FINANCIAL
SECTION**



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Huntington, New York (the "Town"), as of and for the year ended December 31, 2019 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 basic 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 Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

BEYOND THE NUMBERS...

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

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INDEPENDENT MEMBER OF BKR INTERNATIONAL

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Huntington, New York, as of December 31, 2019 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.

Emphasis of Matter

As discussed in Note F to the financial statements, the 2019 financial statements have been restated to correct a misstatement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of revenues, expenditures and changes in fund balances – budget and actual, schedule of changes in the Town's total other postemployment benefits liability and related ratios, schedule of Town's contributions, schedule of Town's proportionate share of the net pension liability, schedule of changes in the Town's total length of service award program pension liability, schedule of Town's length of service award program pension liability, schedule of the District's contributions and schedule of the District's proportionate share of the net pension liability on pages 22-35 and 98-118 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 120-141 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.

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

Other Matters (continued)

Other Information (continued)

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 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 as described above and the reports of other auditors', the other supplementary information on pages 120-141 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 August 20, 2020 on our consideration of the Town of Huntington, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Huntington, New York's internal control over financial reporting and compliance.

Albert Vizzini, Zach & Conny P.C.

Hauppauge, New York
August 20, 2020

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

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, 2019. 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.

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, liabilities, and deferred outflows and inflows of resources. Net position is the difference between the Town's assets and deferred outflows and liabilities and, deferred inflows 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.

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

Primary Government

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.

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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 (CDA) and Town of Huntington Local Development Corporation (LDC), CDA is a major fund while LDC is a non major fund.

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, Refuse and Garbage Fund, Capital Projects Fund and Community Development 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.

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements this report contains required supplementary information other than management's discussion and analysis and other supplementary information immediately following the notes to the financial statements.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net Position

The December 31, 2019 net position has decreased by \$1.3 million. The net position as of December 31, 2018 has been restated due to a prior period adjustment, as described in Note F in the Notes to Financial Statement. This restatement resulted in an increase of \$287,860 to the 2019 net position opening balance in the Condensed Statement of Net Position. Total assets and deferred outflows of the Town on December 31, 2019, were \$526.5 million, an increase of \$56.9 million from the prior year as restated, due primarily to an increase in cash of \$20.1 million and deferred outflows of \$33.7 million. Total liabilities and deferred inflows were \$491.2 million, an increase of \$58.2 million from the prior year as restated. This results in a net position balance of \$35.2 million, a decrease of \$1.3 million from the prior year. Of the Town's net position, \$263.3 million was net investment in capital assets, while \$29.2 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 (\$257.3) million, which is an increase in the deficit over the prior year as restated of \$.5 million. The Town's bonded indebtedness was \$82.9 million, which included issuances in 2019 for \$8.4 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, 2019

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)

Net Position (continued)

| Condensed Statement of Net Position | | |
|--|-----------------------|-----------------------------|
| Primary Government | | |
| As of December 31st | | |
| | <u>2019</u> | <u>As Restated 2018</u> |
| <u>Assets and Deferred outflows</u> | | |
| Current and other assets | \$ 137,035,355 | \$ 113,844,933 * |
| Capital assets | <u>329,451,235</u> | <u>329,444,025</u> |
| Total assets | 466,486,590 | 443,288,958 |
| | | |
| Deferred outflow of resources | <u>60,004,318</u> | <u>26,269,145</u> |
| Total deferred outflows | 60,004,318 | 26,269,145 |
| | | |
| Total assets and deferred outflows | <u>\$ 526,490,908</u> | <u>\$ 469,558,103</u> |
| <u>Liabilities and Deferred inflows</u> | | |
| Current and other liabilities | \$ 43,840,308 | \$ 38,049,033 * |
| Non-current liabilities | <u>403,601,996</u> | <u>342,487,980</u> |
| Total liabilities | 447,442,304 | 380,537,013 |
| | | |
| Deferred inflow of resources | <u>43,805,533</u> | <u>52,523,130</u> |
| Total deferred inflows | 43,805,533 | 52,523,130 |
| | | |
| Total liabilities and deferred inflows | <u>\$ 491,247,837</u> | <u>\$ 433,060,143</u> |
| <u>Net Position</u> | | |
| Net investment in capital assets | \$ 260,143,628 | \$ 262,758,314 |
| Restricted | 31,856,863 | 30,455,610 |
| Unrestricted (deficit) | <u>(256,757,420)</u> | <u>(256,715,964) *</u> |
| Total net position | <u>\$ 35,243,071</u> | <u>\$ 36,497,960</u> |

* The December 31, 2018 presentation of net position was restated due to a prior period adjustment. See Note F for more detail.

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)

Changes in Net Position

The Town's program revenues for the year ended December 31, 2019 totaled \$46 million, an increase of \$2 million from the prior year. General revenues were \$152.7 million, an increase of \$4.6 million over the prior year, for total revenues of \$198.7 million, an increase of \$6.6 million. The general revenue increases were primarily from property taxes and investment income. The expenses for the year ended December 31, 2019 of the Town were \$200 million, an increase of \$15.6 million. Total net position for the year ended December 31, 2019 is a decrease of \$1.3 million over the restated opening net position.

Governmental Activities

During the current fiscal year, net position for governmental activities decreased by \$1.3 million from the prior fiscal year for an ending balance of \$35.2 million. The decrease in overall net position of governmental activities is due primarily to increase in transportation expenses of \$5.9 million offset by increases in property tax revenue of \$3 million and investment income of \$1.1 million from the previous year.

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)

Condensed Statement of Activities
Primary Government
For the Years Ended December 31st

| | <u>2019</u> | <u>2018</u> |
|--|-----------------------------|-----------------------------|
| <u>Revenues</u> | | |
| Program Revenues: | | |
| Charges for Services | \$ 39,029,103 | \$ 37,669,526 |
| Operating grants & contributions | 6,122,253 | 6,107,210 |
| Capital grants & contributions | 860,635 | 222,510 |
| General Revenues: | | |
| Property taxes | 122,867,438 | 119,860,004 |
| Mortgage taxes | 8,627,163 | 8,758,732 |
| Other taxes | 6,173,676 | 5,501,430 |
| Interest and investment income | 3,928,752 | 2,872,950 |
| State aid - unrestricted | 1,067,256 | 1,067,256 |
| Miscellaneous | <u>10,070,251</u> | <u>10,055,290</u> |
| Total revenues | <u>198,746,527</u> | <u>192,114,908</u> |
| <u>Expenses</u> | | |
| General government support | \$46,923,442 | \$45,651,907 |
| Public safety | 16,655,321 | 14,921,644 |
| Health | 5,576,953 | 4,539,907 |
| Transportation | 47,651,589 | 41,765,421 |
| Economic assistance & opportunity | 3,761,996 | 3,565,391 |
| Culture & recreation | 21,419,526 | 18,082,148 |
| Home & community services | 55,793,549 | 53,525,765 |
| Interest & debt | <u>2,219,040</u> | <u>2,277,418</u> |
| Total expenses | <u>200,001,416</u> | <u>184,329,601</u> |
| Increase (decrease) in net position | (1,254,889) | 7,785,307 |
| Net position, January 1st (as restated)* | <u>36,497,960</u> | <u>28,424,793</u> |
| Net position, December 31st | <u><u>\$ 35,243,071</u></u> | <u><u>\$ 36,210,100</u></u> |

*The cumulative effect of applying a prior period adjustment is shown as an adjustment to the beginning net position of 2019. The condensed information for the year ended December 31, 2018 was not restated.

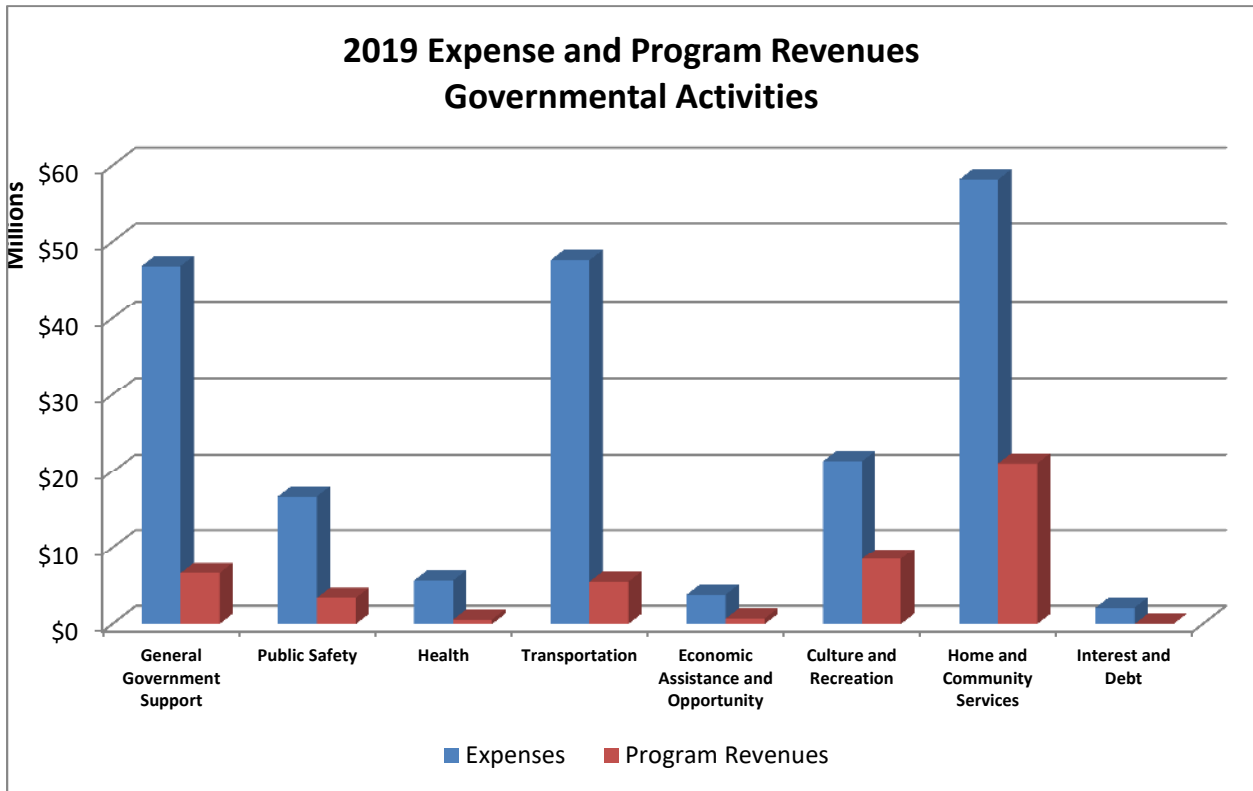
TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2019

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 | |
|-------------------------------------|------------------------|-----------------------|-----------------------|-----------------------|
| | 2019 | 2018 | 2019 | 2018 |
| General government support | \$ 46,923,442 | \$ 45,651,907 | \$ 40,414,653 | \$ 38,239,409 |
| Public safety | 16,655,321 | 14,921,644 | 13,329,956 | 12,139,303 |
| Health | 5,576,953 | 4,539,907 | 5,013,093 | 4,089,170 |
| Transportation | 47,651,589 | 41,765,421 | 42,249,919 | 37,734,709 |
| Economic assistance and opportunity | 3,761,996 | 3,565,391 | 3,079,459 | 2,859,985 |
| Culture and recreation | 21,419,526 | 18,082,148 | 13,048,565 | 10,061,631 |
| Home and community services | 55,793,549 | 53,525,765 | 34,634,740 | 32,928,730 |
| Interest on debt | 2,219,040 | 2,277,418 | 2,219,040 | 2,277,418 |
| Total | \$ 200,001,416 | \$ 184,329,601 | \$ 153,989,425 | \$ 140,330,355 |



TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)

Governmental Funds

Total assets in the Town's General Fund were \$55.8 million. Receivables reported were \$4.1 million, consisting of \$1.9 million in waste management fees, \$1.2 million in franchise fees, \$.7 million in insurance recoveries and \$.3 million of various other miscellaneous receivables. Due from federal, state and other governments were \$3.1 million of which \$2.2 million is due from intermunicipal agreement for services provided by the resource recovery facility and \$.9 million from federal and state granting agencies.

Total liabilities and deferred inflow of resources in the Town's General fund was \$17.9 million. Accrued liabilities of \$7.0 million were the result of payroll accruals and waste management fees. Accounts payable was \$1.7 million. Deferred inflows of \$9.2 million relates to the 2020 fiscal year property taxes collected in advance. In addition to the General Fund, the Water Fund and Community Development have deferred inflow of resources which are derived largely from tax monies collected in advance for the 2019-2020 tax warrant and water billings collected.

As of December 31, 2019 governmental funds reported an overall fund balance of \$98.3 million. The unassigned fund balances in the General Fund is \$19.2 million. Fund balances in the Highway, Refuse and Garbage, Capital Projects, Community Development Fund 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 \$4.4 million. The increase in the General Fund was primarily due to increases in real property taxes of \$1.6 million, sale of property and compensation for loss of \$1.5 million, departmental income of \$.7 million, and the use of money of \$.5 million.

In the Highway Fund, the 2019 fund balance increased by \$1.2 million. This increase was primarily due to increases in real property taxes of \$.9 million, and use of money of \$.2 million.

In the Refuse and Garbage Fund, the fund balance increased \$.5 million. This increase was due to increases in real property taxes of \$.6 million, Revenue other than real property taxes increased by \$.2 million while expenditures in this fund had a net increase of \$.1 million.

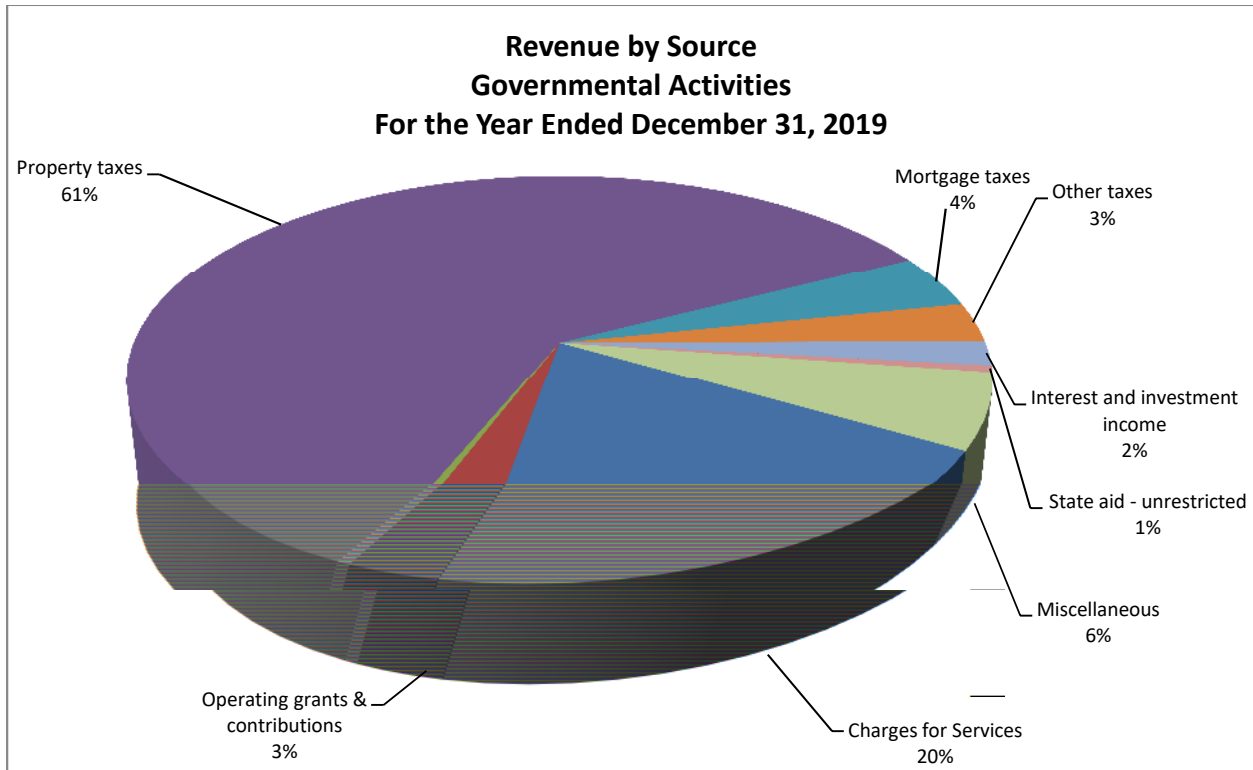
The Capital Projects fund had a decrease in fund balance of \$.2 million. This is due primarily to the timing of when revenues are recorded from the issuance of long-term debt, and when the expenditures for the related projects are incurred.

The Community Development Fund had a decrease in fund balance of \$.5 million. This is due primarily to the timing of grants and related expenditures.

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

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 \$1.1 million. This increase was due primarily to an expected increase in insurance recoveries and franchise fee revenue from what was originally budgeted. The actual revenue exceeded the final revenue budget by \$4.1 million. This was due to actual state aid revenues exceeding the final revenue budget amount by \$1 million, use of money and property revenue exceeding budget by \$1 million, sale of property and compensation for loss exceeding budget by \$.9 million, franchise fee revenue exceeding budget by \$.7 million, and miscellaneous local source revenue exceeding budget by \$.4 million.

The final expenditure budget compared to the original expenditure budget showed an increase of \$2.3 million. These budget amendment increases were due primarily to a increased cost of the new resource recovery agreement, professional services and general government support. The actual expenditures as compared to the final budget expenditures showed a favorable variance of \$3.8 million. This variance was due to the actual cost of resource recovery being \$.9 million less than the final budgeted expenditure and to stringent monitoring of expenses.

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION

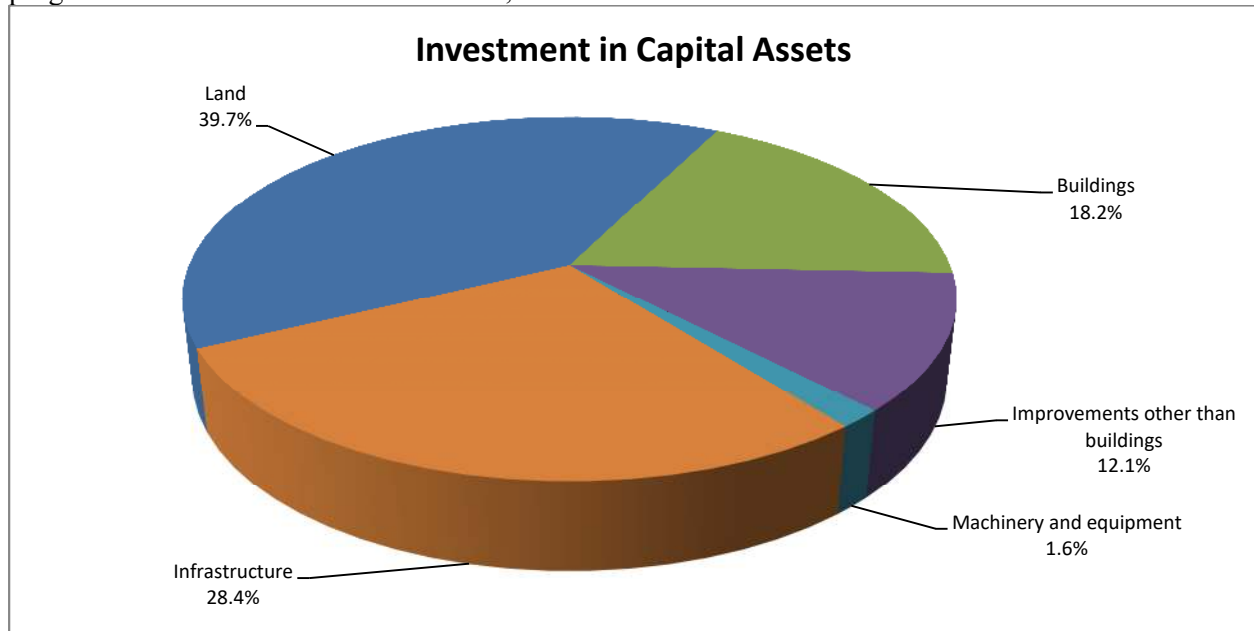
Capital Assets

As of December 31, 2019, the Town had \$329.5 million in net capital assets, of which \$93.9 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 31st

| | 2019 | 2018 |
|-----------------------------------|----------------|----------------|
| Land | \$ 130,807,122 | \$ 125,803,627 |
| Construction in progress | - | 640,218 |
| Buildings | 59,845,882 | 61,279,966 |
| Improvements other than buildings | 39,726,168 | 41,018,908 |
| Machinery and equipment | 5,191,861 | 4,887,339 |
| Infrastructure | 93,880,202 | 95,813,967 |
| Total net capital assets | \$ 329,451,235 | \$ 329,444,025 |

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, 2019

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 2019, the Town of Huntington, including discretely presented component units, issued \$14 million in general obligation bonds to finance the following: road reconstruction; improvements to the Water District; acquisition of equipment, 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 \$6.2 million in general obligation bonds to refund \$7.0 million of outstanding serial bonds resulting in a present value savings on the transaction of \$452,713.

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.

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Debt Administration (continued)

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.

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, 2019 the total outstanding indebtedness for the Town of Huntington (including component units) aggregated \$105 million. Of this amount \$78 million was subject to the constitutional debt limit and represented approximately 2.9% of the statutory debt limit.

FACTORS AND NEXT YEAR'S BUDGET AND RATES

Union Contracts

The Town employs approximately 669 full-time employees as of December 31, 2019. The Civil Service Employees Association covers approximately 190 employees. Local 342, Long Island Service Employees, United Marine Division, and International Longshoremen's Association, covers approximately 395 of the Town's employees and is divided into two units. The supervisory unit covers 75 employees and the labor unit covers 320 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. Operating revenues in the General Fund Budget include approximately 10.5% to be derived from State Aid. The largest allotment of State Aid is derived from Mortgage Tax Collections. Mortgage tax revenue exceeded expectations in 2019 by \$.8 million and the real estate market remains steady. Revenues from mortgage tax collections are expected to meet the budget projection for 2020.

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.

Bond Rating

In July 2019, Standard & Poor's ("S&P") and Moody's maintained its underlying rating of AAA and Aaa respectively.

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2019

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

Property Tax

Chapter 97 of the Laws of 2011 ("Tax Cap Law") was enacted on June 24, 2011 and took effect for the 2012 budget year. The Tax Cap Law limits annual increases of the Town's overall real property tax to no more than the lesser of 2.00% or the rate of inflation. Certain increases to the tax levy are excluded from the limitations imposed by the Tax Cap Law including exclusions for certain expenditures for retirement system contributions and tort judgments payable by the Town. In addition, the Town Board may override the limitations if the Town Board enacts, by vote of at least sixty percent of the voting power of the Town Board, a local law to override such limit for the upcoming budget year. The Tax Cap Law does not provide exclusion for debt service on general obligations issued by the Town.

The Town has adopted a budget for 2020 which factors in inflation and other adjustments to revenues and expenditures as well as prior year positive and negative fund balances. The 2020 budget includes an overall increase in real property tax revenue from the prior year of 2.28% for the Town's overall governmental activities.

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.

Tax Collection

| <u>As of May 31st</u> | <u>Total Tax Levy</u> | <u>To Town Supervisor</u> | <u>To County Treasurer</u> | <u>Uncollected/ Returned</u> |
|---------------------------|-----------------------|-------------------------------|--------------------------------|----------------------------------|
| 2019 | \$ 1,070,106,161 | \$ 921,369,255 | \$ 123,077,918 | \$ 25,658,988 |
| 2018 | 1,042,572,431 | 895,604,546 | 120,729,803 | 23,879,194 |
| 2017 | 1,022,937,520 | 878,328,523 | 117,220,154 | 25,500,438 |
| 2016 | 1,005,781,356 | 863,060,764 | 115,987,057 | 24,555,382 |
| 2015 | 990,124,518 | 849,582,079 | 106,767,915 | 25,859,062 |
| 2014 | 960,878,249 | 828,251,272 | 107,457,300 | 24,508,573 |

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.

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

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

TOWN OF HUNTINGTON
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET POSITION
December 31, 2019

| | <u>Primary Governmental Activities</u> | <u>Component Units</u> |
|---|--|----------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 66,175,267 | \$ 16,125,407 |
| Cash - Restricted | 50,607,111 | 4,602,875 |
| Accounts receivable | 5,198,802 | 1,956,112 |
| Due from federal, state and other governments | 7,029,585 | 147,225 |
| Inventory of material and supplies | - | 187,348 |
| Prepays | 4,638,735 | 211,573 |
| Property held for resale | 3,385,855 | - |
| Total Current Assets | <u>137,035,355</u> | <u>23,230,540</u> |
| Non-Current Assets | | |
| Non-depreciable capital assets | 130,807,122 | 1,855,604 |
| Depreciable capital assets, net of depreciation | 198,644,113 | 60,011,846 |
| Total Non-Current Assets | <u>329,451,235</u> | <u>61,867,450</u> |
| Total Assets | <u>466,486,590</u> | <u>85,097,990</u> |
| DEFERRED OUTFLOW OF RESOURCES | | |
| Pensions | 15,556,373 | 645,161 |
| Other Post Employment Benefits (OPEB) | 43,167,192 | 2,330,984 |
| Length of Service Award Program | 1,280,753 | - |
| Deferred charges, net of accumulated amortization | - | 18,506 |
| Total Deferred Outflow of Resources | <u>60,004,318</u> | <u>2,994,651</u> |
| Total Assets and Deferred Outflow | <u>\$ 526,490,908</u> | <u>\$ 88,092,641</u> |

See notes to the financial statements.

TOWN OF HUNTINGTON
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET POSITION
December 31, 2019

LIABILITIES AND NET POSITION

Current Liabilities

| | | |
|--|-------------------|------------------|
| Accounts payable and other current liabilities | \$ 6,350,674 | \$ 1,650,408 |
| Accrued liabilities | 8,712,872 | 247,775 |
| Accrued interest payable | 632,094 | 68,910 |
| Bond anticipation notes payable | 3,200,000 | - |
| Due to other governments | 1,835,499 | - |
| Construction loan payable | 1,859,986 | - |
| Non-current liabilities due within one year | 21,249,183 | 2,844,621 |
| Total Current Liabilities | <u>43,840,308</u> | <u>4,811,714</u> |

Non-Current Liabilities:

| | | |
|--------------------------------------|--------------------|-------------------|
| Due in more than one year | 403,601,996 | 36,980,451 |
| Total Non-Current Liabilities | <u>403,601,996</u> | <u>36,980,451</u> |

| | | |
|--------------------------|-----------------------|----------------------|
| Total Liabilities | <u>\$ 447,442,304</u> | <u>\$ 41,792,165</u> |
|--------------------------|-----------------------|----------------------|

DEFERRED INFLOW OF RESOURCES

| | | |
|---|-------------------|------------------|
| Deferred revenues | 12,242,415 | - |
| Pensions | 4,860,553 | 227,764 |
| Length of Service Award Program | 1,829,437 | - |
| Other Post Employment Benefits (OPEB) | 24,873,128 | 3,363,974 |
| Total Deferred Inflow of Resources | <u>43,805,533</u> | <u>3,591,738</u> |

NET POSITION

| | | |
|--|----------------------|----------------------|
| Net Investment in capital assets | 260,143,628 | 45,643,637 |
| Restricted for: | | |
| Open space land preservation | 12,494,697 | - |
| Debt service | 419,995 | - |
| Snow and ice removal/road repair | 1,441,197 | - |
| Workers' compensation & Judgments and claims | 1,106,747 | - |
| Retirement | 1,430,379 | 102,442 |
| General Capital reserve | 3,166,951 | 5,530,215 |
| Length of service award program | 9,104,898 | - |
| Community Development | 2,691,999 | - |
| Unrestricted (deficit) | (256,757,420) | (8,567,556) |
| Total Net Position | <u>\$ 35,243,071</u> | <u>\$ 42,708,738</u> |

See notes to the financial statements.

