

NEW ISSUE
SERIAL BONDS – BOOK ENTRY

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

In the opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, and interest on the Bonds will not be subject to the alternative minimum tax. In the further opinion of Bond Counsel, under existing law 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 for a description of the opinion of Bond Counsel and certain other tax consequences.

The Bonds will NOT be designated as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986 (the “Code”).

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

**\$49,175,020* PUBLIC IMPROVEMENT (SERIAL) BONDS – 2020 SERIES B
(the “Series B Bonds”)**

AND

**\$81,430,000* PUBLIC IMPROVEMENT REFUNDING (SERIAL) BONDS – 2020 SERIES C
(the “Series C Bonds” together with the Series B Bonds, the “Bonds”)**

**BOND MATURITY SCHEDULE
(See Inside Front Cover)**

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

Prior Redemption: The Series B Bonds maturing on September 15, 2028 and thereafter are subject to redemption prior to maturity, at the option of the Town, as a whole or in part, on any date on or after September 15, 2027. The Series C Bonds maturing on January 15, 2028 and thereafter are subject to redemption prior to maturity, at the option of the Town, as a whole or in part, on any date on or after January 15, 2027. (See “*Optional Redemption*” under “*THE BONDS*,” herein.)

Form and Denomination: The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”) as book-entry bonds. Individual purchases of the Bonds may be made in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination in 2022 for the Series B Bonds. Bondholders will not receive certificates representing their respective interests in the Bonds purchased. See “*Book-entry System*” herein.

Payment: Payment of the principal of and interest on any Bonds issued in book-entry form 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 System*” herein.

The Bonds are offered when, as and if issued and received by the Underwriter and subject to the receipt of the legal opinion as to the validity of the Bonds of Norton Rose Fulbright US LLP, Bond Counsel, and certain other conditions. It is anticipated that the Bonds will be available for delivery in New York, New York, through the facilities of DTC on or about November 4, 2020.

THE TOWN DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE RULE). FOR A DESCRIPTION OF THE TOWN’S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS, AS DESCRIBED IN THE RULE, SEE “DISCLOSURE UNDERTAKING,” HEREIN.

*Preliminary, subject to change.

TOWN OF BROOKHAVEN
SUFFOLK COUNTY, NEW YORK

\$49,175,020* PUBLIC IMPROVEMENT (SERIAL) BONDS – 2020 SERIES B

MATURITIES, RATES AND YIELDS

Dated: November 4, 2020

Principal Due: September 15, 2022-2032, inclusive

Interest Due: September 15, 2021 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>
2022	\$4,095,020			
2023	4,165,000			
2024	4,240,000			
2025	4,310,000			
2026	4,385,000			
2027	4,465,000			
2028	4,540,000**			
2029	4,620,000**			
2030	4,700,000**			
2031	4,785,000**			
2032	4,870,000**			

*Preliminary, subject to change.

**Subject to Optional Redemption Prior to Maturity (See "Optional Redemption for the Series B Bonds" herein.)

\$81,430,000* PUBLIC IMPROVEMENT REFUNDING (SERIAL) BONDS – 2020 SERIES C

MATURITIES, RATES AND YIELDS

Dated: November 4, 2020

Principal Due: January 15, 2021-2030, inclusive

Interest Due: January 15, 2021, July 15, 2021 and semi-annually thereafter on January 15 and July 15 in each year to maturity

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield or Price</u>	<u>CUSIP #</u>
2021	\$7,880,000			
2022	7,330,000			
2023	7,710,000			
2024	8,105,000			
2025	8,520,000			
2026	8,955,000			
2027	9,320,000			
2028	9,550,000**			
2029	9,705,000**			
2030	4,355,000**			

*Preliminary, subject to change.

**Subject to Optional Redemption Prior to Maturity (See "Optional Redemption for the Series C Bonds" herein.)



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

Department of Finance
One Independence Hill
Farmingville, NY 11738
Telephone: (631) 451-6680
Fax: (631) 451-6692

TOWN BOARD

Edward P. Romaine, Supervisor

Valerie Cartright - First District
Jane Bonner- Second District
Kevin LaValle - Third District
Michael Loguercio - Fourth District
Neil Foley - Fifth District
Daniel Panico - Sixth District - Deputy Supervisor

Donna Lent, Town Clerk
Tamara Branson, Commissioner of Finance
Annette Eaderesto, Esq., Town Attorney
Louis J. Marcoccia, Receiver of Taxes

* * *

BOND COUNSEL

Norton Rose Fulbright US LLP
New York, New York

* * *

MUNICIPAL ADVISOR

MUNISTAT SERVICES, INC.

Municipal Finance Advisory Service

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

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

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

TABLE OF CONTENTS

	Page
THE SERIES B BONDS	1
DESCRIPTION OF THE SERIES B BONDS	1
OPTIONAL REDEMPTION FOR THE SERIES B BONDS	2
AUTHORIZATION AND PURPOSE FOR THE SERIES B BONDS	2
THE SERIES C BONDS	3
DESCRIPTION OF THE SERIES C BONDS	3
OPTIONAL REDEMPTION FOR THE SERIES C BONDS	3
AUTHORIZATION AND PURPOSE FOR THE SERIES C BONDS	3
SUMMARY OF THE REFUNDED BONDS	4
REFUNDING FINANCIAL PLAN	4
SOURCES AND USES OF SERIES C BOND PROCEEDS	5
BOOK-ENTRY SYSTEM	5
SECURITY AND SOURCE OF PAYMENT	7
ENFORCEMENT OF REMEDIES UPON DEFAULT	7
THE TOWN	9
TRANSPORTATION	9
UTILITIES AND OTHER SERVICES	10
HEALTHCARE	10
EDUCATION	10
RECREATION	11
ECONOMIC DEVELOPMENT	11
BUILDING PERMIT ACTIVITY	12
GOVERNMENTAL ORGANIZATION	12
FINANCIAL ORGANIZATION	13
TOWN MANAGEMENT BIOGRAPHIES	13
EMPLOYEES	14
ECONOMIC AND DEMOGRAPHIC INFORMATION	14
POPULATION CHARACTERISTICS	14
INCOME DATA	14
UNEMPLOYMENT RATES	15
SELECTED LISTING OF LARGER EMPLOYERS	15
INDEBTEDNESS OF THE TOWN	15
CONSTITUTIONAL AND STATUTORY REQUIREMENTS	15
STATUTORY PROCEDURE	16
COMPUTATION OF DEBT LIMIT AND CALCULATION OF NET DEBT CONTRACTING MARGIN	17
DETAILS OF SHORT-TERM INDEBTEDNESS OUTSTANDING	18
DEBT SERVICE REQUIREMENTS - OUTSTANDING BONDS	18
TREND OF TOWN INDEBTEDNESS	18
AUTHORIZED BUT UNISSUED DEBT	19
CALCULATION OF ESTIMATED OVERLAPPING AND UNDERLYING INDEBTEDNESS	19
DEBT RATIOS	20
DISSOLUTION OF THE VILLAGE OF MASTIC BEACH	20
FINANCES OF THE TOWN	20
FINANCIAL STATEMENTS AND ACCOUNTING PROCEDURES	20
<i>Fund Structure and Accounts</i>	20
<i>Basis of Accounting</i>	21
INVESTMENT POLICY	21
FINANCIAL OPERATIONS	22
THE STATE COMPTROLLER’S FISCAL STRESS MONITORING SYSTEM AND AUDIT	22

TABLE OF CONTENTS - CONTINUED

	Page
2015 RESULTS OF OPERATIONS	23
2016 RESULTS OF OPERATIONS	23
2017 RESULTS OF OPERATIONS	23
2018 RESULTS OF OPERATIONS	23
2019 RESULTS OF OPERATIONS	23
FUND BALANCE POLICIES AND RESERVES	23
BUDGETARY PROCEDURE	24
SUMMARY OF 2021 TOWN BUDGET (TENTATIVE)	24
SUMMARY OF 2020 TOWN BUDGET	24
SUMMARY OF 2020 TOWN BUDGET	25
IMPACT OF COVID-19 PANDEMIC	25
SUMMARY OF 2019 TOWN BUDGET	26
CAPITAL PLANS AND BUDGETING	26
ADOPTED CAPITAL BUDGET SUMMARY 2020-2024	27
REVENUES	27
<i>Real Property Taxes</i>	27
RECYCLING AND SUSTAINABLE MATERIALS MANAGEMENT	28
STATE AID	29
EXPENDITURES	29
OPERATING BUDGET LIMITATIONS	29
PENSION SYSTEMS	29
REQUIRED CONTRIBUTIONS TO THE NYS RETIREMENT SYSTEMS	30
OTHER POST EMPLOYMENT BENEFITS	31
REAL PROPERTY TAX INFORMATION	32
REAL PROPERTY TAXES	32
TAX COLLECTION PROCEDURE	32
TAX LEVY COLLECTION RECORD AND TAX RATES	33
TOWN OF BROOKHAVEN TAX WARRANT COMPONENTS	34
PROPERTY TAX REVENUE LIMITATION	34
TAX LEVY LIMIT LAW	35
SELECTED LISTING OF LARGE TAXABLE PROPERTIES	35
TAX CERTIORARI CLAIMS	36
LITIGATION AND OTHER PROCEEDINGS	36
CYBERSECURITY	36
RISK FACTORS AND MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND MUNICIPALITIES OF THE STATE	37
ANNUAL AND CONTINUING DISCLOSURE UNDERTAKING	37
TAX MATTERS	37
TAX EXEMPTION	37
TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN OBLIGATIONS	38
LEGAL MATTERS	39
RATING	39
VERIFICATION OF MATHEMATICAL COMPUTATIONS FOR THE SERIES C BONDS	39
MUNICIPAL ADVISOR	39
ADDITIONAL INFORMATION	40
APPENDIX A: FINANCIAL INFORMATION	
APPENDIX B: AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019	
APPENDIX C: FORM OF ANNUAL AND CONTINUING DISCLOSURE UNDERTAKING	
APPENDIX D: FORM OF OPINION OF NORTON ROSE FULBRIGHT US LLP	

OFFICIAL STATEMENT

TOWN OF BROOKHAVEN SUFFOLK COUNTY, NEW YORK

\$49,175,020* PUBLIC IMPROVEMENT (SERIAL) BONDS – 2020 SERIES B AND \$81,430,000* PUBLIC IMPROVEMENT REFUNDING (SERIAL) BONDS – 2020 SERIES C [BOOK-ENTRY BONDS]

This Official Statement and the appendices hereto present certain information relating to the Town of Brookhaven, in the County of Suffolk, in the State of New York (the “Town,” “County” and “State,” respectively) in connection with the sale of \$49,175,020* Public Improvement (Serial) Bonds – 2020 Series B (the “Series B Bonds”) and \$81,430,000* Public Improvement Refunding (Serial) Bonds – 2020 Series C (the “Series C Bonds”). The Series B Bonds and Series C 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 Official Statement contains information regarding the Town’s 2020 adopted budget, which was prepared prior to the COVID-19 pandemic. Any estimates described in this Official Statement are subject to change due to the dynamic nature of the coronavirus outbreak and uncertainties relating to its duration and severity and any actions that may be taken by the State or federal government to contain or mitigate its impact. In addition, such estimates are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. An outbreak or resurgence of COVID-19 in the region later in the year could have a material adverse effect on the State and the Town. The information contained in this Official Statement is provided as of the respective dates and for the periods specified herein and is subject to change without notice, and the posting of this Official Statement does not, under any circumstances, imply that there has been no change in the affairs of the Town since the specified date as to which such information was provided. See "Impact of COVID-19 Pandemic" herein.

THE SERIES B BONDS

Description of the Series B Bonds

The Series Bonds will be dated November 4, 2020, and will mature on September 15 in each of the years 2022 to 2032, inclusive, in the principal amounts as set forth on the inside cover page hereof.

The Series B Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”) as book-entry bonds. Individual purchases of the Series B Bonds may be made in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination in 2022. For Series B Bonds issued as book-entry bonds through DTC, Bondholders will not receive certificates representing their respective interests in the Series B Bonds purchased. See "Book-entry System" herein.

Interest on the Series B Bonds will be payable on September 15, 2021 and semi-annually thereafter on March 15 and September 15 in each year to maturity. For Series B Bonds issued as book-entry bonds through DTC, principal and interest will be paid by the Town to the Securities Depository, 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.

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

The Town’s contact information is as follows: Tamara Branson, Commissioner of Finance of the Town, Town of Brookhaven, Department of Finance - 3rd Floor, One Independence Hill, Farmingville, New York 11738, telephone number 631/451-6680 and email: tbranson@brookhavenny.gov.

*Preliminary, subject to change.

Optional Redemption for the Series B Bonds

The Series B Bonds maturing on or before September 15, 2027 will not be subject to redemption prior to maturity. The Series B Bonds maturing on September 15, 2028 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 September 15, 2027, at par plus accrued interest to the date of redemption.

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

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 various bond resolutions duly adopted by the Town Board on their respective dates, authorizing the issuance of serial bonds for various capital projects in and for the Town. Such purposes are as follows:

Recent Date <u>Authorized</u>	Most Recent <u>TBR #</u>	<u>Purpose</u>	Amount <u>Authorized</u>	Amount Issued <u>To Date</u>	Amount To Be <u>Issued</u>
10/01/2015	2015-0708	Traffic Safety Improvements	\$ 1,000,000	\$ -	\$ 1,000,000
12/19/2017	2017-0916	Mt Sinai Jetty Improvements	8,600,000	5,000,000	600,000
01/25/2018	2018-0110	Drainage Improvements at Mud Creek	464,400	-	371,600
03/22/2018	2018-0277	Town-Wide Lighting Improvements	4,000,000	1,570,000	2,430,000
03/22/2018	2018-0279	Munsell Road Improvements	5,037,000	-	2,500,000
06/14/2018	2018-0496	Mt. Sinai Mariculture Facility Improvements	400,000	-	116,000
10/25/2018	2018-0859	Town Facility Improvements	4,400,000	3,700,000	700,000
11/20/2018	2018-0915	Facility Improvements	5,100,000	2,753,000	2,347,000
11/20/2018	2018-0894	Acquisition of Machinery and Equipment	750,000	500,000	250,000
11/20/2018	2018-0910	Drainage Improvements at Stave Hollow Road	235,000	-	235,000
12/20/2018	2018-0895	Road Improvements	12,150,000	11,250,000	150,000
07/18/2019	2019-0587	Installation of a Groundwater Collection System	350,000	-	350,000
11/19/2019	2019-0850	Purchase of a Vacuum Truck	430,710	-	135,000
12/05/2019	2019-0914	Acquisition of Machinery and Equipment	1,700,000	-	1,700,000
12/05/2019	2019-0917	Landfill Improvements	3,300,000	-	3,300,000
12/05/2019	2019-0918	Drainage Improvements	3,000,000	-	1,355,420
12/05/2019	2019-0921	Land Acquisition	1,200,000	-	1,200,000
12/05/2019	2019-0922	Fire Island Boardwalks	50,000	-	50,000
12/05/2019	2019-0924	Sewer District #2 Improvements	220,000	-	220,000
12/05/2019	2019-0925	Town-Wide Lighting Project	3,385,000	-	2,455,000
12/05/2019	2019-0926	Installation of Traffic Signals and Signal Systems	600,000	-	600,000
12/05/2019	2019-0927	Acquisition of Machinery and Equipment	1,200,000	-	1,200,000
12/05/2019	2019-0928	Open Space Land Acquisition	3,600,000	-	3,600,000
12/05/2019	2019-0929	Various Road Improvements	18,450,000	-	16,950,000
12/05/2019	2019-0930	Parks and Recreation Improvements	3,300,000	-	1,425,000
12/05/2019	2019-0935	Installation of Traffic Signs	100,000	-	100,000
01/30/2020	2020-0102	Open Space Land Acquisition	3,150,000	-	1,350,000
04/07/2020	2020-0260	Marina and Dock Improvements	2,550,000	-	985,000
06/18/2020	2020-0378	Landfill Improvements and Capping	1,500,000	-	1,500,000
Total			<u>\$ 90,222,110</u>	<u>\$ 24,773,000</u>	<u>\$ 49,175,020</u>

THE SERIES C BONDS

Description of the Series C Bonds

The Series C Bonds will be dated November 4, 2020, and will mature on January 15 in each of the years 2021 to 2030, inclusive, in the principal amounts as set forth on the inside cover page hereof.

The Series C Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”) as book-entry bonds. Individual purchases of the Series C Bonds may be made in denominations of \$5,000 or integral multiples thereof. For Series C Bonds issued as book-entry bonds through DTC, Bondholders will not receive certificates representing their respective interests in the Series C Bonds purchased. See "Book-entry System" herein.

Interest on the Series C Bonds will be payable on January 15, 2021 and July 15, 2021 and semi-annually thereafter on January 15 and July 15 in each year to maturity. For Series C Bonds issued as book-entry bonds through DTC, principal and interest will be paid by the Town to the Securities Depository, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Series C Bonds, as described herein. The Series C Bonds may be transferred in the manner described on the Series C Bonds and as referenced in certain proceedings of the Town referred to therein.

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

The Town’s contact information is as follows: Tamara Branson, Commissioner of Finance of the Town, Town of Brookhaven, Department of Finance - 3rd Floor, One Independence Hill, Farmingville, New York 11738, telephone number 631/451-6680 and email: tbranson@brookhaven.org.

Optional Redemption for the Series C Bonds

The Series C Bonds maturing on or before January 15, 2027 will not be subject to redemption prior to maturity. The Series C Bonds maturing on January 15, 2028 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 January 15, 2027, at par plus accrued interest to the date of redemption.

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

Authorization and Purpose for the Series C Bonds

The Series C 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 1, 2020, (the “Refunding Bond Resolution”), authorizing the refunding of all or a part of: (i) the Town’s Public Improvement Bonds -2013 (Tax-Exempt Series) and Public Improvement Bonds – 2013B (the “Refunded Bonds”).

The amounts expected to be refunded by the Series C Bonds are set forth below:

Summary of the Refunded Bonds

Public Improvement Bonds – 2013A <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>
09/15/2021	\$ 4,670,000	2.000%	12/04/2020	100.00%	113152SL7
09/15/2022	4,785,000	2.000	12/04/2020	100.00	113152SM5
09/15/2023	4,920,000	2.250	12/04/2020	100.00	113152SN3
09/15/2024	5,050,000	2.250	12/04/2020	100.00	113152SP8
09/15/2025	5,190,000	2.500	12/04/2020	100.00	113152SQ6
09/15/2026	5,335,000	3.000	12/04/2020	100.00	113152SR4
09/15/2027	5,495,000	3.000	12/04/2020	100.00	113152SS2
09/15/2028	5,660,000	3.000	12/04/2020	100.00	113152ST0
09/15/2029	<u>5,845,000</u>	3.000	12/04/2020	100.00	113152SU7
	<u>\$46,950,000</u>				

Public Improvement Bonds – 2013B <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>
01/15/2021	\$ 3,655,000	2.000%	-	-	113152TB8
01/15/2022	3,750,000	2.000	01/15/2021	100.00%	113152TC6
01/15/2023	3,840,000	2.000	01/15/2021	100.00	113152TD4
01/15/2024	3,940,000	2.125	01/15/2021	100.00	113152TE2
01/15/2025	4,045,000	2.250	01/15/2021	100.00	113152TF9
01/15/2026	4,160,000	3.000	01/15/2021	100.00	113152TG7
01/15/2027	4,290,000	3.000	01/15/2021	100.00	113152TH5
01/15/2028	4,420,000	3.000	01/15/2021	100.00	113152TJ1
01/15/2029	4,560,000	3.000	01/15/2021	100.00	113152TK8
01/15/2030	<u>4,710,000</u>	3.000	01/15/2021	100.00	113152TL6
	<u>\$41,370,000</u>				

Refunding Financial Plan

The Refunding Financial Plan will permit the Town to realize, as a result of the issuance of the Series C Bonds, cumulative dollar and present-value debt service savings.

The amount of the Refunded Bonds, set forth above, may be changed by the Town in its sole discretion due to market or other factors considered relevant by the Town at the time of pricing of the Series C Bonds and no assurance can be given that any particular maturity thereof will be refunded.

The net proceeds of the Series C Bonds (after payment of the underwriting fee and other costs of issuance relating to the Series C Bonds), together with certain current funds on hand with the Town, will be used to purchase non-callable, direct obligations of or obligations guaranteed by the United States of America (the "Government Obligations"). The Government Obligations, together with remaining cash proceeds from the sale of the Series C Bonds, will be placed in an irrevocable trust fund (the "Escrow Fund") to be held by Manufacturers and Traders Trust Company (the "Escrow Holder"), a bank located and authorized to do business in the State, pursuant to the terms of an escrow contract by and between the Town and the Escrow Holder, dated as of the delivery date of the Series C 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 off the Refunded Bonds on the respective dates of their redemption.

The holders of the Refunded Bonds will have a first lien on all investment income from, and maturing principal of the Government Obligations, along with other available monies held in the Escrow Fund. The Escrow Contract shall terminate upon final payments by the Escrow Holder to the paying agents/fiscal agent for the Refunded Bonds amounts from the Escrow Fund adequate for the payment, if full, of the Refunded Bonds, including interest and the redemption premium payable with respect thereto.

Under the Refunding Plan, the Refunded Bonds will continue to be general obligations of the Town (although the Refunded Bonds may be excluded in computing the Town’s debt limit). However, inasmuch as the Government Obligations held in the Escrow Fund will be sufficient to meet all required payments of principal, interest and redemption premium requirements when required in accordance with the Refunding Plan, it is not anticipated that any other source of payment will be required.

The Series C Bonds are offered subject to the approval by the State Comptroller of the terms and conditions of the Bonds and the Certificate of the Town Supervisor executed pursuant to Section 90.10(g) of the Local Finance Law.

Sources and Uses of Series C Bond Proceeds

Sources:	<u>The Series C Bonds</u>
Par Amount of Bonds	
Original Issue Premium	
Contributed Funds	
Total	
Uses:	
Escrow Deposit	
Underwriters’ Discount	
Allowance for Costs of Issuance and Contingency	
Total	

BOOK-ENTRY SYSTEM

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.

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

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

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them 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 Issuer as soon as possible after the record date. The omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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 DTC.

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. In addition, the Town will not have any responsibility or obligation to participants, to indirect participants or to any beneficial owner with respect to: (i) the accuracy of any records maintained by DTC, and participant or any indirect participant; (ii) the payments by DTC or any participant or any indirect participant of any amount with respect to the principal of, or premium, if any, or interest on the Bonds or (iii) any notice which is permitted or required to be given to Bondowners.

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.

Security and Source of Payment

The Bonds are general obligations of the Town and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Bonds as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the Town is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, without limitation as to rate or amount, except as to certain statutory limitations which may result from the application of Chapter 97 of the Laws of 2011, as amended. See "Tax Levy Limit Law" herein.

ENFORCEMENT OF REMEDIES UPON DEFAULT

The following description of factors affecting the possible enforcement of remedies upon a default by the Town is not intended to constitute legal advice and is not a substitute for obtaining the advice of counsel on such matters. Factors governing the availability of remedies against the Town are complex and the obligations of the Town, under certain circumstances, might not be enforced precisely as written.

General Municipal Law Contract Creditors' Provision. The Bonds when duly issued and paid for will constitute a contract between the Town and the purchaser. Such contracts, if not honored, would generally be enforceable through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the Town upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might apply if there were a default in the payment of the principal of and interest on the Bonds.

Unavailability of Remedies of Levy and Attachment. 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, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. Under the general rule with respect to municipalities, judgments against the Town may not be enforced by levy and execution against property owned by the Town.

Constitutional Non-Appropriation Provision. The Constitution of the State, Article VIII, Section 2, contains the following provision relating to the annual appropriation of monies for the payment of principal of and interest on indebtedness of every county, city, town, village and school district in the State: "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 Town, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any owner of obligations issued for any such indebtedness." If the Town were to fail to make a required appropriation, however, the ability of affected owners of Town indebtedness to enforce this provision as written could be compromised or eliminated as described below under "Bankruptcy", "State Debt Moratorium Law" and "Possible Priority of Continuation of Essential Public Services".

Bankruptcy. The Federal Bankruptcy Code allows municipalities, such as the Town, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Should the Town file for relief under the Federal Bankruptcy Code there could be adverse effects on the owners of the Bonds.

The State, in Section 85.80 of the Local Finance Law, has authorized any municipality in the State to file a petition with the 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. Subject to such State consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, being Chapter 9 thereof, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debt including judicial control over identifiable and unidentifiable creditors.

Under the United States Constitution, Federal law is supreme and may be enforced irrespective of contrary state law. Accordingly, proceedings in accordance with the Federal Bankruptcy Code could result in an allocation of funds that fails to honor the faith and credit pledge required by the State Constitution.

No current State law purports to create any collateral or priority for owners 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 Bonds could be deemed unsecured obligations of the Town in a bankruptcy case.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality that is insolvent, which generally means the municipality is unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors. Any plan of adjustment can be confirmed by the court over the objections of creditors if the plan is found to be "fair and equitable" and in the "best interests of creditors." The Town may be able, without the consent and over the objection of owners of the Bonds, to impair and alter the terms and provisions of the Bonds, including the payment terms, interest rate, maturity date, and payment sources, if the bankruptcy court finds that the alterations are "fair and equitable." If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

The rights of the owners of bonds to receive interest and principal from the Town and the enforceability of the Town's faith and credit pledge to pay such interest and principal could be adversely affected by the restructuring of the Town's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of owners of debt obligations issued by the Town (including the Bonds) to payment from monies retained in any fund or from other sources would be recognized if a petition were filed by or on behalf of the Town under the Federal Bankruptcy Code. Such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally, or might even be directed to satisfy other claims instead of being paid to the owners of the Bonds.

Regardless of any specific adverse determinations in a bankruptcy proceeding of the Town, the fact of such a bankruptcy proceeding could have an adverse effect on the liquidity and market value of the Bonds.

State Debt Moratorium Law. Unless the Federal Bankruptcy Code or other Federal Law applies, as described above, enforcement of the rights of Bond owners will generally be governed by State Law. In 1975, a general State law debt service moratorium statute was enacted.

Under that legislation, the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York was suspended. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of obligations.

Accordingly, State legislation materially limiting the timing or manner of actions to enforce the faith and credit pledge against an issuer of general obligation debt (including that portion of Title 6-A of Article 2 of the Local Finance Law enacted in 1975 authorizing any municipality in a State-declared financial emergency period to petition to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality) could be determined to conflict with the State Constitution and may not be enforceable.

The Constitutional provision providing for first revenue set asides applies to the payment of interest on all indebtedness and to the payment of principal payments or bonds, but does not apply to pay payment of principal due on tax anticipation notes, revenue anticipation notes or bond anticipation notes.

Possible Priority of Continuation of Essential Public Services. In prior years, certain events and legislation affecting an owner's remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of note or bond owners, such courts might hold that future events, including financial crises as they may occur in the State and in political subdivisions of the State, 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.

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

Commercial facilities include regional covered shopping malls, such as the Smith Haven Mall, which includes Macy's, H&M, Dick's Sporting Goods, and Barnes & Noble; large warehouse/retail stores such as Home Depot, Lowe's Home Improvement Center, Sam's Club, Costco, Walmart, K-Mart, Target, Best Buy and Kohl's; smaller and medium-sized neighborhood shopping centers; and downtown commercial centers in Patchogue and Port Jefferson, for example. Larger institutional and governmental operations located in the Town include the Brookhaven National Laboratory, the State University at Stony Brook and Medical Center, the main campus of Suffolk County Community College and the Internal Revenue Service Center at Holtsville. Residential development consists primarily of single-family homes, but also includes a variety of other housing such as town-house condominium complexes, garden apartments and several planned retirement communities (PRC's).

Villages^a:

Belle Terre, Bellport, Lake Grove, Old Field, Patchogue, Poquott, Port Jefferson and Shoreham.

a. See also "Dissolution of the Village of Mastic Beach Village" herein

School Districts:

Bayport-Blue Point^a, Brookhaven Comsewogue, Center Moriches, East Moriches, Eastport-South Manor, Fire Island, Longwood, Middle Country, Miller Place, Mount Sinai, Patchogue-Medford, Port Jefferson, Riverhead, Rocky Point, Sagem, Shoreham-Wading River^a, South Country, Three Village^a and William Floyd.

a. Such School Districts are located in more than one town.

Fire Districts:

Bellport, Blue Point, Brookhaven, Centereach, Center Moriches, Cherry Grove, Coram, Davis Park, East Moriches, Eastport, Farmingville, Fire Island Pines, Gordon Heights, Hagerman, Holtsville, Manorville, Mastic, Mastic Beach, Medford, Middle Island, Miller Place, Mount Sinai, North Patchogue, Ocean Bay Park, Patchogue, Port Jefferson, Ridge, Rocky Point, Ronkonkoma, Selden, Setauket, Sound Beach, Stony Brook, Terryville, Wading River and Yaphank.

Transportation

Rail service is provided to the Town by three branches of the Long Island Rail Road, operated by the Metropolitan Transportation Authority. The Montauk line serves the south shore of the Town, the Main line serves the central portion of the Town, and the Port Jefferson line serves the north shore. All three lines provide transportation to New York City.

Interstate 495 (the Long Island Expressway) and Route 27 (Sunrise Highway) connect the Town with the New York City metropolitan area. Ferry service is available from Port Jefferson, on the Town's north shore, across Long Island Sound to Bridgeport, Connecticut. Davis Park Ferry Co. operates daily service to Davis Park and Watch Hill, Fire Island from the Sandspit Marina in Patchogue. Davis Park is a community and public beach operated by the Town.

Located in the Town of Islip, on the Town's border, is Long Island MacArthur Airport. It serves as a major transportation hub and economic engine throughout the region, including the Town. American Airlines and Southwest Airlines operate at MacArthur Airport and offer direct flights to and from select airport throughout the United States. Currently, there are plans to build a Customs Office within the airport to allow services of international flights from airports with "pre-clearance" status, which would raise the airport's profile and strengthen the economic engine that MacArthur provides.

Utilities and Other Services

Throughout the Town, gas and electricity are provided by National Grid and the Public Service Enterprise Group of Long Island (“PSEG”), respectively.

The Suffolk County Water Authority is the primary supplier of water for the Town and is responsible for the financing and construction of the necessary facilities. There are also several private water companies and water districts in the Town, all of which were established prior to 1963.

The County, through the establishment of County improvement districts, is primarily responsible for providing sanitary sewer services, and for the financing and construction of facilities required therefor. The Town had previously established two Town sewer improvement districts, and pursuant to agreement, the County has assumed the responsibility for operation and maintenance of these facilities. Sewer District #2 has completed construction in an area of expected commercial development and the Town expects it to contribute to significant growth in the near future.

Healthcare

There are a few major Hospitals located within the Town; Brookhaven Memorial Hospital Medical Center, Stony Brook University Hospital, St. Charles Hospital, and John T. Mather Memorial Hospital.

Brookhaven Memorial Hospital Medical Center is a 306 bed, non-for-profit community hospital located in Patchogue. It has been around since 1956 and has grown since, while serving the 28 communities throughout central Suffolk County. The Hospital just completed a \$61 million expansion and a 13,000 square foot addition, including a new cardiac care center.

Stony Brook University Hospital (SBUH) is Long Island’s premier academic medical center. With 597 beds, SBUH serves as the region’s only tertiary care center and Level 1 Trauma Center, and is home to the Stony Brook Heart Institute, Stony Brook Cancer Center, Stony Brook Long Island Children’s Hospital, Stony Brook Neurosciences Institute, and Stony Brook Digestive Disorders Institute. SBUH also encompasses Suffolk County’s only Level 4 Regional Prenatal Center, state-designated AIDS Center, state-designated Comprehensive Psychiatric Emergency Program, state-designated Burn Center, the Christopher Pendergast ALS Center of Excellence, and Kidney Transplant Center. It is home of the nation’s first Pediatric Multiple Sclerosis Center.

St. Charles Hospital is a 231 bed acute-care community hospital located in Port Jefferson, NY. It is a member of Catholic Health Services of Long Island, and has served the residents of the Three Village area for more the 100 years. It is a non for profit hospital that features three centers of excellence; Maternal/Child, Orthopedics, and Long Island’s premier center for Rehabilitation. It is renowned for its outstanding customer service and has scored as one of the top hospitals on Long Island in the delivery of high quality care.

John T. Mather Memorial Hospital is an accredited 248-bed, non-profit community hospital dedicated to providing a wide spectrum of health care services of the highest quality to the residents of Suffolk County in a cost effective manner. Mather Hospital opened its doors on December 31, 1929 as the first not-for-profit community hospital in the Town of Brookhaven with only 54 beds. Its growth has continued over the years and now serves approximately 12,000 inpatients and 43,000 emergency cases a year. In December of 2017, Mather Hospital merged with Northwell Health making Mather Hospital Northwell’s 5th hospital in Suffolk County.

Education

College facilities in the Town include the State University at Stony Brook, Suffolk County Community College, and Saint Joseph's College. Briarcliffe College and Dowling College recently ceased operations and will now be redeveloped by private companies. (See also “*Economic Development*” herein).

Stony Brook University has a campus that has 1,039 acres and is located on the North Shore of Long Island. Within the campus is a sports stadium that holds 8,300 people, performing arts center that has a 5,000 square foot art gallery as well as five theaters that hold more than 50 world class performances annually and more than 450 music events each year. The University is Long Island’s largest single site employer providing nearly 14,000 jobs. As Long Island’s only public Research University, Stony Brook produces the educated workforce that drives the area’s high tech economy.

