

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

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

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

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

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

**\$ 13,340,000 PUBLIC IMPROVEMENT SERIAL BONDS – 2017 SERIES A
(the “Series A Bonds”)**

**\$ 20,055,000 PUBLIC IMPROVEMENT REFUNDING SERIAL BONDS – 2017 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 Laws of New York State of 2011, as amended (the “Tax Levy Limit Law”). (See “*Tax Levy Limit Law*” herein).

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

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

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

Sealed bids for the Bonds will be received at 11:00 A.M. (Prevailing Time) on August 1, 2017, in accordance with the Notices of Sale dated July 19, 2017.

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 August 15, 2017 and August 22, 2017, respectively, in New York, New York.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM “DEEMED FINAL” BY THE TOWN FOR THE PURPOSE OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE “RULE”) EXCEPT FOR CERTAIN INFORMATION THAT WILL BE UPDATED FOLLOWING THE DATE THEREOF. FOR A DESCRIPTION OF THE TOWN’S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS, AS DESCRIBED IN THE RULE, SEE “DISCLOSURE UNDERTAKING” HEREIN.

, 2017

*Preliminary, subject to change.

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

\$13,340,000* PUBLIC IMPROVEMENT SERIAL BONDS – 2017 SERIES A

BOND MATURITY SCHEDULE

Principal Due: March 15, 2018-2032 inclusive
Interest Due: March 15, 2018, September 15, 2018
and semi-annually thereafter on
March 15 and September 15 in each
year to maturity

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield or Price</u>	<u>CUSIP #</u>
March 15, 2018	\$685,000			
March 15, 2019	740,000			
March 15, 2020	760,000			
March 15, 2021	785,000			
March 15, 2022	810,000			
March 15, 2023	830,000			
March 15, 2024	860,000			
March 15, 2025	885,000			
March 15, 2026	910,000**			
March 15, 2027	940,000**			
March 15, 2028	965,000**			
March 15, 2029	995,000**			
March 15, 2030	1,025,000**			
March 15, 2031	1,060,000**			
March 15, 2032	1,090,000**			

*Preliminary, subject to change.

**Subject to prior redemption.

***Amounts are subject to adjustment by the Town following the sale, pursuant to the terms of the Notice of Sale relating to the Series A Bonds, to achieve substantial level or declining annual debt service as provided in Section 58.00 9(c)(2) of the Local Finance Law.

\$20,055,000* PUBLIC IMPROVEMENT REFUNDING SERIAL BONDS – 2017 SERIES B

BOND MATURITY SCHEDULE

Principal Due: November 1, 2017-2023 inclusive
Interest Due: November 1, 2017, and semi-
annually thereafter on May 1 and
November 1 in each year to
maturity

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield or Price</u>	<u>CUSIP #</u>
November 1, 2017	\$3,345,000			
November 1, 2018	3,215,000			
November 1, 2019	3,270,000			
November 1, 2020	3,300,000			
November 1, 2021	3,445,000			
November 1, 2022	2,330,000			
November 1, 2023	1,150,000			

*Preliminary, subject to change.

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

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

TOWN BOARD

Frank P. Petrone, Town Supervisor

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

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

* * *

Bond Counsel

Hawkins Delafield & Wood LLP
New York, New York

* * *

Prepared with the Assistance of

MUNICIPAL ADVISOR

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Municipal Finance Advisory Service

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

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OFFICIAL STATEMENT
TOWN OF HUNTINGTON
SUFFOLK COUNTY, NEW YORK

\$13,340,000* PUBLIC IMPROVEMENT SERIAL BONDS – 2017 SERIES A
AND
\$20,055,000* PUBLIC IMPROVEMENT REFUNDING SERIAL BONDS – 2017 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 \$13,340,000* Public Improvement Serial Bonds – 2017 Series A (the “Series A Bonds”) and \$20,055,000 Public Improvement Refunding Serial Bonds – 2017 Series B (the “Series B Bonds”) of the Town. The Series A and Series B Bonds are collectively referred to herein as the “Bonds”.

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

THE SERIES A BONDS

Description of the Series A Bonds

The Series A Bonds will be dated August 15, 2017 and will mature on March 15, in each of the years 2018 to 2032, 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-Only System*” under “*THE BONDS*,” herein).

Interest on the Series A Bonds will be payable on March 15, 2018, September 15, 2018, and semiannually thereafter on March 15 and September 15 in each year to maturity. Principal and interest will be paid by the Town to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Series A Bonds, as described herein. The Series A Bonds may be transferred in the manner described on the Series A Bonds and as referenced in certain proceedings of the Town referred to therein. (See “*Book-entry-only System*” under “*THE BONDS*”, herein).

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

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

Optional Redemption on the Bonds

The Series A Bonds maturing on or before March 15, 2025 will not be subject to redemption prior to maturity. The Series A Bonds maturing on March 15, 2026 and thereafter, will be subject to redemption, at the option of the Town, prior to maturity, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), on any date on or after March 15, 2025, at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the date of redemption.

*Preliminary, subject to change.

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, and various bond resolutions duly adopted by the Town Board, authorizing the following purposes:

<u>Date of Authorization</u>	<u>Purpose</u>	<u>Amount to be Issued</u>
05/10/16	Improvements to Sewer District	\$ 600,000
04/04/17	Replacement of Rotating Biological Conductor	300,000
05/09/17	Plant No. 3 Rehabilitation Carl Straight Path	500,000
05/09/17	Acquisition of Trucker Packer Bodies	150,000
05/06/17	Acquisition of Sludge Belt Press and Auger	900,000
05/06/17	Greenlawn Water District Improvements	500,000
04/04/17	Improvements to Various Roads	2,800,000
04/04/17	Improvements to Curbs, Sidewalks and Pedestrian Walks	300,000
04/04/17	Various Drainage Improvements	800,000
04/04/17	Installation of Pavement Markings	200,000
04/04/17	Acquisition of Highway Equipment	1,150,000
04/04/17	Acquisition and Installation of Traffic Signs	250,000
04/04/17	Acquisition of Equipment for Imaging Network	200,000
04/04/17	Acquisition and Installation of Muni Meters	230,000
04/04/17	Construction of Traffic Signalization	300,000
04/04/17	Acquisition of Vehicles and Equipment	400,000
04/04/17	Improvements to James Conte Community Center	1,300,000
04/04/17	Improvements to Halesite Park Bulkheads	735,000
04/04/17	Resurfacing Carver Street Parking Lot	175,000
04/04/17	Sand Replacement	50,000
05/09/17	Townwide Infrastructure & Electric Overhaul	800,000
05/09/17	Resurfacing Athletic Courts	150,000
05/09/17	Fence Repair & Replacement	150,000
05/09/17	Acquisition of a Payloader	250,000
05/09/17	Resurfacing of Parking Lots	150,000
Total:		<u><u>\$13,340,000</u></u>

THE SERIES B BONDS

Description of the Series B Bonds

The Series B Bonds will be dated August 22, 2017 and will mature on November 1, in each of the years 2017 to 2023, inclusive, in the principal amounts as set forth on the inside cover page hereof.

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

Interest on the Series B Bonds will be payable on November 1, 2017, and semiannually thereafter on May 1 and November 1 in each year to maturity. Principal and interest will be paid by the Town to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Series B Bonds, as described herein. The Series B Bonds may be transferred in the manner described on the Series B Bonds and as referenced in certain proceedings of the Town referred to therein. (See "Book-entry-only System" under "THE BONDS", herein).

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

The Town will act as Paying Agent for the Series B Bonds. 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 for 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, and a refunding bond resolution duly adopted by the Town Board on October 19, 2016, (the "Refunding Bond Resolution"), authorizing the refunding of all or a part of the Public Improvement Serial Bonds, 2006, Public Improvement (Serial) Bonds, 2007A, Water District Serial Bonds, 2007B, Public Improvement Serial Bonds, 2008A and Water District Serial Bonds – 2008B. The amounts expected to be refunded are set forth below:

Summary of Refunded Bonds (the "Refunded Bonds")

Public Improvements Serial Bonds-2006 <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>
11/01/2017	\$ 1,105,000	4.000%	09/21/2017	100.00%	446457NN9
11/01/2018	1,150,000	4.000	09/21/2017	100.00	446457NP4
11/01/2019	1,195,000	4.000	09/21/2017	100.00	446457NQ2
11/01/2020	1,240,000	4.000	09/21/2017	100.00	446457NR0
11/01/2021	<u>1,290,000</u>	4.000	09/21/2017	100.00	446457NS8
Subtotal:	<u>\$5,980,000</u>				

Public Improvements
Serial Bonds-2007A
Maturity Date

<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>
11/15/2017	\$ 1,035,000	4.000%	09/21/2017	100.00%	446457PF4
11/15/2018	1,075,000	4.000	09/21/2017	100.00	446457PG2
11/15/2019	1,120,000	4.000	09/21/2017	100.00	446457PH0
11/15/2020	1,165,000	4.000	09/21/2017	100.00	446457PJ6
11/15/2021	1,210,000	4.000	09/21/2017	100.00	446457PK3
11/15/2022	<u>1,260,000</u>	4.000	09/21/2017	100.00	446457PL1
Subtotal:	<u>\$6,865,000</u>				

Water District
Serial Bonds-2007B
Maturity Date

<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>
11/15/2017	\$ 40,000	4.000%	09/21/2017	100.00%	446457PW7
11/15/2018	40,000	4.000	09/21/2017	100.00	446457PX5
11/15/2019	45,000	4.000	09/21/2017	100.00	446457PY3
11/15/2020	45,000	4.000	09/21/2017	100.00	446457PZ0
11/15/2021	45,000	4.000	09/21/2017	100.00	446457QA4
11/15/2022	<u>50,000</u>	4.000	09/21/2017	100.00	446457QB2
Subtotal:	<u>\$265,000</u>				

Public Improvements
Serial Bonds-2008A
Maturity Date

<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>
11/15/2017	\$ 745,000	4.000%	-	-	446457QN5
11/15/2018	785,000	4.000	11/15/2017	100.00%	446457QP1
11/15/2019	820,000	4.125	11/15/2017	100.00	446457QQ9
11/15/2020	855,000	4.250	11/15/2017	100.00	446457QR7
11/15/2021	895,000	4.500	11/15/2017	100.00	446457QS5
11/15/2022	935,000	4.500	11/15/2017	100.00	446457QT3
11/15/2023	<u>975,000</u>	4.500	11/15/2017	100.00	446457QU0
Subtotal:	<u>\$6,010,000</u>				

Water District
Serial Bonds-2008B
Maturity Date

<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>
11/15/2017	\$200,000	4.000%	-	-	446457RD7
11/15/2018	210,000	4.000	11/15/2017	100.00%	446457RE5
11/15/2019	220,000	4.125	11/15/2017	100.00	446457RF2
11/15/2020	230,000	4.250	11/15/2017	100.00	446457RG0
11/15/2021	235,000	4.500	11/15/2017	100.00	446457RH8
11/15/2022	250,000	4.500	11/15/2017	100.00	446457RJ4
11/15/2023	<u>260,000</u>	4.500	11/15/2017	100.00	446457RK1
Subtotal:	<u>\$1,605,000</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 above and issued to effect the refunding of the Refunded Bonds maturing on their respective principal payment dates as set forth on the previous pages. 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 The Bank of New York Mellon (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 District 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.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

NATURE OF OBLIGATION

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

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

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

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

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

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

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

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

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

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

CERTIFICATED BONDS

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

MARKET MATTERS AFFECTING FINANCINGS OF THE MUNICIPALITIES OF THE STATE

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

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

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

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

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

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

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

REMEDIES UPON DEFAULT

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

Upon default in the payment of principal of or interest on the Bonds, at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the Town. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such Bonds from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether

to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on a Bond, the owner of such Bond could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the Town to assess, levy and collect an *ad valorem* tax, upon all taxable property of the Town subject to taxation by the Town, sufficient to pay the principal of and interest on the Bonds as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Bonds and the proceedings with respect thereto all of which are included in the contract with the owners of the Bonds. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

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

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

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

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

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

MUNICIPAL BANKRUPTCY

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

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

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

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

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

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

Financial Control Boards

Pursuant to Article IX Section 2(b)(2) of the State Constitution, any municipality in the State may request the intervention of the State in its "property, affairs and government" by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the Cities of Buffalo, Troy and Yonkers and the County of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and in certain cases approve or disapprove collective bargaining agreements. Implementation is generally left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In addition, upon the issuance of a certificate of necessity of the Governor reciting facts which in the judgment of the Governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature, the State is authorized to intervene in the "property, affairs

and governments” of local government units. This occurred in the case of the County of Erie in 2005. The authority of the State to intervene in the financial affairs of a local government is further supported by Article VIII, Section 12 of the Constitution which declares it to be the duty of the State legislature to restrict, subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, Towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

In 2013, the State established a new state advisory board to assist counties, cities, Towns and villages in financial distress. The Financial Restructuring Board for Local Governments (the “FRB”), is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations for, but cannot compel improvement of fiscal stability, management and delivery of municipal services, including shared services opportunities and is authorized to offer grants and/or loans of up to \$5,000,000 through a Local Government Performance and Efficiency Program to undertake certain recommendations. If a municipality agrees to undertake the FRB recommendations, it will be automatically bound to fulfill the terms in order to receive the aid.

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

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

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

No Past Due Debt

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

THE TOWN

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

General Information

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

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

The Town encompasses an area of approximately 94 square miles and has a population of 204,240 according to the 2015 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. Eight independently governed school districts are located wholly or partially within the Town. These school districts rely on their own taxing powers granted by the State to raise revenues. The school districts use the Town’s assessment roll as their basis for taxation of property located within the Town.

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

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

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

Utilities and Other Services

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

Employees

The Town employs approximately 702 full-time employees. The employees in collective bargaining agreement are shown below:

<u>Name of Union</u>	<u>Expiration Date of Contract</u>	<u>Approx. No. of Members</u>
Civil Service Employees Association.....	12/31/16 ^a	188
Long Island Service Employees, ILA, Labor Unit.....	12/31/15 ^a	333
Long Island Service Employees, ILA, Supervisory Unit .	12/31/15 ^a	79

a. Contracts in negotiations.

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
2015	204,240	1,501,373	19,673,174

Source: U.S. Bureau of the Census.

Income Data

	<u>Per Capita Money Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2015</u>
Town of Huntington	\$24,810	\$36,390	\$46,862	\$52,957
County of Suffolk	18,481	26,577	35,755	37,634
State of New York	16,501	23,389	30,791	34,297

	<u>Median Family Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2015</u>
Town of Huntington	\$65,820	\$90,606	\$116,478	\$122,602
County of Suffolk	53,244	72,112	96,220	102,582
State of New York	32,965	43,393	55,603	71,913

Source: United State Bureau of the Census.

a. Note: Based on American Community Survey Three-Year Estimates (2011-2015).

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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
One Family	234	187	204	234	243
Commercial/Industrial	25	43	37	74	51
Alt & Adds (Res.)	767	754	801	726	725
Alt & Adds (Other)	304	266	260	371	323
Demolish Various Bldgs.	177	217	218	242	251
Other	1,016	1,208	1,467	1,731	1,544
Totals	<u>2,523</u>	<u>2,675</u>	<u>2,987</u>	<u>3,378</u>	<u>3,137</u>

Unemployment Rate Statistics

<u>Annual Averages:</u>	<u>Town of Huntington (%)</u>	<u>County of Suffolk (%)</u>	<u>New York State (%)</u>
2012	6.8	7.6	8.6
2013	5.7	7.3	7.7
2014	4.6	7.8	6.4
2015	4.2	4.8	5.3
2016	3.7	4.3	4.9
2017 (5 Month Average)	4.3	4.8	5.1

Source: Department of Labor, State of New York.

Selected Listing of Larger Employers

<u>Name</u>	<u>Type</u>	<u>Estimated Number Of Employees</u>
Huntington Hospital	Hospital	2,000
Northport Veterans Affairs Medical Center	Healthcare	2,000
Canon	Imaging Products	1,800
Estee Lauder, Inc.	Cosmetics	1,500
Henry Schein, Inc.	Medical & Dental Supplies	1,400
Western Suffolk BOCES	Education	1,317
Newsday	Newspaper	1,228
Marchon Eyewear	Healthcare	1,055
Town of Huntington	Government	702
BAE	Technology	650

Source: Town of Huntington Audit & Control.

INDEBTEDNESS OF THE TOWN

Constitutional Requirements

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

Purpose and Pledge. The Town shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The Town may contract indebtedness only for a Town purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

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

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

Statutory Procedure

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

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

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

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

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

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

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

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

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

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

Trend of Town Indebtedness

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Bonds	\$112,540,000	\$113,114,998	\$108,045,000	\$107,770,000	\$108,460,000
Bond Anticipation Notes	0	0	3,585,000	1,000,000	500,000
Installment Purchase Debt	<u>214,296</u>	<u>64,794</u>	<u>2,635</u>	<u>0</u>	<u>0</u>
Totals	<u>\$112,754,296</u>	<u>\$113,179,792</u>	<u>\$111,632,635</u>	<u>\$108,770,000</u>	<u>\$108,960,000</u>

Details of Short-Term Indebtedness Outstanding

(As of July 19, 2017)

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

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of July 19, 2017)

Fiscal Year Ending <u>December 31:</u>	Assessed <u>Valuation</u>	State Equalization <u>Rate (%)</u>	Full <u>Valuation</u>
2013	\$328,724,473	0.90	\$36,524,941,444
2014	327,205,498	0.90	36,356,166,444
2015	325,757,112	0.89	36,601,922,697
2016	325,208,126	0.86	37,814,898,372
2017	325,306,319	0.85	<u>38,271,331,647</u>
Total Five Year Full Valuation			\$185,569,260,605
Average Five Year Full Valuation			37,113,852,121
Debt Limit - 7% of Average Full Valuation			2,597,969,648
Inclusions:			
Outstanding Bonds: ^a			
General Purpose Bonds			77,931,787
Water Districts			<u>27,203,213</u>
Sub-Total			105,135,000
Bond Anticipation Notes			<u>0</u>
Total Inclusions			<u>105,135,000</u>
Exclusions:			
Appropriations for Bonds			7,185,722
Water Debt			<u>27,203,213</u>
Total Exclusions			34,388,935
Total Net Indebtedness Before the Issuance of the Series A Bonds			<u>70,746,065</u>
The Series A Bonds			13,340,000
Less: BANs to be Redeemed by the Issuance of the Series A Bonds			<u>0</u>
Net Effect of the Series A Bonds			<u>13,340,000</u>
Total Net Indebtedness After the Issuance of the Series A Bonds			<u>84,086,065</u>
Net Debt Contracting Margin			<u><u>2,513,883,583</u></u>
Percent of Debt Limit Exhausted			3.24%

a. Inclusive of the bonds to be refunded. See "Authorization and Purpose for the Series B Bonds" and "Summary of Refunded Bonds" herein.

Debt Service Requirements – Outstanding Bonds^a

Fiscal Year Ending December 31:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$12,780,000	\$3,379,564	\$16,159,564
2018	12,495,000	2,931,703	15,426,703
2019	11,860,000	2,520,758	14,380,758
2020	11,295,000	2,114,129	13,409,129
2021	10,540,000	1,736,990	12,276,990
2022	9,375,000	1,397,165	10,772,165
2023	8,330,000	1,099,488	9,429,488
2024	6,970,000	840,344	7,810,344
2025	6,070,000	640,900	6,710,900
2026	4,950,000	474,288	5,424,288
2027	4,235,000	355,281	4,590,281
2028	3,750,000	236,944	3,986,944
2029	2,685,000	129,056	2,814,056
2030	2,060,000	63,531	2,123,531
2031	1,065,000	11,316	1,076,316
Totals	<u>\$108,460,000</u>	<u>\$17,931,456</u>	<u>\$126,391,456</u>

a. Does not reflect payments made to date in the current fiscal year. Such amount is inclusive of the Refunded Bonds.

Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Date of Report</u>	Percentage <u>Applicable (%)</u>	Applicable Total <u>Indebtedness</u>	Applicable Net <u>Indebtedness</u>
County of Suffolk	12/5/2016	15.63	\$279,004,255	\$226,547,341
Villages	5/31/16 or Later	Var.	11,749,334	11,749,334
School Districts	6/30/16 or Later	Var.	161,782,411	116,405,179
Fire Districts	12/31/15 or Later	Var.	7,652,397	7,652,397
Library Districts	6/30/15 or Later	Var.	5,835,000	5,835,000
Totals			<u>\$466,023,397</u>	<u>\$368,189,251</u>

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

Debt Ratios
(As of July 19, 2017)

	<u>Amount^a</u>	<u>Per Capita^b</u>	<u>Percentage Of Full Value (%)^c</u>
Total Direct Debt	\$105,135,000	\$ 515	0.275
Net Direct Debt	70,746,065	346	0.185
Total Direct & Applicable Total Overlapping Debt	571,158,397	2,797	1.492
Net Direct & Applicable Net Overlapping Debt	438,935,316	2,149	1.147

a. Exclusive of the Series A Bonds and Series B Bonds, and inclusive of the Refunded Bonds.

b. The current estimated population of the Town is 204,240.

c. The full valuation of taxable real property in the Town for 2016-17 is \$38,271,331,647.

Authorized And Unissued Debt
(As of July 19, 2017)

As of the date of this Official Statement, the Town has authorized but unissued debt in the aggregate amount of \$22,753,000 as follows:

Various Public Improvements	\$ 13,090,000
Highway Projects.....	5,500,000
Special Districts.....	<u>4,163,000</u>
Total	<u>\$ 22,753,000^a</u>

a. The issuance of the Series A Bonds will provide original financing in the amount of \$13,340,000 of such amount.

On October 19, 2016, the Town Board adopted a refunding bond resolution authorizing the refunding of all or a part of the Public Improvement Serial Bonds - 2006, Public Improvement Serial Bonds - 2007A, Water District Serial Bonds - 2007B, Public Improvement Serial Bonds - 2008A and Water District 2008B. The issuance of the Series B Bonds will finance such purpose.

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

Resource Recovery Facilities

In September 1989, the Town Board closed the Town's sixty year old landfill, and thereafter entered into an agreement with the neighboring Town of Smithtown. This agreement, executed in December 1989, provided that until such time as the Town's waste-to-energy facility was constructed, the Town would share the use of Cells 5 and 6 in Smithtown's State-approved landfill for the disposal of its solid waste. For the reserving of capacity and the transfer of a fee interest in Cell 5, of Cell 6, which was constructed to receive solid waste upon the Cell 5 being filled to capacity, the Town agreed to pay the Town of Smithtown a fee equal to a portion of the capital and usage costs associated with that cell. 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 2016 was \$19,100,473 of which \$7,067,175 was reimbursed by the Town of Smithtown.

Town Landfill

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

Capital Project Plans

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

Capital Budget Summary 2017-2021

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u>
Dix Hills Water District	\$ 650,000	\$ 2,390,000	\$ 3,255,000	\$ 3,437,000		\$ 9,732,000
Engineering	2,210,000	6,100,000	4,000,000			12,310,000
Environmental Waste Management	2,250,000	1,580,000	1,105,000	1,603,000	1,250,000	7,788,000
General Services	1,900,000	1,375,000	2,425,000	1,925,000	1,925,000	9,550,000
Highway	5,500,000	5,100,000	5,100,000	5,100,000	5,100,000	25,900,000
Information Technology	200,000					200,000
Maritime	450,000	95,000	750,000	750,000	798,000	2,843,000
Planning						0
Public Safety	230,000					230,000
Transportation and Safety	300,000	300,000	300,000	300,000	300,000	1,500,000
Totals	<u>\$13,690,000</u>	<u>\$16,940,000</u>	<u>\$16,935,000</u>	<u>\$13,115,000</u>	<u>\$9,373,000</u>	<u>\$70,053,000</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, 2016, 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 2012-2016 fiscal years.

Fund Structure and Accounts

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

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

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

Basis of Accounting

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

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

Budgetary Procedures

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

Financial Operations

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

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

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

Investment Policy

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

It is the Town's policy to require collateral for all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. Certain irrevocable letters of credit issued by banks and federal home loan banks may also be pledged as collateral.

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

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

Revenues

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

Real Property Taxes

See "Real Property Tax Information," herein.

State Aid

The Town receives financial assistance from the State. If the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Town, may be affected by a delay in the payment of State aid. Additionally, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in this year or future years, the Town may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments.

The Town received approximately 10.3% of its total general fund operating revenue from State aid in 2016 and is expected to receive similar amount in 2017. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and, in fact, the State has drastically reduced funding to municipalities and school districts in the last several years in order to balance its own budget.

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

The following table sets forth the percentage of the Town's General Fund revenue comprised of State aid for each of the fiscal years 2012 through 2016 and as budgeted, for 2017.

<u>FYE Dec 31:</u>	<u>Total General Fund Revenue</u>	<u>State Aid</u>	<u>Real Property Taxes to Revenues (%)</u>
2012	\$84,695,253	\$ 9,357,002	11.05
2013	92,054,367	10,130,804	11.01
2014	91,287,195	9,025,085	9.89
2015	95,181,636	9,897,625	10.40
2016	98,771,387	11,329,131	11.47
2017 (Budgeted)	99,693,008	10,090,453	10.12

Source: Audited financial statements 2012 through 2016 and the adopted budget for 2017. The 2017 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: 22.5%).

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 required a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible.

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

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

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

The Town's contribution to the System was 100 percent of the contributions required for years ending December 31, 2013 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, 2014 is \$3,213,994.

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

Contributions to the Retirement Systems

<u>FYE Dec 31:</u>	<u>Amount of Contribution</u>
2012	\$10,760,219
2013	12,736,105
2014	10,790,971
2015	11,317,997
2016	9,045,917
2017 (Budgeted)	10,931,364

Other Post-Employment Benefits

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

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

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

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

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

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

<u>Annual OPEB Cost and Net OPEB Obligation</u>	<u>Fiscal Year Ended December 31, 2016</u>
Annual required contribution (ARC)	\$18,809,079
Interest on net OPEB obligation	3,158,105
Less: Adjustments to ARC	<u>(4,223,522)</u>
Annual OPEB cost (expense)	17,743,662
Less: Contributions made	<u>7,955,065</u>
Increase in net OPEB obligation	9,788,597
Net OPEB obligation-beginning of year	<u>78,952,602</u>
Net OPEB obligation-end of year	<u><u>\$88,741,199</u></u>

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

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

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

Length of Service Award Program

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

Any volunteer ambulance worker who completes five years of service and attains age 65 is eligible for normal retirement benefits. Participants acquire a nonforfeitable right to a service award after being credited with five years of ambulatory service or upon attaining the program's entitlement age. In general, an active volunteer ambulance worker is credited with a year of ambulatory service for each calendar year after the establishment of the program in which he or she accumulated fifty points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of service rendered prior to the establishment of the program.

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

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

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

REAL PROPERTY TAX INFORMATION

Real Property Taxes

The Town derives a significant portion of its annual revenue from a tax on real property (see "Statement of Revenues, Expenditures and Changes in Fund Balance" in Appendix B, herein.) Property taxes accounted for approximately 40.07% of total budgeted General Fund revenues, for the fiscal year ended 2016. On June 24, 2011, the Tax Levy Limitation Law was enacted, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the Town, without providing an exclusion for debt service on obligations issued by municipalities and fire districts, including the Town. (See "*Tax Levy Limitation Law*" herein).

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 2012 through 2016, and, as budgeted, for the year ending December 31, 2017.

<u>FYE Dec 31:</u>	<u>Total Revenue</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues (%)</u>
2012	\$84,695,253	\$33,493,480	39.55
2013	92,054,367	35,393,763	36.38
2014	91,287,195	36,728,178	38.77
2015	95,181,636	39,676,446	38.59
2016	98,771,387	39,577,619	40.07
2017 (Budgeted)	99,693,008	42,129,825	42.26

Source: Audited financial statements 2012 through 2016 and the adopted budget for 2017. The 2017 budgeted revenues include appropriation of fund balance.

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

Tax Levy and Collection Record

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total Tax Levy	\$941,140,645	\$906,878,249	\$990,124,578	\$1,005,781,356	\$1,022,937,520
Amount to Supervisor	809,174,722	828,251,272	849,582,079	863,060,764	878,328,523
Amount to County Treasurer	131,965,873	132,626,977	140,542,439	142,720,593	144,608,997
Uncollected (Returned)	22,282,297	24,722,780	25,859,062	N/A	N/A
Adjusted Percent Uncollected When Due	2.49%	2.57%	2.61%	N/A	N/A

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

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

Tax Collection Procedure

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

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

Tax Rates Per \$1,000 of Assessed Valuation

<u>As of December 31:</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Town-Wide	\$106.89	\$111.29	\$121.17	\$121.17	\$129.77
Highway Items and Part-Town	131.74	118.14	119.84	127.14	131.68

Tax Levy Limit Law

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

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

The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the Town, subject to certain exceptions. The Tax Levy Limit Law permits the Town to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor", which is the lesser of one and two one-hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The Tax Levy Limit Law also provides for adjustments to be made to the Town's tax levy based upon changes in the assessed value of the taxable real property in the Town. Additionally, the Town will be permitted to carry

forward a certain portion of its unused tax levy capacity from the prior year. The Town is required to calculate its tax levy limit for the upcoming year in accordance with the provision described above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the Town, including exclusions for tort judgments payable by the Town. The governing board of the Town may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the governing board of the Town first enacts, by a vote of at least sixty percent of the total voting power of the Town Board, a local law to override such limit for such coming fiscal year.

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

Selected Listing of Large Taxable Properties 2016 Assessment Roll^a

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
LIPA/Keyspan Energy Corp.	Utility	\$37,267,232
The Retail Property Trust	Real Estate	2,000,000
Reckson FS Limited Partnership	Commercial	801,465
Avalon Bay Communities	Real Estate	764,975
Huntington Quadrangle	Real Estate	675,000
CKL-HP	Office Buildings	585,000
Verizon	Utility	561,711
Estee Lauder	Cosmetics	469,700
Avalon Huntington Former S Corp	Real Estate	455,000
Grandview Hotel Limited	Hotel	425,000
Total ^a		<u><u>\$44,005,083</u></u>

a. Assessment Roll established in 2016 for levy and collection of taxes during 2017 Fiscal Year.

b. Represents 13.53% of the total taxable assessed valuation of the Town for 2017.

Tax Certiorari Claims

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

LITIGATION

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

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

TAX MATTERS

Opinion of Bond Counsel

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

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

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

Certain Ongoing Federal Tax Requirements and Certifications

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

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

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

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

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

Bond Premium

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

Information Reporting and Backup Withholding

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

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

Miscellaneous

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

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

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

The Town has applied to Moody's Investor Services ("Moody's") and S&P Global Ratings ("S&P") and such ratings are pending at this time. These ratings reflect only the view of such rating agencies and an explanation of the significance of such ratings should be obtained from Moody's and S&P. There can be no assurance that such ratings will not be revised or withdrawn, if in the judgment of such rating agencies, circumstances so warrant. Any change or withdrawal of such ratings may have an adverse effect on the market price and the availability of a secondary market for the outstanding bonds and notes of the Town.