TOWN OF HUNTINGTON
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

| Governmental Functions/Programs | Expenses | Program Revenues | | | Net Cost and Changes in Net Position | |
|-------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|--------------------------------------|-----------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Governmental Activities | Component Units |
| Primary Government: | | | | | | |
| Governmental Activities: | | | | | | |
| General government support | \$ 46,923,442 | \$ 6,246,015 | \$ 36,586 | \$ 226,188 | \$ (40,414,653) | |
| Public safety | 16,655,321 | 3,325,365 | - | - | (13,329,956) | |
| Health | 5,576,953 | 250,950 | 312,910 | - | (5,013,093) | |
| Transportation | 47,651,589 | 1,131,934 | 3,635,289 | 634,447 | (42,249,919) | |
| Economic assistance and opportunity | 3,761,996 | 338,701 | 343,836 | - | (3,079,459) | |
| Culture and recreation | 21,419,526 | 7,379,161 | 991,800 | - | (13,048,565) | |
| Home and community services | 55,793,549 | 20,356,977 | 801,832 | - | (34,634,740) | |
| Interest on debt | 2,219,040 | - | - | - | (2,219,040) | |
| Total Primary Government | \$200,001,416 | \$ 39,029,103 | \$ 6,122,253 | \$ 860,635 | \$(153,989,425) | |
| Component Units: | | | | | | |
| Home and community services | \$ 14,570,200 | \$ 6,924,638 | \$ - | \$ 129,430 | | \$ (7,516,132) |

General Revenues

| | | |
|---|--------------------|-------------------|
| Property taxes | \$ 122,867,438 | \$ 6,611,886 |
| Mortgage tax | 8,627,163 | - |
| Other taxes | 6,173,676 | - |
| Interest and investment income | 3,928,752 | 1,239,663 |
| State aid - unrestricted | 1,067,256 | - |
| Miscellaneous | 10,070,251 | 885,492 |
| Total General Revenues | 152,734,536 | 8,737,041 |
| Change in net position | (1,254,889) | 1,220,909 |
| Net position - Beginning of year (as restated) | 36,497,960 | 41,487,829 |
| Net position - Ending of year | \$ 35,243,071 | \$ 42,708,738 |

See notes to the financial statements.

TOWN OF HUNTINGTON
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2019

| | Major Governmental Funds | | | | | | Nonmajor Governmental Funds | Total |
|--|--------------------------|---------------------|-----------------|-----------------------|----------------------|--------------------------|-----------------------------------|-----------------------|
| | General | Highway | Debt Service | Refuse and Garbage | Capital Projects | Community Development | | |
| Assets | | | | | | | | |
| Cash and cash equivalents | \$ 30,419,027 | \$ 7,275,078 | \$ - | \$ 7,528,773 | \$ 5,812,704 | \$ 197,392 | \$ 14,942,293 | \$ 66,175,267 |
| Cash - Restricted | 16,514,841 | 1,849,957 | - | 77,786 | 20,276,117 | 1,166,130 | 10,722,280 | 50,607,111 |
| Accounts receivable, net | 4,067,947 | 1,913 | - | 22,574 | - | 22,069 | 1,084,299 | 5,198,802 |
| Due from federal, state and other governments | 3,145,074 | 292,613 | - | 103,619 | 1,106,900 | 8,209 | - | 4,656,415 |
| Due from other funds | 201,395 | - | - | 12,794 | - | - | 14,403 | 228,592 |
| Prepays | 1,470,676 | 477,791 | - | 181,612 | - | 11,234 | 364,438 | 2,505,751 |
| Property held for resale | - | - | - | - | - | 3,385,855 | - | 3,385,855 |
| Total Assets | \$ 55,818,960 | \$ 9,897,352 | \$ - | \$ 7,927,158 | \$ 27,195,721 | \$ 4,790,889 | \$ 27,127,713 | \$ 132,757,793 |
| Liabilities, Deferred Inflows and Fund Balances | | | | | | | | |
| Liabilities | | | | | | | | |
| Accounts payable and other current liabilities | \$ 1,712,947 | \$ 990,222 | \$ - | \$ 770,089 | \$ 1,767,470 | \$ 269,426 | \$ 840,520 | \$ 6,350,674 |
| Accrued liabilities | 6,994,483 | 447,604 | - | 963,376 | - | 22,754 | 284,655 | 8,712,872 |
| Bond Anticipation Notes Payable | - | - | - | - | 3,200,000 | - | - | 3,200,000 |
| Due to other governments | - | - | - | - | - | 1,835,499 | - | 1,835,499 |
| Due to other funds | 27,197 | 106,697 | - | 60,890 | - | - | 33,808 | 228,592 |
| Construction loan payable | - | - | - | - | - | 1,859,986 | - | 1,859,986 |
| Total Liabilities | 8,734,627 | 1,544,523 | - | 1,794,355 | 4,967,470 | 3,987,665 | 1,158,983 | 22,187,623 |
| Deferred Inflows of Resources | | | | | | | | |
| Deferred revenue | 9,198,295 | - | - | - | - | 22,954 | 3,021,166 | 12,242,415 |
| Total Deferred Inflows | 9,198,295 | - | - | - | - | 22,954 | 3,021,166 | 12,242,415 |
| Fund Balances | | | | | | | | |
| Non-Spendable | | | | | | | | |
| Prepays | 1,470,676 | 477,791 | - | 181,612 | - | 11,234 | 364,438 | 2,505,751 |
| Restricted for: | | | | | | | | |
| Open space land preservation | 12,494,697 | - | - | - | - | - | - | 12,494,697 |
| Debt service | 251,583 | 103,830 | - | 22,140 | - | - | 42,442 | 419,995 |
| Unspent bond proceeds | - | - | - | - | 17,076,117 | - | - | 17,076,117 |
| Snow and ice removal/road repair | 491,223 | 949,974 | - | - | - | - | - | 1,441,197 |
| Workers' compensation | 323,278 | - | - | - | - | - | - | 323,278 |
| Judgments and claims | 783,469 | - | - | - | - | - | - | 783,469 |
| Retirement contribution | 838 | 100,891 | - | 26,253 | - | - | 61,758 | 189,740 |
| General Capital reserve | 1,539,041 | 558,218 | - | - | - | - | 1,069,692 | 3,166,951 |
| Employee Benefit Accrual Liability Reserve | 630,712 | 137,044 | - | 29,393 | - | - | 443,490 | 1,240,639 |
| Community Development | - | - | - | - | - | 2,691,999 | - | 2,691,999 |
| Length of service award program | - | - | - | - | - | - | 9,104,898 | 9,104,898 |
| Assigned: | | | | | | | | |
| Highway | - | 5,869,025 | - | - | - | - | - | 5,869,025 |
| Refuse District | - | - | - | 5,388,664 | - | - | - | 5,388,664 |
| Capital projects fund balance | - | - | - | - | 5,152,134 | - | - | 5,152,134 |
| Town Outside Village | - | - | - | - | - | - | 3,800,707 | 3,800,707 |
| Local Development Corporation | - | - | - | - | - | - | 278,796 | 278,796 |
| Fire Protection | - | - | - | - | - | - | 41,342 | 41,342 |
| Streetlighting | - | - | - | - | - | - | 2,705,879 | 2,705,879 |
| Ambulance Services | - | - | - | - | - | - | 1,638,178 | 1,638,178 |
| Sewer Services | - | - | - | - | - | - | 2,095,843 | 2,095,843 |
| Water Services | - | - | - | - | - | - | 446,381 | 446,381 |
| Subsequent year's budget | 100,000 | 100,000 | - | 250,000 | - | - | 475,000 | 925,000 |
| Purchases on order | 619,777 | 56,056 | - | 234,741 | - | - | 378,720 | 1,289,294 |
| Unassigned: | | | | | | | | |
| General fund | 19,180,744 | - | - | - | - | - | - | 19,180,744 |
| Community Development Agency | - | - | - | - | - | (1,922,963) | - | (1,922,963) |
| Total Fund Balances | 37,886,038 | 8,352,829 | - | 6,132,803 | 22,228,251 | 780,270 | 22,947,564 | 98,327,755 |
| Total Liabilities, Deferred Inflows and Fund Balances | \$ 55,818,960 | \$ 9,897,352 | \$ - | \$ 7,927,158 | \$ 27,195,721 | \$ 4,790,889 | \$ 27,127,713 | \$ 132,757,793 |

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, 2019

Total Fund Balances - Governmental Funds \$ 98,327,755

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 | \$ 130,807,122 | |
| Capital Assets - Depreciable | 720,001,438 | |
| Accumulated Depreciation | <u>(521,357,325)</u> | 329,451,235 |

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. 2,132,984

Revenues in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the funds. 2,373,170

Deferred outflows and inflows associated with participation in the state retirement systems, OPEB, and LOSAP are not current financial resources or uses and are not reported in the funds:

| | | |
|--|---------------------|------------|
| Deferred outflows of resources - employee's retirement system | 15,556,373 | |
| Deferred outflows of resources - length of service award program | 1,280,753 | |
| Deferred outflows of resources - other postemployment benefits | 43,167,192 | |
| Deferred inflows of resources - employees' retirement system | (4,860,553) | |
| Deferred inflows of resources - length of service award program | (1,829,437) | |
| Deferred inflows of resources - other postemployment benefits | <u>(24,873,128)</u> | 28,441,200 |

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

| | | |
|--|------------------|---------------|
| General obligation bonds, net | (82,903,807) | |
| Premiums on refundings | (1,354,059) | |
| Net pension liability | (13,827,107) | |
| Due to Employee Retirement System | (1,295,416) | |
| Other post-employment benefits payable | (284,279,558) | |
| Net pension liability- LOSAP | (12,359,362) | |
| Compensated absences | (11,956,727) | |
| Claims and judgments | (16,362,711) | |
| Estimated liability for landfill closure and post-closure care costs | (232,515) | |
| Capital leases | <u>(279,917)</u> | (424,851,179) |

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. (632,094)

Net Position of Governmental Activities \$ 35,243,071

See notes to the financial statements.

TOWN OF HUNTINGTON
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year ended December 31, 2019

| | Major Governmental Funds | | | | | | Nonmajor Governmental Funds | Total |
|--|--------------------------|---------------------|---------------------|-----------------------|---------------------|--------------------------|-----------------------------------|----------------------|
| | General | Highway | Debt Service | Refuse and Garbage | Capital Projects | Community Development | | |
| REVENUES | | | | | | | | |
| Real property taxes | \$44,631,243 | \$33,734,114 | \$ - | \$25,128,313 | \$ - | \$ - | \$19,373,768 | \$122,867,438 |
| Other real property tax items | 413,758 | 112,849 | - | 2,130 | - | - | 47,449 | 576,186 |
| Non-property tax items | 5,452,789 | - | - | - | - | - | 144,701 | 5,597,490 |
| Departmental income | 32,978,424 | 445,482 | - | 8,055 | - | - | 10,310,556 | 43,742,517 |
| Intergovernmental charges | 163,048 | 10,575 | - | 12,794 | - | - | - | 186,417 |
| Use of money and property | 2,236,002 | 559,123 | - | 363,088 | - | 1,902 | 768,637 | 3,928,752 |
| Licenses and permits | 1,149,331 | 184,025 | - | - | - | - | 1,001,687 | 2,335,043 |
| Fines and forfeitures | 1,609,378 | - | - | - | - | - | - | 1,609,378 |
| Sale of property and compensation for loss | 1,988,108 | 164,568 | - | 121,899 | - | - | 2,734,759 | 5,009,334 |
| Miscellaneous local sources | 1,736,015 | 567,440 | - | 119,428 | 744,335 | 672,746 | 2,199,656 | 6,039,620 |
| Interfund revenues | 4,558,953 | - | - | - | - | - | - | 4,558,953 |
| State aid | 11,744,316 | 2,820,554 | - | 103,619 | 253,608 | - | 23,233 | 14,945,330 |
| Federal aid | 636,839 | - | - | - | 607,028 | 680,825 | - | 1,924,692 |
| Total Revenues | <u>109,298,204</u> | <u>38,598,730</u> | <u>-</u> | <u>25,859,326</u> | <u>1,604,971</u> | <u>1,355,473</u> | <u>36,604,446</u> | <u>213,321,150</u> |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| General government support | 26,990,336 | 223,237 | 67,572 | 2,242,421 | - | - | 4,606,331 | 34,129,897 |
| Public safety | 5,564,167 | - | - | - | - | - | 4,106,491 | 9,670,658 |
| Health | 785,734 | - | - | - | - | - | 3,323,506 | 4,109,240 |
| Transportation | 5,001,925 | 22,047,448 | - | - | - | - | 2,008,542 | 29,057,915 |
| Economic assistance and opportunity | 2,303,917 | - | - | - | - | - | 2,575 | 2,306,492 |
| Culture and recreation | 13,146,479 | - | - | - | - | - | - | 13,146,479 |
| Home and community services | 23,446,067 | - | - | 20,274,571 | - | 1,842,516 | 9,210,711 | 54,773,865 |
| Employee benefits | 20,337,259 | 8,544,981 | - | 2,605,068 | - | - | 5,932,954 | 37,420,262 |
| Capital outlay | - | - | - | - | 14,711,690 | - | - | 14,711,690 |
| Debt service: | | | | | | | | |
| Principal | - | - | 10,099,472 | - | - | - | - | 10,099,472 |
| Interest | - | - | 2,654,110 | - | - | - | - | 2,654,110 |
| Total Expenditures | <u>97,575,884</u> | <u>30,815,666</u> | <u>12,821,154</u> | <u>25,122,060</u> | <u>14,711,690</u> | <u>1,842,516</u> | <u>29,191,110</u> | <u>212,080,080</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>11,722,320</u> | <u>7,783,064</u> | <u>(12,821,154)</u> | <u>737,266</u> | <u>(13,106,719)</u> | <u>(487,043)</u> | <u>7,413,336</u> | <u>1,241,070</u> |
| Other Financing Sources (Uses) | | | | | | | | |
| Debt issued | - | - | - | - | 8,381,618 | - | - | 8,381,618 |
| Transfers in | 58,507 | 258 | 12,753,582 | - | 4,614,091 | - | - | 17,426,438 |
| Transfer Out | (3,038,625) | (445,466) | - | - | (54,765) | - | (1,134,000) | (4,672,856) |
| Transfers out (Debt Service) | (4,357,067) | (6,178,839) | - | (218,567) | - | - | (1,999,109) | (12,753,582) |
| Refunding bonds issued | - | - | 4,500,471 | - | - | - | - | 4,500,471 |
| Premiums on obligations | - | - | 636,511 | - | - | - | - | 636,511 |
| Debt service - Principal | - | - | (5,069,410) | - | - | - | - | (5,069,410) |
| Total Other Financing Sources (Uses) | <u>(7,337,185)</u> | <u>(6,624,047)</u> | <u>12,821,154</u> | <u>(218,567)</u> | <u>12,940,944</u> | <u>-</u> | <u>(3,133,109)</u> | <u>8,449,190</u> |
| Net Change in Fund Balances | <u>4,385,135</u> | <u>1,159,017</u> | <u>-</u> | <u>518,699</u> | <u>(165,775)</u> | <u>(487,043)</u> | <u>4,280,227</u> | <u>9,690,260</u> |
| Fund Balances at Beginning of Year as restated | <u>33,500,903</u> | <u>7,193,812</u> | <u>-</u> | <u>5,614,104</u> | <u>22,394,026</u> | <u>1,267,313</u> | <u>18,667,337</u> | <u>88,637,495</u> |
| Fund Balances at End of Year | <u>\$37,886,038</u> | <u>\$ 8,352,829</u> | <u>\$ -</u> | <u>\$ 6,132,803</u> | <u>\$22,228,251</u> | <u>\$ 780,270</u> | <u>\$22,947,564</u> | <u>\$ 98,327,755</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, 2019

Net Change in Fund Balance \$ 9,690,260

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 | \$ 16,640,297 | |
| Depreciation Expense | <u>(15,654,384)</u> | 985,913 |

Gains and losses on disposals of equipment are not reported by the governmental funds, but are included in the Statement of Activities. (978,703)

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 (59,982)

In the Statement of Activities, amortization of premiums related to refunding of bonds exceeded the amortization of deferred charges. 452,608

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (192,714)

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 position.

| | | |
|--|-----------------|---------------------|
| Debt issued | (12,882,089) | |
| Capital lease issuance | (25,868) | |
| Repayment of bond principal | 15,168,882 | |
| Premium on bonds | (636,511) | |
| Pension Liability | (1,300,087) | |
| Due to Employee Retirement System | 406,815 | |
| Other post-employment benefits payable | (9,057,686) | |
| Other Agency Liabilities- LOSAP | (1,342,209) | |
| Compensated absences | 1,148,791 | |
| Claims and judgments | (2,820,356) | |
| Estimated liability for landfill closure and post-closure care costs | 38,144 | |
| Repayment of capital lease | 167,441 | |
| Accrued interest payable | <u>(17,538)</u> | <u>(11,152,271)</u> |

Change in Net Position of Governmental Activities \$ (1,254,889)

See notes to the financial statements.

TOWN OF HUNTINGTON
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
December 31, 2019

| | <u>Total Agency Funds</u> |
|--------------------------|-------------------------------|
| ASSETS | |
| Cash | \$ 113,540,636 |
| Other assets | <u>1,775,418</u> |
| Total Assets | <u><u>\$ 115,316,054</u></u> |
| LIABILITIES | |
| Liabilities: | |
| Due to school districts | \$ 52,986,600 |
| Due to other governments | 52,986,600 |
| Other liabilities | <u>9,342,854</u> |
| Total Liabilities | <u><u>\$ 115,316,054</u></u> |

See notes to the financial statements

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TOWN OF HUNTINGTON
INDEX FOR NOTES TO FINANCIAL STATEMENTS
December 31, 2019

| | |
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TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. REPORTING ENTITY (continued)

The South Huntington Water District and the Greenlawn Water District, special districts of the Town of Huntington, provide water services to residents and businesses within the districts. These special districts are organized under New York State Town law and have separately elected boards. Long-term debt backed by the full faith and credit of the Town, and other fiscal matters result in a fiscal interdependency with the Town. Accordingly, these special districts have been determined to be component units of the Town and are presented discretely in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government.

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

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

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

2. BASIS OF PRESENTATION

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

Government-wide Financial Statements

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

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

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

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

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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 and 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, deferred inflows/outflows, 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, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. BASIS OF PRESENTATION (continued)

Fund Financial Statements (continued)

Community Development Fund– 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.

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.
- 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.

Because governmental funds statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements' primary governmental activities column, reconciliations are presented that briefly explain the adjustments necessary to reconcile ending net position and the change in net position.

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.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. BASIS OF ACCOUNTING/MEASUREMENT FOCUS (continued)

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, liabilities and deferred outflows and inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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 for ERS 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.

Because governmental funds statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements’ primary governmental activities column, reconciliations are presented that briefly explain the adjustments necessary to reconcile ending net position and the change in net position.

4. ASSETS, DEFERRED OUTLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE

LENGTH OF SERVICE AWARD PROGRAM PLAN ASSETS

The Town sponsors length of service award program (“LOSAP”) to provide retirement like benefits for those volunteering time and services pertaining to ambulance services, in accordance with the plan documents. LOSAP plans have been established for each ambulance company providing services by taxing district. The Town is the sole sponsor of the LOSAP plans. The assets set-aside to fund the retirement like benefits have been invested in an external investment pool for all New York State ambulance LOSAP plans and the investments are managed by the New York State Comptroller and an administrative agency. The assets in the external investment pool are reported at fair value. The underlying assets of the investment pool includes money market funds, corporate and foreign bonds, common equity securities, equity mutual funds and fixed income mutual funds.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (continued)

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.

PROPERTY HELD FOR RESALE

As of December 31, 2019, the Huntington Community Development Agency (HCDA) owned one property totaling \$3,385,855 purchased through construction loan proceeds, local sources from the primary government, state and federal aid, for the purpose of resale to individuals in accordance with the affordable housing program. This property, known as Columbia Terrace, will have preference for veterans, and will provide fourteen new condo units for first time homebuyers. The Agency expected to sell the property in 2020 and therefore has classified the property for resale as a current asset.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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 has four 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 and changes of assumptions. 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. The fourth item is other post-employment benefits (OPEB) which represents the changes of assumptions or other inputs.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent 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 four items that are reported as deferred inflow of resources. First item relates to deferred revenue that represents collections of the 2019 tax warrant. The property taxes collected are applicable to the 2020 fiscal and thus are not available for use at year end. In the government-wide financial statements, the other items deferred inflows of resources are associated with are other postemployment benefits, pensions and length of service award programs which consists of differences between the pension plan's expected and actual experience, changes in assumptions, net difference between projected and actual investment earnings and the changes in proportion and differences between the Town's contributions and proportionate share of contributions.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. ASSETS, DEFERRED OUTLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (continued)

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. Donated capital assets, donated works of art and similar items and capital assets received in a service concession arrangement shall be reported at acquisition value rather than fair value. 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.

PREMIUMS OF DEBT ISSUANCE

Premiums related to the issuance of long-term debt are amortized on a straight-line basis over the life of the issue and are presented as part of the general obligation bonds payable in the non-current liabilities.

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, capitalized lease obligations, proportionate share of LOSAP and net pension liability 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. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. ASSETS, DEFERRED OUTLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (continued)

NET POSITION AND 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 position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) 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, 2019

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, 2019

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. LENGTH OF SERVICE AWARD PROGRAM PENSION LIABILITIES

The Town sponsors a length of service award program ("LOSAP"), a defined benefit service award program, for its volunteer ambulance workers of two different ambulance district companies. Both are single-employer plans and the Town reports the total LOSAP service award liability.

The LOSAP service award liability and proportionate share of the LOSAP service award liability have been measured as the actuarial present value of projected benefit payments. The contributions to the Plan are administered through a granter/rabbi trust and, as such, the assets are subject to the claims of the Town's creditors, the LOSAP pension liability/proportionate share has not been reduced by the LOSAP plan assets set-aside for benefit payments.

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, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. 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 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.

All encumbrances are classified as assigned fund balance at December 31, 2019.

9. NEW ACCOUNTING PRINCIPLES

As a result of Governmental Accounting Standards Board GAS Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the Town deferred adoption of Governmental Accounting Standards Board (GASB) 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 was required to implement this authoritative guidance for reporting periods beginning after June 15, 2018.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date of the independent auditors' report, which is the date the financial statements were available to be issued

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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, 2019

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

1. BUDGETARY DATA (continued)

The 2020 budget reflects a 2.28% 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, 2019

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

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 2020 Preliminary Budget submitted by the Town Supervisor became the Final Budget on November 19, 2019. The 2020 final budget contained a projected use of \$925,000 of fund balance.

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.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

1. CASH AND INVESTMENTS (continued)

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.

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

| | | |
|--------------------------------------|----|----------------|
| Cash with the Town Supervisor | \$ | 113,602,598 |
| Cash with the Town Receiver of Taxes | | 105,973,200 |
| Cash with HCDA and HLDC | | 1,642,318 |
| LOSAP Investments | | 9,104,898 |
| | | \$ 230,323,014 |

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, 2019 the Town’s bank deposit balances were \$208,818,081. Of these balances, \$3,226,792 was covered by the Federal Deposit Insurance Corporation; \$205,591,289 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, 2019, the Town’s blended units’ bank balances were \$1,674,511. Of these balances, \$838,121 was covered by the Federal Deposit Insurance Corporation and \$836,390 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.

At December 31, 2019, the Town’s discretely presented units’ bank balances were \$20,906,704. Of these balances, \$750,000 was covered by the Federal Deposit Insurance Corporation and \$20,156,704 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.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

1. CASH AND INVESTMENTS (continued)

Interest-Rate Risk – The Town manages its interest rate risk by limiting the investments to demand deposits. 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.

LOSAP

Length of Service Award Program Plan Investments - External Investment Pool

The Town invests monies which are set-a-side for LOSAP retirement-like benefits in a multi-municipal cooperative investment pool consisting of money market funds, corporate and foreign bonds, common equity securities, equity mutual funds and fixed income mutual funds. Investments are stated at market value. The pool is not registered with the SEC and is overseen by the New York State Comptroller and an administrative agency hired by the New York State Comptroller.

Allocations of gains, losses and investment income are accounted for by the State Comptroller and third-party administrative agency. The Town’s fair value of its position in the pool is the same as the value of pool shares.

In accordance with FASB guidance, the LOSAP pooled assets utilizes ASC 820 “Fair Value Measurement and Disclosure” to define fair value, establish a framework for measuring fair value, and expand disclosure requirements regarding fair value measurements. ASC 820 does not require new fair value measurements, but is applied to the extent that other accounting pronouncements require or permit fair value measurements. This standard emphasizes that fair value is a market-based measurement that should be determined based on the assumptions that market participants would use in pricing an asset or liability. Various inputs are used in determining the value of LOSAP portfolio investments defined pursuant to this standard.

Securities are valued at the most recent market bid price as obtained from one or more market makers for such securities. There have been no significant changes in valuation techniques used in valuing any such positions held by LOSAP pool since the beginning of their fiscal year. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The Town’s investment in the LOSAP pool of investments totals \$9,104,898 at December 31, 2019. The assets are subject to custodial risk in the event of the failure of the custodian holding the investments.

The Length of Service Award Program Plan assets are not required to be collateralized.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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, 2019 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 | \$ 201,395 | \$ 27,197 |
| Highway Fund | - | 106,697 |
| Refuse and Garbage Fund | 12,794 | 60,890 |
| | | |
| <u>Nonmajor Funds</u> | | |
| Town Outside Village | 73 | 22,438 |
| Street Lighting District | - | 5,280 |
| Sewer Districts | - | 2,209 |
| Water Districts | 14,330 | 3,881 |
| | <u>\$ 228,592</u> | <u>\$ 228,592</u> |

Interfund transfer balances for the primary government at December 31, 2019 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>Transfer In</u> | <u>Transfer Out</u> |
|--------------------------|----------------------|----------------------|
| <u>Major Funds:</u> | | |
| General Fund | \$ 58,507 | \$ 7,395,692 |
| Highway Fund | 258 | 6,624,305 |
| Refuse and Garbage Fund | - | 218,567 |
| Capital Projects | 4,614,091 | 54,765 |
| Debt Service | 12,753,582 | - |
| <u>Nonmajor Funds:</u> | | |
| Part-Town | - | 222,484 |
| Street Lighting District | - | 10,561 |
| Sewer Districts | - | 1,993,293 |
| Ambulance Districts | - | 104,000 |
| Water Districts | - | 802,771 |
| | <u>\$ 17,426,438</u> | <u>\$ 17,426,438</u> |

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

| <u>Primary government</u> | <u>Balance</u> 1/1/19 | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> 12/31/19 |
|--|--------------------------|----------------------|-------------------|----------------------------|
| Capital assets not being depreciated | | | | |
| Land | \$125,803,627 | \$ 5,003,495 | \$ - | \$130,807,122 |
| Construction in progress | 640,218 | - | 640,218 | - |
| Total capital assets not being depreciated | <u>126,443,845</u> | <u>5,003,495</u> | <u>640,218</u> | <u>130,807,122</u> |
| Other capital assets: | | | | |
| Buildings | 112,157,103 | 1,568,016 | 437,932 | 113,287,187 |
| Improvements other than buildings | 97,906,555 | 1,883,522 | - | 99,790,077 |
| Machinery and equipment | 47,548,705 | 2,832,117 | 507,340 | 49,873,482 |
| Infrastructure | 451,697,545 | 5,353,147 | - | 457,050,692 |
| Total depreciable capital assets | <u>709,309,908</u> | <u>11,636,802</u> | <u>945,272</u> | <u>720,001,438</u> |
| Total assets Primary Government | <u>835,753,753</u> | <u>16,640,297</u> | <u>1,585,490</u> | <u>850,808,560</u> |
| Less accumulated depreciation | | | | |
| Buildings | 50,877,137 | 2,663,615 | 99,447 | 53,441,305 |
| Improvements other than buildings | 56,887,650 | 3,176,259 | - | 60,063,909 |
| Machinery and equipment | 42,661,364 | 2,527,597 | 507,340 | 44,681,621 |
| Infrastructure | 355,883,577 | 7,286,913 | - | 363,170,490 |
| Total accumulated depreciation | <u>\$506,309,728</u> | <u>\$ 15,654,384</u> | <u>\$ 606,787</u> | <u>521,357,325</u> |
| Total net depreciable capital assets | | | | <u>198,644,113</u> |
| Total net capital assets | | | | <u>\$329,451,235</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|--|----------------------|
| General government support | \$ 1,522,653 |
| Public safety | 934,459 |
| Transportation | 6,978,175 |
| Economic assistance and opportunity | 50,637 |
| Culture and recreation | 3,108,166 |
| Home and community services | <u>3,060,294</u> |
| Total governmental activities depreciation expense | <u>\$ 15,654,384</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, 2019, the Town has not recorded any such impairment losses.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

3. CAPITAL ASSETS (continued)

| <u>Discretely presented component units</u> | Balance 1/1/19 | Additions | Deletions | Balance 12/31/19 |
|---|----------------------|---------------------|------------------|----------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 1,306,746 | \$ - | \$ - | \$ 1,306,746 |
| Construction in progress | 1,799,648 | 1,713,806 | 2,964,596 | 548,858 |
| Total capital assets not being depreciated | <u>3,106,394</u> | <u>1,713,806</u> | <u>2,964,596</u> | <u>1,855,604</u> |
| Depreciable capital assets | | | | |
| Buildings and improvements | 56,648,369 | 3,478,677 | - | 60,127,046 |
| Machinery and equipment | 18,615,159 | 61,648 | - | 18,676,807 |
| Infrastructure | 54,014,889 | 936,627 | - | 54,951,516 |
| Total depreciable capital assets | <u>129,278,417</u> | <u>4,476,952</u> | <u>-</u> | <u>133,755,369</u> |
| Total Assets - Component Units | <u>132,384,811</u> | <u>6,190,758</u> | <u>2,964,596</u> | <u>135,610,973</u> |
| Less accumulated depreciation | | | | |
| Buildings and improvements | 19,392,321 | 1,559,234 | - | 20,951,555 |
| Machinery and equipment | 11,559,340 | 789,229 | - | 12,348,569 |
| Infrastructure | 39,399,106 | 1,044,293 | - | 40,443,399 |
| Total accumulated depreciation | <u>\$ 70,350,767</u> | <u>\$ 3,392,756</u> | <u>\$ -</u> | <u>73,743,523</u> |
| Total net depreciable capital assets | | | | <u>60,011,846</u> |
| Total net capital assets | | | | <u>\$ 61,867,450</u> |

C. DETAILED NOTES ON ALL FUNDS

4. INDEBTEDNESS

SHORT TERM DEBT

Bond Anticipation Note – A bond anticipation note (BAN) is used as a temporary means of financing capital expenditures in the capital projects fund. State law requires that a BAN issued for capital purposes be converted to a long-term obligation within five years after the original due date. The note or renewal thereof may not extend more than two years beyond the original date of issue unless apportion is redeemed within two years and within each 12 month period thereof. The liability for the BAN is accounted for in the capital projects fund.