Suffolk County Community College (SCCC) has approximately 25,000 students enrolled in the three locations, Selden, Brentwood and Riverhead. It is the largest community college in New York State. SCCC offers Associate degrees in Arts, Science, and Applied Science as well as professional certificates in more than 100 programs of study.

Saint Joseph's College has two campuses, one in Brooklyn, New York and the other located in Patchogue, New York. The Long Island campus is 27 acres and features modern, state of the art facilities, including the recently by completed Business Technology Center, an athletic center, theater, library, auditorium, and athletic field for its students to participate in sports and extracurricular activities.

Recreation

The Town operates a number of parks, marinas and beaches which are important to maintaining the high quality of life that attracts appropriate development. The Fire Island National Seashore, a major regional recreation area, attracts thousands of visitors to the Town every summer.

The Town of Brookhaven Ecology Site, Park & Animal Preserve is located on a reclaimed landfill. Since 1974, when the landfill closed, the Town of Brookhaven employees had worked to re-vegetate the hills filled with garbage and to build a modern recreational and educational facility. Some of the amenities at the Holtsville Park include: a triple pool complex; exercise-trail fitness course; nature preserve and ecology center, featuring buffalo, bobcats, eagles, ecology exhibits and tours, free compost, greenhouses and a picnic area.

There are six boating marinas located within the Town. They consist of the Port Jefferson Marina, Mt. Sinai Marina, Sandspit Marina, Blue Point Marina, Forge River Marina, and Davis Park Marina. Fifteen dock and boat launch facilities throughout the Town allow residents to participate in activities such as fishing, boating, swimming, kayaking, and other water sports and activities. Stretching along the north and south shores, the Town has eight beaches that offer a variety of amenities, such as picnic areas, playgrounds, fishing and concession stands. The beaches consist of Cedar, Corey, West Meadow, Davis Park, Great Gun, Shirley, Cedar West and Shoreham Beach.

The Town abounds with the art of live performances. Theater lovers and concert goers know that the finest regional presentations can be found in any of several live theaters in the Town. There are five theaters throughout the Town allowing residents to see world class performances. In addition, there are ten different museums offering unique collections, objects and memorabilia.

Economic Development

The Town has a master plan for development which is updated from time to time to reflect changes in population and growth. This plan affords a coordinated approach to meeting the Town's development goals while at the same time protecting the Town's underground water supply and other natural resources and preserving the generally high quality of life of the Town's residents.

The plan calls for suburban residential development and economic development of clean, light industry and service industries such as electronics and data processing, as well as funding for open space acquisitions. The Town has dedicated over \$150 million to the funding of the acquisition of land for the purpose of preserving open space over the last 10 years.

Brookhaven's growth has been steady and visible over the last few decades, and plans are for even more development in the years to come. In a relatively short period of time, the largest township by area on Long Island has become a mega-center of activity for healthcare, technology, energy resources, higher education and small business. The Town has over 1,500-acres of ready-to-build prime industrial sites, including eight industrial parks, which are home to Stony Brook Technology Center and the Town's 235-acre Research and Development Park in Shirley.

The private sector has been particularly robust with some 24,000 businesses within the Town of Brookhaven. There are electronics firms, construction companies big and small, internationally known investment outfits such as Renaissance Technologies Corp., major national distributors including Quality King Inc., bakeries such as Tate's, which was purchased by Mondelez International, Inc., Blue Point Brewery, an Anheuser Busch company that chose to expand in Patchogue Village, WHTB Glass, an international organization that chose Brookhaven for its only US location, and the world famous Grucci fireworks company, which has lit up the skies on the Fourth of July and at Presidential Inaugurations.

The Industrial Development Agency (IDA) and Local Development Corporation (LDC) are available to assist businesses in obtaining tax incentives and bonds to help them grow and remain within the Town, generating tax revenue and jobs. In 2019, the IDA/LDC closed on 14 economic development projects, which included manufacturing, solar projects, retirement communities, and assisted living facilities. These IDA supported projects will create and retain more than 1,200 permanent and construction jobs and bring into the Town private investments totaling more than \$172 million. These projects include EB @ Mt. Sinai, a senior multi-family rental facility comprised of 225-units; HSRE-EB @ Mt. Sinai, an assisted living facility with 137-beds; United Meat Products, which purchased an under-utilized facility to use for food production and distribution across the United States; SHI-III located in Coram, is a 112-bed assisted living facility; the Agilitas Calabro projects include solar installations totaling over 3.6 MW of power, located on the Town's municipal airport property; Brooks Partners, which plans to construct a mixed-use building with retail/office space, a take-out style restaurant and 46 residential apartments in Port Jefferson Village; HO Penn Machinery, a distributor of power generators and other Caterpillar Inc. equipment; Frank Lowe Rubber and Gasket Manufacturer; and Long Island Holdings, which is a multi-tenant manufacturing facility.

To date, the Town of Brookhaven Industrial Development Agency (IDA) and the Local Development Corporation (LDC), has closed six projects in 2020, including, Orbit Bloom which is the first Fuel Cell project in the Town; Gleneagle Green, a 100% affordable rental apartments project in North Bellport, located in the town's Opportunity Zone; On the Commons at Rocky Point, a revitalization of an old lumber yard into senior housing; and Brightview Assisted Living located in Port Jefferson Station. These projects are investing over \$150 million and addressing renewable energy, housing and congregate care needs within the town. The IDA and LDC currently have an additional 14 projects in the planning and development process. These projects will create and retain over 3,000 permanent and construction jobs and spur investment of approximately \$700 million in the town. These projects include manufacturing facilities, multi-tenant facilities, assisted living, and renewable energy projects.

One of the larger projects is the Ronkonkoma Hub development. The Ronkonkoma Hub is a mixed-use development project that will result in over \$650 million of investment. The project at completion will consist of 1,450 residential units, approximately 195,000 square feet of retail, 360,000 square feet of office space and 60,000 square feet of flex space, which could include hospitality, conference and exhibition space. Phase I, which is comprised of 450 rental apartments, has been completed; and Phase II, which will be comprised of mixed use of office, hotel, residential and commercial space, will begin construction in the fall of 2020.

Undoubtedly the best-known entities in the Town, which are recognized nationally and internationally, are Brookhaven National Laboratory (BNL) and the State University of New York at Stony Brook, home of Stony Brook University Hospital. These major institutions are not only job-generators, but also creators of new businesses, new technologies and the nation's future leaders in science and technology. BNL, as it is commonly called on Long Island, grew up with the region in the years immediately after World War II. It occupies a staggering 5,300-acre site, employs 3,350 well-paid employees and generates close to \$1 billion annually in economic output to the region. BNL is the only national lab of its kind in the Northeast and is one of New York State's largest centers of scientific research. Two of BNL's major international projects are the National Synchrotron Light Source and the Relativistic Heavy Ion Collider. BNL has made available some of its scientific research to businesses, which are working to develop the research into commercial enterprises.

Stony Brook is one of the State University's largest campuses, and specializes in science, engineering and technology. The college has more than 13,000 employees on its more than 1,000-acre campus. Stony Brook is rated among the top 100 universities in the country, and among the top 35 public universities. It has approximately 25,000 students and generates over \$4.5 billion in spending for the economy. Stony Brook estimates that its students and families spend approximately \$200 million on Long Island. It accounts for 4% of the Long Island economy. Stony Brook University Hospital has added significantly to Long Island's system of healthcare. The facility has over 600 beds, 6,500 employees, 1,220 physicians and has a total estimated annual economic impact of \$2.1 billion.

Building Permit Activity

The Town's Planning and Environment - Building Division is responsible for the administration and enforcement of the New York State Uniform Fire Prevention and Building Code. A building permit is required for various types of improvements such as new homes, additions, alterations, solar, detached garages, sheds, decks, gazebos and swimming pools. Granting commercial building permits as well as accessory apartment and house rental permits are also the responsibility of the Town. The following represents the building permit activity within the Town over the last several years.

Building Permits Issued - All Types

2013	-	9,067 permits
2014	-	11,344 permits
2015	-	13,214 permits
2016	-	14,159 permits
2017	-	14,771 permits
2018	-	15,666 permits
2019	-	16,262 permits

Source: Town of Brookhaven Building Division.

Governmental Organization

The Town was incorporated in 1655 and is located in Suffolk County (the "County"). The County has ten towns located therein. Some of such Towns contain incorporated villages established for purposes of providing certain municipal services and facilities to their residents. The Town is a political subdivision of the State having its own elected legislative body, the Town Board, pursuant to Constitutional provisions and, except for certain contractual arrangements for cooperative provisions of some services or facilities, the Town does not rely in any manner upon the County or Villages for purposes of providing local government needs. There are no cities within the Town.

The legislative body of the Town is its Town Board of seven members, the presiding officer of which is the Town Supervisor who is the chief fiscal officer of the Town and is elected for a two-year term. The six additional members of the Town Board are also elected for two-year terms. The Supervisor is elected at large; council members are elected from six councilmatic districts.

On November 6, 2018, a referendum was approved by the voters to extend the terms for the Supervisor and the Town Board from 2 year terms to 4 year terms and restrict the total term to 12 years. The new terms became effective beginning with the election in November, 2019 and the terms of office commencing January 1, 2020.

Additional Town officers are the Receiver of Taxes and the Town Clerk (both elected to four-year terms) and the Superintendent of Highways (elected to a two-year term). The Town Board appoints the Commissioner of Finance and the Town Attorney.

The Town provides a majority of municipal services to its residents and maintains Town highways, planning, zoning, regulation of building construction and licensing of trades and occupations along with the usual municipal services including recreational facilities and street lighting. Police protection is provided by the County and fire protection and ambulance service is provided through various independent fire districts in the Town and voluntary fire organizations. Social services and health services, to the extent provided on a public basis, are essentially County responsibilities.

Financial Organization

Pursuant to the Local Finance Law, the Supervisor is the chief fiscal officer of the Town. According to the New York State Town Law, the Town Board is empowered to appoint a Commissioner of Finance and to delegate to such Commissioner certain financial functions of the Town as provided by law. The Commissioner of Finance serves as the Accounting Officer of the Town and Town Comptroller and Budget Director. Her duties include the administration, direction and control of Accounting, Accounts Payable, Accounts Receivable, Audit and Control, Payroll, Operating and Capital Budgeting, and forecasting and financial reporting.

Town Management Biographies

Town Supervisor, Edward P. Romaine

Ed Romaine was re-elected as the Town's 71st Supervisor on November 5, 2019. Supervisor Romaine continues to focus on fiscal responsibility and quality of life issues for the Town. His 2020 operating and capital budgets are structurally balanced, and were adopted unanimously by the Town Board.

In May 2015, Supervisor Romaine was appointed to the Long Island Regional Economic Development Council by Suffolk County Executive Steve Bellone. The LIRDC is a critical body which works on promoting sustainable growth and developing regional solutions to move Long Island Forward.

Supervisor Romaine previously served in the Suffolk County Legislature from 1986 through 1989, where he was known as a fiscal conservative, sponsoring cost-saving measures such as the Suffolk County Tax Cap. In 1989, he was elected Suffolk County Clerk and served for sixteen years, taking an active role in increasing productivity and improving access to official records. Supervisor Romaine is recognized as a pioneer in government use of technology and was chosen "2001 New York State County Clerk of the Year".

Town Attorney, Annette Eaderesto, Esq.

Ms. Eaderesto was re-appointed as Town Attorney for a fourth term in January 2020. She previously served as Special Counsel to the Town since 2002. She is also Independent Counsel to the Town's Industrial Development Agency and the Local Development Corporation.

In addition to Ms. Eaderesto's responsibilities for all legal and litigation matters for the Town, she is responsible for the Town Investigations division, the securing and demolition of properties, and the management of the Town's Open Space program.

Prior to her appointment as Special Counsel in 2002, Ms. Eaderesto was Town Attorney from 1999 to 2002; was Deputy Town Attorney from 1996 until 1998; was a principal in the law firm of Blake & Eaderesto, P.C.; and was an Assistant Town Attorney from 1984 to 1985.

Ms. Eaderesto is a 1982 graduate of Hofstra University School of Law; is admitted to practice law in the State of New York and the Federal District Courts for the Eastern and Southern Districts of the State of New York; and has concentrated principally in the area of land use and municipal law.

Commissioner of Finance, Tamara Branson

Tamara Branson has served as Commissioner of Finance for the Town since 2012 and is responsible for a operating budget of over \$300 million and a capital budget of over \$200 million. She manages accounting, payroll, budgetary compliances and internal audit for the Town. Ms. Branson possess 35 years of financial management experience in the public and private sectors and has a Masters of Accountancy degree from Virginia Tech.

Prior to the Town of Brookhaven, Ms. Branson served as Comptroller for the Town of Southampton and spent sixteen years at Prudential Financial in their domestic and international securities, commodities and private banking businesses, serving a variety of roles including Chief Operating Officer for international businesses. Ms. Branson worked for Price Waterhouse Coopers for six years as a Management Consultant, and began her career as an accountant for a liberal arts college.

Employees

The Town provides services through approximately 846 full-time employees, 741 of which are represented by the Suffolk Chapter of the Civil Service Employees Association, Inc. Of the civil service employees, approximately 317 are represented by the CSEA White Collar Unit, 216 are represented by the CSEA Highway Unit, and 208 are represented by the CSEA Blue Collar Unit. The Town entered into labor agreements with the CSEA Blue Collar Unit, and White Collar Unit for an eight-year period ending December 31, 2019. The Highway Unit contract ended on December 31, 2019. The Town Board and the respective Unions were in negotiations prior to the onset of COVID-19, but such negotiations have been postponed until a full return of the workforce and meeting capabilities, depending upon the future environment related to the COVID-19 Pandemic.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Characteristics

The Town’s population trend, as compared to the County, the State and the United States, is shown below:

<u>Year</u>	<u>Town of Brookhaven</u>	<u>Suffolk County</u>	<u>New York State</u>
1970	245,260	1,127,030	18,241,391
1980	365,015	1,284,231	17,557,288
1990	407,786	1,321,864	17,990,455
2000	448,248	1,419,369	18,976,457
2010	486,040	1,493,350	19,378,102
2019	480,763	1,476,601	19,453,561

Income Data

	<u>Per Capita Money Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2019^a</u>
Town of Brookhaven	\$16,726	\$24,191	\$32,663	\$44,913
County of Suffolk	18,481	26,577	35,755	48,381
State of New York	16,501	23,389	30,948	41,857

	<u>Median Household Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2019^a</u>
Town of Brookhaven	\$47,074	\$62,475	\$81,654	\$100,957
County of Suffolk	53,244	72,112	96,220	106,228
State of New York	39,741	51,691	67,405	72,108

Source: United States Bureau of the Census
a. Based on American Community Survey 1-Year Estimate (2019)

Unemployment Rates

<u>Annual Averages:</u>	<u>Town of Brookhaven (%)</u>	<u>Suffolk County (%)</u>	<u>New York State (%)</u>
2015	4.8	4.8	5.3
2016	4.4	4.3	4.9
2017	4.4	4.4	4.6
2018	3.9	3.9	4.1
2019	3.6	3.7	4.0
2020 (7 Month Average)	9.4	9.6	10.4

Source: Department of Labor, State of New York

- a. Unemployment rates increased in New York State in April of 2020 due to the COVID-19 pandemic. See “*Impacts of COVID-19*” herein.

Selected Listing of Larger Employers (As of 2020)

<u>Name</u>	<u>Type of Business</u>	<u>Estimated Number Of Employees</u>
State University at Stony Brook	Education	14,000
Stony Brook University Medical Center	Medical Center	7,500
Brookhaven National Laboratory	Laboratory	3,000
John T. Mather Hospital	Hospital	1,967
Zebra Technologies	Commercial	1,800
Brookhaven Memorial Hospital	Hospital	1,730
St. Charles Hospital	Hospital	1,400
Three Village Central School District	Education	1,298
Quality King Distributors	Commercial	900
William Floyd Union Free School District	Education	860
Anneal Pharmaceuticals	Commercial	780

Source: Division of Economic Development Town of Brookhaven.

INDEBTEDNESS OF THE TOWN

Constitutional and Statutory 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; 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 "Security and Source of Payment", 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 new Tax Levy Limit Law imposes a statutory limitation on the Town's power to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in the Tax Levy Limit Law. See "Tax Levy Limit Law," herein.

Statutory Procedure

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

Pursuant to the Local Finance Law, the Town authorizes the issuance of indebtedness by the adoption of a bond resolution approved by at least two-thirds of the members of the Town Board, the finance board of the Town. Customarily, the Town Board has delegated to the Town Supervisor, as chief fiscal officer of the Town, the power to authorize and sell bonds and bond anticipation notes in anticipation of the sale of authorized bonds.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- (1) such obligations are authorized for a purpose for which the Town is not authorized to expend money, or
- (2) there has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations and an action contesting such validity is commenced within twenty days after the date of such publication, or,
- (3) such obligations are authorized in violation of the provisions of the State Constitution.

Except on rare occasions the Town complies with this estoppels procedure. It is a procedure that is recommended by Bond Counsel, but is not an absolute legal requirement.

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 and notes subject to the legal restrictions (Constitution, Local Finance Law and case law) relating to the period of probable usefulness thereof.

The Town Board, as the finance board of the Town, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may delegate the power to sell the obligations to the Town Supervisor, the chief fiscal officer of the Town, pursuant to the Local Finance Law.

Statutory law in New York permits bond anticipation notes to be renewed each year, provided that annual principal installments are made in reduction of the total amount of such notes outstanding. These installments must commence no later than two years from the date of the first issuance of such notes, and such renewals may generally not extend more than five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein).

In general, the Local Finance Law contains provisions granting the Town with power to issue certain other short-term general obligation indebtedness, including revenue and tax anticipation notes and budget notes (See "Indebtedness of the Town" herein).

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 new Tax Levy Limit Law imposes a statutory limitation on the procedures necessary for the Town to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in the new Tax Levy Limit Law, unless the Town Board overrides the limitation. See "Tax Levy Limit Law" herein.

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

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of October 13, 2020)

Fiscal Year Ending <u>December 31:</u>	<u>Assessed Valuation</u>	State Equalization <u>Rate (%)</u>	<u>Full Valuation</u>
2016	\$456,266,738	0.95	\$48,028,077,684
2017	457,806,768	0.91	50,308,436,044
2018	459,319,851	0.90	51,035,539,000
2019	461,292,378	0.86	53,638,648,605
2020	463,147,320	0.79	<u>58,626,243,038</u>
Total Five Year Full Valuation			\$261,636,944,371
Average Five Year Full Valuation			52,327,388,874
Debt Limit - 7% of Average Full Valuation			3,662,917,221
Inclusions:			
Outstanding Bonds:			
Various Purpose Bond			\$ 509,930,000
Bonds Escrowed to Maturity			645,000
Open Space Bonds Act of 2004			<u>42,025,000</u>
Sub-Total			552,600,000
Bond Anticipation Notes			<u>0</u>
Total Inclusions			<u>552,600,000</u>
Exclusions:			
Appropriations			3,045,000
Cash on Hand for Escrowed Bonds			<u>645,000</u>
Total Exclusions			3,690,000
Total Net Indebtedness Before Issuing the Bonds			<u>548,910,000</u>
The Series B Bonds			49,175,020
Less: BANs Being Redeemed by the Series B Bonds			<u>0</u>
Net Effect of the Series B Bonds			<u>49,175,020</u>
Total Net Indebtedness After Issuing The Bonds			<u>598,085,020</u>
Net Debt Contracting Margin			<u><u>\$3,064,832,201</u></u>
Percent of Debt Limit Exhausted			16.33%

- a. Following the dissolution of the Village of Mastic Beach, the Town took over the responsibilities of the Village's debt obligations. (See "*Dissolution of the Village of Mastic Beach*" herein)
- b. In November 2004, the Town's residents approved a \$100 million bond referendum to acquire open space and parkland. Such authorization was funded by the issuance of the Town's \$100,000,000 Open Space Preservation Serial Bonds – 2007, which were issued on May 1, 2007 and refunded on May 19, 2015. The final maturity is May 1, 2027.

Authorized But Unissued Debt

The Town has authorized but unissued debt in the aggregate amount of \$115,380,940 for the following purposes.

<u>Purpose</u>	<u>Authorized Amount</u>	<u>Amount Issued to Date</u>	<u>Authorization Reduction</u>	<u>Authorized but Unissued</u>
Special District	\$25,501,000	\$10,070,000	\$2,000,000	\$13,431,000
Highway	61,773,500	16,732,750	1,816,100	43,224,650
General Purposes	80,163,830	21,438,540	0	58,725,290
Total:	\$167,438,330	\$48,241,290	\$3,816,100	\$115,380,940

The above authorized but unissued debt projects include amounts that the Town expects to receive grant reimbursement from various State and Federal organizations. The Town does not intend or expect to have to borrow the entire amount authorized for such projects depending on the amount and/or timing of the reimbursement. In addition, on an annual basis, the Town reviews its authorized but unissued list of projects and closes out or rescinds authorizations as it deems necessary. The proceeds of the Series B Bonds will finance \$49,175,020 of such amount.

See also “*Debt Management and Capital Budget Policy*” herein.

Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Exclusions</u>	<u>Applicable Net Indebtedness</u>
County of Suffolk	\$ 352,415,865	\$ 85,305,834	\$267,110,031
Villages	20,597,079	195,000	20,402,079
School Districts	819,201,698	423,261,182	395,940,516
Fire Districts	27,272,782	0	27,272,782
Totals	\$1,219,487,424	\$508,762,016	\$710,725,408

a. Based on applicable respective valuations.

b. Comprised of Sewer District Bonds; revenue anticipation notes; tax anticipation notes; Assets on Hand for Debt; and Appropriations.

c. Estimated State Aid for School Buildings.

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

The following table sets forth certain ratios relating to the Town's indebtedness as of the date of this Statement.

	<u>Amount</u>	<u>Per Capita^a</u>	<u>Percentage Of Full Value (%)^b</u>
Total Direct Debt	\$ 552,600,000	\$1,149	0.94
Net Direct Debt	548,910,000	1,142	0.94
Total Direct & Applicable Total Overlapping Debt	1,772,087,424	3,686	3.02
Net Direct & Applicable Net Overlapping Debt	1,259,635,408	2,620	2.15

- a. The current population of the Town is 480,763 (U.S. Census - 2019).
b. The Town's full value of taxable real property for 2019-20 is \$58,626,243,038.

Dissolution of the Village of Mastic Beach

On November 17, 2016 the residents of the Village of Mastic Beach ("Village") approved a referendum calling for the dissolution of the Village effective December 31, 2017. Pursuant to Section 790 of the New York State General Municipal Law following the dissolution of the Village, the Town assumes all outstanding debts, liabilities and obligations of the Village.

At the time of the dissolution, the Village had \$765,000 in bonds outstanding from a bond issue originally issued in 2013 to finance the construction of Village Hall. Upon the sale of Village Hall in December, 2017, the Village placed the proceeds of the sale, along with other available funds, in an escrow account to defease the bonds until the date of redemption of November 15, 2020. Such amount was sufficient to pay the principal and interest due on the 2013 Village Hall Serial Bonds.

Effective for the start of the Town's fiscal year beginning January 1, 2018 the Town, with the approval from the New York State Comptroller's Office, increased the tax levy in the necessary amount to pay for the costs of providing services to the Village residents. Along with the tax levy, other obligations will be offset by recurring revenues such as building permit fees, and franchise fees. The Town has earned an annual \$1 million (to be received in perpetuity) Citizen Empowerment Tax Credit grant from the State as part of the dissolution.

FINANCES OF THE TOWN

Financial Statements and Accounting Procedures

The Town maintains its financial records in accordance with the Uniform System of Accounts for Towns prescribed by the State Comptroller. The financial records of the Town are audited by independent accountants. The last such audit available for public inspection covers the fiscal year ended December 31, 2019. Such audit is attached as Appendix B. Such audit was completed by the firm Albrecht, Viggiano, Zureck and Company, P.C. In addition, the financial affairs of the Town are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the Town has complied with the requirements of various State and Federal statutes. As required by law, the Town also prepares an Annual Financial Report Update Document ("AFRUD") for submission to the New York State Comptroller. Such report for fiscal year ending 2018 has been filed. A summary of the operating results for the fiscal years ending 2015-2019 is attached as Appendix A hereto.

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 regulations, restrictions or limitations.

There are three basic fund types: (1) governmental funds that are used to account for basic services and capital projects; (2) proprietary funds that account for operations of a commercial nature; and (3) 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 maintains the following major funds: General Funds, Highway Road Repair, Refuse and Garbage, and Capital Projects Funds. The Town-Wide General Fund is the operating fund of the Town and accounts for general tax revenues, miscellaneous receipts not allocated by law or contractual agreement to other funds, general operating expenses, and fixed charges. The Community Development Fund is used to account for projects financed by grants from the Department of Housing and Urban Development. The Town does not utilize any funds of a proprietary nature. Fiduciary funds consist of the Trust and Agency Fund.

Basis of Accounting

The Town maintains its records and reports on the modified accrual basis of accounting for recording transactions in its Governmental Funds. Under this method, (1) revenues are recorded when received in cash except for revenues which are material and susceptible to accrual (measurable and available to finance the year's operations) which are recorded when earned, and (2) expenditures, other than retirement plan contributions, vacation and sick pay and accrued interest on bond anticipation notes and general long-term debt, and recorded at the time liabilities are incurred.

Investment Policy

Pursuant to the statutes of the State of New York and its adopted Investment Policy, the Town is permitted to temporarily invest moneys which are not required for immediate expenditures, with the exception of moneys the investment of which is otherwise provided for by law, in the following investments: (1) special time deposit accounts in, or certificates of deposit issued by a bank or trust company located and authorized to do business in the State, provided however, that such time deposit account or certificate of deposit is payable within such time as the proceeds shall be needed to meet the expenditures for which such moneys were obtained and provided further that such time deposit account or certificate of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (4) obligations of the State of New York; or (5) in the case of moneys held in certain reserve funds established by the Town pursuant to law, in obligations of the Town. Any investments made by the Town pursuant to law are required to be payable or redeemable at the option of the Town within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. These statutes also require that the Town's investments, unless registered or inscribed in the name of the Town, must be purchased through, delivered to and held in custody of a bank or trust company in the State. All such investments held in the custody of a bank or trust company must be held pursuant to a written custodial agreement as that term is defined in the law.

Collateral is required for demand deposit, money market accounts and certificates of deposit not covered by Federal deposit insurance and the eligible securities utilized for such collateral must be held by a third party financial institution, pursuant to security and custodial agreements. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and its municipalities and school districts.

The Town maintains a list of financial institutions and dealers approved for investment purposes. All financial institutions with which the Town conducts business must be credit worthy. Banks are required to provide their most recent Consolidated Report of Condition (Call Report) at the request of the Town. Security dealers not affiliated with a bank are required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers. The chief fiscal officer is responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. Such listing shall be evaluated at least annually.

The chief fiscal officer is authorized to contract for the purpose of investments: (1) by participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5G of the General Municipal Law where such program meets all the requirements set forth in the Office of the State Comptroller Opinion No. 88-46, and the specific program has been authorized by the governing board; and (2) by utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the governing board.

All purchased obligations, unless registered or inscribed in the name of the Town, shall be purchased through, delivered to and held in the custody of a bank or trust company. Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company only in accordance with prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to the Town by the bank or trust company. Any obligation held in the custody of a bank or trust company shall be held pursuant to a written custodial agreement as described in General Municipal Law, §10.

The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for, the Town, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement shall describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provisions necessary to provide the Town a perfected interest in the securities.

Financial Operations

The 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 by the Commissioner of Finance. In addition, the Supervisor serves as the Budget Officer and, with the assistance of the Commissioner of Finance, prepares the annual tentative budget for submission to the Town Board. Budgetary compliance during the year is the responsibility of the Commissioner of Finance.

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 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 bonds or 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 Town-Wide and Part-Town 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 various special districts, which are accounted for within separate funds. The primary sources of income for these districts comes from special assessments levied against district properties at the same time real estate taxes are levied. Capital projects, machinery and equipment, roads, drainage, parks and land purchases are accounted for in special capital projects funds until recognized as an asset of the Town. The Town observes a calendar year (January 1 through December 31) for operating and reporting purposes.

The State Comptroller's Fiscal Stress Monitoring System and Audit

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: 5.0%). The Fiscal Score for the fiscal year ending 2019 was 5.0% and the Fiscal Score for the fiscal year ending 2018 was 6.7%.

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 January, 2016. The Town was included in the audit of eight local governments throughout Nassau and Suffolk Counties. The objective of the audit was to determine whether local governments are complying with the Long Island Workforce Housing Act when approving qualifying residential units. Such audit reviewed the Town's policies and procedures and reviewed the site plans for residential developments of five or more units for the period January 1, 2009 through December 31, 2014. The complete report may be found on the State Comptroller's official website. Reference to this website implies no warranty of accuracy of information therein.

2015 Results of Operations

For the fiscal year ended December 31, 2015, the audited financial statements prepared by the Town show the total revenue including transfers in the General Fund were \$129,064,680 and the total expenditures, including transfers were \$124,353,195 resulting in an operating surplus of \$4,711,485. The total overall fund balance in the General Fund increased from \$48,454,960 to \$53,166,445. Such surplus was achieved despite paying down approximately \$4.7 million in previously amortized retirement system contributions.

2016 Results of Operations

For the fiscal year ended December 31, 2016, the audited financial statements prepared by the Town show the total revenue including transfers in the General Fund were \$125,063,934 and the total expenditures, including transfers were \$121,273,175 resulting in an operating surplus of \$3,790,759. The total overall fund balance in the General Fund increased from \$53,166,445 to \$56,957,204.

2017 Results of Operations

For the fiscal year ended December 31, 2017, the audited financial statements prepared by the Town show the total revenue including transfers in the General Fund were \$128,971,133 and the total expenditures, including transfers were \$122,868,983 resulting in an operating surplus of \$6,102,150. The total overall fund balance in the General Fund increased from \$56,957,204 to \$63,059,354.

2018 Results of Operations

For the fiscal year ended December 31, 2018, the audited financial statements prepared by the Town show the total revenue including transfers in the General Fund were \$134,716,468 and the total expenditures, including transfers were \$130,913,998 resulting in an operating surplus of \$3,802,470. The Town also adjusted its fund balance due to the implementation of GASB 75. See "Other Post Employment Benefits" herein. The total overall fund balance in the General Fund increased from \$63,059,354 to \$69,508,061.

2019 Results of Operations

For the fiscal year ended December 31, 2019, the audited financial statements prepared by the Town show the total revenue including transfers in the General Fund were \$132,534,481 and the total expenditures, including transfers were \$131,039,423 resulting in an operating surplus of \$1,495,058. The total overall fund balance in the General Fund increased from \$69,508,061 to \$71,003,119.

Fund Balance Policies and Reserves

The Town Board maintains fund balance policies for the Town Wide General Fund (25%), the Part Town Fund (20%), Highway Fund (10%), and the Part Town Highway Fund (10%). Such percentages represent the total overall fund balance as a percentage of budgeted expenditures. In the event of an emergency or if a need were to occur that necessitated the appropriation of funds that would result in reducing the total fund balance in any of the Funds below the threshold, a resolution of the Town Board is required to approve such appropriation. In addition, subsequent to such appropriation, the Town would begin the process of reducing expenditures or raising revenues during the current or ensuing fiscal years in order to restore the total fund balance in the Funds to at least minimum percentage of operating expenditures.

The Town currently is in compliance with its policies in all Funds, and expects to be in compliance at year end 2020.

The Town has established several reserves for specific purposes including a Post Closure Landfill Reserve, Snow Removal Reserve and an Environmental Preservation Open Space Fund to fund future capital needs. In addition the Town has a Debt Reserve Fund. The Town is required to set aside premium earned or excess bond proceeds from completed capital projects to help offset interest cost and or annual debt service in the ensuing years. As of December 31, 2019 the Town has \$14,047,399 in its Debt Reserve.

Budgetary Procedure

Each year the Supervisor is responsible for preparing a tentative budget. The Supervisor holds several meetings with the Commissioner of Finance, the Town Board Members, and Department Heads in preparing the tentative budget. The Supervisor then presents his tentative budget to the Town Clerk by September 30th each year. The Town Clerk presents the Supervisor's tentative budget to the Town Board by October 5th. The Town Board may accept the Supervisor's tentative budget and adopt it as the Town's preliminary budget or make revisions to the Supervisor's tentative budget before adopting a preliminary budget for the Town. The Town Board will convene a public hearing on or before the Thursday immediately following the general election where it will take comments on the Town's preliminary budget. Revisions may be made to the Town's preliminary budget as a result of the public hearing. A final version of the preliminary budget is then prepared by the Town Board and adopted as the final budget by November 20th each year. The budget is not subject to referendum.

Chapter 97 of the Laws of 2011 (the "Tax Levy Limit Law") imposes a limitation on increases in the real property tax levy of the Town, subject to certain exceptions. All budgets of the Town adopted in accordance with the procedure discussed herein must comply with the requirements of the new law.

Summary of 2021 Town Budget (Tentative)

In accordance with Section 106 of NYS Law, the Supervisor presented the 2021 Tentative Operating Budget on September 30, 2020. The 2021 Tentative Operating Budget complies with the New York State Property Tax Levy Cap for fiscal year 2021, as well as the Town's Spending and Debt Management Cap for the General Fund. All major Tax Districts are structurally balanced in the 2021 Tentative Operating Budget, for the third year in a row in that no Fund Balance is utilized to balance the budget for the six major funds.