VERIFICATION OF MATHEMATICAL COMPUTATIONS FOR THE SERIES B BONDS

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

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

MUNICIPAL ADVISOR

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

ADDITIONAL INFORMATION

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

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

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

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

TOWN OF HUNTINGTON, NEW YORK

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

July , 2017

APPENDIX A

FINANCIAL INFORMATION

BALANCE SHEETS

FISCAL YEAR ENDING DECEMBER 31, 2016

	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	\$ 15,955,114	\$ 4,165,515	\$ 6,699,040	\$ 8,318,017
Restricted Cash	14,146,148	1,775,633	74,687	590,554
Accounts Receivable	3,356,944	77,585	4,707	736,444
State and Federal Aid Receivables	2,620,604	5,118,094	261,558	402,326
Due From Other Funds	667,827		10,900	1,950
Prepaid Charges	<u>1,298,983</u>	<u>429,317</u>	<u>153,295</u>	<u>361,758</u>
Total Assets	<u>\$ 38,045,620</u>	<u>11,566,144</u>	<u>\$ 7,204,187</u>	<u>\$ 10,411,049</u>
<u>Liabilities</u>				
Accounts Payable	\$ 1,926,809	\$ 391,932	\$ 724,807	\$ 926,127
Accrued Liabilities	5,775,763	294,477	754,005	469,069
Due to Other Governments				1,403,777
Due to Other Funds	<u>10,116</u>	<u>1,147,940</u>	<u>226,185</u>	<u>51,443</u>
Total Liabilities	<u>7,712,688</u>	<u>1,834,349</u>	<u>1,704,997</u>	<u>2,850,416</u>
<u>Deferred Inflows of Resources</u>				
Deferred Revenue	<u>5,006,368</u>	<u>4,000,000</u>	<u>1,473,233</u>	<u>1,654,057</u>
<u>Fund Balance</u>				
Nonspendable	1,298,983	429,317	153,295	361,758
Restricted	14,146,148	1,775,633	74,687	590,554
Assigned	1,108,339	3,526,845	3,797,975	6,037,465
Unassigned	<u>8,773,094</u>			<u>(1,083,201)</u>
Total Fund Balance	<u>25,326,564</u>	<u>5,731,795</u>	<u>4,025,957</u>	<u>5,906,576</u>
Total Liabilities and Fund Balances	<u>\$ 38,045,620</u>	<u>\$ 11,566,144</u>	<u>\$ 7,204,187</u>	<u>\$ 10,411,049</u>

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

Sources: Audited Financial Reports of the Town (2016).

NOTE: This Schedule NOT audited.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GENERAL FUND

	Fiscal Years Ending December 31:				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues:					
Real Property Taxes	\$ 33,493,480	\$ 35,393,763	\$ 36,728,178	\$ 39,676,446	\$ 39,577,619
Other Property Tax Items	297,112	322,419	338,536	355,817	365,187
Non-Property Tax items	3,818,185	3,956,027	4,225,784	4,407,959	4,715,779
Departmental Income	27,350,259	31,140,769	31,135,661	30,583,144	31,688,875
Intergovernmental Charges	137,183	133,866	186,869	129,941	138,365
Use of Money and Property	1,532,249	922,859	926,029	1,123,937	1,125,915
Licenses and Permits	749,232	965,623	1,006,951	1,020,414	1,048,059
Fines and Forfeitures	760,548	1,135,462	1,101,734	1,136,862	1,160,476
Sale of Property	340,370	787,442	414,989	468,012	1,048,705
Miscellaneous Local Sources	889,636	1,123,623	1,107,424	1,180,288	1,113,249
Interfund Revenues	4,279,359	4,051,494	4,138,963	4,150,647	4,469,548
State and Other Local Government Aid	9,357,002	10,130,804	9,025,085	9,897,625	11,329,131
Federal Aid	1,690,638	1,990,216	950,992	1,050,544	990,479
Total Revenues	<u>84,695,253</u>	<u>92,054,367</u>	<u>91,287,195</u>	<u>95,181,636</u>	<u>98,771,387</u>
Expenditures:					
General Government Support	23,516,867	23,236,683	24,126,298	24,401,190	24,450,385
Public Safety	4,393,125	4,553,926	4,904,851	5,005,238	5,037,331
Health	644,352	744,247	759,590	701,093	798,663
Transportation	4,559,666	4,722,382	5,033,471	5,083,505	4,815,160
Economic Assistance & Opportunity	2,112,812	2,071,285	2,101,653	2,132,736	2,158,587
Culture and Recreation	13,850,124	14,048,065	14,057,894	12,795,662	12,436,746
Home & Community Services	12,668,154	20,124,955	20,342,383	20,600,151	21,454,137
Employee Benefits	18,100,686	18,789,724	18,071,558	19,230,449	18,556,191
Debt Service	4,227,457	4,246,840	5,267	314,850	512,500
Total Expenditures	<u>84,073,243</u>	<u>92,538,107</u>	<u>89,402,965</u>	<u>90,264,874</u>	<u>90,219,700</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	622,010	(483,740)	1,884,230	4,916,762	8,551,687
Other Financing Sources (Uses):					
Amortization of Retirement Systems	2,190,729				
Operating Transfers In	614,619	200,020		881,630	65,347
Other Transfers Out	(227,679)	(10,242,163)	(6,297,326)	(5,966,024)	(7,056,912)
Total Other Financing Sources (Uses)	<u>2,577,669</u>	<u>(10,042,143)</u>	<u>(6,297,326)</u>	<u>(5,084,394)</u>	<u>(6,991,565)</u>
Excess (Deficiency) of Revenues and					
Other Financing Sources Over (Under)					
Expenditures and Other Financing Uses	3,199,679	(10,525,883)	(4,413,096)	(167,632)	1,560,122
Fund Balance, Beginning of Year	35,671,510	38,871,189	28,347,170	23,934,074	23,766,442
Adjustment to Fund Balance Due to					
Accounting Changes		1,864			
Fund Balance, Beginning of Year, as Restated	<u>35,671,510</u>	<u>38,873,053</u>	<u>28,347,170</u>	<u>23,934,074</u>	<u>23,766,442</u>
Fund Balance, End of Year	<u>\$ 38,871,189</u>	<u>\$ 28,347,170</u>	<u>\$ 23,934,074</u>	<u>\$ 23,766,442</u>	<u>\$ 25,326,564</u>

Sources: Audited Financial Reports of the Town (2012-2016)

NOTE: This Schedule NOT audited.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

HIGHWAY FUND

	Fiscal Years Ending December 31:				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues:					
Real Property Taxes	\$ 31,693,663	\$ 30,825,862	\$ 29,393,394	\$ 29,717,196	\$ 31,713,152
Other Property Tax Items	24,413	45,886	60,587	66,803	60,222
Departmental Income			83,088	465,153	560,438
Intergovernmental Charges			9,484	28,998	5,412
Use of Money and Property	111,290	89,867	73,425	78,685	146,765
Licenses and Permits	101,400	148,858	199,375	148,375	291,475
Sale of Property	9,346	16,372	55,817	418,026	149,318
Miscellaneous Local Sources	135,182	432,402	355,186	361,603	210,394
State and Other Local Government Aid	3,194,629	1,731,840	1,498,480	2,547,099	2,173,591
Federal Aid	<u>13,554,057</u>	<u>9,770,553</u>	<u>955,715</u>	<u>256,604</u>	
Total Revenues	<u>48,823,980</u>	<u>43,061,640</u>	<u>32,684,551</u>	<u>34,088,542</u>	<u>35,310,767</u>
Expenditures:					
General Government Support	111,079	183,138	191,623	176,757	180,744
Transportation	31,413,631	24,897,287	21,263,547	22,978,206	19,388,887
Employee Benefits	7,509,861	8,299,869	7,506,155	8,285,728	7,770,777
Debt Service			6,846	15,675	
Total Expenditures	<u>39,034,571</u>	<u>33,380,294</u>	<u>28,968,171</u>	<u>31,456,366</u>	<u>27,340,408</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,789,409	9,681,346	3,716,380	2,632,176	7,970,359
Other Financing Sources (Uses):					
Amortization of Retirement Systems	813,489				
Operating Transfers In		376,881	1,166,152	64,857	
Other Transfers Out	<u>(7,702,068)</u>	<u>(8,383,127)</u>	<u>(8,086,887)</u>	<u>(8,159,087)</u>	<u>(7,946,679)</u>
Total Other Financing Sources (Uses)	<u>(6,888,579)</u>	<u>(8,006,246)</u>	<u>(6,920,735)</u>	<u>(8,094,230)</u>	<u>(7,946,679)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,900,830	1,675,100	(3,204,355)	(5,462,054)	23,680
Fund Balance, Beginning of Year	9,798,594	12,699,424	14,374,524	11,170,169	5,708,115
Adjustment to Fund Balance Due to Accounting Changes					
Fund Balance, Beginning of Year, as Restated	<u>9,798,594</u>	<u>12,699,424</u>	<u>14,374,524</u>	<u>11,170,169</u>	<u>5,708,115</u>
Fund Balance, End of Year	<u>\$ 12,699,424</u>	<u>\$ 14,374,524</u>	<u>\$ 11,170,169</u>	<u>\$ 5,708,115</u>	<u>\$ 5,731,795</u>

Sources: Audited Financial Reports of the Town (2012-2016)

NOTE: This Schedule NOT audited.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

REFUSE AND GARBAGE FUND

	Fiscal Years Ending December 31:				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues:					
Real Property Taxes	\$ 23,099,153	\$ 23,370,653	\$ 23,773,582	\$ 24,034,328	\$ 24,160,829
Other Property Tax Items	453	217	247	240	210
Departmental Income	5,291	9,262	9,785	8,595	8,430
Intergovernmental Charges	94,975	9,728	9,192	9,933	10,900
Use of Money and Property	46,638	42,171	44,118	51,394	72,570
Sale of Property	472,795	560,731	545,281	113,160	77,374
Miscellaneous Local Sources	30,235	104,274	90,918	94,313	49,725
State and Other Local Government Aid	44,393				
Federal Aid	247,071	49,067			
	<u>24,041,004</u>	<u>24,146,103</u>	<u>24,473,123</u>	<u>24,311,963</u>	<u>24,380,038</u>
Total Revenues					
Expenditures:					
General Government Support	2,024,139	1,992,537	1,977,787	1,965,050	2,088,791
Home & Community Services	19,024,686	19,458,329	19,403,786	18,889,789	18,576,864
Employee Benefits	2,716,115	2,820,372	2,573,004	2,489,744	2,672,822
	<u>23,764,940</u>	<u>24,271,238</u>	<u>23,954,577</u>	<u>23,344,583</u>	<u>23,338,477</u>
Total Expenditures					
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	276,064	(125,135)	518,546	967,380	1,041,561
Other Financing Sources (Uses):					
Amortization of Retirement Systems	261,296				
Operating Transfers In				21,133	
Other Transfers Out	(170,096)	(325,291)	(176,356)	(190,969)	(258,865)
	<u>91,200</u>	<u>(325,291)</u>	<u>(176,356)</u>	<u>(169,836)</u>	<u>(258,865)</u>
Total Other Financing Sources (Uses)					
Excess (Deficiency) of Revenues and					
Other Financing Sources Over (Under)					
Expenditures and Other Financing Uses	367,264	(450,426)	342,190	797,544	782,696
Fund Balance, Beginning of Year	2,186,689	2,553,953	2,103,527	2,445,717	3,243,261
Adjustment to Fund Balance Due to					
Accounting Changes					
	<u>2,186,689</u>	<u>2,553,953</u>	<u>2,103,527</u>	<u>2,445,717</u>	<u>3,243,261</u>
Fund Balance, Beginning of Year, as Restated					
Fund Balance, End of Year	\$ <u>2,553,953</u>	\$ <u>2,103,527</u>	\$ <u>2,445,717</u>	\$ <u>3,243,261</u>	\$ <u>4,025,957</u>

Sources: Audited Financial Reports of the Town (2012-2016)

NOTE: This Schedule NOT audited.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NON-MAJOR GOVERNMENTAL FUNDS

	Fiscal Years Ending December 31:				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues:					
Real Property Taxes	\$ 20,768,305	\$ 20,299,042	\$ 20,034,011	\$ 19,565,360	\$ 19,034,565
Other Property Tax Items	38,226	43,975	52,257	56,942	12,861
Non-Property Tax items	144,701	144,701	144,701	144,701	144,701
Departmental Income	7,445,748	7,536,123	7,631,362	9,544,908	9,163,554
Use of Money and Property	322,076	334,008	305,593	301,110	338,950
Licenses and Permits	744,144	804,050	704,081	963,883	815,757
Sale of Property	18,325		49,427	7,069	142,788
Miscellaneous Local Sources	522,290	603,389	730,961	859,281	1,326,008
State and Other Local Government Aid	59,645	30,316			
Federal Aid	1,132,387	1,076,170	1,016,392	1,375,114	586,157
Total Revenues	31,195,847	30,871,774	30,668,785	32,818,368	31,565,341
Expenditures:					
General Government Support	4,438,369	4,178,053	4,353,407	4,340,560	4,495,395
Public Safety	3,641,277	3,526,683	3,710,059	3,797,742	3,844,665
Health	2,492,128	2,537,524	2,604,129	2,545,120	2,061,881
Transportation	2,976,001	2,644,575	2,989,695	2,811,072	2,519,387
Economic Assistance and Opportunity					48,235
Home & Community Services	10,014,188	9,987,909	10,578,893	11,189,953	10,967,413
Employee Benefits	6,094,806	6,102,638	5,692,076	6,566,681	6,274,484
Total Expenditures	29,656,769	28,977,382	29,928,259	31,251,128	30,211,460
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	1,539,078	1,894,392	740,526	1,567,240	1,353,881
Other Financing Sources (Uses):					
Amortization of Retirement Systems	639,670				
Operating Transfers In		1,614		94,130	28,419
Other Transfers Out	(1,899,625)	(2,507,130)	(2,150,574)	(2,835,308)	(2,011,633)
Total Other Financing Sources (Uses)	(1,259,955)	(2,505,516)	(2,150,574)	(2,741,178)	(1,983,214)
Excess (Deficiency) of Revenues and					
Other Financing Sources Over (Under)					
Expenditures and Other Financing Uses	279,123	(611,124)	(1,410,048)	(1,173,938)	(629,333)
Fund Balance, Beginning of Year	8,173,787	8,452,910	7,841,785	7,709,847	6,535,909
Adjustment to Fund Balance Due to					
Accounting Changes		(1)	1,278,110 ⁽¹⁾		
Fund Balance, Beginning of Year, as Restated	8,173,787	8,452,909	9,119,895	7,709,847	6,535,909
Fund Balance, End of Year	\$ 8,452,910	\$ 7,841,785	\$ 7,709,847	\$ 6,535,909	\$ 5,906,576

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

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

Sources: Audited Financial Reports of the Town (2012-2016)

NOTE: This Schedule NOT audited.

ADOPTED BUDGETS - GENERAL FUND

	Fiscal Years Ending December 31:	
	<u>2016</u>	<u>2017</u>
Revenues:		
Real Property Taxes	\$ 39,502,847	\$ 42,129,825
Other Property Tax Items	348,045	348,045
Non-Property Tax items	4,243,306	4,257,954
Departmental Income	32,517,481	32,439,481
Intergovernmental Charges	128,357	128,357
Use of Money and Property	1,035,312	949,235
Licenses and Permits	973,200	1,026,000
Fines and Forfeitures	1,530,000	1,305,000
Sale of Property	279,200	279,200
Miscellaneous Local Sources	933,750	758,750
Interfund Revenues	4,469,548	4,763,246
State and Other Local Government Aid	10,060,453	10,090,453
Federal Aid	992,462	992,462
Appropriated Fund Balance	598,000	225,000
Total Revenues	<u>97,611,961</u>	<u>99,693,008</u>
Expenditures:		
General Government Support	26,283,655	35,975,416
Public Safety	4,697,705	7,804,891
Health	859,312	862,708
Transportation	4,761,807	7,397,685
Economic Assistance & Opportunity	2,280,129	3,155,903
Culture and Recreation	13,001,035	17,129,700
Home & Community Services	21,778,171	22,819,188
Employee Benefits	19,797,611	
Debt Service	4,115,000	4,500,000
Operating Transfers Out	37,536	47,517
Total Expenditures	<u>97,611,961</u>	<u>99,693,008</u>

Source: Adopted Budgets of the Town of Huntington

TOWN OF HUNTINGTON

APPENDIX B

**AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

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.

Town of Huntington, New York
Comprehensive Annual Financial Report
Year Ended December 31, 2016

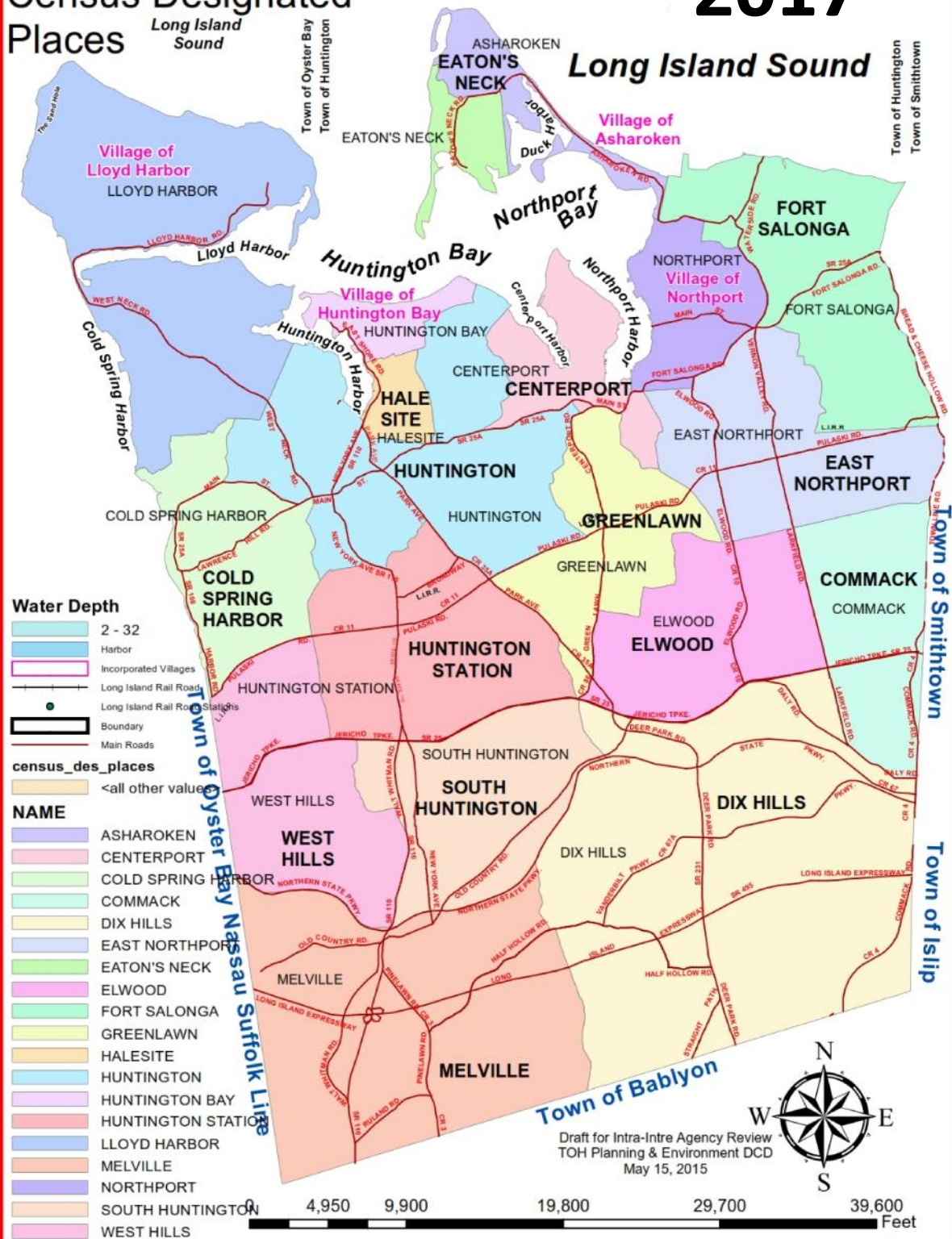
Prepared by:
Department of Audit & Control

Peggy Karayianakis, CPA
Interim Director of Audit & Control

Peter Leodis
Interim Deputy Director of Audit & Control

Town of Huntington Census Designated Places

2017



TOWN OF HUNTINGTON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2016
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**INTRODUCTORY
SECTION**



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FRANK P. PETRONE
Supervisor

May 30, 2017

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

I am pleased to present the Comprehensive Annual Financial Report of the Town of Huntington, New York for the year ended December 31, 2016. The financial statements have been audited by the accounting firm selected by the Town Board, Cullen & Danowski, LLP. The independent auditors' unqualified opinion is included in this report.

In each of the past eighteen years the Town of Huntington has been awarded a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA). Certificates are awarded to those governments whose annual financial reports are judged to conform to the generally accepted accounting principles promulgated by the Government Accounting Standards Board (GASB). It is my belief that the December 31, 2016 Comprehensive Annual Financial Report continues to meet the requirements of the Certificate of Achievement Program.

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

Fiscal Year 2016 presented many challenges, however, through sound fiscal management, operating results were better than anticipated. We will continue to monitor the Town's 2017 budget closely and exercise financial discipline as economic conditions warrant.

Sincerely,


FRANK P. PETRONE
Supervisor





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Huntington, NY 11743-6991

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AUDIT & CONTROL
Peggy Karayianakis, CPA
Interim Director

May 30, 2017

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, 2016. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Town.

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

The accounting firm of Cullen & Danowski, LLP was selected by the Town Board to perform an independent audit of the Town’s financial statements as of December 31, 2016, and to provide reasonable assurance that the financial statements are free from material misstatement. The auditors’ unmodified opinion on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report.

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

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

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

General and Historical Information

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

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

The Town is within easy commuting distance of New York City. The Long Island Rail Road, which has frequent schedules of trains, accommodates its commuters daily to New York City from four stations in the Town. The Town is connected with New York City and other nearby points by four main east-west highways: Route 25A (Northern Boulevard), Route 25 (Jericho Turnpike), the Northern State Parkway and the Long Island Expressway. In addition, Old Country Road provides a secondary east-west connecting highway to central and southern sections of the Town.

The Town provides the following services:

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

Town Government

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

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

Town Government-(continued)

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

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

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

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

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

Local Economy

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

Median family income (\$105,451) and housing values (\$497,500) 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 2016. Job growth continued in 2016 mainly in education and health services, retail, leisure and hospitality, professional and business services, natural resources, mining and construction, financial activities and manufacturing. Housing demand continued to strengthen in 2016. Home prices remained stable in a continued tight lending market.

Local Economy (continued)

Huntington's unemployment rate has remained low at 3.5% as of December of 2016, below the Suffolk County rate of 4.1%, New York State of 4.5% and the nation's rate of 4.7%.

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

The strength of the local housing market is evidenced by the projects currently under Planning Department review, recently approved, under construction or completed. Since 2013, the Town has approved the construction of over 1,500 housing units of various building types and densities. Several major multi-family housing projects approved recently that are under construction or completed include the Seasons at Elwood, a planned two-hundred and sixty-three (263) unit retirement community, the Club at Melville with two hundred and sixty-one (261) units, Avalon Huntington Station/Country Pointe, a three hundred seventy nine (379) rental project with 76 for-sale condos, and Gateway Plaza, a 66-unit project located within walking distance to the LIRR. With respect to single-family residential subdivisions, the Town Planning Department is currently processing fifty-nine (59) subdivision applications that will ultimately result in the development of approximately two-hundred and eighteen (218) new single-family homes. It is also important to note that there are a number of significant residential projects not included within the town wide housing unit total that have received zone changes and are in various stages of site plan review. Included within this category is the Oheka Castle condominium project, totaling one hundred ninety (190) luxury housing units, and Creekside Apartments II with fourteen (14) units. Downtown Huntington Village also has a total of 435 potential apartments and condos in the pipeline or under construction.

Commercial and industrial development expansion and improvement remains steady. Over the past ten (10) years, over two (2) million square feet of Class A office space has been constructed or renovated in the Town's corporate center, the Melville Employment Center (MEC). The MEC is home to major corporations including Canon USA, the Rubies Corporation, Air Techniques, Henry Schein, Honeywell Corporation, Leviton Corporation and the Capital One Bank Corporate Center. A second phase of the Canon project is projected in the near future, providing an additional 200,000 square feet of research and development space and 260 more employees, bringing the total employees to 2,060.

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

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 to ensure that the MEC has the necessary land use policies and infrastructure to meet the future needs of corporate development. Following an 18-month planning process which included several public workshops, a DRAFT MEC Plan was completed in 2016 and is being reviewed by the Town Board.

Local Economy (continued)

In addition to Melville, significant projects continue to be proposed in other locations to take advantage of the income and employment levels in the Town. For example, currently under review is a proposal for cluster housing at the Indian Hills Country Club, a 100 acre site in Northport now home to a golf course. There is also an application under review at the former VA site in Northport called Freedoms Point, which would result in an 113,343 square foot assisted living facility on 10.09 acres.

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

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

Finally, Huntington is home to several thriving "downtown" business districts, including Huntington Village, Cold Spring Harbor, Greenlawn and Northport Village. Huntington Village is one of Long Island's premier destinations, boasting a 1,573-capacity live entertainment theater, an art museum, a park with free concerts, an active historical society, an independent cinema arts theater, a commercial movie theater, over 50 restaurants and 200 retail stores. The Paramount Theater opened its doors in 2011 and offers live performances attracting many to the downtown area. Other important developments in Huntington Village are a planned boutique hotel that will provide first class lodging to visitors to the region and the increase in construction of mixed use developments in the downtown area, including the Downtown Huntington Main Street proposal with 84 apartments and retail space, currently under review. Located within a mile of local beaches and the LIRR and served by the HART Bus public transportation system, Huntington Village features a considerable stock of rental units and smaller single-family homes located within walking distance to the downtown.

Long-range Financial Planning

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

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

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

Major Initiatives

Through sound fiscal management, the Town has been able to fund and complete various major projects in 2016 including \$14.0 million of road resurfacing, reconstruction, drainage, equipment purchases, land purchases, land improvements, recreational facility and building improvements.

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

- Huntington's three Business Improvement Districts (BID), Huntington Village, Huntington Station and Cold Spring Harbor, as well as its active and well-represented chambers of commerce, including Huntington Chamber, East Northport Chamber and Melville Chamber, continue to work cooperatively with the Town to enhance the Town's downtown business districts and corridors. These combined efforts are tied to stimulating economic activity through community events, business networking, ribbon cuttings of new businesses, recognition of the growth and enhancement of existing business and more. Events include cash mobs, street fairs, parades, sidewalk sales, tree and candle lightings, antique car shows and jazz festivals. The Huntington Chamber's annual Long Island Fall Festival that takes place over the 4-day Columbus Day weekend is a regional event that is attended by tens of thousands per day.
- 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. In early 2016, the Town released an RFP for the construction of one or more structured parking facilities via a public-private partnership. While several proposals were received, the consortium opted to move in a different direction. A phase one economic feasibility study was recently 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.
- The Town of Huntington, through the Huntington Community Development Agency (CDA), administers approximately \$800,000 in program funding annually. This includes a Home Rehabilitation program designed to help elderly and limited-income residents remain in their homes; a Down Payment Assistance program that assists eligible first time buyers achieve the dream of homeownership; and "Take Back the Blocks" that purchases and renovates derelict properties and converts them to owner-occupied affordable housing. CDA soon expects to break ground on one such "Take Back the Blocks" project in Huntington Station known as Columbia Terrace. The 14-unit affordable condominium development will offer preference to U.S. military veterans and serve to uplift the area currently under revitalization. CDA also spearheads development programs to stimulate economic development and job growth in low-income areas such as the Huntington Opportunity Resource Center and Huntington Business Incubator, and serves as the HUD contract agency for the disbursement of Huntington's federal Community Development Block Grant (CDBG). Further, CDA administers the Town of Huntington's affordable housing program as provided under public policy.
- The Town of Huntington, the Town of Huntington Economic Development Corporation, and Renaissance Downtowns, LLC public-private partnership saw construction begin in late 2016 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 anticipates 170+ construction jobs, 12.6 indirect full time jobs and 13.5 full time jobs. Construction will soon follow in spring 2017 on the Gateway Plaza project with 16,000 square feet of ground floor commercial and 66 rental apartments, including 33 studios and 33 one bedrooms.

Major Initiatives (continued)

- In accordance with Town policy, the Town successfully completed the United States Department of Energy (USDOE) Energy Efficiency and Conservation Block Grant (EECBG) for energy-related projects including: 1) the installation of high-energy efficiency street lighting; 2) re-commissioning of Town Hall that included an energy audit and resulting implementation of energy conservation measures, such as, a building automation system upgrade and VFDs, 3) a 28kW solar PV demonstration project for Town Hall; 4) developed & implemented a residential energy efficiency retrofit program for Town homeowners that helped over 1,000 Huntington homeowners save energy and money; and 5) developed a comprehensive Town-wide long-range energy efficiency and capital investment plan. As a result of the Town's success with the EECBG, USDOE invited Huntington to join the Better Buildings Challenge (BBC), and as a BBC partner, the Town has committed to reduce energy intensity 20% by 2020. As a BBC partner, the Town has benchmarked the 40 largest energy consuming facilities, equivalent to 1,000,000 sq. ft. of facility building square footage, on EPA's Energy Star Portfolio Manager. The Town has adopted the NYSDEC Climate Smart Communities Pledge for localities to improve energy efficiency and reduce greenhouse gas emissions, and has developed a Climate Action Plan that was adopted by the Town Board in June, 2015. Huntington is in the process of converting its public transit bus fleet and its garbage trucks to CNG. The Town constructed a 12 KW solar powered PV system and five Electric Vehicle (EV) charging station at Huntington's LIRR South Parking Garage partially funded by a NYSERDA grant. The Town helped develop the LI Unified Solar Permitting Initiative (LIUSPI) resulting in Huntington's invitation to join Sustainable CUNY as a participating partner in NYSERDA's NY Sun Initiative and NY Solar Smart under DOE's Solar Rooftop Challenge II grant. The Town assisted Sustainable CUNY in modifying LIUSPI to bring unified solar permitting to NYS as part of their grant deliverable. Together with Sustainable CUNY and the Town's Advisory Committee on Energy Efficiency, Renewables and Sustainability (ACEERS), Solarize Huntington, a group purchasing program, was developed and launched to provide education and outreach and lower the soft costs of solar PV installations for Town homeowners. The six month Solarize Huntington campaign succeeded in lowering the cost per watt of solar PV compared to the Suffolk County average for homeowners, had 516 applications and 56 contracted installations totaling 496 kW, almost half a megawatt, of contracted solar PV installed in the Town. The Town is a collaborative partner, along with other Long Island Towns and community-based organizations, with Sustainability Institute at Molloy College under their NYSERDA CGC grant, to provide education and outreach for the Long Island Green Homes Initiative helping Long Island homeowners save money by undertaking energy efficient improvements to their homes.
- The Town was awarded \$100,000 grant under NYSERDA's RFP 3044 NY Prize Stage 1, and having successfully completed the Feasibility Assessment, applied for 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. 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. These facilities 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 designation from NYSERDA making the Town eligible to apply for \$250,000 for future energy projects 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) Leasing 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 will be available free to the public, and has applied for a \$5,000 grant for the Chevy Volt and a \$5,000 grant for the electric vehicle charging station from NYSDEC.