The note is summarized as follows:

| | Balance 1/1/19 | Increases | Reductions | Balance 12/31/19 |
|------------------------|-------------------|--------------|------------|---------------------|
| Bond-Anticipation Note | \$ - | \$ 3,200,000 | \$ - | \$ 3,200,000 |

This BAN has an interest rate of 2.00% and is due September 2020.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

4. INDEBTEDNESS (continued)

SHORT TERM DEBT (continued)

Construction Loan Payable – As of December 31, 2019, the Community Development Agency has a construction loan payable for the construction of Columbia Terrace totaling \$1,859,986 from a financial institution. Interest rates on the loan ranged from 1.75% to 4.75%.

LONG TERM DEBT

Summary of changes in long term debt transactions for the year ended December 31, 2019 is as follows:

| | Balance 1/1/19 | Increases | Reductions | Balance 12/31/19 | Non-current liabilities due within one year |
|---|-----------------------|-----------------------|----------------------|-----------------------|---|
| Primary Government: | | | | | |
| General obligation bonds | \$ 85,190,600 | \$ 12,882,089 | \$ 15,168,882 | \$ 82,903,807 | \$ 10,105,914 |
| Premium on General Obligation Bonds | 1,170,156 | 636,511 | 452,608 | 1,354,059 | 525,301 |
| Net Pension Liability | 6,308,071 | 7,519,036 | - | 13,827,107 | - |
| Due to Employee Retirement System | 1,702,231 | - | 406,815 | 1,295,416 | 419,062 |
| Other Postemployment Benefits | 229,879,541 | 69,468,533 | 15,068,516 | 284,279,558 | - |
| Net Pension Obligation-LOSAP | 11,925,167 | 434,195 | - | 12,359,362 | - |
| Compensated absences | 13,105,518 | 6,937,128 | 8,085,919 | 11,956,727 | 6,937,128 |
| Claims and judgments | 13,542,355 | 6,993,784 | 4,173,428 | 16,362,711 | 3,070,000 |
| Estimated liability for landfill closure and post-closure care costs | 270,659 | - | 38,144 | 232,515 | 37,800 |
| Capital Lease Payable | 421,490 | 25,868 | 167,441 | 279,917 | 153,978 |
| | <u>\$ 363,515,788</u> | <u>\$ 104,897,144</u> | <u>\$ 43,561,753</u> | <u>\$ 424,851,179</u> | <u>\$ 21,249,183</u> |
| Component Units: | | | | | |
| General obligation bonds | \$ 19,259,401 | \$ 7,332,911 | \$ 4,511,118 | \$ 22,081,194 | \$ 2,679,086 |
| Premium on General Obligation Bonds | 487,374 | 759,069 | 150,212 | 1,096,231 | 141,933 |
| Other Postemployment Benefits | 14,283,152 | 2,795,042 | 1,736,183 | 15,342,011 | - |
| Net Pension Liability | 291,843 | 959,787 | 591,543 | 660,087 | - |
| Compensated absences | 641,419 | 57,342 | 53,212 | 645,549 | 23,602 |
| | <u>\$ 34,963,189</u> | <u>\$ 11,904,151</u> | <u>\$ 7,042,268</u> | <u>\$ 39,825,072</u> | <u>\$ 2,844,621</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 5.00% and have maturity dates in 2020 through 2034. The outstanding debt, including component units, as of December 31, 2019 is \$104,985,001.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

4. INDEBTEDNESS (continued)

LONG TERM DEBT (continued)

| | <u>Beg Bal 1/1/19</u> | <u>Issued</u> | <u>Redeemed</u> | <u>Balance @ 12/31/19</u> |
|---------------------------------|-----------------------|---------------------|---------------------|-------------------------------|
| Principal Government | | | | |
| General Fund | \$34,064,628 | \$5,799,170 | \$6,408,786 | \$33,455,012 |
| Town Outside Village | 1,832,537 | 431,056 | 444,990 | 1,818,603 |
| Highway Fund | 37,712,824 | 5,548,000 | 6,361,961 | 36,898,863 |
| Sewer Districts | 5,279,011 | - | 799,675 | 4,479,336 |
| Street Lighting District | 28,750 | - | 9,123 | 19,627 |
| Refuse and Garbage Fund | 1,389,408 | 442,032 | 506,166 | 1,325,274 |
| Water District | 4,883,442 | 661,831 | 638,181 | 4,907,092 |
| | <u>85,190,600</u> | <u>12,882,089</u> | <u>15,168,882</u> | <u>82,903,807</u> |
| Component Units | | | | |
| Greenlawn Water District | 4,775,630 | 2,637,869 | 378,626 | 7,034,873 |
| South Huntington Water District | 14,483,771 | 4,695,042 | 4,132,492 | 15,046,321 |
| | <u>19,259,401</u> | <u>7,332,911</u> | <u>4,511,118</u> | <u>22,081,194</u> |
| Total General Obligation Bonds | <u>\$104,450,001</u> | <u>\$20,215,000</u> | <u>\$19,680,000</u> | <u>\$104,985,001</u> |

Principal Government:

Year Ending

| <u>December, 31</u> | <u>Principal Due</u> | <u>Interest Due</u> | <u>Total</u> |
|---------------------|----------------------|----------------------|----------------------|
| 2020 | \$ 10,105,914 | \$ 2,639,744 | \$ 12,745,658 |
| 2021 | 9,574,162 | 2,280,392 | 11,854,554 |
| 2022 | 8,674,989 | 1,915,394 | 10,590,383 |
| 2023 | 7,796,358 | 1,597,469 | 9,393,827 |
| 2024 | 7,134,840 | 1,325,566 | 8,460,406 |
| 2025-2029 | 27,595,096 | 3,647,602 | 31,242,698 |
| 2030-2034 | 12,022,448 | 661,457 | 12,683,905 |
| | <u>\$ 82,903,807</u> | <u>\$ 14,067,624</u> | <u>\$ 96,971,431</u> |

Component Units:

Year Ending

| <u>December, 31</u> | <u>Principal Due</u> | <u>Interest Due</u> | <u>Total</u> |
|---------------------|----------------------|---------------------|----------------------|
| 2020 | \$ 2,679,086 | \$ 759,837 | \$ 3,438,923 |
| 2021 | 2,515,836 | 670,857 | 3,186,693 |
| 2022 | 2,435,014 | 571,389 | 3,006,403 |
| 2023 | 2,488,642 | 475,387 | 2,964,029 |
| 2024 | 2,010,158 | 377,240 | 2,387,398 |
| 2025-2029 | 6,929,903 | 953,592 | 7,883,495 |
| 2030-2034 | 3,022,555 | 181,004 | 3,203,559 |
| | <u>\$ 22,081,194</u> | <u>\$ 3,989,306</u> | <u>\$ 26,070,500</u> |

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

4. INDEBTEDNESS (continued)

LONG TERM DEBT (continued)

Liabilities for claims and judgments payable and landfill closure and post-closure care costs are liquidated through future budgetary appropriations in the General Fund. The liabilities for due to Employee's Retirement System, compensated absences, other postemployment benefits payable, length of service award program liability – proportionate share and net pension liability – proportionate share are liquidated through future budgetary appropriations in the funds that gave rise to the liability.

CURRENT REFUNDING OF BONDS

On August 8, 2019, the Town issued \$6,170,000 in general obligation bonds with a net interest rate of 1.078% to advance refund \$6,950,000 of outstanding serial bonds with an average interest rate of 3.16%. The net proceeds of \$7,042,636 (including a premium of \$872,636 and after payment of \$66,255 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 Town'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 \$452,713. The redemption date of the refunded bonds is September 9, 2019, and therefore, at December 31, 2019, such bonds are no longer outstanding. At December 31, 2019 the outstanding principal balance of the refunding bonds is \$6.2 million, of which approximately \$4.5 million is for general Town purposes and approximately \$1.7 million was for the component units and is expected to be fully redeemed in year 2025.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

4. INDEBTEDNESS (continued)

LONG TERM DEBT (continued)

CAPITAL LEASES

In 2015 the Town entered into a fleet management master equity lease agreement with Enterprise. As of December 31, 2019 the Town has 37 vehicles under this lease agreement with monthly lease payments of approximately \$17,800 for a 5-year period with various commencement dates in ranging from 2015 to 2019. At December 31, 2019, the principal amount outstanding was \$279,917. The interest rate on these vehicles varies based on the interest rate in effect of the time of acquisition.

Future minimum lease payments for the Town under these capital leases are as follows:

| <u>Year Ending Date</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------|------------------|-----------------|----------------|
| 2020 | 153,978 | 37,557 | 191,535 |
| 2021 | 69,811 | 18,104 | 87,915 |
| 2022 | 39,162 | 10,824 | 49,986 |
| 2023 | 12,655 | 3,464 | 16,119 |
| 2024 | 4,311 | 1,114 | 5,425 |
| | <u>279,917</u> | <u>71,063</u> | <u>350,980</u> |

Equipment under these capital leases have been reported in the capital assets at December 31, 2019 as follows:

| | <u>Asset</u> | <u>Accumulated Depreciation</u> | <u>Net Book Value</u> |
|-------------------------|--------------|-------------------------------------|-----------------------|
| Machinery and equipment | \$ 844,505 | \$ 564,588 | \$279,917 |

5. RETIREMENT SYSTEM

The Town of Huntington participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position allocated to the ERS. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term.

The external advisory committees appointed by the Comptroller meet periodically throughout the year and provide independent, expert assistance in guiding the Fund. These committees include: the Advisory Council for the Retirement System; the Investment Advisory Committee; the Real Estate Advisory Committee; the Actuarial Advisory Committee and the Audit Advisory Committee.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

5. RETIREMENT SYSTEM (continued)

ERS benefits are established under the provisions of the New York State Retirement and Social Security Law (“RSSL”). Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Generally, members of the ERS are employees of the State and its municipalities, other than New York City. The Town also participates in the Public Employees’ Group Life Insurance Plan (“GLIP”), which provides death benefits in the form of life insurance. In the Fund statements, GLIP amounts are apportioned to and included in ERS. The ERS is included in the State’s financial report as a pension trust fund. That report may be found at www.osc.state.ny.us/retire/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244-0001.

Obligation of employers and employees to contribute and benefits to employees are governed by the RSSL. 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.

Vesting

Members who joined the ERS prior to January 1, 2010 need five years of service to be 100 percent vested. Members who joined on or after January 1, 2010 require ten years of service credit to be 100 percent vested.

Benefits Provided

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

Tiers 1 and 2

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

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

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

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

5. RETIREMENT SYSTEM (continued)

Tiers 3, 4, and 5

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

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2% of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

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

Tier 6

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

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2% of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

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

Disability Retirement Benefits

Disability retirement benefits are available to members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets of other benefits depend on a member's tier, years of service, and plan.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

5. RETIREMENT SYSTEM (continued)

Ordinary Death Benefits

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

Post-Retirement Benefit Increases

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

Contributions

Generally, Tier 3, 4 and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the RSSL, the Comptroller shall certify annually the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's year ended March 31st. The actual contribution was \$8,531,934.

Retirement Amortizations and Incentives

Pursuant to Chapter 57 of the Laws of 2010, the New York State Legislature authorized local governments to amortize a portion of their retirement bill for 10 years. This law requires participating governments to make payments on a current basis, while amortizing existing unpaid amounts relating to the New York State and Local Employees' Retirement System's fiscal years when the local employer opts to participate in the program. Chapter 57 further provides that when contribution rates fall below legally specified levels and all outstanding amortizations have been paid, the Town will be required to pay additional moneys into a specific reserve fund which will be used to offset their contributions in the future. These reserve funds will be invested separately from pension assets. The Town's total deferred amount related to the 2013 fiscal year was \$3,905,184 and will be billed and paid over ten years beginning in 2014 and will include interest at 3.0%. During 2019, the Town paid \$406,815 toward this program and has a remaining liability at December 31, 2019 of \$1,295,416.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

5. RETIREMENT SYSTEM (continued)

Future principal and interest payments to maturity for the Chapter 57 amortizations are as follows:

| <u>Years Ending</u> <u>December 31st</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> <u>Payment</u> |
|---|---------------------|------------------|--------------------------------|
| 2020 | \$ 419,062 | \$ 40,439 | \$ 459,501 |
| 2021 | 431,679 | 27,823 | 459,502 |
| 2022 | 444,675 | 14,827 | 459,502 |
| | <u>\$ 1,295,416</u> | <u>\$ 83,089</u> | <u>\$ 1,378,505</u> |

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

At December 31, 2019, the Town reported the following liability for its proportionate share of the net pension liability. The net pension liability was measured as March 31, 2019. 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, 2018 |
| Net pension liability | \$ 13,827,107 |
| Town's portion of the Plan's total net pension liability | 0.1951519% |
| Change in the allocation of the System's total net pension liability since the prior measurement date | 0.000299% |

There was no significant change in the Town's proportionate from March 31, 2018 to March 31, 2019.

For the year ended December 31, 2019, the Town recognized pension expense of \$9,433,419 in the Statement of Activities. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflow</u> <u>of Resources</u> | <u>Deferred Inflow</u> <u>of Resources</u> |
|---|--|---|
| Difference between expected and actual experience | \$2,722,847 | \$928,188 |
| Net difference between projected and actual investment earnings on pension plan investments | | 3,548,800 |
| Changes of assumptions | 3,475,570 | |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 1,344,659 | 383,565 |
| Town's contribution subsequent to measurement date | <u>8,013,297</u> | |
| Total | <u>\$15,556,373</u> | <u>\$4,860,553</u> |

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

5. RETIREMENT SYSTEM (continued)

Deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date in the amount of \$8,013,297 will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts will be recognized in pension expense as follows:

| | | | |
|--------------|-------|--------------|--|
| December 31: | | | |
| 2020 | \$ | 3,317,533 | |
| 2021 | | (2,518,244) | |
| 2022 | | (110,972) | |
| 2023 | | 1,994,206 | |
| | Total | \$ 2,682,523 | |

ACTUARIAL ASSUMPTIONS

The total pension liability as of the measurement date of March 31, 2019 was determined using an actuarial valuation as of April 1, 2018, 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, 2019 |
| Actuarial Valuation Date | April 1, 2018 |
| Interest Rate | 7.0% |
| Salary Scale | 4.2% |
| 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, 2018 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, 2019

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, 2019 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% | 7.50% |
| Real estate | 10.0% | 5.55% |
| Absolute return strategies | 2.0% | 3.75% |
| Opportunistic portfolio | 3.0% | 5.68% |
| Real assets | 3.0% | 5.29% |
| Bonds and mortgages | 17.0% | 1.31% |
| Cash | 1.0% | -0.25% |
| Inflation indexed bonds | 4.0% | 1.25% |
| | 100.0% | |

DISCOUNT RATE

The discount rate used to calculate the total pension liability was 7.0% for the System. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, 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, 2019

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) | \$60,454,318 | \$13,827,107 | (\$25,343,058) |

PENSION PLAN FIDUCIARY NET POSITION

The components of the current-year pension liability of the employers in the System as of the March 31, 2019 were as follows:

| | ERS (Dollars in thousands) |
|---|-------------------------------|
| Measurement Date | March 31, 2019 |
| Employer's total pension liability | \$ 189,803,429 |
| Fiduciary net position | (182,718,124) |
| Employer's net pension liability | \$ 7,085,305 |
| Ratio of fiduciary net position to the employer's total pension liability | 96.27% |

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

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

5. RETIREMENT SYSTEM (continued)

New York State Voluntary Defined Contribution Plan

On March 16, 2012, Chapter 18 of the Laws of 2012 was signed into law, which amended portions of the Retirement and Social Security Law, Education Law and the Administrative Code of the City of New York. This legislation affected the contributions and benefits of employees who joined a New York State public retirement system on or after April 1, 2012. Beginning July 1, 2013, a Voluntary Defined Contribution (VDC) plan option was made available to all unrepresented employees of the NYS public employers hired on or after July 1, 2013, and earning at a full-time rate of \$75,000 or more on an annual basis.

The SUNY Optional Retirement Plan (ORP) was selected as the vehicle to offer eligible employees the alternative defined contribution option, and Education Law was modified accordingly to permit this newly eligible class of employees. Vesting, investment providers, and plan rules follow the SUNY ORP Plan Document and policies.

Employer Contribution

An employer contribution of 8% of salary is made for the duration of employment. An employee contribution is required for the duration of employment based upon estimated gross annual wages in a given calendar year, as follows:

| | |
|-----------------------------------|-------|
| Wages of \$45,000 or less | 3.00% |
| Wages of \$45,000.01 to \$55,000 | 3.50% |
| Wages of \$55,000.01 to \$75,000 | 4.50% |
| Wages of \$75,000.01 to \$100,000 | 5.75% |
| Wages of more than \$100,000 | 6.00% |

*Salary rates will be considered in reaching the \$75,000 threshold for part-time employees.

VDC employee contributions are made through payroll deduction on a pre-tax basis. Contributions are not subject to Federal income tax until withdrawn but are subject to state and local income taxes in the year in which they are made. All earnings on contributions are tax deferred until they are withdrawn. All contributions are made based upon IRS compensation and contribution limits, which are determined annually.

Vesting

Upon completion of 366 days of service (waived for employees who enter service with employer-funded retirement contracts from any of the VDC investment providers), the participant has full and immediate vesting in all retirement and death benefits provided by the retirement annuities purchased through employee and employer contributions. Contributions will begin upon plan entry, but are held by the employer until completion of the vesting period. Once vested, the employer will make a single lump sum contribution of applicable employer and employee contributions plus interest to the investment provider(s) selected by the participant. A participant who does not complete the vesting period is entitled to a refund of his or her own contributions plus interest.

Contributions made to the VDC program by the Town were \$26,416 for the year ended December 31, 2019.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

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

Plan Description:

In the government-wide financial statements, the cost of other postemployment benefits (OPEB), like the cost of pension benefits, generally should be associated with the period in which the cost occurs, rather than in the future years when it will be paid. The Town recognizes the costs of other postemployment benefits in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows. The Town established and administers a single-employer defined benefit OPEB plan for its employees. Amendments to the plan are authorized by the union contract. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

Medical coverage, including prescription drugs as part of the medical plan, is offered to retirees on a fully insured basis through the New York State Health Insurance Program (NYSHIP and HIP). Retirement is available 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. Also, based on collective bargaining agreements, the Town provides continuation of medical insurance to employees who are at least 55 years old and have 20 consecutive years of 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. The Town will also reimburse the full premium costs for Medicare part B payments. These contracts will be renegotiated at various times in the future. Upon death of a retiree, the Town will continue the Medicare part B reimbursement for the non-married spouse. 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. The Town, as Administrator of the Plan, does not issue a separate report.

Employees Covered by Benefit Terms

The number of participants as of January 1, 2019, the effective date of the most recent actuarial valuation, are as follows:

| | <u>Total</u> | <u>Town</u> | <u>Component Units</u> |
|------------------------------|--------------|--------------|----------------------------|
| Active Employees | 612 | 579 | 33 |
| Retirees | 663 | 635 | 28 |
| Spouses of Retired Employees | 327 | 310 | 17 |
| Total | 1,602 | 1,524 | 78 |

There have been no significant changes in the number of participants or the type of coverage since that date.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

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

Total OPEB Liability

The Town's total OPEB liability of \$284,279,558 was measured as of December 31, 2019 and was determined by an actuarial valuation of January 1, 2019, with updated procedures used to roll forward the OPEB liability to the measurement date. The component units' total OPEB liability of \$15,342,011 was measured as of December 31, 2019 and was determined by an actuarial valuation of January 1, 2019, with updated procedures used to roll forward the OPEB liability to the measurement date.

Funding Policy:

The Town contributes to the plan to satisfy obligations on a pay-as-you-go basis.

Actuarial Assumptions and other Inputs

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 total OPEB liability in the January 1, 2019 valuation was determined using the following actuarial assumptions and other input:

| | |
|-----------------------------|--|
| Salary increases | 3.50% |
| Discount rate | 2.74% |
| Healthcare cost trend rates | 7.5% in 2019, grading down 1.0% per annum to an ultimate rate of 5.0% in years 2022 and later. |

The discount rate was based on the December 31, 2019 Bond Buyers 20 Bond Index.

Mortality rates were based on the RPH-2014.

The demographic assumptions used for this valuation are based on the New York State Employees' Retirement System ("ERS"). The actuarial assumptions used in the January 1, 2019 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

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

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

Changes in Total OPEB Liability

| | Town of Huntington |
|--|-------------------------------|
| Balance at December 31, 2018 | \$ 229,879,541 |
| Changes for the year | |
| Service Cost | 5,370,925 |
| Interest | 9,480,232 |
| Differences between expected and actual experience | (6,547,596) |
| Changes in assumptions and other inputs | 54,617,376 |
| Benefit Payments | (8,520,920) |
| Net Changes | 54,400,017 |
| Balance at December 31, 2019 | \$ 284,279,558 |

Changes in assumptions and other inputs reflect a change in the discount rate from 4.1% in 2018 to 2.74% in 2019.

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.74%) or 1-percentage-point higher (3.74%) than the current rate:

Sensitivity of the total OPEB liability to changes in the discount rate.

| 1% Decrease (1.74%) | Discount Rate (2.74%) | 1% Increase (3.74%) |
|------------------------|--------------------------|------------------------|
| \$334,952,746 | \$284,279,558 | \$244,319,339 |

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate.

| 1% Decrease (6.50%) decreasing to 4.00%) | Healthcare Cost Trend Rates (7.50% decreasing to 5.00%) | 1% Increase (8.50%) decreasing to 6.00%) |
|---|---|---|
| \$241,296,473 | \$284,279,558 | \$339,904,541 |

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the Town recognized post-employment benefit expense of \$17,578,606 in the statement of activities. The Town reported deferred inflows and outflows of resources related to other postemployment benefits from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ - | \$ 5,174,934 |
| Changes of assumptions or other inputs | 43,167,192 | 19,698,194 |
| | \$ 43,167,192 | \$ 24,873,128 |

The amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| December 31st: | |
|----------------|---------------|
| 2020 | \$ 2,727,449 |
| 2021 | 2,727,449 |
| 2022 | 5,079,474 |
| 2023 | 7,759,692 |
| | \$ 18,294,064 |

The Town's discretely presented component units had an ending total other postemployment benefit liability of \$15,342,011 as of December 31, 2019.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

C. DETAILED NOTES ON ALL FUNDS (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, 2018 measurement date, the following participants were covered by the benefit terms.

Commack Volunteer Ambulance Corps

| | |
|--|------------|
| Inactive participants currently receiving benefit payments | 13 |
| Inactive participants entitled to but not yet receiving benefit payments | 45 |
| Active participants | <u>78</u> |
| Total | <u>136</u> |

Huntington Community First Aid Squad

| | |
|--|------------|
| Inactive participants currently receiving benefit payments | 69 |
| Inactive participants entitled to but not yet receiving benefit payments | 119 |
| Active participants | <u>210</u> |
| Total | <u>398</u> |

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

7. LENGTH OF SERVICE AWARD PROGRAM-LOSAP(continued)

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, 2018 measurement date was determined using an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2018 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 3.64%. 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, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

7. LENGTH OF SERVICE AWARD PROGRAM-LOSAP (continued)

Changes in the Total Pension Liability

Commack Volunteer Ambulance Corps

| | |
|--|---------------------|
| Balance as of 12/31/2017 measurement date | \$ 2,032,961 |
| Changes for the year | |
| Service Cost | 129,885 |
| Interest | 67,871 |
| Changes in assumptions or other inputs | (178,075) |
| Difference between expected & actual experience | (119,521) |
| Benefit payments | (30,062) |
| Net changes | <u>(129,902)</u> |
| Balance as of 12/31/2018 measurement date | <u>\$ 1,903,059</u> |

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, 2018 measurement date, calculated using the discount rate of 3.64 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 (2.64 percent) or one percentage point higher (4.64 percent) than the current rate:

| | 1% Decrease 2.64% | Current Discount Rate 3.64% | 1% Increase 4.64% |
|-------------------------|----------------------|--------------------------------|----------------------|
| Total Pension Liability | <u>\$2,301,370</u> | <u>\$1,903,059</u> | <u>\$1,595,375</u> |

Huntington Community First Aid Squad

| | |
|--|----------------------|
| Balance as of 12/31/2017 measurement date | \$ 9,892,206 |
| Changes for the year | |
| Service Cost | 407,152 |
| Interest | 321,114 |
| Changes in benefit terms | 815,406 |
| Changes in assumptions or other inputs | (778,073) |
| Difference between expected & actual experience | 73,533 |
| Benefit payments | (275,035) |
| Net changes | <u>564,097</u> |
| Balance as of 12/31/2018 measurement date | <u>\$ 10,456,303</u> |

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

7. LENGTH OF SERVICE AWARD PROGRAM-LOSAP (continued)

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, 2018 measurement date, calculated using the discount rate of 3.64 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 (2.64 percent) or one percentage point higher (4.64 percent) than the current rate:

| | 1% Decrease 2.64% | Current Discount Rate 3.64% | 1% Increase 4.64% |
|-------------------------|----------------------|--------------------------------|----------------------|
| Total Pension Liability | \$12,173,048 | \$10,456,303 | \$9,065,104 |

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

Commack Volunteer Ambulance Corps

Components of Pension Expense

| | |
|--|------------|
| Service cost | \$ 129,885 |
| Interest on total pension liability | 67,871 |
| Changes of assumptions or other inputs | (7,991) |
| Differences between expected and actual experience | (16,261) |
| Pension plan administrative expenses | 5,260 |
| Total pension expense | \$ 178,764 |

For the year ended December 31, 2019, the Town recognized pension expense of \$178,763 in the statement of activities. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ - | \$ 263,117 |
| Changes of assumptions or other inputs | 165,867 | 322,022 |
| Benefit payments & administrative expenses subsequent to the measurement date | 39,307 | - |
| Total | \$ 205,174 | \$ 585,139 |

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

7. LENGTH OF SERVICE AWARD PROGRAM-LOSAP (continued)

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, 2020.