The total proposed 2021 Property Taxes increase for all Tax Districts is 1.93%, including prior year carryforwards, and reflects a reduction in the Highway Funds Property Taxes due to a reduction in the 2021 Snow Removal Budgets. The Town has not spent all the monies budgeted for Snow Removal for several years in a row, and with a \$5.4 million Snow Reserve, the reduced budgets of \$1.2 million are appropriate for fiscal year 2021 given the size of the Snow Reserve.

The 2021 Tentative Budget Departmental Revenues in the Town Wide General Fund are expected to be \$4.8 million lower than the 2019 Actual revenues collected, but \$4.1 million better than the revenues expected in fiscal year 2020. The reduction in the 2021 revenues reflects a 20% reduction in New York State Aid, a conservative Mortgage Tax Receipt estimate, and a continuing decline in Franchise Fees. To address declining Departmental Revenues, General Fund 2021 Property Taxes have been increased by \$2.3 million as compared to fiscal year 2019.

Summary of 2020 Town Budget

The 2020 adopted budget of the Town is again in compliance with its Tax Levy Increase Limit, the Town's Tax Rate and Spending Caps, and the Town's Debt Management and Fund Balance Policies. The budget uses no surplus to balance the budget in any of the six major tax Districts for the second year in a row. The Town expects the Planning and Building Fees, Fines, Franchise Fees and Parks and Recreation Fees to remain strong. The budget takes advantage of growing departmental revenues to mitigate tax levy increases, maintains staffing levels, and all constituent services. The Town is increasing its spending Snow Removal Budget by 1.2%. The Landfill Post-Closure Reserve increases by \$1.6 million and the Garbage District Rate remains flat at \$350 annually.

Summary of 2020 Town Budget

Fund	<u>Appropriations</u>	<u>Non-Property Tax Revenues</u>	<u>Less: Application of Surplus</u>	<u>2020 Property Taxes</u>
General - Town Wide	\$133,486,710	\$108,701,762	\$ 0	\$ 24,784,948
Highway - Town Wide	7,683,177	458,278	0	7,224,899
Open Space - Full Town	10,240,888	112,500	0	10,128,388
Total Full Town Funds	151,410,775	109,272,540	0	42,138,235
General - Part Town	26,008,259	17,969,332	0	8,038,927
Highway - Part Town	65,158,551	2,943,897	0	62,214,654
Street Lighting	5,441,676	136,972	0	5,304,704
Refuse & Garbage	43,953,575	1,413,700	0	42,539,875
Total Outside Village Tax Districts	140,562,061	22,463,901	0	118,098,160
Total Major Tax District	291,972,836	131,736,441	0	160,236,395
Other Special District	20,895,577	1,165,242	264,559	19,465,776
Total Tax Districts	\$312,868,413	\$132,901,683	\$264,559	\$179,702,171

Source: Adopted Budget of the Town - 2020.

Impact of COVID-19 Pandemic

The Town has been monitoring the economic impact of the COVID-19 Pandemic very closely and has taken several precautionary measures to reduce expenditure budgets for both the Operating and Capital funds for fiscal year 2020. Non-Property Tax Revenues have been negatively impacted due to the unprecedented nationwide shut down, pause on business operations, and closure of the Courts; however, the full year impact is difficult to project at this time. A goal was established to reduce spending in line with identified potential revenue shortfalls to budget. The Town Board adopted revisions to the 2020 Operating Budgets, with reductions occurring in the Full Town and Outside Village General Funds, as the Highway and Special District Funds primarily rely upon Property Taxes to fund spending.

The Town has responded to the financial challenges of the COVID-19 pandemic in fiscal year 2020 with swift assessments of revenue loss and corresponding reductions in expenditures. Total Town Revenues across all Tax Districts are projected to be \$13.9 million less than the 2020 Adopted Budget, or 4.4%. Highlights of the Town's efforts to partially offset the loss of revenues with cost reductions include:

- the Town defunded 27 full-time vacant positions in fiscal year 2020.
- an Exit/Retirement Incentive program was offered to all full-time employees on May 15, 2020 if they exited the Town's employment by September 30, 2020, and 25 employees participated. These positions will not be replaced in fiscal year 2020.
- the layoff and abolishment of 70 Part Time positions on May 5, 2020, as well as reduced working hours and delayed start dates for several other Part Time and Seasonal positions, led to an additional revision to the 2020 Operating budget to produce savings.
- the recalibration of Contractual, Overtime, Insurance Premium, etc., Operating Budgets by Department Heads, the Finance Office, and the Supervisor resulted in further budgetary reductions adopted by the Town Board.

The above actions reduced Total Town-Wide Expenditures by \$11.3 million in response to the expected loss in revenues.

The 2020 Capital Budget was reviewed to identify any projects which could be closed out, remaining budgets surrendered, or projects not yet started to be deferred to future years. The total reduction to the 2020 Capital Fund Budget adopted by the Town Board from these efforts was over \$23 million, representing over 90 capital projects:

- Over 30 capital projects were identified to defer to future years, totaling \$20.6 million,
- 60 projects were identified for budget surrender or close out totaling nearly \$2.8 million.

Any remaining cash balances have been transferred to Debt Reserve to offset future debt service or returned to the respective operating funds if no bonds were issued for the project.

The Town has not experienced any significant expenditure increases related to the management of the COVID-19 Pandemic. The Town will continue to monitor closely the 2020 economic environment and the global COVID-19 Pandemic situation, and take the proactive measures as required to ensure the strong financial condition of the Town.

Summary of 2019 Town Budget

Fund	<u>Appropriations</u>	<u>Non-Property Tax Revenues</u>	<u>Less: Application of Surplus</u>	<u>2019 Property Taxes</u>
General - Town Wide	\$128,553,695	\$104,426,413	\$ 0	\$ 24,127,282
Highway - Town Wide	7,578,304	591,891	0	6,986,413
Total Full Town Funds	136,131,999	105,018,304	0	31,113,695
General - Part Town	25,241,972	16,960,532	0	8,281,440
Highway - Part Town	63,320,747	2,349,941	0	60,970,806
Street Lighting	5,354,208	99,504	0	5,254,704
Refuse & Garbage	44,498,300	2,065,700	0	42,432,600
Total Outside Village Tax Districts	138,415,227	21,475,677	0	116,939,550
Total Major Tax District	274,547,226	126,493,981	0	148,053,245
Open Space - Full Town	9,969,558	112,500		9,857,058
Other Special District	18,762,353	1,204,566	126,148	17,431,639
Total Special Tax Districts	28,731,911	1,317,066	126,148	27,288,697
Total Tax Districts	\$303,279,137	\$127,811,047	\$126,148	\$175,341,942

Source: Adopted Budget of the Town - 2019.

Capital Plans and Budgeting

The Town is responsible for providing constituent services on a Town-wide basis. The villages, which comprise approximately 5% of the total area of the Town, are primarily responsible for certain capital needs within their respective corporate boundaries.

The Town maintains a road system outside of the villages consisting of approximately 3,337 lane miles. The road system requires regular road resurfacing, full depth reclamation, drainage, traffic safety enhancements, street lighting and traffic signals, sweeping, along with the condemnation of land for drainage purposes and acquisition of machinery and equipment therefor. The Town continues to acquire land for the purpose of preserving open space (See “*Development and Economic Activity*” herein. The Town is also responsible for the financing and construction of road and storm water surface drainage improvements outside of the villages.

In addition, the Town regularly builds new cells and caps existing cells at the Landfill, and purchases machinery and equipment therefor, improves Town buildings and other facilities, and acquires and improves parks, marinas, and recreational facilities.

In general, the need for capital funding for the above described projects is anticipated to continue and to be in amounts substantially the same as in the past for the next few years. Bond authorizations for such projects are not anticipated to be substantially different than have generally prevailed in the past. (See also “*Debt Management and Capital Budget Policy*” herein).

The Town does not provide capital financing for water facilities since the Suffolk County Water Authority and the County maintains primary responsibility for these structures. The Town is responsible for two Sewer Districts that are fully built, and there are no plans for new districts at this time. Developers have generally been required to construct sewer treatment plants or connections as a condition to subdivision approval.

The Town annually adopts a multi-year capital plan to prioritize capital needs and resources to ensure that key assets are replaced, improved or upgraded in a timely manner.

The proposed estimated borrowing needs over the next several years are stated below. The Town intends to continue to apply for grant funding to supplement the costs for much of the proposed public improvement projects. In addition, capital projects may be authorized after the adoption of the capital plan to reflect changing needs, priorities and funding opportunities. Therefore, the amounts stated below are not necessarily the amount that will ultimately be borrowed.

Adopted Capital Budget Summary 2020-2024^a

	Fiscal Year Ending December 31:				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General Services	\$ 1,375,000	\$ 855,000	\$ 550,000	\$ 505,000	\$ 345,000
Information Technology	230,000	175,000	145,000	145,000	145,000
Parks, Sports & Recreation	5,215,000	5,630,000	3,400,000	3,250,000	3,025,000
Planning Building & Environmental	225,000	250,000	100,000	80,000	50,000
Public Safety	650,000	250,000	150,000	245,000	150,000
Town Attorney	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Town Hall Improvements	515,000	675,000	1,806,565	75,000	75,000
Waste Management	4,419,000	8,300,000	11,845,000	5,108,545	5,250,000
Highway Part-Town	22,199,580	24,503,782	20,735,000	19,050,000	18,725,000
Highway Town-Wide	850,000	850,000	850,000	850,000	850,000
Street Lighting	3,385,000	3,200,000	3,200,000	1,500,000	500,000
Open Space Acquisitions	3,450,000	2,600,000	2,600,000	2,500,000	2,500,000
Special Districts	<u>220,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Borrowing Estimate	<u>\$43,933,580</u>	<u>\$48,488,782</u>	<u>\$46,581,565</u>	<u>\$34,508,545</u>	<u>\$32,815,000</u>

a. Does not include authorizations from previous years that may be financed through the issuance of bonds.

Revenues

The Town receives most of its revenues from real property taxes, departmental charges for services and tipping fees from the Town Landfill. A summary of such revenues and other financing sources for the five most recently completed fiscal years 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.

Recycling and Sustainable Materials Management

Brookhaven Landfill. The Landfill operates under a New York State Department of Environmental Conservation (NYSDEC) Permit. It is expected that the Landfill will reach maximum capacity in December 2024.

The Landfill accepts processed construction and demolition (C&D) debris, alternate operating cover (AOC) and ash from resource recovery facilities. Ash is received from three area resource recovery facilities. The Town of Brookhaven has Inter-Municipal Agreements (IMA) with the Town of Islip for approximately 60,000 tons per year. The agreement with Islip has been renewed for an additional 5 years.

On January 1, 2015, the Town amended and renegotiated its “ash for trash” agreement with Covanta Hempstead. On October 28, 2018 the Town of Brookhaven reached an agreement where Covanta Hempstead will deliver Huntington & Smithtown’s 83,000 tons of ash to the Brookhaven Facility for \$57.75 per ton escalating each year for the next five (5) years. The Covanta agreement term is for a minimum of ten years and it is expected that approximately 350,000 tons per year of ash will be delivered to the Landfill. In addition, the Town’s residential municipal solid waste (MSW), of approximately 172,000 tons per year, will be transferred to Covanta Hempstead for processing.

Nineteen C&D vendors have been approved to utilize the Landfill. Collectively, in 2019, these vendors delivered approximately 438,260 tons of C&D and 363,484 tons of AOC. Presently, the Town is actively filling Phases IX and X of Cell 6 which has a total of thirteen phases. On average, the Town receives approximately 1.2 million cubic yards of material per year. As of December 1, 2019, the landfill has an estimated 6,882,481 million cubic yards of capacity remaining. Construction of Phases XI, XII and XIII, the final three phases of Cell 6, have begun with phase eleven (11) expected to be complete by July 31, 2020 and phase 12 to be complete nearing the end 2020 and the final phase expected to begin construction in 2021 and be completed in approximately 12 months..

The Town has had the long-standing practice of capping cells (or phases) as they reach capacity. All 95 acres of Cells 1-4 have been capped since 1998. As well as eight-one and one half (81.5%) acres, of the constructed Cell 5 / Cell 6 (127.7 acres) have also been capped in accordance with NYSDEC rules and regulations.

On October 28, 2019 the Town of Brookhaven transmitted the Phase G Cap Certification report to the NYSDEC certifying that an additional 23.5 acres have been capped in accordance to state regulations.

During the third quarter of 2020, the Town will install a temporary leachate and odor control cap. This technology allows the Town to bridge active landfill operations to the next “cap as you go” design scheduled for 2022. The temporary leachate and odor control cap will reduce the leachate generated on approximately 13 acres.

Material Recycling Facility (MRF). In December 2013, the Town and Hudson Baylor Brookhaven LLC entered into a fourth amendment of the Operations and Maintenance agreement. The agreement required Hudson Baylor, at no cost to the Town, to invest approximately \$6.0 million to convert the dual stream recycling processing system at the MRF to single stream processing. The amendment also extended the term of the agreement with Hudson Baylor by 25 years, until the year 2039.

As a result of the above agreement, in 2014, the Town realized a 24% lift in its recycling rate, translating into \$425,000 savings. Similar lift (relative to 2013) and savings have been realized in each of the subsequent years. In addition, in 2014 and 2015, the Town entered into twelve Single Stream Recycling IMAs with Towns, School Districts, and Villages, that collectively generated an estimated \$250,000 in annual recurring revenue, in addition to the Town’s \$500,000 of recycling revenue.

However, on October 29, 2018, Hudson Baylor unilaterally ceased operation and defaulted under the terms and condition of the existing contract. Emergency measures put in place preserved the Town of Brookhaven Recycling program and opened positive dialogue with the NYSDEC on statewide improvements to municipal recycling initiatives.

At the conclusion of the Towns IMA with Smithtown, the Town of Brookhaven successfully negotiated a seventh amendment to the operations agreement with the surviving partner; Winters Brothers Recycling. The new agreement falls in line with generally accepted third party operations agreements in the recycling industry whereby the towns pays an operating fee with a deduct from that fee coming from a shared commodity revenue. Anticipated expenses of \$800,000 for 2020 is based on approximately 20,000 tons of processed recyclables. The new agreement calls for Winters Brothers to make an upfront payment of \$700,000 with seven (7) additional, \$100,000 payments over the next seven years. The initial \$700,000 payment was made in the spring of 2020.

State Aid

The Town receives a small portion of its General Fund Budget from the State predominantly through mortgage recording taxes. The State imposes a tax on the privilege of recording a mortgage on real property located with the State. The mortgage recording tax includes a basic tax of \$0.50 per \$100 of mortgage principal, with additional taxes of \$0.25 to \$1.25 per \$100 of mortgage principal based on certain conditions.

Based on the financial statements of the Town for fiscal year ending 2019, the Town received approximately 12.33% of its total General Fund operating revenue from State aid in 2019. The Town has budgeted approximately 10.38% for the 2020 Budget. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever.

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 other 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 (including transfers) comprised of state aid for each of the fiscal years 2015 through 2019 and as budgeted, for 2020.

<u>Fiscal Year Ended</u> <u>December 31:</u>	<u>General Fund</u> <u>Total Revenue</u>	<u>State Aid</u>	<u>State Aid To</u> <u>Revenues (%)</u>
2015	\$129,064,680	\$11,477,553	8.89
2016	125,063,934	12,973,534	10.37
2017	128,971,133	15,791,659	12.24
2018	134,716,468	16,414,520	12.18
2019	132,522,753	16,338,127	12.33
2020 (Budgeted)	133,486,710	13,850,000	10.38

Expenditures

Based on the Annual Financial Reports of the Town, the major categories of expenditure in the General Fund are General Government Support, Public Safety, Culture and Recreation, Home and Community Services and Employee Benefits. A summary of the expenditures for the five most recently completed fiscal years may be found in Appendix A - Financial Statements.

Operating Budget Limitations

On November 2, 2010, a majority of the voters of the Town approved a local law to limit the operating budget expenditures. The total dollar amount of expenditures in the annual adopted budget for the Town-wide General Fund shall not increase above the total dollar amount of expenditures in the most recent adopted operating budget for the Town-wide General Fund by more than the three-year average of revenue growth rate plus the three-year average population growth rate for the three previous completed fiscal years. When the calculated growth rate is less than zero percent, adopted expenditures shall not exceed expenditures in the most recent adopted budget.

Notwithstanding the provisions of the local law, the Town Board may provide for an increase in spending in the Town-Wide General Fund in excess of the amount defined by a vote of three-fourths of the Town Board.

Pension Systems

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS" and together with ERS, the "Retirement System"), a cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the 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 ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts, which are collected through annual billings to all participating employers. Generally, all full-time employees,

participate in the Retirement System. ERS is non-contributory with respect to members hired prior to July 27, 1976. All ERS members hired on or after July 27, 1976, with less than ten years' experience, must contribute 3% of gross annual salary toward the cost of retirement programs. The PFRS is non-contributory for all police and fire fighters.

Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% (percentage dependent on tier) of payroll for the ERS and PFRS, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

The investment of monies, and assumptions underlying same, of the NYS Retirement Systems covering the Town's employees is not subject to the direction of the Town. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the NYS Retirement Systems ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the Town, which could affect other budgetary matters. Concerned investors should contact the NYS Retirement Systems administrative staff for further information on the latest actuarial valuations of the NYS Retirement Systems.

In the event that there are capital market declines in the future, the State's Retirement System portfolio may experience negative investment performance and downward trends in market earnings. As a result of the foregoing, the employer contribution rate for the State's Retirement System in future years may be higher than the minimum contribution rate established under applicable law. Since 2010, various forms of legislation have been enacted to allow local governments and school districts the option of amortizing required contributions to the Retirement System. However, although these options reduce near term payments, it may require higher than normal contributions in later years.

As of December 31, 2019, the Town does not have any amortized amounts due to the NYS Retirement System, nor does it expect to amortize any payments for the foreseeable future.

Required Contributions to the NYS Retirement Systems

The following table sets forth the Town's payments to the NYS Retirement System for the last five years:

Fiscal Year Ending <u>December 31:</u>	Employees' NYS Retirement <u>System</u>
2015	\$11,454,629
2016	10,148,873
2017	10,383,016
2018	9,862,682
2019	9,949,117
2020 (Budgeted)	11,357,102

The Governmental Accounting Standards Board ("GASB") Statement No. 68, Accounting and Financial Reporting for Pensions ("GASB 68") revises and establishes new financial reporting requirements for the Town beginning with its fiscal year ended December 31, 2015.

GASB 68 requires the Town to recognize its long-term obligation for its share of NYS pension benefits as a liability and to more comprehensively and comparably measure the annual costs of its share of NYS pension benefits. As of December 31, 2019, the Town's net pension liability was \$17,491,691.

For additional information on GASB 68, please reference the Town's audited financial statements for the fiscal year ended December 31, 2019 attached as Appendix B.

Other Post Employment Benefits

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

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

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

During the year ended December 31, 2018, the Town adopted GASB 75, which supersedes and eliminates GASB 45. Under GASB 45, based on actuarial valuation, an annual required contribution (“ARC”) will be determined for each state or local government. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

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

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

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

Total OPEB Liability at Dec 31, 2018	\$410,893,942
Charges for the Year:	
Service Cost	12,338,111
Interest	15,298,239
Changes of Benefit Terms	0
Differences Between Expected and Actual Experience	(41,441,585)
Changes in Assumptions or Other Inputs	80,365,936
Benefit Payments	(12,463,505)
Net Changes	54,097,196
Total OPEB Liability at Dec 31, 2019	\$464,991,138

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years, if there are less than 200 members.

At this time, New York State has not developed a legal framework or guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the Town had decided to continue funding the expenditure on a pay-as-you-go basis.

REAL PROPERTY TAX INFORMATION

Real Property Taxes

The following table sets forth the percentage of the Town's revenue for each of the fiscal years 2015 through 2019 and as budgeted for 2020.

The Town derives a portion of its revenues from a tax on real property (see "*Statement of Revenues, Expenditures and Changes in Fund Balance*" in Appendix A, herein.) On June 24, 2011, the Tax Levy Limit 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. The Tax Levy Limit Law could require the Town to find alternative revenue sources, reduce expenditure or both. (See "*Tax Levy Limit Law*" herein).

<u>Fiscal Year Ended</u> <u>December 31:</u>	<u>Total Revenue^a</u>	<u>Real Property</u> <u>Taxes^a</u>	<u>Real Property</u> <u>Taxes to</u> <u>Revenues (%)</u>
2015	\$258,666,038	\$138,737,874	53.64
2016	255,815,875	138,760,643	54.24
2017	267,649,383	139,652,324	52.18
2018	267,884,296	145,396,667	54.28
2019	282,148,131	148,215,602	52.53
2020 (Budgeted)	281,731,948	150,108,007	53.28

a. The amounts above include the following funds: General Town-Wide, General Town Outside Villages, Highway Full Town, Highway Part Town, Refuse & Garbage and Street Lighting. Special District Funds are not included in the above table. See also "Dissolution of the Village of Mastic Beach" herein.

Tax Collection Procedure

The Town, the County, the school districts and the fire districts located in the Town each prepare their own budgets and notify the Town as to the amount of taxes to levy for each respective unit. The Town also prepares the budgets and levies and collects the taxes for special districts in the Town other than fire districts. The Town Receiver of Taxes (the "Town Receiver") collects all real estate taxes for the Town (including its special districts), the County, school districts and fire districts on a single tax bill. Real property tax payments are payable in two equal installments. The first portion is due December 1 of the year preceding the year for which the same is levied but it is payable without penalty until January 10. The second portion is payable May 10, and is payable without penalty until May 31. After May 31, all taxes must be paid to the County Treasurer with a 5% penalty charge and interest at the rate of 1% per month from February 1.

Town Receiver distributes the collected tax money first to the Town (including its special districts), school districts and fire districts. Any balance remaining after the Town (including its special districts), school districts and fire districts have received their tax revenues in full is distributed to the County. On June 1 of each year the Town Receiver turns over uncollected items to the County Treasurer who continues the collection of such items. Responsibility for the collection of unpaid taxes rests with the County. As a result, as long as uncollected taxes as of June 1 are less than the County's share of the total taxes, the Town is assured of 100% collection of its tax revenues.

Tax Levy Collection Record and Tax Rates

Fiscal Year Ending December 31:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Tax Levy*	\$ 1,534,189,998	\$ 1,571,355,802	\$ 1,597,125,646	\$ 1,650,604,165	\$ 1,717,299,290
Amount to Town Supervisor	1,313,686,075	1,340,490,988	1,380,518,177	1,427,785,882	1,477,738,778
Amount to County Treasurer	220,503,923	230,864,814	216,607,469	222,818,283	239,560,512
Uncollected as of Final Report	64,052,779	64,635,414	67,413,745	67,859,660	111,348,008
Percent Uncollected	4.18%	4.11%	4.22%	4.11%	6.48%
Tax Rates Per \$100 of Assessed Valuation:					
General Town:					
Town Wide	\$ 5.081	\$ 5.103	\$ 5.129	\$ 5.212	\$ 5.331
Outside Incorporated Villages	2.035	2.048	2.032	2.041	1.970
Highway:					
Town Wide	\$ 1.424	\$ 1.444	\$ 1.463	\$ 1.510	\$ 1.554
Outside Incorporated Villages	14.471	14.486	14.691	15.027	15.246

* Includes the County, the Town, Special Districts, School Districts and Fire Districts.
The Town is made whole by the County for any unpaid Property Taxes as proscribed in Suffolk County Tax Law (See "Tax Collection Procedure" herein)

Town of Brookhaven Tax Warrant Components

<u>Taxing Jurisdiction</u>	<u>2019</u>		<u>2020</u>	
	<u>Levy Amount</u>	<u>Percent</u>	<u>Levy Amount</u>	<u>Percent</u>
School Districts	\$ 1,145,065,176	69.37 %	\$ 1,190,147,622	69.30 %
Suffolk County	222,800,044	13.50	239,598,681	13.95
Fire Districts	98,036,912	5.94	99,811,442	5.81
Highway Part Town	60,971,660	3.69	62,216,594	3.62
Refuse and Garbage Districts	43,889,455	2.66	43,897,841	2.56
Town General Town Wide	24,130,955	1.46	24,788,576	1.44
Ambulance Districts	13,113,641	0.79	15,114,690	0.88
Open Space Preservation	9,857,844	0.60	10,129,060	0.59
Town General Part Town	8,281,899	0.50	8,041,110	0.47
Highway Town Wide	6,990,856	0.42	7,225,763	0.42
Lighting Districts	5,258,751	0.32	5,308,901	0.31
Out of County Tuition	4,487,497	0.27	3,302,724	0.19
Special Library Districts	2,910,320	0.18	2,909,009	0.17
Demolition of Unsafe Structures	1,456,956	0.09	1,593,852	0.09
Town Sewer Districts	689,686	0.04	688,696	0.04
Water Districts	599,081	0.04	620,007	0.04
Fire Protection Districts	653,161	0.04	595,629	0.03
Clean up of Premises	489,952	0.03	373,504	0.02
Erosion Districts	310,589	0.02	300,645	0.02
Dock Districts	552,482	0.03	633,273	0.04
Park Districts	52,602	0.00	51,740	0.00
Green Homes		0.00	0	0.00
Unpaid Sewer and Water Rents	4,647	0.00	6,241	0.00
	<u>\$ 1,650,604,166</u>	<u>100.00 %</u>	<u>\$ 1,717,355,600</u>	<u>100.00 %</u>

Property Tax Revenue Limitation

On November 2, 2010, a majority of the voters of the Town approved a local law limiting property tax rates in the subsequent years. Pursuant to the local law, the Town Board shall not increase property taxes from the previous year in any amount that would increase the total property tax rate by more than four (4%) percent over the previous year for Town budget purposes including Town-Wide General Fund and Part-Town General Fund, except for special and improvement district expenditures including but not limited to water, streetlight, sewer, park, fire protection, ambulance, special road improvements and other similar special and improvement district purposes.

The Town Board may provide for an increase in the property tax rate in excess of four (4%) percent limitation by an affirmative vote of a supermajority of the Town Board. As discussed in the section entitled “*Tax Levy Limit Law*,” Chapter 97 of the Laws of 2011 was enacted on June 24, 2011, which imposes a limitation on the tax levy growth of municipalities, including the Town, school districts and fire districts in the State. In addition to its local law, the Town is subject to Chapter 97 and the limitations imposed by the Tax Levy Limit Law. (See “*Tax Levy Limit Law*” herein).

Tax Levy Limit Law

Although the State Legislature is limited by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay “interest on or principal of indebtedness theretofore contracted”, the State Legislature may from time to time impose additional limitations on the ability to issue new indebtedness or to raise taxes therefor.

Chapter 97 of the Laws of 2011, as amended (the “Tax Levy Limit Law” or the “Law”), generally applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities to levy certain year-to-year increases in real property taxes.

The Town is subject to the Tax Levy Limit Law, beginning with the Town’s budget for its fiscal year beginning January 1, 2012. Pursuant to the Tax Levy Limit Law, additional procedural requirements are imposed if a municipality seeks to increase the tax levy by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index, over the amount of the Town’s prior year’s tax levy (the “Tax Levy Increase Limit”). In the event the Town seeks to adopt a budget requiring a tax levy exceeding the Tax Levy Increase Limit, a favorable vote of at least five members of the seven-member Town Board would be required. The Town Board would also be required to act by Local Law rather than simply by resolution, and a public hearing would be required.

The Law permits certain exceptions to the Tax Levy Increase Limit. The Town may levy taxes exceeding the Tax Levy Increase Limit, if necessary, to support the following expenditures: (i) funds needed to pay judgments arising out of tort actions that exceed five percent of the total tax levied by the Town in the prior fiscal year and (ii) required pension payments (but only that portion of such payments attributable to the average actuarial contribution rate exceeding two percentage points). Taxes necessary for these expenditures will not be included in the calculation of the Tax Levy Increase Limit.

The Law also provides for adjustments to be made to the Town’s Tax Levy Increase Limit 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.

Selected Listing of Large Taxable Properties 2019 Assessment Roll^a

<u>Name</u>	<u>Assessed Valuation</u>
Marketspan	\$17,536,408
LIPA	12,604,429
Keyspan	7,465,163
Mall at Smith Haven LLC	1,261,394
Verizon	1,153,977
Point of Woods Association	691,215
KeySpan Energy Dev. Corp,	652,570
Atlantic Point LL LLC	628,020
North Isle Village Inc.	484,500
Villas at Pine Hill DE LLC	473,610
Zebra Technologies Enterprise Corp	450,000
FRG FK Pines I LLC	374,650
Pine Hills South CO DE LLC	374,350
Centereach Mall Assoc. LPP c/o KIMCO Realty Corp.	346,720
Fairfield Townhouses at Coram LLC	345,000
Total^b	\$44,842,006

- a. Assessment roll established in 2019 for levy and collection of taxes during 2020 Fiscal Year.
- b. Represents approximately 9.68% of the total taxable assessed valuation of the Town for 2020.
- c. The New York State Office of Real Property Services annually establishes an equalization rate in an effect to determine full market value. For 2019-2020 the Town’s Equalization Rate is 0.79% and the Full Valuation is \$58,626,243,038.

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. Real Property Tax Law section 727 prohibits further changes in assessment for three years absent special circumstances and also prohibits plaintiffs from filing any challenge to assessment of the subject parcel for that three year period. In this manner, any settlements provide for future adjustments with no direct outlay of money. (See “*Tax Collection Procedure*” and “*LITIGATION*” herein.)

The Long Island Power Authority (“LIPA”) initiated a tax certiorari proceeding to challenge their property tax assessment. In the first quarter of 2019, the Town and LIPA executed a Settlement Agreement of the pending real property tax reduction proceedings, after a court ruling in December of 2018. Reductions in assessment will be phased in annually until the tax year 2026/27. There will be no refunds for the years 2010/11 (when the first proceeding was filed) to the date of settlement. The settlement will not have a material effect on the Town’s financial condition or taxable assessed valuation.

LITIGATION AND OTHER PROCEEDINGS

The Town is subject to a number of other lawsuits in the ordinary conduct of its affairs. The Town does not believe however, that such other suits, individually or in the aggregate, are likely to have a materially adverse effect on the financial condition of the Town. The Town has determined that in recent years all litigation against the Town has been settled within budgetary appropriations for such purposes, and within available insurance coverages. The Town is a self-insured entity with a retention of the first one million dollars for any one loss and maintains an excess policy of ten million dollars and a further excess policy of twenty-five million dollars over and above the first ten million dollars of excess coverage. Additionally, there are a number of pending lawsuits seeking monetary damages against the Town that have been referred to and are being handled by the Town’s Insurance carriers.

CYBERSECURITY

The Town, like many other public and private entities, relies on technology to conduct its operations. As a result, the Town faces multiple cyber threats to its systems and data including, but not limited to, hacking, viruses, ransomware, malware and phishing attacks.

The Town has adopted a number of strategic initiatives to implement various forms of cybersecurity systems, monitoring and operational controls to mitigate the risk of business operations impact and/or damage from cyber attacks and to safeguard data. In addition, the Town has a policy of conducting periodic test and review of its network and data systems.

While the Town has invested in various forms of cybersecurity and operational controls, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The result of any such attack could impact business operations and/or damage Town’s network and systems and could result in unexpected costs to the Town.

RISK FACTORS

AND

MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND MUNICIPALITIES OF THE STATE

The financial condition of the Town and the market price of and the market for the Bonds could be affected by a variety of factors, many of which are beyond the Town's control, including, for example: (i) certain adverse events in the domestic and world economy; (ii) a significant default or other financial crisis occurring in the affairs of the State or its agencies or political subdivisions; and (iii) a seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code. These events may affect the acceptability of obligations issued by borrowers within the State or the ability of the Town to arrange for additional borrowings. In addition, the market for and the market value of the Bonds could be adversely affected if the Town encountered real or perceived difficulty in marketing notes or bonds to pay principal on outstanding notes at maturity. The Town, like other issuers, is dependent on the orderly functioning of the municipal debt markets to refinance existing debt coming due, and could be unable to pay its notes at maturity if market access proved unavailable.

The Town is dependent in part on financial assistance from the State. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, the Town may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State in order to make State aid payments to the Town. (See also "State Aid".)

The State's Annual Information Statement and other information about the State's finances are provided by the State Division of the Budget on its website.

ANNUAL AND CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the "Rule") promulgated by the "Commission", the Town has agreed to provide, at the time of delivery of the Bonds, an executed Annual and Continuing Disclosure Undertaking in substantially the form attached as Appendix C.

The following table sets forth the annual filings for each of the five preceding fiscal years.

<u>Fiscal Year Ending December 31:</u>	<u>Financial & Operating Information</u>	<u>Audited Financial Statements</u>
2015	06/27/2016	07/11/2016
2016	06/29/2017	06/26/2017
2017	06/29/2018	06/18/2018
2018	06/27/2019	06/27/2019
2019	06/26/2020	06/25/2020

TAX MATTERS

Tax Exemption

The delivery of the Bonds (the "Obligations") is subject to the opinion of Bond Counsel to the effect that interest on the Obligations for federal income tax purposes (1) will be excludable from gross income, as defined in Section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to Section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the Town made in a certificate (the "Tax Certificate") dated the date of delivery of the Obligations pertaining to the use, expenditure, and investment of the proceeds of the Obligations and will assume continuing compliance by the Town with the provisions of the Tax Certificate subsequent to the issuance of the Obligations. The Tax Certificate contains covenants by the Town with respect to, among other matters, the use of the proceeds of the Obligations and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Obligations are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits"

from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Obligations to be includable in the gross income of the owners thereof from the date of the issuance.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Town described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Obligations is commenced, under current procedures the IRS is likely to treat the Town as the "taxpayer," and the owners of the Obligations would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Obligations, the Town may have different or conflicting interests from the owners of the Obligations. Public awareness of any future audit of the Obligations could adversely affect the value and liquidity of the Obligations during the pendency of the audit, regardless of its ultimate outcome.