Economic Development

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

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

- Renaissance Downtowns, LLC as Master Developer for Huntington Station, continues to finalize its development programs for a series of new buildings on the west side of New York Avenue. These projects include a boutique hotel, office building, potential dine-in theatre and artists' lofts. Because the aforementioned projects involve some state-owned land Renaissance and The Town are in discussions with New York State DOT Region 10 to convey the land. Two projects on the east side of New York Avenue, Gateway Plaza and Northridge, are well on their way to construction, as described above.
- Discussions continue regarding the possibility of developing 49 artist lofts on the west side of New York Avenue in Huntington Station's downtown and transportation hub.
- Town of Huntington Economic Development Corporation is continuing to interact and advise Renaissance Downtowns on the revitalization of Huntington Station and, among other things, is pursuing the continuing development of Gateway Park in Huntington Station. Gateway Park is made up of six land acquisitions totaling \$1.3 million under the Town's Open Space program. The goal is to create a destination to feed the nearby downtown shopping area in Huntington Station. Gateway Park includes a 1900s farmhouse that has been transformed into a meeting house with public restrooms for park-goers, and an exhibit hall to focus on the history of the area, Huntington Station's early agriculture, as well as current trends in agriculture and gardening. The 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 Business Incubator (Biz Inc) was opened in fall 2013 by the Huntington Community Development Agency to offer start-up businesses and entrepreneurs a place to access a host of business amenities including co-working space, conference rooms, business technology, professional guidance through volunteer mentors, and more. The purpose of Biz Inc is to seed fledgling businesses with a hope to nurture them to the point where they can be "re-seeded" in the Huntington Station redevelopment area or elsewhere in the Town.
- The Huntington Opportunity Resource Center (HORC) was opened in June 2014 at 1264-1268 New York Avenue to provide an array of services to assist the unemployed and underemployed in the Town. The Town partnered with Suffolk County to bring the County's Department of Social Services and Department of Labor to the Resource Center to assist residents in need. The Town/County partnership leverages shared resources that result in blanketing the community with a plethora of services, including resume writing, business software training, workshops, dress for success services, job search assistance and so much more.

Financial Information

Budgetary Control

The Supervisor prepares a tentative budget each year that becomes the preliminary budget upon the scheduling of a public hearing thereon. Subsequent to the public hearing, revisions, if any, are made and the budget is adopted by the Town Board as its final budget for the coming year. The Town's fiscal year 2017 final budget was adopted on November 10, 2016.

The Town establishes budgetary controls to ensure compliance with legal provisions in the annual appropriated budgets approved by the Town Board. The Supervisor submits a proposed operating budget for the General, Debt and Special Revenue Funds for the fiscal year commencing on January 1. The operating budgets include proposed

Financial Information (continued)

Budgetary Control (continued)

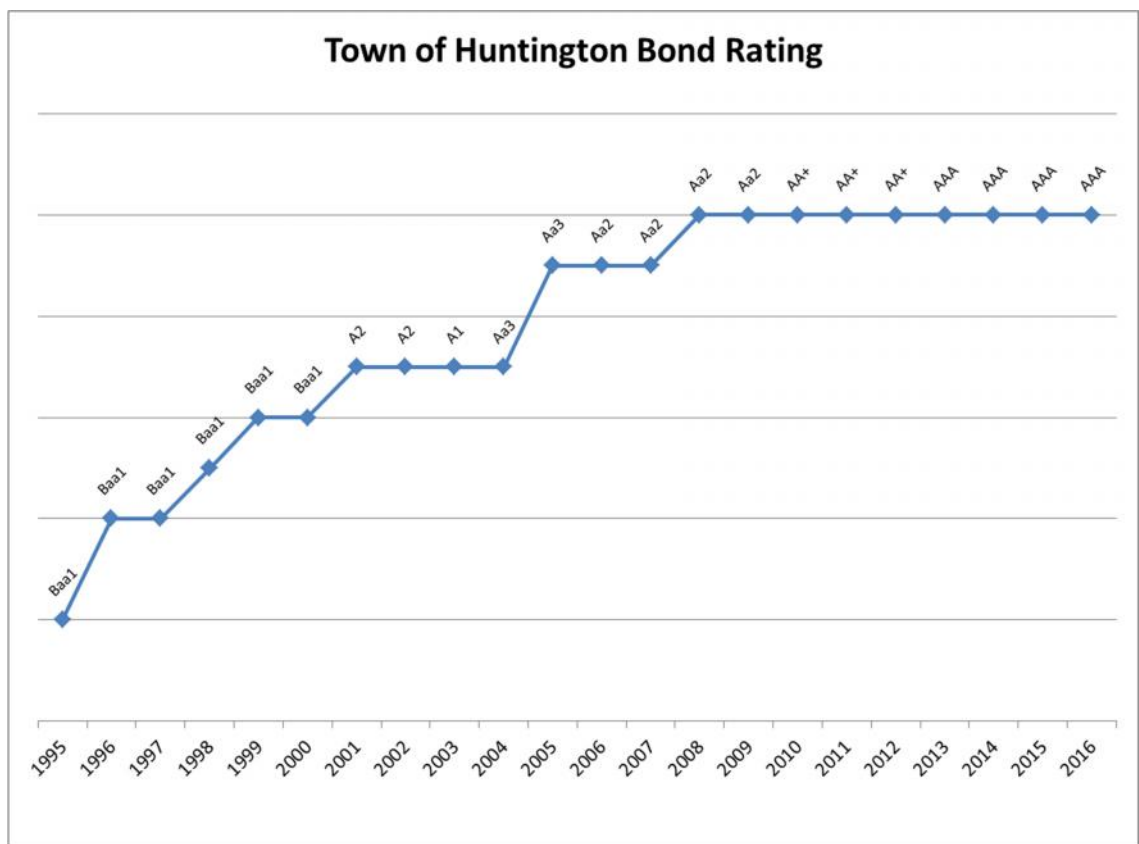
expenditures and the means of financing them. A public hearing is conducted to obtain taxpayer comments on the proposed budgets. Subsequent to the public hearing, revisions, if any, are made and the budget is then adopted by the Town Board as its final budget for the coming fiscal year. In the event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

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

Debt Administration

The Town has achieved the highest bond rating of AAA from two rating agencies, Standard & Poor's, and Moody's Investor's Service from 2010 to 2016, placing Huntington among the best fiscally managed Towns in New York State. These ratings have been upheld for all previously issued bonds as well. This achievement reflects the Town's consistently solid financial position and a low debt with manageable additional capital needs.

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



Financial Policies

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

Reporting Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Huntington for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2015. This was the eighteenth consecutive year that the Town of Huntington has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

In addition, the Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Distinguished Budget Presentation Award to the Town of Huntington for the fiscal year beginning January 1, 2016. This was the fifth 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 2016 CAFR to the GFOA to determine their eligibility for another certificate.

Acknowledgements

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Comptroller's Office and the guidance of our independent auditors, Cullen & Danowski, LLP. I would like to extend my appreciation to all members of the department who assisted and contributed to its preparation.

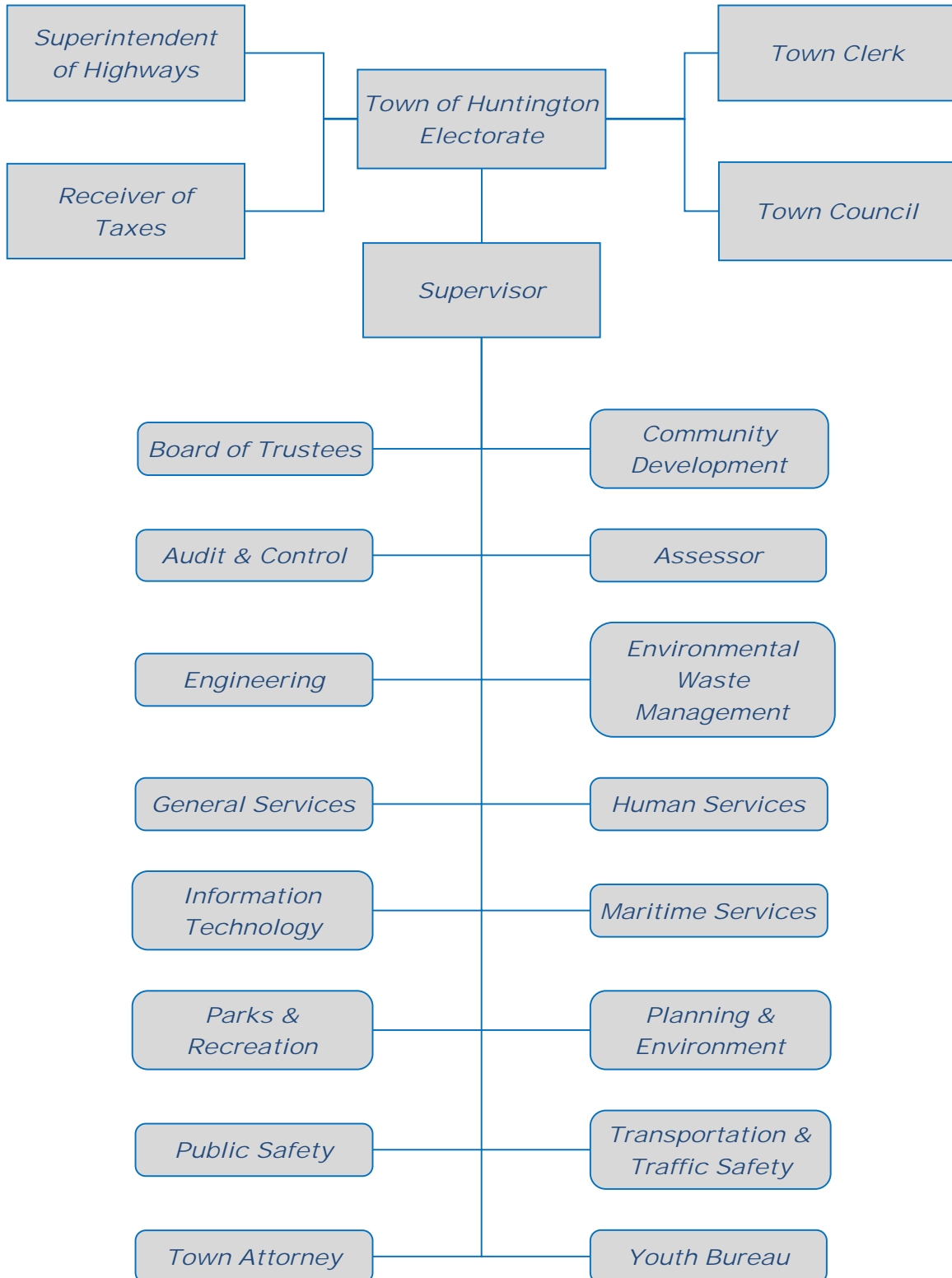
Finally, I would like to thank the Supervisor and the members of the Town Board for continued interest and support in planning and conducting the financial operations of the Town of Huntington in a responsible and progressive manner.

Respectfully submitted,



Peggy Karayianakis CPA
Town of Huntington
Interim Comptroller

Town of Huntington Organizational Chart



Town of Huntington Town Officials

Town Board



Frank P. Petrone
Town Supervisor



Susan A. Berland
Councilwoman



Eugene Cook
Councilman



Mark A. Cuthbertson
Councilman



Tracey A. Edwards
Councilwoman

Town Clerk:

Jo-Ann Raia

Receiver of Taxes:

Ester Bivona

Superintendent of Highways:

Peter Gunther

Assessor:

Roger Ramme

Director of Audit and Control:

Peggy Karayianakis

Director of Engineering:

Joseph Cline

Director of Environmental Control:

Matt Laux

Director of General Services:

Mark J. Tyree

Director of Human Services:

Jillian Guthman-Abadom

Director of Information Technology:

William Crowley

Director of Maritime:

Edward Carr

Director of Parks & Recreation:

Donald McKay

Director of Planning:

Anthony J. Aloisio

Director of Public Safety:

Joseph Rose

Director of Transportation & Traffic Safety:

Stephen McGloin

Director of Youth Bureau:

Maria E. Georgiou

Town Attorney:

Cindy Elan-Mangano

Town Historian:

Robert Hughes



Government Finance Officers Association

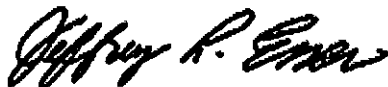
**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Huntington
New York**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015



Executive Director/CEO

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**FINANCIAL
SECTION**

INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Huntington, New York (Town), as of and for the year ended December 31, 2016, 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 component units, which represent 100% of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the component units, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Greenlawn Water District and South Huntington Water District, the discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Huntington, New York, as of December 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Accounting Principles

As discussed in Note A.6 to the financial statements, "New Accounting Principles", the Town has adopted the provisions GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 77, *Tax Abatement Disclosures* as of December 31, 2016. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules of funding progress - postemployment benefits healthcare costs, the contributions, and the proportionate share of the net pension liability on pages 22-33 and 84-100 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2017, on our consideration of the Town of Huntington, New York's internal control over financial reporting and on our tests on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Huntington, New York's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

May 30, 2017

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

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, 2016. The MD&A is intended to serve as an introduction to the Town's basic financial statements, which have the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

New Accounting Principles- Effective with the financial report for the year ended December 31, 2016, the Town has adopted three new pronouncements. GASB Statement No.72 on *Fair Value Measurement and Application*, the objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes. GASB Statement No. 76 on *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, the objective of this Statement is to identify in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principle (GAAP). GASB Statement No. 77, on *Tax Abatement Disclosures*, this Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Reporting on the Town as a Whole

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

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

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

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

Governmental Activities

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

Discretely Presented Component Units

Discretely Presented Component units are legally separate organizations for which the Town is either financially accountable, or the nature and significance of their relationship with the Town is such that exclusion would cause the Town's financial statements to be misleading or incomplete. The Town includes two discretely presented component units in the notes to this report. These entities are reported in a separate column in the government-wide statements. See Note A.1 for information on separately issued financial statements.

Blended Component Units

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

Reporting on the Town's Most Significant Funds

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

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

Governmental Funds

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

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

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Governmental Funds (continued)

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

Fiduciary Funds

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

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net Position

Total assets and deferred outflows of the Town on December 31, 2016, were \$455.7 million, an increase of \$38.6 million over the prior year. Total liabilities and deferred inflows were \$260.0 million, an increase of \$48.6 million over the prior year. This results in a net position balance of \$195.7 million, a decrease of \$10 million over the prior year. Of the Town's net position, \$260.1 million was net investment in capital assets, while \$16.6 million was restricted by statute or other legal requirements, and was not available to finance day-to-day operations of the Town. The unrestricted net position (deficit) was (\$80.9) million, and increased the deficit by \$9.0 million primarily as a result an increase in the Net Pension Liability and Other Post-Employment Benefits liability (OPEB). The Town's bonded indebtedness was \$84.2 million, which included issuances in 2016 for \$12.4 million in Town bonds to finance road construction, improvements to Town facilities, parking and infrastructure.

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

	<u>2016</u>	<u>2015</u>
<u>Assets and Deferred outflows</u>		
Current and other assets	\$ 91,514,748	\$ 79,321,934
Non-current pension asset	220,892	242,117
Capital assets	326,195,052	327,647,140
Deferred inflow of resources	<u>37,809,843</u>	<u>9,922,050</u>
Total assets and deferred outflows	455,740,535	417,133,241
<u>Liabilites and Deferred inflows</u>		
Current and other liabilities	37,596,569	39,108,739
Non-current liabilities	206,048,333	168,841,852
Deferred inflow of resources	<u>16,335,510</u>	<u>3,393,173</u>
Total liabilities and deferred inflows	259,980,412	211,343,764
<u>Net Position</u>		
Net investment in capital assets	260,114,664	259,128,388
Restricted	16,587,022	18,576,649
Unrestricted (deficit)	<u>(80,941,563)</u>	<u>(71,915,560)</u>
Total net position	<u><u>\$ 195,760,123</u></u>	<u><u>\$ 205,789,477</u></u>

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)

Net Position

The Town's program revenues for the year ended December 31, 2016 were \$42.8 million, a decrease of \$3.0 million and general revenues were \$135.9 million, an increase of \$3.6 million over the prior year, for total revenues of \$178.7 million, an increase of \$.6 million. The expenses for the year ended December 31, 2016 of the Town were \$188.7 million, an increase of \$9.0 million. Net position for the year ended December 31, 2016 decreased in the amount of \$10 million. Revenues and expenses of the Town's governmental activities are detailed on the next page.

Governmental Activities

During the current fiscal year, net position for governmental activities decreased by \$10 million from the prior fiscal year for an ending balance of \$195.8 million. The decrease in overall net position of governmental activities is due primarily to the increase in the Net Pension Liability and Other Post-Employment Benefits liability (OPEB).

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

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

	<u>2016</u>	<u>2015</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 37,020,104	\$ 36,116,247
Operating grants & contributions	5,298,821	6,682,848
Capital grants & contributions	457,168	2,994,958
General Revenues:		
Property taxes	114,486,165	112,993,330
Mortgage taxes	8,695,368	7,896,508
Other taxes	5,298,960	5,032,462
Interest and investment income	1,738,647	1,557,627
State aid - unrestricted	1,067,256	1,067,256
Miscellaneous	<u>4,649,536</u>	<u>3,741,360</u>
Total revenues	178,712,025	178,082,596
<u>Expenses</u>		
General government support	\$44,950,816	\$ 40,273,049
Public safety	15,420,172	13,902,197
Health	2,958,022	3,366,426
Transportation	45,629,853	47,669,222
Economic assistance & opportunity	3,565,307	3,188,292
Culture & recreation	19,208,972	18,496,883
Home & community services	54,307,903	50,030,197
Interest & debt	<u>2,700,334</u>	<u>2,833,326</u>
Total expenses	<u>188,741,379</u>	<u>179,759,592</u>
Decrease in net position	(10,029,354)	(1,676,996)
Net position, January 1	<u>205,789,477</u>	<u>207,466,473</u>
Net position, December 31	<u><u>\$ 195,760,123</u></u>	<u><u>\$ 205,789,477</u></u>

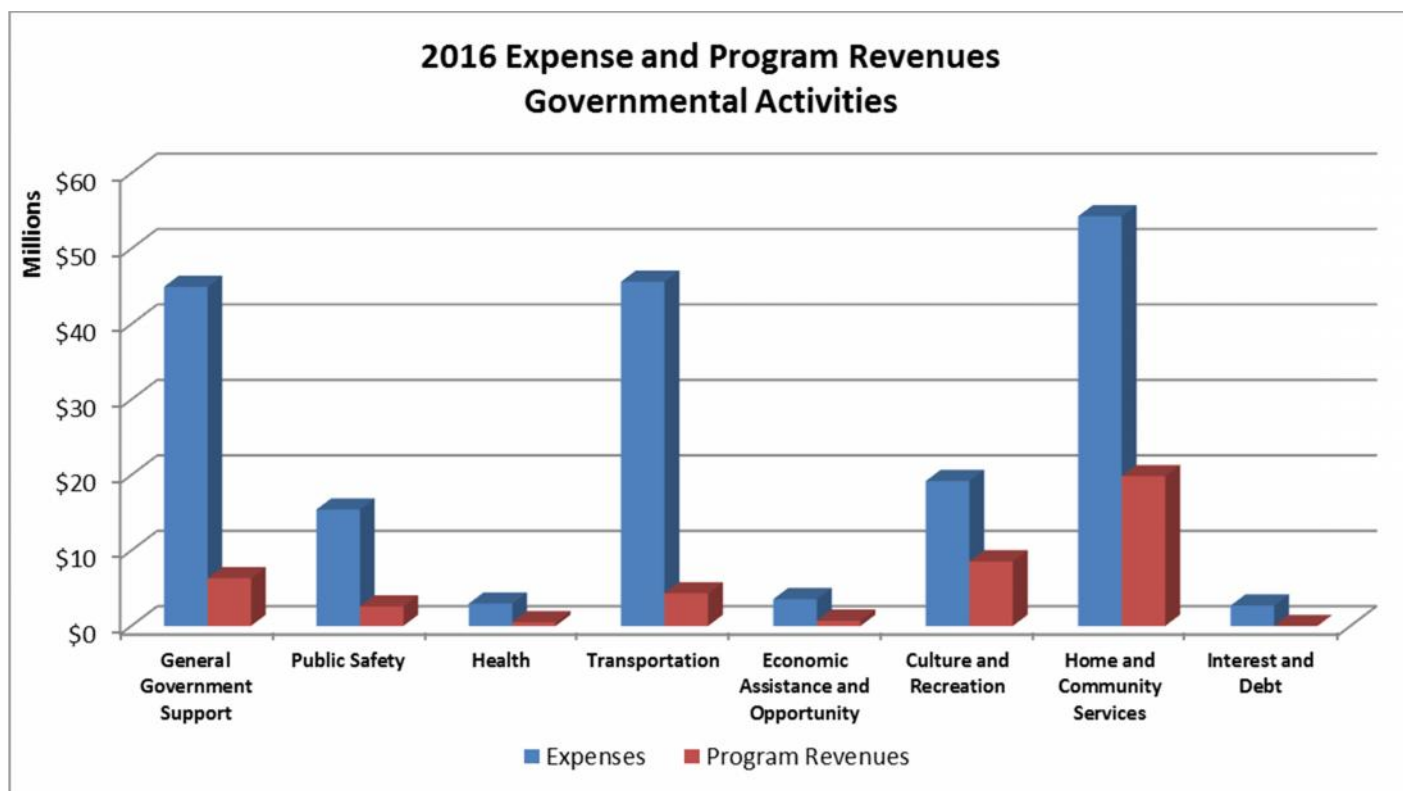
TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

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	
	2016	2015	2016	2015
General government support	\$ 44,950,816	\$ 40,273,049	\$ 38,640,472	\$ 33,675,773
Public safety	15,420,172	13,902,197	12,856,565	11,577,870
Health	2,958,022	3,366,426	2,458,901	2,900,089
Transportation	45,629,853	47,669,222	41,304,412	40,755,097
Economic assistance and opportunity	3,565,307	3,188,292	2,877,753	2,600,064
Culture and recreation	19,208,972	18,496,883	10,659,240	10,258,275
Home and community services	54,307,903	50,030,197	34,467,609	29,365,045
Interest on debt	2,700,334	2,833,326	2,700,334	2,833,326
Total	<u>\$ 188,741,379</u>	<u>\$ 179,759,592</u>	<u>\$ 145,965,286</u>	<u>\$ 133,965,539</u>



TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)

Governmental Funds

Total assets in the Town's General fund were \$38.0 million. Receivables reported were \$3.4 million, consisting of \$1.8 million in waste management fees, \$1.2 million in franchise fees and \$.4 million of various small revenue receivables. Due from federal, state and other governments were \$2.6 million of which \$2.0 million is due from intermunicipal agreement for services provided by the resource recovery facility and \$.6 million from federal and state granting agencies.

Total liabilities and deferred inflow of resources in the Town's General fund was \$12.7 million. Accrued liabilities of \$5.8 million were the result of payroll accruals, waste management fees, and accounts payable of \$1.9 million. Deferred inflow of \$5 million relates to the 2017 fiscal year property taxes collected in advance.

In addition to the General fund, all Town Special Revenue funds exclusive of the Fire Protection District, the Street Lighting District, the Ambulance Districts, Huntington Community Development Agency and Huntington Local Development Agency, which are included in the non-major governmental funds, have deferred inflow of resources. These balances are derived from tax monies collected for the 2016-2017 tax warrant.

As of December 31, 2016 governmental funds reported an overall fund balance of \$59.2 million. The unassigned fund balances in the General Fund is \$8.8 million. Fund balances in the Highway, Refuse and Garbage, Capital Projects and other non-major funds are recorded as assigned funds, with the exception of those funds with deficit fund balances, in accordance with Governmental Accounting Standards Board Statement No. 54.

In the General Fund, the fund balance has increased by \$1.6 million. The increase in the General Fund was primarily due to increases in departmental income of \$1.1 million, sale of property and compensation for loss \$.5 million, and state aid, \$1.4 million. This was offset by increases in transfers to other governmental funds.

In the Highway Fund, the fund balance has remained relatively unchanged from the previous year.

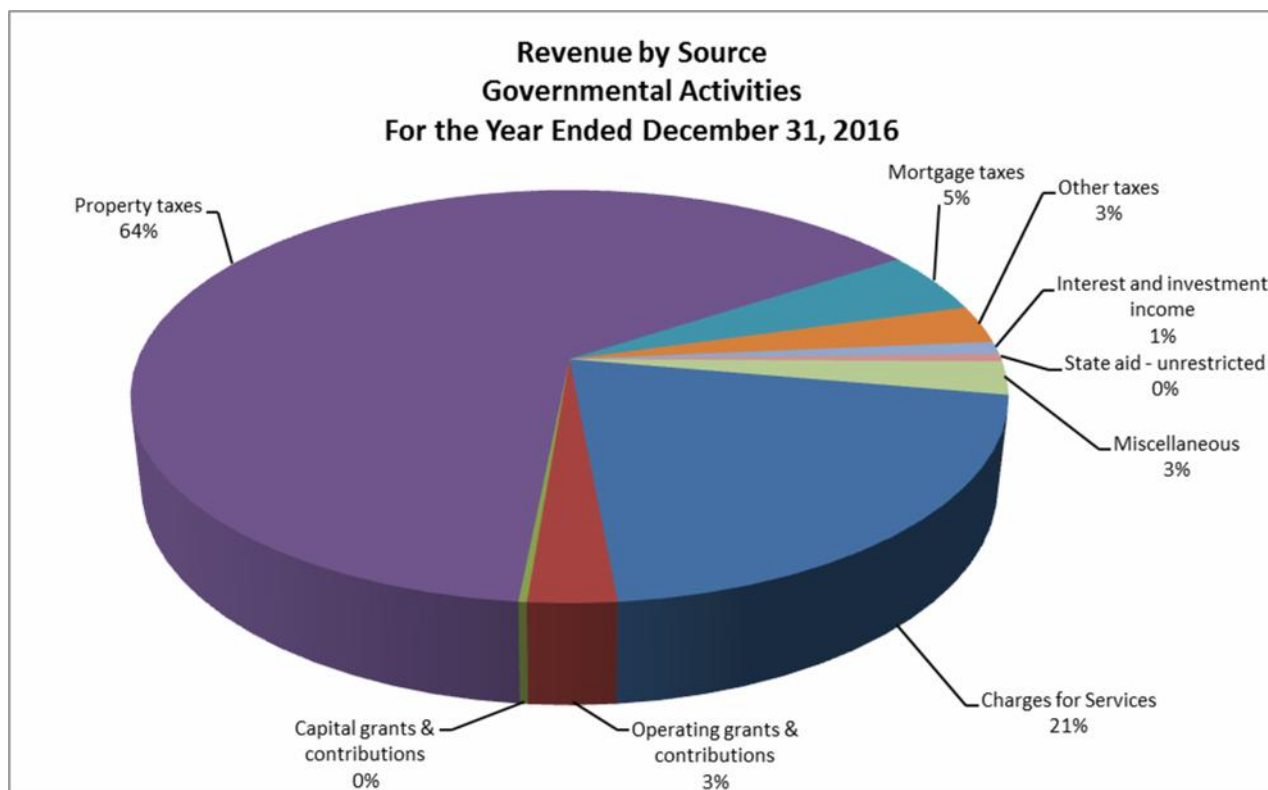
In the Refuse and Garbage Fund, the fund balance increased \$.8 million, which is comparable to the change in fund balance of the prior year. This is due to continued cost reduction in the Home & Community Services expenditures during 2016.

The Capital Projects fund had an increase in fund balance of \$4.3 million. This is due to the timing of when revenues are recorded from the issuance of long-term debt, and when the expenditures for the related projects are incurred.

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (continued)

Governmental Funds (continued)



BUDGETARY HIGHLIGHTS

Variances for the General Fund

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

The final expenditure and other financing uses budget compared to the original expenditure budget showed changes that were due primarily to capital improvement projects and land acquisition.

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

CAPITAL ASSETS AND DEBT ADMINISTRATION

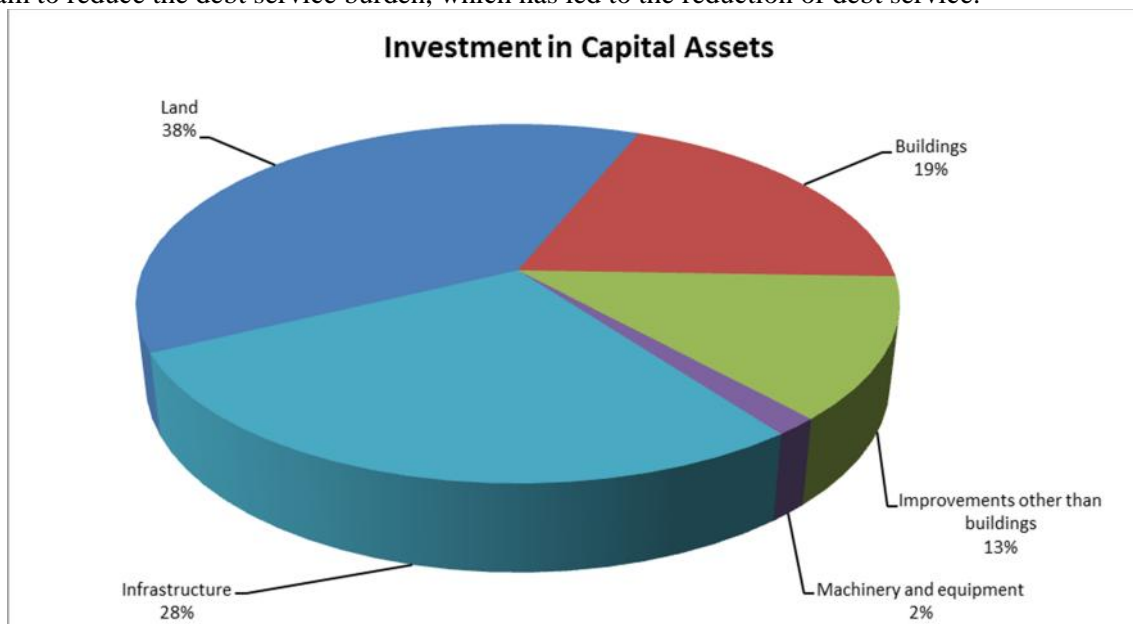
Capital Assets

As of December 31, 2016, the Town had \$326.2 million in net capital assets, of which \$91.2 million net was infrastructure. The Town's capital assets also include land, buildings, improvements other than buildings and machinery and equipment. The details of capital assets are shown in Note C.3 to the financial statements.