Year ended December 31:

| | |
|------------|---------------------------|
| 2020 | (\$24,252) |
| 2021 | (24,252) |
| 2022 | (24,252) |
| 2023 | (24,252) |
| 2024 | (24,252) |
| Thereafter | <u>(298,010)</u> |
| Total | <u><u>(\$419,270)</u></u> |

Huntington Community First Aid Squad

Components of Pension Expense

| | |
|--|---------------------------|
| Service cost | \$ 407,152 |
| Interest on total pension liability | 321,114 |
| Changes of benefit terms | 815,406 |
| Changes of assumptions or other inputs | (57,874) |
| Differences between expected and actual experience | 16,300 |
| Pension plan administrative expenses | <u>9,775</u> |
| Total pension expense | <u><u>\$1,511,873</u></u> |

For the year ended December 31, 2019, the Town recognized pension expense of \$1,511,874 in the statement of activities. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 169,147 | \$ - |
| Changes of assumptions or other inputs | 597,310 | 1,244,298 |
| Benefit payments & administrative expenses subsequent to the measurement date | <u>309,122</u> | <u>-</u> |
| Total | <u><u>\$ 1,075,579</u></u> | <u><u>\$ 1,244,298</u></u> |

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

7. LENGTH OF SERVICE AWARD PROGRAM-LOSAP (continued)

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

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, 2020.

| Year ended December 31: | |
|-------------------------|---------------------------|
| 2020 | (\$41,574) |
| 2021 | (41,574) |
| 2022 | (41,574) |
| 2023 | (41,574) |
| 2024 | (41,574) |
| Thereafter | <u>(269,970)</u> |
| Total | <u><u>(\$477,840)</u></u> |

8. COMPENSATED ABSENCES

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

Estimated vacation, sick leave and compensatory absences accumulated by governmental fund type employees have been recorded in the government-wide financial statements. Payment of vacation time and sick leave is dependent upon many factors, and therefore the timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation, sick leave and compensatory absences when such payments become due. As of December 31, 2019, the value of the accumulated vacation time and sick leave was \$11,956,727 for the Town and \$645,549 for the Component Units.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

8. COMPENSATED ABSENCES

| Primary Government | Balance 1/1/2019 | Additions | Deletions | Balance 12/31/2019 |
|---------------------------------|-----------------------------|---------------------|---------------------|-------------------------------|
| General Fund | \$ 7,646,596 | \$ 3,826,934 | \$ 4,343,082 | \$ 7,130,448 |
| Part Town Fund | 954,084 | 652,212 | 622,990 | 983,306 |
| Highway | 2,541,771 | 1,542,549 | 1,887,204 | 2,197,116 |
| Street Lighting | 157,753 | 102,840 | 92,278 | 168,315 |
| Refuse District | 979,657 | 474,681 | 648,469 | 805,869 |
| Sewer Districts | 257,602 | 168,969 | 200,298 | 226,273 |
| Water District | 405,741 | 137,618 | 183,776 | 359,583 |
| CDA | 162,314 | 31,325 | 107,822 | 85,817 |
| Total Primary Government | \$ 13,105,518 | \$ 6,937,128 | \$ 8,085,919 | \$ 11,956,727 |

Component Units

| | | | | |
|---------------------------------|-------------------|------------------|------------------|-------------------|
| Greenlawn Water District | \$ 291,573 | \$ 38,269 | \$ 53,212 | \$ 276,630 |
| South Huntington Water District | 349,846 | 19,073 | | 368,919 |
| Total Components | \$ 641,419 | \$ 57,342 | \$ 53,212 | \$ 645,549 |

9. 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, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

9. TAX ABATEMENTS (continued)

Information relevant to disclosure of these agreements for the year ended December 31, 2019 is as follows:

| Start Date | Agreement | Taxable Assessed Valuation | Tax Rate | Tax Value | PILOT Received | Terms of the Agreement | Taxes Abated |
|-------------------|---|-----------------------------------|-----------------|------------------|-----------------------|-------------------------------|---------------------|
| 3/1/1999 | Huntington Housing Authority 40 Units | \$ 50,700 | 26.81 | \$ 17,885 | \$ 2,129 | 49 Years | \$ 15,756 |
| 12/1/2015 | HG Housing Development Fund Company, Inc. & Highland Green Residence, LLC | \$ 82,600 | 26.81 | \$ 29,137 | \$ 10,648 | 30 Years | \$ 18,489 |
| | | | | <u>\$ 47,022</u> | <u>\$ 12,777</u> | | <u>\$ 34,245</u> |

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, 2019 were \$416,301 and \$269,142 respectively. The abated taxes are comprised of General Fund, Highway Fund, Part-Town Fund, Street-Lighting and various non-major funds and totaled \$147,160.

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 \$1,000,000 per claim. Claims in excess of \$1,000,000 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 \$16,362,711. 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.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

D. COMMITMENTS AND CONTINGENCIES (continued)

1. RISK RETENTION (continued)

The Town estimates its workers' compensation and general liability by consulting with legal counsel and past experience with similar claims. The Town has not purchased any annuity contracts with regard to its workers' compensation or general liability claims.

The schedule below presents the changes in claims liabilities for the past two years for general liability and workers' compensation and includes an estimate of claims that have been incurred but not yet reported.

| | Workers' Compensation | | General Liability | |
|---|----------------------------------|--------------------|------------------------------|--------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Unpaid claims and claim adjustment expenditures at beginning of year | \$7,043,800 | \$5,660,407 | \$6,498,555 | \$3,465,500 |
| Incurred claims and claim adjustment expenditures: Provision for insured events of the current year and increases in provision for insured events of prior years | 3,701,811 | 5,576,803 | 3,291,973 | 3,727,408 |
| Less Payments: | | | | |
| Claims and claim adjustment expenditures attributable to insured events and of the current and prior years | 3,098,634 | 4,193,410 | 1,074,794 | 694,353 |
| Total unpaid claims and claim adjustment expenditures at the end of year | <u>\$7,646,977</u> | <u>\$7,043,800</u> | <u>\$8,715,734</u> | <u>\$6,498,555</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 September 2018, the Town exercised their option to extend this Service Agreement until the year 2024 and amended the financial provisions in the extension.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

D. COMMITMENTS AND CONTINGENCIES (continued)

2. RESOURCE RECOVERY FACILITY (continued)

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

As further consideration for allowing the Town to use its landfill, the agreement grants the Town of Smithtown the right to deliver its processable solid waste to the waste-to-energy facility. By the terms of the agreement, the Town of Smithtown has agreed to share the obligations of the Town under the Service Agreement with Covanta. The total costs paid by the Town under this service agreement during 2019 amounted to \$16,072,532 of which \$6,027,200 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, 2019, the Town has recorded a liability of \$232,515 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 \$5,152,134 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, 2019

D. COMMITMENTS AND CONTINGENCIES (continued)

7. LEASE COMMITMENTS

The Town leases office equipment under an operating lease. The total rental expenditures on such lease for the year ended December 31, 2019 was \$197,618. The maximum future operating lease payments are as follows:

| Year ended December 31: | Amount |
|-------------------------|-------------------|
| 2020 | \$ 203,984 |
| 2021 | <u>203,984</u> |
| Total | <u>\$ 407,968</u> |

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, 2019:

Condensed Statement of Net Position:

| | South Huntington Water District | Greenlawn Water District | Totals |
|-------------------------------------|--|--------------------------------|--------------------|
| Assets | | | |
| Current assets and other assets | 13,874,573 | 9,355,967 | 23,230,540 |
| Capital assets net of depreciation | 43,112,411 | 18,755,039 | 61,867,450 |
| Deferred outflow of resources | <u>1,639,385</u> | <u>1,355,266</u> | <u>2,994,651</u> |
| Total Assets | <u>58,626,369</u> | <u>29,466,272</u> | <u>88,092,641</u> |
| Liabilities and Net Position | | | |
| Current liabilities | 3,851,100 | 960,614 | 4,811,714 |
| Other long term liabilities | 22,696,304 | 14,284,147 | 36,980,451 |
| Deferred inflow of resources | 1,903,963 | 1,687,775 | 3,591,738 |
| Investment in capital assets | 31,284,808 | 14,358,829 | 45,643,637 |
| Restricted | 4,109,557 | 1,523,100 | 5,632,657 |
| Unrestricted | <u>(5,219,363)</u> | <u>(3,348,193)</u> | <u>(8,567,556)</u> |
| Total Liabilities and Net Position | <u>58,626,369</u> | <u>29,466,272</u> | <u>88,092,641</u> |

Condensed Statement of Activities:

| | Program | | | General Revenue | | Net Position | | | |
|--------------------------|---------------------------------|-----------------------------------|--------------------------|-----------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| | Charges for Expenses | Capital Grants & Contributions | Net (Expense) Revenue | Property Tax | Other | Change | 1/1/19 | 12/31/19 | |
| | South Huntington Water District | \$ 8,456,354 | \$ 4,238,911 | \$ 129,430 | \$ (4,088,013) | \$ 4,153,001 | \$ 1,330,624 | \$ 1,395,612 | \$ 28,779,390 |
| Greenlawn Water District | 6,113,846 | 2,685,727 | - | (3,428,119) | 2,458,885 | 794,531 | (174,703) | 12,708,439 | 12,533,736 |
| | <u>\$ 14,570,200</u> | <u>\$ 6,924,638</u> | <u>\$ 129,430</u> | <u>\$ (7,516,132)</u> | <u>\$ 6,611,886</u> | <u>\$ 2,125,155</u> | <u>\$ 1,220,909</u> | <u>\$ 41,487,829</u> | <u>\$ 42,708,738</u> |

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

F. PRIOR PERIOD RESTATEMENT

The Community Development Fund net position and fund balance was restated as of December 31, 2018 in the amount of \$287,860 based on construction loan proceeds being included as revenues and property held for resale being included as expenditures.

| | Net Position |
|--|---------------------|
| Beginning of year as reported | \$ 979,453 |
| Restatement of property held for resale and construction loan payable | 287,860 |
| Beginning of year, as restated | \$ 1,267,313 |

G. SUBSEQUENT EVENTS

Subsequent to year end, the COVID-19 (coronavirus) pandemic has resulted in sensational economic volatility on a global scale. As a result, the Town’s economically sensitive revenue, such as interest earnings, departmental income, state aid, federal aid and other local sources might be negatively impacted. None of these factors were taken into consideration in the development of the 2020 adopted budget. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the coronavirus and around the imposition or relation of protective measures, management cannot reasonable estimate the actual impact on the Town’s financial position at this time.

H. NEW PRONOUNCEMENTS

Governmental Accounting Standards Board (GASB) 83 issued authoritative guidance GAS Statement No. 8 *Certain Asset Retirement Obligations*,” the objective of which is to establish criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The requirements of the new Statement become effective for the Town for the year ending December 31, 2020.

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 requirements of the new Statement become effective for the Town for the year ending December 31, 2020.

Governmental Accounting Standards Board (GASB) 87 issued authoritative guidance GAS Statement No. 87 *Leases*. The objective of this statement is to improve accounting and financial reporting for leases by governments. This Statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for financial statements for the year ending December 31, 2022.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

H. NEW PRONOUNCEMENTS (continued)

Governmental Accounting Standards Board (GASB) 88 issued authoritative guidance GAS Statement No. 88 *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*. The primary objective of this statement is to improve the information that is disclosed in notes to government financials related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for financial statements for the year ending December 31, 2020.

Governmental Accounting Standards Board (GASB) 89 issued authoritative guidance GAS Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for financial statements for the year ending December 31, 2021.

Governmental Accounting Standards Board (GASB) 90 issued authoritative guidance GAS Statement No. 90 *Majority Equity Interests, an amendment of GASB Statements No.14 and No. 61*. The primary objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for financial statements for the year ending December 31, 2020.

Governmental Accounting Standards Board (GASB) 91 issued authoritative guidance GAS Statement No. 91 *Conduit Debt Obligations*. The objective of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issues, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for financial statements for the year ending December 31, 2022.

Governmental Accounting Standards Board (GASB) 92 issued authoritative guidance GAS Statement No. 92 *Omnibus 2020*, as amended by Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, was issued to enhance comparability in the accounting and financial reporting and consistency of authoritative language on various topics. The requirements of this Statement are effective for reporting periods as follows: paragraph 4,5,6,7,8,9,10 and 12 are effective for the year ending December 31, 2022.

Governmental Accounting Standards Board (GASB) 93 issued authoritative guidance GAS Statement No. 93 *Replacement of Interbank Offered Rates*, as amended by Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, amends certain provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* as amended, and 87, *Leases*. It has been issued to address the various accounting and reporting implications that will result from the replacement of LIBOR, as LIBOR will cease to exist in 2021. The requirements of this Statement are effective for the year ending December 31, 2022.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

H. NEW PRONOUNCEMENTS (continued)

Governmental Accounting Standards Board (GASB) 94 issued authoritative guidance GAS Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, this Statement has been issued to improve financial reporting related to public-private and public-public partnership arrangements, in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for the year ending December 31, 2023.

Governmental Accounting Standards Board (GASB) 96 issued authoritative guidance GAS Statement No. 96 *Subscription-Based Information Technology Arrangements*, this Statement has been issued to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscriptions asset-an intangible asset- and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended .The requirements of this Statement are effective for the year ending December 31, 2023.

Governmental Accounting Standards Board (GASB) 97 issued authoritative guidance GAS Statement No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457, Deferred Compensation Plans* an amendment of GASB Statements No. 14 and No.84 and a supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related in the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for reporting periods as follows: paragraph 4 as it applies to defined contribution pension plans, defined contribution OPEB plans and other employee benefit plans and paragraph 5 are effective immediately, all other requirements of this Statement are effective for the year ending December 31, 2022.

The Town is currently evaluating the impact of the aforementioned GASB Statements on its financial statements.

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, 2019

| | Budgetary Amounts | | Actual | Variance with |
|---|-------------------|---------------|---------------|---------------|
| | Original | Final | | Final Budget |
| REAL PROPERTY TAXES | | | | |
| Ad valorem taxes | \$ 44,647,858 | \$ 44,647,858 | \$ 44,631,243 | \$ (16,615) |
| Total Real Property Taxes | 44,647,858 | 44,647,858 | 44,631,243 | (16,615) |
| OTHER REAL PROPERTY TAXES | | | | |
| Payment In lieu of taxes | 110,000 | 110,000 | 114,928 | 4,928 |
| Interest and penalty on taxes | 280,000 | 280,000 | 298,830 | 18,830 |
| Total Other Real Property Taxes | 390,000 | 390,000 | 413,758 | 23,758 |
| NON-PROPERTY TAX ITEMS | | | | |
| Franchises - cable TV | 4,457,221 | 4,757,221 | 5,452,789 | 695,568 |
| Total Non-Property Tax Items | 4,457,221 | 4,757,221 | 5,452,789 | 695,568 |
| DEPARTMENTAL INCOME | | | | |
| Audit & Control | 2,000 | 2,000 | 6,645 | 4,645 |
| Environmental-refuse and garbage charges | 23,047,600 | 23,047,600 | 23,428,552 | 380,952 |
| General Services Fees | 7,000 | 7,000 | 15,127 | 8,127 |
| Human Services-programs for the aging | 357,000 | 357,000 | 351,261 | (5,739) |
| Maritime recreational charges | 872,000 | 872,000 | 911,374 | 39,374 |
| Park and recreational charges | 6,993,500 | 6,993,500 | 6,536,476 | (457,024) |
| Public Safety-parking meters & other fees | 860,000 | 860,000 | 1,016,389 | 156,389 |
| Town Attorney Fees | 50,000 | 50,000 | 53,733 | 3,733 |
| Town Clerk Fees | 278,000 | 278,000 | 248,250 | (29,750) |
| Transportation-bus operations | 390,000 | 390,000 | 410,617 | 20,617 |
| Total Departmental Income | 32,857,100 | 32,857,100 | 32,978,424 | 121,324 |
| INTERGOVERNMENTAL CHARGES | | | | |
| Miscellaneous Revenue | 27,000 | 27,000 | 59,038 | 32,038 |
| Refuse and Garbage Service | 101,357 | 101,357 | 104,010 | 2,653 |
| Total Intergovernmental Charges | 128,357 | 128,357 | 163,048 | 34,691 |
| USE OF MONEY AND PROPERTY | | | | |
| Interest and earnings | 405,000 | 405,000 | 1,363,984 | 958,984 |
| Rental of real property | 821,500 | 821,500 | 872,018 | 50,518 |
| Total Use of Money and Property | 1,226,500 | 1,226,500 | 2,236,002 | 1,009,502 |
| LICENSES AND PERMITS | | | | |
| Bingo licenses | 18,000 | 18,000 | 22,695 | 4,695 |
| Dog licenses | 37,000 | 37,000 | 32,763 | (4,237) |
| Mooring Permits | 110,000 | 110,000 | 69,411 | (40,589) |
| Parking Permits | 950,000 | 950,000 | 1,013,475 | 63,475 |
| Town Attorney-miscellaneous permits | 5,000 | 5,000 | 10,987 | 5,987 |
| Total Licenses and Permits | 1,120,000 | 1,120,000 | 1,149,331 | 29,331 |
| FINES AND FORFEITURES | | | | |
| Fines | 1,305,000 | 1,305,000 | 1,609,378 | 304,378 |
| Total Fines and Forfeitures | 1,305,000 | 1,305,000 | 1,609,378 | 304,378 |

(Continued)

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Year ended December 31, 2019

| | Budgetary Amounts | | Actual | Variance with Final Budget |
|---|-----------------------|-----------------------|-----------------------|-------------------------------|
| | Original | Final | | |
| SALE OF PROPERTY AND COMPENSATION FOR LOSS | | | | |
| Sales of property | 47,000 | 58,245 | 224,848 | 166,603 |
| Insurance recoveries | 220,000 | 986,667 | 1,763,260 | 776,593 |
| Total Sale of Property & Compensation for Loss | <u>267,000</u> | <u>1,044,912</u> | <u>1,988,108</u> | <u>943,196</u> |
| MISCELLANEOUS LOCAL SOURCES | | | | |
| Refund of prior year expenditures | - | - | 68,692 | 68,692 |
| Gifts and donations | - | 3,250 | 6,493 | 3,243 |
| Miscellaneous revenue | 1,319,204 | 1,324,581 | 1,660,830 | 336,249 |
| Total Miscellaneous Local Sources | <u>1,319,204</u> | <u>1,327,831</u> | <u>1,736,015</u> | <u>408,184</u> |
| INTERFUND REVENUES | <u>4,558,953</u> | <u>4,558,953</u> | <u>4,558,953</u> | <u>-</u> |
| STATE AID | | | | |
| State Aid - mortgage tax | 8,000,000 | 8,000,000 | 8,819,877 | 819,877 |
| State Aid - revenue sharing | 1,067,256 | 1,067,256 | 1,067,256 | - |
| State Aid - bus and other mass transit | 863,651 | 863,651 | 820,850 | (42,801) |
| State Aid - programs for aging | 206,000 | 237,024 | 319,664 | 82,640 |
| State Aid - youth program | 474,599 | 474,599 | 679,321 | 204,722 |
| State Aid - other culture and recreation | 70,000 | 70,000 | 19,961 | (50,039) |
| State Aid - other home and community services | - | - | 17,387 | 17,387 |
| Total State Aid | <u>10,681,506</u> | <u>10,712,530</u> | <u>11,744,316</u> | <u>1,031,786</u> |
| FEDERAL AID | | | | |
| Federal Aid - programs for the aging | 217,000 | 217,000 | 143,580 | (73,420) |
| Federal Aid - bus and other mass transit | 100,000 | 100,000 | - | (100,000) |
| Federal Aid - youth program | 729,616 | 729,616 | 451,027 | (278,589) |
| Federal Aid - other culture and recreation | 48,000 | 48,000 | 42,232 | (5,768) |
| Total Federal Aid | <u>1,094,616</u> | <u>1,094,616</u> | <u>636,839</u> | <u>(457,777)</u> |
| Total Revenues | <u>\$ 104,053,315</u> | <u>\$ 105,170,878</u> | <u>\$ 109,298,204</u> | <u>\$ 4,127,326</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, 2019

| Function | Budgetary Amounts | | Actual | Encumbrances | Variance with Final Budget |
|--|-------------------|-------------------|-------------------|----------------|-------------------------------|
| | Original | Final | | | |
| CURRENT: | | | | | |
| GENERAL GOVERNMENT SUPPORT | | | | | |
| Town board | \$ 668,915 | \$ 657,273 | \$ 615,829 | \$ - | \$ 41,444 |
| Traffic violations bureau | 134,900 | 180,090 | 180,089 | - | 1 |
| Supervisor | 742,753 | 744,492 | 740,646 | - | 3,846 |
| Constituent services | 262,336 | 262,788 | 258,800 | - | 3,988 |
| Comptroller | 1,063,367 | 1,429,902 | 1,379,364 | - | 50,538 |
| Payroll | 178,410 | 203,410 | 185,950 | - | 17,460 |
| Receiver of taxes | 721,065 | 729,996 | 718,270 | - | 11,726 |
| Purchasing | 276,982 | 287,801 | 282,236 | - | 5,565 |
| Assessor | 1,108,229 | 984,472 | 960,338 | - | 24,134 |
| Assessment review board | 62,655 | 62,655 | 58,218 | - | 4,437 |
| Star exemption | 73,204 | 73,204 | 67,391 | - | 5,813 |
| Fiscal agent fees | 35,000 | 33,000 | 25,462 | - | 7,538 |
| Town clerk | 672,308 | 679,930 | 676,630 | 1,380 | 1,920 |
| Town clerk record center | 172,249 | 222,249 | 209,119 | - | 13,130 |
| Town board meetings & admin | 85,500 | 85,500 | 70,104 | 1 | 15,395 |
| Commuter parking | 187,296 | 192,843 | 190,924 | - | 1,919 |
| Town attorney | 2,801,844 | 3,475,600 | 3,236,187 | 184,677 | 54,736 |
| Personnel | 491,243 | 491,743 | 485,827 | - | 5,916 |
| Union representatives | 284,059 | 287,336 | 286,850 | - | 486 |
| Town engineer | 1,226,161 | 1,198,568 | 1,145,551 | 29,681 | 23,336 |
| Elections | - | 4,000 | 2,890 | 407 | 703 |
| General services administration | 633,470 | 597,478 | 592,289 | - | 5,189 |
| Buildings and grounds | 9,064,330 | 9,615,917 | 9,457,426 | 4,115 | 154,376 |
| Heckscher amphitheater | 12,000 | 12,000 | 9,213 | - | 2,787 |
| Vehicle maintenance | 1,278,540 | 1,284,850 | 1,266,912 | 1,053 | 16,885 |
| Central supply | 398,267 | 402,979 | 391,325 | 376 | 11,278 |
| Copy Center | 317,193 | 315,103 | 315,095 | - | 8 |
| Information technology | 2,459,416 | 2,449,603 | 2,081,574 | 311,745 | 56,284 |
| Unallocated insurance | 415,500 | 458,866 | 458,770 | - | 96 |
| Municipal assessment dues | 9,000 | 9,000 | 7,539 | - | 1,461 |
| Judgments and claims | 300,000 | 597,039 | 597,039 | - | - |
| Purchase of land and right of way | 1,500,000 | 1,502,500 | 2,500 | - | 1,500,000 |
| Taxes and assessment on municipal property | 50,500 | 46,543 | 22,479 | 6,943 | 17,121 |
| Other general government support | 20,000 | 20,000 | 11,500 | - | 8,500 |
| Total General Government Support | 27,706,692 | 29,598,730 | 26,990,336 | 540,378 | 2,068,016 |
| PUBLIC SAFETY | | | | | |
| Administration | 3,327,853 | 3,357,319 | 3,281,002 | 32,451 | 43,866 |
| Harbors and waterways | 796,927 | 858,574 | 850,212 | 3,197 | 5,165 |
| Control of animals | 1,030,469 | 1,119,985 | 1,104,575 | - | 15,410 |
| Code enforcement - safety inspection | 293,458 | 307,808 | 303,194 | - | 4,614 |
| Civil defense | 75,095 | 75,095 | 25,184 | - | 49,911 |
| Total Public Safety | 5,523,802 | 5,718,781 | 5,564,167 | 35,648 | 118,966 |

(Continued)

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Year ended December 31, 2019

| Function | Budgetary Amounts | | Actual | Encumbrances | Variance with Final Budget |
|--|-------------------|------------|------------|--------------|-------------------------------|
| | Original | Final | | | |
| HEALTH | | | | | |
| Drug & Alcohol | 861,070 | 785,734 | 785,734 | - | - |
| Total Health | 861,070 | 785,734 | 785,734 | - | - |
| TRANSPORTATION | | | | | |
| Superintendent of highways | 804,910 | 796,715 | 755,736 | - | 40,979 |
| Bus operations | 4,229,461 | 4,204,918 | 4,171,552 | - | 33,366 |
| Waterways Navigation | 61,900 | 75,081 | 74,637 | 2 | 442 |
| Total Transportation | 5,096,271 | 5,076,714 | 5,001,925 | 2 | 74,787 |
| ECONOMIC ASSISTANCE AND OPPORTUNITY | | | | | |
| Handicapped enforcement program | 8,750 | 7,750 | 1,615 | - | 6,135 |
| Literacy volunteers of America | 9,500 | 9,500 | 9,500 | - | - |
| Public information | 143,410 | 143,410 | 140,932 | - | 2,478 |
| Veterans service | 9,000 | 9,000 | 8,675 | - | 325 |
| Family assistance program | 163,270 | 163,270 | 159,077 | - | 4,193 |
| Programs for the aging | 836,600 | 815,753 | 790,063 | - | 25,690 |
| Senior citizens day care center | 382,215 | 380,214 | 369,862 | - | 10,352 |
| Senior nutrition program | 863,161 | 901,433 | 824,193 | - | 77,240 |
| Total Economic Assistance And Opportunity | 2,415,906 | 2,430,330 | 2,303,917 | - | 126,413 |
| CULTURE AND RECREATION | | | | | |
| Arts council administration | 147,500 | 147,500 | 147,500 | - | - |
| Recreation administration | 955,047 | 1,005,708 | 995,119 | 1,099 | 9,490 |
| Dix Hills Park administration | 1,145,679 | 1,094,676 | 1,064,141 | - | 30,535 |
| Dix Hills Park maintenance | 1,887,886 | 1,894,865 | 1,841,712 | 792 | 52,361 |
| Playgrounds and recreation centers | 952,481 | 836,065 | 797,135 | - | 38,930 |
| Recreation fee classes | 299,810 | 294,973 | 257,214 | 8,527 | 29,232 |
| Beach maintenance | 281,129 | 282,706 | 238,233 | 458 | 44,015 |
| Marinas & docks | 419,858 | 424,658 | 419,254 | 481 | 4,923 |
| Golf course maintenance | 1,387,081 | 1,477,356 | 1,401,887 | 5,148 | 70,321 |
| Camp Bright Star | 160,320 | 159,865 | 151,596 | - | 8,269 |
| Beaches | 553,704 | 630,112 | 623,676 | - | 6,436 |
| Golf course administration | 16,000 | 68,200 | 68,162 | - | 38 |
| Band concerts | 143,811 | 143,811 | 140,784 | - | 3,027 |
| Youth program administration | 629,502 | 636,383 | 635,962 | - | 421 |
| Joint youth programs | 2,893,326 | 2,763,028 | 2,763,028 | - | - |
| Museum | 485,134 | 485,134 | 485,134 | - | - |
| Cultural affairs | 133,150 | 133,150 | 129,550 | - | 3,600 |
| Town historian | 56,471 | 54,949 | 51,277 | - | 3,672 |
| Celebrations | 10,000 | 10,000 | 7,863 | - | 2,137 |
| Human Services | 407,336 | 431,014 | 429,626 | - | 1,388 |
| Senior Citizen CHORE | 236,441 | 289,476 | 288,160 | - | 1,316 |
| Board of trustees maintenance | 80,000 | 225,307 | 209,466 | 11,621 | 4,220 |
| Total Culture and Recreation | 13,281,666 | 13,488,936 | 13,146,479 | 28,126 | 314,331 |

(Continued)