In the opinion of Bond Counsel, under existing law interest on the Obligations is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Except as described above, Bond Counsel expresses no opinion with respect to any federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Obligations. Prospective purchasers of the Obligations should be aware that the ownership of tax-exempt obligations such as the Obligations may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a Financial Asset Securitization Investment Trust ("FASIT"), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change so as to reduce or eliminate the benefit to holders of the Obligations of the exclusion of interest thereon from gross income for federal income tax purposes. Proposed legislative or administrative action, whether or not taken, could also affect the value and marketability of the Obligations. Prospective purchasers of the Obligations should consult with their own tax advisors with respect to any proposed changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Obligations

The initial public offering price of certain Obligations (the "Discount Obligations") may be less than the amount payable on such Obligations at maturity. An amount equal to the difference between the initial public offering price of a Discount Obligation (assuming that a substantial amount of the Discount Obligations of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Obligation. A portion of such original issue discount allocable to the holding period of such Discount Obligation by the initial purchaser will, upon the disposition of such Discount Obligation (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Obligations described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Obligation, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Obligation and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Obligation by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Obligation in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Obligation was held) is includable in gross income. Owners of Discount Obligations should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Obligations.

The purchase price of certain Obligations (the “Premium Obligations”) paid by an owner may be greater than the amount payable on such Obligations at maturity. An amount equal to the excess of a purchaser’s tax basis in a Premium Obligation over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Obligation in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Obligation. The amount of premium which is amortizable each year by a purchaser is determined by using such purchaser’s yield to maturity. Purchasers of the Premium Obligations should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Obligations.

LEGAL MATTERS

The legality of the authorization and issuance of the Bonds will be covered by the unqualified legal opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel. Such legal opinion of Bond Counsel will be delivered in substantially the form attached hereto as “Appendix D”.

RATING

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

VERIFICATION OF MATHEMATICAL COMPUTATIONS FOR THE SERIES C 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 C 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 C Bonds contained in the provided schedules to be used by Norton Rose Fulbright LLP, as Bond Counsel to the Town for the Series C Bonds, in its determination that the interest on the Series C 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 C 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 municipal advisor to the Town on matters relating to debt management. The Municipal Advisor is a municipal 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 business office of the Town: Tamara Branson, Commissioner of Finance of the Town, Town of Brookhaven, Department of Finance - 3rd Floor, One Independence Hill, Farmingville, New York 11738, telephone number 631/451-6680 and email: tbranson@brookhavenny.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 assume no liability or responsibility for any errors or omissions 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.

Except for its review of the descriptions of the terms of the Bonds and its approving legal opinion to be rendered on the Bonds as Bond Counsel to the Town, Norton Rose Fulbright US LLP, has not participated in the preparation of this Official Statement, nor verified the accuracy, completeness or fairness of the information contained herein, and accordingly, expresses no opinion with respect thereto.

The preparation and distribution of this Official Statement has been authorized by the Supervisor pursuant to bond resolutions of the Town which delegate to the Supervisor the power to sell and issue the Bonds.

This Official Statement has been duly executed and delivered by the Supervisor of the Town of Brookhaven, New York.

By: /s/ EDWARD P. ROMAINE
Town of Brookhaven
Brookhaven, New York

October , 2020

APPENDIX A

FINANCIAL INFORMATION

BALANCE SHEETS - AUDITED FINANCIAL STATEMENTS

FISCAL YEAR ENDING DECEMBER 31, 2019

	Select Governmental Funds					
	General Fund	Town Outside Village	Combined Highway Funds	Town Refuse & Garbage District	Debt Service	Non-Major Governmental Funds
<u>Assets</u>						
Cash & Cash Equivalents	\$ 56,089,811	\$ 21,581,076	\$ 31,244,194	\$ 4,862,747	\$ 13,141,270	\$ 15,227,598
Restricted Cash					704,923	1,588,236
Accounts Receivable	9,937,584	100,180	149,866	92,236		78,023
Property Taxes Receivable	311,767					
Due From Other Funds	13,843,156		33,154	47,641	202,532	74,862
Due from Trust and Agency Funds		100,598	13,132			
Insurance Escrow Deposits	327,672					
State and Federal Aid Receivables	333,259	2,180	2,045	75,122		590,562
Due From Other Governments	4,814,778	112,335	72,008	1,900	3,605	8,584
Prepaid Charges	1,498,830	376,850	574,863	73,339		63,003
Loans Receivable						
Inventory of Material and Supplies	166,544		1,089,561	267,320		
LOSAP Investment						8,842,956
Total Assets	\$ 87,323,401	\$ 22,273,219	\$ 33,178,823	\$ 5,420,305	\$ 14,052,330	\$ 26,473,824
<u>Liabilities</u>						
Accounts Payable	\$ 2,977,312	\$ 164,555	\$ 1,488,283	\$ 2,030,752	\$	\$ 1,008,659
Accrued Liabilities	4,813,398	1,190,000	3,105,250	176,953		803,791
Due to Other Funds	734,571	591,801	452,659	1,608	4,931	172,454
Due to Trust and Agency Funds	19,900	105				
Due to Other Governments	18,936	7,020	33			122,073
Unearned Revenue	392,011					2,765
Claims and Judgments	5,975,000	121,066	941,297			
Total Liabilities	14,931,128	2,074,547	5,987,522	2,209,313	4,931	2,109,742
<u>Deferred Inflows of Resources</u>						
Unavailable Revenue:						
Real Property Taxes	311,767					
Other	77,387					
Settlements	1,000,000					
Total Deferred Inflows of Resources	1,389,154	0	0	0	0	0
<u>Fund Balance</u>						
Nonspendable	1,665,374	376,850	1,664,424	340,659		1,529,166
Restricted	14,471,421	455,782	1,078,413		14,047,399	11,027,532
Assigned	334,921	19,366,040	24,448,464	2,870,333		11,807,384
Unassigned	54,531,403					
Total Fund Balance	71,003,119	20,198,672	27,191,301	3,210,992	14,047,399	24,364,082
Total Liabilities and Fund Balances	\$ 87,323,401	\$ 22,273,219	\$ 33,178,823	\$ 5,420,305	\$ 14,052,330	\$ 26,473,824

Fund Balance designations reflect the classification for GASB Statement #54

Non-Major Governmental Funds include Ambulance, Docks, Erosion Control, Fire Protection, Street Lighting, Park, Sewer, Sidewalk and Water Districts

Sources: Audited Financial Reports of the Town (2019)

NOTE: This Schedule is NOT audited.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GENERAL FUND - TOWN WIDE

Fiscal Years Ending December 31:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues:					
Real Property Taxes	\$ 21,226,870	\$ 23,226,870	\$ 23,443,399	\$ 23,923,162	\$ 24,293,664
Other Property Tax Items	1,207,181	1,220,002	1,173,353	1,212,397	1,323,712
Non-Property Tax items	8,261,420	8,913,975	9,296,249	9,420,209	9,095,137
Departmental Income	56,472,961	53,573,142	58,343,727	62,058,736	59,363,038
Intergovernmental Charges	7,910,078	8,515,278	8,409,168	8,878,573	8,609,641
Use of Money and Property	4,485,525	4,334,267	4,734,190	5,363,145	4,970,145
Licenses and Permits	256,317	230,516	233,722	227,230	222,283
Fines and Forfeitures	190,736	234,852	178,530	196,568	142,301
Sale of Property	3,987,284	2,236,686	2,253,827	2,170,723	3,746,592
Miscellaneous Local Sources	1,103,766	1,254,874	844,226	872,366	247,623
Interfund Revenues	3,276,130	3,560,055	3,267,077	3,383,973	3,417,856
State and Other Local Government Aid	11,477,553	12,973,534	15,791,659	16,414,520	16,338,127
Federal Aid	691,837	741,938	1,002,006	594,866	752,634
Total Revenues	<u>120,547,658</u>	<u>121,015,989</u>	<u>128,971,133</u>	<u>134,716,468</u>	<u>132,522,753</u>
Expenditures:					
General Government Support	44,687,710	38,244,025	36,970,800	41,145,023	42,381,098
Public Safety	3,604,688	3,761,923	3,799,562	3,885,382	4,350,922
Transportation	1,885,282	1,936,762	2,192,633	2,254,984	2,190,055
Economic Assistance & Opportunity	1,729,379	1,656,563	1,731,089	1,779,586	1,832,558
Culture and Recreation	20,712,722	20,827,160	20,870,999	21,557,961	21,531,771
Home & Community Services	14,076,118	13,892,190	14,355,909	14,694,235	14,459,844
Employee Benefits	11,812,966	8,878,060	8,826,941	9,302,441	10,804,985
Debt Service	96,143	95,850	95,920	64,356	
Total Expenditures	<u>98,605,008</u>	<u>89,292,533</u>	<u>88,843,853</u>	<u>94,683,968</u>	<u>97,551,233</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	21,942,650	31,723,456	40,127,280	40,032,500	34,971,520
Other Financing Sources (Uses):					
Debt Service Transfers (Out):	(25,748,187)	(31,980,642)	(37,365,218)	(36,230,030)	(33,488,190)
Landfill Capital Transfer (Out)					
Debt Proceeds	5,000,000		2,311,668		
Premium on Obligations	2,418,109	2,957,577	1,028,420		
Other Transfers In (Out)	1,098,913	1,090,368			11,728
Total Other Financing Sources (Uses)	<u>(17,231,165)</u>	<u>(27,932,697)</u>	<u>(34,025,130)</u>	<u>(36,230,030)</u>	<u>(33,476,462)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	4,711,485	3,790,759	6,102,150	3,802,470	1,495,058
Fund Balance, Beginning of Year	48,454,960	53,166,445	56,957,204	63,059,354	69,508,061
Adjustment to Fund Balance Due to Accounting Changes				2,646,237	
Fund Balance, Beginning of Year, as Restated	48,454,960	53,166,445	56,957,204	65,705,591	69,508,061
Fund Balance, End of Year	\$ <u>53,166,445</u>	\$ <u>56,957,204</u>	\$ <u>63,059,354</u>	\$ <u>69,508,061</u>	\$ <u>71,003,119</u>

*In 2011, the Town eliminated the intergovernmental revenue and expense from the Special Revenue Refuse and Garbage Fund to the General Fund for reimbursements of payments made to another municipality for the disposal of waste. Such payments are now paid directly from the Refuse and Garbage Fund.

**The Town's accounting policy for the recognition of active employee benefits was revised in 2014 in order to allocate the costs directly to the specific department, instead of to a centralized employee benefits fund, which allows now for the classification of these expenditures by function. The accounting of employee benefits for retired employees, and Worker's Compensation expense, is the same as previous years.

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

NOTE: This Schedule is NOT audited.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GENERAL FUND - TOWN OUTSIDE VILLAGES

Fiscal Years Ending December 31:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues:					
Real Property Taxes	\$ 7,959,262	\$ 7,959,262	\$ 8,049,498	\$ 8,199,498	\$ 8,281,440
Other Property Tax Items	10,775	14,903	7,349	3,426	3,719
Departmental Income	9,855,909	10,961,414	13,839,511	14,732,022	15,434,830
Use of Money and Property	21,407	31,035	89,408	255,907	447,499
Licenses and Permits	65,541	60,652	93,014	63,030	66,215
Fines and Forfeitures	599,725	1,804,028	2,237,991	2,124,438	2,295,550
Sale of Property and Comp. for Loss		2,862			
Miscellaneous Local Sources	379,740	391,155	436,344	589,873	2,317,799
Interfund Revenues			10,829	959	
State and Other Local Government Aid	1,808,932	1,808,932	1,815,883	2,136,663	26,702
Federal Aid	1,864	990	2,141	897	1,011
Total Revenues	20,703,155	23,035,233	26,581,968	28,106,713	28,874,765
Expenditures:					
General Government Support	2,397,950	3,076,864	2,921,600	3,202,988	3,343,886
Public Safety	10,806,435	10,962,088	11,599,638	12,057,586	13,023,733
Health	460,692	570,808	577,297	647,565	641,364
Home & Community Services	4,065,154	3,923,682	4,085,495	4,137,212	4,464,986
Employee Benefits	2,094,298	1,049,075	1,201,774	1,247,437	1,320,665
Debt Service					
Total Expenditures	19,824,529	19,582,517	20,385,804	21,292,788	22,794,634
Excess (Deficiency) of Revenues Over (Under) Expenditures	878,626	3,452,716	6,196,164	6,813,925	6,080,131
Other Financing Sources (Uses):					
Transfers In:	40,835	35,715	107,709		
Premium on Obligations	94,981	34,469	245,185		
Transfers Out	(395,485)	(564,925)	(2,830,489)	(1,708,293)	(3,679,231)
Total Other Financing Sources (Uses)	(259,669)	(494,741)	(2,477,595)	(1,708,293)	(3,679,231)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	618,957	2,957,975	3,718,569	5,105,632	2,400,900
Fund Balance, Beginning of Year	5,396,639	6,015,596	8,973,571	12,692,140	17,797,772
Adjustment to Fund Balance Due to Accounting Changes					
Fund Balance, Beginning of Year, as Restated	5,396,639	6,015,596	8,973,571	12,692,140	17,797,772
Fund Balance, End of Year	\$ <u>6,015,596</u>	\$ <u>8,973,571</u>	\$ <u>12,692,140</u>	\$ <u>17,797,772</u>	\$ <u>20,198,672</u>

**The Town's accounting policy for the recognition of active employee benefits was revised in 2014 in order to allocate the costs directly to the specific department, instead of to a centralized employee benefits fund, which allows now for the classification of these expenditures by function. The accounting of employee benefits for retired employees, and Worker's Compensation expense, is the same as previous years.

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

NOTE: This Schedule NOT audited.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

COMBINED HIGHWAY FUNDS

Fiscal Years Ending December 31:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues:					
Real Property Taxes	\$ 63,163,119	\$ 63,092,744	\$ 63,548,474	\$ 66,032,655	\$ 67,957,219
Other Real Property Tax Items	813,801	796,400	825,297	929,522	935,834
Departmental Income	74,199	74,552	141,174	443,204	231,362
Intergovernmental Charges	332,405	299,979	205,907	349,126	447,746
Use of Money and Property	95,412	106,788	208,561	544,150	927,499
Licenses and Permits	429,064	515,105	559,524	830,376	665,573
Sale of Property	141,054	185,176	134,310	185,914	174,072
Miscellaneous Local Sources	159,287	2,426		309	4,761
Interfund Revenues	95,571	21,697			
State Aid	4,251,199	370,328	9,579	929,706	216,541
Federal Aid	390,142	325,829	327,006	246,986	390,605
Total Revenues	69,945,253	65,791,024	65,959,832	70,491,948	71,951,212
Expenditures:					
Transportation	49,433,145	37,946,930	36,807,656	36,884,833	37,130,095
Employee Benefits	5,948,353	4,628,326	5,110,863	5,049,398	5,593,333
Debt Service					
Total Expenditures	55,381,498	42,575,256	41,918,519	41,934,231	42,723,428
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,563,755	23,215,768	24,041,313	28,557,717	29,227,784
Other Financing Sources (Uses):					
Premiums on Obligations	160,775	2,019,317	2,184,054		
Transfers In	2,243,862	774,873	121,732		2,002,989
Transfers Out	(22,812,042)	(26,558,246)	(25,870,419)	(24,920,571)	(24,836,648)
Total Other Financing Sources (Uses)	(20,407,405)	(23,764,056)	(23,564,633)	(24,920,571)	(22,833,659)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(5,843,650)	(548,288)	476,680	3,637,146	6,394,125
Fund Balance, Beginning of Year	23,075,288	17,231,638	16,683,350	17,160,030	20,797,176
Adjustment to Fund Balance Due to Accounting Changes					
Fund Balance, Beginning of Year, as Restated	23,075,288	17,231,638	16,683,350	17,160,030	20,797,176
Fund Balance, End of Year	\$ <u>17,231,638</u>	\$ <u>16,683,350</u>	\$ <u>17,160,030</u>	\$ <u>20,797,176</u>	\$ <u>27,191,301</u>

**The Town's accounting policy for the recognition of active employee benefits was revised in 2014 in order to allocate the costs directly to the specific department, instead of to a centralized employee benefits fund, which allows now for the classification of these expenditures by function. The accounting of employee benefits for retired employees, and Worker's Compensation expense, is the same as previous years.

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

NOTE: This Schedule NOT audited.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

TOWN REFUSE AND GARBAGE

Fiscal Years Ending December 31:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues:					
Real Property Taxes	\$ 41,472,785	\$ 39,820,245	\$ 39,887,693	\$ 42,377,300	\$ 42,428,575
Other Real Property Tax Items	694	717	1,229	2,324	2,762
Departmental Income	849,110	1,251,798	917,671	619,538	386,755
Use of Money and Property	71,757	73,431	131,651	279,411	387,437
Fines and Forfeitures	24,300	23,125	30,325	49,200	23,500
Sale of Property	6,711	5,678	6,394	7,972	10,420
Miscellaneous	2,000	3,043	2,000	2,000	2,000
State Aid	44,898	26,769	181,241	200,547	146,009
Federal Aid					
Total Revenues	<u>42,472,255</u>	<u>41,204,806</u>	<u>41,158,204</u>	<u>43,538,292</u>	<u>43,387,458</u>
Expenditures:					
Home and Community Services	42,092,130	42,552,764	42,442,293	47,248,101	43,474,530
Employee Benefits					
Total Expenditures	<u>42,092,130</u>	<u>42,552,764</u>	<u>42,442,293</u>	<u>47,248,101</u>	<u>43,474,530</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	380,125	(1,347,958)	(1,284,089)	(3,709,809)	(87,072)
Fund Balance, Beginning of Year	<u>9,259,795</u>	<u>9,639,920</u>	<u>8,291,962</u>	<u>7,007,873</u>	<u>3,298,064</u>
Fund Balance, End of Year	\$ <u><u>9,639,920</u></u>	\$ <u><u>8,291,962</u></u>	\$ <u><u>7,007,873</u></u>	\$ <u><u>3,298,064</u></u>	\$ <u><u>3,210,992</u></u>

**The Town's accounting policy for the recognition of active employee benefits was revised in 2014 in order to allocate the costs directly to the specific department, instead of to a centralized employee benefits fund, which allows now for the classification of these expenditures by function. The accounting of employee benefits for retired employees, and Worker's Compensation expense, is the same as previous years.

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

NOTE: This Schedule NOT audited.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

DEBT SERVICE FUND

Fiscal Years Ending December 31:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues:					
Real Property Taxes and Tax Items	\$ 8,306,814	\$ 8,306,824	\$ 8,406,931	\$ 8,947,706	\$ 9,857,058
Other Real Property Tax Items	117,601	116,210	112,975	132,154	142,239
Use of Money and Property	6,873	7,610	32,668	131,167	312,880
Miscellaneous				4,519	
Total Revenues	<u>8,431,288</u>	<u>8,430,644</u>	<u>8,552,574</u>	<u>9,215,546</u>	<u>10,312,177</u>
Expenditures:					
General Government Support					
Debt Service:					
Principal	38,842,000	41,463,820	46,468,350	47,779,300	92,377,400
Interest	19,339,406	19,843,468	20,143,948	22,387,723	21,284,976
Bond Issuance Costs	384,049		242,106		289,815
Refunding Escrow			<u>2,790,051</u>		
Total Expenditures	<u>58,565,455</u>	<u>61,307,288</u>	<u>69,644,455</u>	<u>70,167,023</u>	<u>113,952,191</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,134,167)	(52,876,644)	(61,091,881)	(60,951,477)	(103,640,014)
Other Financing Sources (Uses):					
Transfers In:					
Proceeds of Bonds	49,882,471	62,130,533	61,187,553	60,543,114	60,133,573
Premium on Long-Term Debt	14,561,204		7,335,842	5,012,703	5,858,038
Refunding Bonds Issued	83,405,000		44,235,000		34,800,000
Debt Service Principal					
Payments to Escrow Holder - Adv Ref Bonds	(97,707,635)		(51,328,736)		
Transfers Out	<u>(795,000)</u>	<u>(876,750)</u>			
Total Other Financing Sources (Uses)	<u>49,346,040</u>	<u>61,253,783</u>	<u>61,429,659</u>	<u>65,555,817</u>	<u>100,791,611</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(788,127)	8,377,139	337,778	4,604,340	(2,848,403)
Fund Balance, Beginning of Year	3,566,316	2,778,189	11,155,328	11,493,106	16,895,802
Prior Per Adjustments				<u>798,356</u>	
Fund Balance, End of Year	\$ <u><u>2,778,189</u></u>	\$ <u><u>11,155,328</u></u>	\$ <u><u>11,493,106</u></u>	\$ <u><u>16,895,802</u></u>	\$ <u><u>14,047,399</u></u>

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

NOTE: This Schedule NOT audited.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NON-MAJOR GOVERNMENTAL FUNDS

Fiscal Years Ending December 31:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues:					
Real Property Taxes	\$ 20,152,723	\$ 20,130,879	\$ 20,832,667	\$ 21,712,364	\$ 22,686,343
Other Property Tax Items	112,078	134,450	94,278	128,082	136,927
Departmental Income	1,422,335	1,937,270	1,854,839	1,326,809	1,640,390
Use of Money and Property	271,049	326,301	1,497,780	575,933	702,843
Investment Loss from LOSAP				(277,658)	1,553,732
Sale of Property & Compensation for Loss		8,257	13,240	17,089	13,689
Miscellaneous Local Sources	201,081	241,333	440,830	205,086	212,006
Federal Aid	14,810,734	16,206,534	16,306,771	17,798,267	18,105,972
State Aid	3,179	1,378	9,282	105,236	73,600
Total Revenues	36,973,179	38,986,402	41,049,687	41,591,208	45,125,502
Expenditures:					
General Government Support					
Public Safety	544,491	547,962	594,421	639,392	597,471
Health	10,512,225	10,453,608	10,457,271	10,662,450	10,815,736
Transportation	5,648,786	5,744,131	5,619,898	5,470,940	5,146,149
Culture and Recreation	36,132	37,622	31,075	39,688	44,109
Home & Community Services	18,051,662	19,509,476	20,220,914	21,983,594	21,938,476
Employee Benefits					
Debt Service					
Total Expenditures	34,793,296	36,292,799	36,923,579	38,796,064	38,541,941
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,179,883	2,693,603	4,126,108	2,795,144	6,583,561
Other Financing Sources (Uses):					
Premiums on Obligations	495,272	68,286	832,707		
Operating Transfers In	99,500	442,971	469,156	402,368	336,562
Operating Transfers (Out):	(2,250,010)	(3,793,404)	(3,580,883)	(4,308,899)	(4,845,326)
Total Other Financing Sources (Uses)	(1,655,238)	(3,282,147)	(2,279,020)	(3,906,531)	(4,508,764)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	524,645	(588,544)	1,847,088	(1,111,387)	2,074,797
Fund Balance, Beginning of Year, as Restated	15,139,680	15,664,325	15,075,781	23,400,672	22,289,285
Prior Period Adjustments			6,477,803		
Fund Balance, End of Year	\$ 15,664,325	\$ 15,075,781	\$ 23,400,672	\$ 22,289,285	\$ 24,364,082

**The Town's accounting policy for the recognition of active employee benefits was revised in 2014 in order to allocate the costs directly to the specific department, instead of to a centralized employee benefits fund, which allows now for the classification of these expenditures by function. The accounting of employee benefits for retired employees, and Worker's Compensation expense, is the same as previous years.

Non-Major Governmental Funds include Ambulance, Docks, Erosion Control, Fire Protection, Street Lighting, Park, Sewer, Sidewalk and Water Districts
Sources: Audited Financial Reports of the Town (2015-2019)

NOTE: This Schedule NOT audited.

TOWN OF BROOKHAVEN

APPENDIX B

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

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

TABLE OF CONTENTS

Page

FINANCIAL SECTION

Independent Auditors' Report.....	1-3
-----------------------------------	-----

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis.....	4-20
---	------

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements:	
Statement of Net Position	21
Statement of Activities.....	22
Fund Financial Statements:	
Governmental Fund Financial Statements:	
Balance Sheet	23
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	24
Statement of Revenues, Expenditures, and Changes in Fund Balances	25
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	26
Fiduciary Funds Financial Statement:	
Statement of Fiduciary Assets and Liabilities	27
Notes to Financial Statements	28-68

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION
AND ANALYSIS**

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
General Fund	69-72
Town Outside Village.....	73-74
Highway Fund.....	75-76
Refuse and Garbage	77
Debt Service Fund.....	78
Schedule of Changes in Total Other Postemployment Benefits Liability and Related Ratio.....	79
Schedule of Proportionate Share of the Net Pension Liability – Employee Retirement System.....	80
Schedule of Pension Contributions – Employee Retirement System	81
Schedule of Pension Liabilities – LOSAP Plans	82

(Continued)

OTHER SUPPLEMENTARY INFORMATION

Combining and Individual Fund Statements:

Non-major Governmental Funds – Special Revenue Funds:

Combining Balance Sheet.....	83
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	84

Schedule of Revenues, Expenditures and Changes in Fund Balance –

Budget and Actual – Non-major Governmental Funds – Special Revenue Fund:

Brookhaven Calabro Airport	85
----------------------------------	----

Non-major Governmental Funds - Special District Funds:

Combining Balance Sheet.....	86
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	87

Schedule of Revenues, Expenditures and Changes in Fund Balance –

Budget and Actual – Non-major Governmental Funds – Special Districts:

Ambulance Districts	88
Dock Districts	89
Erosion Control Districts	90
Fire Protection Districts	91
Street Lighting District.....	92
Park Districts	93
Refuse and Garbage Districts.....	94
Sewer Districts	95
Water Supply Districts.....	96

Fiduciary Funds:

Combining Statement of Fiduciary Assets and Liabilities.....	97
Combining Statement of Changes in Agency Assets and Liabilities.....	98

Discretely Presented Component Units:

Combining Statement of Net Position.....	99
Combining Statement of Activities.....	100

**FINANCIAL
SECTION**



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Brookhaven, New York (the "Town"), as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

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

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

BEYOND THE NUMBERS...

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

245 PARK AVENUE, 39TH FLOOR
NEW YORK, NY 10167
T: 212.792.4075

25 SUFFOLK COURT
HAUPPAUGE, NY 11788-3715
T: 631.434.9500 F: 631.434.9518

www.avz.com

INDEPENDENT MEMBER OF BKR INTERNATIONAL

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Brookhaven, New York, as of December 31, 2019, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of revenues, expenditures and changes in fund balances – budget and actual, schedule of changes in total other postemployment benefits liability and related ratio, schedule of proportionate share of the net pension liability – employee retirement system, schedule of pension contributions – employees' retirement system and schedule of pension liabilities – LOSAP plans 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 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 Brookhaven, New York's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules (as listed in the table of contents) are the responsibility of management and were derived from and relate 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 the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the combining and individual nonmajor financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2020 on our consideration of the Town of Brookhaven, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Brookhaven, New York's internal control over financial reporting and compliance.

Ahmit, Vajjar, Zeh & Conroy P.C.

Hauppauge, New York
June 24, 2020

REQUIRED SUPPLEMENTARY INFORMATION
Management's Discussion and Analysis

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

As management of the Town of Brookhaven (the "Town"), we offer readers of the financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with the Town's basic financial statements.

FINANCIAL HIGHLIGHTS

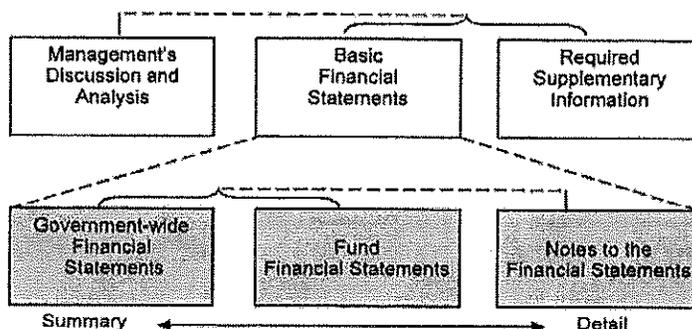
- During fiscal year 2019, total Net Position was \$305.7 million, which increased by \$43.5 million.
- During the year, the Town had total government-wide revenues of \$355.5 million which consisted of program revenues of \$143.9 million and general revenues of \$211.6 million, while the Town's expenses totaled \$311.9 million.
- In May 2019, Moody's Investor's Services improved the Town's credit rating to Aaa and reaffirmed the rating in September 2019. In June 2019, Standard and Poor's reaffirmed the Town's credit rating of AAA.
- At December 31, 2019, the Town's government-wide assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$305.7 million. Of this, \$450.6 million is net unrestricted deficit position, which does not necessarily indicate distress and is primarily due to the recognition of other postemployment benefits liability and expense.
- During fiscal year 2019, Total Fund Balance decreased by \$54.5 million. This decrease is primarily due to the Capital Projects Fund Balance decrease of \$63.9 million and an increase in the operating funds Fund Balance of \$9.4 million. In January 2020, the Town issued General Obligation Bonds in the amount of \$64.5 million to restore the Capital Projects Fund Balance.
- At December 31, 2019, the Unassigned Fund Balance of the General Fund improved \$3.1 million, to \$54.5 million, or an 6.0% increase, and represents 76.8% of the total year end fund balance of \$71.0 million. The 2019 Unassigned Fund Balance represents 41.61% of the General Fund expenditures including operating transfers out, against a Fund Balance Policy compliance of 25%. The increase in Unassigned Fund Balance is attributable to the 2019 revenues in excess of expenditures and conservative spending, and there is no planned use of unrestricted components of fund balance to fund the 2020 operating budget.
- During 2019, the General Fund transferred \$3.6 million to the Capital Projects Fund to finance certain capital projects, with less than a 5-year period of probable usefulness, whereby reducing the amount to be financed with general obligation bonds.
- The Fund Balance for the combined Highway Funds increased by \$6.4 million to \$27.2 million, a 30.8% increase, at December 31, 2019, primarily due to lower than expected snow removal and road maintenance.
- During 2019, the Town issued \$34.8 million of current refunding general obligation bonds, and together with the premiums received of \$5.9 million, currently refunded \$40.9 million of general obligation bonds, yielding \$3.8 million in cash flow savings. As indicated above, an additional \$64.5 million in general obligation bonds were issued in January 2020 to pay for capital fund spending in 2019.
- The 2019 Capital Project Funds fund balance decreased by \$63.9 million as the Town did not issue any long-term bonds to finance the capital projects costs during 2019. Expenditures increased by \$14.5 million from 2018. Total transfers into the Capital Projects Fund was \$5.3 million (inclusive of \$3.6 million from the General Fund) to finance various projects whereby reducing the need to incur additional debt.
- The Post-Closure Landfill Reserve increased to \$13.2 million, an increase of \$6.1 million since the inception of the Tipping Fee Surcharge established in 2017 to fund the reserve.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

**COMPONENTS OF
THE ANNUAL FINANCIAL REPORT**



Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The intent of the government-wide financial statements is to give the reader a long-term view of the Town's financial condition.

The Statement of Net Position presents financial information on all of the Town's assets, liabilities and deferred inflows/outflows of resources with the difference between those categories reported as net position. Over time, increases or decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's buildings, roads, drainage and other assets to assess the overall health of the Town.

The Statement of Activities presents information showing how the Town's net position changed during the most recent year. Revenues and expenses are reported by activity to give the reader an understanding of how each of the Town's activities is being supported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods. This method is known as the accrual basis of accounting and is different from the modified accrual basis of accounting used in the Town's fund financial statements.

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

Governmental Activities

The Town's basic services are reported herein, include general government support; public safety; health; transportation; economic assistance and opportunity; culture and recreation and home and community services. Property taxes, mortgage taxes, franchise fees, user fees for services, fines, and state and federal grants finance these activities. The Town also charges fees to customers to help it cover the cost of certain services it provides.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Component Units

Component units are legally separate organizations for which the Town is either financially accountable, or the nature and significance of the relations with the Town is such that exclusion would cause the Town's financial statements to be misleading or incomplete. These entities are reported in a separate column in the government-wide statements. The Town includes two separate legal entities in its report. All the Town's component units are deemed to be nonmajor. Note A.1 describes the component units.

Fund Financial Statements

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

Governmental Funds

The Town's activities are reported in governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the Town's near-term financial decisions. Both the governmental funds balance sheet and governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains various individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures, and changes in funds balances for the six (6) major funds. The General Fund, Town Outside Village Fund, Highway Fund, Refuse and Garbage Fund, Debt Service Fund, and Capital Projects Fund are reported as major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the other supplementary information section in this report.

The Town adopts annually an appropriated Operating and Capital budget for its General and Special Revenue Funds, except for the following funds: one of the Debt Service Funds, Special Grants Fund, Special Miscellaneous Housing Trust Fund, and the Permanent Fund and certain inactive Special Districts Funds. A budgetary comparison schedule for the General Fund can be found in the section labeled "Required Supplementary Information Other Than Management's Discussion and Analysis".