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

	2016	2015
Land	\$ 125,227,370	\$ 123,632,060
Buildings	63,197,488	64,405,866
Improvements other than buildings	41,408,527	39,438,600
Machinery and equipment	5,200,443	5,883,866
Infrastructure	91,161,224	94,286,748
Total net capital assets	<u>\$ 326,195,052</u>	<u>\$ 327,647,140</u>

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, 2016

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 2016, the Town of Huntington, including discretely presented component units, issued \$13.9 million in general obligation bonds to finance the following: road reconstruction; acquisition of property; improvements to Erb and Sweet Hollow Parks; acquisition of highway equipment, technology upgrades for Greenlawn Water District; and other improvements to Town infrastructure and facilities. Note-C.4 to the financial statements shows the details of the Town's long-term liabilities.

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

Purpose and Pledge - Subject to certain enumerated exceptions, the Town shall not give or loan any money or property to, or in aid of, any individual or private corporation or private undertaking or give or loan its credit to, or in aid of, any of the foregoing or any public corporation.

The Town may contract indebtedness only for a Town purpose and shall pledge its full faith and credit for the payment of principal and interest thereon.

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

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

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

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Debt Administration (continued)

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

At December 31, 2016 the total outstanding indebtedness for the Town of Huntington (including component units) aggregated \$108.5 million. Of this amount \$84.3 million was subject to the constitutional debt limit and represented approximately 3.25% of the statutory debt limit.

FACTORS AND NEXT YEAR'S BUDGET AND RATES

Union Contracts

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

State Aid

The Town receives state aid from the State of New York. While the State is not constitutionally obligated to maintain or continue providing State Aid; it has given no indication of terminating the funding in 2016. Operating revenues in the General Fund Budget include approximately 9.5% to be derived from State Aid. The largest allotment of State Aid is derived from Mortgage Tax Collections. Mortgage tax revenue exceeded expectations in 2016 by \$1.2 million and the real estate market remains steady. Revenues from mortgage tax collections are expected to meet the budget projection for 2017.

Utility and Fuel Costs

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

Tax Collection

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

TOWN OF HUNTINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

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

Tax Collection (continued)

<u>As of May 31</u>	<u>Total Tax Levy</u>	<u>To Town Supervisor</u>	<u>To County Treasurer</u>	<u>Uncollected/ Returned</u>
2016	1,005,781,356	863,060,764	142,720,592	24,470,626
2015	990,124,518	849,582,079	140,542,439	25,764,056
2014	960,878,249	828,251,272	132,626,977	24,508,573
2013	941,140,645	809,174,772	131,965,873	22,286,297
2012	918,665,388	791,338,298	127,337,090	22,906,987

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

Contacting the Town's Financial Management

This financial report is designed to provide the Town's citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives.

If you have questions about this report or need additional financial information, contact the Town of Huntington, Department of Audit & Control at 100 Main Street, Huntington, NY 11743.

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BASIC FINANCIAL STATEMENTS

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TOWN OF HUNTINGTON
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET POSITION
December 31, 2016

	Primary Governmental Activities	Component Units
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 54,026,221	\$ 10,522,517
Cash - Restricted	16,587,022	6,321,416
Accounts receivable	4,175,680	2,148,127
Due from federal, state and other governments	12,220,993	65,819
Inventory of material and supplies	-	353,744
Prepays	4,504,832	196,507
Total Current Assets	<u>91,514,748</u>	<u>19,608,130</u>
Non-Current Assets		
Net Pension Asset	220,892	-
Non-depreciable capital assets	125,227,370	6,680,120
Depreciable capital assets, net of depreciation	200,967,682	56,440,964
Total Non-Current Assets	<u>326,415,944</u>	<u>63,121,084</u>
DEFERRED OUTFLOW OF RESOURCES		
Pensions	37,809,843	1,665,832
Deferred charges, net of accumulated amortization	-	92,529
Total Deferred Outflow of Resources	<u>37,809,843</u>	<u>1,758,361</u>
Total Assets and Deferred Outflow	<u>\$ 455,740,535</u>	<u>\$ 84,487,575</u>
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable and other current liabilities	\$ 6,249,009	\$ 1,452,685
Accrued liabilities	7,293,314	331,243
Accrued interest payable	561,272	-
Bond anticipation notes payable	500,000	-
Due to other governments	1,496,729	-
Due within one year	21,496,245	2,862,049
Total Current Liabilities	<u>37,596,569</u>	<u>4,645,977</u>
Non-Current Liabilities:		
Due in more than one year	206,048,333	29,002,331
Total Non-Current Liabilities	<u>206,048,333</u>	<u>29,002,331</u>
Total Liabilities	<u>\$ 243,644,902</u>	<u>\$ 33,648,308</u>
DEFERRED INFLOW OF RESOURCES		
Deferred revenues	12,133,658	-
Pensions	4,201,852	187,962
Total Deferred Inflow of Resources	<u>16,335,510</u>	<u>187,962</u>
NET POSITION		
Net Investment in capital assets	260,114,664	42,341,140
Restricted	16,587,022	6,321,416
Unrestricted (deficit)	(80,941,563)	1,988,749
Total Net Position	<u>\$ 195,760,123</u>	<u>\$ 50,651,305</u>

See notes to the financial statements.

TOWN OF HUNTINGTON
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

					Net (Expense) Revenue and and Changes in Net Position	
		Program Revenues				
			Operating	Capital	Primary	
Governmental Functions/Programs	Expenses	Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Component Units
Primary Government:						
Governmental Activities:						
General government support	\$ 44,950,816	\$ 5,948,409	\$ 9,141	\$ 352,794	\$ (38,640,472)	
Public safety	15,420,172	2,563,607	-	-	(12,856,565)	
Health	2,958,022	232,950	266,171	-	(2,458,901)	
Transportation	45,629,853	1,337,183	2,988,258		(41,304,412)	
Economic assistance and opportu	3,565,307	383,472	304,082	-	(2,877,753)	
Culture and recreation	19,208,972	7,472,694	1,077,038	-	(10,659,240)	
Home and community services	54,307,903	19,081,789	654,131	104,374	(34,467,609)	
Interest on debt	2,700,334	-	-	-	(2,700,334)	
Total Primary Government	<u>\$ 188,741,379</u>	<u>\$ 37,020,104</u>	<u>\$ 5,298,821</u>	<u>\$ 457,168</u>	<u>\$(145,965,286)</u>	
Component Units:						
Home and community services	<u>\$ 14,321,799</u>	<u>\$ 7,007,847</u>				<u>\$ (7,313,952)</u>
General Revenues						
					\$ 114,486,165	\$ 6,311,637
					8,695,368	-
					5,298,960	-
					1,738,647	997,261
					1,067,256	-
					4,649,536	677,966
			Total General Revenues		135,935,932	7,986,864
			Change in net position		(10,029,354)	672,912
			Net position - Beginning of year (as restated)		205,789,477	49,978,393
			Net position - Ending of year		\$ 195,760,123	\$ 50,651,305

See notes to the financial statements.

TOWN OF HUNTINGTON
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

	Major Governmental Funds					Nonmajor	Total
	General	Highway	Debt Service	Refuse and Garbage	Capital Projects	Governmental Funds	
Assets							
Cash and cash equivalents	\$ 15,955,114	\$ 4,165,515	\$ -	\$ 6,699,040	\$ 18,888,535	\$ 8,318,017	\$ 54,026,221
Cash - Restricted	14,146,148	1,775,633	-	74,687	-	590,554	16,587,022
Accounts receivable, net	3,356,944	77,585	-	4,707	-	736,444	4,175,680
Due from federal, state and other governments	2,620,604	5,118,094	-	261,558	1,401,476	402,326	9,804,058
Due from other funds	667,827	-	-	10,900	755,007	1,950	1,435,684
Prepays	1,298,983	429,317	-	153,295	-	361,758	2,243,353
Total Assets	<u>\$ 38,045,620</u>	<u>\$ 11,566,144</u>	<u>\$ -</u>	<u>\$ 7,204,187</u>	<u>\$ 21,045,018</u>	<u>\$ 10,411,049</u>	<u>\$ 88,272,018</u>
Liabilities, Deferred Inflows and Fund Balances							
Liabilities							
Accounts payable and other current liabilities	1,926,809	391,932	-	724,807	2,279,334	926,127	6,249,009
Accrued liabilities	5,775,763	294,477	-	754,005	-	469,069	7,293,314
Bond Anticipation Notes Payable	-	-	-	-	500,000	-	500,000
Due to other governments	-	-	-	-	92,952	1,403,777	1,496,729
Due to other funds	10,116	1,147,940	-	226,185	-	51,443	1,435,684
Total Liabilities	<u>7,712,688</u>	<u>1,834,349</u>	<u>-</u>	<u>1,704,997</u>	<u>2,872,286</u>	<u>2,850,416</u>	<u>16,974,736</u>
Deferred Inflows of Resources							
Deferred revenue	5,006,368	4,000,000	-	1,473,233	-	1,654,057	12,133,658
Total Deferred Inflows	<u>5,006,368</u>	<u>4,000,000</u>	<u>-</u>	<u>1,473,233</u>	<u>-</u>	<u>1,654,057</u>	<u>12,133,658</u>
Fund Balances							
Non-Spendable							
Prepays	1,298,983	429,317	-	153,295	-	361,758	2,243,353
Restricted for:							
Open space land preservation	10,973,496	-	-	-	-	-	10,973,496
Debt service	362,700	99,338	-	21,258	-	53,558	536,854
Snow and ice removal/road repair	471,649	912,118	-	-	-	-	1,383,767
Workers' compensation	310,396	-	-	-	-	-	310,396
Judgments and claims	362,035	-	-	-	-	-	362,035
Retirement contribution	804	96,870	-	25,207	-	59,297	182,178
General Capital reserve	1,059,489	535,724	-	-	-	51,898	1,647,111
Employee Benefit Accrual Liability Reserve	605,579	131,583	-	28,222	-	425,801	1,191,185
Assigned:							
Highway	-	2,262,911	-	-	-	-	2,262,911
Refuse District	-	-	-	3,495,592	-	-	3,495,592
Capital projects fund balance	-	-	-	-	18,172,732	-	18,172,732
Town Outside Village	-	-	-	-	-	468,992	468,992
Community Development	-	-	-	-	-	-	-
Local Development Corporation	-	-	-	-	-	317,115	317,115
Fire Protection	-	-	-	-	-	19,828	19,828
Streetlighting	-	-	-	-	-	1,325,004	1,325,004
Ambulance Services	-	-	-	-	-	133,847	133,847
Sewer Services	-	-	-	-	-	1,486,261	1,486,261
Water Services	-	-	-	-	-	753,766	753,766
Subsequent year's budget	225,000	25,000	-	300,000	-	1,430,000	1,980,000
Unappropriated Fund Balance	883,339	1,238,934	-	2,383	-	102,652	2,227,308
Unassigned:							
General fund	8,773,094	-	-	-	-	-	8,773,094
Nonmajor Governmental Funds	-	-	-	-	-	(1,083,201)	(1,083,201)
Total Fund Balances	<u>25,326,564</u>	<u>5,731,795</u>	<u>-</u>	<u>4,025,957</u>	<u>18,172,732</u>	<u>5,906,576</u>	<u>59,163,624</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 38,045,620</u>	<u>\$ 11,566,144</u>	<u>\$ -</u>	<u>\$ 7,204,187</u>	<u>\$ 21,045,018</u>	<u>\$ 10,411,049</u>	<u>\$ 88,272,018</u>

See notes to the financial statements.

TOWN OF HUNTINGTON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
As of December 31, 2016

Total Fund Balances - Governmental Funds \$ 59,163,624

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

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

Capital Assets - Non-Depreciable	\$ 125,227,370	
Capital Assets - Depreciable	676,266,529	
Accumulated Depreciation	<u>(475,298,847)</u>	
		326,195,052

Other Agency Net Pension Asset - LOSAP		220,892
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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.		2,261,479
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Revenues in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the funds.		2,416,935
--	--	-----------

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

Deferred outflows of resources	37,809,843	
Net pension liability - employees' retirement system	(33,480,134)	
Deferred inflows of resources	<u>(4,201,852)</u>	
		127,857

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

General obligation bonds	(84,253,120)	
Due to Employee Retirement System	(2,480,535)	
Other post-employment benefits payable	(83,421,756)	
Other Agency Liabilities- LOSAP	(708,511)	
Compensated absences	(13,342,716)	
Claims and judgments	(9,586,658)	
Estimated liability for landfill closure and post-closure care costs	(271,148)	
Installment purchase debt	<u>-</u>	
		(194,064,444)

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.		<u>(561,272)</u>
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Net Position of Governmental Activities		<u><u>\$ 195,760,123</u></u>
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See notes to the financial statements.

TOWN OF HUNTINGTON
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year ended December 31, 2016

	Major Governmental Funds					Nonmajor	
	General	Highway	Debt Service	Refuse and Garbage	Capital Projects	Governmental Funds	Total
REVENUES							
Real property taxes	\$ 39,577,619	\$ 31,713,152	\$ -	\$ 24,160,829	\$ -	\$ 19,034,565	\$ 114,486,165
Other real property tax items	365,187	60,222	-	210	-	12,861	438,480
Non-property tax items	4,715,779	-	-	-	-	144,701	4,860,480
Departmental income	31,688,875	560,438	-	8,430	-	9,163,554	41,421,297
Intergovernmental charges	138,365	5,412	-	10,900	-	-	154,677
Use of money and property	1,125,915	146,765	-	72,570	54,447	338,950	1,738,647
Licenses and permits	1,048,059	291,475	-	-	-	815,757	2,155,291
Fines and forfeitures	1,160,476	-	-	-	-	-	1,160,476
Sale of property and compensation for loss	1,048,705	149,318	-	77,374	-	142,788	1,418,185
Miscellaneous local sources	1,113,249	210,394	-	49,725	550,996	1,326,008	3,250,372
Interfund revenues	4,469,548	-	-	-	-	-	4,469,548
State aid	11,329,131	2,173,591	-	-	225,303		13,728,025
Federal aid	990,479		-	-	231,865	586,157	1,808,501
Total Revenues	98,771,387	35,310,767	-	24,380,038	1,062,611	31,565,341	191,090,144
EXPENDITURES							
Current:							
General government support	24,450,385	180,744	-	2,088,791	-	4,495,395	31,215,315
Public safety	5,037,331	-	-	-	-	3,844,665	8,881,996
Health	798,663	-	-	-	-	2,061,881	2,860,544
Transportation	4,815,160	19,388,887	-	-	-	2,519,387	26,723,434
Economic assistance and opportunity	2,158,587	-	-	-	-	48,235	2,206,822
Culture and recreation	12,436,746	-	-	-	-	-	12,436,746
Home and community services	21,454,137	-	-	18,576,864	-	10,967,413	50,998,414
Employee benefits	18,556,191	7,770,777	-	2,672,822	-	6,274,484	35,274,274
Capital outlay	-	-	-	-	13,639,645	-	13,639,645
Debt service:							
Principal	500,000	-	10,610,913	-	-	-	11,110,913
Interest	12,500	-	2,664,925	-	-	-	2,677,425
Total Expenditures	90,219,700	27,340,408	13,275,838	23,338,477	13,639,645	30,211,460	198,025,528
Excess (Deficiency) of Revenues							
Over (Under) Expenditures	8,551,687	7,970,359	(13,275,838)	1,041,561	(12,577,034)	1,353,881	(6,935,384)
Other Financing Sources (Uses)							
Debt issued	-	-	-	-	12,925,000	-	12,925,000
Transfers in	65,347	-	13,275,838	-	3,998,251	28,419	17,367,855
Transfer Out	(3,197,854)	(560,397)	-	(65,000)	(93,766)	(175,000)	(4,092,017)
Transfers out (Debt Service)	(3,859,058)	(7,386,282)	-	(193,865)	-	(1,836,633)	(13,275,838)
Total Other Financing Sources (Uses)	(6,991,565)	(7,946,679)	13,275,838	(258,865)	16,829,485	(1,983,214)	12,925,000
Net Change in Fund Balances	1,560,122	23,680	-	782,696	4,252,451	(629,333)	5,989,616
Fund Balances at Beginning of Year	23,766,442	5,708,115	-	3,243,261	13,920,281	6,535,909	53,174,008
Fund Balances at End of Year	\$ 25,326,564	\$ 5,731,795	\$ -	\$ 4,025,957	\$ 18,172,732	\$ 5,906,576	\$ 59,163,624

See notes to the financial statements.

TOWN OF HUNTINGTON
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

Net Change in Fund Balance \$ 5,989,616

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	\$ 13,416,702	
Depreciation Expense	<u>(14,831,900)</u>	(1,415,198)

Gains and losses on disposals of equipment are not reported by the governmental funds, but are included in the Statement of Activities. (36,890)

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		(568,020)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (17,912)

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

Debt issued	(12,925,000)	
Repayment of bond principal	11,110,913	
Pension Liability	(2,513,883)	
Due to Employee Retirement System	372,171	
Other post-employment benefits payable	(9,210,919)	
Other Agency Liabilities- LOSAP	(179,343)	
Compensated absences	111,697	
Claims and judgments	(750,879)	
Estimated liability for landfill closure and post-closure care costs	27,202	
Installment purchase debt	-	
Accrued interest payable	<u>(22,909)</u>	<u>(13,980,950)</u>

Change in Net Position of Governmental Activities \$ (10,029,354)

See notes to the financial statements.

TOWN OF HUNTINGTON
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
December 31, 2016

	<u>Total Agency Funds</u>
ASSETS	
Cash	\$ 234,013,901
Other assets	<u>1,455,091</u>
Total Assets	<u><u>\$ 235,468,992</u></u>
LIABILITIES	
Liabilities:	
Due to school districts	\$ 111,995,542
Due to other governments	111,995,542
Other liabilities	<u>11,477,908</u>
Total Liabilities	<u><u>\$ 235,468,992</u></u>

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TOWN OF HUNTINGTON
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December 31, 2016

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TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

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, 2016

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
13th Street & 5th 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, 2016

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. BASIS OF PRESENTATION (continued)

Government-wide Financial Statements (continued)

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

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

Fund Financial Statements

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

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

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

The Town reports the following major governmental funds:

General Fund - is the principal operating fund of the Town. This fund is used to account for all financial resources except those required to be accounted for in other funds. The major sources of revenue are real property taxes and various departmental income.

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

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

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

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

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. BASIS OF PRESENTATION (continued)

Fund Financial Statements (continued)

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

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

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

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

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

3. BASIS OF ACCOUNTING/MEASUREMENT FOCUS

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

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

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. BASIS OF ACCOUNTING/MEASUREMENT FOCUS (continued)

In the funds statements, governmental funds use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (measurable and available to finance current operations). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers all revenues available if they are collected within 60 days after the year-end. Revenues susceptible to accrual include, franchise fees, mortgage taxes, charges for services, intergovernmental revenues and operating transfers. Permits, fees, and other similar revenues are not susceptible to accrual because generally they are not measurable until they are received in cash. In those instances where expenditures are the prime factor in determining eligibility for state and federal grants, revenues are recognized when the expenditure is incurred. In the Capital Projects Fund, long-term debt is recognized as revenue upon receipt of the proceeds. Expenditures are recorded on the accrual basis except that (a) expenditures for prepaid expenses are recognized when incurred; (b) principal and interest on indebtedness are recognized as expenditures when due; (c) compensated absences, such as vacation and sick leave, which vest or accumulate, are charged as expenditures when paid.

4. ASSETS, LIABILITIES AND FUND EQUITY

RECEIVABLES

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

PREPAIDS

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

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

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. ASSETS, LIABILITIES AND FUND EQUITY (continued)

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two items that are reported as deferred inflow of resources. First item relates to deferred revenue that represents collections of the 2016 tax warrant. The property taxes collected are applicable to the 2017 fiscal and thus are not available for use at year end. The second item is related to pensions reported in the district-wide statement of net position. This represents the effect of the net change in the Town's proportion of the collective net pension liability and difference during the measurement periods between the Town's contributions and its proportionate share of total contributions to the pension system not included in pension expense, including the net difference between projected and actual earnings on pension plan investments.

CAPITAL ASSETS

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

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

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

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. ASSETS, LIABILITIES AND FUND EQUITY (continued)

LONG-TERM OBLIGATIONS

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

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

EQUITY CLASSIFICATIONS

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

- a) Net investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Net position-restricted – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Net position-unrestricted – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

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

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. REVENUES AND EXPENDITURES

REAL PROPERTY TAX ASSESSMENT AND COLLECTION PROCEDURES

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

REAL PROPERTY TAX ASSESSMENT AND COLLECTION PROCEDURES (continued)

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

INTERFUND TRANSACTIONS

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

a) **Interfund Revenues**

Interfund revenues in the General Fund represent amounts charged for services or facilities provided by the General Fund. The amounts paid by the fund receiving the benefit of the service or facilities, are reflected as an expenditure of that fund.

b) **Transfers**

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

COMPENSATED ABSENCES

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

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

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. REVENUES AND EXPENDITURES (continued)

OTHER POST-EMPLOYMENT BENEFITS

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

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

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

6. NEW ACCOUNTING PRINCIPLES

Effective with the financial report for the year ended December 31, 2016, the Town has adopted Governmental Accounting Standards Board (GAS Statement No. 72) *Fair Value Measurement and Application*. The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes. This standard was not applicable for the year ended December 31, 2016.

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

Effective with the financial report for the year ended December 31, 2016, the Town has adopted Governmental Accounting Standards Board (GAS Statement No. 77) *Tax Abatement Disclosures*, this Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements.

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, 2016

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, 2016

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

1. BUDGETARY DATA (continued)

The 2017 budget reflects a 2.85% increase in real property tax revenue from the prior year for the Town's overall government activities. In 2016, the Town adopted a local law to exceed the 2017 property tax cap imposed by New York State.

2. FUND BALANCES

FUND BALANCE CLASSIFICATION

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

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

Nonspendable

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

Restricted

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

Committed

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

Assigned

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

Unassigned

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

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

2. FUND BALANCES (continued)

FUND BALANCE CLASSIFICATION POLICIES AND PROCEDURES

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

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

ASSIGNED FUND BALANCE

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

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

ENCUMBRANCES

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

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

2. FUND BALANCES (continued)

All encumbrances are classified as assigned fund balance at December 31, 2016. The Town encumbered the following amounts:

	2016 Assigned Fund Balance
General Fund	883,339
Part Town Fund	30,929
Highway	1,238,934
Street Lighting	36,461
Refuse District	2,383
Sewer District	10,775
Water District	24,487
Total Assigned Unappropriated Fund Balance	<u>2,227,308</u>

C. DETAILED NOTES ON ALL FUNDS

1. CASH AND INVESTMENTS

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

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

CLASS is a cooperative investment plan consisting of U.S. Treasury Obligations and repurchase agreements relating to treasury obligations. Investments are stated at cost, which approximates market. CLASS was established as a cooperative investment arrangement organized under the CLASS Municipal Cooperation Agreement made pursuant to New York General Municipal Law, Article 3A and 5-G. The Town does not maintain any cash and/or investments with CLASS.

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

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

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

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

C. DETAILED NOTES ON ALL FUNDS (continued)

1. CASH AND INVESTMENTS (continued)

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

Cash with the Town Supervisor	\$ 80,630,114
Cash with the Town Receiver of Taxes	<u>223,997,031</u>
	<u>\$ 304,627,145</u>

Custodial Credit Risk – Deposits/Investments – Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, a government may be unable to recover deposits or recover collateral securities that are in possession of an outside agency. Custodial credit risk for investments exist when, in the event of the failure of the counterparty, a government will be unable to recover the value of its investments or collateral securities that are in possession of an outside party.

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

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

At December 31, 2016 the Town's bank deposit balances were \$292,742,717. Of these balances, \$4,000,000 was covered by the Federal Deposit Insurance Corporation; \$315,958,737 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, 2016, the Town's component units' bank balances were \$17,367,349. Of these balances, \$1,241,883 was covered by the Federal Deposit Insurance Corporation and \$16,372,535 was covered by collateral held by the Town's component units' agent, a third-party financial institution, in the Town's component units' name. No funds were uncollateralized.

Credit Risk – State law and Town law limit investments to those authorized by State statutes. The Town has a written investment policy.

Interest-Rate Risk – Interest-rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. Accordingly, such investments would have to be held to maturity to avoid a potential loss.

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

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

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, 2016 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	\$ 667,827	\$ 10,116
Highway Fund	-	1,147,940
Refuse and Garbage Fund	10,900	226,185
Capital Projects Fund	755,007	-
 <u>Nonmajor Funds</u>		
Town Outside Village	110	36,487
Ambulance District	1,607	-
Street Lighting District	-	9,704
Sewer Districts	233	2,221
Water Districts	-	3,031
	<u>\$ 1,435,684</u>	<u>\$ 1,435,684</u>

Interfund transfer balances for the primary government at December 31, 2016 represent primarily the receipt and payment of general obligation bond principal and interest and funding of capital project expenditures and are stated as follows:

<u>Major Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 65,347	\$ 7,056,912
Highway Fund	-	7,946,679
Refuse and Garbage Fund	-	258,865
Capital Projects Fund	3,998,251	93,766
Debt Service	13,275,838	-
 <u>Nonmajor Funds</u>		
Town Outside Village	-	182,943
Street Lighting District	369	11,229
Sewer Districts	28,050	978,604
Water Districts	-	838,857
	<u>\$ 17,367,855</u>	<u>\$ 17,367,855</u>

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

C. DETAILED NOTES ON ALL FUNDS (continued)

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	Balance 1/1/16	Additions	Deletions	Balance 12/31/16
<u>Primary government</u>				
Capital assets not being depreciated				
Land	\$ 123,632,060	\$ 1,613,179	\$ 17,869	\$ 125,227,370
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>123,632,060</u>	<u>1,613,179</u>	<u>17,869</u>	<u>125,227,370</u>
Other capital assets:				
Buildings	105,313,565	1,560,741	67,500	106,806,806
Improvements other than buildings	87,539,819	4,835,240	126,900	92,248,159
Machinery and equipment	42,897,591	1,915,794	982,624	43,830,761
Infrastructure	429,889,055	3,491,748	-	433,380,803
Total depreciable capital assets	<u>665,640,030</u>	<u>11,803,523</u>	<u>1,177,024</u>	<u>676,266,529</u>
Total assets Primary Government	<u>789,272,090</u>	<u>13,416,702</u>	<u>1,194,893</u>	<u>801,493,899</u>
Less accumulated depreciation				
Buildings	40,907,699	2,750,098	48,479	43,609,318
Improvements other than buildings	48,101,219	2,865,313	126,900	50,839,632
Machinery and equipment	37,013,725	2,599,217	982,624	38,630,318
Infrastructure	335,602,307	6,617,272	-	342,219,579
Total accumulated depreciation	<u>\$ 461,624,950</u>	<u>\$ 14,831,900</u>	<u>\$ 1,158,003</u>	<u>475,298,847</u>
Total net depreciable capital assets				<u>200,967,682</u>
Total net capital assets				<u>\$ 326,195,052</u>

Depreciation expense was charged to governmental functions as follows:

General government support	\$ 1,326,048
Public safety	952,455
Transportation	6,468,880
Economic assistance and opportunity	62,420
Culture and recreation	2,850,467
Home and community services	<u>3,171,630</u>
Total governmental activities depreciation expense	<u>\$ 14,831,900</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, 2016, the Town has not recorded any such impairment losses.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

C. DETAILED NOTES ON ALL FUNDS (continued)

3. CAPITAL ASSETS (continued)

	Restated Balance			Balance
<u>Discretely presented component units</u>	<u>1/1/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/16</u>
Capital assets not being depreciated				
Land	\$ 1,306,746	\$ -	\$ -	\$ 1,306,746
Construction in progress	2,632,591	4,371,188	1,630,405	5,373,374
Total capital assets not being depreciated	3,939,337	4,371,188	1,630,405	6,680,120
Depreciable capital assets				
Buildings and improvements	46,474,513	2,872,032	-	49,346,545
Machinery and equipment	17,465,769	177,026	90,733	17,552,062
Infrastructure	53,328,148	382,819	-	53,710,967
Total depreciable capital assets	117,268,430	3,431,877	90,733	120,609,574
Total Assets - Component Units	121,207,767	7,803,065	1,721,138	127,289,694
Less accumulated depreciation				
Buildings and improvements	15,502,718	1,262,778	-	16,765,496
Machinery and equipment	9,431,824	747,475	90,733	10,088,566
Infrastructure	36,257,790	1,056,758	-	37,314,548
Total accumulated depreciation	\$ 61,192,332	\$ 3,067,011	\$ 90,733	64,168,610
Total net depreciable capital assets				56,440,964
Total net capital assets				\$ 63,121,084

4. INDEBTEDNESS

SHORT TERM DEBT

Bond Anticipation Notes (BANs) – Liabilities for BANs are generally accounted for in the Capital Projects Fund. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. The notes or renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two years and within each 12-month period thereafter. The Town issued \$1,000,000 in BANs during 2016, in which \$1,000,000 was redeemed by December 31, 2016. Total balance of bond anticipation notes payable as of year-end is \$500,000. The remaining BAN payable matures on July, 7, 2017 and carries an interest rate of 1.40%.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

C. DETAILED NOTES ON ALL FUNDS (continued)

4. INDEBTEDNESS (continued)

LONG TERM DEBT

Summary of changes in long term debt transactions for the year ended December 31, 2016 is as follows:

	Balance 1/1/16	Increases	Reductions	Balance 12/31/16	Non-current liabilities due within one year	Non-current liabilities
Primary Government:						
General obligation bonds	\$ 82,439,033	\$ 12,425,000	\$ 10,610,913	\$ 84,253,120	\$ 10,003,109	\$ 74,250,011
Net Pension Liability	6,969,189	26,510,945		33,480,134		33,480,134
Due to Employee Retirement System	2,852,706		372,171	2,480,535	383,380	2,097,155
Other Long Term Liability-GASB 45	74,210,837	16,750,364	7,539,445	83,421,756		83,421,756
Net Pension Obligation-LOSAP	550,393	538,118	380,000	708,511	416,961	291,550
Compensated absences	13,454,413	5,786,377	5,898,074	13,342,716	5,898,074	7,444,642
Claims and judgments	8,835,779	5,993,718	5,242,839	9,586,658	4,765,471	4,821,187
Estimated liability for landfill closure and post-closure care costs	298,350	-	27,202	271,148	29,250	241,898
	<u>\$ 189,610,700</u>	<u>\$ 68,004,522</u>	<u>\$ 30,070,644</u>	<u>\$ 227,544,578</u>	<u>\$ 21,496,245</u>	<u>\$ 206,048,333</u>
Component Units:						
General obligation bonds	\$ 25,330,968	\$ 1,500,000	\$ 2,624,087	\$ 24,206,881	\$ 2,776,891	\$ 21,429,990
Premiums on Issuance	308,321	19,846	57,015	271,152	57,843	213,309
Other Long Term Liability-GASB 45	4,741,765	797,228	219,550	5,319,443	-	5,319,443
Net Pension Liability	328,862	1,456,852	278,090	1,507,624	-	1,507,624
Compensated absences	543,904	31,109	15,733	559,280	27,315	531,965
	<u>\$ 31,253,820</u>	<u>\$ 3,805,035</u>	<u>\$ 3,194,475</u>	<u>\$ 31,864,380</u>	<u>\$ 2,862,049</u>	<u>\$ 29,002,331</u>

General Obligation Bonds – The Town borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are backed by the full faith and credit of the Town, bear interest at various rates from 2.00% to 5.2% and have maturity dates in 2018 through 2031. The outstanding debt, including component units, as of December 31, 2016 is \$108,460,001.