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Year ended December 31, 2019

| Function | Budgetary Amounts | | Actual | Encumbrances | Variance with Final Budget |
|--|--------------------|-----------------------|----------------------|---------------------|-------------------------------|
| | Original | Final | | | |
| HOME AND COMMUNITY SERVICES | | | | | |
| Landfill | 346,150 | 372,404 | 363,045 | - | 9,359 |
| Resource Recovery | 20,132,367 | 22,595,971 | 21,674,713 | - | 921,258 |
| Organic Garden | 6,200 | 5,932 | 5,887 | - | 45 |
| Solid waste recycling | 633,990 | 662,462 | 602,217 | - | 60,245 |
| Plan & manage development | 35,000 | 43,507 | 17,886 | - | 25,621 |
| Maritime Services administration | 441,474 | 341,961 | 327,927 | - | 14,034 |
| Waste Management administration | 449,373 | 451,914 | 447,351 | - | 4,563 |
| Services to the handicapped | 10,800 | 7,320 | 7,041 | - | 279 |
| Total Home and Community Services | 22,055,354 | 24,481,471 | 23,446,067 | - | 1,035,404 |
| EMPLOYEE BENEFITS | | | | | |
| State employee retirement system | 5,977,554 | 4,767,727 | 4,767,727 | - | - |
| Social security | 95,000 | 82,900 | 41,155 | - | 41,745 |
| Workers' compensation | 1,400,000 | 1,684,326 | 1,668,701 | 15,623 | 2 |
| Life insurance | 50,000 | 45,000 | 33,553 | - | 11,447 |
| Unemployment insurance | 130,000 | 104,231 | 104,230 | - | 1 |
| Disability benefits | 90,000 | 62,448 | 56,029 | - | 6,419 |
| Hospital, medical and dental | 13,565,000 | 12,311,486 | 12,311,484 | - | 2 |
| Union welfare benefits | 580,000 | 580,000 | 567,077 | - | 12,923 |
| Other employee benefits | 868,000 | 807,974 | 787,303 | - | 20,671 |
| Total Employee Benefits | 22,755,554 | 20,446,092 | 20,337,259 | 15,623 | 93,210 |
| Total Expenditures | 99,696,315 | 102,026,788 | 97,575,884 | 619,777 | 3,831,127 |
| Excess (Deficiency) of Revenues | | | | | |
| Over Expenditures | 4,357,000 | 3,144,090 | 11,722,320 | (619,777) | 7,958,453 |
| Other Financing Sources (Uses) | | | | | |
| Transfers In | | 58,507 | 58,507 | - | - |
| Transfers out | - | (3,038,625) | (3,038,625) | - | - |
| Transfers out (Debt Service) | (4,417,000) | (4,378,003) | (4,357,067) | - | 20,936 |
| Total Other Financing Sources (Uses) | (4,417,000) | (7,358,121) | (7,337,185) | | 20,936 |
| Net Change in Fund Balance | <u>\$ (60,000)</u> | <u>\$ (4,214,031)</u> | 4,385,135 | <u>\$ (619,777)</u> | <u>\$ 7,979,389</u> |
| Fund Balance at Beginning of Year | | | <u>33,500,903</u> | | |
| Fund Balance at End of Year | | | <u>\$ 37,886,038</u> | | |

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TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGHWAY FUND
For the Year ended December 31, 2019

| | Budgetary Amounts | | Actual | Variance with Final Budget |
|---|-------------------|---------------|---------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| REAL PROPERTY TAXES | | | | |
| Ad valorem taxes | \$ 33,734,114 | \$ 33,734,114 | \$ 33,734,114 | \$ - |
| Total Real Property Taxes | 33,734,114 | 33,734,114 | 33,734,114 | - |
| OTHER REAL PROPERTY TAX ITEMS | | | | |
| Payment in lieu of taxes | 90,000 | 90,000 | 109,990 | 19,990 |
| Interest and penalties on taxes | - | - | 2,859 | 2,859 |
| Total Other Real Property Taxes | 90,000 | 90,000 | 112,849 | 22,849 |
| DEPARTMENTAL INCOME | | | | |
| Other general departmental income | - | 445,466 | 445,482 | 16 |
| Total Departmental Income | - | 445,466 | 445,482 | 16 |
| INTERGOVERNMENT CHARGE | | | | |
| Transportation Services, Other Government | - | - | 10,575 | 10,575 |
| Total Departmental Income | - | - | 10,575 | 10,575 |
| USE OF MONEY AND PROPERTY | | | | |
| Interest and earnings | 200,000 | 200,000 | 559,123 | 359,123 |
| Total Use of Money and Property | 200,000 | 200,000 | 559,123 | 359,123 |
| LICENSES AND PERMITS | | | | |
| Licenses and permits | 200,000 | 200,000 | 184,025 | (15,975) |
| Total Licenses and Permits | 200,000 | 200,000 | 184,025 | (15,975) |
| SALE OF PROPERTY AND COMPENSATION FOR LOSS | | | | |
| Sales of scrap materials/equipment | 8,000 | 8,000 | 14,550 | 6,550 |
| Insurance recoveries | 5,000 | 14,546 | 150,018 | 135,472 |
| Total Sale of Property and Compensation for Loss | 13,000 | 22,546 | 164,568 | 142,022 |
| MISCELLANEOUS LOCAL SOURCES | | | | |
| Miscellaneous revenue | 400,100 | 400,100 | 567,440 | 167,340 |
| Total Miscellaneous Local Sources | 400,100 | 400,100 | 567,440 | 167,340 |
| STATE AID | | | | |
| State aid - Consolidated highway aid | 1,706,000 | 2,925,899 | 2,765,225 | (160,674) |
| State Aid - Other | - | - | 55,329 | 55,329 |
| Total State Aid | 1,706,000 | 2,925,899 | 2,820,554 | (105,345) |
| Total Revenues | \$ 36,343,214 | \$ 38,018,125 | \$ 38,598,730 | \$ 580,605 |

(Continued)

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGHWAY FUND
For the Year ended December 31, 2019

| | Budgetary Amounts | | Actual | Encumbrances | Variance with Final Budget |
|--|--------------------|---------------------|---------------------|--------------------|-------------------------------|
| | Original | Final | | | |
| EXPENDITURES | | | | | |
| CURRENT: | | | | | |
| GENERAL GOVERNMENT SUPPORT | | | | | |
| Insurance | \$ 112,000 | \$ 140,675 | \$ 140,655 | \$ - | \$ 20 |
| Bond and note issue expense | 45,000 | 45,000 | 25,663 | - | 19,337 |
| Other Government Support | 87,000 | 105,000 | 56,919 | - | 48,081 |
| Total General Government Support | <u>244,000</u> | <u>290,675</u> | <u>223,237</u> | <u>-</u> | <u>67,438</u> |
| | | | | | |
| TRANSPORTATION | | | | | |
| Highway repairs | 13,133,050 | 13,186,407 | 13,034,349 | 14,496 | 137,562 |
| Capital highway improvements | 1,706,000 | 2,925,899 | 2,765,225 | 38,242 | 122,432 |
| Highway and machinery | 2,131,397 | 1,942,698 | 1,815,450 | 3,318 | 123,930 |
| Brush and weeds | 430,000 | 1,914,491 | 1,850,657 | - | 63,834 |
| Snow removal | 2,538,908 | 2,581,770 | 2,581,767 | - | 3 |
| Total Transportation | <u>19,939,355</u> | <u>22,551,265</u> | <u>22,047,448</u> | <u>56,056</u> | <u>447,761</u> |
| | | | | | |
| EMPLOYEE BENEFITS | | | | | |
| State employee retirement system | 2,322,659 | 1,831,294 | 1,831,294 | - | - |
| Social security | 48,000 | 38,000 | 15,420 | - | 22,580 |
| Workers Compensation | 1,100,000 | 1,393,939 | 1,393,938 | - | 1 |
| Life insurance | 400 | 586 | 586 | - | - |
| Unemployment insurance | 75,000 | 75,000 | 15,660 | - | 59,340 |
| Disability benefits | 1,000 | 1,112 | 1,112 | - | - |
| Hospital, medical and dental | 6,063,800 | 4,905,408 | 4,905,407 | - | 1 |
| Union welfare benefits | 200,000 | 200,000 | 180,400 | - | 19,600 |
| Other employee benefits | 164,000 | 232,966 | 201,164 | - | 31,802 |
| Total Employee Benefits | <u>9,974,859</u> | <u>8,678,305</u> | <u>8,544,981</u> | <u>-</u> | <u>133,324</u> |
| | | | | | |
| Total Expenditures | <u>30,158,214</u> | <u>31,520,245</u> | <u>30,815,666</u> | <u>56,056</u> | <u>648,523</u> |
| | | | | | |
| Excess (Deficiency) of Revenues | | | | | |
| Over Expenditures | <u>6,185,000</u> | <u>6,497,880</u> | <u>7,783,064</u> | <u>(56,056)</u> | <u>1,229,128</u> |
| | | | | | |
| Other Financing Sources (Uses) | | | | | |
| Transfer Out | | (445,466) | (445,466) | - | - |
| Transfers in | - | 258 | 258 | - | - |
| Transfers out (Debt Service) | (6,225,000) | (6,225,000) | (6,178,839) | - | 46,161 |
| Total Other Financing Sources (Uses) | <u>(6,225,000)</u> | <u>(6,670,208)</u> | <u>(6,624,047)</u> | <u>-</u> | <u>46,161</u> |
| | | | | | |
| Net Change in Fund Balance | <u>\$ (40,000)</u> | <u>\$ (172,328)</u> | <u>\$ 1,159,017</u> | <u>\$ (56,056)</u> | <u>\$ 1,275,289</u> |
| | | | | | |
| Fund Balance at Beginning of Year | | | <u>7,193,812</u> | | |
| | | | | | |
| Fund Balance at End of Year | | | <u>\$ 8,352,829</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, 2019

| | Budgetary Amounts | | Actual | Variance with Final Budget |
|---|-------------------|---------------|---------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| REAL PROPERTY TAXES | | | | |
| Ad valorem taxes | \$ 25,128,313 | \$ 25,128,313 | \$ 25,128,313 | \$ - |
| Total Real Property Taxes | 25,128,313 | 25,128,313 | 25,128,313 | - |
| OTHER REAL PROPERTY TAX ITEMS | | | | |
| Interest and penalties on taxes | 1,000 | 1,000 | 2,130 | 1,130 |
| Total Other Real Property Tax Items | 1,000 | 1,000 | 2,130 | 1,130 |
| DEPARTMENTAL INCOME | | | | |
| Refuse and garbage charges | 9,040 | 9,040 | 8,055 | (985) |
| Total Departmental Income | 9,040 | 9,040 | 8,055 | (985) |
| INTERGOVERNMENT CHARGE | | | | |
| Refuse & Garbage Service, Other Government | 9,658 | 9,658 | 12,794 | 3,136 |
| Total Intergovernment Charge | 9,658 | 9,658 | 12,794 | 3,136 |
| USE OF MONEY AND PROPERTY | | | | |
| Interest and earnings | 200,000 | 200,000 | 363,088 | 163,088 |
| Total Use of Money and Property | 200,000 | 200,000 | 363,088 | 163,088 |
| SALE OF PROPERTY AND COMPENSATION FOR LOSS | | | | |
| Sales of recycled materials | 120,000 | 120,000 | 98,244 | (21,756) |
| Insurance recoveries | - | - | 23,655 | 23,655 |
| Total Sale of Property and Compensation for Loss | 120,000 | 120,000 | 121,899 | 1,899 |
| MISCELLANEOUS LOCAL SOURCES | | | | |
| Miscellaneous | 100,000 | 100,000 | 119,428 | 19,428 |
| Total Miscellaneous Local Sources | 100,000 | 100,000 | 119,428 | 19,428 |
| STATE AID | | | | |
| State Aid - Other | - | 103,619 | 103,619 | - |
| Total State Aid | - | 103,619 | 103,619 | - |
| Total Revenues | \$ 25,568,011 | \$ 25,671,630 | \$ 25,859,326 | \$ 187,696 |

(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, 2019

| | Budgetary Amounts | | Actual | Encumbrances | Variance with Final Budget |
|--|---------------------|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | | |
| EXPENDITURES | | | | | |
| CURRENT: | | | | | |
| GENERAL GOVERNMENT SUPPORT | | | | | |
| Insurance | \$ 80,000 | \$ 99,850 | \$ 99,827 | \$ - | \$ 23 |
| Other government support | 2,152,451 | 2,249,710 | 2,142,594 | - | 107,116 |
| Total General Government Support | <u>2,232,451</u> | <u>2,349,560</u> | <u>2,242,421</u> | <u>-</u> | <u>107,139</u> |
| HOME AND COMMUNITY SERVICES | | | | | |
| Refuse and garbage | 20,372,386 | 20,749,255 | 20,274,571 | 234,741 | 239,943 |
| Total Home and Community Services | <u>20,372,386</u> | <u>20,749,255</u> | <u>20,274,571</u> | <u>234,741</u> | <u>239,943</u> |
| EMPLOYEE BENEFITS | | | | | |
| State employee retirement system | 740,174 | 564,302 | 564,302 | - | - |
| Social security | 23,000 | 20,000 | 9,391 | - | 10,609 |
| Workers Compensation | 300,000 | 356,350 | 356,349 | - | 1 |
| Life insurance | 500 | 500 | 99 | - | 401 |
| Unemployment insurance | 20,000 | 20,000 | 7,465 | - | 12,535 |
| Disability insurance | 500 | 500 | 83 | - | 417 |
| Hospital, medical and dental | 1,761,000 | 1,540,874 | 1,486,272 | - | 54,602 |
| Union welfare benefits | 68,000 | 68,000 | 58,520 | - | 9,480 |
| Other employee benefits | 77,000 | 133,078 | 122,587 | - | 10,491 |
| Total Employee Benefits | <u>2,990,174</u> | <u>2,703,604</u> | <u>2,605,068</u> | <u>-</u> | <u>98,536</u> |
| Total Expenditures | <u>25,595,011</u> | <u>25,802,419</u> | <u>25,122,060</u> | <u>234,741</u> | <u>445,618</u> |
| Excess (Deficiency) of Revenues | | | | | |
| Over Expenditures | <u>(27,000)</u> | <u>(130,789)</u> | <u>737,266</u> | <u>(234,741)</u> | <u>633,314</u> |
| Other Financing Sources (Uses) | | | | | |
| Transfers out (Debt Service) | <u>(223,000)</u> | <u>(223,000)</u> | <u>(218,567)</u> | <u>-</u> | <u>4,433</u> |
| Total Other Financing Sources (Uses) | <u>(223,000)</u> | <u>(223,000)</u> | <u>(218,567)</u> | <u>-</u> | <u>4,433</u> |
| Net Change in Fund Balance | <u>\$ (250,000)</u> | <u>\$ (353,789)</u> | <u>518,699</u> | <u>\$ (234,741)</u> | <u>\$ 637,747</u> |
| Fund Balance at Beginning of Year | | | <u>5,614,104</u> | | |
| Fund Balance at End of Year | | | <u>\$ 6,132,803</u> | | |

TOWN OF HUNTINGTON
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OTHER POSTEMPLOYMENT BENEFIT (OPEB)
LIABILITY AND RELATED RATIOS
December 31, 2019

| Period | Total OPEB Liability - Beginning of the Period | Service cost | Interest on Total OPEB Liability | Differences between expected and actual experience |
|-------------------------------------|---|--------------|--|--|
| January 1, 2019 - December 31, 2019 | \$ 229,879,541 | \$ 5,370,925 | \$ 9,480,232 | \$ (6,547,596) |
| January 1, 2018 - December 31, 2018 | \$ 257,416,298 | \$ 6,880,370 | \$ 8,273,814 | \$ -0- |

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4, to pay other postemployment benefits (OPEB).

The Town currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

Changes of assumptions.

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

| | |
|------|-------|
| 2019 | 2.74% |
| 2018 | 4.10% |
| 2017 | 3.18% |

Change in actuarial cost method.

The Town adopted GASB Statement No. 75 in the year-ended December 31, 2018 and continues to use the entry age normal as a percentage of payroll, the prescribed method under GASB 75.

The OPEB schedules are intended to show information for ten years and additional year's information will be displayed as it becomes available.

| Changes in benefit terms | Changes of assumptions or other inputs | Benefit payments | Total OPEB Liability - End of the Period | Covered-employee payroll | Total OPEB Liability as a Percentage of Covered-employee Payroll |
|--------------------------|--|------------------|--|--------------------------|--|
| \$ -0- | \$ 54,617,376 | \$ (8,520,920) | \$ 284,279,558 | \$ 50,258,787 | 565.63% |
| \$ -0- | \$ (34,398,340) | \$ (8,292,601) | \$ 229,879,541 | \$ 49,148,186 | 467.73% |

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

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|------------------|------------------|------------------|
| Contractually required contribution | \$ 8,531,934 | \$ 8,771,865 | \$ 8,764,939 |
| Contributions in relation to the contractually required contribution | <u>8,531,934</u> | <u>8,771,865</u> | <u>8,764,939</u> |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - |
| Town's covered payroll | 55,969,007 | 56,617,483 | 54,953,769 |
| Contributions as a percentage of covered employee payroll | 15% | 15% | 16% |

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|
| \$ 9,045,917 | \$ 11,317,997 | \$ 10,790,971 | \$ 12,736,105 | \$ 10,760,219 | \$ 8,010,413 | \$ 5,777,432 |
| <u>9,045,917</u> | <u>11,317,997</u> | <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> |
| \$ - | \$ - | \$ - | \$ - | \$ 3,905,184 | \$ - | \$ - |
| 54,676,490 | 55,099,418 | 53,285,268 | 51,630,809 | 52,095,461 | 49,396,373 | 51,110,066 |
| 17% | 21% | 20% | 25% | 13% | 16% | 11% |

TOWN OF HUNTINGTON
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 December 31, 2019
 Last Five Fiscal Years

Employees' Retirement System

| | As of March 31st | | | | |
|--|------------------|---------------|---------------|---------------|---------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| Town's proportion of the net pension liability | 0.1951519% | 0.1954509% | 0.2048107% | 0.2085953% | 0.2062962% |
| Town's proportionate share of the net pension liability | \$ 13,827,107 | \$ 6,308,071 | \$ 19,244,466 | \$ 33,480,134 | \$ 6,969,189 |
| Town's covered payroll | \$ 55,969,007 | \$ 56,617,483 | \$ 52,103,438 | \$ 53,342,327 | \$ 55,263,873 |
| Town's proportionate share of the net pension liability as a percentage of its covered payroll | 24.70 % | 11.14 % | 36.94 % | 62.76 % | 12.61 % |
| Plan fiduciary net position as a percentage of the total pension liability | 96.27% | 98.24% | 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, 2019

Last Three Fiscal Years

Length of Service Award Program

Commack Volunteer Ambulance Corps

| Measurement date as of December 31, | 2018 | 2017 | 2016 |
|--|------------|------------|-----------|
| Service cost | \$ 129,885 | \$ 112,498 | 139,147 |
| Interest | 67,872 | 69,239 | 63,742 |
| Changes of assumptions or other inputs | (178,075) | 188,282 | (181,073) |
| Differences between expected and actual experience | (119,522) | (77,588) | (96,437) |
| Benefit payments | (30,062) | (26,484) | (22,284) |
| Net change in total pension liability | (129,902) | 265,947 | (96,905) |
| Total pension liability - beginning | 2,032,961 | 1,767,014 | 1,863,919 |
| Total pension liability - ending | 1,903,059 | 2,032,961 | 1,767,014 |
| | | | |
| Covered payroll | N/A | N/A | N/A |
| | | | |
| Total pension liability as a percentage of covered payroll | N/A | N/A | N/A |

Huntington Community First Aid Squad, Inc.

| Measurement date as of December 31, | 2018 | 2017 | 2016 |
|--|------------|------------|-----------|
| Service cost | \$ 407,152 | \$ 367,462 | 423,133 |
| Interest | 321,114 | 329,911 | 291,125 |
| Changes of assumptions or other inputs | 37,333 | 716,772 | (687,163) |
| Differences between expected and actual experience | 73,533 | 74,269 | 51,593 |
| Benefit payments | (275,035) | (242,470) | (213,905) |
| Net change in total pension liability | 564,097 | 1,245,944 | (135,217) |
| Total pension liability - beginning | 9,892,206 | 8,646,262 | 8,781,479 |
| Total pension liability - ending | 10,456,303 | 9,892,206 | 8,646,262 |
| | | | |
| Covered payroll | N/A | N/A | N/A |
| | | | |
| Total pension liability as a percentage of covered payroll | N/A | N/A | 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, 2016 | 3.71% |
| December 31, 2017 | 3.16% |
| December 31, 2018 | 3.64% |

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, 2019
 Last Four Fiscal Years

Commack Volunteer Ambulance Corps

| | 2019 | 2018 | 2017 | 2016 |
|---|----------------|----------------|----------------|----------------|
| Total Length of Service Award Program Pension Liability | \$ 1,903,059 | \$ 2,032,961 | \$ 1,767,014 | 1,863,919 |
| Town's covered payroll | Not Applicable | Not Applicable | Not Applicable | Not Applicable |
| Contributions as a percentage of covered payroll | Not Applicable | Not Applicable | Not Applicable | Not Applicable |

Huntington Community First Aid Squad, Inc.

| | 2019 | 2018 | 2017 | 2016 |
|---|----------------|----------------|----------------|----------------|
| Total Length of Service Award Program Pension Liability | \$ 10,456,303 | \$ 9,892,206 | \$ 8,646,262 | 8,781,479 |
| Town's covered payroll | Not Applicable | Not Applicable | Not Applicable | Not Applicable |
| Contributions as a percentage of covered payroll | Not Applicable | Not Applicable | Not Applicable | Not Applicable |

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COMPONENT UNITS
SCHEDULE OF DISTRICTS' CONTRIBUTIONS
LAST TEN YEARS

Greenlawn Water District

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|----------------|----------------|----------------|
| Contractually required contribution | \$ 186,586 | \$ 187,488 | \$ 185,667 |
| Contributions in relation to the contractually required contribution | <u>186,586</u> | <u>187,488</u> | <u>185,667</u> |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - |
| District's covered payroll | 1,269,192 | 1,213,360 | 1,212,152 |
| Contributions as a percentage of covered payroll | 15% | 15% | 15% |

South Huntington Water District

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|----------------|----------------|----------------|
| Contractually required contribution | \$ 195,746 | \$ 202,948 | \$ 189,105 |
| Contributions in relation to the contractually required contribution | <u>195,746</u> | <u>202,948</u> | <u>189,105</u> |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - |
| District's covered payroll | 1,354,420 | 1,291,865 | 1,329,652 |
| Contributions as a percentage of covered payroll | 14% | 16% | 14% |

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| \$ 204,112 | \$ 241,020 | \$ 253,554 | \$ 286,409 | \$ 181,359 | \$ 215,544 | \$ 136,735 |
| <u>204,112</u> | <u>241,020</u> | <u>253,554</u> | <u>286,409</u> | <u>181,359</u> | <u>215,544</u> | <u>136,735</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1,160,988 | 1,232,499 | 1,315,312 | 1,271,843 | 1,198,977 | 1,117,345 | 1,185,214 |
| 18% | 20% | 19% | 23% | 15% | 19% | 12% |

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| \$ 193,255 | \$ 205,756 | \$ 326,700 | \$ 215,311 | \$ 255,066 | \$ 166,737 | \$ 144,068 |
| <u>193,255</u> | <u>205,756</u> | <u>326,700</u> | <u>215,311</u> | <u>255,066</u> | <u>166,737</u> | <u>144,068</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1,228,683 | 1,316,312 | 1,373,704 | 1,352,331 | 1,204,400 | 1,265,077 | 1,203,485 |
| 16% | 16% | 24% | 16% | 21% | 13% | 12% |

COMPONENT UNITS

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

December 31, 2019

Last Five Years

Employees' Retirement System

| | 2019 Greenlawn Water District | 2018 Greenlawn Water District | 2017 Greenlawn Water District | 2016 Greenlawn Water District | 2015 Greenlawn Water District |
|--|--|--|--|--|--|
| District's proportion of the net pension liability | 0.0047719% | 0.0047076% | 0.0048558% | 0.0050102% | 0.0052609% |
| District's proportionate share of the net pension liability | \$ 338,104 | \$ 151,934 | \$ 456,262 | \$ 804,147 | \$ 237,283 |
| District's covered payroll | \$ 1,219,595 | \$ 1,221,669 | \$ 1,162,078 | \$ 1,243,616 | \$ 1,245,786 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 27.72 % | 12.44 % | 39.26 % | 64.66 % | 19.05 % |
| Plan fiduciary net position as a percentage of the total pension liability | 96.27% | 98.24% | 94.70% | 90.68% | 97.95% |

| | 2019 South Huntington Water District | 2018 South Huntington Water District | 2017 South Huntington Water District | 2016 South Huntington Water District | 2016 South Huntington Water District |
|--|---|---|---|---|---|
| District's proportion of the net pension liability | 0.0045444% | 0.0043350% | 0.0042256% | 0.0043830% | 0.0044837% |
| District's proportionate share of the net pension liability | \$ 321,983 | \$ 139,909 | \$ 397,046 | \$ 703,477 | \$ 151,472 |
| District's covered payroll | \$ 1,262,071 | \$ 1,371,833 | \$ 1,256,412 | \$ 1,184,360 | \$ 1,358,006 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 25.51 % | 10.20 % | 31.60 % | 59.40 % | 11.15 % |
| Plan fiduciary net position as a percentage of the total pension liability | 96.27% | 98.24% | 94.70% | 90.68% | 97.95% |

OTHER SUPPLEMENTARY INFORMATION

Combining Fund Statements

TOWN OF HUNTINGTON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2019

| | Special Revenue Funds | | | | Total |
|--|-----------------------|---------------------------|--------------------------|----------------------|----------------------|
| | Town | Local | Town Business | | |
| | Outside Village | Development Corp (LDC) | Improvement Districts | Special Districts | |
| Assets | | | | | |
| Cash and cash equivalents | \$4,103,342 | \$ 278,796 | \$ - | \$ 10,560,155 | \$ 14,942,293 |
| Cash-Restricted | 1,449,980 | - | - | 9,272,300 | 10,722,280 |
| Prepays | 202,392 | - | - | 162,046 | 364,438 |
| Accounts receivable, net | 78,435 | - | - | 1,005,864 | 1,084,299 |
| Due from other funds | 73 | - | - | 14,330 | 14,403 |
| Total Assets | <u>\$5,834,222</u> | <u>\$ 278,796</u> | <u>\$ -</u> | <u>\$ 21,014,695</u> | <u>\$ 27,127,713</u> |
| Liabilities | | | | | |
| Accounts payable & other current liabilities | \$ 156,047 | \$ - | \$ - | \$ 684,473 | \$ 840,520 |
| Accrued liabilities | 171,009 | - | - | 113,646 | 284,655 |
| Due to other funds | 22,438 | - | - | 11,370 | 33,808 |
| Total Liabilities | <u>\$ 349,494</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 809,489</u> | <u>\$ 1,158,983</u> |
| Deferred Inflows | | | | | |
| Deferred revenue | - | - | - | 3,021,166 | 3,021,166 |
| Total Deferred Inflows | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,021,166</u> | <u>3,021,166</u> |
| Fund Balance | | | | | |
| Non-Spendable | | | | | |
| Prepays | 202,392 | - | - | 162,046 | 364,438 |
| Restricted for: | | | | | |
| Debt service | - | - | - | 42,442 | 42,442 |
| Retirement contribution | 251 | - | - | 61,507 | 61,758 |
| Capital reserve | 1,069,692 | - | - | - | 1,069,692 |
| Employee Benefit Accrual Liability | 380,037 | - | - | 63,453 | 443,490 |
| Length of service award program | - | - | - | 9,104,898 | 9,104,898 |
| Assigned to: | | | | | |
| Town Outside Village | 3,800,707 | - | - | - | 3,800,707 |
| Local Development Corporation | - | 278,796 | - | - | 278,796 |
| Fire Protection | - | - | - | 41,342 | 41,342 |
| Street Lighting | - | - | - | 2,705,879 | 2,705,879 |
| Ambulance Services | - | - | - | 1,638,178 | 1,638,178 |
| Sewer Services | - | - | - | 2,095,843 | 2,095,843 |
| Water Services | - | - | - | 446,381 | 446,381 |
| Subsequent year's budget | - | - | - | 475,000 | 475,000 |
| Purchases on order | 31,649 | - | - | 347,071 | 378,720 |
| Total Fund Balance/(Deficit) | <u>5,484,728</u> | <u>278,796</u> | <u>-</u> | <u>17,184,040</u> | <u>22,947,564</u> |
| Total Liabilities, Deferred Inflows & Fund Balance | <u>\$5,834,222</u> | <u>\$ 278,796</u> | <u>\$ -</u> | <u>\$ 21,014,695</u> | <u>\$ 27,127,713</u> |