Fiduciary Funds

We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Brookhaven, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$305.7 million at the close of the most recent year.

Our analysis below focuses on the net position and changes in net position of the Town as a whole.

Condensed Statement of Net Position
As of December 31,

	Governmental Activities	
	2019	2018
Assets		
Current and other assets	\$ 183,949,093	\$ 247,034,221
Non-current receivables and other assets	10,081,844	8,605,597
Capital assets	1,296,003,503	1,240,871,438
Total Assets	1,490,034,440	1,496,511,256
Deferred Outflows of Resources	87,884,059	36,148,768
Liabilities		
Current and other liabilities	113,374,179	110,189,504
Long-term liabilities	1,083,563,270	1,087,612,285
Total Liabilities	1,196,937,449	1,197,801,789
Deferred Inflows of Resources	75,299,139	72,720,772
Net Position		
Net investment in capital assets	722,552,100	652,325,768
Restricted	33,703,754	76,705,402
Unrestricted	(450,573,943)	(466,893,707)
Total Net Position	\$ 305,681,911	\$ 262,137,463

The Town's governmental activities net position includes \$722.6 million in net invested in capital assets, \$33.7 million in net position restricted for specific purposes (primarily for capital projects, landfill post-closure costs, and debt service) and \$450.6 million in net unrestricted net deficit position.

By far, the largest portion of the Town of Brookhaven's net position (\$722.6 million) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town of Brookhaven uses these capital assets to provide services to citizens; consequently, the related net position is not available for future spending.

Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves will not be used to liquidate these liabilities.

An additional portion of the Town of Brookhaven's net position, 11.3% or \$33.7 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance is an unrestricted net deficit of \$450.6 million, the majority of which stems from recognizing long-term liabilities such as post-retirement health benefits, accrued compensated absences, judgment and claims liabilities, and the Town's share of the New York State Pension Plan net pension liability.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The unrestricted net position balance improved by \$16.3 million as revenues exceeded expenses during the year.

The deficit balance of unrestricted net position does not necessarily indicate stress. The deficit balance of unrestricted net position arose primarily due to long-term liabilities which include other postemployment benefits, pension liabilities (employees' retirement and length of service award program), compensated absences, deferred compensation, claims and judgments payable, landfill closure and post-closure care costs, and pollution remediation obligations that will be funded through future budgetary appropriations as they become payable in future periods. At the end of the current year, the Town reports positive balances in the categories of net investment in capital assets and restricted. The same held true for the prior year.

Condensed Statement of Activities and Changes in Net Position
For the year ended December 31,

	Governmental Activities	
	2019	2018
Program Revenues		
Charges for services	\$ 93,340,527	\$ 96,751,991
Operating grants and contributions	23,842,922	24,017,637
Capital grants and contributions	26,720,364	25,286,022
Total Program Revenues	143,903,813	146,055,650
General Revenues		
Real property taxes	175,337,639	170,923,721
Other real property tax items	2,545,193	2,407,905
Non-property tax items	10,095,137	9,420,209
Interest and investment earnings	4,069,490	2,560,506
Sale of property and compensation for loss	2,432,300	1,629,601
State and local aid - unrestricted	16,848,128	16,042,711
Gain on disposition of capital assets	102,171	168,924
Other	132,564	165,656
Total General Revenues	211,562,622	203,319,233
Total Revenues	355,466,435	349,374,883
Program Expenses		
General government support	\$ 54,680,954	\$ 51,393,533
Public safety	24,508,596	24,087,289
Health	12,856,419	12,552,828
Transportation	71,716,024	73,854,710
Economic assistance and opportunity	1,855,436	1,795,075
Culture and recreation	33,299,678	32,325,945
Home and community services	95,277,694	95,891,700
Debt interest and other costs	17,727,186	19,203,468
Total Expenses	311,921,987	311,104,548
Change in Net Position	43,544,448	38,270,335
Net Position at Beginning of Year	262,137,463	456,356,829
Effects of a merger of operations, GASB No. 69	-	3,433,792
Cumulative effect of change in accounting principle, GASB No. 75	-	(235,923,493)
Net Position at Beginning of Year, As Restated	262,137,463	223,867,128
Net Position at End of Year	\$ 305,681,911	\$ 262,137,463

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

* The Town's 2018 condensed statement presented above reflect the cumulative effect of applying the GASB Statements noted below as an adjustment to the beginning net position:

- 2018 - GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", information was not available to restate the 2017 balances.

*Additionally, the 2018 beginning net position was restated to reflect the effects of the merger with the former Village of Mastic Beach.

Overall, general revenues of \$211.6 million increased \$8.3 million with that of the 2018 revenues of \$203.3 million. The overall \$8.3 million increase in general revenues consists of: \$4.4 million in real property taxes, \$675 thousand in non-property tax items, \$1.5 million in interest income (higher interest rates), \$803 thousand in sale of property and compensation of loss, and \$800 thousand in state and local aid.

Overall, program revenues of \$143.9 million decreased \$2.2 million from \$146.1 million in 2018. Notable changes from 2018 are as follows:

- Charges for Services of \$93.3 million decreased \$3.4 million from the 2018 revenues of \$96.7 million. Charges for service related to home and community function increased by \$4.2 million, as a result of the 2019 landfill fees (including intergovernmental charges) falling below the 2018 levels by \$3.3 million and reduction in rental income of \$667 thousand. Public safety fees increased \$867 thousand due to increased fines and various public safety fees received (fire, building, commercial property registration).
- Operating Grants and Contributions of \$23.8 million decreased slightly by \$200 thousand from the 2018 amounts of \$24.0 million. Operating grants and contributions related to public safety increased by \$1.6 million which is due to unrealized investment gains (driven by stock market conditions) on LOSAP plan assets during the year (general stock market conditions); \$929 thousand decrease in transportation grants due to less received in public disaster grants (FEMA and SEMO); a \$574 thousand decrease in culture and recreational grants related to various youth programs; and a \$500 thousand decrease in home and community grants due to a decrease in public assistance grants.
- Capital Grants and Contributions of \$26.7 million increased by \$1.4 million from 2018 amounts of \$25.3 million and is primarily due to the following: a \$1.4 million decrease in general government support relating to public disaster grants; a \$1.3 million increase in public safety grants primarily from New York State (Multi-modal awards); \$3.2 million less in transportation operating grants and contribution as the Town received \$5 million less in donated roadways and an increase of \$1.25 million in NY municipal consolidation and efficiency award; a \$1.4 million increase in culture and recreation grants for improvement and acquisitions of parks and playground equipment; a \$3.8 million increase in home and community grants stemming from a \$3 million grant, a jetty restoration project and \$422 thousand more in public disaster grants.

Overall, total expense from governmental activities was \$311.9 million, a slight increase of \$800 thousand from the 2018 expense of \$311.1 million. Decreases in functional expenses were as follows: of \$2.1 million in transportation expenses, \$1.5 million in interest expense, \$614 thousand in home and community expenses. These decreases were offset by a \$3.3 million increase in general government support expenses, \$421 thousand in public safety expenses, \$304 thousand in health expenses, \$60 thousand in economic assistance and opportunity costs and \$974 thousand in culture and recreation expenses. Notable changes in functional expenses from the prior year are discussed below.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The transportation costs decrease of \$2.1 million is primarily due to, \$2.7 million decrease in snow removal costs which was offset by an increase in depreciation expense of \$762 thousand. Interest expense decreased \$1.4 million from savings realized from refunding general obligation bonds and issuing debt at lower interest rates over the past few years. Home and community expenses decrease of \$614 thousand is primarily due to a \$3.8 million decrease in the cost of providing refuse and garbage collection throughout the Town, \$611 thousand decrease water districts costs due to the closing of inactive water districts in 2018, \$527 thousand less in environmental projection costs, and these decreases were offset by costs associated with landfill operations (including recognition of closure and postclosure care costs) of \$4.0 million, \$359 thousand increase in various U.S. Department of Housing and Urban Development grants and administration costs thereof. General government support expenses increase of \$3.3 million is primarily due to a \$1.5 million refund of the former Village of Mastic Beach taxes to its residents and a \$1.1 million Caithness grant to local community, as well as \$800 thousand more in depreciation and consulting fees.

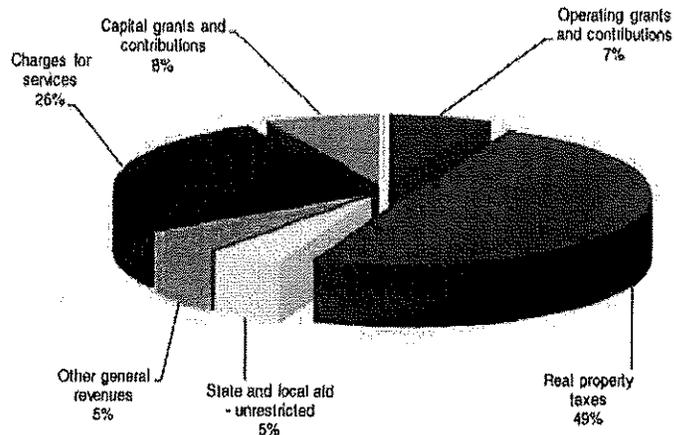
Governmental Activities

Net Cost of Services
 Governmental Activities
 For the Years Ended December 31,

	Total Cost of Services		Program Revenues		Net Cost of Services	
	2019	2018	2019	2018	2019	2018
General government support	\$ 54,680,954	\$ 51,393,533	\$ 7,799,631	\$ 9,472,694	\$ (46,881,323)	\$ (41,920,839)
Public safety	24,508,596	24,087,289	15,674,132	13,498,112	(8,834,464)	(10,589,177)
Health	12,856,419	12,552,828	1,969,080	387,536	(10,887,339)	(12,165,292)
Transportation	71,716,024	73,854,710	15,574,966	19,537,520	(56,141,058)	(54,317,190)
Economic assistance and opportunity	1,855,436	1,795,075	450,945	486,255	(1,404,491)	(1,308,820)
Culture and recreation	33,299,678	32,325,945	8,571,927	7,948,134	(24,727,751)	(24,377,811)
Home and community services	95,277,694	95,891,700	93,377,505	94,227,682	(1,900,189)	(1,664,018)
Interest on debt	17,727,186	19,203,468	485,827	497,717	(17,241,559)	(18,705,751)
	\$ 311,921,987	\$ 311,104,548	\$ 143,903,813	\$ 146,055,650	\$ (168,018,174)	\$ (165,048,898)

The cost of all governmental activities this year was approximately \$311.9 million. The net cost of these services after being subsidized by program revenues of \$143.9 million was \$168.0 million.

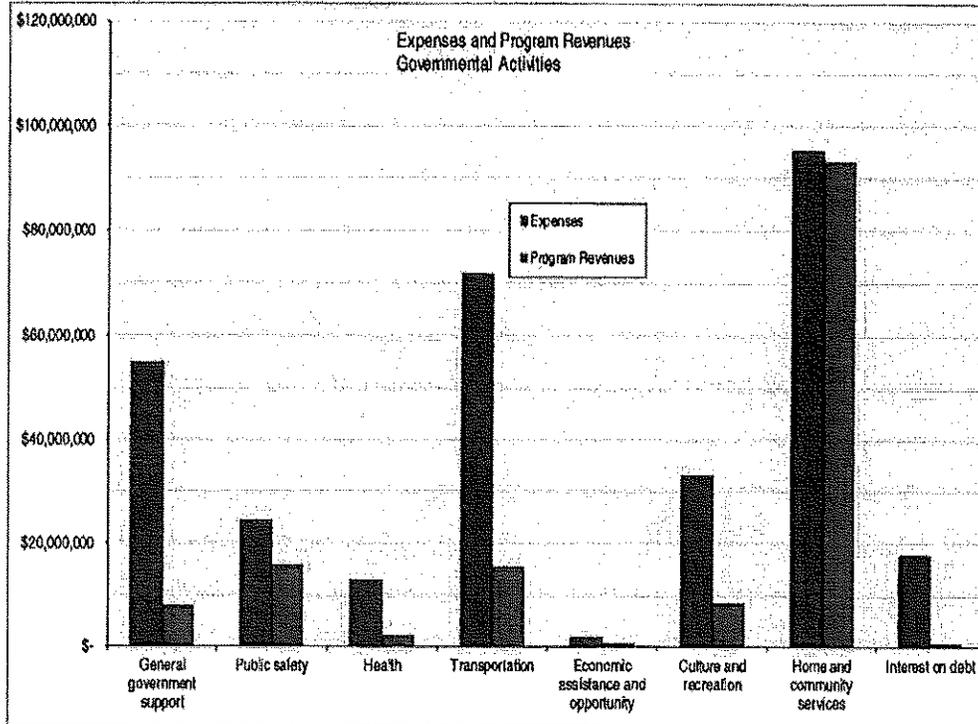
Revenue by Source
 Governmental Activities
 for the year ended December 31, 2019



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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Governmental Activities (continued)



FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental Funds

General Fund

As the Town completed the 2019 fiscal year, the General Fund's Unassigned Fund Balance was \$54.5 million, an increase of \$3.1 million, or 6.1% over 2018. The Post-Closure Landfill Reserve increased to \$13.2 million, a \$3.2 million increase over 2018, of which \$1.5 million resulted from the \$1.50 per ton surcharge imposed by the Town Board to build the reserve and an additional \$1.0 million of surplus the Town Board allocated to this reserve, \$462 thousand allocated pursuant to Local Law 18b-4 and \$213 thousand of allocated interest income.

Revenues, excluding other financing resources were \$4.0 million better than originally planned, while expenditures were \$2.2 million less than originally budgeted and other financing uses were \$4.7 million more than originally planned. The \$4.0 million positive variance in revenues (original budget) is primarily attributable to \$2.0 million more in state aid attributable increases in mortgage taxes; and \$848 thousand more in interest earnings and rental revenue and \$865 thousand more in sale of property and compensation of loss. Total expenditures of \$97.6 million were \$2.2 million less than originally budgeted. The Town realized savings in all but a few functions, primarily attributable to town-wide cost saving implementation procedures. Other financing uses (transfers to other funds) exceeded the original budgeted amount by \$4.6 million.

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

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (continued)

Governmental Funds (continued)

General Fund (continued)

During 2019, the Town transferred \$3.6 million to the Capital Projects Fund of which \$2.7 million is to support the acquisition of certain capital projects resulting in less future debt issuances, and \$925 thousand transferred in accordance with Local Law 18b-4 (Joseph Macchia Environmental Fund).

The General Fund revenues (excluding other financing sources) decreased \$2.2 million from \$134.7 million in 2018 to \$132.5 million in 2019. Compared to 2018, the decrease in revenues is due to decreases in: landfill and recycling fees of \$3.5 million, rental income of \$776 thousand, and federal, state and county aid of \$525 thousand, which were offset by increases in other compensation for loss of \$1.6 million and interest earnings of \$369 thousand.

Total General Fund expenditures, excluding other financing uses, of \$97.6 million was \$2.9 million more than the 2018 expenditures of \$94.7 million. The most notable change from the prior year was a \$1.5 million increase in other general government support for a return of previously paid property taxes to former Village of Mastic Beach residents and a \$1.5 million increase in unallocated employee benefits.

Total General Fund other financing uses (all of which is operating transfers out) of \$33.5 million in 2019 and \$36.2 million in 2018, decreased by \$2.7 million. The 2019 transfers of \$33.5 million consists of \$29.5 million to the Debt Service Fund for its share of the 2019 debt service requirements, \$3.6 million to the Capital Projects Fund to finance various capital projects and \$336 thousand to the Airport Fund. The 2018 transfers of \$36.2 million consists of \$28.5 million to the Debt Service Fund for its share of the 2018 debt service requirements, \$3.0 million to the Debt Service Fund of restricted monies to fund future debt service requirements and \$4.3 million to the Capital Projects Fund to finance various capital projects and \$400 thousand to the Airport Fund.

Town Outside Village Fund

The Town has elected to present the Town Outside Village Fund as a major fund due to the significance of the public safety, building, and planning and development departments which are included in this fund. At December 31, 2019, fund balance increased from \$17.8 million at 2018 to \$20.2 million in 2019. Actual revenues were \$768 thousand more than the previous year, primarily due to a \$703 thousand increase in departmental income (safety inspection fees, zoning fees, etc.) and a \$192 thousand increase in use of money and property (interest earnings). Overall expenditures of \$22.8 million (excluding other financing sources) increased \$1.5 million from the 2018 level (\$21.3 million). The increase in expenditures of \$1.5 million is primarily due to the following increases: \$966 thousand in public safety costs (increased personnel and related costs), \$328 thousand increases in home and community (newly established environmental control department) and \$141 thousand of general government support costs (personnel and related costs). Other financing uses (transfers out) increased by \$2.0 million from 2018 as the Town Outside Village Fund transferred \$2 million to the Part-Town Highway Fund for additional road paving, in addition to transferring \$1.1 million to the Debt Service Fund for 2019 debt service requirements and \$575 thousand transferred to the Capital Projects Fund (finance future capital projects and eliminate the need to issue debt).

Highway Fund

The Highway Fund's total fund balance increased \$6.4 million or 30.7%, from a balance of \$20.8 million at the end of 2018, to \$27.2 million at the end of 2019. Actual Highway revenues of \$72.0 million were \$1.5 million more than the 2018 revenues of \$70.5 million. Real property taxes and other real property taxes increased by \$1.9 million, interest earnings increased by \$383 thousand which was offset by decreases in other transportation income of \$212 thousand, other licenses and permits of \$165 thousand and state aid of \$539 thousand. Other financing sources (transfer in) of \$2.0 million as the Town Outside Village Fund made a one-time transfer of \$2 million to the Highway Fund during 2019 for additional road paving.

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

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (continued)

Governmental Funds (continued)

Highway Fund (continued)

Total expenditures of \$42.7 million increased slightly from the 2018 expenditures of \$41.9 million. However, the notable changes from the prior year are as follows: an increase in maintenance of streets of \$2.4 million (road construction costs) which was offset by a \$2.7 million decrease in snow removal costs. Other financing uses (transfers out) of \$24.8 million were consistent with the 2018 transfers out balance of \$24.9 million.

Refuse and Garbage Recycling Fund

The Refuse and Garbage Recycling Fund revenues of \$43.4 million in 2019 were consistent with the 2018 revenues of \$43.5 million. Departmental revenue decreased by \$233 thousand (primarily less recycling fees) while interest income increased by \$108 thousand. Total expenditures of \$43.5 million were \$3.7 million less than the 2018 levels of \$47.2 million, primarily due to \$2.9 million less in garbage collection costs, \$666 thousand less in rental expenditures, and \$365 thousand less in personnel and related costs and an increase in the cost of recycling containers of \$160 thousand.

Debt Service Fund

The Debt Service Fund receives transfers from the Town's other funds from which it pays the Town's debt service requirements. Its fund balance at December 31, 2019 was \$14.0 million, which is restricted for various operating funds future debt service requirements. During the 2019 year, the Debt Service Fund received \$10.0 million in real property taxes and other real property tax items; received \$60.1 million of transfers from other funds and \$5.9 million of premiums in connection with the proceeds from 2019 Series A and B general obligation refunding bonds of \$34.8 million. During 2018, the Town expended \$72.8 million for principal and interest (\$51.5 million and \$21.3 million, respectively). During 2018, the Town expended \$70.2 million for principal and interest (\$47.8 million and \$22.4 million, respectively). During 2018, the Debt Service Fund received \$60.5 million in transfers from the operating funds.

During 2019, the Town issued \$34.8 million of general obligation refunding bonds. The proceeds from bond sale of \$40.7 million, including a premium of \$5.9 million were used to currently refund \$40.9 million of 2009A, 2010A and 2011 public improvement general obligation bonds. The current refunding will decrease future debt service payments by \$3.7 million.

Capital Projects Fund

In addition to the operating fund expenditures, the Town has a 5-year capital improvement plan that replaces and improves infrastructure, buildings and equipment. This 5-year plan strives to match current year's borrowings with debt payments in order to stabilize long-term debt. The capital plan is integrated with the Town's Multi-Year Plan (MYP) to project the impact of debt service. During 2019, the Town expended \$89.6 million for capital projects including equipment and land acquisitions. The Capital Projects Fund received \$75.3 million of transfers from operating funds to finance capital projects and eliminate the need to borrow additional funding. At December 31, 2019, the Capital Projects Fund's fund balance was a deficit of \$16.5 million. The deficit fund balance position is a result of a timing difference between expenditures and issuance of long-term financing. The long-term financing occurred in January 2020.

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

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (continued)

Governmental Funds (continued)

The following schedule presents in summary all of the governmental funds revenues and expenditures for the years ended December 31, 2019 and 2018, and the amount of change and percentage of total in relation to the prior year. Certain 2018 balances were reclassified to conform to the 2019 presentation.

	2019	2018	Increase (Decrease)	% Change
REVENUES				
Real property taxes	\$ 175,504,299	\$ 171,192,685	\$ 4,311,614	2.52%
Other real property tax items	2,545,193	2,407,905	137,288	5.70%
Non-property tax items	9,095,137	9,420,209	(325,072)	-3.45%
Departmental income	77,056,375	79,180,309	(2,123,934)	-2.68%
Intergovernmental charges	9,057,387	9,227,699	(170,312)	-1.85%
Use of money and property	8,188,877	7,417,116	771,761	10.41%
Investment income (loss) from length of service award program	1,553,732	(277,658)	1,831,390	100.00%
Licenses and permits	954,071	1,120,636	(166,565)	-14.86%
Fines and forfeitures	2,461,351	2,370,206	91,145	3.85%
Sale of property and compensation for loss	4,033,653	3,169,051	864,602	27.28%
Miscellaneous local sources	3,757,039	2,752,967	1,004,072	36.47%
Interfund revenues	3,422,617	3,384,932	37,685	1.11%
State aid	30,808,022	26,745,860	4,062,162	15.19%
Federal aid	25,012,007	24,735,271	276,736	1.12%
Total Governmental Fund Revenues	<u>\$ 353,449,760</u>	<u>\$ 342,847,188</u>	<u>\$ 10,602,572</u>	3.09%
EXPENDITURES				
Current:				
General government support	\$ 45,724,984	\$ 44,348,011	\$ 1,376,973	3.10%
Public safety	17,972,126	16,582,360	1,389,766	8.38%
Health	11,457,100	11,310,015	147,085	1.30%
Transportation	44,466,299	44,610,757	(144,458)	-0.32%
Economic assistance and opportunity	1,832,558	1,779,586	52,972	2.98%
Culture and recreation	21,575,880	21,597,649	(21,769)	-0.10%
Home and community services	84,337,836	88,083,142	(3,725,306)	-4.23%
Employee benefits	17,718,983	15,599,276	2,119,707	13.59%
Capital Outlay	89,578,456	751,095,639	(661,517,183)	-88.07%
Debt Service:				
Principal	51,462,400	47,842,532	3,619,868	7.57%
Interest	21,284,976	22,388,847	(1,103,871)	-4.93%
Bond issuance costs	289,815	-	289,815	100.00%
Total Governmental Fund Expenditures	<u>\$ 407,701,413</u>	<u>\$ 1,065,217,814</u>	<u>\$ (657,516,401)</u>	-61.73%

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

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (continued)

Governmental Funds (continued)

Final results for any given year may differ from that year's Adopted Budget. The following discusses significant variances between the 2019 adopted budget and actual revenues and expenditures for the General Fund:

Revenues - For 2019, total actual revenue, excluding other financing sources, of \$132.5 million, was \$4.0 million higher than the adopted budget. The primary drivers of the variance were the result of higher than expected real property taxes and other real property taxes (\$415,000), use of money and property (\$848,000) and state aid (\$2.3 million). During 2018, the other home and community budget was increased by \$1.4 million and other compensation for loss budget was increased by \$600,000.

Expenditures - For 2019, total actual expenditures, excluding other financing uses, of \$97.6 million, was \$1.6 million less the original budget. For most line item expenditures, Town realized cost savings across all departments and functions. Judgment and claims and other general government support expenditures exceeded the original budget by \$2.3 million and \$680,000, respectively. During 2019, the Town Board approved budget increases of \$6.5 million, of which \$2.4 million was to provide for settlement claims (judgment and claims), \$1.7 million was for additional other general government support expenditures, \$1.4 million was for refuse and garbage costs.

Transfers out were \$4.7 million more than originally planned, as during the year, Town Board authorized a \$3.6 million transfer to the Capital Projects Funds to finance certain projects thereby relieving the need to borrow monies. The Town also transferred an additional \$900,000 to the Debt Service Fund which was used in conjunction with the current refunding of bonds.

With respect to current normal operating expenditures, the Town implemented cost saving measures which resulted in positive budget variances in substantially all categories. The other financing uses budget variance is primarily related to the transfers to the Capital Projects Funds and transfer of additional monies to the Debt Service Fund to be used in the current refunding of existing debt.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital projects program is a long-range program for the Town's capital spending. This program is only a guide and each year's plan must be authorized by Town Board resolution before the money is available to be spent. In 2019, the Town's total adopted capital budget for new projects fund with bond and Town reserves funds was \$58.5 million, with a carry-forward budget for prior year projects of \$29.0 million for a total of \$87.5 million. The Town's 2019 capital budget also includes \$42.7 million of budgeted grant fund projects, with \$37.2 million of available budget. The total adopted capital budget of \$87.5 million was an increase from 2018 of almost \$13.9 million, primarily related to the following increases: \$14.3 million for Landfill Cell 6 Construction offset by reduction in Capping expenditures, \$1.7 million for a Town Hall Roof Replacement project, \$.7 million for Town Wide Fuel System Replacements. These increases in capital projects was offset by decreases in Park Improvement projects, IT Projects and Land Acquisitions for Condemnations and Drainage of \$2.8 million.

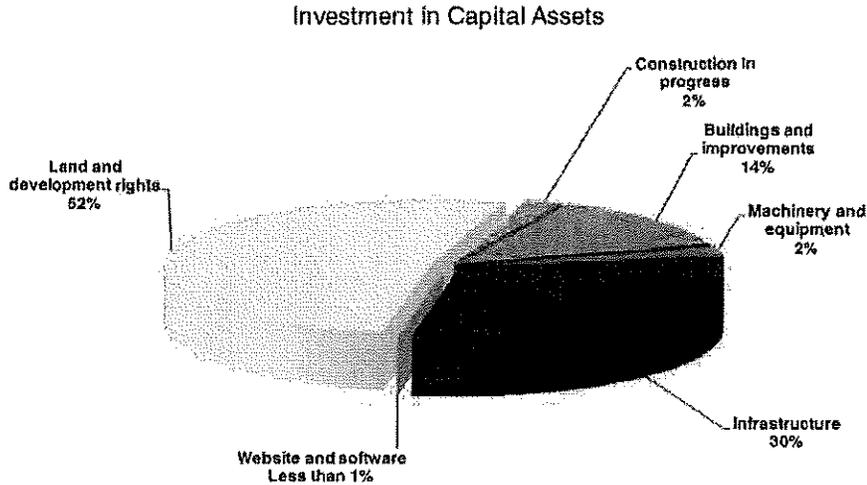
(intentionally left blank)

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

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Capital Assets (continued)

The chart below summarizes the Town's investment in capital assets:



In 2019, the Town of Brookhaven's major capital asset additions, excluding amounts received from contributions, were as follows:

General government support	\$ 17,971,890
Public safety	5,241,806
Health	8,505,477
Transportation	31,112,129
Culture and recreation	14,577,680
Home and community services	21,537,189
	\$ 98,946,171

The following presents the Town's investment in capital assets as of December 31, 2019 and 2018:

<u>Governmental Activities</u>	<u>2019</u>	<u>2018</u>
Land and development rights	\$ 670,186,378	\$ 656,572,736
Construction in progress	29,698,030	24,278,242
Buildings and improvements	346,600,558	323,375,687
Machinery and equipment	120,439,810	115,554,862
Infrastructure	1,027,762,507	977,271,403
Website and software	5,080,528	4,631,930
Total Capital Assets	2,199,767,811	2,101,684,860
Less accumulated depreciation	903,764,308	860,813,422
Governmental Activities - Total Net Capital Assets	\$ 1,296,003,503	\$ 1,240,871,438

Additional information on the Town's capital assets can be found in the notes to the financial statements.

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

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Debt Administration

Long-Term Debt

As of December 31, 2019, and 2018, the Town had following total long-term bonded debt outstanding which is backed by the full faith and credit of the Town:

	2019	2018
General obligation bonds, exclusive of premiums	\$ 541,253,700	\$ 598,831,100

During 2019, the Town issued a \$34.8 million of general obligation refunding bonds. The proceeds from bond sale of \$40.7 million, including a premium of \$5.9 million were used to currently refund \$40.9 million of 2009A, 2010A and 2011 public improvement general obligation bonds. The current refunding will decrease future debt service payments by \$3.7 million.

In January 2020, Standard & Poor's reaffirmed the Town's general bond ratings of "AAA", the highest possible designation, which allows the Town to borrow in the future at the lowest possible interest rates. Standard & Poor's stated in their report dated January 13, 2020 that the town of Brookhaven has very strong management, very strong economy, strong budgetary performance and strong budgetary flexibility. The Town has continued its positive performance, changed its revenue and expenditure make-up and identifies significant opportunities for cost savings to maintain balanced operations and provide necessary residential services.

During 2019, Moody's upgraded the Town from "Aa1", with a "positive outlook" to Aaa "stable outlook" in recognition of "The financial position will remain sound for the near-term driven by conservative budgeting and strong fiscal management". The upgrade reflects the expectation that the Town's financial position will remain healthy in the near term driven by conservatively balanced budgets, ample reserves and liquidity, and a large tax base with institutional presence.

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 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 for 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 Real Property Services

The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five. Percentage of debt contracting power exhausted at December 31, 2019 was 14.76%.

Additional information on the Town's debt activity can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's elected and appointed officials considered many factors when setting the fiscal year 2020 budget, tax rates, and fees that will be charged. One of those factors is the economy. The local economy in the Town of Brookhaven, unlike some of its peers, has experienced robust economic development and is well positioned for continued growth. The Town's commercial and residential real estate values have seen an uptick over the last year and it is expected that the overall assessed valuation will continue to grow as significant construction projects get added to the tax rolls. The full valuation of the Town increased by \$4.9 billion in 2019 over 2018. Wealth levels in the Town continue to exceed national averages according to US Census estimates. As such, the 2020 Adopted Budget included increases in non-Property Tax Revenues in the areas of Parks Fees, Building Permits, and Zoning revenues. The recovery throughout the United States was reflected in the New York State Property Tax Cap rate of 2.00% for fiscal year 2020.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (continued)

The Town has many large employers that provide professional positions for many residents. In particular, the State University at Stony Brook (and its hospital), Brookhaven National Laboratory, and John T. Mather Hospital, Brookhaven Memorial Hospital, and the Three Village and William Floyd School Districts, are just a few examples of high-end employers providing high paying jobs in both the public and private sector.

The Town has a master plan for development which is annually updated to reflect changes in population and growth over the past few years. This plan affords a coordinated approach to meeting the Town's development goals while at the same time protecting the Town's underground water supply and other natural resources and preserving the generally high quality of life of the Town's residents. The plan calls for suburban residential development and economic development of clean, light industry and service industries such as electronics, pharmaceuticals and technology, as well as funding for open space acquisitions.

In 2019, the IDA/LDC closed on 11 economic development projects, which included manufacturing, solar projects, retirement communities, and assisted living facilities. These IDA supported projects will create and retain more than 1,000 permanent and construction jobs and bring into the Town private investments totaling more than \$145 million. These projects include EB Mt. Sinai, a senior multi-family rental facility comprised of 225-units; HSRE-EB Mt. Sinai, an assisted living facility with 138-beds; United Meats, which purchased an under-utilized facility to use for food production for the Asian foods industry across the United States; SHI-III, a 112-bed assisted living facility in Coram; the Agilitas Calabro project for solar installations totaling over 3.6 MW of power on the Town's municipal airport; Brooks Partners, which plans to construct a mixed-use building with retail/office space, a take-out style restaurant and 48 residential apartments in Port Jefferson Village; and HO Penn, a distributor of power generators and other Caterpillar Inc. equipment.

In 2010, New York State Legislature and the Governor enacted legislation that established a "Property Tax Cap" on the amount a local government's or school district's property tax levy can increase each year. Under this law, the growth in the property tax levy is capped at 2 percent, or the rate of inflation, whichever is less. The Town's 2020 Adopted Budget, like the 2019, 2018, 2017, 2016 and 2015 budgets, was in full compliance with the tax cap.

In 2018, the Town absorbed the former Village of Mastic Beach, which dissolved effective December 31, 2017. The Town was awarded the New York State Citizen Empowerment Tax Credit of \$1 million to help offset these costs annually. The Town has focused on improving road conditions and safety within the boundaries of the former Village, moved to protect environmentally sensitive areas, and aggressively addressed quality of life issues. In 2019, as the wind down of the former Village ends, the Town returned nearly \$300 in Village Property Taxes to the typical property owner.

For 2020, the Supervisor put forth a conservative budget to mitigate the impact of the continuing increases in Employee Benefits such as Health Insurance. The 2020 Adopted Budget used no surplus to balance the budget for the six major funds, the first time in at least a decade that all six major funds are structurally balanced. The Town significantly reduced the use of surplus in all other special funds and continues its focus on the increase to non-property tax revenues, and the identification of operational efficiencies through technology advancements.