	Beg Bal 1/1/16	Issued	Redeemed	Balance @ 12/31/16
Principal Government				
General Fund	\$29,446,898	\$5,275,000	\$2,981,745	\$31,740,153
Town Outside Village	1,800,716	200,000	134,128	1,866,588
Highway Fund	41,132,886	5,350,000	5,998,752	40,484,134
Sewer Districts	4,213,398	885,000	649,333	4,449,065
Street Lighting District	58,922	0	8,872	50,050
Refuse and Garbage Fund	1,550,011	190,000	147,184	1,592,827
Water District	4,236,202	525,000	690,899	4,070,303
	<u>82,439,033</u>	<u>12,425,000</u>	<u>10,610,913</u>	<u>84,253,120</u>
Component Units				
Greenlawn Water District	3,941,990	1,500,000	471,521	4,970,469
South Huntington Water District	21,388,978	0	2,152,566	19,236,412
	<u>25,330,968</u>	<u>1,500,000</u>	<u>2,624,087</u>	<u>24,206,881</u>
Total General Obligation Bonds	<u>\$107,770,001</u>	<u>\$13,925,000</u>	<u>\$13,235,000</u>	<u>\$108,460,001</u>

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

C. DETAILED NOTES ON ALL FUNDS (continued)

4. INDEBTEDNESS (continued)

LONG TERM DEBT (continued)

Principal Government:

Year Ending December, 31	Principal Due	Interest Due	Total
2017	\$ 10,003,109	\$ 2,590,004	\$ 12,593,113
2018	9,616,102	2,237,435	11,853,537
2019	9,227,095	1,922,189	11,149,284
2020	8,862,525	1,608,276	10,470,801
2021	8,275,475	1,314,426	9,589,901
2022-2026	27,132,104	3,373,160	30,505,264
2027-2031	11,136,710	632,663	11,769,372
	<u>\$ 84,253,120</u>	<u>\$ 13,678,153</u>	<u>\$ 97,931,272</u>

Component Units:

Year Ending December, 31	Principal Due	Interest Due	Total
2017	\$ 2,776,891	\$ 789,560	\$ 3,566,451
2018	2,878,898	694,268	3,573,166
2019	2,632,906	598,571	3,231,477
2020	2,432,475	505,853	2,938,328
2021	2,264,524	422,564	2,687,088
2022-2026	8,562,896	1,079,023	9,641,919
2027-2031	2,658,291	163,466	2,821,757
	<u>\$ 24,206,881</u>	<u>\$ 4,253,305</u>	<u>\$ 28,460,186</u>

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

Prior-Year Defeasance of Debt

In prior years, the Town of Huntington defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town’s financial statements. At December 31, 2016, the amount of defeased bonds outstanding was approximately \$10 million, of which approximately \$8 million was for general Town purposes and approximately \$2 million was for the component units.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

C. DETAILED NOTES ON ALL FUNDS (continued)

5. RETIREMENT SYSTEM

Plan Description

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

The obligation of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the ERS. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the ERS and for the custody and control of their funds.

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

Funding Policy

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

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

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

	<u>ERS</u>
For the year ending December 31, 2016	\$ 9,045,917
2015	11,317,997
2014	10,790,971

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

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

C. DETAILED NOTES ON ALL FUNDS (continued)

5. RETIREMENT SYSTEM (continued)

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

At December 31, 2016, the Town reported the following liability for its proportionate share of the net pension liability. The net pension liability was measured as March 31, 2016. 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, 2015
Net pension liability	\$ 33,480,134
Town's portion of the Plan's total net pension liability	0.2085953%

For the year ended December 31, 2016, the Town recognized pension expense of \$12,127,820. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$169,183	\$3,968,511
Net difference between projected and actual earnings on pension plan investments	19,862,252	
Changes of Assumptions	8,928,142	
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	979,735	233,341
Town's Contribution Subsequent to Measurement Date	7,870,531	
Total	<u>\$37,809,843</u>	<u>\$4,201,852</u>

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

C. DETAILED NOTES ON ALL FUNDS (continued)

5. RETIREMENT SYSTEM (continued)

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

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

<u>Year Ended March 31</u>	<u>Amount</u>
2017	\$6,505,516
2018	6,505,516
2019	6,505,516
2020	6,220,912
2021	-0-
Thereafter	<u>-0-</u>
	\$25,737,460

ACTUARIAL ASSUMPTIONS

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS
Measurement Date	March 31, 2016
Actuarial Valuation Date	April 1, 2015
Interest Rate	7.0%
Salary Scale	3.8%
Decrement Tables	Developed from Plan's 2015 experience study for period April 1, 2010 through March 31, 2015
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 MP-2014.

The actuarial assumptions used in the April 1, 2015 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, 2016

C. DETAILED NOTES ON ALL FUNDS (continued)

5. RETIREMENT SYSTEM (continued)

ACTUARIAL ASSUMPTIONS (continued)

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

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Domestic equity	38.00%	7.30%
International equity	13.00%	8.55%
Private equity	10.00%	11.00%
Real estate	8.00%	8.25%
Absolute return strategies	3.00%	6.75%
Opportunistic portfolio	3.00%	8.60%
Real assets	3.00%	8.65%
Bonds and mortgages	18.00%	4.00%
Cash	2.00%	2.25%
Inflation indexed bonds	2.00%	4.00%
	<u>100.00%</u>	

DISCOUNT RATE

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

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)	\$75,495,270	\$33,480,134	(\$2,020,861)

PENSION PLAN FIDUCIARY NET POSITION

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

	ERS (Dollars in thousands)
Measurement Date	March 31, 2016
Employer's total pension liability	\$ 172,303,544
Fiduciary net position	156,253,265
Employer's net pension liability	<u>\$ 16,050,279</u>
Ratio of fiduciary net position to the employers' total pension liability	90.7%

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

C. DETAILED NOTES ON ALL FUNDS (continued)

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

Plan Description:

The Town provides fully paid health insurance for exempt employees who separate from service, are at least 50 years old and have 15 consecutive years of full time service with the Town. The retiree and his/her beneficiaries receive this coverage for the life of the retiree and continued coverage for a non-married spouse and dependent children upon the death of the retiree. For all other employees who separate from service with the Town and have 10 consecutive years of full time service, the Town will pay 75% of premiums for employees and 35% of spouse's premium.

Funding Policy:

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

	<u>Total</u>	<u>Town</u>	<u>Component Units</u>
Active Employees	630	598	32
Retirees	640	616	24
Spouses of Retired Employees	327	310	17
Total	1,597	1,524	73

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

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

Annual Other Post-Employment Benefits Cost and Net Obligation:

For the year ended December 31, 2016, the Town's annual other post-employment benefits, including component units, cost (expenses) were \$17,743,662. Considering the annual expense as well as the payment of current health insurance premiums, which totaled \$7,955,065 for retirees and their beneficiaries, the result was an increase in the other post-employment benefits liability of \$9,788,597 for the year ended December 31, 2016.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

C. DETAILED NOTES ON ALL FUNDS (continued)

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

The Town's annual other post-employment benefits cost, the amount actually paid and changes to the Town's net other post-employment benefits obligation to the Plan for the year ended December 31, 2016 are as follows:

	<u>Total</u>	<u>Town</u>	<u>Component Units</u>
Annual Required Contribution (ARC)	18,809,079	17,748,174	1,060,905
Interest on net OPEB Obligation	3,158,105	2,968,434	189,671
Adjustment to ARC	<u>(4,223,522)</u>	<u>(3,966,244)</u>	<u>(257,278)</u>
Annual OPEB Cost	17,743,662	16,750,364	993,298
Payments Made	<u>(7,955,065)</u>	<u>(7,539,445)</u>	<u>(415,620)</u>
Increase in Net OPEB Obligation	9,788,597	9,210,919	577,678
Net OPEB Obligation-beginning of year	<u>78,952,602</u>	<u>74,210,837</u>	<u>4,741,765</u>
Net OPEB Obligation-end of year	<u>\$ 88,741,199</u>	<u>\$ 83,421,756</u>	<u>\$ 5,319,443</u>

The Town's annual other post-employment benefits cost, the percentage of annual other post-employment benefits cost contributed to the Plan and the net other post-employment benefits obligation for the year ended December 31, 2016:

Annual Other Post-Employment Benefits Cost and Net Obligation:

<u>Town of Huntington</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2016	\$ 16,750,364	45.0%	\$ 83,421,756
2015	\$ 16,127,345	41.4%	\$ 74,210,837
2014	\$ 14,357,620	46.3%	\$ 64,764,446

<u>Component Units</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2016	\$ 993,298	41.8%	\$ 5,319,443
2015	\$ 955,505	35.1%	\$ 4,741,765
2014	\$ 951,819	40.2%	\$ 4,121,816

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

C. DETAILED NOTES ON ALL FUNDS (continued)

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

Funded Status and Funding Progress:

The funded status of the plan as of January 1, 2016 is as follows:

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
Town	1/1/2015	-	\$ 228,677,882	\$ 228,677,882	0%	\$ 59,916,368	381.7%
Component Units	1/1/2015	-	13,127,395	13,127,395	0%	2,324,858	564.7%
Total			<u>\$ 241,805,277</u>	<u>\$ 241,805,277</u>		<u>\$ 62,241,226</u>	

Actuarial Methods and Assumptions:

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

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

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

	Town	Component Units
Interest Rate	4.00%	4.00%
2015 Medical Rate Trends (Pre-65/Post-65)	9.00%/8.00%	9.00%/6.00%
Ultimate Medical Trend Rate	5.00%	5.00%
Year Ultimate Trend Rates Reached(Pre-65/Post-65)	2019/2018	2019/2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Remaining Amortization Period at 12/31/15	21.67	21.33, 21.21
Annual Payroll Increase	2.50%	2.50%

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

C. DETAILED NOTES ON ALL FUNDS (continued)

7. COMPENSATED ABSENCES

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

Estimated vacation, sick leave and compensatory absences accumulated by governmental fund type employees have been recorded in the government-wide financial statements. Payment of vacation time and sick leave is dependent upon many factors, and therefore the timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation, sick leave and compensatory absences when such payments become due. As of December 31, 2016, the value of the accumulated vacation time and sick leave was \$13,342,716 for the Town and \$559,280 for the Component Units.

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016
<u>Primary Government</u>				
General Fund	\$ 7,837,332	\$ 3,170,314	\$ 3,107,294	\$ 7,900,352
Town Outside Village	1,040,310	475,693	616,381	899,622
Highway	2,485,840	1,363,620	1,352,666	2,496,794
Street Lighting	145,953	96,406	92,391	149,968
Refuse	1,054,253	409,278	410,284	1,053,247
Sewer Districts	301,623	165,091	182,005	284,709
Water Districts	395,466	52,606	91,367	356,705
Community Development	193,636	53,369	45,686	201,319
Total Primary Government	<u>\$ 13,454,413</u>	<u>\$ 5,786,377</u>	<u>\$ 5,898,074</u>	<u>\$ 13,342,716</u>
<u>Component Units</u>				
Greenlawn Water District	\$ 253,769	\$ -	\$ 15,733	\$ 238,036
South Huntington Water District	290,135	31,109	-	321,244
Total Components	<u>\$ 543,904</u>	<u>\$ 31,109</u>	<u>\$ 15,733</u>	<u>\$ 559,280</u>

8. TAX ABATEMENTS

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

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

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

C. DETAILED NOTES ON ALL FUNDS (continued)

8. TAX ABATEMENTS (continued)

Information relevant to disclosure of these agreements for the year ended December 31, 2016 is as follows:

Start Date	Agreement	Taxable Assessed Valuation	Tax Rate	Tax Value	PILOT Received	Terms of the Agreement	Taxes Abated
03/01/1999	Huntington Housing Authority, 40 units	\$50,700	26.458	\$13,414	\$1,801	49 Years	\$11,613
12/01/2015	HG Housing Development Fund Company, Inc. & Highland Green Residence, LLC. Vacant Land	\$11,650	25.459	\$ 2,966	\$ -0-	30 Years	\$ 2,966
				\$16,380	\$1,801		\$14,579

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, 2016 was \$393,405 and \$188,777 respectively. The abated taxes are comprised of General Fund, Highway Fund, Part-Town Fund, Street-Lighting and various non-major funds and totaled \$204,628.

D. COMMITMENTS AND CONTINGENCIES

1. RISK RETENTION

In common with other municipalities, the Town receives numerous notices of claims. The Town self-insures for bodily injury and property damage up to a maximum of \$2,000,000 per claim. Claims in excess of \$2,000,000 are covered by an excess liability policy providing for \$10,000,000 per occurrence and in the aggregate. The Town is also self-insured for automobile liability insurance with the same limits as above. Additionally, the Town is self-insured for workers' compensation insurance. Estimated benefits to be paid are appropriated in the various operating funds of the Town. The Town has provided an umbrella-type policy protecting against catastrophic workers' compensation losses up to a \$10,000,000 cap with a \$2,000,000 retention for each loss. Although the eventual outcome of these claims cannot presently be determined, the amount of unsettled claims and litigation is estimated to be \$9,586,658. The Town is of the opinion that the ultimate settlement of the outstanding claims will not result in a material adverse effect on the Town's financial position.

There have been no significant reductions in insurance coverage as compared to the prior year, and there were no settlements in excess of insurance coverage over the last three years.

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

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

D. COMMITMENTS AND CONTINGENCIES (continued)

1. RISK RETENTION (continued)

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	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Unpaid claims and claim adjustment expenditures at beginning of year	\$5,186,824	\$6,900,639	\$3,648,955	\$4,120,157
Incurred claims and claim adjustment expenditures:				
Provision for insured events of the current year and increases in provision for insured events of prior years	3,156,014	1,517,069	2,837,704	1,054,027
Less Payments:				
Claims and claim adjustment expenditures attributable to insured events and of the current and prior years	<u>(3,134,115)</u>	<u>(3,230,884)</u>	<u>(2,108,724)</u>	<u>(1,525,229)</u>
Total unpaid claims and claim adjustment expenditures at the end of year	<u><u>\$5,208,723</u></u>	<u><u>\$5,186,824</u></u>	<u><u>\$4,377,935</u></u>	<u><u>\$3,648,955</u></u>

2. RESOURCE RECOVERY FACILITY

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

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

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

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 2016 amounted to \$19,100,473 of which \$7,067,175 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, 2016, the Town has recorded a liability of \$271,148, 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 \$5,778,049 has been recorded as encumbrances in the Capital Projects Fund.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

D. COMMITMENTS AND CONTINGENCIES (continued)

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.

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.

Funding Policy

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

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

Pension expense is determined based on an annual actuarial calculation. The required contribution for the Plans consists of two components. The first component, the annual prior service cost which equals the level annual payment required to fund over the prior service funding period, the portion of the current participants' projected benefits at entitlement age which is based on the service credit ambulance workers earned before the effective date of the Service Award Program. The second component, the "normal cost," which is equal to the level annual payment required to fund the portion of the current participants' projected benefits based on their service credit earned after the effective date of the Service Award Program. Based upon accepted actuarial methods and the assumptions used, it has been determined that the contributions for the Commack Volunteer Ambulance Corps of \$81,637 and the Huntington Community First Aid Squad of \$434,138 for the year ended December 31, 2015 was sufficient to satisfy current and future service award obligations upon eligibility for retirement. The Fiscal Year 2015 contribution was made in Fiscal Year 2016. Actuarial results for Fiscal Year 2016 were not available to be reported in this financial statement. The Annual Required Contribution and the Annual Contribution do not vary significantly from year to year and are not material to the financial statements as a whole.

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

D. COMMITMENTS AND CONTINGENCIES (continued)

7. LENGTH OF SERVICE AWARD PROGRAM-LOSAP

Funding Policy (continued)

Commack Volunteer Ambulance Corps

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Paid	Percentage of Annual Postemployment Benefit Cost Contributed	Net Service Award Obligation (Asset)
12/31/2016	\$ 80,732	\$ 59,507	74%	\$ (220,892)
12/31/2015	\$ 55,294	\$ 48,482	88%	\$ (242,117)
12/31/2014	\$ (41,419)	\$ 63,646	-154%	\$ (248,929)
12/31/2013	\$ 7,224	\$ 69,687	965%	\$ (143,864)
12/31/2012	\$ 78,827	\$ 68,524	87%	\$ (81,401)
12/31/2011	\$ 14,367	\$ 71,971	501%	\$ (91,704)

	2016	2015	2014	2013	2012	2011
Annual required contribution (ARC)	\$ 81,637	\$ 59,507	\$ 48,482	\$ 63,646	\$ 69,687	\$ 68,524
Interest on net OPEB obligation	(14,527)	(14,936)	(8,991)	(5,291)	(5,960)	(2,216)
Adjustment to ARC	13,622	10,723	(80,910)	(51,131)	15,100	(51,942)
Annual OPEB cost (expense)	80,732	55,294	(41,419)	7,224	78,827	14,366
Payments made	(59,507)	(48,482)	(63,646)	(69,687)	(68,524)	(71,970)
Increase (decrease) in net OPEB obligation	21,225	6,812	(105,065)	(62,463)	10,303	(57,604)
Net OPEB, beginning of year	(242,117)	(248,929)	(143,864)	(81,401)	(91,704)	(34,100)
Net OPEB, end of year	<u>\$ (220,892)</u>	<u>\$ (242,117)</u>	<u>\$ (248,929)</u>	<u>\$ (143,864)</u>	<u>\$ (81,401)</u>	<u>\$ (91,704)</u>

The funded status of the plan as of December 31, 2015 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Overfunded) /Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
12/31/2015	1,174,373	953,480	(220,892)	123.2%	N/A	N/A
12/31/2014	1,124,558	882,441	(242,117)	127.4%	N/A	N/A
12/31/2013	1,033,644	784,719	(248,925)	131.7%	N/A	N/A
12/31/2012	835,007	691,143	(143,864)	120.8%	N/A	N/A
12/31/2011	703,107	621,706	(81,401)	113.1%	N/A	N/A
12/31/2010	687,326	595,622	(91,704)	115.4%	N/A	N/A

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

D. COMMITMENTS AND CONTINGENCIES (continued)

7. LENGTH OF SERVICE AWARD PROGRAM-LOSAP

Funding Policy (continued)

Huntington Community First Aid Squad

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Paid	Percentage of Annual Postemployment Benefit Cost Contributed	Net Service Award Obligation (Asset)
12/31/2016	\$ 538,118	\$ 380,000	71%	\$ 708,511
12/31/2015	\$ 496,517	\$ 356,409	72%	\$ 550,393
12/31/2014	\$ 117,369	\$ 356,813	304%	\$ 410,285
12/31/2013	\$ 178,112	\$ 355,889	200%	\$ 649,729
12/31/2012	\$ 432,859	\$ 328,130	76%	\$ 827,506
12/31/2011	\$ 227,078	\$ 320,258	141%	\$ 722,777

	2016	2015	2014	2013	2012	2011
Annual required contribution (ARC)	\$ 434,138	\$ 416,961	\$ 356,409	\$ 356,813	\$ 355,889	\$ 328,130
Interest on net OPEB obligation	33,024	24,617	40,608	53,788	46,981	53,037
Adjustment to ARC	70,956	54,939	(279,648)	(232,489)	29,989	(154,089)
Annual OPEB cost (expense)	538,118	496,517	117,369	178,112	432,859	227,078
Payments made	(380,000)	(356,409)	(356,813)	(355,889)	(328,130)	(320,258)
Increase (decrease) in net OPEB obligation	158,118	140,108	(239,444)	(177,777)	104,729	(93,180)
Net OPEB, beginning of year	550,393	410,285	649,729	827,506	722,777	815,957
Net OPEB, end of year	\$ 708,511	\$ 550,393	\$ 410,285	\$ 649,729	\$ 827,506	\$ 722,777

The funded status of the plan as of December 31, 2015 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Overfunded) /Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
12/31/2015	4,568,878	5,277,389	708,511	86.6%	N/A	N/A
12/31/2014	4,337,628	4,888,021	550,393	88.7%	N/A	N/A
12/31/2013	3,922,570	4,332,855	410,285	90.5%	N/A	N/A
12/31/2012	3,185,108	3,834,837	649,729	83.1%	N/A	N/A
12/31/2011	2,700,107	3,527,613	827,506	76.5%	N/A	N/A
12/31/2010	2,488,933	3,211,710	722,777	77.5%	N/A	N/A

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

D. COMMITMENTS AND CONTINGENCIES (continued)

7. LENGTH OF SERVICE AWARD PROGRAM-LOSAP

Funding Policy (continued)

Actuarial Methods and Assumptions

Commack Volunteer Ambulance Corps

Valuation Date	December 31, 2015
Actuarial Cost Method	Attained Age Normal Cost Method
Amortization Method	Level Dollar, Open
Pre-Entitlement age mortality table	None assumed
Post-entitlement age mortality table	50/50 blend 1994 US Uninsured Pensioner Mortality
Remaining Amortization Period	5 Years
Asset Valuation Method	Fair Market Value
Actuarial Assumptions:	
Investment Rate of Return,	
Including an inflation factor	6 %

Huntington Community First Aid Squad

Valuation Date	December 31, 2015
Actuarial Cost Method	Attained Age Normal Cost Method
Amortization Method	Level Dollar, Open
Pre-Entitlement age mortality table	None assumed
Post-entitlement age mortality table	50/50 blend 1994 US Uninsured Pensioner Mortality
Remaining Amortization Period	5 Years
Asset Valuation Method	Fair Market Value
Actuarial Assumptions:	
Investment Rate of Return	
Including an inflation factor	6 %

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

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, 2016:

Condensed Statement of Net Position:

	South Huntington Water District	Greenlawn Water District	Totals
Assets			
Current assets and other assets	13,269,511	6,338,619	19,608,130
Capital assets net of depreciation	43,501,914	19,619,170	63,121,084
Deferred outflow of resources	902,226	856,135	1,758,361
Total Assets	<u>57,673,651</u>	<u>26,813,924</u>	<u>84,487,575</u>
Liabilities and Net Position			
Current liabilities	3,288,951	1,357,026	4,645,977
Other long term liabilities	20,926,291	8,076,040	29,002,331
Investment in capital assets	27,692,439	14,648,701	42,341,140
Deferred inflow of resources	85,549	102,413	187,962
Restricted	4,063,434	2,257,982	6,321,416
Unrestricted	1,616,987	371,762	1,988,749
Total Liabilities and Net Position	<u>57,673,651</u>	<u>26,813,924</u>	<u>84,487,575</u>

Condensed Statement of Activities:

	Program			General Revenue		Net Assets (As restated)		
	Expenses	Charges for Services	Net (Expense) Revenue	Property Tax	Other	Change	1/1/16	12/31/16
South Huntington Water District	\$ 8,469,597	\$ 4,367,110	\$ (4,102,487)	\$ 3,958,752	\$ 1,066,787	\$ 923,052	\$ 32,449,808	\$ 33,372,860
Greenlawn Water District	5,852,202	2,640,737	(3,211,465)	2,352,885	608,440	(250,140)	17,528,585	17,278,445
	<u>\$ 14,321,799</u>	<u>\$ 7,007,847</u>	<u>\$ (7,313,952)</u>	<u>\$ 6,311,637</u>	<u>\$ 1,675,227</u>	<u>\$ 672,912</u>	<u>\$ 49,978,393</u>	<u>\$ 50,651,305</u>

TOWN OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

F. SUBSEQUENT EVENTS

There were no reportable subsequent events.

G. NEW PRONOUNCEMENTS

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

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

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

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

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, 2016

	Budgetary Amounts			Variance with
	Original	Final	Actual	Final Budget
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 39,502,847	\$ 39,502,847	\$ 39,577,619	\$ 74,772
Total Real Property Taxes	39,502,847	39,502,847	39,577,619	74,772
OTHER REAL PROPERTY TAXES				
Payment In lieu of taxes	68,045	68,045	62,273	(5,772)
Interest and penalty on taxes	280,000	280,000	302,914	22,914
Total Other Real Property Taxes	348,045	348,045	365,187	17,142
NON-PROPERTY TAX ITEMS				
Franchises - cable TV	4,243,306	4,243,306	4,715,779	472,473
Total Non-Property Tax Items	4,243,306	4,243,306	4,715,779	472,473
DEPARTMENTAL INCOME				
Town clerk fees	400,000	400,000	362,670	(37,330)
Other general departmental income	189,000	228,675	250,414	21,739
Parking meter fees	850,000	850,000	754,135	(95,865)
Transportation	439,000	439,000	479,880	40,880
Charges - programs for the aging	320,000	320,000	392,676	72,676
Park and recreational charges	1,946,000	1,954,674	1,986,143	31,469
Recreational concessions	79,000	79,000	82,666	3,666
Special recreational facility charges	5,377,000	5,377,000	5,401,557	24,557
Refuse and garbage charges	22,917,481	22,917,481	21,978,734	(938,747)
Total Departmental Income	32,517,481	32,565,830	31,688,875	(876,955)
INTERGOVERNMENTAL CHARGES				
Miscellaneous Revenue	27,000	27,000	39,722	12,722
Refuse and Garbage Service	101,357	101,357	98,643	(2,714)
Total Intergovernmental Charges	128,357	128,357	138,365	10,008
USE OF MONEY AND PROPERTY				
Interest and earnings	209,000	209,000	288,037	79,037
Rental of real property	826,312	826,312	837,878	11,566
Total Use of Money and Property	1,035,312	1,035,312	1,125,915	90,603
LICENSES AND PERMITS				
Bingo licenses	13,500	13,500	15,574	2,074
Dog licenses	29,700	29,700	33,810	4,110
Parking Permits	905,000	905,000	972,225	67,225
Other permits	25,000	25,000	26,450	1,450
Total Licenses and Permits	973,200	973,200	1,048,059	74,859
FINES AND FORFEITURES				
Fines	1,530,000	1,530,000	1,160,476	(369,524)
Total Fines and Forfeitures	1,530,000	1,530,000	1,160,476	(369,524)

(Continued)

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Year ended December 31, 2016

	Budgetary Amounts			Variance with
	Original	Final	Actual	Final Budget
SALE OF PROPERTY AND				
COMPENSATION FOR LOSS				
Sales of scrap and excess material	25,000	25,000	50,295	25,295
Sales of refuse for recycling	21,200	21,200	7,871	(13,329)
Sales other	8,000	8,000	5,511	(2,489)
Sales of Real Property	-	-	208,750	208,750
Sales of equipment	5,000	5,000	16,450	11,450
Insurance recoveries	220,000	222,525	759,828	537,303
Total Sale of Property & Compensation for Loss	279,200	281,725	1,048,705	766,980
MISCELLANEOUS LOCAL SOURCES				
Refund of prior year expenditures	-	-	19,331	19,331
Gifts and donations	-	10,400	14,269	3,869
Miscellaneous revenue	933,750	958,750	1,079,649	120,899
Total Miscellaneous Local Sources	933,750	969,150	1,113,249	144,099
INTERFUND REVENUES				
	4,469,548	4,469,548	4,469,548	-
STATE AID				
State Aid - revenue sharing	1,067,256	1,067,256	1,067,256	-
State Aid - mortgage tax	7,500,000	7,500,000	8,713,280	1,213,280
State Aid - other	-	-		
State Aid - bus and other mass transit	789,085	789,085	814,668	25,583
State Aid - programs for aging	206,000	206,000	193,242	(12,758)
State Aid - youth program	448,112	448,112	422,139	(25,973)
State Aid - other culture and recreation	50,000	50,000	51,349	1,349
State Aid - other home and community services	-	27,939	67,197	39,258
Total State Aid	10,060,453	10,088,392	11,329,131	1,240,739
FEDERAL AID				
Federal Aid - programs for the aging	217,000	217,000	219,557	2,557
Federal Aid - youth program	775,462	775,462	770,343	(5,119)
Federal Aid - other home and community services	-	-	579	579
Total Federal Aid	992,462	992,462	990,479	(1,983)
Total Revenues	\$ 97,013,961	\$ 97,128,174	\$ 98,771,387	\$ 1,643,213

(Continued)

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Year ended December 31, 2016

Function	Budgetary Amounts		Actual	Encumbrances	Variance with
	Original	Final			Final Budget
CURRENT:					
GENERAL GOVERNMENT SUPPORT					
Town board	\$ 738,173	\$ 739,856	\$ 738,006	\$ -	\$ 1,850
Traffic violations bureau	116,199	116,807	116,531	-	276
Supervisor	812,505	835,136	825,317	-	9,819
Comptroller	1,234,698	1,215,116	1,187,898	17,500	9,718
Tax collection	658,710	687,527	687,439	-	88
Purchasing	295,752	309,526	307,609	-	1,917
Assessment	1,204,875	1,140,740	1,094,700	-	46,040
Fiscal agent fees	35,000	40,000	38,626	-	1,374
Town clerk	1,057,140	1,106,854	1,077,775	-	29,079
Town attorney	2,807,510	3,061,161	2,904,184	71,091	85,886
Personnel	675,654	701,293	694,395	-	6,898
Engineer	1,011,282	981,265	953,874	2,250	25,141
General services	706,605	563,607	556,235	-	7,372
Operation of plant	9,766,566	10,034,716	9,840,406	12,438	181,872
Central storeroom	431,768	451,926	439,818	1,854	10,254
Central printing and mailing	251,000	251,000	226,685	-	24,315
Information Technology	2,335,570	2,423,900	2,091,389	171,531	160,980
Unallocated insurance	333,184	345,684	341,114	-	4,570
Municipal assessment dues	9,000	8,500	8,217	-	283
Judgments and claims	300,000	795,000	294,455	495,472	5,073
Purchase of land and right of way	1,500,000	1,500,000	-	-	1,500,000
Taxes and assessment on municipal property	20,000	12,100	12,012	-	88
Contractual	20,000	326,133	13,700	-	312,433
Total General Government Support	26,321,191	27,647,847	24,450,385	772,136	2,425,326
PUBLIC SAFETY					
Administration	2,739,183	3,072,487	3,056,170	15,104	1,213
Harbors and waterways	710,338	777,212	772,565	-	4,647
Control of dogs	923,977	979,270	965,699	-	13,571
Safety inspection	249,118	215,234	211,760	-	3,474
Civil defense	75,089	63,385	31,137	-	32,248
Total Public Safety	4,697,705	5,107,588	5,037,331	15,104	55,153
HEALTH					
Substance Abuse	859,312	848,052	798,663	-	49,389
Total Health	859,312	848,052	798,663	-	49,389
TRANSPORTATION					
Highway and street administration	777,698	777,044	734,372	-	42,672
Public transportation	3,922,214	4,051,756	4,015,183	8,422	28,151
Waterways Navigation	61,895	65,965	65,605	-	360
Total Transportation	4,761,807	4,894,765	4,815,160	8,422	71,183
ECONOMIC ASSISTANCE AND OPPORTUNITY					
Community action administration	78,035	34,903	28,815	-	6,088
Public Information	163,173	163,035	163,035	-	-
Veterans service	8,500	8,500	7,600	-	900
Family Assistance Program	169,270	169,270	169,270	-	-
Programs for the aging	1,861,151	1,884,214	1,789,867	5,573	88,774
Total Economic Assistance And Opportunity	2,280,129	2,259,922	2,158,587	5,573	95,762