TOWN OF HUNTINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

| | Special Revenue Funds | | | | Total |
|---|---------------------------|--------------------------|-----------------------|-----------------------------|-----------------------------|
| | Town | Local | Town Business | Special Districts | |
| | Outside Village | Development Corp (LDC) | Improvement Districts | | |
| REVENUES | | | | | |
| Real property taxes | \$5,089,443 | \$ - | \$ 186,500 | \$ 14,097,825 | \$ 19,373,768 |
| Other real property tax items | 33,005 | - | 16 | 14,428 | 47,449 |
| Non-property tax items | - | - | - | 144,701 | 144,701 |
| Departmental income | 6,038,082 | 3,000 | - | 4,269,474 | 10,310,556 |
| Use of money and property | 145,683 | 485 | - | 622,469 | 768,637 |
| Licenses and permits | 1,001,687 | - | - | - | 1,001,687 |
| Sale of property and Compensation for loss | 3,662 | - | - | 2,731,097 | 2,734,759 |
| Miscellaneous local sources | 308,977 | - | - | 1,890,679 | 2,199,656 |
| State aid | - | - | - | 23,233 | 23,233 |
| Total Revenues | <u>12,620,539</u> | <u>3,485</u> | <u>186,516</u> | <u>23,793,906</u> | <u>36,604,446</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government support | 2,092,795 | - | - | 2,513,536 | 4,606,331 |
| Public safety | 2,548,932 | - | - | 1,557,559 | 4,106,491 |
| Health | 158,659 | - | - | 3,164,847 | 3,323,506 |
| Transportation | - | - | - | 2,008,542 | 2,008,542 |
| Economic assistance and opportunity | - | 2,575 | - | - | 2,575 |
| Home and community services | 2,065,126 | - | 186,516 | 6,959,069 | 9,210,711 |
| Employee benefits | 3,571,130 | - | - | 2,361,824 | 5,932,954 |
| Total Expenditures | <u>10,436,642</u> | <u>2,575</u> | <u>186,516</u> | <u>18,565,377</u> | <u>29,191,110</u> |
| Excess (Deficiency) of Revenues | | | | | |
| Over (Under) Expenditures | <u>2,183,897</u> | <u>910</u> | <u>-</u> | <u>5,228,529</u> | <u>7,413,336</u> |
| Other Financing Sources (Uses) | | | | | |
| Transfers out | - | - | - | (1,134,000) | (1,134,000) |
| Transfers out (Debt Service) | (222,484) | - | - | (1,776,625) | (1,999,109) |
| Total Other Financing Sources (Uses) | <u>(222,484)</u> | <u>-</u> | <u>-</u> | <u>(2,910,625)</u> | <u>(3,133,109)</u> |
| Net Change in Fund Balance | 1,961,413 | 910 | - | 2,317,904 | 4,280,227 |
| Fund Balances/(Deficit) at Beginning of Year | <u>3,523,315</u> | <u>277,886</u> | <u>-</u> | <u>14,866,136</u> | <u>18,667,337</u> |
| Fund Balances at End of Year | <u><u>\$5,484,728</u></u> | <u><u>\$ 278,796</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 17,184,040</u></u> | <u><u>\$ 22,947,564</u></u> |

TOWN OF HUNTINGTON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL DISTRICT FUNDS
December 31, 2019

| | Special Revenue Funds | | | | | Total |
|---|------------------------|----------------------|----------------------|---------------------|---------------------|----------------------|
| | Fire | Street | Ambulance | Sewer | Water | |
| | Protection District | Lighting District | | | | |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 56,797 | \$ 3,443,461 | \$ 1,496,336 | \$ 2,380,986 | \$ 3,182,575 | \$ 10,560,155 |
| Cash-Restricted | - | 26,158 | 9,104,898 | 46,787 | 94,457 | 9,272,300 |
| Prepays | - | 32,187 | - | 78,942 | 50,917 | 162,046 |
| Accounts receivable, net | - | - | 484,096 | 1,313 | 520,455 | 1,005,864 |
| Due from other funds | - | - | - | - | 14,330 | 14,330 |
| Total Assets | <u>\$ 56,797</u> | <u>\$ 3,501,806</u> | <u>\$ 11,085,330</u> | <u>\$ 2,508,028</u> | <u>\$ 3,862,734</u> | <u>\$ 21,014,695</u> |
| LIABILITIES | | | | | | |
| Accounts payable and other current liabilities | \$ 15,455 | \$ 126,675 | \$ 117,254 | \$ 225,230 | \$ 199,859 | \$ 684,473 |
| Accrued liabilities | - | 20,726 | - | 58,522 | 34,398 | 113,646 |
| Due to other funds | - | 5,280 | - | 2,209 | 3,881 | 11,370 |
| Total Liabilities | <u>\$ 15,455</u> | <u>\$ 152,681</u> | <u>\$ 117,254</u> | <u>\$ 285,961</u> | <u>\$ 238,138</u> | <u>\$ 809,489</u> |
| DEFERRED INFLOWS | | | | | | |
| Deferred revenues | - | - | - | - | 3,021,166 | 3,021,166 |
| Total Deferred Inflows | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,021,166</u> | <u>3,021,166</u> |
| FUND BALANCE | | | | | | |
| Non-Spendable | | | | | | |
| Prepays | - | 32,187 | - | 78,942 | 50,917 | 162,046 |
| Restricted for: | | | | | | |
| Debt service | - | - | - | 36,433 | 6,009 | 42,442 |
| Retirement contribution | - | 4,738 | - | 3,516 | 53,253 | 61,507 |
| Employee Benefit Accrual Liability | - | 21,420 | - | 6,838 | 35,195 | 63,453 |
| Length of service award program | - | - | 9,104,898 | - | - | 9,104,898 |
| Assigned to: | | | | | | |
| Fire Protection | 41,342 | - | - | - | - | 41,342 |
| Street Lighting | - | 2,705,879 | - | - | - | 2,705,879 |
| Ambulance Services | - | - | 1,638,178 | - | - | 1,638,178 |
| Sewer Services | - | - | - | 2,095,843 | - | 2,095,843 |
| Water Services | - | - | - | - | 446,381 | 446,381 |
| Subsequent year's budget | - | 250,000 | 225,000 | - | - | 475,000 |
| Purchases on order | - | 334,901 | - | 495 | 11,675 | 347,071 |
| Total Fund Balance | <u>41,342</u> | <u>3,349,125</u> | <u>10,968,076</u> | <u>2,222,067</u> | <u>603,430</u> | <u>17,184,040</u> |
| Total Liabilities, Deferred Inflows and Fund Balance | <u>\$ 56,797</u> | <u>\$ 3,501,806</u> | <u>\$ 11,085,330</u> | <u>\$ 2,508,028</u> | <u>\$ 3,862,734</u> | <u>\$ 21,014,695</u> |

TOWN OF HUNTINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL DISTRICT FUNDS
Year Ended December 31, 2019

| | Special Revenue Funds | | | | | Total |
|---|-----------------------|---------------------|----------------------|---------------------|-------------------|----------------------|
| | Fire | Street | Ambulance | Sewer | Water | |
| | Protection | Lighting | | | | |
| | District | District | Districts | Districts | District | |
| REVENUES | | | | | | |
| Real property taxes | \$ 1,631,562 | \$ 3,571,981 | \$ 897,087 | \$ 5,190,050 | \$ 2,807,145 | \$ 14,097,825 |
| Other real property tax items | 138 | 11,668 | 1,932 | 440 | 250 | 14,428 |
| Non-property tax items | - | - | - | 144,701 | - | 144,701 |
| Departmental income | - | - | - | 1,912,680 | 2,356,794 | 4,269,474 |
| Use of money and property | 19,086 | 88,428 | 33,439 | 157,378 | 324,138 | 622,469 |
| Sales of property and | | | | | | |
| Sale of Property and Compensation for loss | - | - | 2,719,209 | 2,906 | 8,982 | 2,731,097 |
| Miscellaneous local sources | - | 25,354 | 1,748,603 | 58,275 | 58,447 | 1,890,679 |
| State Aid | 23,233 | - | - | - | - | 23,233 |
| Total Revenues | <u>1,674,019</u> | <u>3,697,431</u> | <u>5,400,270</u> | <u>7,466,430</u> | <u>5,555,756</u> | <u>23,793,906</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government support | 105,431 | 503,574 | 205,155 | 984,813 | 714,563 | 2,513,536 |
| Public safety | 1,557,559 | - | - | - | - | 1,557,559 |
| Health | - | - | 3,164,847 | - | - | 3,164,847 |
| Transportation | - | 2,008,542 | - | - | - | 2,008,542 |
| Home and community services | - | - | - | 3,874,285 | 3,084,784 | 6,959,069 |
| Employee benefits | - | 439,062 | - | 1,185,894 | 736,868 | 2,361,824 |
| Total Expenditures | <u>1,662,990</u> | <u>2,951,178</u> | <u>3,370,002</u> | <u>6,044,992</u> | <u>4,536,215</u> | <u>18,565,377</u> |
| Excess (Deficiency) of Revenues Over | | | | | | |
| Expenditures | <u>11,029</u> | <u>746,253</u> | <u>2,030,268</u> | <u>1,421,438</u> | <u>1,019,541</u> | <u>5,228,529</u> |
| Other Financing Sources (Uses) | | | | | | |
| Transfers out | - | - | (104,000) | (1,030,000) | - | (1,134,000) |
| Transfers out (Debt Service) | - | (10,561) | - | (963,293) | (802,771) | (1,776,625) |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>(10,561)</u> | <u>(104,000)</u> | <u>(1,993,293)</u> | <u>(802,771)</u> | <u>(2,910,625)</u> |
| Net Change in Fund Balance | 11,029 | 735,692 | 1,926,268 | (571,855) | 216,770 | 2,317,904 |
| Fund Balances at Beginning of Year | <u>30,313</u> | <u>2,613,433</u> | <u>9,041,808</u> | <u>2,793,922</u> | <u>386,660</u> | <u>14,866,136</u> |
| Fund Balances at End of Year | <u>\$ 41,342</u> | <u>\$ 3,349,125</u> | <u>\$ 10,968,076</u> | <u>\$ 2,222,067</u> | <u>\$ 603,430</u> | <u>\$ 17,184,040</u> |

TOWN OF HUNTINGTON
FIDUCIARY FUND
STATEMENT OF CHANGES IN AGENCY ASSETS AND LIABILITIES
Year ended December 31, 2019

| | Balance January 1, 2019 | Additions | Deductions | Balance December 31, 2019 |
|--|-------------------------------|-------------------------|-------------------------|---------------------------------|
| ASSETS | | | | |
| Town Agency Fund | | | | |
| Cash | \$ 6,969,333 | \$ 227,108,793 | \$ 226,511,671 | \$ 7,566,455 |
| Other assets | 1,609,263 | 193,947,903 | 193,781,748 | 1,775,418 |
| Total Assets - Town Agency Fund | <u>8,578,596</u> | <u>421,056,696</u> | <u>420,293,419</u> | <u>9,341,873</u> |
| Town Receiver of Taxes Agency Fund | | | | |
| Cash | 237,783,109 | 1,044,000,190 | 1,175,809,118 | 105,974,181 |
| Total Assets - Town Receiver of Taxes Agency Fund | <u>237,783,109</u> | <u>1,044,000,190</u> | <u>1,175,809,118</u> | <u>105,974,181</u> |
| Total Assets | <u>\$ 246,361,705</u> | <u>\$ 1,465,056,886</u> | <u>\$ 1,596,102,537</u> | <u>\$ 115,316,054</u> |
| LIABILITIES | | | | |
| Town Agency Fund | | | | |
| Other liabilities | \$ 8,578,905 | \$ 879,575,939 | \$ 878,811,990 | \$ 9,342,854 |
| Total Liabilities - Town Agency Fund | <u>8,578,905</u> | <u>879,575,939</u> | <u>878,811,990</u> | <u>9,342,854</u> |
| Town Receiver of Taxes Agency Fund | | | | |
| Due to school districts | 118,891,400 | 52,986,600 | 118,891,400 | 52,986,600 |
| Due to other governments | 118,891,400 | 990,992,622 | 1,056,897,422 | 52,986,600 |
| Total Liabilities - Town Receiver Agency Fund | <u>237,782,800</u> | <u>1,043,979,222</u> | <u>1,175,788,822</u> | <u>105,973,200</u> |
| Total Liabilities | <u>\$ 246,361,705</u> | <u>\$ 1,923,555,161</u> | <u>\$ 2,054,600,812</u> | <u>\$ 115,316,054</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, 2019

| | Budgetary Amounts | | Actual | Variance with Final Budget |
|---|-------------------|---------------|---------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| REAL PROPERTY TAXES | | | | |
| Ad valorem taxes | \$ 5,089,443 | \$ 5,089,443 | \$ 5,089,443 | \$ - |
| Total Real Property Taxes | 5,089,443 | 5,089,443 | 5,089,443 | - |
| OTHER REAL PROPERTY TAXES | | | | |
| Payment in lieu of taxes | 13,000 | 13,000 | 32,573 | 19,573 |
| Interest and penalties on taxes | 1,000 | 1,000 | 432 | (568) |
| Total Other Real Property Taxes | 14,000 | 14,000 | 33,005 | 19,005 |
| DEPARTMENTAL INCOME | | | | |
| Building fees | 4,100,000 | 4,100,000 | 3,935,139 | (164,861) |
| Fire Inspection Fees | 550,000 | 550,000 | 667,305 | 117,305 |
| Registrar Fees | 230,000 | 230,000 | 250,950 | 20,950 |
| Zoning board fees | 138,000 | 138,000 | 110,117 | (27,883) |
| Planning fees | 300,000 | 300,000 | 582,625 | 282,625 |
| Rental Registration | 350,000 | 350,000 | 456,800 | 106,800 |
| Other fees | 12,500 | 12,500 | 35,146 | 22,646 |
| Total Departmental Income | 5,680,500 | 5,680,500 | 6,038,082 | 357,582 |
| USE OF MONEY AND PROPERTY | | | | |
| Interest and earnings | 45,000 | 45,000 | 145,683 | 100,683 |
| Total Use of Money and Property | 45,000 | 45,000 | 145,683 | 100,683 |
| LICENSES AND PERMITS | | | | |
| Building permits | 825,000 | 858,519 | 1,001,687 | 143,168 |
| Total Licenses and Permits | 825,000 | 858,519 | 1,001,687 | 143,168 |
| SALE OF PROPERTY AND COMPENSATION FOR LOSS | | | | |
| Insurance recoveries | - | - | 3,662 | 3,662 |
| Total Sale of Property and Compensation for Loss | - | - | 3,662 | 3,662 |
| MISCELLANEOUS LOCAL SOURCES | | | | |
| Miscellaneous revenue | 200,000 | 220,000 | 308,977 | 88,977 |
| Total Miscellaneous Local Sources | 200,000 | 220,000 | 308,977 | 88,977 |
| Total Revenues | \$ 11,853,943 | \$ 11,907,462 | \$ 12,620,539 | \$ 713,077 |

(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, 2019

| | Budgetary Amounts | | Actual | Encumbrances | Variance with Final Budget |
|--|-------------------|-------------------|---------------------|--------------------|-------------------------------|
| | Original | Final | | | |
| EXPENDITURES | | | | | |
| CURRENT: | | | | | |
| GENERAL GOVERNMENT SUPPORT | | | | | |
| Government Support Administration | \$ 2,149,308 | \$ 2,220,430 | \$ 2,047,629 | \$ 15,092 | \$ 157,709 |
| Insurance | 35,000 | 45,170 | 45,166 | - | 4 |
| Total General Government Support | <u>2,184,308</u> | <u>2,265,600</u> | <u>2,092,795</u> | <u>15,092</u> | <u>157,713</u> |
| PUBLIC SAFETY | | | | | |
| Traffic control | 742,678 | 751,546 | 736,732 | - | 14,814 |
| Safety inspection | 1,910,759 | 1,873,149 | 1,812,200 | 229 | 60,720 |
| Total Public Safety | <u>2,653,437</u> | <u>2,624,695</u> | <u>2,548,932</u> | <u>229</u> | <u>75,534</u> |
| HEALTH | | | | | |
| Registrar of vital statistics | 152,798 | 158,893 | 158,659 | - | 234 |
| Total Health | <u>152,798</u> | <u>158,893</u> | <u>158,659</u> | <u>-</u> | <u>234</u> |
| HOME AND COMMUNITY SERVICES | | | | | |
| Zoning | 163,453 | 170,192 | 160,326 | - | 9,866 |
| Planning | 1,560,951 | 1,576,720 | 1,558,800 | 15,816 | 2,104 |
| Joint planning board | 128,949 | 128,261 | 128,198 | - | 63 |
| Accessory Apartment | 194,321 | 227,545 | 198,302 | 512 | 28,731 |
| Conservation | 16,199 | 19,502 | 19,500 | - | 2 |
| Total Home and Community Services | <u>2,063,873</u> | <u>2,122,220</u> | <u>2,065,126</u> | <u>16,328</u> | <u>40,766</u> |
| EMPLOYEE BENEFITS | | | | | |
| State employee retirement system | 1,087,027 | 1,077,127 | 791,350 | - | 285,777 |
| Social security | 26,500 | 26,500 | 5,790 | - | 20,710 |
| Workers Compensation | 120,000 | 234,455 | 234,454 | - | 1 |
| Life insurance | 11,000 | 10,450 | 8,321 | - | 2,129 |
| Unemployment insurance | 8,000 | 8,550 | 8,550 | - | - |
| Disability benefits | 20,000 | 20,000 | 8,583 | - | 11,417 |
| Hospital, medical and dental | 3,155,000 | 2,988,711 | 2,481,969 | - | 506,742 |
| Other employee benefits | 146,000 | 146,000 | 32,113 | - | 113,887 |
| Total Employee Benefits | <u>4,573,527</u> | <u>4,511,793</u> | <u>3,571,130</u> | <u>-</u> | <u>940,663</u> |
| Total Expenditures | <u>11,627,943</u> | <u>11,683,201</u> | <u>10,436,642</u> | <u>31,649</u> | <u>1,214,910</u> |
| Excess (Deficiency) of Revenues | | | | | |
| Over Expenditures | <u>226,000</u> | <u>224,261</u> | <u>2,183,897</u> | <u>(31,649)</u> | <u>1,927,987</u> |
| Other Financing Uses | | | | | |
| Transfers out (Debt Service) | <u>(226,000)</u> | <u>(226,000)</u> | <u>(222,484)</u> | <u>-</u> | <u>3,516</u> |
| Total Other Financing Uses | <u>(226,000)</u> | <u>(226,000)</u> | <u>(222,484)</u> | <u>-</u> | <u>3,516</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ (1,739)</u> | <u>1,961,413</u> | <u>\$ (31,649)</u> | <u>\$ 1,931,503</u> |
| Fund Balance at Beginning of Year | | | <u>3,523,315</u> | | |
| Fund Balance at End of Year | | | <u>\$ 5,484,728</u> | | |

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, 2019

| | 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 | 16 | 16 | - |
| Total Other Real Property Tax Items | 5 | 16 | 16 | - |
| Total Revenues | 186,505 | 186,516 | 186,516 | - |
| EXPENDITURES | | | | |
| CURRENT: | | | | |
| HOME AND COMMUNITY SERVICES | | | | |
| Contractual expenditures | 186,505 | 186,516 | 186,516 | - |
| Total Home and Community Services | 186,505 | 186,516 | 186,516 | - |
| Total Expenditures | 186,505 | 186,516 | 186,516 | - |
| 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, 2019

| | Budgetary Amounts | | Actual | Variance with Final Budget |
|---|-------------------|--------------|------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| REAL PROPERTY TAXES | | | | |
| Ad valorem taxes | \$ 1,631,562 | \$ 1,631,562 | \$ 1,631,562 | \$ - |
| Total Real Property Taxes | 1,631,562 | 1,631,562 | 1,631,562 | - |
| OTHER REAL PROPERTY TAX ITEMS | | | | |
| Interest and penalties on taxes | - | - | 138 | 138 |
| Total Other Real Property Tax Items | - | - | 138 | 138 |
| USE OF MONEY AND PROPERTY | | | | |
| Interest and earnings | 10,000 | 10,000 | 19,086 | 9,086 |
| Total Use of Money and Property | 10,000 | 10,000 | 19,086 | 9,086 |
| STATE AID | | | | |
| State Aid - State emergency management Assistance | - | 23,233 | 23,233 | - |
| Total State Aid | - | 23,233 | 23,233 | - |
| Total Revenues | 1,641,562 | 1,664,795 | 1,674,019 | 9,224 |
| EXPENDITURES | | | | |
| CURRENT: | | | | |
| GENERAL GOVERNMENT SUPPORT | | | | |
| Other government support | 105,431 | 105,431 | 105,431 | - |
| Total General Government Support | 105,431 | 105,431 | 105,431 | - |
| PUBLIC SAFETY | | | | |
| Fire protection | 1,536,131 | 1,559,364 | 1,557,559 | 1,805 |
| Total Public Safety | 1,536,131 | 1,559,364 | 1,557,559 | 1,805 |
| Total Expenditures | 1,641,562 | 1,664,795 | 1,662,990 | 1,805 |
| Net Change in Fund Balance | \$ - | \$ - | 11,029 | \$ 11,029 |
| Fund Balance at Beginning of Year | | | 30,313 | |
| Fund Balance at End of Year | | | <u>\$ 41,342</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, 2019

| | Budgetary Amounts | | Actual | Variance with Final Budget |
|--------------------------------------|-------------------|--------------|--------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| REAL PROPERTY TAXES | | | | |
| Ad valorem taxes | \$ 3,571,981 | \$ 3,571,981 | \$ 3,571,981 | \$ - |
| Total Real Property Taxes | 3,571,981 | 3,571,981 | 3,571,981 | - |
| OTHER REAL PROPERTY TAX ITEMS | | | | |
| Payment in lieu of taxes | 10,000 | 10,000 | 11,365 | 1,365 |
| Interest and penalties on taxes | - | - | 303 | 303 |
| Total Other Real Property Tax Items | 10,000 | 10,000 | 11,668 | 1,668 |
| USE OF MONEY AND PROPERTY | | | | |
| Interest and earnings | 40,000 | 40,000 | 88,428 | 48,428 |
| Total Use of Money and Property | 40,000 | 40,000 | 88,428 | 48,428 |
| MISCELLANEOUS LOCAL SOURCES | | | | |
| Miscellaneous | 21,000 | 21,000 | 25,354 | 4,354 |
| Total Miscellaneous Local Sources | 21,000 | 21,000 | 25,354 | 4,354 |
| Total Revenues | \$ 3,642,981 | \$ 3,642,981 | \$ 3,697,431 | \$ 54,450 |

(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, 2019

| | Budgetary Amounts | | Actual | Encumbrances | Variance with |
|--|---------------------|---------------------|---------------------|---------------------|-------------------|
| | Original | Final | | | Final Budget |
| EXPENDITURES | | | | | |
| CURRENT: | | | | | |
| GENERAL GOVERNMENT SUPPORT | | | | | |
| Insurance | \$ 14,000 | \$ 15,300 | \$ 15,289 | \$ - | \$ 11 |
| Other government support | 491,065 | 494,065 | 488,285 | - | 5,780 |
| Total General Government Support | <u>505,065</u> | <u>509,365</u> | <u>503,574</u> | <u>-</u> | <u>5,791</u> |
| TRANSPORTATION | | | | | |
| Lighting | 2,779,065 | 2,880,616 | 2,008,542 | 334,901 | 537,173 |
| Total Transportation | <u>2,779,065</u> | <u>2,880,616</u> | <u>2,008,542</u> | <u>334,901</u> | <u>537,173</u> |
| EMPLOYEE BENEFITS | | | | | |
| State employee retirement system | 148,301 | 113,761 | 104,346 | - | 9,415 |
| Social security | 7,250 | 7,250 | - | - | 7,250 |
| Workers Compensation | 10,000 | 35,675 | 35,675 | - | - |
| Life insurance | 300 | 300 | 51 | - | 249 |
| Unemployment insurance | 5,000 | 2,000 | - | - | 2,000 |
| Disability insurance | 1,000 | 1,000 | 83 | - | 917 |
| Hospital, medical and dental | 353,000 | 353,325 | 290,987 | - | 62,338 |
| Union welfare benefits | 11,000 | 11,000 | 7,920 | - | 3,080 |
| Other employee benefits | 62,000 | 62,000 | - | - | 62,000 |
| Total Employee Benefits | <u>597,851</u> | <u>586,311</u> | <u>439,062</u> | <u>-</u> | <u>147,249</u> |
| Total Expenditures | <u>3,881,981</u> | <u>3,976,292</u> | <u>2,951,178</u> | <u>334,901</u> | <u>690,213</u> |
| Excess (Deficiency) of Revenues | | | | | |
| Over Expenditures | <u>(239,000)</u> | <u>(333,311)</u> | <u>746,253</u> | <u>(334,901)</u> | <u>744,663</u> |
| Other Financing Uses | | | | | |
| Transfers out (Debt Service) | (11,000) | (11,000) | (10,561) | - | 439 |
| Total Other Financing (Uses) | <u>(11,000)</u> | <u>(11,000)</u> | <u>(10,561)</u> | <u>-</u> | <u>439</u> |
| Net Change in Fund Balance | <u>\$ (250,000)</u> | <u>\$ (344,311)</u> | 735,692 | <u>\$ (334,901)</u> | <u>\$ 745,102</u> |
| Fund Balance at Beginning of Year | | | <u>2,613,433</u> | | |
| Fund Balance at End of Year | | | <u>\$ 3,349,125</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, 2019

| | Budgetary Amounts | | Actual | Variance with Final Budget |
|--|-------------------|---------------------|----------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| REAL PROPERTY TAXES | | | | |
| Ad valorem taxes | \$ 897,087 | \$ 897,087 | \$ 897,087 | \$ - |
| Total Real Property Taxes | 897,087 | 897,087 | 897,087 | - |
| OTHER REAL PROPERTY TAX ITEMS | | | | |
| Payment in lieu of taxes | 150 | 150 | 1,856 | 1,706 |
| Interest and penalties on taxes | 20 | 20 | 76 | 56 |
| Total Other Real Property Tax Items | 170 | 170 | 1,932 | 1,762 |
| USE OF MONEY AND PROPERTY | | | | |
| Interest and earnings | 12,000 | 12,000 | 33,439 | 21,439 |
| Total Use of Money and Property | 12,000 | 12,000 | 33,439 | 21,439 |
| SALE OF PROPERTY/COMPENSATION FOR LOSS | | | | |
| Insurance Recoveries | 2,360,000 | 2,388,560 | 2,719,209 | 330,649 |
| Total Sale of Property/Compensation for Loss | 2,360,000 | 2,388,560 | 2,719,209 | 330,649 |
| MISCELLANEOUS LOCAL SOURCES | | | | |
| Miscellaneous | 61,085 | 61,085 | 1,748,603 | 1,687,518 |
| Total Miscellaneous Local Sources | 61,085 | 61,085 | 1,748,603 | 1,687,518 |
| Total Revenues | 3,330,342 | 3,358,902 | 5,400,270 | 2,041,368 |
| EXPENDITURES | | | | |
| CURRENT: | | | | |
| GENERAL GOVERNMENT SUPPORT | | | | |
| Insurance | | | | |
| Other government support | 205,155 | 205,155 | 205,155 | - |
| Total General Government Support | 205,155 | 205,155 | 205,155 | - |
| HEALTH | | | | |
| Ambulance | 3,125,187 | 3,234,072 | 3,164,847 | 69,225 |
| Total Health | 3,125,187 | 3,234,072 | 3,164,847 | 69,225 |
| Total Expenditures | 3,330,342 | 3,439,227 | 3,370,002 | 69,225 |
| Excess (Deficiency) of Revenues Over Expenditures | | | | |
| | - | (80,325) | 2,030,268 | 2,110,593 |
| Other Financing Uses | | | | |
| Transfers out | | (104,000) | (104,000) | - |
| Total Other Financing Uses | | (104,000) | (104,000) | - |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ (184,325)</u> | 1,926,268 | <u>\$ 2,110,593</u> |
| Fund Balance at Beginning of Year | | | 9,041,808 | |
| Fund Balance at End of Year | | | <u>\$ 10,968,076</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, 2019

| | Budgetary Amounts | | Actual | Variance with Final Budget |
|---|-------------------|--------------|--------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| REAL PROPERTY TAXES | | | | |
| Ad valorem taxes | \$ 5,190,050 | \$ 5,190,050 | \$ 5,190,050 | \$ - |
| Total Real Property Taxes | 5,190,050 | 5,190,050 | 5,190,050 | - |
| OTHER REAL PROPERTY TAX ITEMS | | | | |
| Payment in lieu of taxes | 1,700 | 1,700 | | (1,700) |
| Interest and penalties on taxes | 500 | 500 | 440 | (60) |
| Total Other Real Property Tax Items | 2,200 | 2,200 | 440 | (1,760) |
| 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 | 1,491,533 | 1,491,533 | 1,912,680 | 421,147 |
| Total Departmental Income | 1,491,533 | 1,491,533 | 1,912,680 | 421,147 |
| USE OF MONEY AND PROPERTY | | | | |
| Interest and earnings | 56,000 | 56,000 | 157,378 | 101,378 |
| Total Use of Money and Property | 56,000 | 56,000 | 157,378 | 101,378 |
| SALE OF PROPERTY/COMPENSATION FOR LOSS | | | | |
| Insurance Recoveries | - | - | 2,906 | 2,906 |
| Total Sale of Property/Compensation for Loss | - | - | 2,906 | 2,906 |
| MISCELLANEOUS LOCAL SOURCES | | | | |
| Miscellaneous | 48,500 | 48,500 | 58,275 | 9,775 |
| Total Miscellaneous Local Sources | 48,500 | 48,500 | 58,275 | 9,775 |
| Total Revenues | \$ 6,932,984 | \$ 6,932,984 | \$ 7,466,430 | \$ 533,446 |