The 2020 Adopted Budget, is the fifth consecutive year there was no use of Fund Balance in the General Fund, fully funds the snow removal budget for the fifth year in a row and maintains full-time staffing and all constituent services.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (continued)

Other highlights of the 2020 General Fund's Adopted Budget include:

- The General Fund's levied taxes in 2020 totaled \$24.7 million and were slightly higher than the tax levy from 2019.
- The 2020 expenditure budget for the General Fund was more than 2019 primarily due to employee compensation increases mandated by the union collective bargaining agreements, higher health insurance premiums of 5% over 2019 for current and retired employees, offset by increases in departmental revenues such as permit fees.
- The 2020 General Fund revenue budget, excluding property taxes, increased over the 2019 adopted budget by \$4.2 million, primarily related to Fees, and the Landfill Closure Surcharge.

The Town of Brookhaven has been monitoring the economic impact of the COVID-19 Pandemic very closely and has taken several precautionary measures to reduce expenditure budgets for both the Operating and Capital funds for fiscal year 2020. Non-Property Tax Revenues have been negatively impacted due the unprecedented nation-wide shut down, pause on business operations, and closure of the Courts; however, the full year impact is difficult to project at this time. A goal was established to reduce spending in line with identified potential revenue shortfalls to budget. The Town Board adopted revisions to the 2020 Operating Budgets, with reductions occurring in the Full Town and Outside Village General Funds, as the Highway and Special District Funds primarily rely upon Property Taxes to fund spending.

Several Town initiatives have been implemented over the past few months in the Operating Funds that reduced the 2020 Operating Budget for both Employee Costs and Contractual spending, resulting in total Town Board adopted Operating budget reductions across all Tax Districts of \$8.2 million for the remainder of fiscal year 2020, including the following:

- the Town defunded 25 full-time vacant positions in fiscal year 2020, representing an estimated savings of \$2.9 million in the current year.
- an Exit/Retirement Incentive program was offered to all full-time employees on May 15, 2020 if they exited the Town's employment by September 30, 2020, and 23 employees participated. These positions will not be replaced in fiscal year 2020, saving an estimated \$600 thousand in 2020, and \$2.75 million on an annual basis.
- the layoff and abolishment of 70 Part Time positions on May 5, 2020, as well as reduced working hours and delayed start dates for several other Part Time and Seasonal positions, led to an additional revision to the 2020 Operating budget of \$720 thousand in savings.
- the recalibration of Contractual, Overtime, Insurance Premium, etc., Operating Budgets by Department Heads, the Finance Office, and the Supervisor resulted in further budgetary reductions adopted by the Town Board of \$4.0 million for 2020.

The 2020 Capital Budget was reviewed to identify any projects which could be closed out, remaining budgets surrendered, or projects not yet started to be deferred to future years. The total reduction to the 2020 Capital Fund Budget adopted by the Town Board from these efforts was \$23 million, representing 94 capital projects:

- 31 capital projects were identified to defer to future years, totaling \$17.4 million,
- 63 projects were identified for budget surrender or close out totaling \$5.6 million.

Any remaining cash balances have been transferred to Debt Reserve to offset future debt service or returned to the respective operating funds if no bond were issued for the project.

The Town will continue to monitor closely the 2020 economic environment and the global COVID-19 Pandemic situation, and take the proactive measures as required to ensure the strong financial condition of the Town of Brookhaven.

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

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town's Commissioner of Finance, Tamara Branson, at One Independence Hill, Farmingville, NY 11738.

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

	Governmental Activities	Non-Major Component Units
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 146,068,357	\$ 3,469,859
Cash - restricted	1,588,236	105,812
Investments - restricted	704,923	
Accounts receivable, net	10,564,398	
Property taxes receivable	311,767	
Due from trust and agency funds	113,730	
Insurance escrow deposits	327,672	
State and federal aid receivables	14,797,098	
Due from other governments	5,208,110	
Prepays and other assets	2,741,377	41,720
Inventory of material and supplies	1,523,425	
Total Current Assets	183,949,093	3,617,391
Non-Current Assets:		
Receivables - rehabilitation loans and other	1,238,888	
Length of service award program plan assets	8,842,956	
Non-depreciable capital assets	699,884,408	
Depreciable capital assets, net	596,119,095	1,560
Total Non-Current Assets	1,306,085,347	1,560
Total Assets	1,490,034,440	3,618,951
DEFERRED OUTFLOWS OF RESOURCES		
Pension - employees' retirement system	15,670,503	85,407
Pension - length of service award program	1,037,279	
Deferred charges on debt refundings	6,176,677	
Other post employment benefits (OPEB) - healthcare benefits	64,999,600	
Total Deferred Outflows of Resources	87,884,059	85,407
LIABILITIES		
Current Liabilities:		
Accounts payable, including retainage payable	39,901,571	95,965
Accrued interest and other expenses	4,054,678	
Due to trust and agency funds	20,005	
Due to other governments	415,569	92,934
Claims and judgments payable	7,037,363	
Unearned revenues	2,176,545	3,000
Noncurrent liabilities due within one year	59,768,448	
Total Current Liabilities	113,374,179	191,899
Noncurrent Liabilities:		
Noncurrent liabilities due in more than one year	1,083,563,270	94,464
Total Liabilities	1,196,937,449	286,363
DEFERRED INFLOWS OF RESOURCES		
Service concession arrangements	1,150,000	
Pension - employees' retirement system	6,458,752	
Pension - length of service award program	1,880,087	38,513
Other post employment benefits (OPEB) - healthcare benefits	64,392,756	
Deferred charges on debt refundings	1,417,544	
Total Deferred Inflows of Resources	75,299,139	38,513
NET POSITION		
Net investment in capital assets	722,552,100	1,560
Restricted:		
Home and community services	2,112,946	
West Meadow Beach - Nonexpendable	1,466,163	
Capital projects	1,636,342	
Landfill post-closure costs	13,159,220	
Debt service	15,161,399	
Other	167,684	
Unrestricted	(450,573,943)	3,377,922
Total Net Position	\$ 305,681,911	\$ 3,379,482

See notes to the financial statements.

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

Function/Program	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position Governmental Activities	Non-major Component Units
		Charges for Services	Operating Grants and Contributions		
PRIMARY GOVERNMENT					
Government Activities:					
General government support	\$ 54,680,954	\$ 3,453,682	\$ 1,248,083	\$ 3,097,866	\$ (46,881,323)
Public safety	24,508,596	13,767,460	144,116	1,762,556	(8,834,464)
Health	12,856,419	415,348	1,553,732		(10,887,339)
Transportation	71,718,024	2,114,393	16,541	13,444,032	(56,141,058)
Economic assistance and opportunity	1,855,436	13,400	437,545		(1,404,491)
Culture and recreation	33,299,678	6,353,864	447,224	1,770,839	(24,727,751)
Home and community services	95,277,694	67,222,380	19,510,054	6,645,071	(1,900,189)
Debt interest and other related costs	17,727,186		485,627		(17,241,559)
Total Governmental Activities	311,921,987	93,340,527	23,842,922	26,720,364	(168,018,174)
NON-MAJOR COMPONENT UNITS					
Economic assistance and opportunity	836,499	923,090			\$ 86,591
Total Component Units	836,499	923,090			86,591
Total	\$ 312,758,486	\$ 94,263,617	\$ 23,842,922	\$ 26,720,364	(168,018,174)
General Revenues					
Real property taxes				175,337,639	
Other real property tax items				2,545,193	
Non-property tax items				10,095,137	
Interest and investment earnings				4,069,490	61,837
Sale of property and compensation for loss				2,432,300	
State and local aid - unrestricted				10,848,128	
Gain on disposition of capital assets				102,171	
Other				132,564	
Total General Revenues and Transfers				211,562,622	61,837
Change in Net Position				43,544,448	148,428
Net Position at Beginning of Year				262,137,463	9,291,054
Net Position at End of Year				\$ 305,681,911	\$ 3,379,482

See notes to the financial statements.

TOWN OF BROOKHAVEN
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2019

	MAJOR GOVERNMENTAL FUNDS							Totals
	General	Town Outside Village	Highway	Refuse and Garbage	Debt Service	Capital Projects	Nonmajor Governmental Funds	
ASSETS								
Cash and cash equivalents	\$ 56,089,811	\$ 21,581,076	\$ 31,244,194	\$ 4,862,747	\$ 13,141,270	\$ 3,921,661	\$ 15,227,598	\$ 146,068,357
Cash - restricted							1,588,236	1,588,236
Investments - restricted	9,937,594	100,180	149,866	92,236	704,923	295,367	78,023	704,923
Accounts receivable, net	311,767		33,154	47,641		1,535,000	74,982	10,653,266
Property taxes receivable	13,843,156	100,598	13,132		202,532			15,736,945
Due from trust and agency funds	327,672							311,767
Insurance escrow deposits	333,269	2,180	2,045	75,122			590,562	327,672
State and federal aid receivables	4,814,778	112,335	72,008	1,900	3,605		8,584	14,737,096
Due from other governments	1,498,690	376,850	574,893	79,339			63,003	5,208,110
Prepays	156,544		1,069,561	267,320				2,586,885
Inventories of material and supplies							3,842,856	1,523,425
Leasehold improvement investments								8,842,956
Total Assets	\$ 87,323,401	\$ 22,273,219	\$ 33,178,823	\$ 5,420,305	\$ 14,052,330	\$ 19,740,888	\$ 26,473,824	\$ 208,462,790
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ 2,977,312	\$ 164,555	\$ 1,488,283	\$ 2,030,752		\$ 14,723,976	\$ 1,008,659	\$ 22,893,537
Accrued liabilities	4,813,398	1,180,000	3,105,250	176,953		5,622,344	803,791	15,711,736
Due to other funds	734,571	591,801	452,659	1,608	4,931	13,778,321	172,454	15,736,545
Due to trust and agency funds	19,900	105						20,005
Due to other governments	392,011	7,020	33			287,507	122,073	415,569
Unearned revenue	5,975,000					1,781,769	2,765	2,176,545
Claims and judgments payable		121,066	941,297					7,037,365
Total Liabilities	14,931,128	2,074,547	5,987,532	2,209,313	4,931	36,173,917	2,109,742	63,491,100
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	311,767							311,767
Real property taxes	1,000,000						88,888	1,088,888
Settlements	77,387							77,387
Other								
Total Deferred Inflows of Resources	1,389,154							1,478,042
FUND BALANCES								
Nonspendable	1,665,374	376,850	1,664,424	340,659			1,529,166	5,576,473
Restricted	14,471,421	455,782	1,078,413		14,047,399		11,027,532	41,040,517
Assigned	334,921	19,366,040	24,448,464	2,870,333		(16,521,917)	11,807,384	58,827,142
Unassigned	54,531,403							38,009,486
Total Fund Balances	71,003,119	20,198,672	27,191,301	3,210,992	14,047,399	(16,521,917)	24,364,082	143,493,648
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 87,323,401	\$ 22,273,219	\$ 33,178,823	\$ 5,420,305	\$ 14,052,330	\$ 19,740,888	\$ 26,473,824	\$ 208,462,790

See notes to financial statements.

TOWN OF BROOKHAVEN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
As of December 31, 2019

Total Fund Balances - Governmental Funds \$ 143,493,648

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

Capital assets used in governmental fund activities are not financial resources and therefore are not reported in the governmental funds:

Capital assets - non-depreciable	\$ 699,884,408	
Capital assets - depreciable	1,499,883,403	
Accumulated depreciation	<u>(903,764,308)</u>	
		1,296,003,503

The asset is not an available resource and, therefore, is not reported in the funds: Prepaid expenses		154,492
--	--	---------

Deferred outflows of resources not reported in the governmental funds.		87,884,059
--	--	------------

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 government funds:

General obligation bonds payable, inclusive of premiums	(586,433,080)	
Employees' retirement net pension liability	(17,491,691)	
Length of service award pension liabilities	(9,322,468)	
Deferred compensation	(1,695,665)	
Compensated absences	(18,466,029)	
Claims and judgments payable	(11,466,236)	
Estimated liability for landfill closure and postclosure care costs	(32,473,540)	
Pollution remediation obligation	(991,871)	
Total other postemployment benefits liability	(464,991,138)	
Accrued interest payable	(4,054,678)	
Retainage payable	<u>(1,796,298)</u>	
		(1,149,182,694)

Deferred inflows of resources not recorded in the governmental funds.		(74,149,139)
---	--	--------------

Receivables, service concession arrangements are not available to pay for current period expenditures and therefore, are not reported in the funds.	1,150,000	
Deferred inflows, service concession arrangements not reported in the funds.	<u>(1,150,000)</u>	
		-0-

Some revenues are not available in the current period and, therefore, are not reported in the funds.		1,478,042
--	--	-----------

Net Position of Governmental Activities		<u><u>\$ 305,681,911</u></u>
--	--	------------------------------

See notes to financial statements.

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

	MAJOR GOVERNMENTAL FUNDS							Totals
	General	Town Outside Village	Highway	Police and Garbage	Debt Service	Capital Projects	Nonmajor Governmental Funds	
REVENUES								
Real property taxes	\$ 24,283,684	\$ 8,281,440	\$ 67,957,219	\$ 42,428,575	\$ 9,857,058		\$ 22,686,343	\$ 175,504,299
Other real property tax items	1,324,712	3,719	535,164	2,762	142,239		136,927	2,545,193
Non-property tax items	9,095,137							9,095,137
Departmental income	59,363,038	15,434,530	231,362	386,755			1,640,380	77,056,375
Intergovernmental charges	8,609,641		447,746					9,057,387
Use of money and property	4,970,145	447,499	927,499	387,437				6,188,677
Investment loss from length of service award program					312,880	440,574		702,843
Licenses and permits	222,283	66,215	665,573				1,553,732	954,071
Fines and forfeitures	142,301	2,295,550		29,500				2,461,351
Sale of property and compensation for loss	3,746,592		174,072	10,420			13,689	4,033,653
Miscellaneous local sources	247,623	2,317,799		2,000			212,006	3,757,039
Interfund revenues	3,417,856		4,761					3,422,617
State aid	18,338,127	26,702	216,541	146,009				30,806,022
Federal aid	752,634	1,011	390,605					25,012,007
Total Revenues	132,522,753	28,874,765	71,951,212	43,387,498	10,312,177	21,275,999	45,125,502	353,449,760
EXPENDITURES								
Current:								
General government support	42,381,096	3,343,886						45,724,984
Public safety	4,350,922	13,023,733						17,374,655
Health		641,364						641,364
Transportation	2,190,055		37,130,095					37,320,150
Economic assistance and opportunity	1,832,558							1,832,558
Culture and recreation	21,531,771							21,531,771
Home and community services	14,459,844	4,464,986		43,474,530				23,399,360
Employee benefits	10,804,985	1,320,665						12,125,650
Capital Outlay								
Debt Service:								
Principal						89,578,456		89,578,456
Interest					51,462,400			51,462,400
Bond issuance costs					21,284,976			21,284,976
					289,815			289,815
Total Expenditures	97,551,233	22,794,634	42,723,428	43,474,530	73,037,191	89,578,456	38,541,941	407,701,413
Excess (Deficiency) of Revenues Over (Under) Expenditures	34,971,520	6,080,131	29,227,784	(87,072)	(62,725,014)	(68,302,563)	6,583,561	(54,251,653)
OTHER FINANCING SOURCES (USES)								
Transfers in	11,728							11,728
Transfers out	(53,468,190)	(3,679,231)	2,002,989		60,133,573	5,348,075	336,562	(67,862,927)
Debt proceeds			(24,836,648)			(983,532)	(4,845,326)	(29,669,486)
Premiums on obligations								
Refunding bonds issued								
Debt service - principal currently refunded								
Total Other Financing Sources (Uses)	(53,476,462)	(3,679,231)	(22,833,659)	-0-	59,876,611	4,364,543	(4,508,764)	(256,962)
Net Change in Fund Balances	1,495,058	2,400,900	6,394,125	(87,072)	(2,848,403)	(63,938,020)	2,074,797	(54,509,615)
Fund Balances at Beginning of Year	69,508,061	17,797,772	20,797,176	3,298,064	16,995,802	47,416,103	22,269,285	138,002,263
Fund Balances at End of Year	\$ 71,003,119	\$ 20,198,672	\$ 27,191,301	\$ 3,210,992	\$ 14,047,399	\$ (16,521,917)	\$ 24,364,082	\$ 143,492,648

See notes to the financial statements.

TOWN OF BROOKHAVEN
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

Net Change in Fund Balances \$ (54,508,615)

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

Capital outlay	\$	98,946,172	
Depreciation expense		(43,750,652)	
Disposition of capital assets		(63,455)	
			55,132,065

Net change in deferred outflows of resources not reported in the funds:

Deferred charges on debt refundings		(728,239)	
Pension related amounts		(12,536,070)	
Other postemployment benefits		64,999,600	
			51,735,291

Differences in revenues recognized in the statement of activities and the fund level due to the measurement focus/basis of accounting differences between the government-wide statements and fund level statements.

(527,958)

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

Bonds issued		(34,800,000)	
Repayment of bond principal		92,377,400	
Net pension liability- employees' retirement system		(9,096,963)	
Pension liabilities - length of service award program		322,568	
Compensated absences		240,290	
Deferred compensation		374,636	
Claims and judgments		4,433,124	
Estimated liability for landfill closure and post closure care costs		(899,449)	
Pollution remediation obligation		(1,282)	
Total other postemployment benefits liability		(54,097,196)	
			(1,146,872)

Premiums on bond issuances recognized in governmental funds statements when issued and capitalized and amortized in the Statement of Activities.

321,447

Net change in deferred inflows of resources not reported in the funds:

Pension related amounts		19,964,407	
Other postemployment benefits		(24,771,308)	
Deferred charges on debt refundings		(1,417,544)	
			(6,224,445)

Other long-term amounts (accrued interest and retainage payable) are not due and payable in the current period and, therefore, are not reported in the funds.

(1,236,465)

Change in Net Position of Governmental Activities

\$ 43,544,448

See notes to the financial statements.

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

		Agency Funds
ASSETS		
Cash	\$	258,479,794
Due from governmental funds		20,005
Total Assets	\$	258,499,799
 LIABILITIES		
Due to New York State Comptroller	\$	34
Due to Treasurer of Suffolk County, New York		8,841
Due to the Department of Health of the State of New York		2,970
Due to the Department of Agriculture and Markets of the State of New York		523
Due to school districts		194,529,808
Due to fire districts		16,613,303
Due to governmental funds		113,730
Other agency liabilities		47,230,590
Total Liabilities	\$	258,499,799

See notes to the financial statements.

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Brookhaven (the "Town"), which was established in 1655, is governed by Town Law and other general laws of the State of New York and various local laws. The Town Board is the legislative body responsible for overall operations. Town Board members, elected by their respective districts, and the Supervisor were elected for a term of two years. The Supervisor serves as the Chief Fiscal Officer. The Receiver of Taxes and the Town Clerk are elected for a term of four years and the Superintendent of Highways is elected for a term of two years. Pursuant to local law, effective November 6, 2018, upon the next election, the Town Board, Supervisor, Receiver of Taxes, Town Clerk and Superintendent of Highways, will be elected for a four-year term, and may serve up to three terms regardless of whether said terms are served consecutively or nonconsecutively. The Town Board appoints the Commissioner of Finance, the Town Attorney, the Assessor, and the Planning Board.

The Town provides a full range of municipal services either directly or through Town-operated special districts, including public safety, planning, zoning, code enforcement, highway construction and maintenance, street lighting, programs for the aging, youth services, parks and recreation, garbage pick-up and disposal, and administration of certain State and Federal grant programs.

The basic financial statements of the Town of Brookhaven 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 Town's policies are described below.

1. REPORTING ENTITY

Included in the Reporting Entity

The financial reporting entity consists of: (a) the primary government, which is the Town of Brookhaven; (b) organizations for which the primary government is financially accountable; and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The decision to include a potential component unit in the Town's reporting entity is based on several criteria, including legal standings, dependency and financial accountability. Component units are classified as either blended component units or discretely presented component units. The current guidance also distinguishes the component units as either major or non-major component units.

Blended Component Units – though legally separate entities, these component units are, in substance, part of the primary government's operations. The blended component unit serves or benefits the primary government almost exclusively. Financial information from these units is combined with that of the primary government. The Town does not have blended component units.

Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Town. They are financially accountable to the primary government, or have a relationship such that exclusion would cause the Town's financial statements to be misleading or incomplete.

The Town reports the Town of Brookhaven Industrial Development Agency ("IDA" or "Agency") as a non-major discretely presented component unit. The Agency was created as a New York State public benefit corporation and was established pursuant to Article 18A of the New York General Municipal Law, as amended, and Chapter 358 of the Laws of 1970, as amended. The IDA was created to promote and assist with the growth of business with the Town, resulting in increased employment opportunities and commercial tax base. The IDA provides benefits to these businesses in the form of real property tax abatements, sales and mortgage exemptions. The Town's governing board appoints the IDA's Board of Directors, which results in an interdependency with the Town. The IDA has been considered a discretely presented component unit. Complete financial statements of the Agency can be obtained from its administrative office located at One Independence Hill, Farmingville, NY 11738.

**TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Town reports the Town of Brookhaven Local Development Corporation ("LDC") as a discretely presented component unit. The LDC was created pursuant to Section 1411 of the New York Not-for-Profit Law. The LDC was established to facilitate financing for not-for-profit organizations such as colleges, hospitals, libraries and those organizations serving people with disabilities. The LDC provides assistance in the form of federally tax-exempt bond financing and mortgage recording exemptions. The Town Board appoints the LDC's board members. The LDC has been considered a non-major discretely presented component unit. Complete financial statements of the LDC can be obtained from its administrative office located at One Independence Hill, Farmingville, NY 11738.

The Town's basic financial statements include both government-wide (reporting the Town as a whole), discretely presented component units and fund financial statements (with an emphasis on the Town's major funds).

Government-Wide Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town as a whole, with separate columns for the primary government's governmental activities and the non-major discretely presented component units. All fiduciary activities are excluded from the government-wide financial statements.

While separate government-wide and fund financial statements are presented, they are interrelated. In the government-wide financial statements, the governmental activities incorporate data from the governmental funds while business-type activities incorporate data from a government's enterprise funds. The Town has no business-type or enterprise funds. Separate financial statements are provided for governmental fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund balances, revenues, and expenditures, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds are presented by type in the fund financial statements. Certain funds of the Town are utilized to account for resources derived from and/or expenditures applicable to an area less than the entire Town.

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

Accordingly, the Town maintains the following fund types:

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

The Town reports the following major governmental funds:

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

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

Highway Fund – is used to account for revenues and expenditures for highway purposes and consists of both the highway town-wide fund and the highway part-town fund. The major areas of expenditures are repairs and improvements, machinery, snow and miscellaneous. The major source of revenue is property taxes.

Refuse and Garbage Fund – is used to account for revenues and expenditures for garbage collection. The major source of revenue is property taxes.

Debt Service Fund – is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest and for the financial resources that are being accumulated for principal and interest payments in future years. It consists of two debt service funds, one which accounts for specific open space debt and one which accounts for all other debt service.

Capital Projects Fund – is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

Special Grant Fund – is used to account for Federal Aid for the following programs: Community Development Block Grant Program, Low Income Housing Program, Home Investment Partnership, Community Development Emergency Solutions, and Housing Opportunities for Persons with Aids.

Special Miscellaneous Housing Trust Fund – is used to account for resources which are restricted, committed or assigned to promote and create decent, affordable housing for low and middle-income residents.

Brookhaven Calabro Airport Fund – is used to account for the operations related to the Calabro Airport.

**TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

Governmental Funds (continued)

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

<u>Fire Protection Districts:</u>			
Moriches	N. Bellport *	Water Island	
<u>Ambulance Districts:</u>			
Blue Point / E. Patchogue	E. Moriches / Eastport	Mastic	Mastic Beach
Medford	Manorville	Mount Sinai	South Country
Shirley			
<u>Water Supply Districts:</u>			
Pipe Stave Hollow *	Stony Brook		
<u>Erosion Control Districts:</u>			
Davis Park	Fire Island Pines	Ocean Bay Park	Point O'Woods
Seaview	Water Island		
<u>Sidewalk Districts:</u>			
Comsewogue *			
<u>Sewer Districts:</u>			
Holbrook	Brookhaven	Brookhaven #2	
<u>Park Districts:</u>			
Ocean Bay Park	S. Setauket		
<u>Refuse and Garbage Districts:</u>			
Cherry Grove	Davis Park	Fire Island Pines	Seaview-Ocean Bay Park Joint
<u>Other Districts:</u>			
Street Lighting District	Cherry Grove Dock District	Fire Island Pines Dock District	

* During 2018, by resolutions, orders of adoption, and/or permissive referendum, the Town Board authorized the dissolution and discontinuation of nine Water Supply Districts, two Sidewalk Districts and two Fire Protection Districts. Of those funds authorized for dissolution and discontinuation, three funds (one Fire Protection District, one Water Supply District and one Sidewalk District) are still reported as the Town is in the process of distributing the residual cash.

Special Reserve Funds – collect fees which are held in escrow and reserved for specific purposes.

The Town's non-major funds included the following special reserve funds:

Park Reserve Escrow Highway Reserve Escrow Drainage Reserve Escrow

Permanent Fund – is used to account for and report resources that are restricted pursuant to State legislation. The principal portion of this fund must remain intact, but the earnings may be used to achieve the objectives of the fund.

West Meadow Beach Endowment – is used to account for monies restricted for preserving and protecting West Meadow Beach. The principal portion of this fund must remain intact, but the earnings may be used for preserving and protecting West Meadow Beach.

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

Agency Funds – is used to account for money received and held in the capacity of trustee, custodian or agent. The Town's fiduciary funds include agency funds as follows:

Town Agency Funds – is used to account for resources held as an agent for parties outside the government in a custodial manner.

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

Town Clerk – is used to account for amounts collected on behalf of other governments for licenses and permit fees.

**BASIC FINANCIAL
STATEMENTS**

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue once the grant has been awarded and all eligibility requirements imposed by the provider have been met. An exception to this policy is that emergency disaster assistance grants awarded by the Federal Emergency Management Agency are recognized in the year the Town receives the notification of project worksheet award ("Blue Book") and allowable costs are incurred. However, if the Town has received the Blue Book and has received the grant proceeds within sixty days of year-end, the revenue will be recognized in the year the expenditures are incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers all revenues available if they are collected within 60 days after the year. However, landfill revenues, which are recorded when services are provided and grants and similar items, are recognized as described above. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to net pension liability and length of service award program ("LOSAP") pensions, compensated absences, deferred compensation, claims and judgments, landfill closure and postclosure care costs, pollution remediation obligations and other postemployment benefits healthcare costs are recorded when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources.

Revenues susceptible to accrual include State and Suffolk County local assistance at year end on behalf of the Town, franchise fees, and charges for services, intergovernmental revenues and operating transfers. Permits, fees, and other similar revenues are not susceptible to accrual because generally they are not measurable until they are received in cash. In those instances where expenditures are the prime factor in determining eligibility for state and federal grants, revenues are recognized when the expenditure is incurred or in the case of emergency disaster grants when the Blue Book is awarded. In the capital Projects Fund, proceeds from the issuance of 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 services are received; (b) principal and interest on indebtedness are recognized as expenditures when due; (c) compensated absence, which vest or accumulate, and deferred compensation are charged as expenditures when paid and (d) judgment and claims and retainage payable are recorded when due and payable.

Unearned revenues are those where asset recognition criteria have been met, but which revenue recognition criteria have not been met.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements' governmental column, a reconciliation is presented that briefly explains the adjustments necessary to reconcile ending net position and the change in net position.

The agency funds use the accrual basis of accounting and do not measure the results of operations.

**TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

CASH AND INVESTMENTS

Cash and Cash Equivalents

Cash consists of funds deposited in demand accounts, time deposit accounts and certificates of deposit with maturities of less than three months. The Town participates in the Cooperative Liquid Assets Securities System – New York (NYCLASS). The investments are highly liquid and are considered to be cash equivalents.

Cash - Restricted

The Town has approximately \$1.59 million of restricted cash, of which \$1.47 million is restricted for environmental education and preservation activities for the West Meadow Beach under the terms of an endowment fund pursuant to New York State legislature and \$122,000 is restricted for the federally funded Family Self Sufficiency Program.

Investments - Restricted

The Town has approximately \$705,000 of investments, all of which is restricted to fund future debt service requirements pertaining to the former Village of Mastic Beach. The Town reports \$8.84 million of length of service award program plan assets which consists of investments restricted for providing retirement like benefits under various length of service award programs.

RECEIVABLES

Receivables include amounts due from Federal, State, and other governments or entities for services provided by the Town, as well as amounts due pursuant to various grant and franchise agreements. Receivables are recorded, and revenues recognized as earned or as specific program expenditures are incurred, and eligibility requirements are met. Additionally, the Town has recorded a receivable for property taxes receivable pertaining to the former Village of Mastic Beach.

The Town in its normal course of business is subject to the risk that it may be unable to collect all outstanding accounts receivable arising from user fees. Therefore, the Town has established an allowance account totaling \$79,469.

DUE FROM/TO OTHER FUNDS

During the course of operations, the Town has activity between funds for various purposes. Any residual balances outstanding at the year-end are reported as due to/due from other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

INVENTORY AND PREPAIDS

Inventory consists of fuel in storage tanks for use in Town vehicles, sand and salt, and other supplies on hand and is valued at cost, using the first-in first-out method.

Prepaid items in the governmental funds are accounted for under the consumption method.

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

In governmental funds, amounts reported as inventories and prepaid items are equally offset by nonspendable fund balance amounts, indicating that they do not constitute "available spendable resources" even though they are a component of net current assets.

CAPITAL ASSETS

Capital assets are reported at cost or estimated historical cost. Capital assets excluding land, purchased or acquired having a cost of more than \$5,000 are capitalized.

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

CAPITAL ASSETS (continued)

Land acquired prior to January 1, 2015, was capitalized if land acquired through purchase or donation was at least one acre. Effective January 1, 2015, land acquired with a cost of more than \$10,000, and land donated having a fair value of \$10,000 or more are capitalized. Donated assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation and amortization on all assets are provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	20-50 years
Machinery and equipment	5-20 years
Infrastructure	15-30 years
Website and software	5 years

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

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

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

LENGTH OF SERVICE AWARD PROGRAM PLAN ASSETS

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until that time. Deferred outflows of resources consist of deferred charges on prior years debt advanced refundings, pension related amounts pertaining to the employees' retirement system and length of service award program, and the other postemployment benefits plan-healthcare.

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (continued)

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, 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's deferred inflows of resources consist of the following: unearned revenue pertaining to service concession arrangement, unavailable revenue, amounts related to various postemployment benefits the Town provides (employees' retirement system, length of service award program and the other postemployment benefits plan-healthcare), and deferred charges (gains) on debt refundings. In the governmental funds, unavailable revenue represents amounts that do not meet the availability criteria applicable to revenue recognition under the modified accrual basis of accounting.

PREMIUMS OF DEBT ISSUANCE

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

LONG-TERM OBLIGATIONS

In the government-wide financial statements, liabilities for long-term obligations consisting of general obligation bonds, pension liabilities for the employees' retirement and LOSAP plans, compensated absences, deferred compensation, estimated claims and judgments, the estimated liability for landfill closure and postclosure care costs, pollution remediation obligations, and total other postemployment benefits (healthcare) are recognized in the statement of net position.

Bond premiums and discounts, as well as gains/losses on early extinguishment of debt, are deferred and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are recognized as an expenditure/outflow of resources when incurred.

In the fund statements, only that portion of long-term obligations expected to be financed from expendable available financial resources is reported as a fund liability. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

NET POSITION AND EQUITY CLASSIFICATIONS

In the 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.

**TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

NET POSITION AND EQUITY CLASSIFICATIONS (continued)

- b) Restricted — consists of net position with constraints placed on its 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) Unrestricted — all other net position that do not meet the definition of "restricted" or "net investment in capital assets".

In the fund financials statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources; they are 1) nonspendable, 2) restricted 3) committed, 4) assigned, or 5) unassigned. The Town does not have committed fund balance and not all the funds will necessarily have all the fund classifications noted above.

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

The Town's spendable portion of the fund balance comprises the remaining three classifications: restricted, assigned, and unassigned.

- b) Restricted fund balance reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- c) Assigned fund balance reflects the amounts constrained by the Town's "intent" to be used for specific purposes, but are neither restricted nor committed. The Town Board has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.
- d) Unassigned fund balance is the residual classification for the General Fund. It is also used to report fund balances in other governmental funds.

NET POSITION AND FUND BALANCE FLOW ASSUMPTIONS

When outlays for a particular purpose can be funded from both restricted and unrestricted net position resources it is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

When both restricted and unrestricted fund balance resources are available for use, it is the Town's default policy to use restricted resources first, and then unrestricted resources - committed, assigned and unassigned - in order as needed and applicable.

FUND BALANCE POLICIES

The Town has, by resolution, and as amended January 2019, adopted a fund balance policy that states the Town must maintain a minimum fund balance, exclusive of nonspendable fund balance, equal to no less than a defined percentage of the total budgeted expenditures as follows:

General Fund	25%
Part-Town Fund	20%
Highway Funds	10%
Special Districts	7%

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

FUND BALANCE POLICIES (continued)

In the event of an emergency that necessitates appropriation of fund balance which results in fund balance, exclusive of nonspendable amounts, to fall below the above stated minimum thresholds, a Town Board resolution is required. In addition, subsequent to such appropriation, the Town Board will immediately take measures to restore fund balance over a three-year period.