(Continued)

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Year ended December 31, 2016

Function	Budgetary Amounts		Actual	Encumbrances	Variance with
	Original	Final			Final Budget
CULTURE AND RECREATION					
Council on the arts	147,500	147,500	147,500	-	-
Recreation administration	3,797,267	3,748,912	3,679,694	13,600	55,618
Playgrounds and recreation centers	1,349,886	1,381,603	1,217,554	112	163,937
Special recreation facility charges	2,751,113	2,772,094	2,621,012	1,500	149,582
Band concerts	143,811	153,668	147,325	-	6,343
Youth programs	555,050	563,401	561,734	-	1,667
Joint youth programs	2,701,916	2,636,069	2,636,069	-	-
Museums	808,875	763,085	735,302	2,400	25,383
Historian	53,565	57,139	55,748	-	1,391
Celebrations	10,000	9,027	3,550	-	5,477
Adult recreation	682,052	671,440	631,258	-	40,182
Total Culture and Recreation	13,001,035	12,903,938	12,436,746	17,612	449,580
HOME AND COMMUNITY SERVICES					
Refuse and garbage	20,178,119	19,790,719	19,788,413	-	2,306
Landfill Post Closure	66,500	62,500	44,183	-	18,317
Recycling	612,122	641,130	618,816	-	22,314
General natural resources	875,631	974,556	969,739	-	4,817
Miscellaneous	45,799	68,172	32,986	33,242	1,944
Total Home and Community Services	21,778,171	21,537,077	21,454,137	33,242	49,698
EMPLOYEE BENEFITS					
State employee retirement system	6,072,111	4,878,102	4,878,102	-	-
Social security	99,500	59,500	55,960	-	3,540
Workers' compensation	1,100,000	1,567,290	1,536,039	31,250	1
Life insurance	50,000	37,905	32,090	-	5,815
Unemployment insurance	130,000	60,865	60,864	-	1
Disability benefits	90,000	89,006	52,069	-	36,937
Hospital, medical and dental	11,188,000	10,790,176	10,790,173	-	3
Union welfare benefits	270,000	270,000	255,941	-	14,059
Other employee benefits	798,000	931,506	894,953	-	36,553
Total Employee Benefits	19,797,611	18,684,350	18,556,191	31,250	96,909
DEBT SERVICE					
Principal on Bond Anticipation Note	-	500,000	500,000	-	-
Interest on Bond Anticipation Note	-	12,500	12,500	-	-
Total Debt Service	-	512,500	512,500	-	-
Total Expenditures	93,496,961	94,396,039	90,219,700	883,339	3,293,000
Excess (Deficiency) of Revenues					
Over Expenditures	3,517,000	2,732,135	8,551,687	(883,339)	4,936,213
Other Financing Sources (Uses)					
Transfers In	-	65,347	65,347	-	-
Transfers out	-	(3,197,854)	(3,197,854)	-	-
Transfers out (Debt Service)	(4,115,000)	(3,859,063)	(3,859,058)	-	5
Total Other Financing Sources (Uses)	(4,115,000)	(6,991,570)	(6,991,565)		5
Net Change in Fund Balance	<u>\$ (598,000)</u>	<u>\$ (4,259,435)</u>	1,560,122	<u>\$ (883,339)</u>	<u>\$ 4,936,218</u>
Fund Balance at Beginning of Year			23,766,442		
Fund Balance at End of Year			\$ 25,326,564		

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGHWAY FUND
For the Year ended December 31, 2016

	Budgetary Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 31,713,152	\$ 31,713,152	\$ 31,713,152	\$ -
Total Real Property Taxes	31,713,152	31,713,152	31,713,152	-
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	66,500	66,500	59,946	(6,554)
Interest and penalties on taxes	-	-	276	276
Total Other Real Property Taxes	66,500	66,500	60,222	(6,278)
DEPARTMENTAL INCOME				
Other general departmental income	-	560,397	560,438	41
Total Departmental Income	-		560,438	41
INTERGOVERNMENT CHARGE				
Transportation Services, Other Government	-	-	5,412	5,412
Total Departmental Income	-		5,412	5,412
USE OF MONEY AND PROPERTY				
Interest and earnings	90,000	90,000	146,765	56,765
Total Use of Money and Property	90,000	90,000	146,765	56,765
LICENSES AND PERMITS				
Licenses and permits	200,000	291,475	291,475	-
Total Licenses and Permits	200,000	291,475	291,475	-
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sales of scrap materials/equipment	8,000	16,453	24,400	7,947
Insurance recoveries	5,000	124,327	124,918	591
Total Sale of Property and Compensation for Loss	13,000	140,780	149,318	8,538
MISCELLANEOUS LOCAL SOURCES				
Miscellaneous revenue	175,100	175,100	210,394	35,294
Total Miscellaneous Local Sources	175,100	175,100	210,394	35,294
STATE AID				
State aid - Consolidated highway aid	1,709,769	1,709,769	2,100,748	390,979
State Aid - Other	-	72,843	72,843	-
Total State Aid	1,709,769	1,782,612	2,173,591	390,979
Total Revenues	\$ 33,967,521	\$ 34,259,619	\$ 35,310,767	\$ 490,751

(Continued)

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGHWAY FUND
For the Year ended December 31, 2016

	Budgetary Amounts				Variance with
	Original	Final	Actual	Encumbrances	Final Budget
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT SUPPORT					
Insurance	\$ 106,085	\$ 90,783	\$ 90,783	\$ -	\$ -
Bond and note issue expense	45,000	34,946	34,945	-	1
Other Government Support	70,320	958,767	55,016	900,000	3,751
Total General Government Support	221,405	1,084,496	180,744	-	3,752
TRANSPORTATION					
Highway repairs	12,802,638	12,112,590	12,088,969	-	23,621
Capital highway improvements	1,706,000	1,673,209	2,100,748	327,468	(755,007)
Highway and machinery	2,052,011	1,934,767	1,911,387	11,465	11,915
Brush and weeds	410,000	362,383	354,697	-	7,686
Snow removal	2,188,908	2,933,087	2,933,086	-	1
Total Transportation	19,159,557	19,016,036	19,388,887	338,933	(711,784)
EMPLOYEE BENEFITS					
State employee retirement system	2,322,659	2,009,098	2,009,098	-	-
Social security	48,000	9,584	9,583	-	1
Workers Compensation	1,100,000	1,192,098	1,192,098	-	-
Life insurance	400	198	197	-	1
Unemployment insurance	75,000	6,756	6,755	-	1
Disability benefits	1,000	238	167	-	71
Hospital, medical and dental	4,171,500	4,195,267	4,192,861	-	2,406
Union welfare benefits	200,000	190,740	190,740	-	-
Other employee benefits	224,000	169,279	169,278	-	1
Total Employee Benefits	8,142,559	7,773,258	7,770,777	-	2,481
Total Expenditures	27,523,521	27,873,790	27,340,408	338,933	- 705,551
Excess (Deficiency) of Revenues					
Over Expenditures	6,444,000	6,385,829	7,970,359	(338,933)	(214,800)
Other Financing Sources (Uses)					
Transfer Out	-	(560,397)	(560,397)	-	-
Transfers out (Debt Service)	(7,444,000)	(7,444,000)	(7,386,282)	-	(57,718)
Other Financing Sources (Uses)	(7,444,000)	(8,004,397)	(7,946,679)	-	(57,718)
Net Change in Fund Balance	\$ (1,000,000)	\$ (1,618,568)	\$ 23,680	\$ (338,933)	\$ (272,518)
Fund Balance at Beginning of Year			5,708,115		
Fund Balance at End of Year			\$ 5,731,795		

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, 2016

	Budgetary Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 24,160,829	\$ 24,160,829	\$ 24,160,829	\$ -
Total Real Property Taxes	24,160,829	24,160,829	24,160,829	-
OTHER REAL PROPERTY TAX ITEMS				
Interest and penalties on taxes	1,000	1,000	210	(790)
Total Other Real Property Tax Items	1,000	1,000	210	(790)
DEPARTMENTAL INCOME				
Refuse and garbage charges	9,040	9,040	8,430	(610)
Total Departmental Income	9,040	9,040	8,430	(610)
INTERGOVERNMENT CHARGE				
Refuse & Garbage Service, Other Government	9,658	9,658	10,900	1,242
Total Intergovernment Charge	9,658	9,658	10,900	1,242
USE OF MONEY AND PROPERTY				
Interest and earnings	71,200	71,200	72,570	1,370
Total Use of Money and Property	71,200	71,200	72,570	1,370
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sales of recycled materials	40,000	40,000	50,084	10,084
Insurance recoveries	-	-	27,290	27,290
Total Sale of Property and Compensation for Loss	40,000	40,000	77,374	37,374
MISCELLANEOUS LOCAL SOURCES				
Miscellaneous	50,000	50,000	49,725	(275)
Total Miscellaneous Local Sources	50,000	50,000	49,725	(275)
Total Revenues	\$ 24,341,727	\$ 24,341,727	\$ 24,380,038	\$ 38,311

(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, 2016

	Budgetary Amounts				Variance with
	Original	Final	Actual	Encumbrances	Final Budget
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT SUPPORT					
Insurance	\$ 76,284	\$ 76,284	\$ 65,280	\$ -	\$ 11,004
Other government support	2,026,310	2,190,294	2,023,511	-	166,783
Total General Government Support	2,102,594	2,266,578	2,088,791		177,787
HOME AND COMMUNITY SERVICES					
Refuse and garbage	19,907,859	19,458,864	18,576,864	2,383	879,617
Total Home and Community Services	19,907,859	19,458,864	18,576,864	2,383	879,617
EMPLOYEE BENEFITS					
State employee retirement system	740,174	585,271	585,271	-	-
Social security	23,000	23,000	5,080	-	17,920
Workers Compensation	300,000	678,650	678,650	-	-
Life insurance	500	500	99	-	401
Unemployment insurance	20,000	20,000	3,427	-	16,573
Disability insurance	500	500	83	-	417
Hospital, medical and dental	1,227,100	1,267,002	1,255,547	-	11,455
Union welfare benefits	68,000	68,000	60,720	-	7,280
Other employee benefits	104,000	141,995	83,945	-	58,050
Total Employee Benefits	2,483,274	2,784,918	2,672,822	-	112,096
Total Expenditures	24,493,727	24,510,360	23,338,477	2,383	1,169,500
Excess (Deficiency) of Revenues					
Over Expenditures	(152,000)	(168,633)	1,041,561	(2,383)	1,207,811
Other Financing Sources (Uses)					
Transfers out	-	(65,000)	(65,000)	-	-
Transfers in	-	-		-	-
Transfers out (Debt Service)	(198,000)	(198,000)	(193,865)	-	4,135
Total Other Financing Sources (Uses)	(198,000)	(263,000)	(258,865)		4,135
Net Change in Fund Balance	\$ (350,000)	\$ (431,633)	782,696	\$ (2,383)	\$ 1,211,946
Fund Balance at Beginning of Year			3,243,261		
Fund Balance at End of Year			\$ 4,025,957		

TOWN OF HUNTINGTON
SCHEDULE OF FUNDING PROGRESS
POST-EMPLOYMENT BENEFITS HEALTHCARE COSTS
December 31, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll
1/1/2016	\$ -	\$ 228,677,882	\$ 228,677,882	0%	\$ 59,916,368	381.7%
1/1/2015	-	221,109,413	221,109,413	0%	61,337,769	360.5%
1/1/2014	-	199,225,531	199,225,531	0%	59,000,459	337.7%

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 9,045,917	\$ 11,317,997	\$ 10,790,971
Contributions in relation to the contractually required contribution	<u>9,045,917</u>	<u>11,317,997</u>	<u>10,790,971</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Town's covered employee payroll	54,676,490	55,099,418	53,285,268
Contributions as a percentage of covered employee payroll	17%	21%	20%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 12,736,105	\$ 10,760,219	\$ 8,010,413	\$ 5,777,432	\$ 3,675,479	\$ 4,165,774	\$ 4,139,894
<u>12,736,105</u>	<u>6,855,035</u>	<u>8,010,413</u>	<u>5,777,432</u>	<u>3,675,479</u>	<u>4,165,774</u>	<u>4,139,894</u>
\$ -	\$ 3,905,184	\$ -	\$ -	\$ -	\$ -	\$ -
51,630,809	52,095,461	49,396,373	51,110,066	50,805,977	49,240,978	48,625,551
25%	13%	16%	11%	7%	8%	9%

TOWN OF HUNTINGTON
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
December 31, 2016

Employees' Retirement System

	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.2085953%	0.2062962%
Town's proportionate share of the net pension liability	\$ 33,480,134	\$ 6,969,189
Town's covered employee payroll	\$ 53,342,327	\$ 55,263,873
of its covered employee payroll	62.76 %	12.61 %
Plan fiduciary net position as a percentage of the total pension liability	90.68%	97.95%

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COMPONENT UNITS
SCHEDULE OF DISTRICTS' CONTRIBUTIONS
LAST TEN YEARS

Greenlawn Water District

	2016	2015	2014
Contractually required contribution	\$ 204,112	\$ 241,020	\$ 253,554
Contributions in relation to the contractually required contribution	<u>204,112</u>	<u>241,020</u>	<u>253,554</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered employee payroll	1,160,988	1,232,499	1,315,312
Contributions as a percentage of covered employee payroll	18%	20%	19%

South Huntington Water District

	2016	2015	2014
Contractually required contribution	\$ 193,255	\$ 205,756	\$ 326,700
Contributions in relation to the contractually required contribution	<u>193,255</u>	<u>205,756</u>	<u>326,700</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered employee payroll	1,228,683	1,316,312	1,373,704
Contributions as a percentage of covered employee payroll	16%	16%	24%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 286,409	\$ 181,359	\$ 215,544	\$ 136,735	\$ 72,345	\$ 126,743	\$ 119,054
<u>286,409</u>	<u>181,359</u>	<u>215,544</u>	<u>136,735</u>	<u>72,345</u>	<u>126,743</u>	<u>119,054</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,271,843	1,198,977	1,117,345	1,185,214	1,009,692	936,971	923,033
23%	15%	19%	12%	7%	14%	13%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 215,311	\$ 255,066	\$ 166,737	\$ 144,068	\$ 75,202	\$ 88,049	\$ 94,689
<u>215,311</u>	<u>255,066</u>	<u>166,737</u>	<u>144,068</u>	<u>75,202</u>	<u>88,049</u>	<u>94,689</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,352,331	1,204,400	1,265,077	1,203,485	1,108,048	1,034,812	1,007,497
16%	21%	13%	12%	7%	9%	9%

COMPONENT UNITS
SCHEDULE OF THE DISTRICTS' PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
December 31, 2016

Employees' Retirement System

	Greenlawn Water District	South Huntington Water District
District's proportion of the net pension liability	0.0050102%	0.0043830%
District's proportionate share of the net pension liability	\$ 804,147	\$ 703,477
District's covered employee payroll	\$ 1,243,616	\$ 1,184,360
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	64.66 %	59.40 %
Plan fiduciary net position as a percentage of the total pension liability	90.68%	90.68%

OTHER SUPPLEMENTARY INFORMATION

Combining Fund Statements

TOWN OF HUNTINGTON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2016

		Special Revenue Funds					
		Town	Special	Local	Town Business		
		Outside Village	Grant (HCDA)	Development Corp (LDC)	Improvement Districts	Special Districts	Total
Assets							
Cash and cash equivalents		\$ 1,282,838	\$ 351,233	\$ 318,115	\$ -	\$ 6,365,831	\$ 8,318,017
Cash-Restricted		417,015	-	-	-	173,539	590,554
Prepays		202,947	14,255	-	-	144,556	361,758
Accounts receivable, net		102,774	26,889	-	-	606,781	736,444
Due from federal, state & other governments		141,375	89,974	-	-	170,977	402,326
Due from other funds		110	-	-	-	1,840	1,950
Total Assets		<u>2,147,059</u>	<u>482,351</u>	<u>318,115</u>	<u>-</u>	<u>7,463,524</u>	<u>10,411,049</u>
Liabilities							
Accounts payable & other current liabilities		135,379	103,991	-	-	686,757	926,127
Accrued liabilities		265,155	20,575	-	-	183,339	469,069
Due to other governments		-	1,403,777	-	-	-	1,403,777
Due to other funds		36,487	-	-	-	14,956	51,443
Total Liabilities		<u>437,021</u>	<u>1,528,343</u>	<u>-</u>	<u>-</u>	<u>885,052</u>	<u>2,850,416</u>
Deferred Inflows							
Deferred revenue		<u>500,155</u>	<u>22,954</u>	<u>1,000</u>	<u>-</u>	<u>1,129,948</u>	<u>1,654,057</u>
Total Deferred Inflows		<u>500,155</u>	<u>22,954</u>	<u>1,000</u>	<u>-</u>	<u>1,129,948</u>	<u>1,654,057</u>
Fund Balance							
Non-Spendable							
Prepays		202,947	14,255	-	-	144,556	361,758
Restricted for:							
Debt service		-	-	-	-	53,558	53,558
Capital projects		-	-	-	-	-	-
Retirement contribution		241	-	-	-	59,056	59,297
Capital reserve		51,898	-	-	-	-	51,898
Employee Benefit Accrual Liability		364,876	-	-	-	60,925	425,801
Assigned to:							
Town Outside Village		468,992	-	-	-	-	468,992
Community Development		-	-	-	-	-	-
Local Development Corporation		-	-	317,115	-	-	317,115
Fire Protection		-	-	-	-	19,828	19,828
Street Lighting		-	-	-	-	1,325,004	1,325,004
Ambulance Services		-	-	-	-	133,847	133,847
Sewer Services		-	-	-	-	1,486,261	1,486,261
Water Services		-	-	-	-	753,766	753,766
Subsequent year's budget		90,000	-	-	-	1,340,000	1,430,000
Unappropriated Fund Balance		30,929	-	-	-	71,723	102,652
Unassigned Fund Balance/(Deficit)		-	(1,083,201)	-	-	-	(1,083,201)
Total Fund Balance/(Deficit)		<u>1,209,883</u>	<u>(1,068,946)</u>	<u>317,115</u>	<u>-</u>	<u>5,448,524</u>	<u>5,906,576</u>
Total Liabilities, Deferred Inflows & Fund Balance		<u>\$ 2,147,059</u>	<u>\$ 482,351</u>	<u>\$ 318,115</u>	<u>\$ -</u>	<u>\$ 7,463,524</u>	<u>\$ 10,411,049</u>

TOWN OF HUNTINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	Special Revenue Funds					Total
	Town Outside Village	Special Grant (HCDA)	Local Development Corp (LDC)	Town Business Improvement Districts	Special Districts	
REVENUES						
Real property taxes	\$ 4,266,967	\$ -	\$ -	\$ 186,500	\$ 14,581,098	\$ 19,034,565
Other real property tax items	7,228	-	-	2	5,631	12,861
Non-property tax items	-	-	-	-	144,701	144,701
Departmental income	5,390,028	-	33,720	-	3,739,806	9,163,554
Use of money and property	19,555	-	1,020	-	318,375	338,950
Licenses and permits	815,757	-	-	-	-	815,757
Sale of property and Compensation for loss	5,460	-	-	-	137,328	142,788
Miscellaneous local sources	238,856	979,144	-	-	108,008	1,326,008
State aid	-	-	-	-	0	-
Federal aid	-	586,157	-	-	0	586,157
Total Revenues	<u>10,743,851</u>	<u>1,565,301</u>	<u>34,740</u>	<u>186,502</u>	<u>19,034,947</u>	<u>31,565,341</u>
EXPENDITURES						
Current:						
General government support	2,003,677	-	-	-	2,491,718	4,495,395
Public safety	2,366,507	-	-	-	1,478,158	3,844,665
Health	130,540	-	-	-	1,931,341	2,061,881
Transportation	-	-	-	-	2,519,387	2,519,387
Economic assistance and opportunity	-	-	48,235	-	-	48,235
Home and community services	2,247,780	1,724,791	-	186,502	6,808,340	10,967,413
Employee benefits	3,566,230	-	-	-	2,708,254	6,274,484
Total Expenditures	<u>10,314,734</u>	<u>1,724,791</u>	<u>48,235</u>	<u>186,502</u>	<u>17,937,198</u>	<u>30,211,460</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	429,117	(159,490)	(13,495)	-	1,097,749	1,353,881
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	28,419	28,419
Transfers out	-	-	-	-	(175,000)	(175,000)
Transfers out (Debt Service)	(182,943)	-	-	-	(1,653,690)	(1,836,633)
Total Other Financing Sources (Uses)	<u>(182,943)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,800,271)</u>	<u>(1,983,214)</u>
Net Change in Fund Balance	246,174	(159,490)	(13,495)	-	(702,522)	(629,333)
Fund Balances/(Deficit) at Beginning of Year	<u>963,709</u>	<u>(909,456)</u>	<u>330,610</u>	<u>-</u>	<u>6,151,046</u>	<u>6,535,909</u>
Fund Balances/(Deficit) at End of Year	<u>\$ 1,209,883</u>	<u>\$ (1,068,946)</u>	<u>\$ 317,115</u>	<u>\$ -</u>	<u>\$ 5,448,524</u>	<u>\$ 5,906,576</u>

TOWN OF HUNTINGTON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL DISTRICT FUNDS
December 31, 2016

Special Revenue Funds						
	Fire Protection District	Street Lighting District	Ambulance Districts	Sewer Districts	Water District	Total
ASSETS						
Cash and cash equivalents	\$ 35,177	\$ 2,384,447	\$ 44,922	\$ 2,664,112	\$ 1,237,173	\$ 6,365,831
Cash-Restricted	-	25,115	-	59,264	89,160	173,539
Prepays	-	29,279	-	70,081	45,196	144,556
Accounts receivable, net	-	3,178	87,318	4,149	512,136	606,781
Due from federal, state and other governr	-	-	-	144,701	26,276	170,977
Due from other funds	-	-	1,607	233	-	1,840
Total Assets	<u>35,177</u>	<u>2,442,019</u>	<u>133,847</u>	<u>2,942,540</u>	<u>1,909,941</u>	<u>7,463,524</u>
LIABILITIES						
Accounts payable and other current liabil	15,349	195,346	-	300,418	175,644	686,757
Accrued liabilities	-	21,110	-	136,753	25,476	183,339
Due to other funds	-	9,704	-	2,221	3,031	14,956
Total Liabilities	<u>15,349</u>	<u>226,160</u>	<u>-</u>	<u>439,392</u>	<u>204,151</u>	<u>885,052</u>
DEFERRED INFLOWS						
Deferred revenues	-	300,000	-	626,767	203,181	1,129,948
Total Deferred Inflows	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>626,767</u>	<u>203,181</u>	<u>1,129,948</u>
FUND BALANCE						
Non-Spendable						
Prepays	-	29,279	-	70,081	45,196	144,556
Restricted for:						
Debt service	-	-	-	49,322	4,236	53,558
Retirement contribution	-	4,549	-	3,376	51,131	59,056
Employee Benefit Accrual Liability	-	20,566	-	6,566	33,793	60,925
Assigned to:						
Fire Protection	19,828	-	-	-	-	19,828
Street Lighting	-	1,325,004	-	-	-	1,325,004
Ambulance Services	-	-	133,847	-	-	133,847
Sewer Services	-	-	-	1,486,261	-	1,486,261
Water Services	-	-	-	-	753,766	753,766
Subsequent year's budget	-	500,000	-	250,000	590,000	1,340,000
Unappropriated Fund Balance	-	36,461	-	10,775	24,487	71,723
Total Fund Balance	<u>19,828</u>	<u>1,915,859</u>	<u>133,847</u>	<u>1,876,381</u>	<u>1,502,609</u>	<u>5,448,524</u>
ities, Deferred Inflows and Fund Balance	<u>\$ 35,177</u>	<u>\$ 2,442,019</u>	<u>\$ 133,847</u>	<u>\$ 2,942,540</u>	<u>\$ 1,909,941</u>	<u>\$ 7,463,524</u>

TOWN OF HUNTINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL DISTRICT FUNDS
Year Ended December 31, 2016

	Special Revenue Funds					
	Fire Protection District	Street Lighting District	Ambulance Districts	Sewer Districts	Water District	Total
REVENUES						
Real property taxes	\$ 1,572,553	\$ 3,295,166	\$ 2,578,468	\$ 4,722,880	\$ 2,412,031	\$14,581,098
Other real property tax items	13	3,268	167	2,161	22	5,631
Non-property tax items	-	-	-	144,701	-	144,701
Departmental income	-	-	-	1,740,064	1,999,742	3,739,806
Use of money and property	3,838	14,828	5,897	28,135	265,677	318,375
Sale of Property and Compensation for loss	-	18,759	87,318	19,851	11,400	137,328
Miscellaneous local sources	-	17,806	54,100	24,371	11,731	108,008
Federal aid	-	-	-	-	-	-
Total Revenues	<u>1,576,404</u>	<u>3,349,827</u>	<u>2,725,950</u>	<u>6,682,163</u>	<u>4,700,603</u>	<u>19,034,947</u>
EXPENDITURES						
Current:						
General government support	97,502	561,303	186,227	924,204	722,482	2,491,718
Public safety	1,478,158	-	-	-	-	1,478,158
Health	-	-	1,931,341	-	-	1,931,341
Transportation	-	2,519,387	-	-	-	2,519,387
Culture and recreation	-	-	-	-	-	-
Home and community services	-	-	-	3,735,712	3,072,628	6,808,340
Employee benefits	-	454,518	515,775	999,369	738,592	2,708,254
Total Expenditures	<u>1,575,660</u>	<u>3,535,208</u>	<u>2,633,343</u>	<u>5,659,285</u>	<u>4,533,702</u>	<u>17,937,198</u>
Excess (Deficiency) of Revenues Over Expenditures	744	(185,381)	92,607	1,022,878	166,901	1,097,749
Other Financing Sources (Uses)						
Transfers in	-	369	-	28,050	-	28,419
Transfers out	-	-	-	(175,000)	-	(175,000)
Transfers out (Debt Service)	-	(11,229)	-	(803,604)	(838,857)	(1,653,690)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(10,860)</u>	<u>-</u>	<u>(950,554)</u>	<u>(838,857)</u>	<u>(1,800,271)</u>
Net Change in Fund Balance	744	(196,241)	92,607	72,324	(671,956)	(702,522)
Fund Balances at Beginning of Year	<u>19,084</u>	<u>2,112,100</u>	<u>41,240</u>	<u>1,804,057</u>	<u>2,174,565</u>	<u>6,151,046</u>
Fund Balances at End of Year	<u>\$ 19,828</u>	<u>\$ 1,915,859</u>	<u>\$ 133,847</u>	<u>\$ 1,876,381</u>	<u>\$ 1,502,609</u>	<u>\$ 5,448,524</u>

TOWN OF HUNTINGTON
FIDUCIARY FUND
STATEMENT OF CHANGES IN AGENCY ASSETS AND LIABILITIES
Year ended December 31, 2016

	Balance January 1, 2016	Additions	Deductions	Balance December 31, 2016
ASSETS				
Town Agency Fund				
Cash	\$ 9,817,710	\$ 222,260,114	\$ 222,060,954	\$ 10,016,870
Other assets	1,766,681	184,206,951	184,518,541	1,455,091
Total Assets - Town Agency Fund	<u>11,584,391</u>	<u>406,467,065</u>	<u>406,579,495</u>	<u>11,471,961</u>
Town Receiver of Taxes Agency Fund				
Cash	229,789,493	1,622,527,967	1,628,320,429	223,997,031
Total Assets - Town Receiver of Taxes Agency Fund	<u>229,789,493</u>	<u>1,622,527,967</u>	<u>1,628,320,429</u>	<u>223,997,031</u>
Total Assets	<u>\$ 241,373,884</u>	<u>\$ 2,028,995,032</u>	<u>\$ 2,034,899,924</u>	<u>\$ 235,468,992</u>
LIABILITIES				
Town Agency Fund				
Other liabilities	\$ 11,586,406	\$ 837,225,667	\$ 837,334,165	\$ 11,477,908
Total Liabilities - Town Agency Fund	<u>11,586,406</u>	<u>837,225,667</u>	<u>837,334,165</u>	<u>11,477,908</u>
Town Receiver of Taxes Agency Fund				
Due to school districts	114,884,081	111,995,541	114,884,080	111,995,542
Due to other governments	114,903,397	993,807,881	996,715,736	111,995,542
Total Liabilities - Town Receiver Agency Fund	<u>229,787,478</u>	<u>1,105,803,422</u>	<u>1,111,599,816</u>	<u>223,991,084</u>
Total Liabilities	<u>\$ 241,373,884</u>	<u>\$ 1,943,029,089</u>	<u>\$ 1,948,933,981</u>	<u>\$ 235,468,992</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, 2016

	Budgetary Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 4,266,967	\$ 4,266,967	\$ 4,266,967	\$ -
Total Real Property Taxes	4,266,967	4,266,967	4,266,967	-
OTHER REAL PROPERTY TAXES				
Payment in lieu of taxes	36,000	36,000	7,191	(28,809)
Interest and penalties on taxes	1,000	1,000	37	(963)
Total Other Real Property Taxes	37,000	37,000	7,228	(29,772)
DEPARTMENTAL INCOME				
Building fees	4,600,000	4,600,000	4,628,986	28,986
Zoning board fees	138,000	138,000	148,917	10,917
Planning fees	300,000	300,000	308,227	8,227
Other fees	232,500	232,500	303,898	71,398
Total Departmental Income	5,270,500	5,270,500	5,390,028	119,528
USE OF MONEY AND PROPERTY				
Interest and earnings	23,000	23,000	19,555	(3,445)
Total Use of Money and Property	23,000	23,000	19,555	(3,445)
LICENSES AND PERMITS				
Building permits	790,000	790,000	815,757	25,757
Total Licenses and Permits	790,000	790,000	815,757	25,757
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Insurance recoveries	-	-	5,460	5,460
Total Sale of Property and Compensation for Loss	-	-	5,460	5,460
MISCELLANEOUS LOCAL SOURCES				
Miscellaneous revenue	260,000	260,000	238,856	(21,144)
Total Miscellaneous Local Sources	260,000	260,000	238,856	(21,144)
Total Revenues	\$ 10,647,467	\$ 10,647,467	\$ 10,743,851	\$ 96,384