(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, 2019

| | Budgetary Amounts | | Actual | Encumbrances | Variance with Final Budget |
|---|---------------------|-----------------------|---------------------|-----------------|-------------------------------|
| | Original | Final | | | |
| EXPENDITURES | | | | | |
| CURRENT: | | | | | |
| GENERAL GOVERNMENT SUPPORT | | | | | |
| Insurance | \$ 22,500 | \$ 27,840 | \$ 27,821 | \$ - | \$ 19 |
| Other government support | 962,651 | 981,323 | 956,992 | - | 24,331 |
| Total General Government Support | 985,151 | 1,009,163 | 984,813 | - | 24,350 |
| HOME AND COMMUNITY SERVICES | | | | | |
| Sewer | 3,761,869 | 4,339,709 | 3,874,285 | 495 | 464,929 |
| Total Home and Community Services | 3,761,869 | 4,339,709 | 3,874,285 | 495 | 464,929 |
| EMPLOYEE BENEFITS | | | | | |
| State employee retirement system | 343,769 | 254,684 | 247,341 | - | 7,343 |
| Social security | 10,445 | 10,445 | 1,589 | - | 8,856 |
| Workers Compensation | 80,000 | 91,225 | 86,725 | - | 4,500 |
| Life insurance | 1,000 | 1,000 | - | - | 1,000 |
| Unemployment insurance | 8,000 | 8,000 | - | - | 8,000 |
| Disability benefits | 750 | 750 | - | - | 750 |
| Hospital, medical and dental | 925,000 | 897,983 | 804,170 | - | 93,813 |
| Other employee benefits | 92,000 | 92,000 | 46,069 | - | 45,931 |
| Total Employee Benefits | 1,460,964 | 1,356,087 | 1,185,894 | - | 170,193 |
| Total Expenditures | 6,207,984 | 6,704,959 | 6,044,992 | 495 | 659,472 |
| Excess (Deficiency) of Revenues | | | | | |
| Over Expenditures | 725,000 | 228,025 | 1,421,438 | (495) | 1,192,918 |
| Other Financing Sources (Uses) | | | | | |
| Transfers out | | (1,030,000) | (1,030,000) | - | - |
| Transfers out (Debt Service) | (975,000) | (975,000) | (963,293) | - | 11,707 |
| Total Other Financing Sources (Uses) | (975,000) | (2,005,000) | (1,993,293) | - | 11,707 |
| Net Change in Fund Balance | \$ (250,000) | \$ (1,776,975) | (571,855) | \$ (495) | \$ 1,204,625 |
| Fund Balance at Beginning of Year | | | <u>2,793,922</u> | | |
| Fund Balance at End of Year | | | <u>\$ 2,222,067</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, 2019

| | Budgetary Amounts | | Actual | Variance with Final Budget |
|---|-------------------|--------------|--------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| REAL PROPERTY TAXES | | | | |
| Ad valorem taxes | \$ 2,807,145 | \$ 2,807,145 | \$ 2,807,145 | \$ - |
| Total Real Property Taxes | 2,807,145 | 2,807,145 | 2,807,145 | - |
| OTHER REAL PROPERTY TAX ITEMS | | | | |
| Interest and penalties on taxes | - | - | 250 | 250 |
| Total Other Real Property Tax Items | - | - | 250 | 250 |
| DEPARTMENTAL INCOME | | | | |
| Metered water sales | 2,400,250 | 2,400,250 | 2,214,437 | (185,813) |
| Water rental arrears | 100,000 | 100,000 | 142,357 | 42,357 |
| Total Departmental Income | 2,500,250 | 2,500,250 | 2,356,794 | (143,456) |
| USE OF MONEY AND PROPERTY | | | | |
| Interest and earnings | 20,000 | 20,000 | 61,445 | 41,445 |
| Tower rental | 261,000 | 261,000 | 262,693 | 1,693 |
| Total Use of Money and Property | 281,000 | 281,000 | 324,138 | 43,138 |
| SALE OF PROPERTY AND COMPENSATION FOR LOSS | | | | |
| Insurance recoveries | - | - | 8,982 | 8,982 |
| Total Sale of Property and Compensation for Loss | - | - | 8,982 | 8,982 |
| MISCELLANEOUS LOCAL SOURCES | | | | |
| Miscellaneous | 26,000 | 26,000 | 58,447 | 32,447 |
| Total Miscellaneous Local Sources | 26,000 | 26,000 | 58,447 | 32,447 |
| Total Revenues | \$ 5,614,395 | \$ 5,614,395 | \$ 5,555,756 | \$ (58,639) |

(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, 2019

| | Budgetary Amounts | | Actual | Encumbrances | Variance with |
|--|-------------------|---------------------|-------------------|--------------------|-------------------|
| | Original | Final | | | Final Budget |
| EXPENDITURES | | | | | |
| CURRENT: | | | | | |
| GENERAL GOVERNMENT SUPPORT | | | | | |
| Insurance | \$ 20,000 | \$ 21,700 | \$ 21,695 | \$ - | \$ 5 |
| Other government support | 697,750 | 775,786 | 692,868 | - | 82,918 |
| Total General Government Support | <u>717,750</u> | <u>797,486</u> | <u>714,563</u> | <u>-</u> | <u>82,923</u> |
| HOME AND COMMUNITY SERVICES | | | | | |
| Water | 3,147,054 | 3,246,167 | 3,084,784 | 11,675 | 149,708 |
| Total Home and Community Services | <u>3,147,054</u> | <u>3,246,167</u> | <u>3,084,784</u> | <u>11,675</u> | <u>149,708</u> |
| EMPLOYEE BENEFITS | | | | | |
| State employee retirement system | 212,791 | 211,241 | 175,331 | - | 35,910 |
| Social security | 12,000 | 12,000 | 1,611 | - | 10,389 |
| Workers' Compensation | 60,000 | 60,000 | 34,691 | - | 25,309 |
| Life insurance | 300 | 300 | 197 | - | 103 |
| Unemployment benefits | 5,000 | 2,000 | - | - | 2,000 |
| Disability benefits | 500 | 500 | 167 | - | 333 |
| Hospital, medical and dental | 564,000 | 565,469 | 490,501 | - | 74,968 |
| Union welfare benefits | 17,000 | 17,000 | 13,310 | - | 3,690 |
| Other employee benefits | 76,000 | 76,000 | 21,060 | - | 54,940 |
| Total Employee Benefits | <u>947,591</u> | <u>944,510</u> | <u>736,868</u> | <u>-</u> | <u>207,642</u> |
| Total Expenditures | <u>4,812,395</u> | <u>4,988,163</u> | <u>4,536,215</u> | <u>11,675</u> | <u>440,273</u> |
| Excess (Deficiency) of Revenues | | | | | |
| Over Expenditures | <u>802,000</u> | <u>626,232</u> | <u>1,019,541</u> | <u>(11,675)</u> | <u>381,634</u> |
| Other Financing Sources (Uses) | | | | | |
| Transfers out (Debt Service) | (802,772) | (802,772) | (802,771) | - | 1 |
| Total Other Financing Sources (Uses) | <u>(802,772)</u> | <u>(802,772)</u> | <u>(802,771)</u> | <u>-</u> | <u>1</u> |
| Net Change in Fund Balance | <u>\$ (772)</u> | <u>\$ (176,540)</u> | 216,770 | <u>\$ (11,675)</u> | <u>\$ 381,635</u> |
| Fund Balance at Beginning of Year | | | <u>386,660</u> | | |
| Fund Balance at End of Year | | | <u>\$ 603,430</u> | | |

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
Year ended December 31, 2019

| | Budgetary Amounts | | Actual | Variance with Final Budget Over (Under) |
|--|-------------------|--------------|--------------|---|
| | Original | Final | | |
| EXPENDITURES | | | | |
| CURRENT: | | | | |
| GENERAL GOVERNMENT SUPPORT | | | | |
| Issuance cost | \$ - | \$ - | \$ 67,572 | \$ (67,572) |
| Total General Government Support | - | - | 67,572 | (67,572) |
| DEBT SERVICE | | | | |
| Principal | - | 10,099,472 | 10,099,472 | - |
| Interest | - | 2,654,110 | 2,654,110 | - |
| Total Debt Service | - | 12,753,582 | 12,753,582 | - |
| Total Expenditures | - | 12,753,582 | 12,821,154 | (67,572) |
| Deficiency of Revenues | | | | |
| Over Expenditures | - | (12,753,582) | (12,821,154) | (67,572) |
| Other Financing Sources | | | | |
| Transfers In | - | 12,753,582 | 12,753,582 | - |
| Premiums on obligations | - | - | 636,511 | 636,511 |
| Refunding bonds issued | - | - | 4,500,471 | 4,500,471 |
| Payments to refunded bond escrow agent | - | - | (5,069,410) | (5,069,410) |
| Total Other Financing Sources | - | 12,753,582 | 12,821,154 | 67,572 |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> |
| Fund Balance at Beginning of Year | | | - | |
| Fund Balance at End of Year | | | <u>\$ -</u> | |

**DISCRETELY PRESENTED
COMPONENT UNITS**

These component units of the Town provide water services to residents and businesses within the districts. These districts are organized under New York State Town Law and have separately elected boards. Long-term debt, backed by the full faith and credit of the Town, and other matters result in an interdependency with the Town.

TOWN OF HUNTINGTON
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
December 31, 2019

| | South Huntington Water District | Greenlawn Water District | Totals |
|---|------------------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | \$ 12,521,814 | \$ 3,603,593 | \$ 16,125,407 |
| Cash Restricted | - | 4,602,875 | 4,602,875 |
| Accounts receivable, net | 987,315 | 968,797 | 1,956,112 |
| Due from federal, state and other governments | 147,225 | - | 147,225 |
| Inventory of materials and supplies | 124,641 | 62,707 | 187,348 |
| Prepays | 93,578 | 117,995 | 211,573 |
| Total Current Assets | <u>13,874,573</u> | <u>9,355,967</u> | <u>23,230,540</u> |
| Non-Current Assets | | | |
| Non-depreciable capital assets | 1,325,469 | 530,135 | 1,855,604 |
| Depreciable capital assets, net of depreciation | 41,786,942 | 18,224,904 | 60,011,846 |
| Total Non-Current Assets | <u>43,112,411</u> | <u>18,755,039</u> | <u>61,867,450</u> |
| Total Assets | <u>56,986,984</u> | <u>28,111,006</u> | <u>85,097,990</u> |
| Deferred Outflow of Resources | | | |
| Deferred charges, net of accumulated amortization | 18,506 | - | 18,506 |
| Pensions | 343,544 | 301,617 | 645,161 |
| Other postemployment benefits | 1,277,335 | 1,053,649 | 2,330,984 |
| Total Deferred Outflow of Resources | <u>1,639,385</u> | <u>1,355,266</u> | <u>2,994,651</u> |
| LIABILITIES AND NET POSITION | | | |
| Current Liabilities | | | |
| Accounts payable and other current liabilities | 1,551,347 | 99,061 | 1,650,408 |
| Accrued liabilities | - | 247,775 | 247,775 |
| Accrued interest payable | - | 68,910 | 68,910 |
| Non-current liabilities due within one year | 2,299,753 | 544,868 | 2,844,621 |
| Total Current Liabilities | <u>3,851,100</u> | <u>960,614</u> | <u>4,811,714</u> |
| Non-Current Liabilities | | | |
| Due in more than one year | 22,696,304 | 14,284,147 | 36,980,451 |
| Total Non-Current Liabilities | <u>22,696,304</u> | <u>14,284,147</u> | <u>36,980,451</u> |
| Total Liabilities | <u>26,547,404</u> | <u>15,244,761</u> | <u>41,792,165</u> |
| Deferred Inflow of Resources | | | |
| Pensions | 107,356 | 120,408 | 227,764 |
| Other postemployment benefits | 1,796,607 | 1,567,367 | 3,363,974 |
| Total Deferred inflow of Resources | <u>1,903,963</u> | <u>1,687,775</u> | <u>3,591,738</u> |
| NET POSITION | | | |
| Investment in capital assets, net of related debt | 31,284,808 | 14,358,829 | 45,643,637 |
| Restricted for: | | | |
| Capital Projects | 4,109,557 | 1,420,658 | 5,530,215 |
| Employee benefit accrued liability | | 102,442 | 102,442 |
| Unrestricted | (5,219,363) | (3,348,193) | (8,567,556) |
| Total Net Position | <u>\$ 30,175,002</u> | <u>\$ 12,533,736</u> | <u>\$ 42,708,738</u> |

TOWN OF HUNTINGTON
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the Year ended December 31, 2019

| | South Huntington Water District | Greenlawn Water District | Totals |
|--|------------------------------------|-----------------------------|----------------------|
| REVENUES | | | |
| Charges for services | \$ 4,238,911 | \$ 2,685,727 | \$ 6,924,638 |
| Capital grants and contributions | 129,430 | - | 129,430 |
| Real property taxes | 4,153,001 | 2,458,885 | 6,611,886 |
| Interest and investment income | 596,779 | 642,884 | 1,239,663 |
| Miscellaneous | 733,845 | 151,647 | 885,492 |
| Total Revenues | <u>9,851,966</u> | <u>5,939,143</u> | <u>15,791,109</u> |
| EXPENSES | | | |
| Current: | | | |
| Home and community services | 8,456,354 | 6,113,846 | 14,570,200 |
| Total Expenditures | <u>8,456,354</u> | <u>6,113,846</u> | <u>14,570,200</u> |
| Changes in Net Position | 1,395,612 | (174,703) | 1,220,909 |
| Net Position at Beginning of Year (as restated) | <u>28,779,390</u> | <u>12,708,439</u> | <u>41,487,829</u> |
| Net Position at End of Year | <u>\$ 30,175,002</u> | <u>\$ 12,533,736</u> | <u>\$ 42,708,738</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. | 144-151 |
| Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. | 152-157 |
| Debt Capacity These schedules present information to help the reader assess the Affordability of the government's current level s of outstanding debt and the government's ability to issue additional debt in the future. | 158-161 |
| 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. | 162-163 |
| 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. | 164-169 |

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

| <u>Year Ended December 31,</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---|----------------------|----------------------|-----------------------|-----------------------|
| Primary government | | | | |
| Governmental activities | | | | |
| Net investment in capital assets | \$ 260,143,628 | \$ 262,758,314 | \$ 258,943,999 | \$ 260,114,664 |
| Restricted | 31,856,863 | 30,455,610 | 24,837,509 | 16,587,022 |
| Unrestricted | <u>(256,757,420)</u> | <u>(257,003,824)</u> | <u>(97,250,612)</u> | <u>(80,941,563)</u> |
| Total primary governmental net position | <u>\$ 35,243,071</u> | <u>\$ 36,210,100</u> | <u>\$ 186,530,896</u> | <u>\$ 195,760,123</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>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|-----------------------|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 259,128,388 | \$ 254,011,721 | \$ 259,663,495 | \$ 245,737,404 | \$ 245,685,682 | \$ 242,979,302 |
| 18,576,649 | 20,407,556 | 22,649,980 | 15,237,323 | 16,229,038 | 22,238,564 |
| <u>(71,915,560)</u> | <u>(64,637,706)</u> | <u>(51,961,730)</u> | <u>(26,378,032)</u> | <u>(22,650,385)</u> | <u>(18,948,323)</u> |
| <u>\$ 205,789,477</u> | <u>\$ 209,781,571</u> * | <u>\$ 230,351,745</u> | <u>\$ 234,596,695</u> | <u>\$ 239,264,335</u> | <u>\$ 246,269,543</u> |

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

| Year Ended December 31, | 2019 | 2018 | 2017 |
|---|-------------------------|-------------------------|-------------------------|
| Expenses | | | |
| Governmental activities: | | | |
| General government support | \$46,923,442 | \$45,651,907 | \$46,687,794 |
| Public safety | 16,655,321 | 14,921,644 | 15,770,788 |
| Health | 5,576,953 | 4,539,907 | 3,234,732 |
| Transportation | 47,651,589 | 41,765,421 | 47,394,507 |
| Economic assistance and opportunity | 3,761,996 | 3,565,391 | 3,791,487 |
| Culture and recreation | 21,419,526 | 18,082,148 | 20,324,215 |
| Home and community service | 55,793,549 | 53,525,765 | 53,692,809 |
| Interest on long-term debt | 2,219,040 | 2,277,418 | 1,956,904 |
| Total governmental activities expenses | <u>200,001,416</u> | <u>184,329,601</u> | <u>192,853,236</u> |
| Program Revenues | | | |
| Governmental activities: | | | |
| Charges for services: | | | |
| General government support | \$6,246,015 | \$6,180,100 | \$6,400,496 |
| Public safety | 3,325,365 | 2,782,341 | 2,719,690 |
| Health | 250,950 | 237,070 | 229,310 |
| Transportation | 1,131,934 | 1,202,052 | 893,228 |
| Economic assistance and opportunity | 338,701 | 376,781 | 376,293 |
| Culture and recreation | 7,379,161 | 7,103,584 | 7,381,399 |
| Home and community service | 20,356,977 | 19,787,598 | 19,440,455 |
| Operating grants and contributions | 6,122,253 | 6,107,210 | 5,732,689 |
| Capital grants and contributions | 860,635 | 222,510 | 704,291 |
| Total governmental activities program revenues | <u>46,011,991</u> | <u>43,999,246</u> | <u>43,877,851</u> |
| Total primary government program revenues | <u>\$ 46,011,991</u> | <u>\$ 43,999,246</u> | <u>\$ 43,877,851</u> |
| Net (Expense)/Revenue | | | |
| Governmental activities | <u>\$ (153,989,425)</u> | <u>\$ (140,330,355)</u> | <u>\$ (148,975,385)</u> |
| Total primary government net expense | <u>\$ (153,989,425)</u> | <u>\$ (140,330,355)</u> | <u>\$ (148,975,385)</u> |
| General Revenues and Other Changes in Net Position | | | |
| Governmental Activities | | | |
| Real property taxes | \$122,867,438 | \$119,860,004 | \$117,761,111 |
| Mortgage tax | 8,627,163 | 8,758,732 | 9,269,448 |
| Refunded Debt | - | - | - |
| Other taxes | 6,173,676 | 5,501,430 | 5,602,118 |
| Unrestricted grants and contributions | - | - | - |
| Interest earnings | 3,928,752 | 2,872,950 | 2,767,823 |
| State aid-unrestricted | 1,067,256 | 1,067,256 | 1,067,256 |
| Special Item | - | - | - |
| Miscellaneous | 10,070,251 | 10,055,290 | 6,904,063 |
| Total governmental activities | <u>152,734,536</u> | <u>148,115,662</u> | <u>143,371,819</u> |
| Total primary government | <u>\$ 152,734,536</u> | <u>\$ 148,115,662</u> | <u>\$ 143,371,819</u> |
| Change in Net Position | | | |
| Governmental Activities | <u>\$ (1,254,889)</u> | <u>\$ 7,785,307</u> | <u>\$ (5,603,566)</u> |

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

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| \$44,950,816 | \$40,273,049 | \$41,719,964 | \$ 38,235,587 | \$ 41,391,051 | \$ 39,036,309 | \$ 39,790,531 |
| 15,420,172 | 13,902,197 | 14,465,259 | 13,568,077 | 13,800,053 | 12,123,722 | 11,476,179 |
| 2,958,022 | 3,366,426 | 3,526,646 | 3,440,004 | 3,302,681 | 3,052,675 | 3,222,943 |
| 45,629,853 | 47,669,222 | 52,657,107 | 50,671,798 | 59,810,512 | 50,963,397 | 42,082,298 |
| 3,565,307 | 3,188,292 | 3,395,864 | 3,288,214 | 3,394,231 | 3,335,597 | 3,319,996 |
| 19,208,972 | 18,496,883 | 21,483,238 | 23,333,531 | 20,374,655 | 18,824,298 | 18,219,053 |
| 54,307,903 | 50,030,197 | 50,666,829 | 52,238,856 | 40,672,616 | 46,382,915 | 52,609,247 |
| 2,700,334 | 2,833,326 | 2,983,178 | 2,683,833 | 3,193,082 | 3,903,598 | 4,025,756 |
| <u>188,741,379</u> | <u>179,759,592</u> | <u>190,898,085</u> | <u>187,459,900</u> | <u>185,938,881</u> | <u>177,622,511</u> | <u>174,746,003</u> |
| | | | | | | |
| \$5,948,409 | \$ 5,692,858 | \$ 4,926,059 | \$ 4,815,610 | \$ 4,428,836 | \$ 8,177,246 | \$ 5,149,354 |
| 2,563,607 | 2,324,327 | 2,012,936 | 1,803,881 | 1,317,625 | 1,230,831 | 1,148,705 |
| 232,950 | 227,660 | 219,720 | 219,180 | 208,700 | 210,970 | 203,810 |
| 1,337,183 | 1,098,912 | 738,867 | 601,018 | 462,488 | 736,177 | 500,861 |
| 383,472 | 312,380 | 335,082 | 304,172 | 309,956 | 276,643 | 259,887 |
| 7,472,694 | 7,167,157 | 8,064,953 | 8,124,066 | 8,205,323 | 7,620,757 | 7,222,427 |
| 19,081,789 | 19,292,953 | 17,963,084 | 18,085,563 | 14,700,673 | 18,212,053 | 18,518,355 |
| 5,298,821 | 6,682,848 | 5,923,624 | 16,123,065 | 21,469,143 | 8,869,297 | 6,159,015 |
| 457,168 | 2,994,958 | 1,680,112 | 3,102,784 | 1,407,987 | 8,009,856 | 8,076,450 |
| <u>42,776,093</u> | <u>45,794,053</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>\$ 42,776,093</u> | <u>\$ 45,794,053</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> |
| | | | | | | |
| \$ (145,965,286) | \$ (133,965,539) | \$ (149,033,648) | \$ (134,280,561) | \$ (133,428,150) | \$ (124,278,681) | \$ (127,507,139) |
| <u>\$ (145,965,286)</u> | <u>\$ (133,965,539)</u> | <u>\$ (149,033,648)</u> | <u>\$ (134,280,561)</u> | <u>\$ (133,428,150)</u> | <u>\$ (124,278,681)</u> | <u>\$ (127,507,139)</u> |
| | | | | | | |
| \$114,486,165 | \$112,993,330 | \$ 109,929,165 | \$ 109,889,320 | \$ 113,181,079 | \$ 107,674,455 | \$ 108,462,698 |
| 8,695,368 | 7,896,508 | 6,423,492 | 7,988,336 | 6,742,019 | 6,678,915 | 6,948,509 |
| - | - | - | - | - | - | 99,571 |
| 5,298,960 | 5,032,462 | 4,822,112 | 4,513,225 | 390,204 | 484,626 | 442,311 |
| - | (72,710) | - | - | - | 9,176 | 26,126 |
| 1,738,647 | 1,557,627 | 1,351,384 | 1,390,584 | 2,014,266 | 949,519 | 1,464,479 |
| 1,067,256 | 1,067,256 | 1,067,256 | 1,067,256 | 1,067,256 | 1,067,256 | 1,089,037 |
| - | - | (19,781) | - | 3,948,106 | - | (979,724) |
| 4,649,536 | 3,814,070 | 3,628,523 | 6,163,186 | - | 5,705,282 | 6,474,156 |
| <u>135,935,932</u> | <u>132,288,543</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>\$ 135,935,932</u> | <u>\$ 132,288,543</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> |
| | | | | | | |
| \$ (10,029,354) | \$ (1,676,996) | \$ (21,831,497) | \$ (3,268,654) | \$ (6,085,220) | \$ (1,709,452) | \$ (3,479,976) |

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

| <u>Year Ended December 31,</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | |
| Nonspendable | \$ 1,470,676 | \$ 1,456,969 | \$ 1,393,075 | \$ 1,298,983 |
| Restricted | 16,514,841 | 17,402,400 | 14,891,362 | 14,146,148 |
| Assigned | 719,777 | 710,955 | 507,041 | 1,108,339 |
| Unassigned | 19,180,744 | 13,930,579 | 13,398,796 | 8,773,094 |
| Total General Fund | <u>\$ 37,886,038</u> | <u>\$ 33,500,903</u> | <u>\$ 30,190,274</u> | <u>\$ 25,326,564</u> |
| | | | | |
| All other governmental funds | | | | |
| Nonspendable | \$ 1,035,075 | \$ 1,010,361 | \$ 1,006,813 | \$ 944,370 |
| Restricted | 32,418,139 | 31,979,589 | 9,946,147 | 2,440,874 |
| Assigned | 28,911,466 | 22,978,416 | 36,498,027 | 31,535,017 |
| Unassigned, reported in: | | | | |
| Special Revenue Funds | (1,922,963) | (1,119,634) | (1,009,628) | (1,083,201) |
| Total all other governmental funds | <u>\$ 60,441,717</u> | <u>\$ 54,848,732</u> | <u>\$ 46,441,359</u> | <u>\$ 33,837,060</u> |

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

| <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 1,145,091 | \$ 1,065,926 | \$ 1,037,161 | \$ 1,038,259 | \$ 970,613 | \$ 793,306 |
| 15,941,518 | 16,722,415 | 18,464,541 | 23,756,924 | 20,461,112 | 19,616,680 |
| 1,107,420 | 1,389,557 | 1,696,483 | 2,640,211 | 3,018,000 | 5,237,708 |
| 5,572,413 | 4,756,176 | 7,148,985 | 11,435,795 | 11,221,787 | 7,663,441 |
| <u>\$ 23,766,442</u> | <u>\$ 23,934,074</u> | <u>\$ 28,347,170</u> | <u>\$ 38,871,189</u> | <u>\$ 35,671,512</u> | <u>\$ 33,311,135</u> |
| | | | | | |
| \$ 836,989 | \$ 826,253 | \$ 805,303 | \$ 464,581 | \$ 746,844 | \$ 672,765 |
| 2,635,131 | 3,685,141 | 4,990,742 | 12,617,074 | 18,362,285 | 18,266,637 |
| 26,857,735 | 30,411,502 | 35,977,907 | 16,913,749 | 17,170,751 | 24,344,963 |
| (922,289) | (947,800) | - | - | - | - |
| <u>\$ 29,407,566</u> | <u>\$ 33,975,096</u> | <u>\$ 41,773,952</u> | <u>\$ 29,995,404</u> | <u>\$ 36,279,880</u> | <u>\$ 43,284,365</u> |

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

| Year Ended December 31, | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|--|---------------------|----------------------|----------------------|---------------------|
| Revenues | | | | |
| Real property taxes | \$ 122,867,438 | \$ 119,860,004 | \$ 117,761,111 | \$ 114,486,165 |
| Other real property tax items | 576,186 | 504,314 | 569,652 | 438,480 |
| Non-property taxes | 5,597,490 | 4,997,116 | 5,032,466 | 4,860,480 |
| Departmental income | 43,742,517 | 42,030,128 | 41,306,556 | 41,421,297 |
| Intergovernmental charges | 186,417 | 280,631 | 237,318 | 154,677 |
| Use of money and property | 3,928,752 | 2,872,950 | 2,767,823 | 1,738,647 |
| License and permits | 2,335,043 | 2,131,874 | 2,030,194 | 2,155,291 |
| Fines and forfeitures | 1,609,378 | 1,163,599 | 1,204,294 | 1,160,476 |
| Sale of property & compensation for loss | 5,009,334 | 3,487,765 | 3,412,729 | 1,418,185 |
| Miscellaneous and local sources | 6,039,620 | 6,565,578 | 3,500,143 | 3,250,372 |
| Interfund revenues | 4,558,953 | 4,482,286 | 4,763,246 | 4,469,548 |
| State aid | 14,945,330 | 14,724,998 | 14,604,907 | 13,728,025 |
| Federal aid | 1,924,692 | 1,516,609 | 1,933,929 | 1,808,501 |
| Total Revenues | <u>213,321,150</u> | <u>204,617,852</u> | <u>199,124,368</u> | <u>191,090,144</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government support | 34,129,897 | 33,063,132 | 34,391,892 | 31,215,315 |
| Public safety | 9,670,658 | 9,307,105 | 9,276,598 | 8,881,996 |
| Health | 4,109,240 | 3,885,707 | 3,142,219 | 2,860,544 |
| Transportation | 29,057,915 | 26,565,863 | 27,458,278 | 26,333,036 |
| Economic assistance and opportunity | 2,306,492 | 2,297,365 | 2,265,452 | 2,206,822 |
| Culture and recreation | 13,146,479 | 12,392,839 | 12,790,979 | 12,436,746 |
| Home and community service | 54,773,865 | 52,688,818 | 50,155,058 | 50,998,414 |
| Employee benefits | 37,420,262 | 38,595,778 | 36,519,512 | 35,274,274 |
| Capital outlay | 14,711,690 | 11,552,152 | 12,416,379 | 14,030,043 |
| Debt Service: | | | | |
| Principal | 10,099,472 | 10,047,853 | 10,123,109 | 11,110,913 |
| Interest | 2,654,110 | 2,618,852 | 2,375,430 | 2,677,425 |
| Total Expenditures | <u>212,080,080</u> | <u>203,015,464</u> | <u>200,914,906</u> | <u>198,025,528</u> |
| Excess of revenues over (under) expenditures | <u>1,241,070</u> | <u>1,602,388</u> | <u>(1,790,538)</u> | <u>(6,935,384)</u> |
| Other financing sources (uses) | | | | |
| Amortization of retirement system contribution | - | - | - | - |
| Bonds issued | 8,381,618 | 10,000,000 | 12,840,000 | 12,925,000 |
| Capital leases | - | - | - | - |
| Transfers in | 17,426,438 | 14,705,836 | 14,486,862 | 17,367,855 |
| Transfers out | (17,426,438) | (14,705,836) | (14,486,862) | (17,367,855) |
| Refunding bonds issued | 4,500,471 | 4,086,165 | 17,430,000 | - |
| Premium on bonds issued | 636,511 | 422,170 | 1,855,536 | - |
| Payments to refund bond escrow agent | (5,069,410) | (4,392,721) | (19,149,308) | - |
| Total other financing sources (uses) | <u>8,449,190</u> | <u>10,115,614</u> | <u>12,976,228</u> | <u>12,925,000</u> |
| Net change in fund balances | <u>\$ 9,690,260</u> | <u>\$ 11,718,002</u> | <u>\$ 11,185,690</u> | <u>\$ 5,989,616</u> |
| Debt service as a percentage of noncapital expenditures | 6.46% | 6.62% | 6.64% | 7.47% |