In accordance with Local Law 18b-4, in any year where the General Fund is in compliance with the above stated policy and where revenues collected, excluding application of surplus, exceed expenditures, the excess revenues shall be allocated January 1st of the subsequent year as follows:

Eighty percent of the excess shall remain in the General Fund and allocated as follows:

- Fifty percent allocated to unassigned fund balance
- Ten percent allocated to the solid waste management reserve
- Ten percent allocated to the motor vehicle reserve
- Ten percent allocated to the capital projects reserve

Twenty percent shall be transferred to the Joseph Macchia Environmental Preservation Capital Reserve Fund, a component of the Capital Projects Fund.

Accordingly, subsequent to year end the Town transferred \$593,287 from the General Fund to the Capital Projects Fund (Joseph Macchia Environmental Preservation Fund) and allocated \$889,931 from the General Fund's unassigned fund balance to the General Fund's fund balance restricted for 1) various capital costs (\$593,287) and 2) landfill postclosure care costs (\$296,644) to comply with Local Law 18B-4.

5. REVENUES AND EXPENDITURES/EXPENSES

PROGRAM REVENUES

Amounts reported as program revenues include: 1) charges to customers or applicants who purchase, use, directly benefits from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments and the length of service award program investment earnings) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes and other internally dedicated resources are reported as general revenues rather than as program revenues.

REAL PROPERTY TAX ASSESSMENT AND COLLECTION PROCEDURES

Real property taxes are levied annually no later than December 1st and are recognized as revenue January 1st of the year for which they were levied. The lien date is December 1st of the same calendar year the taxes are levied. Real property tax payments are due in two equal installments: the first half payable 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. 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, ("County") and by special districts based upon a single tax bill.

**TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. REVENUES AND EXPENDITURES/EXPENSES (continued)

REAL PROPERTY TAX ASSESSMENT AND COLLECTION PROCEDURES (continued)

The Receiver collects all taxes based on this single bill and distributes the proceeds to the Town Supervisor ("Supervisor") prior to distributing the remaining balance collected to the County. Responsibility for the collection of unpaid taxes remains 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 are collected prior to January 1st and that relate to the subsequent year are recorded as deferred inflows of resources.

With respect to the dissolution of the Village of Mastic Beach, there were unpaid Village real property taxes. Effective January 1, 2018, the Town assumed the remaining assets of the Village, including the property taxes receivable. Unlike Town property taxes, the County is not responsible for the collection of Village unpaid taxes. Therefore, the Town is pursuing collection of such Village taxes. Amounts not collected within 60 days of year-end are reported as deferred inflows of resources in the funds statements.

OTHER POSTEMPLOYMENT BENEFITS - HEALTHCARE

In addition to providing pension benefits, the Town pursuant to union and employee contracts, 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 and meet a length of service requirement while working for the Town.

Other postemployment benefits other than pensions ("OPEB") cost for retiree healthcare benefits is measured and disclosed using the accrual basis of accounting in the government-wide statements. In the governmental funds' financial statements, the Town recognizes the cost of providing the healthcare benefits by recording its share of premiums as an expenditure when due.

DEFERRED COMPENSATION

The liability for deferred compensation is recorded as current and non-current obligations in the government-wide statements. The liability is comprised of a defined number of days of employees pay withheld pursuant to the terms of the various labor contracts during the years ended December 31, 2011 - 2015; the deferral of the 2011-2015 longevity payments, and a retirement incentive offered and accepted by employees electing early retirement during the year ended December 31, 2012 -2014. In the fund statements, only the portion of deferred compensation payable from expendable available resources is reported as an expenditure and liability in the respective fund that will pay it.

COMPENSATED ABSENCES

The liability for vested or accumulated vacation or sick leave (compensated absences) is recorded as current and non-current obligations in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, only the compensated absence liability payable from expendable available financial resources is reported. 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.

EMPLOYEE RETIREMENT PENSION PLAN

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New York State and Local Retirement System ("the System") have been determined on the same basis as they are reported by the System. For this purpose, the System recognizes benefit payments when due and payable in accordance with the benefit terms and reports investments at fair value.

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. REVENUES AND EXPENDITURES/EXPENSES (continued)

LENGTH OF SERVICE AWARD PROGRAM PENSION LIABILITIES

The Town sponsors a length of service award program ("LOSAP"), a defined benefit service award program, for its volunteer ambulance workers of nine different ambulance district companies. Of the nine individual plans, seven are single-employer plans and the Town reports the total LOSAP service award liability. The two remaining plans have multiple sponsors all of whom are legally responsible for annual contributions to the plan and as such is considered a special funding situation, and accordingly Town reports its proportionate share of the total LOSAP service award liability.

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

INTERFUND TRANSACTIONS

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

a) Interfund Revenues

Interfund revenues and quasi-external transactions represent amounts charged for services or facilities provided to another 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

Operating transfers are nonexchange transactions whereby the government or fund gives or receives value without directly receiving or giving equal value in return. Operating transfers primarily represent payments to the debt service and capital projects funds from the other funds for their appropriate share of the debt service or capital project costs.

6. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded for budgetary control purposes in order to reserve that 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 reserved against fund balances are re-appropriated in the ensuing year. Encumbrances are reported as assignments of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

7. USE OF ESTIMATES

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

8. NEW ACCOUNTING PRINCIPLES

The Town has adopted all the current Statements of the Governmental Accounting Standards Board (GASB) that are applicable.

**TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. NEW ACCOUNTING PRINCIPLES (continued)

During the year ended December 31, 2019, the Town adopted:

Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", the primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 83, "*Certain Asset Retirement Obligations*"; Statement No. 84, "*Fiduciary Activities*"; Statement No. 88 "*Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*"; Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*"; Statement No. 90, "*Majority Equity Interests*"; Statement No. 91, "*Conduit Debt Obligations*"; Statement No. 92, "*Omnibus 2020*"; and Statement No. 93, "*Replacement of Interbank Offered Rates*".

The effective dates of the following pronouncements are postponed by eighteen months: Statement No. 87, "*Leases*".

The implementation of this Statement had no impact on the Town's financial statements.

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. BUDGETARY DATA

An operating budget is legally adopted each year for the General, Special Revenue (with the exception of the special grant funds, special miscellaneous housing trust fund, sidewalk districts, one debt service fund, and certain inactive/discontinued water supply and fire protection districts). The budgets are adopted on a basis of accounting consistent with GAAP. All unexpended annual appropriations, other than encumbrances, lapse at the close of year end. The Capital Projects Fund is budgeted on a project basis. The Supervisor, with the assistance of the Commissioner of Finance, prepares a tentative budget each year and the Town Board holds a public hearing. 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 budget is not subject to referendum. Appropriations are adopted at the object level.

The Supervisor maintains control over the budget. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the individual account level. The Commissioner of Finance may authorize budgetary transfers between departments within any fund for amounts less than \$25,000. Amounts between \$25,000 and \$50,000 need the written approval of the Supervisor's Office. Budgetary transfers affecting employee compensation need the written approval of both the Commissioner of Finance and the Supervisor. When the total of budget transfer and amendments into a specific line has reached \$50,000, all subsequent transfers require Town Board approval via resolution, unless in those instances which demonstrate an immediate need, the amendments will be ratified by the Town Board on the next scheduled Town Board meeting. Any supplemental appropriations that amend the total expenditures of any fund, and any amendment affecting an inter-fund account require Town Board Resolution.

In accordance with Local Law, the total amount of expenditures in the annual adopted General Fund operating budget shall not increase from the most recent adopted operating budget including revisions adopted by Town Board resolution, by more than the three year average of revenue growth plus the three year average population growth rate for the three previous completed fiscal years. When the calculated growth rate is less than zero percent, adopted expenditures shall not exceed expenditure in the most recent adopted budget. However, the Town Board may provide for an increase in spending in excess of the amount defined by a vote of three-fourths of the Town Board.

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

1. BUDGETARY DATA (continued)

In June 2011, New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which includes a 2% property tax cap for municipalities. Beginning in 2012, no local government is authorized to increase its property tax levy by more than 2% or the rate of inflation (whichever is less); however local governments can exceed the tax levy limit by a 60% vote of the governing body and annually adopting a local law. The Town did not exceed the real property tax limit in 2019. The Law permits certain exceptions to the tax levy increase limit for such items as certain judgment and claims arising out of tort claims and certain increases in the required pension contributions.

2. FUND EQUITY

FUND BALANCE

The following table provides the detail regarding fund balance categories and classifications for the governmental funds which show components of nonspendable fund balances, as well as the purposes for restricted, and assigned fund balance. The unassigned fund balance is also shown.

	General Fund	Town Outside Village Fund	Highway Funds	Refuse and Garbage Fund	Debt Service Fund	Capital Projects Funds	Other Governmental Funds	Total
Nonspendable:								
Prepays	\$ 1,498,830	\$ 376,850	\$ 574,863	\$ 73,339	\$ -	\$ -	\$ 63,003	\$ 2,506,885
inventory	166,544		1,089,561	267,320				1,523,425
Permanent fund principal							1,466,163	1,466,163
Total Nonspendable	1,665,374	376,850	1,664,424	340,659	-	-	1,529,166	5,576,473
Restricted for:								
Capital projects	1,190,150	446,192						1,636,342
Grants and donors restrictions							2,112,946	2,112,946
Landfill post-closure costs	13,159,220							13,159,220
Employee severance pay	23,743							23,743
Length of service award program benefits							8,842,956	8,842,956
Debt service			1,042,370		14,047,399		71,630	15,161,399
Other	87,399	9,590						96,989
Pollution remediation	10,909							10,909
Snow removal			36,043					36,043
Total Restricted	14,471,421	455,782	1,078,413	-	14,047,399	-	11,027,532	41,000,547
Assigned to:								
Subsequent year's budget							221,768	221,768
Snow and ice removal			3,145,925					3,145,925
Capital projects	167,255							167,255
Purchases on order or contractual obligations							186,000	186,000
Former Village of Mastic Beach	167,666							167,666
Special revenue funds		19,366,040	21,302,539	2,870,333			11,399,616	54,938,528
Total Assigned	334,921	19,366,040	24,448,464	2,870,333	-	-	11,807,384	58,827,142
Unassigned, reported in:								
General fund	54,531,403					(16,521,917)		38,009,486
Total Unassigned	54,531,403	-	-	-	-	(16,521,917)	-	38,009,486
Total Fund Balances	\$ 71,003,119	\$ 20,199,672	\$ 27,191,301	\$ 3,210,992	\$ 14,047,399	\$ (16,521,917)	\$ 24,364,082	\$ 143,493,648

**TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS**

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

2. FUND EQUITY (continued)

FUND BALANCE (continued)

The Capital Projects Fund's deficit fund balance resulted from timing differences between expenditures and recognition of permanent financing revenue. Subsequent to year end, the Town issued general obligation bonds to finance the expenditures and hereby replenishing fund balance.

The Debt Service Fund's restricted fund balance is being held to fund future debt service requirements of the following funds:

Major Funds:	
General	\$ 7,742,665
Town Outside Village	485,763
Highway	3,250,724
Non Major Funds:	
Airport	39,216
Ambulance Districts	1,208,322
Dock Districts	199,579
Erosion Districts	17,693
Fire Protection Districts	119
Street Lighting District	304,256
Sewer Districts	48,711
Water Districts	104,912
Open Space	645,439
	\$ 14,047,399

C. DETAILED NOTES ON ALL FUNDS

1. CASH AND INVESTMENTS

Permitted Deposits and Investments

State statutes and a Town Board approved investment policy governs the Town's investment practice. Permissible investments include, but not limited to, special time deposit accounts, obligations of the United States Treasury and United States agencies, obligations of New York State or its localities and pooled cooperative investment with other municipal corporations pursuant to GML Article 5-G. The investment policy limits the amount of deposits at any time in any one bank or trust company to \$120 million. All bank deposits, certificates of deposits and repurchase agreements are required to be fully collateralized if not fully covered by federal deposit insurance. Generally, collateral is required for demand deposits and time deposits accounts at 105% of all deposits not covered by federal deposit insurance.

Cash and Cash Equivalents

At December 31, 2019, the Town carrying amount of the cash totaled \$406,136,387 of which \$5,091,544 is a cash equivalent/investment pool. Also included is \$1,588,236 of cash restricted for environmental education and preservation activities of West Meadow Beach and for the federally funded Family Self Sufficiency Program.

Investment Pool/Cash Equivalent

The Town participates in the Cooperative Liquid Assets Securities System – New York (NYCLASS), a multi-municipal cooperative investment pool agreement pursuant to New York State Municipal Law Article 3-A and 5-G, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. All NYCLASS investment and collateral policies are in accordance with General Municipal Law, Sections 10 and 11.

At December 31, 2019, the Town's Capital Projects fund, Special District funds, and Agency funds, have \$188,946, \$2,524,007, and \$2,378,591, respectively, in NYCLASS investments which are included as cash.

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

C. DETAILED NOTES ON ALL FUNDS (continued)

1. CASH AND INVESTMENTS (continued)

Investment Pool / Cash Equivalent (continued)

NYCLASS measures its investments at fair value in accordance with Paragraph 41 of GASB Statement No. 79, "Certain External Investment Pools and Pool Participants", and Paragraph 11 of GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools". Total investments of the cooperative at December 31, 2019 were \$3,165,647,535, which consisted of \$236,473,871 in collateralized bank deposits, \$464,400,493 in repurchase agreements and \$2,464,773,171 in U.S. Treasury securities, with various interest rates and due dates.

The lead participant of NYCLASS is the Village of Potsdam. Additional information concerning NYCLASS, including the annual report, can be found on its website at www.newyorkclass.org.

Investments

At December 31, 2019, the Town has investments of \$704,923 (all restricted), which consists of U.S. Treasury Notes, which mature in less than one year. All amounts are restricted for future debt service requirements of the former Village of Mastic Beach.

Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation of inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique provided by third-party custodians. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The following is a summary of the fair value hierarchy of the fair value of the Town's investments as of December 31, 2019:

Investment by Fair Value Level	Credit Quality Rating	Total	Fair Value Measurements Using:		
			Quoted Prices in Active Market for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Debt Securities:					
U.S. Treasury Notes	AAA	\$ 704,923	\$ 704,923	\$ -	\$ -
		<u>\$ 704,923</u>	<u>\$ 704,923</u>	<u>\$ -</u>	<u>\$ -</u>

Length of Service Award Program Plan Investments - External Investment Pool

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

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

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

C. DETAILED NOTES ON ALL FUNDS (continued)

1. CASH AND INVESTMENTS (continued)

Length of Service Award Program Plan Investments - External Investment Pool (continued)

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

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

The Town's investment in the LOSAP pool of investments totals \$8,842,956 at December 31, 2019. The assets are subject to custodial risk in the event of the failure of the custodian holding the investments.

The following risk assessments apply to cash and investments of the Town.

Custodial Credit Risk – Deposits / Investments – Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, a government may be unable to recover deposits, or recover collateral securities that are in possession of an outside agency. Custodial credit risk for investments exists when, in the event of the failure of the counterparty, a government will be unable to recover the value of its investments or collateral securities that are in possession of an outside party. The Town's investments policy defines permissible investments, limits the amount of deposits at any time any one bank or trust company, requires that bank balances in excess of the Federal Deposit Insurance Corporation insurance limits of \$250,000 are protected with custodial agreements which requires that balances are fully collateralized in accordance with New York State General Municipal Law (GML) and limits the form of acceptable collateralization.

Financial institutions can satisfy collateral requirements by furnishing an eligible letter of credit, an eligible surety bond, by pledging eligible securities as specified in Section 10 of GML, or participating in a deposit placement program pursuant to section 9-r of the banking law. Irrevocable letters of credit issued as collateral in certain situations may require a threshold of up to 140% of aggregate deposits. Eligible securities that may be pledged as collateral includes but is not limited to obligations of the United States or its agencies, obligations of New York State and obligation of municipalities of New York State.

The use of available daily balances to determine collateral requirements may result in the available balance being under-collateralized at various times during the year.

At December 31, 2019, the carrying amount of the Town's cash and cash equivalents was \$400,978,611. This amount includes fiduciary fund deposits and restricted cash but excludes NYCLASS investment pool of \$5,091,544 and petty cash of \$66,232. The bank balance was \$412,511,187. Of the bank balance, \$80,087,735 was covered by Federal deposit insurance, and \$332,423,452 was covered by collateral held by the Town's agent, a third-party financial institution with a fair value of \$622,232,781.

At December 31, 2019, the Town's investments are carried at fair value and were \$704,923. All investments are in the name of the Town and consist of obligations issued by the United States government or an agency of the United States and therefore do not require collateral. The Length of Service Award Program Plan assets are not required to be collateralized.

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

C. DETAILED NOTES ON ALL FUNDS (continued)

1. CASH AND INVESTMENTS (continued)

Custodial Credit Risk – Deposits / Investments (continued)

Credit Risk – The Town's written investment guidelines and policies are designed to protect principal by limiting risk. State law and Town law limit investments to those authorized by State statutes.

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

Concentration of Credit Risk – Credit risk can arise as a result of failure to adequately diversify investments. Concentration risk disclosure is required for positions of 5 percent or more in securities of a single issuer.

2. RECEIVABLES

In 2003, the Town entered into an inter-municipal agreement with a school district whereby the school district will pay to the Town \$21,000,000 over a seventeen-year period in equal installments of \$1,235,294 for a refund of taxes due to the Town. The present value of the long-term receivable was calculated using a discount rate of 4.25%. During 2019, the Town received the final PILOT payment and the agreement was fully settled in 2019.

In addition, the Town entered into a PILOT agreement with Long Island Power Authority ("LIPA"), whereby LIPA will pay to the Town, relating taxing jurisdictions, and/or special districts \$2,000,000 per year for seventeen years.

In addition, in 2010 the Town was awarded a \$1 million settlement. Under the terms of the settlement agreement, the award will be repaid over ten years. At December 31, 2019, the outstanding balance was \$88,888 and which will be repaid in annual installments of \$88,888 through December 31, 2020 and is included in the reported Capital Projects Fund accounts receivable and deferred inflows of resources balances.

Additionally, in 2019 the Town was awarded a \$2.6 million settlement. Under the terms of the settlement, the award will be repaid over two years. At December 31, 2019, the outstanding balance was \$1,000,000 and which will be repaid in two installments of \$500,000 through December 31, 2020 and is included in the reported General Fund accounts receivable and deferred inflows of resources balances.

3. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances represent either loans, services provided, or reimbursements which are expected to be paid currently. Loans are reported as receivables and payables as appropriate. Services provided are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement.

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

C. DETAILED NOTES ON ALL FUNDS (continued)

3. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (continued)

At December 31, 2019, these balances outstanding are as follows:

Governmental Activities:	<u>Receivable</u>	<u>Payable</u>
Major Funds:		
General Fund	\$ 13,843,156	\$ 734,571
Town Outside Village		591,801
Highway	33,154	452,659
Refuse and Garbage	47,641	1,608
Debt Service	202,532	4,931
Capital Projects	1,535,000	13,778,321
Total Major Funds	<u>15,661,483</u>	<u>15,563,891</u>
Nonmajor Funds:		
Airport	5,775	186
Special Grants	68,910	161,000
Dock Districts		1,222
Street Lighting Districts		5,642
Park Districts		1,254
Refuse and Garbage Districts	177	
Sewer Districts		3,150
Total Nonmajor Funds	<u>74,862</u>	<u>172,454</u>
Total	<u>\$ 15,736,345</u>	<u>\$ 15,736,345</u>

Individual fund transfers primarily consist of monies transferred to fund debt service requirements and the cost of capital projects. It also consists residual equity transfers of completed closed capital projects. Interfund transfer made during the year are as follows:

Governmental Activities:	<u>In</u>	<u>Out</u>
Major Funds:		
General Fund	\$ 11,728	\$ 33,488,190
Town Outside Village		3,679,231
Highway	2,002,989	24,836,648
Debt Service	60,133,573	
Capital Projects	5,348,075	983,532
Total Major Funds	<u>67,496,365</u>	<u>62,987,601</u>
Nonmajor Funds:		
Airport	336,562	64,221
Special Grants		
Park Reserve Escrow		768,600
Ambulance Districts		2,466,219
Dock Districts		382,147
Erosion Control Districts		198,244
Fire Protection Districts		8,218
Street Lighting Districts		672,518
Sewer Districts		285,159
Total Nonmajor Funds	<u>336,562</u>	<u>4,845,326</u>
Total	<u>\$ 67,832,927</u>	<u>\$ 67,832,927</u>

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

C. DETAILED NOTES ON ALL FUNDS (continued)

4. ENDOWMENT

Pursuant to the State of New York Legislature dated June 12, 1996, interest earnings up to a maximum rate of five percent may be expended by the West Meadow Beach endowment fund provided that the prior year's interest enables such expenditures without reducing the accounts beginning principal of the prior year. The West Meadow Beach endowment fund expenditure plan is adopted by Town Board. The endowment fund's fund balance is restricted and is segregated between spendable and nonspendable. At December 31, 2019, the West Meadow Beach Endowment Fund's fund balance totaled \$1,466,163, all of which considered nonspendable. For the year ended December 31, 2019, all assets are cash deposits and therefore there was no net appreciation on investments for the West Meadow Beach endowment fund.

5. CAPITAL ASSETS

The summary of changes within the capital assets of the Town for the year ended December 31, 2019 is as follows:

	Balance 01/01/2019	Additions and Transfers	Deletions and Transfers	Balance 12/31/2019
Primary Government:				
Capital assets not being depreciated:				
Land and development rights	\$ 656,572,736	\$ 13,613,642		\$ 670,186,378
Construction in progress	24,278,242	19,232,793	\$ 13,813,005	29,698,030
Total Capital Assets Not Being Depreciated	680,850,978	32,846,435	13,813,005	699,884,408
Depreciable capital assets:				
Buildings and improvements	323,375,687	23,224,871		346,600,558
Machinery and equipment	115,554,862	5,748,169	863,221	120,439,810
Infrastructure	977,271,403	50,491,104		1,027,762,507
Website and software	4,631,930	448,598		5,080,528
Total Depreciable Capital Assets	1,420,833,882	79,912,742	863,221	1,499,883,403
Less accumulated depreciation/amortization:				
Buildings and improvements	161,664,329	11,822,673		173,487,002
Machinery and equipment	85,677,468	5,626,607	799,766	90,504,309
Infrastructure	609,882,797	25,884,459		635,767,256
Website and software	3,588,828	416,913		4,005,741
Total Accumulated Depreciation/Amortization	\$ 860,813,422	\$ 43,750,652	\$ 799,766	903,764,308
Total Net Depreciable Capital Assets				596,119,095
Total Net Capital Assets				\$ 1,296,003,503

Depreciation/amortization expense was charged to the governmental functions as follows:

General government support	\$ 4,840,862
Public safety	3,389,913
Health	1,084,154
Transportation	20,211,805
Economic assistance and opportunity	1,670
Culture and recreation	7,309,867
Home and community services	6,912,381
Total Governmental Activities Depreciation/Amortization Expense	\$ 43,750,652

The Town of Brookhaven evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The Town's policy is to record an impairment loss in the period when the Town determines that the carrying amount of the asset will not be recoverable. At December 31, 2019, the Town has not recorded any such impairment losses.

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

C. DETAILED NOTES ON ALL FUNDS (continued)

6. INDEBTEDNESS

LONG-TERM DEBT

A summary of the Town's changes in long-term debt transactions for the year ended December 31, 2019 is as follows:

	Balance 01/01/19	Increases	Reductions	Balance 12/31/19	Noncurrent liabilities due within one year	Noncurrent liabilities
Primary Government:						
General obligation bonds	\$ 598,831,100	\$ 34,800,000	\$ 92,377,400	\$ 541,253,700	\$ 56,233,700	\$ 485,020,000
Plus premiums on issuance	45,500,827	5,858,038	6,179,485	45,179,380		45,179,380
Total general obligation bonds	644,331,927	40,658,038	98,556,885	586,433,080	56,233,700	530,199,380
Employees retirement plan net pension liability	8,394,728	9,096,963		17,491,691		17,491,691
Length of service award pension liabilities	9,645,036	985,298	1,307,866	9,322,468		9,322,468
Compensated absences	18,706,319	9,578,538	9,818,828	18,466,029	3,000,000	15,466,029
Deferred compensation	2,070,301		374,636	1,695,665	22,892	1,672,773
Claims and judgments	23,758,723	2,184,976	7,440,100	18,503,599	7,037,363	11,466,236
Estimated liability for landfill closure and postclosure care costs	31,574,091	899,449		32,473,540	308,900	32,164,640
Pollution remediation obligations	990,589	507,976	506,694	991,871	202,956	788,915
Total other postemployment benefits liability	410,893,942	108,002,286	53,905,090	464,991,138		464,991,138
				Subtotal	66,805,811	1,083,563,270
				Less: amount reported as claims and judgments payable	(7,037,363)	-
				Noncurrent liabilities	\$ 59,768,448	\$ 1,083,563,270

General Obligation Bonds – The Town borrows money 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, including bonds of the Town Special Districts which are payable from tax revenues of the areas benefited, bear interest at various rates from 1.0% to 6.4% and have various maturity dates through 2038. The original amount borrowed for debt currently outstanding, excluding amounts related to the defeased debt is \$775,201,245.

A summary of general obligation bonds and long-term bond anticipation notes payable, exclusive of premiums by purpose is as follows:

	Balance 01/01/19	Increases	Reductions	Balance 12/31/19
Governmental Activities:				
Major Funds:				
General Fund	\$ 336,077,653	\$ 18,129,544	\$ 50,983,693	\$ 303,223,504
Town Outside Village	8,489,119	379,348	1,044,443	7,824,024
Highway Fund	198,900,116	13,589,717	34,579,691	177,910,142
Total Major Funds	543,466,888	32,098,609	86,607,827	488,957,670
Nonmajor Funds:				
Airport Fund	432,288		48,043	384,245
Ambulance Districts	37,079,470	2,369,611	4,342,033	35,107,048
Dock Districts	6,416,759		222,415	6,194,344
Erosion Control Districts	895,245		74,408	820,837
Fire Protection Districts	64,437		5,756	58,681
Street Lighting District	6,604,113	331,780	845,007	6,090,886
Sewer Districts	3,855,000		230,000	3,625,000
Water Districts	16,900		1,911	14,989
Total Nonmajor Funds	55,364,212	2,701,391	5,769,573	52,296,030
Total Governmental Activities	\$ 598,831,100	\$ 34,800,000	\$ 92,377,400	\$ 541,253,700

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

C. DETAILED NOTES ON ALL FUNDS (continued)

6. INDEBTEDNESS (continued)

LONG-TERM DEBT (continued)

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

	Principal	Interest	Total Principal and Interest
Years ending December 31, 2020	\$ 56,233,700	\$ 19,789,528	\$ 76,023,228
2021	56,165,000	17,580,421	73,745,421
2022	56,875,000	15,350,565	72,225,565
2023	57,335,000	13,112,414	70,447,414
2024	55,855,000	10,894,718	66,749,718
2025-2029	222,145,000	24,594,288	246,739,288
2030-2034	25,680,000	3,418,679	29,098,679
2035-2038	10,965,000	739,094	11,704,094
Totals	<u>\$ 541,253,700</u>	<u>\$ 105,479,707</u>	<u>\$ 646,733,407</u>

Interest on EFC debt (revolving fund revenue bonds) can be higher or lower than the amount included in the above due to fluctuations in the subsidy portion of the interest payment.

At December 31, 2019, the Town had \$15,161,399 of fund balance specifically restricted for future debt service requirements noted in the above chart.

Current Refunding

During 2019, the Town issued \$34,800,000 of Public Improvement Refunding Bonds for the Town with interest rates ranging from 2.0% to 5.0% and annual maturities through December 2031. The proceeds were used to currently refund \$7,100,000 of outstanding 2009 Series A public improvement bonds, \$12,215,000 of 2010 Series A recovery zone bonds, and \$21,600,000 of 2011 public improvement serial bonds, which had interest rates ranging from 2.125% to 6.375%.

The total net proceeds of \$40,368,223 (including \$5,858,038 premium and after payment of \$289,815 in underwriting and other issuance costs) together with Town funding of \$1,325,386 were used to current refund \$40,915,000 of debt. The current refunding was done in order to reduce debt payments in the short-term. The refunding decreased total debt service payments by \$3,773,346. The overall transaction resulted in an economic gain (the difference between the present value of the debt service payments on the old and new debt) of \$3,692,309.

Other Long-Term Debt

Liabilities for claims and judgments, landfill closure and post closure care costs, pollution remediation obligations and litigation are liquidated through future budgetary appropriations in the General Fund. The liabilities for compensated absences, deferred compensation, total other postemployment benefits liability (healthcare benefits), net pension liability, and claims specific to workers' compensation are typically liquidated through future budgetary appropriation in the General Fund, Town Outside Village, Highway Fund, Refuse and Garbage funds and all other funds that gave rise to the liability. The LOSAP pension liabilities will be liquidated from the Ambulance District Fund.

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

C. DETAILED NOTES ON ALL FUNDS (continued)

7. RETIREMENT SYSTEM

Plan Description

The Town of Brookhaven participates in the New York State and Local Employees' Retirement System ("ERS" or the "System"). This is a cost-sharing multiple-employer defined benefit retirement system. The net position of the System is held in the New York Common Retirement Fund ("Fund"), which was established to hold all net assets and record changes in fiduciary net position allocated to the system. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("RSSL"). Once a public employer elects to participate in the System, the election is irrevocable.

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Town also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at <http://www.osc.state.ny.us/retire/publications/index.php> or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244-0001.

Benefits Provided

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

Tiers 1 and 2

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

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

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

Tiers 3, 4, and 5

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

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

C. DETAILED NOTES ON ALL FUNDS (continued)

7. RETIREMENT SYSTEM (continued)

Benefits Provided (continued)

Tiers 3, 4, and 5 (continued)

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

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

Tier 6

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

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

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

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 members, the accidental disability benefit is a pension of 75% of final average salary, with an offset for any workers' compensation benefits received. The benefit for eligible Tier 3, 4 and 5 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: 1) all pensioners who have attained age 62 and have been retired for five years; 2) all pensioners who have attained age 55 and have been retired for ten years; 3) all disability pensioners, regardless of age, who have been retired for five years; 4) recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years; and 5) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50% of the annual consumer price index as published by the U.S. Bureau of Labor, but cannot be less than 1% or exceed 3%.

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

C. DETAILED NOTES ON ALL FUNDS (continued)

7. RETIREMENT SYSTEM (continued)

Contributions

Plan members who joined the system before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and before January 1, 2010 with less than ten years of membership are required to contribute 3% of their annual salary. Those joining on or after January 1, 2010 and before April 1, 2012 are required to contribute 3% of their salary for NYSERS members throughout active membership. Those joining on or after April 1, 2012 are required to contribute between 3% and 6%, depending upon their salary, throughout active membership. Under the authority of the NYSRSSL, the Comptroller shall annually certify the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's year ended March 31.

The actual contributions were equal to 100% of the actuarially required amounts. The credits and miscellaneous adjustments represent modification made by the NYSERS to the prior year's contributions due to differences between estimated and actual salaries for the plan year. Amortization payments relate to the pension related debt, as discussed below. The required contributions as billed by the Plan, for the Town, for the current year and two preceding Plan years were:

March 31st:	Regular Pension Contribution	Credits & Miscellaneous Adjustments	Prepayment Discount	Deferred Amount	Amortization Payments	Total Payments
2020	\$ 10,032,808	\$ 807	\$ (84,498)	\$ -	\$ -	\$ 9,949,117
2019	9,934,464	11,982	(83,764)	-	-	9,862,682
2018	10,477,300	(6,101)	(88,183)	-	-	10,383,016

Contributions recognized by the System for the period January 1, 2019 to December 31, 2019 totaled \$10,165,303.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

Below is the Town's proportionate share of the net pension liability of the System and its related employer allocation percentage.

Measurement Date	Net Pension Liability	Allocation of the System's Total Net Liability
March 31, 2019	\$ 17,491,691	0.2468728%

The net pension liability was determined by an actuarial valuation as of April 1, 2018 with procedures to roll it forward to March 31, 2019, and was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. There was no significant change in the Town's proportionate share from March 31, 2018 (.2601044%) to March 31, 2019 (.2468728%).