(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, 2016

	Budgetary Amounts				Variance with
	Original	Final	Actual	Encumbrances	Final Budget
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT SUPPORT					
Government Support Administration	\$ 1,987,877	\$ 2,157,941	\$ 1,976,766		\$ 181,175
Insurance	31,447	31,447	26,911	-	4,536
Total General Government Support	2,019,324	2,189,388	2,003,677	-	185,711
PUBLIC SAFETY					
Traffic control	662,005	655,340	577,438	30,586	47,316
Safety inspection	1,772,617	1,802,457	1,789,069	343	13,045
Total Public Safety	2,434,622	2,457,797	2,366,507	30,929	60,361
HEALTH					
Registrar of vital statistics	139,486	134,623	130,540	-	4,083
Total Health	139,486	134,623	130,540	-	4,083
HOME AND COMMUNITY SERVICES					
Zoning	163,449	165,619	147,670	-	17,949
Planning	1,693,707	1,798,794	1,741,488	-	57,306
Joint planning board	128,949	128,451	125,465	-	2,986
Accessory Apartment	204,256	220,540	220,310	-	230
Conservation	16,199	15,199	12,847	-	2,352
Total Home and Community Services	2,206,560	2,328,603	2,247,780		80,823
EMPLOYEE BENEFITS					
State employee retirement system	1,091,375	900,340	900,340	-	-
Social security	26,500	26,500	15,924	-	10,576
Workers Compensation	120,000	147,300	147,300	-	-
Life insurance	10,000	10,000	7,806	-	2,194
Unemployment insurance	8,000	8,000	3,625	-	4,375
Disability benefits	20,000	20,000	7,907	-	12,093
Hospital, medical and dental	2,354,000	2,251,402	2,244,418	-	6,984
Other employee benefits	172,000	265,047	238,910	-	26,137
Total Employee Benefits	3,801,875	3,628,589	3,566,230	-	62,359
Total Expenditures	10,601,867	10,739,000	10,314,734	30,929	393,337
Excess (Deficiency) of Revenues					
Over Expenditures	45,600	(91,533)	429,117	(30,929)	489,721
Other Financing Uses					
Transfers out	-	-		-	-
Operating transfers in	-	-	-	-	-
Transfers out (Debt Service)	(189,600)	(189,600)	(182,943)	-	(6,657)
Total Other Financing Uses	(189,600)	(189,600)	(182,943)	-	(6,657)
Net Change in Fund Balance	\$ (144,000)	\$ (281,133)	246,174	\$ (30,929)	\$ 483,064
Fund Balance at Beginning of Year			963,709		
Fund Balance at End of Year			\$ 1,209,883		

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, 2016

	Budgetary Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 186,500	\$ 186,500	\$ 186,500	\$ -
Total Real Property Taxes	186,500	186,500	186,500	-
OTHER REAL PROPERTY TAX ITEMS				
Interest and penalties on taxes	5	5	2	(3)
Total Other Real Property Tax Items	5	5	2	(3)
Total Revenues	186,505	186,505	186,502	(3)
EXPENDITURES				
CURRENT:				
HOME AND COMMUNITY SERVICES				
Contractual expenditures	186,505	186,505	186,502	3
Total Home and Community Services	186,505	186,505	186,502	3
Total Expenditures	186,505	186,505	186,502	3
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance at Beginning of Year			-	
Fund Balance at End of Year			<u>\$ -</u>	

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FIRE PROTECTION DISTRICT FUND
For the Year ended December 31, 2016

	Budgetary Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 1,572,553	\$ 1,572,553	\$ 1,572,553	\$ -
Total Real Property Taxes	1,572,553	1,572,553	1,572,553	-
OTHER REAL PROPERTY TAX ITEMS				
Interest and penalties on taxes	-	-	13	13
Total Other Real Property Tax Items	-	-	13	13
USE OF MONEY AND PROPERTY				
Interest and earnings	5,000	5,000	3,838	(1,162)
Total Use of Money and Property	5,000	5,000	3,838	(1,162)
Total Revenues	1,577,553	1,577,553	1,576,404	(1,149)
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT SUPPORT				
Other government support	97,502	97,502	97,502	-
Total General Government Support	97,502	97,502	97,502	-
PUBLIC SAFETY				
Fire protection	1,480,051	1,480,051	1,478,158	1,893
Total Public Safety	1,480,051	1,480,051	1,478,158	1,893
Total Expenditures	1,577,553	1,577,553	1,575,660	1,893
Net Change in Fund Balance	\$ -	\$ -	744	\$ 744
Fund Balance at Beginning of Year			19,084	
Fund Balance at End of Year			\$ 19,828	

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, 2016

	Budgetary Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 3,295,166	\$ 3,295,166	\$ 3,295,166	\$ -
Total Real Property Taxes	3,295,166	3,295,166	3,295,166	-
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	7,700	7,700	3,239	(4,461)
Interest and penalties on taxes	-	-	29	29
Total Other Real Property Tax Items	7,700	7,700	3,268	(4,432)
USE OF MONEY AND PROPERTY				
Interest and earnings	22,500	22,500	14,828	(7,672)
Total Use of Money and Property	22,500	22,500	14,828	(7,672)
SALE OF PROPERTY/COMPENSATION FOR LOSS				
Insurance Recoveries	-	-	18,759	18,759
Total Sale of Property/Compensation for Loss	-	-	18,759	18,759
MISCELLANEOUS LOCAL SOURCES				
Miscellaneous	15,000	15,000	17,806	2,806
Total Miscellaneous Local Sources	15,000	15,000	17,806	2,806
Total Revenues	\$ 3,340,366	\$ 3,340,366	\$ 3,349,827	\$ 9,461

(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, 2016

	Budgetary Amounts				Variance with
	Original	Final	Actual	Encumbrances	Final Budget
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT SUPPORT					
Insurance	\$ 12,287	\$ 12,287	\$ 10,516	\$ -	\$ 1,771
Other government support	551,867	551,867	550,787	-	1,080
Total General Government Support	564,154	564,154	561,303		2,851
TRANSPORTATION					
Lighting	2,972,861	2,983,490	2,519,387	36,461	427,642
Total Transportation	2,972,861	2,983,490	2,519,387	36,461	427,642
EMPLOYEE BENEFITS					
State employee retirement system	148,301	148,301	133,156	-	15,145
Social security	7,250	7,250	119	-	7,131
Workers Compensation	10,000	38,832	38,832	-	-
Life insurance	300	300	55	-	245
Unemployment insurance	5,000	5,000	-	-	5,000
Disability insurance	1,000	1,000	83	-	917
Hospital, medical and dental	292,200	308,821	265,500	-	43,321
Union welfare benefits	11,000	11,000	9,240	-	1,760
Other employee benefits	67,000	67,980	7,533	-	60,447
Total Employee Benefits	542,051	588,484	454,518	-	133,966
Total Expenditures	4,079,066	4,136,128	3,535,208	36,461	564,459
Excess (Deficiency) of Revenues					
Over Expenditures	(738,700)	(795,762)	(185,381)	(36,461)	573,920
Other Financing Uses					
Transfers in	-	369	369	-	-
Transfers out (Debt Service)	(11,300)	(11,300)	(11,229)	-	(71)
Total Other Financing (Uses)	(11,300)	(10,931)	(10,860)	-	(71)
Net Change in Fund Balance	\$ (750,000)	\$ (806,693)	(196,241)	\$ (36,461)	\$ 573,849
Fund Balance at Beginning of Year			2,112,100		
Fund Balance at End of Year			\$ 1,915,859		

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
AMBULANCE DISTRICTS FUND
For the Year ended December 31, 2016

	Budgetary Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 2,578,468	\$ 2,578,468	\$ 2,578,468	\$ -
Total Real Property Taxes	2,578,468	2,578,468	2,578,468	-
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	2,100	2,100	144	(1,956)
Interest and penalties on taxes	100	100	23	(77)
Total Other Real Property Tax Items	2,200	2,200	167	(2,033)
USE OF MONEY AND PROPERTY				
Interest and earnings	7,600	7,600	5,897	(1,703)
Total Use of Money and Property	7,600	7,600	5,897	(1,703)
SALE OF PROPERTY/COMPENSATION FOR LOSS				
Insurance Recoveries	-	9,638	87,318	77,680
Total Sale of Property/Compensation for Loss	-	9,638	87,318	77,680
MISCELLANEOUS LOCAL SOURCES				
Miscellaneous	46,300	46,300	54,100	7,800
Total Miscellaneous Local Sources	46,300	46,300	54,100	7,800
Total Revenues	2,634,568	2,644,206	2,725,950	81,744
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT SUPPORT				
Other government support	186,227	186,227	186,227	-
Total General Government Support	186,227	186,227	186,227	-
HEALTH				
Ambulance	1,926,341	1,931,341	1,931,341	-
Total Health	1,926,341	1,931,341	1,931,341	-
EMPLOYEE BENEFITS				
State employee retirement system	522,000	531,638	515,775	15,863
Total Employee Benefits	522,000	531,638	515,775	15,863
Total Expenditures	2,634,568	2,649,206	2,633,343	15,863
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (5,000)</u>	92,607	<u>\$ 97,607</u>
Fund Balance at Beginning of Year			41,240	
Fund Balance at End of Year			<u>\$ 133,847</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, 2016

	Budgetary Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 4,722,880	\$ 4,722,880	\$ 4,722,880	\$ -
Total Real Property Taxes	4,722,880	4,722,880	4,722,880	-
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	30,500	30,500	2,120	(28,380)
Interest and penalties on taxes	500	500	41	(459)
Total Other Real Property Tax Items	31,000	31,000	2,161	(28,839)
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	1,387,970	1,407,075	1,740,064	332,989
Total Departmental Income	1,387,970	1,407,075	1,740,064	332,989
USE OF MONEY AND PROPERTY				
Interest and earnings	19,000	19,000	28,135	9,135
Total Use of Money and Property	19,000	19,000	28,135	9,135
SALE OF PROPERTY/COMPENSATION FOR LOSS				
Insurance Recoveries	-	-	19,851	19,851
Total Sale of Property/Compensation for Loss	-	-	19,851	19,851
MISCELLANEOUS LOCAL SOURCES				
Miscellaneous	21,000	21,000	24,371	3,371
Total Miscellaneous Local Sources	21,000	21,000	24,371	3,371
Total Revenues	\$ 6,326,551	\$ 6,345,656	\$ 6,682,163	\$ 336,507

(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, 2016

	Budgetary Amounts				Variance with
	Original	Final	Actual	Encumbrances	Final Budget
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT SUPPORT					
Insurance	\$ 20,865	\$ 20,721	\$ 17,853	\$ -	\$ 2,868
Other government support	923,033	945,588	906,351	-	39,237
Total General Government Support	943,898	966,309	924,204	-	42,105
HOME AND COMMUNITY SERVICES					
Sewer	3,601,894	3,844,556	3,735,712	10,775	98,069
Total Home and Community Services	3,601,894	3,844,556	3,735,712	10,775	98,069
EMPLOYEE BENEFITS					
State employee retirement system	343,769	271,608	265,497	-	6,111
Social security	10,445	10,445	1,890	-	8,555
Workers Compensation	80,000	66,429	16,565	-	49,864
Life insurance	1,000	1,000	-	-	1,000
Unemployment insurance	8,000	3,250	-	-	3,250
Disability benefits	750	750	-	-	750
Hospital, medical and dental	691,000	696,465	658,216	-	38,249
Union welfare benefits	30,000	30,000	25,190	-	4,810
Other employee benefits	75,000	83,205	32,011	-	51,194
Total Employee Benefits	1,239,964	1,163,152	999,369	-	163,783
Total Current	5,785,756	5,974,017	5,659,285	10,775	303,957
Total Expenditures	5,785,756	5,974,017	5,659,285	10,775	303,957
Excess (Deficiency) of Revenues					
Over Expenditures	540,795	371,639	1,022,878	(10,775)	640,464
Other Financing Sources (Uses)					
Transfers in	-	28,050	28,050	-	-
Transfers out	-	(175,000)	(175,000)	-	-
Transfers out (Debt Service)	(809,900)	(809,900)	(803,604)	-	6,296
Total Other Financing Sources (Uses)	(809,900)	(956,850)	(950,554)	-	6,296
Net Change in Fund Balance	<u>\$ (269,105)</u>	<u>\$ (585,211)</u>	72,324	<u>\$ (10,775)</u>	<u>\$ 646,760</u>
Fund Balance at Beginning of Year			<u>1,804,057</u>		
Fund Balance at End of Year			<u>\$ 1,876,381</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, 2016

	Budgetary Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 2,412,031	\$ 2,412,031	\$ 2,412,031	\$ -
Total Real Property Taxes	2,412,031	2,412,031	2,412,031	-
OTHER REAL PROPERTY TAX ITEMS				
Interest and penalties on taxes	-	-	22	22
Total Other Real Property Tax Items	-	-	22	22
DEPARTMENTAL INCOME				
Metered water sales	1,925,250	1,925,250	1,893,263	(31,987)
Water rental arrears	100,000	100,000	106,479	6,479
Total Departmental Income	2,025,250	2,025,250	1,999,742	(25,508)
USE OF MONEY AND PROPERTY				
Interest and earnings	13,561	13,561	14,733	1,172
Tower rental	255,825	255,825	250,944	(4,881)
Total Use of Money and Property	269,386	269,386	265,677	(3,709)
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Insurance recoveries	-	-	11,400	11,400
Total Sale of Property and Compensation for Loss	-	-	11,400	11,400
MISCELLANEOUS LOCAL SOURCES				
Miscellaneous	10,000	10,000	11,731	1,731
Total Miscellaneous Local Sources	10,000	10,000	11,731	1,731
Total Revenues	\$ 4,716,667	\$ 4,716,667	\$ 4,700,603	\$ (16,064)

(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, 2016

	Budgetary Amounts				Variance with
	Original	Final	Actual	Encumbrances	Final Budget
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT SUPPORT					
Insurance	\$ 16,402	\$ 16,402	\$ 14,037	\$ -	\$ 2,365
Other government support	709,778	732,294	708,445	-	23,849
Total General Government Support	726,180	748,696	722,482	-	26,214
HOME AND COMMUNITY SERVICES					
Water	3,111,512	3,253,023	3,072,628	24,487	155,908
Total Home and Community Services	3,111,512	3,253,023	3,072,628	24,487	155,908
EMPLOYEE BENEFITS					
State employee retirement system	212,975	212,975	184,718	-	28,257
Social security	12,000	12,000	5,429	-	6,571
Workers' Compensation	60,000	60,000	45,062	-	14,938
Life insurance	300	300	197	-	103
Unemployment benefits	5,000	5,000	-	-	5,000
Disability benefits	500	500	83	-	417
Hospital, medical and dental	447,200	445,703	414,404	-	31,299
Union welfare benefits	17,000	17,000	13,530	-	3,470
Other employee benefits	146,000	146,000	75,169	-	70,831
Total Employee Benefits	900,975	899,478	738,592	-	160,886
Total Expenditures	4,738,667	4,901,197	4,533,702	24,487	343,008
Excess (Deficiency) of Revenues					
Over Expenditures	(22,000)	(184,530)	166,901	(24,487)	326,944
Other Financing Sources (Uses)					
Transfers out (Debt Service)	(841,000)	(841,000)	(838,857)	-	2,143
Total Other Financing Sources (Uses)	(841,000)	(841,000)	(838,857)	-	2,143
Net Change in Fund Balance	\$ (863,000)	\$ (1,025,530)	(671,956)	\$ (24,487)	\$ 329,087
Fund Balance at Beginning of Year			2,174,565		
Fund Balance at End of Year			\$ 1,502,609		

TOWN OF HUNTINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
Year ended December 31, 2016

	Budgetary Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
EXPENDITURES				
DEBT SERVICE				
Principal	\$ -	\$ 10,610,913	\$ 10,610,913	\$ -
Interest	-	2,664,925	2,664,925	-
Total Debt Service	-	13,275,838	13,275,838	-
Total Expenditures	-	13,275,838	13,275,838	-
Deficiency of Revenues Over Expenditures	-	(13,275,838)	(13,275,838)	-
Other Financing Sources				
Transfers In	-	13,275,838	13,275,838	-
Total Other Financing Sources	-	13,275,838	13,275,838	-
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, 2016

	South Huntington Water District	Greenlawn Water District	Totals
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 7,798,127	\$ 2,724,390	\$ 10,522,517
Cash Restricted	4,063,434	2,257,982	6,321,416
Accounts receivable, net	1,099,332	1,048,795	2,148,127
Due from federal, state and other governments	65,819	-	65,819
Inventory of materials and supplies	157,980	195,764	353,744
Prepays	84,819	111,688	196,507
Total Current Assets	<u>13,269,511</u>	<u>6,338,619</u>	<u>19,608,130</u>
Non-Current Assets			
Non-depreciable capital assets	5,259,968	1,420,152	6,680,120
Depreciable capital assets, net of depreciation	<u>38,241,946</u>	<u>18,199,018</u>	<u>56,440,964</u>
Total Non-Current Assets	<u>43,501,914</u>	<u>19,619,170</u>	<u>63,121,084</u>
Deferred Outflow of Resources			
Deferred charges, net of accumulated amortization	92,529	-	92,529
Pensions	809,697	856,135	1,665,832
Total Deferred Outflow of Resources	<u>902,226</u>	<u>856,135</u>	<u>1,758,361</u>
Total Assets	<u>57,673,651</u>	<u>26,813,924</u>	<u>84,487,575</u>
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable and other current liabilities	730,509	722,176	1,452,685
Accrued liabilities	282,222	49,021	331,243
Accrued interest payable	-	-	-
Non-current liabilities due within one year	<u>2,276,220</u>	<u>585,829</u>	<u>2,862,049</u>
Total Current Liabilities	<u>3,288,951</u>	<u>1,357,026</u>	<u>4,645,977</u>
Non-Current Liabilities			
Due in more than one year	<u>20,926,291</u>	<u>8,076,040</u>	<u>29,002,331</u>
Total Non-Current Liabilities	<u>20,926,291</u>	<u>8,076,040</u>	<u>29,002,331</u>
Total Liabilities	<u>24,215,242</u>	<u>9,433,066</u>	<u>33,648,308</u>
Deferred Inflow of Resources			
Pensions	85,549	102,413	187,962
Total Deferred inflow of Resources	<u>85,549</u>	<u>102,413</u>	<u>187,962</u>
NET POSITION			
Investment in capital assets, net of related debt	27,692,439	14,648,701	42,341,140
Restricted for:			
Capital Projects	4,063,434	2,157,022	6,220,456
Employee benefit accrued liability	-	100,960	100,960
Unrestricted	<u>1,616,987</u>	<u>371,762</u>	<u>1,988,749</u>
Total Net Position	<u>33,372,860</u>	<u>17,278,445</u>	<u>50,651,305</u>
Total Liabilities and Net Position	<u>\$ 57,673,651</u>	<u>\$ 26,813,924</u>	<u>\$ 84,487,575</u>

TOWN OF HUNTINGTON
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the Year ended December 31, 2016

	South Huntington Water District	Greenlawn Water District	Totals
REVENUES			
Charges for services	\$ 4,367,110	\$ 2,640,737	\$ 7,007,847
Real property taxes	3,958,752	2,352,885	6,311,637
Interest and investment income	463,422	533,839	997,261
Miscellaneous	603,365	74,601	677,966
	<hr/>	<hr/>	<hr/>
Total Revenues	9,392,649	5,602,062	14,994,711
	<hr/>	<hr/>	<hr/>
EXPENSES			
Current:			
Home and community services	8,469,597	5,852,202	14,321,799
	<hr/>	<hr/>	<hr/>
Total Expenditures	8,469,597	5,852,202	14,321,799
	<hr/>	<hr/>	<hr/>
Changes in Net Position	923,052	(250,140)	672,912
	<hr/>	<hr/>	<hr/>
Net Position at Beginning of Year (as restated)	32,449,808	17,528,585	49,978,393
	<hr/>	<hr/>	<hr/>
Net Position at End of Year	<u>\$ 33,372,860</u>	<u>\$ 17,278,445</u>	<u>\$ 50,651,305</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.

Page

Financial Trends

These schedules contain information to help the reader understand how the government's financial performance and well-being have changed over time.

126-133

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

134-139

Debt Capacity

These schedules present information to help the reader assess the Affordability of the government's current level s of outstanding debt and the government's ability to issue additional debt in the future.

140-143

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the Reader understand the environment within which the government's Financial activities take place.

144-145

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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

Year Ended December 31,	2016	2015	2014	2013
Primary government				
Governmental activities				
Net investment in capital assets	\$ 260,114,664	\$ 259,128,388	\$ 254,011,721	\$ 259,663,495
Restricted	16,587,022	18,576,649	20,407,556	22,649,980
Unrestricted	<u>(80,941,563)</u>	<u>(71,915,560)</u>	<u>(64,637,706)</u>	<u>(51,961,730)</u>
Total primary governmental net position	<u>\$ 195,760,123</u>	<u>\$ 205,789,477</u>	<u>\$ 209,781,571</u>	<u>\$ 230,351,745</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

2012	2011	2010	2009	2008	2007
\$ 245,737,404	\$ 245,685,682	\$ 242,979,302	\$ 223,896,536	\$ 206,681,526	\$ 196,497,063
15,237,323	16,229,038	22,238,564	31,253,835	28,468,496	35,100,108
<u>(26,378,032)</u>	<u>(22,650,385)</u>	<u>(18,948,323)</u>	<u>(11,169,761)</u>	<u>13,048,556</u>	<u>18,812,542</u>
<u>\$ 234,596,695</u>	<u>\$ 239,264,335</u>	<u>\$ 246,269,543</u>	<u>\$ 243,980,610</u>	<u>\$ 248,198,578</u>	<u>\$ 250,409,713</u>

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

Year Ended December 31,	2016	2015	2014
Expenses			
Governmental activities:			
General government support	\$44,950,816	\$40,273,049	\$41,719,964
Public safety	15,420,172	13,902,197	14,465,259
Health	2,958,022	3,366,426	3,526,646
Transportation	45,629,853	47,669,222	52,657,107
Economic assistance and opportunity	3,565,307	3,188,292	3,395,864
Culture and recreation	19,208,972	18,496,883	21,483,238
Home and community service	54,307,903	50,030,197	50,666,829
Interest on long-term debt	2,700,334	2,833,326	2,983,178
Total governmental activities expenses	<u>188,741,379</u>	<u>179,759,592</u>	<u>190,898,085</u>
Total primary government expenses	<u>\$ 188,741,379</u>	<u>\$ 179,759,592</u>	<u>\$ 190,898,085</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government support	\$5,948,409	\$ 5,692,858	\$ 4,926,059
Public safety	2,563,607	2,324,327	2,012,936
Health	232,950	227,660	219,720
Transportation	1,337,183	1,098,912	738,867
Economic assistance and opportunity	383,472	312,380	335,082
Culture and recreation	7,472,694	7,167,157	8,064,953
Home and community service	19,081,789	19,292,953	17,963,084
Operating grants and contributions	5,298,821	6,682,848	5,923,624
Capital grants and contributions	457,168	2,994,958	1,680,112
Total governmental activities program revenues	<u>42,776,093</u>	<u>45,794,053</u>	<u>41,864,437</u>
Total primary government program revenues	<u>\$ 42,776,093</u>	<u>\$ 45,794,053</u>	<u>\$ 41,864,437</u>
Net (Expense)/Revenue			
Governmental activities	<u>\$ (145,965,286)</u>	<u>\$ (133,965,539)</u>	<u>\$ (149,033,648)</u>
Total primary government net expense	<u>\$ (145,965,286)</u>	<u>\$ (133,965,539)</u>	<u>\$ (149,033,648)</u>
General Revenues and Other Changes in Net Assets			
Governmental Activities			
Real property taxes	\$114,486,165	\$112,993,330	\$ 109,929,165
Mortgage tax	8,695,368	7,896,508	6,423,492
Refunded Debt	-	-	-
Other taxes	5,298,960	5,032,462	4,822,112
Unrestricted grants and contributions	-	(72,710)	-
Interest earnings	1,738,647	1,557,627	1,351,384
State aid-unrestricted	1,067,256	1,067,256	1,067,256
Special Item	-	-	(19,781)
Miscellaneous	4,649,536	3,814,070	3,628,523
Total governmental activities	<u>135,935,932</u>	<u>132,288,543</u>	<u>127,202,151</u>
Total primary government	<u>\$ 135,935,932</u>	<u>\$ 132,288,543</u>	<u>\$ 127,202,151</u>
Change in Net Position			
Governmental Activities	<u>\$ (10,029,354)</u>	<u>\$ (1,676,996)</u>	<u>\$ (21,831,497)</u>
Total primary government	<u>\$ (10,029,354)</u>	<u>\$ (1,676,996)</u>	<u>\$ (21,831,497)</u>

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

2013	2012	2011	2010	2009	2008	2007
\$ 38,235,587	\$ 41,391,051	\$ 39,036,309	\$ 39,790,531	\$ 38,857,392	\$ 38,494,761	\$ 37,510,058
13,568,077	13,800,053	12,123,722	11,476,179	11,038,050	11,066,396	10,827,569
3,440,004	3,302,681	3,052,675	3,222,943	3,148,777	3,003,556	2,957,496
50,671,798	59,810,512	50,963,397	42,082,298	39,357,751	38,092,747	35,401,854
3,288,214	3,394,231	3,335,597	3,319,996	2,977,427	2,850,847	2,720,148
23,333,531	20,374,655	18,824,298	18,219,053	18,292,698	18,226,501	16,454,187
52,238,856	40,672,616	46,382,915	52,609,247	53,781,830	49,874,168	55,433,797
2,683,833	3,193,082	3,903,598	4,025,756	3,717,197	3,900,344	3,795,661
<u>187,459,900</u>	<u>185,938,882</u>	<u>177,622,512</u>	<u>174,746,002</u>	<u>171,171,122</u>	<u>165,509,320</u>	<u>165,100,770</u>
<u>\$ 187,459,900</u>	<u>\$ 185,938,882</u>	<u>\$ 177,622,512</u>	<u>\$ 174,746,002</u>	<u>\$ 171,171,122</u>	<u>\$ 165,509,320</u>	<u>\$ 165,100,770</u>
\$ 4,815,610	\$ 4,428,836	\$ 8,177,246	\$ 5,149,354	\$ 4,313,478	\$ 4,390,671	\$ 4,460,228
1,803,881	1,317,625	1,230,831	1,148,705	1,169,492	1,121,825	1,251,949
219,180	208,700	210,970	203,810	193,270	203,200	219,040
601,018	462,488	736,177	500,861	690,742	490,646	361,563
304,172	309,956	276,643	259,887	276,579	329,830	304,113
8,124,066	8,205,323	7,620,757	7,222,427	7,202,512	7,105,367	7,107,158
18,085,563	14,700,673	18,212,053	18,518,355	19,722,791	19,793,208	18,979,836
16,123,065	21,469,143	8,869,297	6,159,015	4,427,799	5,355,625	4,797,541
3,102,784	1,407,987	8,009,856	8,076,450	3,121,355	337,856	8,949,883
<u>53,179,339</u>	<u>52,510,731</u>	<u>53,343,830</u>	<u>47,238,864</u>	<u>41,118,018</u>	<u>39,128,228</u>	<u>46,431,311</u>
<u>\$ 53,179,339</u>	<u>\$ 52,510,731</u>	<u>\$ 53,343,830</u>	<u>\$ 47,238,864</u>	<u>\$ 41,118,018</u>	<u>\$ 39,128,228</u>	<u>\$ 46,431,311</u>
<u>\$ (134,280,561)</u>	<u>\$ (133,428,151)</u>	<u>\$ (124,278,682)</u>	<u>\$ (127,507,138)</u>	<u>\$ (130,053,104)</u>	<u>\$ (126,381,092)</u>	<u>\$ (118,669,459)</u>
<u>\$ (134,280,561)</u>	<u>\$ (133,428,151)</u>	<u>\$ (124,278,682)</u>	<u>\$ (127,507,138)</u>	<u>\$ (130,053,104)</u>	<u>\$ (126,381,092)</u>	<u>\$ (118,669,459)</u>
\$ 109,889,320	\$ 113,181,079	\$ 107,674,455	\$ 108,462,698	\$ 108,148,199	\$ 104,553,579	\$ 104,268,372
7,988,336	6,742,019	6,678,915	6,948,509	310,923	8,440,815	15,242,969
-	-	-	99,571	8,493,498	-	-
4,513,225	390,204	484,626	442,311	12,975	462,913	508,273
-	-	9,176	26,126	2,462,846	35,815	36,869
1,390,584	2,014,266	949,519	1,464,479	1,159,105	4,790,462	7,741,662
1,067,256	1,067,256	1,067,256	1,089,037	5,089,592	1,201,356	1,247,213
-	3,948,106	-	(979,724)	-	-	-
6,163,186	-	5,705,282	6,474,156	-	4,843,015	4,887,977
<u>131,011,907</u>	<u>127,342,930</u>	<u>122,569,229</u>	<u>124,027,163</u>	<u>125,677,138</u>	<u>124,327,955</u>	<u>133,933,335</u>
<u>\$ 131,011,907</u>	<u>\$ 127,342,930</u>	<u>\$ 122,569,229</u>	<u>\$ 124,027,163</u>	<u>\$ 125,677,138</u>	<u>\$ 124,327,955</u>	<u>\$ 133,933,335</u>
\$ (3,268,654)	\$ (6,085,221)	\$ (1,709,453)	\$ (3,479,975)	\$ (4,375,966)	\$ (2,053,137)	\$ 15,263,876
<u>\$ (3,268,654)</u>	<u>\$ (6,085,221)</u>	<u>\$ (1,709,453)</u>	<u>\$ (3,479,975)</u>	<u>\$ (4,375,966)</u>	<u>\$ (2,053,137)</u>	<u>\$ 15,263,876</u>