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

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

| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|----|---------------------|---------------------|---------------------|--------------------|---------------------|---------------------|
| \$ | 112,993,330 | \$ 109,929,165 | \$ 109,889,320 | \$ 109,054,601 | \$ 107,552,908 | \$ 108,375,068 |
| | 479,802 | 451,627 | 412,497 | 360,204 | 334,396 | 362,430 |
| | 4,552,660 | 4,370,485 | 4,100,728 | 3,962,886 | 3,885,051 | 3,732,931 |
| | 40,601,800 | 38,859,896 | 38,686,154 | 34,801,298 | 35,902,822 | 36,371,423 |
| | 168,872 | 205,545 | 143,594 | 232,158 | 235,671 | 212,017 |
| | 1,557,627 | 1,351,384 | 1,390,584 | 2,014,267 | 1,854,711 | 2,208,584 |
| | 2,132,672 | 1,910,407 | 1,918,531 | 1,594,776 | 1,754,907 | 1,550,543 |
| | 1,136,862 | 1,101,734 | 1,135,462 | 760,548 | 646,834 | 655,849 |
| | 1,006,267 | 1,065,514 | 1,364,545 | 840,836 | 4,708,647 | 2,359,773 |
| | 2,807,805 | 2,563,009 | 4,774,920 | 2,291,436 | 1,888,592 | 2,379,497 |
| | 4,150,647 | 4,138,963 | 4,051,494 | 4,279,359 | 5,657,187 | 5,609,839 |
| | 13,472,502 | 11,452,087 | 12,423,562 | 13,441,235 | 14,505,595 | 12,032,056 |
| | 4,649,441 | 3,674,689 | 14,933,074 | 17,246,580 | 10,017,200 | 8,819,217 |
| | <u>189,710,287</u> | <u>181,074,505</u> | <u>195,224,465</u> | <u>190,880,184</u> | <u>188,944,521</u> | <u>184,669,227</u> |
| | 30,883,557 | 30,649,115 | 29,590,411 | 30,090,454 | 30,374,952 | 31,541,339 |
| | 8,802,980 | 8,614,910 | 8,080,611 | 8,034,402 | 7,385,006 | 7,685,737 |
| | 3,246,213 | 3,363,719 | 3,281,771 | 3,136,480 | 3,086,042 | 3,097,626 |
| | 30,872,783 | 29,286,713 | 32,264,244 | 38,949,298 | 28,737,380 | 25,945,124 |
| | 2,132,736 | 2,101,653 | 2,071,285 | 2,112,812 | 2,043,773 | 2,127,168 |
| | 12,795,662 | 14,057,894 | 14,048,065 | 13,850,124 | 13,644,237 | 13,424,653 |
| | 50,679,893 | 50,325,062 | 49,571,193 | 41,707,028 | 47,267,179 | 52,114,208 |
| | 36,572,602 | 33,842,793 | 36,012,603 | 34,421,468 | 30,302,386 | 28,084,741 |
| | 13,983,820 | 16,534,234 | 21,583,565 | 10,814,930 | 22,550,436 | 33,582,051 |
| | 10,881,634 | 11,007,429 | 10,704,821 | 10,654,320 | 11,049,744 | 10,707,885 |
| | 3,178,569 | 3,049,258 | 3,171,256 | 3,264,926 | 3,666,929 | 3,750,762 |
| | <u>204,030,449</u> | <u>202,832,780</u> | <u>210,379,825</u> | <u>197,036,242</u> | <u>200,108,064</u> | <u>212,061,294</u> |
| | <u>(14,320,162)</u> | <u>(21,758,275)</u> | <u>(15,155,360)</u> | <u>(6,156,058)</u> | <u>(11,163,543)</u> | <u>(27,392,067)</u> |
| | - | - | - | 3,905,184 | - | - |
| | 9,585,000 | 8,285,000 | 7,430,000 | 7,600,000 | 6,380,000 | 11,160,000 |
| | - | - | - | 18,987 | 139,431 | 15,752 |
| | 18,213,138 | 17,877,295 | 26,283,066 | 14,841,544 | 17,660,108 | 20,443,890 |
| | (18,213,138) | (17,877,295) | (26,283,066) | (14,841,544) | (17,660,108) | (20,443,890) |
| | - | - | - | 15,481,635 | - | - |
| | - | - | - | (15,481,635) | - | - |
| | - | - | - | - | - | - |
| | <u>9,585,000</u> | <u>8,285,000</u> | <u>7,430,000</u> | <u>11,524,171</u> | <u>6,519,431</u> | <u>11,175,752</u> |
| \$ | <u>(4,735,162)</u> | <u>(13,473,275)</u> | <u>(7,725,360)</u> | <u>5,368,113</u> | <u>(4,644,112)</u> | <u>(16,216,315)</u> |
| | 7.52% | 7.30% | 7.35% | 7.47% | 8.29% | 8.10% |

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 |
|--|---------------------------------|--------------------------------|----------------------------|---------------|---|
| 2019 | \$ 249,953,490 | \$ 40,448,723 | \$ 2,199,760 | \$ 72,182,906 | \$ 42,158,361 |
| 2018 | 251,229,345 | 40,878,678 | 2,262,725 | 71,818,431 | 42,673,696 |
| 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 |

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 |
|---|--|--|---------------------------|---|
| \$ 322,626,518 | 30.65 | 0.76% | \$ 42,450,857,632 | 0.86% |
| 323,515,483 | 29.50 | 0.84% | 38,513,747,976 | 0.95% |
| 324,025,888 | 28.82 | 0.85% | 38,120,692,706 | 0.96% |
| 325,208,126 | 27.82 | 0.86% | 37,814,898,372 | 0.97% |
| 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 | 25.37 | 0.88% | 37,990,136,136 | 1.00% |
| 336,722,881 | 25.37 | 0.82% | 41,063,765,976 | 0.93% |

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 ² | Total Town Direct Tax Rate ¹ |
|--------------------------------|-------------------|-------------------------------|---------------------------------------|-----------------------------------|--|
| 2019 | \$ 42,450,857,632 | 0.76% | \$ 322,626,518 | \$ 122,804,053 | 30.65 |
| 2018 | 38,513,747,976 | 0.84% | 323,515,483 | 119,772,942 | 29.50 |
| 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 | 27.82 |
| 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 | 25.37 |

Source: Town of Huntington Tax Warrant & IT Department

¹ Per \$100 of assessed value

² Does not include unpaid proerty cleanup of \$63,385.

Overlapping Rates

| County Tax Levy For Town | Total County Direct Rate ¹ | School Levy | Total School Direct Rate ¹ | Total Direct & Overlapping Rates |
|--------------------------------|--|----------------|--|---|
| \$ 148,758,244 | 46.11 | \$ 751,330,496 | 232.88 | 309.64 |
| 146,967,884 | 45.43 | 730,226,559 | 225.72 | 300.64 |
| 144,608,997 | 44.63 | 716,219,155 | 221.04 | 294.49 |
| 142,720,593 | 43.89 | 704,944,597 | 216.77 | 288.47 |
| 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 | 227.69 |

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

2019

| Rank | Taxpayer | Nature of Business | Assessed Valuation | Percent of Total Assessed Valuation (a) |
|------|---------------------------------|--------------------|----------------------|---|
| 1 | LIPA/Keyspan Energy Corporation | Utility | \$ 37,913,984 | 11.75% |
| 2 | The Retail Property Trust | Real Estate | 2,000,000 | 0.62% |
| 3 | 58/68 S. Service Road SPE LLC | 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 | Estee Lauder | Cosmetics | 469,700 | 0.15% |
| 7 | Verizon | Utility | 459,694 | 0.14% |
| 8 | Avalon Huntington Former S Corp | Real Estate | 455,000 | 0.14% |
| 9 | Grandview Hotel Limited | Hotel | 425,000 | 0.13% |
| 10 | 3 HQ Owner LLC | Real Estate | 425,000 | 0.13% |
| | Total | | <u>\$ 44,389,818</u> | <u>13.76%</u> |

2010

| Rank | Taxpayer | Nature of Business | Assessed Valuation | Percent of Total Assessed Valuation (b) |
|------|--|--------------------|----------------------|---|
| 1 | LIPA/Keyspan Energy Corp. | Utility | \$36,386,692 | 10.81% |
| 2 | The Retail Property Trust | Real Estate | 2,050,000 | 0.61% |
| 3 | Verizon | Utility | \$961,197 | 0.29% |
| 4 | Melville Industrial Associates | Office Building | \$922,000 | 0.27% |
| 5 | Huntington Quadrangle #1 Co. | Real Estate | \$850,000 | 0.25% |
| 6 | Reckson FS Limited Partnership | Commercial | \$801,465 | 0.24% |
| 7 | Tribune, 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 | Hines Reit Three Huntington Quadrangle | Real Estate | \$500,000 | 0.15% |
| | Total | | <u>\$ 44,124,754</u> | <u>13.11%</u> |

Source: Town of Huntington Department of Information Technology

(a) Total taxable assessed valuations per the Town's 2018 assessment roll for taxes levied in fiscal 2019 are \$322,626,518

(b) Total taxable assessed valuations per the Town's 2009 assessment roll for taxes levied in fiscal 2010 are \$336,722,881

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) |
| 2019 | \$ 122,804,053 | \$ 1,070,127,499 | \$ 122,804,053 | 100.00% | \$ - | 0.00% |
| 2018 | 119,772,942 | 1,042,572,431 | 119,772,942 | 100.00% | - | 0.00% |
| 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% |
| | <u>\$ 1,132,464,672</u> | <u>\$ 9,694,271,627</u> | <u>\$ 1,132,464,672</u> | | <u>\$ -</u> | |

Source: The most recent official statement of the Town of Huntington and Town of Huntington 2019 Adopted Budget

- (a) Gross levy for Town purposes. (Includes all Town controlled funds and does not include unpaid property clean up)
- (b) Includes all Town and County taxes. (Does not include unpaid property clean up)
- (c) At end of the levy year. Does not include unpaid property cleanup.
- (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 | | |
| 2019 | \$ 82,903,807 | \$ 279,917 | \$ 83,183,724 | 0.75% | 413 |
| 2018 | 85,190,600 | 421,490 | \$ 85,612,090 | 0.80% | 420 |
| 2017 | 85,545,010 | - | 85,545,010 | 0.82% | 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 |

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 |
|-----------------------|---|---|---------------|---|-----------------------------------|
| 2019 | \$ 82,903,807 | \$ (419,995) | \$ 82,483,812 | 0.19% | 409 |
| 2018 | 85,190,600 | (608,268) | 84,582,332 | 0.22% | 415 |
| 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 |

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, 2019

| <u>Governmental Unit</u> | <u>Net Long-Term Debt</u> | <u>Percentage Applicable to the Town of Huntington</u> | <u>Town of Huntington Share of Debt</u> |
|--|-----------------------------------|--|---|
| Direct: | | | |
| Town of Huntington | \$ 82,903,807 | 100.00% | \$ 82,903,807 |
| Component Units | 22,081,194 | 100.00% | 22,081,194 |
| Total direct Debt | | | <u>\$ 104,985,001</u> |
| Overlapping: | | | |
| County | \$ 1,490,098,201 | 15.63% | \$ 232,902,349 |
| Villages | 4,686,133 | 100.00% | 4,686,133 |
| School Districts | 234,004,493 | 76.47% | 178,946,479 |
| Library Districts | 16,405,000 | 94.67% | 15,530,825 |
| Fire Districts | 12,000,978 | 100.00% | 12,000,978 |
| Total overlapping debt | | | <u>444,066,764</u> |
| Total direct and overlapping debt | | | <u>\$ 549,051,765</u> |

Source: Munistat Services, Inc.

Note: Amounts are inclusive of component unit debt.

TOWN OF HUNTINGTON
DEBT LIMIT MARGIN INFORMATION
December 31, 2019

| <u>Year Ended December 31,</u> | <u>Net Assessed Valuation</u> | <u>State Equalization Rate</u> | <u>Full Valuation</u> |
|---|-----------------------------------|--|---------------------------|
| 2019 | 322,626,518 | 0.76% | \$ 42,450,857,632 |
| 2018 | 323,515,483 | 0.84% | 38,513,747,976 |
| 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 |
| Total Five Year Full Valuation | | | <u>\$ 193,502,119,383</u> |
| Five Year Average Full Valuation of Taxable Real Property | | | <u>38,700,423,877</u> |
| Constitutional Debt Limit (7% of Average Full Valuation) | | | <u>2,709,029,671</u> |
| Outstanding Indebtedness at December 31st | | | 104,985,001 |
| Less: Water Bonds | | | <u>26,988,289</u> |
| Net Indebtedness Subject to Debt Limit | | | <u>77,996,712</u> |
| Net Debt Contracting Margin | | | <u>\$ 2,631,032,959</u> |
| Percentage of Net Debt Contracting Margin Available | | | 97.12% |
| Percentage of Net Debt Contracting Power Exhausted | | | 2.88% |

Last Ten Years

| Year | Constitutional Debt Limit | Outstanding Indebtedness December 31 | Less: Appropriations for Debt Principal | Indebtedness Subject to Debt Limit | Net Debt Contracting Margin | Percentage of Net Debt Contracting Margin Available |
|------|------------------------------|--|--|--|-----------------------------------|---|
| 2019 | \$ 2,709,029,671 | \$ 104,985,001 | \$ 26,988,289 | \$ 77,996,711 | \$ 2,631,032,960 | 97.12% |
| 2018 | 2,623,703,995 | 104,450,000 | 24,142,844 | 80,307,156 | 2,543,396,839 | 96.94% |
| 2017 | 2,595,860,703 | 107,300,000 | 25,688,284 | 81,611,716 | 2,514,248,987 | 96.86% |
| 2016 | 2,589,821,377 | 108,460,000 | 24,206,877 | 84,253,123 | 2,505,568,254 | 96.75% |
| 2015 | 2,079,847,788 | 107,770,000 | 25,330,965 | 82,439,035 | 1,997,408,753 | 96.04% |
| 2014 | 2,654,740,512 | 108,044,993 | 24,024,334 | 84,020,659 | 2,570,719,853 | 96.84% |
| 2013 | 2,768,164,599 | 113,114,998 | 26,371,905 | 86,743,093 | 2,681,421,506 | 96.87% |
| 2012 | 2,873,113,983 | 112,540,000 | 22,522,082 | 90,017,918 | 2,783,096,065 | 96.87% |
| 2011 | 2,937,891,163 | 119,250,000 | 24,915,837 | 94,334,163 | 2,843,557,000 | 96.79% |
| 2010 | 2,950,556,432 | 99,003,913 | 29,238,675 | 69,765,238 | 2,880,791,194 | 97.64% |

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 |
|------------------------------------|-------------------------------|--|--|--|---|---|---|
| 2019 | 201,546 | 11,107 | 55,107 | 3.3% | 68,354 | 2.93 | 2,144 |
| 2018 | 204,011 | 10,715 | 52,523 | 2.9% | 68,694 | 2.93 | 2,170 |
| 2017 | 203,974 | 10,470 | 51,332 | 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 |

Sources:

- ¹ Bureau of the Census (factfinder.census.gov) 2013-2017 American Community Survey 5 year estimates
- 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

2019

| Rank | Name | Headquarters | Type of Business | Number of Employees | % of Total Town Employees |
|-------------|---|---------------------|---------------------------|----------------------------|----------------------------------|
| 1 | Northport Veterans Affairs Medical Center | Northport | Healthcare | 2,000 | 1.9% |
| 2 | Huntington Hospital | Huntington | Hospital | 2,000 | 1.9% |
| 3 | Half Hollow Hills School District | Dix Hills | Education | 1,722 | 1.7% |
| 4 | Canon | Melville | Imaging Products | 1,509 | 1.4% |
| 5 | Estee Lauder, Inc. | Melville | Cosmetics | 1,450 | 1.4% |
| 6 | Commack School District | Commack | Education | 1,439 | 1.4% |
| 7 | Henry Schein, Inc. | Melville | Medical & Dental Supplies | 1,400 | 1.3% |
| 8 | Northport-East Northport School District | Northport | Education | 1,300 | 1.2% |
| 9 | Newsday | Melville | Newspaper | 1,228 | 1.2% |
| 10 | Western Suffolk Boces | Dix Hills | Education | 1,176 | 1.1% |

2010

| Rank | Name | Headquarters | Type of Business | Number of Employees | % of Total Town Employees |
|-------------|---|---------------------|-------------------------|----------------------------|----------------------------------|
| 1 | Huntington Hospital | Huntington | Hospital | 2,023 | 2.0% |
| 2 | Estee Lauder | Melville | Cosmetics | 1,629 | 1.6% |
| 3 | Northport Veterans Affairs Medical Center | Northport | Healthcare | 1,600 | 1.5% |
| 4 | Newsday | Melville | Newspaper | 1,568 | 1.5% |
| 5 | Marchon Eyewear, Inc. | Melville | Healthcare | 994 | 1.0% |
| 6 | Town of Huntington | Huntington | Government | 923 | 0.9% |
| 7 | Arrow Electronics | Melville | Electronics | 865 | 0.8% |
| 8 | Training Source through Western Suffolk BOCES | Huntington | Education | 838 | 0.8% |
| 9 | BAE | Greenlawn | Technology | 763 | 0.7% |
| 10 | Henry Schein | Huntington | Medical Supplies | 700 | 0.7% |

Source: Audit & Control

Note: 2018 Principal Employer information is being used in 2019 due to COVID-19

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

Full-time Equivalent Employees as of December 31,

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Function | | | | | | | | | | |
| General government support | 250 | 272 | 258 | 251 | 264 | 249 | 248 | 253 | 270 | 263 |
| Public safety | 92 | 89 | 86 | 90 | 99 | 82 | 81 | 78 | 82 | 79 |
| Health | 3 | 2 | 2 | 3 | 5 | 4 | 4 | 5 | 5 | 5 |
| Transportation | 217 | 233 | 219 | 222 | 228 | 224 | 215 | 218 | 230 | 230 |
| Economic assistance and opportunity | 29 | 27 | 28 | 26 | 25 | 27 | 27 | 27 | 28 | 30 |
| Culture and recreation | 140 | 141 | 143 | 142 | 151 | 148 | 151 | 149 | 167 | 160 |
| Home and community services | <u>134</u> | <u>146</u> | <u>143</u> | <u>148</u> | <u>152</u> | <u>145</u> | <u>146</u> | <u>142</u> | <u>150</u> | <u>157</u> |
| Total | <u>865</u> | <u>910</u> | <u>879</u> | <u>882</u> | <u>924</u> | <u>879</u> | <u>872</u> | <u>872</u> | <u>932</u> | <u>924</u> |

Source: Department of Information Technology

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TOWN OF HUNTINGTON
OPERATING INDICATORS BY FUNCTION
LAST TEN YEARS

| <u>Year Ended December 31,</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|--|-------------|-------------|-------------|-------------|
| Function | | | | |
| Public Safety | | | | |
| Building | | | | |
| Residential building permits issued | 2,533 | 2,439 | 2,767 | 2,533 |
| Commercial building permits issued | 471 | 619 | 642 | 604 |
| Building inspections | 11,822 | 12,609 | 13,035 | 13,394 |
| Fire Prevention | | | | |
| Fire inspections* | 2,273 | 2,219 | 2,143 | 1,593 |
| Transportation | | | | |
| Public Transportation | | | | |
| Average daily ridership | 561 | 567 | 663 | 725 |
| Streetlighting | | | | |
| Energy Efficient Streetlights | 21,740 | 20,800 | 20,840 | 20,840 |
| Energy Efficient Streetlights | 21,740 | 20,710 | 18,010 | 16,975 |
| Public Safety | | | | |
| Parking violations | 18,499 | 14,664 | 15,615 | 17,762 |
| Accessory apartment permits | 1,916 | 1,783 | 1,781 | 1,749 |
| Highways and streets | | | | |
| Street resurfacing (miles) | 21 | 38 | 34 | 30 |
| Number of trees planted | 33 | 90 | 125 | 90 |
| Number of trees removed | 205 | 688 | 700 | 789 |
| Culture and Recreation | | | | |
| Beach permits issued | 9,501 | 10,898 | 11,411 | 12,754 |
| Rounds of golf | 62,455 | 58,058 | 62,661 | 72,136 |
| Recreation program registrations | 8,482 | 9,521 | 10,193 | 10,441 |
| Home and Community Services | | | | |
| Sanitation | | | | |
| Refuse collected (tons/day) | 281.5 | 270.0 | 268.4 | 268.4 |
| Recyclables collected (tons/yr) | 31,736 | 38,308 | 36,174 | 39,521 |
| Water | | | | |
| Water main breaks | 14 | 19 | 10 | 17 |
| Average daily consumption (thousands of gallons) | 5,220 | 5,175 | 5,183 | 6,011 |
| Sewer Usage | | | | |
| Average daily sewage treatment (millions of gallons) | 2.1 | 1.9 | 1.7 | 1.6 |
| Wastewater | | | | |
| Average daily sewage treatment (thousands of gallons) | 54 | 60 | 61 | 59 |

Source: Various government departments of the Town of Huntington

| <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 2,881 | 2,615 | 2,325 | 1,756 | 2,170 | 2,100 |
| 497 | 352 | 330 | 767 | 353 | 225 |
| 9,773 | 7,967 | 11,871 | 11,405 | 11,388 | 10,558 |
| 1,631 | 1,086 | 1139 | 1,225 | 1,203 | 1,835 |
| 716 | 698 | 966 | 870 | 869 | 880 |
| 15,211 | | | | | |
| 12,913 | 12,913 | 10,886 | 9,000 | | |
| 14,256 | 12,876 | 24,879 | 14,000 | 9,104 | 9,801 |
| 1,661 | 2,205 | 1,689 | 1,667 | 1,555 | 1,494 |
| 20 | 19 | 30 | 35 | 28 | 32 |
| 158 | 158 | 160 | 450 | 340 | 456 |
| 646 | 729 | 858 | 2,400 | 1,900 | 750 |
| 13,297 | 11,429 | 10,708 | 10,529 | 10,453 | 10,922 |
| 73,163 | 67,147 | 71,120 | 73,299 | 66,242 | 72,223 |
| 11,678 | 9,898 | 10,892 | 11,109 | 10,906 | 10,818 |
| 261.2 | 266.5 | 271.3 | 302.0 | 273.0 | 263.5 |
| 37,730 | 36,983 | 39,360 | 35,520 | 39,528 | 40,518 |
| 12 | 15 | 13 | 13 | 8 | 10 |
| 6,089 | 5,529 | 5,940 | 5,496 | 5,512 | 6,504 |
| 1.8 | 1.9 | 1.9 | 2.5 | 2.5 | 2.4 |
| 47 | 48 | 50 | 53 | 44 | 45 |

TOWN OF HUNTINGTON
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN YEARS

| Year Ended December 31, | 2019 | 2018 | 2017 | 2016 |
|---|-------------|-------------|-------------|-------------|
| Function | | | | |
| General Government | | | | |
| Municipal Building | 1 | 1 | 1 | 1 |
| Maintenance Buildings | 5 | 5 | 5 | 5 |
| Vehicles | 510 | 470 | 463 | 444 |
| Public safety | | | | |
| Animal Shelter | 1 | 1 | 1 | 1 |
| Vehicles | 41 | 41 | 39 | 38 |
| Transportation | | | | |
| Public Transportation | | | | |
| Buses | 29 | 29 | 27 | 26 |
| Highways and streets | | | | |
| Streets (miles) | 784 | 829 | 816 | 816 |
| Streetlighting | | | | |
| Traffic signals | 279 | 279 | 271 | 266 |
| Culture and recreation | | | | |
| Parks | 44 | 44 | 44 | 43 |
| 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 | 2 | 2 |
| Skateboarding Parks | 2 | 2 | 2 | 2 |
| Swimming pools | 1 | 1 | 1 | 1 |
| Home and Community Services | | | | |
| Building | 1 | 1 | 1 | 1 |
| Sanitation | | | | |
| Collection trucks | 18 | 24 | 26 | 25 |
| Resource Recovery Plants | 1 | 1 | 1 | 1 |
| Maximum daily capacity (tons burned per day) | 750 | 750 | 750 | 750 |
| Water | | | | |
| Fire hydrants | 1357 | 1290 | 1290 | 1290 |
| 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) | 35 | 26 | 26 | 26 |
| Maximum daily treatment capacity (millions of gallons) | 3 | 3 | 3 | 3 |

Source: Various government departments of the Town of Huntington

| <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 1 | 1 | 1 | 1 | 1 | 1 |
| 5 | 5 | 5 | 5 | 5 | 5 |
| 460 | 470 | 470 | 470 | 470 | 470 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 36 | 38 | 37 | 37 | 37 | 38 |
| 24 | 24 | 24 | 24 | 24 | 20 |
| 789 | 789 | 789 | 789 | 789 | 789 |
| 257 | 253 | 239 | 239 | 239 | 238 |
| 43 | 42 | 40 | 40 | 40 | 40 |
| 9 | 9 | 9 | 9 | 9 | 9 |
| 5 | 5 | 5 | 5 | 5 | 5 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 2 | 2 | 1 | 1 | 1 | 1 |
| 3 | 3 | 3 | 3 | 3 | 3 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 1 | 4 | 3 | 3 | 3 | 3 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 26 | 26 | 26 | 26 | 26 | 26 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 750 | 750 | 750 | 750 | 750 | 750 |
| 1288 | 1284 | 1285 | 1285 | 1284 | 1284 |
| 170 | 170 | 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

September 23, 2020

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 \$18,585,000 Public Improvement Serial Bonds-2020 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 \$3,970,000 Refunding Serial Bonds–2020 Series B (the “Refunding Bonds”) on September 23, 2020. 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.

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,

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

September 23, 2020

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 \$3,970,000 Public Improvement Refunding Serial Bonds-2020 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 expects to issue its \$18,585,000 Public Improvement Serial Bonds-2020 Series A (the “Series A Bonds”) on September 23, 2020. The Series A 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 Series A Bonds and, on the closing date of the Series A Bonds, we expect to render 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.

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,

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.

“Financial Obligation” shall mean “financial obligation” as such term is defined in the Rule.

“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 15, 2020.

“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 **\$18,585,000 Public Improvement Serial Bonds-2020 Series A**, dated September 23, 2020, maturing in various principal amounts on June 15 in each of the years 2021 to 2035, 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, 2020, 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, 2020, 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;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

- (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

Holder. 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 September 23, 2020.

TOWN OF HUNTINGTON

By _____
Supervisor and Chief Fiscal Officer

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.

“Financial Obligation” shall mean “financial obligation” as such term is defined in the Rule.

“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 15, 2020.

“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 **\$3,970,000 Public Improvement Refunding Serial Bonds-2020 Series B**, dated September 23, 2020, maturing in various principal amounts on June 15 in each of the years 2021 to 2026, 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, 2020, 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, 2020, 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;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

- (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 September 23, 2020.

TOWN OF HUNTINGTON

By _____
Supervisor and Chief Fiscal Officer