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

<u>Year Ended December 31,</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund				
Nonspendable	\$ 1,298,983	\$ 1,145,091	\$ 1,065,926	\$ 1,037,161
Restricted	14,146,148	15,941,518	16,722,415	18,464,541
Assigned	1,108,339	1,107,420	1,389,557	1,696,483
Unassigned	8,773,094	5,572,413	4,756,176	7,148,985
Total General Fund	<u>\$ 25,326,564</u>	<u>\$ 23,766,442</u>	<u>\$ 23,934,074</u>	<u>\$ 28,347,170</u>
 All other governmental funds				
Nonspendable	\$ 944,370	\$ 836,989	\$ 826,253	\$ 805,303
Restricted	2,440,874	2,635,131	3,685,141	4,990,742
Assigned	31,535,017	26,857,735	30,411,502	35,977,907
Unassigned, reported in:				
Special Revenue Funds	(1,083,201)	(922,289)	(947,800)	-
Total all other governmental funds	<u>\$ 33,837,060</u>	<u>\$ 29,407,566</u>	<u>\$ 33,975,096</u>	<u>\$ 41,773,952</u>

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

2012	2011	2010	2009	2008	2007
\$ 1,038,259	\$ 970,613	\$ 793,306	\$ 742,453	\$ 1,098,045	\$ 1,330,362
23,756,924	20,461,112	19,616,680	22,171,472	33,125,337	37,551,655
2,640,211	3,018,000	5,237,708	7,453,051	7,378,874	6,169,078
11,435,795	11,221,787	7,663,441	9,361,915	10,671,160	10,400,159
<u>\$ 38,871,189</u>	<u>\$ 35,671,512</u>	<u>\$ 33,311,135</u>	<u>\$ 39,728,891</u>	<u>\$ 52,273,416</u>	<u>\$ 55,451,254</u>
\$ 464,581	\$ 746,844	\$ 672,765	\$ 649,493	\$ 455,616	\$ 493,503
12,617,074	18,362,285	18,266,637	10,940,268	8,003,520	10,695,033
16,913,749	17,170,751	24,344,963	41,493,165	43,780,247	46,906,855
-	-	-	-	-	-
<u>\$ 29,995,404</u>	<u>\$ 36,279,880</u>	<u>\$ 43,284,365</u>	<u>\$ 53,082,926</u>	<u>\$ 52,239,383</u>	<u>\$ 58,095,391</u>

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

Year Ended December 31,	2016	2015	2014	2013
Revenues				
Real property taxes	\$ 114,486,165	\$ 112,993,330	\$ 109,929,165	\$ 109,889,320
Other real property tax items	438,480	479,802	451,627	412,497
Non-property taxes	4,860,480	4,552,660	4,370,485	4,100,728
Departmental income	41,421,297	40,601,800	38,859,896	38,686,154
Intergovernmental charges	154,677	168,872	205,545	143,594
Use of money and property	1,738,647	1,557,627	1,351,384	1,390,584
License and permits	2,155,291	2,132,672	1,910,407	1,918,531
Fines and forfeitures	1,160,476	1,136,862	1,101,734	1,135,462
Sale of property and compensation for loss	1,418,185	1,006,267	1,065,514	1,364,545
Miscellaneous and local sources	3,250,372	2,807,805	2,563,009	4,774,920
Interfund revenues	4,469,548	4,150,647	4,138,963	4,051,494
State aid	13,728,025	13,472,502	11,452,087	12,423,562
Federal aid	1,808,501	4,649,441	3,674,689	14,933,074
Total Revenues	191,090,144	189,710,287	181,074,505	195,224,465
Expenditures				
Current:				
General government support	31,215,315	30,883,557	30,649,115	29,590,411
Public safety	8,881,996	8,802,980	8,614,910	8,080,611
Health	2,860,544	3,246,213	3,363,719	3,281,771
Transportation	26,333,036	30,872,783	29,286,713	32,264,244
Economic assistance and opportunity	2,206,822	2,132,736	2,101,653	2,071,285
Culture and recreation	12,436,746	12,795,662	14,057,894	14,048,065
Home and community service	50,998,414	50,679,893	50,325,062	49,571,193
Employee benefits	35,274,274	36,572,602	33,842,793	36,012,603
Capital outlay	14,030,043	13,983,820	16,534,234	21,583,565
Debt Service:				
Principal	11,110,913	10,881,634	11,007,429	10,704,821
Interest	2,677,425	3,178,569	3,049,258	3,171,256
Total Expenditures	198,025,528	204,030,449	202,832,780	210,379,825
Excess of revenues over (under) expenditures	(6,935,384)	(14,320,162)	(21,758,275)	(15,155,360)
Other financing sources (uses)				
Amortization of retirement system contribution	-	-	-	-
Bonds issued	12,925,000	9,585,000	8,285,000	7,430,000
Capital leases	-	-	-	-
Transfers in	17,367,855	18,213,138	17,877,295	26,283,066
Transfers out	(17,367,855)	(18,213,138)	(17,877,295)	(26,283,066)
Refunding bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Total other financing sources (uses)	12,925,000	9,585,000	8,285,000	7,430,000
Net change in fund balances	\$ 5,989,616	\$ (4,735,162)	\$ (13,473,275)	\$ (7,725,360)
Debt service as a percentage of noncapital expenditures	7.49%	7.40%	7.55%	7.35%

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*.

	2012	2011	2010	2009	2008	2007
\$	109,054,601	\$ 107,552,908	\$ 108,375,068	\$ 108,050,206	\$ 104,482,088	\$ 104,268,372
	360,204	334,396	362,430	302,597	342,356	363,569
	3,962,886	3,885,051	3,732,931	3,418,102	3,219,166	2,977,294
	34,801,298	35,902,822	36,371,423	37,091,352	37,932,147	37,550,785
	232,158	235,671	212,017	230,523	198,017	182,185
	2,014,267	1,854,711	2,208,584	3,187,399	5,457,339	8,387,194
	1,594,776	1,754,907	1,550,543	1,588,318	1,412,228	1,447,023
	760,548	646,834	655,849	748,601	676,093	755,113
	840,836	4,708,647	2,359,773	1,616,146	1,747,098	1,761,072
	2,291,436	1,888,592	2,379,497	2,418,825	1,235,762	1,003,358
	4,279,359	5,657,187	5,609,839	5,531,969	5,573,344	5,826,953
	13,441,235	14,505,595	12,032,056	13,371,366	13,277,833	29,785,313
	17,246,580	10,017,200	8,819,217	1,394,175	2,763,613	2,124,246
	190,880,184	188,944,521	184,669,227	178,949,579	178,317,084	196,432,477
	30,090,454	30,374,952	31,541,339	31,324,727	30,989,879	30,845,576
	8,034,402	7,385,006	7,685,737	7,458,446	7,066,827	7,091,650
	3,136,480	3,086,042	3,097,626	3,043,546	2,890,720	2,829,372
	38,949,298	28,737,380	25,945,124	26,380,638	24,702,035	23,725,720
	2,112,812	2,043,773	2,127,168	2,108,791	2,071,199	1,902,587
	13,850,124	13,644,237	13,424,653	13,312,110	12,574,292	12,717,401
	41,707,028	47,267,179	52,114,208	53,747,108	55,486,780	54,935,602
	34,421,468	30,302,386	28,084,741	24,303,462	24,581,780	23,398,787
	10,814,930	22,550,436	33,582,051	25,462,611	23,117,859	22,138,606
	10,654,320	11,049,744	10,707,885	11,292,923	10,962,502	10,434,124
	3,264,926	3,666,929	3,750,762	3,965,197	3,964,601	3,848,293
	197,036,242	200,108,064	212,061,294	202,399,559	198,408,474	193,867,718
	(6,156,058)	(11,163,543)	(27,392,067)	(23,449,980)	(20,091,390)	2,564,759
	3,905,184	-	-	-	-	-
	7,600,000	6,380,000	11,160,000	11,443,000	10,900,000	14,565,000
	18,987	139,431	15,752	313,082	157,544	46,282
	14,841,544	17,660,108	20,443,890	28,859,469	20,050,066	24,072,181
	(14,841,544)	(17,660,108)	(20,443,890)	(28,859,469)	(20,050,066)	(24,072,181)
	15,481,635	-	-	-	-	-
	(15,481,635)	-	-	-	-	-
	11,524,171	6,519,431	11,175,752	11,756,082	11,057,544	14,611,282
\$	5,368,113	\$ (4,644,112)	\$ (16,216,315)	\$ (11,693,898)	\$ (9,033,846)	\$ 17,176,041
	7.47%	8.29%	8.10%	8.62%	8.52%	8.32%

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
2016	\$ 253,364,853	\$ 41,435,946	\$ 2,345,781	\$ 71,452,714	\$ 43,391,168
2015	253,773,579	41,962,696	2,373,696	71,265,542	43,618,401
2014	255,652,884	42,396,208	2,340,531	71,359,816	44,543,941
2013	257,584,341	42,433,561	2,517,806	71,492,560	45,303,795
2012	259,638,035	43,874,382	2,211,427	71,437,375	45,495,271
2011	261,810,983	45,198,563	2,204,842	71,544,679	46,445,869
2010	263,770,555	46,357,047	2,387,307	71,183,911	46,975,939
2009	265,575,827	46,286,235	2,354,454	71,118,730	47,455,305
2008	266,664,631	46,281,700	2,354,454	71,118,730	47,455,305
2007	266,185,449	46,901,830	2,825,488	70,878,314	48,261,051

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
\$ 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	25.18	0.88%	\$ 37,990,136,136	1.00%
336,722,881	25.18	0.82%	\$ 41,063,765,976	0.93%
337,879,941	25.18	0.76%	\$ 44,457,886,974	0.87%
338,964,210	25.18	0.77%	\$ 44,021,325,974	0.88%
338,530,030	23.84	0.80%	\$ 42,316,253,750	0.91%

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

Town Direct Rates					
Years Ended December 31,	Full Valuation	State Equalization Rate	Total Taxable Assessed Value	Tax Levy For Town	Total Town Direct Tax Rate ¹
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	25.18
2009	44,457,886,973	0.76%	337,879,941	108,186,064	25.18
2008	44,021,325,974	0.77%	338,964,210	104,582,829	25.18
2007	42,316,253,750	0.80%	338,530,030	104,383,431	23.84

Source: Town of Huntington Tax Warrant & IT Department

¹ Per \$100 of assessed value

Overlapping Rates				
County Tax Levy For Town	Total County Direct Rate ¹	School Levy	Total School Direct Rate ¹	Total Direct & Overlapping Rates
\$ 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	227.50
113,772,335	33.67	595,186,877	176.15	235.01
104,451,179	30.81	572,110,308	168.78	224.78
109,948,191	32.48	547,479,443	161.72	218.04

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

2016				
Rank	Taxpayer	Nature of Business	Assessed Valuation	Percent of Total Assessed Valuation (a)
1	LIPA/Keyspan Energy Corporation	Utility	\$ 37,267,232	11.46%
2	The Retail Property Trust	Real Estate	2,000,000	0.61%
3	Reckson FS Limited Partnership	Commercial	801,465	0.25%
4	Avalon Bay Communities	Real Estate	764,975	0.24%
5	Huntington Quadrangle	Real Estate	675,000	0.21%
6	CKL-HP	Office Building	585,000	0.18%
7	Verizon	Utility	561,711	0.17%
8	Estee Lauder	Cosmetics	469,700	0.14%
9	Avalon Huntington Former S Corp	Real Estate	455,000	0.14%
10	Grandview Hotel Limited	Hotel	425,000	0.13%
	Total		<u>\$ 44,005,083</u>	<u>13.53%</u>

2007				
Rank	Taxpayer	Nature of Business	Assessed Valuation	Percent of Total Assessed Valuation (b)
1	Keyspan Energy Corp.	Utility	\$35,875,637	10.60%
2	The Retail Property Trust	Real Estate	\$2,050,000	0.61%
3	Melville Industrial Associates	Office Buildings	\$922,000	0.27%
4	Verizon	Utility	\$908,885	0.27%
5	Huntington Quadrangle #1 Co.	Real Estate	\$850,000	0.25%
6	Reckson FS Limited Partnership	Commercial	\$801,465	0.24%
7	TMCT, LLC (Newsday)	Newspaper	\$571,000	0.17%
8	Grandview Hotel Limited	Hotel	\$550,000	0.16%
9	Avalon Bay Communities	Real Estate	\$532,400	0.16%
10	Sunstone Broadhollow, LLC	Hotel	\$525,000	0.16%
	Total		<u>\$ 43,586,387</u>	<u>12.88%</u>

Source: Town of Huntington Department of Information Technology

(a) Total taxable assessed valuations per the Town's 2015 assessment roll for taxes levied in fiscal 2016 are \$325,208,126

(b) Total taxable assessed valuations per the Town's 2006 assessment roll for taxes levied in fiscal 2007 are \$338,530,030

TOWN OF HUNTINGTON
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Year Ended December 31,	Tax Levy For Town ^(a)	Total Tax Levy ^(b)	Amount Collected ^(c)	Percent Collected for Town ^(d)	Amount Uncollected ^(c)	Percent Uncollected ^(d)
2016	\$ 114,391,393	\$ 1,005,781,356	\$ 114,391,393	100.00%	\$ -	0.00%
2015	112,860,928	990,124,518	112,860,928	100.00%	-	0.00%
2014	109,686,705	960,878,249	109,686,705	100.00%	-	0.00%
2013	109,686,705	941,140,645	109,686,705	100.00%	-	0.00%
2012	109,413,864	918,665,388	109,413,864	100.00%	-	0.00%
2011	107,692,484	879,997,364	107,692,484	100.00%	-	0.00%
2010	108,503,547	862,046,658	108,503,547	100.00%	-	0.00%
2009	108,186,064	851,271,257	108,186,064	100.00%	-	0.00%
2008	104,582,829	812,218,796	104,582,829	100.00%	-	0.00%
2007	104,383,431	792,607,515	104,383,431	100.00%	-	0.00%
	<u>\$ 1,089,387,949</u>	<u>\$ 9,014,731,746</u>	<u>\$ 1,089,387,949</u>		<u>\$ -</u>	

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

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

(b) Includes all Town and County taxes.

(c) At end of the levy year.

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

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

All subsequent year tax collections are collected by the County.

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

Year Ended	Governmental Activities			Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Capital Leases	Total Primary Government		
2016	\$ 84,253,119	\$ -	\$ 84,253,119	0.84%	412
2015	82,439,032	-	82,439,032	0.82%	404
2014	84,020,659	2,634	84,023,293	0.84%	412
2013	86,743,093	63,435	86,806,528	0.88%	427
2012	90,017,918	214,296	90,232,214	0.93%	444
2011	94,334,163	295,678	94,629,841	0.97%	467
2010	99,003,914	284,950	99,288,864	1.05%	491
2009	98,551,800	394,220	98,946,020	0.97%	483
2008	98,712,647	392,650	99,105,297	1.01%	486
2007	98,775,151	437,107	99,212,258	1.04%	487
2006	94,644,275	599,041	95,243,316	1.04%	470

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

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

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

Year Ended	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Full Taxable Value¹ of Property	Per Capita²
2016	\$ 84,253,119	\$ (536,854)	\$ 83,716,265	0.22%	410
2015	82,439,035	(873,067)	81,565,968	0.22%	400
2014	84,020,659	(1,106,604)	82,914,055	0.23%	406
2013	86,743,093	(772,229)	85,970,864	0.24%	423
2012	90,017,918	(663,624)	89,354,294	0.24%	440
2011	94,334,163	(1,156,839)	93,177,324	0.25%	460
2010	99,003,914	(263,178)	98,740,736	0.24%	488
2009	98,551,800	(620,781)	97,931,019	0.22%	478
2008	98,712,647	(980,083)	97,732,564	0.22%	479
2007	98,775,151	(1,312,215)	97,462,936	0.23%	478

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, 2016

Governmental Unit	Net Long-Term Debt	Percentage Applicable to the Town of Huntington	Town of Huntington Share of Debt
Direct:			
Town of Huntington	\$ 84,253,123	100.00%	\$ 84,253,123
Component Units	24,206,877	100.00%	24,206,877
Total direct Debt			<u>108,460,000</u>
Overlapping:			
County	\$ 1,449,439,162	15.63%	226,547,341
Villages	6,765,000	100.00%	6,765,000
School Districts	137,378,235	60.92%	83,686,062
Library Districts	18,600,000	93.35%	17,362,983
Fire Districts	7,652,397	100.00%	7,652,397
Total overlapping debt			<u>342,013,783</u>
Total direct and overlapping debt			<u><u>\$ 450,473,783</u></u>

Source: Official Statement of the Town of Huntington

Note: Amounts are inclusive of component unit debt.

TOWN OF HUNTINGTON
DEBT LIMIT MARGIN INFORMATION
December 31, 2016

Year Ended December 31,	Net Assessed Valuation	State Equalization Rate	Full Valuation
2016	\$ 325,208,126	0.86%	\$ 37,814,898,372
2015	325,757,112	0.89%	36,601,922,697
2014	327,205,498	0.90%	36,356,166,444
2013	328,724,473	0.90%	36,524,941,444
2012	331,665,948	0.88%	37,689,312,272
Total Five Year Full Valuation			<u>\$ 184,987,241,229</u>
Five Year Average Full Valuation of Taxable Real Property			<u>36,997,448,246</u>
Constitutional Debt Limit (7% of Average Full Valuation)			<u>2,589,821,377</u>
Outstanding Indebtedness at December 31st			108,460,000
Less: Water Bonds			<u>24,206,877</u>
Net Indebtedness Subject to Debt Limit			<u>84,253,123</u>
Net Debt Contracting Margin			<u>\$ 2,505,568,254</u>
Percentage of Net Debt Contracting Margin Available			96.75%
Percentage of Net Debt Contracting Power Exhausted			3.25%

Last Ten Years							Percentage of Net Debt Contracting Margin Available
Year	Constitutional Debt Limit	Outstanding Indebtedness December 31	Less: Appropriations for Debt Principal	Indebtedness Subject to Debt Limit	Net Debt Contracting Margin		
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%
2009	2,878,072,240	118,345,005	25,769,146	92,575,859	2,785,496,381		96.78%
2008	2,698,332,860	118,335,002	27,383,430	90,951,572	2,607,381,288		96.63%
2007	2,470,958,115	117,165,002	27,089,502	90,075,500	2,380,882,615		96.35%

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
2016	204,398	10,029	49,067	3.5%	69,000	2.92	2,174
2015	204,088	10,072	49,349	3.5%	69,026	2.96	2,171
2014	204,088	9,989	48,943	4.4%	69,026	2.91	2,171
2013	203,447	9,830	48,315	4.5%	69,311	2.89	2,164
2012	203,138	9,653	47,519	6.2%	69,311	2.89	2,161
2011	202,633	9,715	47,944	6.3%	69,311	2.89	2,156
2010	202,185	9,430	46,638	6.2%	69,165	2.93	2,151
2009	204,784	10,154	49,582	6.3%	68,896	2.92	2,179
2008	203,977	9,819	48,138	5.3%	68,696	2.92	2,170
2007	203,834	9,526	46,736	3.5%	68,713	2.92	2,168

Sources:

¹ Bureau of the Census (factfinder.census.gov)

² Bureau of Economic Analysis/State Department of Labor

³ Factfinder.census.gov and Suffolk County Planner (Peter Lambert)

⁴ Factfinder.census.gov)

TOWN OF HUNTINGTON
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

2016					
Rank	Name	Headquarters	Type of Business	Number of Employees	% of Total Town Employees
1	Huntington Hospital	Huntington	Hospital	2,000	1.9%
2	Northport Veterans Affairs Medical Center	Northport	Healthcare	2,000	1.9%
3	Canon	Melville	Imaging Products	1,800	1.7%
4	Estee Lauder, Inc.	Melville	Cosmetics	1,500	1.5%
5	Henry Schein, Inc	Melville	Medical & Dental Supplies	1,400	1.4%
6	Western Suffolk Boces	Dix Hills	Education	1,317	1.3%
7	Newsday	Melville	Newspaper	1,228	1.2%
8	Marchon Eyewear	Melville	Healthcare	1,055	1.0%
9	Town of Huntington	Huntington	Government	702	0.7%
10	BAE	Greenlawn	Technology	650	0.6%

2007					
Rank	Name	Headquarters	Type of Business	Number of Employees	% of Total Town Employees
1	Newsday	Melville	Newspaper	2,905	2.8%
2	Estee Lauder	Melville	Cosmetics	2,229	2.2%
3	Huntington Hospital	Huntington	Hospital	2,000	1.9%
4	American Home Mortgage	Melville	Mortgage Banking	1,460	1.4%
5	Henry Schein	Huntington	Medical Supplies	1,000	1.0%
6	Summit Security Services	Melville	Security	960	0.9%
7	Underwriters Laboratories	Melville	Product Safety Testing	800	0.8%
8	Town of Huntington	Huntington	Government	757	0.7%
9	Arrow Electronics	Melville	Electronics	750	0.7%
10	Nu Horizons Electronics Corp.	Melville	Electronics	659	0.6%

Source: Audit & Control

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

	Full-time Equivalent Employees as of December 31,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Function										
General government support	251	264	249	248	253	270	263	275	288	295
Public safety	90	99	82	81	78	82	79	78	80	84
Health	3	5	4	4	5	5	5	5	4	4
Transportation	222	228	224	215	218	230	230	230	235	237
Economic assistance and opportunity	26	25	27	27	27	28	30	26	29	33
Culture and recreation	142	151	148	151	149	167	160	145	136	150
Home and community services	<u>148</u>	<u>152</u>	<u>145</u>	<u>146</u>	<u>142</u>	<u>150</u>	<u>157</u>	<u>163</u>	<u>178</u>	<u>173</u>
Total	<u><u>882</u></u>	<u><u>924</u></u>	<u><u>879</u></u>	<u><u>872</u></u>	<u><u>872</u></u>	<u><u>932</u></u>	<u><u>924</u></u>	<u><u>923</u></u>	<u><u>950</u></u>	<u><u>976</u></u>

Source: Department of Information Technology

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TOWN OF HUNTINGTON
OPERATING INDICATORS BY FUNCTION
LAST TEN YEARS

Year Ended December 31,	2016	2015	2014	2013
Function				
Public Safety				
Building				
Residential building permits issued	2,533	2,881	2,615	2,325
Commercial building permits issued	604	497	352	330
Building inspections	13,394	9,773	7,967	11,871
Fire Prevention				
Fire inspections*	1,593	1,631	1,086	1139
Transportation				
Public Transportation				
Average daily ridership	725	716	698	966
Streetlighting	20,840	15,211		
Energy Efficient Streetlights	16,975	12,913	12,913	10,886
Public Safety				
Parking violations	17,762	14,256	12,876	24,879
Accessory apartment permits	1,749	1,661	2,205	1,689
Highways and streets				
Street resurfacing (miles)	30	20	19	30
Number of trees planted	90	158	158	160
Number of trees removed	789	646	729	858
Culture and Recreation				
Beach permits issued	12,754	13,297	11,429	10,708
Rounds of golf	72,136	73,163	67,147	71,120
Recreation program registrations	10,441	11,678	9,898	10,892
Home and Community Services				
Sanitation				
Refuse collected (tons/day)	268.4	261.2	266.5	271.3
Recyclables collected (tons/yr)	39,521	37,730	36,983	39,360
Water				
Water main breaks	17	12	15	13
Average daily consumption (thousands of gallons)	6,011	6,089	5,529	5,940
Sewer Usage				
Average daily sewage treatment (millions of gallons)	1.6	1.8	1.9	1.9
Wastewater				
Average daily sewage treatment (thousands of gallons)	59	47	48	50

Source: Various government departments of the Town of Huntington

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
1,756	2,170	2,100	2,312	2,506	2,436
767	353	225	213	301	572
11,405	11,388	10,558	11,670	14,621	15,470
1,225	1,203	1,835	3,820	4,309	4,216
870	869	880	912	929	880
9,000					
14,000	9,104	9,801	10,065	13,087	13,262
1,667	1,555	1,494	1,827	1,747	1,958
35	28	32	30	40	49
450	340	456	445	312	154
2,400	1,900	750	710	800	676
10,529	10,453	10,922	10,479	10,846	7,877
73,299	66,242	72,223	73,350	79,030	79,654
11,109	10,906	10,818	15,116	13,673	14,467
302.0	273.0	263.5	268.7	283.8	301.0
35,520	39,528	40,518	40,542	40,351	39,252
13	8	10	8	10	16
5,496	5,512	6,504	4,648	5,247	6,259
2.5	2.5	2.4	2.1	2.0	2.0
53	44	45	46	47	50

TOWN OF HUNTINGTON
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN YEARS

Year Ended December 31,	2016	2015	2014	2013
Function				
General Government				
Municipal Building	1	1	1	1
Maintenance Buildings	5	5	5	5
Vehicles	444	460	470	470
Public safety				
Animal Shelter	1	1	1	1
Vehicles	38	36	38	37
Transportation				
Public Transportation				
Buses	26	24	24	24
Highways and streets				
Streets (miles)	816	789	789	789
Streetlighting				
Traffic signals	266	257	253	239
Culture and recreation				
Parks	43	43	42	40
Beaches	9	9	9	9
Boat launch ramps	5	5	5	5
Golf Courses	2	2	2	2
Ice Rinks	2	2	2	1
Marinas	3	3	3	3
Rifle Ranges	0	0	0	0
Rollerblading Parks	2	1	4	3
Skateboarding Parks	2	2	2	2
Swimming pools	1	1	1	1
Home and Community Services				
Building	1	1	1	1
Sanitation				
Collection trucks	25	26	26	26
Resource Recovery Plants	1	1	1	1
Maximum daily capacity (tons burned per day)	750	750	750	750
Water				
Fire hydrants	1290	1288	1284	1285
Water mains (miles)	170	170	170	169
Maximum daily capacity (millions of gallons)	33	33	33	33
Sewer				
Sewer Treatment Plant	1	1	1	1
Sanitary sewers (miles)	26	26	26	26
Maximum daily treatment capacity (millions of gallons)	3	3	3	3

Source: Various government departments of the Town of Huntington

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
1	1	1	1	1	1
5	5	5	5	5	5
470	470	470	470	470	470
1	1	1	1	1	1
37	37	38	45	42	42
24	24	20	20	21	23
789	789	789	789	789	789
239	239	238	236	233	234
40	40	40	40	40	40
9	9	9	9	9	9
5	5	5	5	5	5
2	2	2	2	2	2
1	1	1	1	1	1
3	3	3	3	3	3
0	0	0	0	0	0
3	3	3	3	3	3
2	2	2	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
26	26	26	26	25	26
1	1	1	1	1	1
750	750	750	750	750	750
1285	1284	1284	1284	1284	1284
169	169	169	169	169	169
33	33	33	33	33	33
1	1	1	1	1	1
26	26	26	26	26	26
3	3	3	3	3	3

APPENDIX C

FORM OF BOND COUNEL OPINION

Hawkins Delafield & Wood LLP
28 Liberty Street
New York, New York 10005

August [15][22], 2017

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 [\$20,055,000 Public Improvement Refunding Serial Bonds-2017 Series B][\$13,340,000 Public Improvement Serial Bonds – 2017 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 issued its \$13,340,000 Public Improvement Serial Bonds – 2017 Series A (the “Series A Bonds”) on August 15, 2017. The Series A Bonds are treated, together with the Bonds, as a single issue for federal tax purposes. We served as bond counsel with respect to the issuance of the Series A Bonds and, on the closing date of the Series A Bonds, we rendered our opinion with respect to the exclusion of interest on the Series A Bonds from gross income for federal income tax purposes in substantially the form of paragraph 2 below and subject to the same conditions and limitations set forth herein. Noncompliance with such conditions and limitations may cause interest on both the Bonds and the Series A Bonds to become subject to federal income taxation retroactive to the respective dates of issue, irrespective of the date on which such noncompliance occurs or is ascertained.]

[The Town expects to issue its \$20,055,000 Public Improvement Refunding Serial Bonds – 2017 Series B (the “Refunding Bonds”) on August 22, 2017. The Refunding Bonds is 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 imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations.

The Code establishes certain requirements which must be met subsequent to the issuance of the Bonds in order that the interest on the Bonds be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Bonds, restrictions on the investment of proceeds of the Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Bonds to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

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

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the Town's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Bonds, and (ii) compliance by the Town with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Except as stated in paragraphs 2 and 3 above, we express no opinion regarding any other federal, state or local tax consequences with respect to the Bonds or the ownership or disposition thereof. Further, we express no opinion herein as to the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Bonds, or under state and local tax law.

We render our opinion under existing statutes and court decisions as of the date of issuance of the Bonds, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or in interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement 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

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Section 1. Definitions

“Annual Information” shall mean the information specified in Section 3 hereof.

“EMMA” shall mean the Electronic Municipal Market Access System implemented by the MSRB.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“Holder” shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean the **Town of Huntington**, in the County of Suffolk, a municipal corporation of the State of New York.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

“Purchaser” shall mean the financial institution referred to in the Certificate of Award, executed by the Supervisor as of August 1, 2017.

“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 \$_____, dated _____, maturing in various principal amounts on _____ in each of the years 20__ to 20__, 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, 2017, 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, 2017, the audited financial statements of the Issuer for each fiscal year, if audited financial statements are prepared by the Issuer and then available; provided, however, that if audited financial statements are not prepared or are not then available, unaudited financial statements shall be provided and audited financial statements, if any, shall be delivered to

the EMMA System within sixty (60) days after they become available and in no event later than one (1) year after the end of each fiscal year; provided further, however, that the unaudited financial statement shall be provided for any fiscal year only if the Issuer has made a determination that providing such unaudited financial statement would be compliant with federal securities laws, including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17 (a)(2) of the Securities Act of 1933; and

(ii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of any of the following events with respect to the Securities:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other events affecting the tax status of the Securities;
- (7) modifications to rights of Securities holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Securities, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or

government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

- (iii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide by the date set forth in Section 2(a)(i) hereof any Annual Information required by Section 3 hereof.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Annual Information. (a) The required Annual Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in the Issuer's final official statement relating to the Securities under the headings "THE TOWN," "ECONOMIC AND DEMOGRAPHIC INFORMATION," "INDEBTEDNESS OF THE TOWN," "FINANCES OF THE TOWN," "REAL PROPERTY TAX INFORMATION" AND "LITIGATION" AND APPENDIX A.

(b) All or any portion of the Annual Information may be incorporated in the Annual Information by cross reference to any other documents which are (i) available to the public on the EMMA System or (ii) filed with the SEC. If such a document is a final official statement, it also must be available from the EMMA System.

(c) Annual Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 7(e) hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. Financial Statements. The Issuer's annual financial statements for each fiscal year, if prepared, shall be prepared in accordance with GAAP or New York State regulatory requirements as in effect from time to time. Such financial statements, if prepared, shall be audited by an independent accounting firm. The Issuer's Annual Financial Report Update Document prepared by the Issuer and filed annually with New York State in accordance with applicable law, shall not be subject to the foregoing requirements.

Section 5. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 6. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 7. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to modify the contents, presentation and format of the Annual Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to

the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or

- (f) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 7 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 8. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased pursuant to their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

In addition, this Agreement, or any provision hereof, shall be null and void in the event that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Securities, whether because such portions of the Rule are invalid, have been repealed, or otherwise.

Section 9. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 10. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of _____.

TOWN OF HUNTINGTON

By _____
Supervisor and Chief Fiscal Officer