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

C. DETAILED NOTES ON ALL FUNDS (continued)

7. RETIREMENT SYSTEM (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (continued)

For the year ended December 31, 2019, the Town recognized pension expense of \$10,944,732. As of December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,444,480	\$ 1,174,185
Changes in assumptions	4,396,696	
Net difference between projected and actual investment earning on pension plan investments		4,489,335
Change in proportion and differences between the Town's contributions and proportionate share of contributions	330,030	795,232
Contributions made subsequent to the measurement date	7,499,297	
Total	\$ 15,670,503	\$ 6,458,752

The reported deferred outflows of resources resulting from the Town's contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts will be recognized in pension expense as follows:

Years Ended December 31, 2020	\$ 3,496,555
2021	(3,604,564)
2022	(431,320)
2023	2,251,783
	\$ 1,712,454

Actuarial Assumptions

The total pension liability as of the measurement date was determined by 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. The actuarial valuation used the following actuarial assumptions:

Actuarial Valuation Date	April 1, 2018
Investment rate of return	7.00%
Salary Increases	4.20%
Cost of living adjustment	1.30%
Inflation rate	2.50%
Decrement tables	April 1, 2010-March 2015 System's Experience, Scale MP 2014

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

The actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

C. DETAILED NOTES ON ALL FUNDS (continued)

7. RETIREMENT SYSTEM (continued)

Actuarial Assumptions (continued)

The long-term expected 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 return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2019 are summarized below:

<u>Asset Type:</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Equity:		
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Alternatives:		
Private equity	10.00%	7.50%
Real estate	10.00%	5.55%
Other	8.00%	3.75% - 5.68%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	(0.25)%
Inflation indexed bonds	4.00%	1.25%
	<u>100.00%</u>	

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

Sensitivity of the Proportionate Share of the Net Pension Liability 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 would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	<u>1.00% Decrease</u>	<u>Current Assumption</u>	<u>1.00% Increase</u>
	6.00%	7.00%	8.00%
Town's proportionate share of the collective net pension liability/(asset)	\$ 76,476,466	\$ 17,491,691	\$ (32,059,703)

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

C. DETAILED NOTES ON ALL FUNDS (continued)

7. RETIREMENT SYSTEM (continued)

Pension Plan Fiduciary Net Position

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

Valuation Date	(Dollars in Thousands) April 1, 2018
Employers' total pension liability	\$ (189,803,429)
Plan net position	182,718,124
Employers' net pension liability	<u>\$ (7,085,305)</u>
Ratio of plan net position to the Employers' total pension liability	96.27%

8. LENGTH OF SERVICE AWARD PROGRAM

Plan Description

The Town established and is the sponsor of multiple defined benefit Service Award Programs (collectively "LOSAP"/ "Program") under Section 457 (e) (11) of the Internal Revenue Code effective January 1, 1991. These Programs were established pursuant to Article 11-AAA of New York State General Municipal Law ("GML"). This Program provides municipally funded deferred compensation to volunteer ambulance workers of East Moriches, Manorville, Mastic Beach, Shirley, Medford, South Country, Port Jefferson, Patchogue and Mastic Ambulance Companies, to facilitate the recruitment and retention of active volunteer firefighters. For all Programs except Port Jefferson and Patchogue, the plans are considered single employer plans, with the Town considered the employer (as defined by GASB). The Port Jefferson and Patchogue plans have multiple sponsors and, therefore, the Town is not considered the employer and is party to a special funding situation. The Program is administered by Penflex, Inc., under a contract with the New York State Comptroller, with all provisions and amendments subject to approval of the Town Board.

An eligible program participant is defined to be an active ambulance volunteer who is at least 18 years of age and has completed one year of ambulance service. Participants acquire a non-forfeitable right to a service award after being credited with five years of ambulance service or upon attaining the Program's entitlement age of 65. A participant may also receive credit for five years of ambulance service rendered prior to the establishment of the Program. The Plan's sponsor has the right to amend or terminate the Program.

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 annually. Unless a Participant elects to be paid in an optional life time annuity guaranteed for either 5 or 10 years, the form, the benefit shall be paid a monthly payment straight life annuity equal to one-twelfth of the Participants service award. However, upon disability, the participant may apply for benefits regardless of whether or not the entitlement age has been attained or a nonforfeitable right has been acquired. Benefits may be payable to designated beneficiaries if so designated upon the death of a participant. The benefits to the participants are limited to the available assets of the Trust.

Participants

As of December 31, 2018, the Plans' measurement date, the following participants were covered by the benefit terms:

	<u>Single Employer</u>	<u>Special Funding</u>
Inactive participants receiving benefits	45	28
Inactive participants entitled to, but not yet receiving benefits	188	46
Active participants	<u>366</u>	<u>86</u>
Total	<u>599</u>	<u>160</u>

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

C. DETAILED NOTES ON ALL FUNDS (continued)

8. LENGTH OF SERVICE AWARD PROGRAM (continued)

Contributions

New York State General Municipal Law ("GML") Section §219-o (1) requires the Plan sponsor (which is the Town) to contribute an actuarially determined contribution on an annual basis. The actuarially determined contribution are appropriated annually by the Town Board. With respect to the multi-sponsored plans, and pursuant to the adoption agreements, the Town paid \$288,159 for pensions during the year ended December 31, 2019.

Trust Assets

Assets have been accumulated in an irrevocable trust such that the assets are dedicated to providing pensions to plan members in accordance with benefit terms and in accordance with Article 11-AAA for GML. The assets have been placed in a grantor /rabbi trust and therefore the trust assets are not legally protected from creditors of the Town. As such, the trust assets do not meet the criteria as defined by GASB and therefore may not be offset against the pension liabilities.

Measurement of Liability

The total pension liability and the collective total pension liability at the December 31, 2018 measurement date was determined using an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability as of December 31, 2018 (the measurement and actuarial date) was determined by using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal
Discount rate	3.64%
Inflation rate	2.25%
Salary Scale	None Assumed

Mortality rates were based on the RP-2014 Mortality Table (60/40 male/female blend) projected for mortality improvement to the year 2020 with scale MP2017.

The discount rate used to measure the total pension liability was 3.64%. This was the yield to maturity of the S&P Municipal Bond 20-Year High Grade Rate Index as of December 31, 2018. In describing this index, S&P, Dow Jones Indices notes that the index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years and with a rating of at least Aa2 by Moody's Investors Service's, AA by Fitch, or AA by Standard & Poor's Rating Services.

Total Pension Liability and Proportionate Share of Pension Liabilities

The Town's liabilities related to the LOSAP plans of \$9,322,468 consists of total pension liabilities and proportionate share of pension liabilities. The Town is the sole sponsor for seven LOSAP plans and its total LOSAP pension liability totaled \$8,107,631. The Town also sponsors with other municipalities, two LOSAP plans and the Town's proportionate share of the total liability was \$1,214,837. The Town's proportionate of the total LOSAP pension liability was based on a cost sharing agreement between the Town and other municipalities. The Town's proportionate share was 51.0% and 50.0% for the two plans with co-sponsorship.

Changes in the Total LOSAP Pension Liability

Balance as of December 31, 2017 measurement date	\$	8,400,056
Service cost		446,119
Interest		276,896
Changes in assumptions and inputs		(777,654)
Differences between expected and actual experience		(70,474)
Benefit payments		(167,312)
Balance as of December 31, 2018 measurement date	\$	8,107,631

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

C. DETAILED NOTES ON ALL FUNDS (continued)

8. LENGTH OF SERVICE AWARD PROGRAM (continued)

Sensitivity of the Total Share of the Pension Liability/Proportionate Share of Collective Total Pension Liability to the Discount Rate Assumption

The following presents the Town's total pension liability/proportionate share of collective total liability calculated using the discount rate of 3.64%, as well as what the Town's total pension liability /proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.64%) or 1-percentage point higher (4.64%) than the current rate:

	1.00% Decrease	Current Assumption	1.00% Increase
	2.64%	3.64%	4.64%
Total pension liability	\$ 9,969,359	\$ 8,107,631	\$ 6,825,739
Town's proportionate share of the collective total pension liability	\$ 1,443,425	\$ 1,214,837	\$ 1,035,028

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

For the year ended December 31, 2019, the Town recognized LOSAP pension expense of \$775,255.

At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to LOSAP pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 31,784	\$ 366,079
Changes in assumptions	785,823	1,514,008
Change in proportion and differences between the Town's contributions and proportionate share of contributions	11,346	
Benefit payments and administrative expenses paid subsequent to the measurement date	208,326	
Total	\$ 1,037,279	\$ 1,880,087

The benefit payments and administrative expenses paid subsequent to the measurement date included in deferred outflows of resources will be recognized as a reduction of the total pension liability in the year ended December 31, 2020.

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

Years Ended December 31, 2020	\$ (77,515)
2021	(77,515)
2022	(77,515)
2023	(77,515)
2024	(77,515)
Thereafter	(663,559)
	\$ (1,051,134)

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

C. DETAILED NOTES ON ALL FUNDS (continued)

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTHCARE BENEFITS

Plan Description

Postemployment benefits other than pensions are provided to eligible retirees, beneficiaries and dependents under a single-employer defined benefit plan. Postemployment benefits other than pensions consist of providing healthcare coverage (or a portion thereof) and life insurance benefits to the eligible retirees and survivors in accordance with the provisions of employment contracts/union agreements with employees in effect at the date of retirement. Upon an employee's retirement, the Town provides an individual agreement executed by the Town, guaranteeing that their health insurance benefits will be paid throughout their retirement to the same extent that such health insurance benefits were paid for at the time of retirement.

As employee agreements/union contracts expire in future years, they will be re-negotiated, and the benefits provided may be modified at that time. No assets are accumulated in a trust that needs meets the criteria in paragraph 4 of GASB Statement No. 75.

To provide these benefits, the Town currently participates in the New York State Health Insurance Plan ("NYSHIP"), which offers health insurance coverage to New York State public employees through the Empire Plan (an indemnity health insurance plan) or approved health Maintenance Organizations ("HMO"). Currently, healthcare insurance coverage is through the Empire Core Plan plus Enhancement. The New York State Department of Civil Service administers NYSHIP.

The Town pays health insurance premiums to NYSHIP on a monthly basis. Health insurance premiums paid by the Town are based on the benefits paid throughout the State during the year or from a choice of HMOs. 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.

The Town, per its contract/union agreements with employees, will pay the premium costs for medical insurance coverage at retirement based on the following:

	White - Collar Unit		Blue Collar Unit		Management Employees:	
	Member of Bargaining Unit:		Member of Bargaining Unit:		Employment Date:	
	prior to January 1, 2011	on or after January 1, 2011	prior to September 13, 2012	on or after September 13, 2012	prior to January 1, 2011	on or after January 1, 2011
Active Employees Contribution Rate	10% for 3 years	20% for 12 years		20% for 12 years	10%	20% for 12 years, thereafter 10%
Minimum age requirement	55	55	55	55	55	55
Years of service - vesting	5	10	5	10	5	10
Retiree coverage	100%	100%	100%	100%*	10% until 12/31/2019	10%
Spouse coverage	100%	100%	100%	100%	10% until 12/31/2019	10%
Medicare Part B premium monthly reimbursement for enrollment dates:						
Prior to January 1, 2016	\$ 1,308.00	\$ 1,308.00	\$ 1,308.00	\$ 1,308.00	\$ 1,308.00	\$ 1,308.00
January 1, 2016	\$ 1,510.80	\$ 1,510.80	\$ 1,510.80	\$ 1,510.80	\$ 1,510.80	\$ 1,510.80
January 1, 2017 or thereafter	\$ 1,608.00	\$ 1,608.00	\$ 1,608.00	\$ 1,608.00	\$ 1,608.00	\$ 1,608.00

* For employees retiring on or after 1/1/1992, if at the time of retirement, the employee was contributing a portion of the health insurance benefits, then the employee will continue to contribute the same portion upon retirement

The Town will also pay the full premium for \$10,000 life insurance coverage for retirees who retire on or after January 1, 1977. Healthcare benefits for non-union employees are similar to those of union employees and the contracts will be renegotiated at various times in the future. Upon death of a retiree who retired after January 1, 2001, the Town will only continue health insurance for the non-remarried spouse and dependents of the employee provided that the employee was eligible to receive a pension from the New York State Retirement System and the surviving spouse contributes 25% of the cost. The Town, as administrator of the plan, does not issue a separate report.

**TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS**

C. DETAILED NOTES ON ALL FUNDS (continued)

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTHCARE BENEFITS (continued)

Employees Covered by Benefit Terms

As of January 1, 2019, the effective date of the most recent OPEB valuation, is based on the census data as of January 1, 2020. The number of employees covered by the benefit terms as of January 1, 2020, is as follows:

Active employees	814
Inactive employees receiving benefits	854
Total	1,668

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

Total OPEB Liability

The Town's total OPEB liability of \$464,991,138 was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2019, with updating procedures used to rollforward the OPEB liability to the measurement date. The total OPEB liability represents the sum of expected future benefit payments which may be attributed to past service or 'earned', discounted to the end of the year using the current discount rate. The OPEB liability is part of the noncurrent liabilities due in more than one year in the statement of net position.

Funding Policy

The Town currently pays for other postemployment benefits on a pay-as-you-go basis.

Actuarial Assumptions and Other Inputs

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

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

The total OPEB liability based on the January 1, 2019 valuation and measured as of December 31, 2019, was determined using the following actuarial assumptions and other inputs:

Payroll growth rate	2.50%
Discount rate	2.74%
Healthcare cost trend rates	7.50% for 2019, decreasing 0.5 percent per year to an ultimate 4.50% in 2025
Cost method	Entry Age Normal Cost
Participation rate	100% of active employees covered under the active plan will enroll in the retiree plan
Mortality	Unisex pre-retirement mortality rates and postretirement mortality rates for healthy participants using Mortality Projection Scale MP-2018

The discount rate used based on the Bond Buyer's 20 Bond Index as of the measurement date. The discount rate used to measure the total OPEB liability at December 31, 2019 was 2.74% as compared to 4.11% at December 31, 2018.

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

C. DETAILED NOTES ON ALL FUNDS (continued)

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTHCARE BENEFITS (continued)

Changes in the Total OPEB Liability

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

Other postemployment liability at the beginning of year, as reported	\$ 410,893,942
Changes for the year:	
Service cost	12,338,111
Interest	15,298,239
Differences between expected and actual experience	(41,441,585)
Changes in assumptions and other inputs	80,365,936
Benefit payments	(12,463,505)
Net changes	<u>54,097,196</u>
Other postemployment liability at the end of year	<u>\$ 464,991,138</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town at December 31, 2019, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.74%) or 1-percentage-point higher (3.74%) than the discount rate:

	Discount Rate		
	1% Decrease (1.74%)	Current assumption (2.74%)	1% Increase (3.74%)
Total OPEB Liability	\$ 553,527,070	\$ 464,991,138	\$ 395,831,256

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Town at December 31, 2019, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current discount rate:

	Healthcare Cost Trend Rate		
	1% Decrease (6.50% to 3.50%)	Current assumption (7.50% to 4.50%)	1% Increase (8.50% to 5.50%)
Total OPEB Liability	\$ 389,947,918	\$ 464,991,138	\$ 563,594,021

OPEB Expense and Deferred Outflow of Resources and Deferred Inflow of Resources Related to OPEB

For the year ended December 31, 2019, the Town recognized OPEB expense of \$26,332,409. At December 31, 2019, the Town reported deferred inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 64,999,600	\$ 30,874,992
Differences between expected and actual experience		33,517,784
Total	<u>\$ 64,999,600</u>	<u>\$ 64,392,756</u>

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

C. DETAILED NOTES ON ALL FUNDS (continued)

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTHCARE BENEFITS (continued)

OPEB Expense and Deferred Outflow of Resources and Deferred Inflow of Resources Related to OPEB (continued)

The Town's contributions made subsequent to the measurement date will be recognized as a reduction in the total OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For Years Ending December 31, 2020	\$	(1,303,941)
2021		(1,303,941)
2022		(1,303,941)
2023		2,806,891
2024		1,711,776
	<u>\$</u>	<u>606,844</u>

10. 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. Separated employees with accruals less than or equal to \$30,000 at the time of separation are paid in one lump sum. Separated employees with an accrual greater than \$30,000 receive payment in three annual installments as follows: forty percent at the time of separation and thirty percent in each of the two following years.

Estimated vacation, sick leave and compensatory absences accumulated by governmental fund type employees have been recorded in the statement of net position. Payment of vacation time and sick leave is dependent upon many factors; therefore, timing of future payments is not readily determinable.

However, management believes that sufficient resources will be made available for the payments of vacation, sick leave and compensatory absences when such payments become due. As of December 31, 2019, the value of the accumulated vacation time, sick leave and compensatory absences was \$18,466,029 for governmental activities of which \$16,649,975 is owed to active employees and \$1,816,054 is owed to separated employees.

As of December 31, 2019, the contractual future payments of due to separated employees for compensated absences accruals are as follows:

Years ending December 31, 2020	\$	1,193,456
2021		511,610
2022		58,555
2023		37,719
2024		14,714
	<u>\$</u>	<u>1,816,054</u>

In accordance with the terms of the labor contract, during 2011-2014, the equivalent of ten days of pay was withheld from each employee (as defined in each labor contract) except for certain management employees with which the equivalent of 15 days of pay was withheld, each year. This liability is payable upon the employee's separation from employment at the rate of pay at time of such separation and totaled \$1,672,773 at December 31, 2019.

Additionally, pursuant to the terms of the non-highway labor agreements, payment for longevity compensation earned during 2011, 2012 and 2013, was deferred. The amounts earned for the years ended December 31, 2011, 2012 and 2013 will be paid on the earlier date of separation from employment or the employees hire anniversary date in the years ending December 31, 2014 and 2015, respectively. The liability for longevity deferment totaled \$3,350 at December 31, 2019.

**TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS**

C. DETAILED NOTES ON ALL FUNDS (continued)

10. COMPENSATED ABSENCES (continued)

Deferred compensation also includes retirement incentive payable related to incentives offered and accepted by employees electing early retirement in 2012-2014. The incentive liability will be paid to each retiree in three equal annual installments commencing in the year following the retiree received their first installment of compensated absences due. The early retirement incentive liability included in deferred compensation totaled \$19,542 at December 31, 2019.

In the fund statements only, the portion of deferred compensation payable from expendable available resources is reported as an expenditure and liability in the respective fund that will pay it.

Future annual installments due for deferred longevity compensation and early retirement incentive are as follows:

	Longevity Compensation	Retirement Incentive
Years ending December 31, 2020	\$ 3,350	\$ 19,542

11. TAX ABATEMENT PROGRAMS

The Town is subject to tax abatements (real property taxes) granted by its discretely presented component unit, the Town of Brookhaven Industrial Development Agency ("IDA"). The IDA offers this abatement program to promote, retain, attract and encourage and develop economically sound commerce and industry base to prevent unemployment and economic deterioration primarily within the Town of Brookhaven.

Pursuant to Title 1, Article 18A of NYS General Municipal Law and Chapter 358 of the Laws of 1970 of New York State (as amended), the IDA was created and empowered to undertake the providing, financing and leasing of certain qualified projects. Generally, a qualified project is an applicant submitted project which meet certain economic development criteria (such as job creation/retention) and which either 1) has been or will be financed by the issuance of IDA issued bonds, notes or other evidences of indebtedness with respect thereto or 2) is a straight lease transaction with the IDA has determined to undertake pursuant to a Lease Policy. Under the terms of these agreements, title of the property is usually transferred to the IDA. The real property tax abatement program provides property tax abatements (excluding special assessments and special ad valorem tax) up to 100% of real property taxes up to ten years on qualified new capital improvements for which the IDA retains title to the real property. During the term of the agreements, the benefiting entity must operate and maintain the property consistent with the terms of the agreement, failure to do so may result in financial penalties being imposed such as the recapture of the benefits received, depending upon the severity of the noncompliance. The IDA, as a general condition of providing assistance, may require that benefiting company enter into a 'payment in lieu of taxes' ("PILOT") agreement either separately or as part of the project documents to offset the taxes abated.

During 2019, the agreements the IDA ratified resulted in an abatement of \$2,606,700 of the Town's real property taxes and the PILOTs received totaled \$1,407,974. The amount of the abated taxes reported is based on the assessed value of property per the official assessment tax rolls and tax rates in effect on December 1, 2018, the tax lien date.

The Town is also subject to tax abatements granted by the Suffolk County Industrial Development Agency ("SCIDA"), an entity created by Suffolk County, New York. Similar to the IDA, the SCIDA offers several abatement programs on certain qualified projects to promote, retain, attract and encourage sound commerce and industry base to prevent unemployment and economic development. At December 31, 2019, only the real property tax abatement program offered by SCIDA impacts the Town's revenues. Generally, a qualified project is an applicant submitted project which meet certain economic development criteria (such as job creation/retention) and which either 1) has been or will be financed by the issuance of SCIDA issued bonds, notes or other evidences of indebtedness with respect thereto or 2) is a straight lease transaction with the SCIDA has determined to undertake pursuant to a Lease Policy.

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

C. DETAILED NOTES ON ALL FUNDS (continued)

11. TAX ABATEMENT PROGRAMS (continued)

The SCIDA, as a condition of providing assistance, may require that the benefiting company remit a PILOT payment to offset the amount of taxes abated. During the year ended December 31, 2019, the agreements the SCIDA ratified resulted in an abatement of \$108,696 of the Town's real property taxes the Town will receive \$47,823 in PILOT payments.

Both the IDA and the SCIDA offer other programs such as the abatement of sales and mortgage taxes. These programs provide abatements of other municipalities' taxes and have no impact on Town assessed taxes.

D. COMMITMENTS AND CONTINGENCIES

1. RISK MANAGEMENT

In common with other municipalities, the Town receives numerous notices of claims. The Town self-insures for general and auto liability up to a maximum of \$1,000,000 per claim. Claims in excess of \$1,000,000 are covered under a commercial casualty policy for \$10,000,000 in aggregate for general liability, automobile liability each occurrence and public officials/employment practices liability aggregate. The Town also has an excess liability policy of \$25,000,000 over and above the first \$10,000,000 of excess coverage.

The Town of Brookhaven also self-insures for workers compensation. With the changes that have taken place in the excess market for workers compensation resulting in significant premium increases, rising self-insured retention limits and a reduction in the availability of excess insurance the Town has elected to purchase an excess insurance program that is based on projected payroll for the policy period. The premium cost for a traditional workers compensation excess insurance policy is the more financially viable option. The traditional policy purchased carries a total payment cap of \$25,000,000 and a \$2,000,000 self-insured retention limit. The premium for this policy is lower than a cash flow policy because the self-insured retention limit has been raised to \$2,000,000.

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.

Although the eventual outcome of these claims cannot presently be determined, the Town has estimated unsettled claims and litigation as of December 31, 2019 to be \$18,503,599. As of December 31, 2019 the Town is of the opinion that the ultimate settlement of the outstanding claims will not result in a material adverse effect on the Town's financial position.

The Town estimates its liability for workers' compensation and general liability and automobile claims by consulting with legal counsel and past experience with similar claims. Claim liabilities also include specific, incremental claim adjustment expenses. As of December 31, 2019, the Town has not purchased any annuity contracts with regards to its workers compensation or general liability claims.

The schedule below presents the changes in claims liabilities for the past two years for workers' compensation and general and auto liability.

	Workers' Compensation		General and Auto Liability	
	2019	2018	2019	2018
Unpaid claims and claim adjustment expenditures at the beginning of the year	\$ 15,783,221	\$ 16,243,162	\$ 7,975,502	\$ 10,421,324
Provision for insured events of the current year and changes in provision for insured events of prior years	1,290,380	3,115,491	894,596	549,862
Less claims and claim adjustment expenditures attributable to insured events of the current and prior years	<u>4,784,446</u>	<u>3,575,432</u>	<u>2,655,654</u>	<u>2,995,684</u>
Total unpaid claims and claim adjustment expenditures at year end	<u>\$ 12,289,155</u>	<u>\$ 15,783,221</u>	<u>\$ 6,214,444</u>	<u>\$ 7,975,502</u>
Current portion	\$ 3,087,363	\$ 3,087,363	\$ 3,950,000	\$ 4,772,000
Long-term portion	\$ 9,201,792	\$ 12,695,858	\$ 2,264,444	\$ 3,203,502

**TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS**

D. COMMITMENTS AND CONTINGENCIES (continued)

2. LITIGATION

Zoning Litigation

The Town is involved in two protracted lawsuits regarding the re-zoning of two vacant land parcels from J-2 Business to B-1 Residential which have resulted in numerous motions, two trials, and various appeals, including the reversal of one of the trials. On May 7, 2010, a judgment was entered against the Town in the amount of \$6,425,752 in February 2012, Appellate Division Second Department severed one cause of action for a new trial but affirmed the judgment, however decreased the settlement to \$5,692,134. The settlement was paid in November 2012. The second case was retired and was ultimately settled for \$950,000 in July 2019.

Tax Certiorari Proceedings

At December 31, 2019, there were numerous claims by taxpayers requesting a revision of assessed valuations (certiorari proceedings) for assessments through 2019. These claims are the result of petitioners' complaints that their assessed property valuations are improper in that they represent overvaluation and unequal treatment. Under the Suffolk County Tax Act and the New York State Real Property Tax Law, any court ordered reductions to petitioners' assessments which result in a refund of prior years' taxes are paid by Suffolk County (the "County"), and charged back to the taxpayers of the Town in ensuing years. Reductions in petitioners' assessments will reduce the available property base upon which future tax levies are made. The ultimate outcome of these cannot be determined at this time.

Other Litigation

The Town is subject to a number of other lawsuits in the ordinary conduct of its affairs. The Town does not believe however, that such other suits, individually or in the aggregate, are likely to have a materially adverse effect on the financial condition of the Town. The Town has determined that in recent years all litigation against the Town has been settled within budgetary appropriates for such purposes, and within available insurance coverage. The Town is a self-insured entity, with retention of the first \$1.0 million for any loss and maintains an excess policy of \$10.0 million and a further excess policy of \$25.0 million over and above the first \$10.0 million of excess coverage. Additionally, there are a number of pending lawsuits seeking monetary damages against the Town that have been referred to and are being handled by the Town's insurance carriers.

3. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the Town to place a final cover on its landfill sites when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that each landfill stops accepting waste the Town is required to report a portion of these closure and postclosure care costs as an operating expense in each period based on the landfill capacity used as of each balance sheet date. The estimated liability for landfill closure and postclosure care costs has a balance of \$32,473,540 as of December 31, 2019, which is based on 100% of capacity of the landfill for Cells one through five and approximately 77% for Cell six. Cells one through five were closed and capped in previous years.

It is estimated that an additional \$8,540,000 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity. The estimated remaining life of the landfill is approximately six years. The estimated total current costs of the closure and postclosure care costs is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfill were acquired as of December 31, 2019.

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

D. COMMITMENTS AND CONTINGENCIES (continued)

3. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS (continued)

Actual costs may change due to inflation, general economic conditions, changes in technology, or changes in landfill laws and regulations. The majority of the closure and post-closure care costs will be funded through the issuance of bonds and surplus earnings in the General Fund.

The Town complies with State and Federal laws requirements for owners to demonstrate financial assurance for closure and postclosure, and/or correction action (if applicable). The Town has established a fund balance reserve restricted for the purpose of funding a portion of the landfill's postclosure care costs. At December 31, 2019, the balance in this reserve is \$13,159,220.

Annually, the Town is required to present a Financial Assurance Requirements for future closure and postclosure expenditures related to the Town's landfill operations by reporting the estimated liability for closure and post-closure care liability and demonstrate that it has meet financial covenants and accounting standards regarding the operation of its landfill in accordance with the provision of 40 CFR 258.74. The landfill closure and postclosure care costs liability has been calculated using certain assumptions and methodologies which have been deemed acceptable by the New York State Department of Environmental Control.

4. CONSTRUCTION AND OTHER CAPITAL ACQUISITION COMMITMENTS

Construction in progress, commitments for equipment purchases and other capital acquisition commitments amounting to \$29,911,411 have been recorded as encumbrances in the capital projects fund and are included in the restricted component of fund balance.

5. POLLUTION REMEDIATION OBLIGATIONS

The Town's policy is to estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired.

Obligating events include the following:

The Town:

- Is compelled to take remediation action because of imminent endangerment
- Violates a pollution related permit or license
- Is named or will be named as a responsible party or potentially responsible party for a remediation
- Is named, or will be named in a lawsuit to compel pollution remediation
- Commences or obligates itself to remediate pollution

Pollution remediation activity includes costs relating to removing contaminates in ground water resulting from landfill leachate runoff into the ground water. The estimated liability includes costs for draining the contaminated pond water, lining the pond and refilling it. At December 31, 2019, the Town has recorded pollution remediation obligation of approximately \$991,871 of which \$202,956 is estimated to be due within one year. The liability was based on current environmental regulations and engineering reports developed from outside consultants. During the course of any of the Town's pollution remediation projects, additional information found through soil/water sampling could adversely affect duration and costs if additional contaminates are found. Actual costs may vary due to inflation or deflation, changes in technology, or changes in regulations or applicable laws.

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

D. COMMITMENTS AND CONTINGENCIES (continued)

6. TRASH FOR ASH

On September 16, 2014, the Town of Brookhaven amended and restated its Municipal Solid Waste and Ash Disposal Agreement with the Covanta Hempstead Company.

Under the terms of the amended and restated agreement, the Town will dispose of approximately 170,000 tons of municipal solid waste (MSW) which will be incinerated at the Covanta Hempstead Waste-to-Energy Facility. As part of this agreement the Town of Brookhaven will also receive approximately 230,000 tons of ash at the Brookhaven Landfill. Under this Agreement, the fees for both the disposal of ash and MSW are on a per ton basis.

7. LEASE COMMITMENTS AND LEASED ASSETS

Operating Leases

The Town leases real property and equipment under various leases and on an as basis needed. Total rental expenditures for all funds, with the exception of those of the Highway Funds, were approximately \$279,000 for the year ended December 31, 2019. Total rental expenditures for the Highway Funds were approximately \$1,607,000 for the year ended December 31, 2019. Minimum future rental commitments under non-cancelable leases are not material as most leases operate on a month-to-month basis or for a period of one year or less and the Highway Fund rents equipment for snow removal on an as needed basis.

8. CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

9. SERVICE CONCESSION ARRANGEMENTS

During 2015, the Town entered into a fifteen-year agreement with a third party to operate and collect user fees from the Davis Park Marina. The third party will pay the Town an annual licensing fee of \$115,000 and fifty percent of the gross revenues in excess of \$500,000. During the term of the agreement, the Town reports the Davis Park Marina as a capital asset. At December 31, 2019, the Town reported a receivable and deferred inflow of resources in the government-wide statements in the amount of \$1,150,000.

E. SUBSEQUENT EVENTS

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date of the financial statements.

Bond Issuances

In January 2020, the Town issued \$64,475,000 of general obligation bonds to finance various public improvements. This bond bears interest at a rate of 4.0% and matures in July 2031.

Employee Matters

In April 2020, the Town Board offered an Exit Incentive Program (early retirement program) to its employees. Employees who retire/resign no later than May 31, 2020 will receive \$750 per year of employment.

The Town's employee union agreements expired on December 31, 2019. The Town and respective bargaining units are in the process of negotiating new agreements.

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

E. SUBSEQUENT EVENTS (continued)

Economic Conditions

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public-Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic based on the rapid increase in exposure globally. New York City and surrounding areas were particularly hard hit by the coronavirus. Actions taken around the world to help mitigate the spread of the coronavirus included restrictions on travel, and quarantines in certain areas, forced closures for certain types of public places and businesses. The coronavirus and actions taken globally and especially in New York State to mitigate it, have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area the Town operates. While it is unknown how long these conditions will last and what the complete financial be to the Town, the Town is expecting it to negatively impact its revenues and expenditures.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Town's future operations and results of its operations. As of the date of this report, the Town is unable to estimate the effects of the COVID-19 outbreak on the results of its operations for fiscal year 2020.

F. NEW PRONOUNCEMENTS

The following statements have been issued by the GASB and are to be implemented future years:

Statement No. 83, "*Certain Assets Retirement Obligations*", as amended by Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", establishes criteria for determining the timing and pattern of recognition of a liability and corresponding deferred outflow of resources for asset retirement obligations. It also addresses that measurement of both the asset retirement obligation and deferred outflows of resources should be based on the estimated of the current value of expected outlays. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019.

Statement No. 84, "*Fiduciary Activities*", as amended by Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", establishes criteria for identifying fiduciary activities of all state and local governments. The criteria focus is generally on 1) whether a government is controlling the assets of the fiduciary activity, and 2) the beneficiaries with whom a fiduciary relationship exists. The Statement establishes the four fiduciary funds that should be reported (as applicable): 1) pension and other employee benefit trust funds, 2) investment trust funds, 3) private purpose trust funds, and 4) custodial funds. This Statement also provides guidance for the recognition of a liability when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 87, "*Leases*", as amended by Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", establishes accounting and financial reporting of leases. It requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. For leases with terms in-excess of 12 months, the Statement requires the leases to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 88, "*Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*", as amended by Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", was issued to improve information disclosed in the notes to financial statements related to debt and clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019.

TOWN OF BROOKHAVEN
NOTES TO FINANCIAL STATEMENTS

F. NEW PRONOUNCEMENTS (continued)

Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*", as amended by Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", requires that interest costs incurred before the end of a construction period be recognized as an expense. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset recorded in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 90, "*Majority Equity Interests - an Amendment of GASB Statements No. 14 and 61*", as amended by Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", provides guidance regarding the accounting and financial reporting of a government's majority equity interest in a legally separate organization. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 91, "*Conduit Debt Obligations*", as amended by Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", was issued to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 92, "*Omnibus 2020*", as amended by Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", was issued to enhance comparability in accounting and financial reporting and consistency of authoritative language on various topics. The requirements of this Statement are effective for reporting periods as follows: paragraphs 4,5,6,7,8,9,10,and 12 effective years beginning after June 15, 2021.

Statement No. 93, "*Replacement of Interbank Offered Rates*", as amended by Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", amends certain provisions of GASB Statement No. 53, "*Accounting and Financial Reporting for Derivative Instruments*" as amended) and 87, "*Leases*". It has been issued to address the various accounting and reporting implications that will result from the replacement of LIBOR, as LIBOR will cease to exist in 2021. The requirements of this Statement, except for paragraph 11b, 13 and 14, are effective for reporting periods beginning after June 15, 2020. The requirement of paragraph 11b is effective for reporting periods ending after December 31, 2021 and paragraphs 13 and 14 are effective for years beginning after June 15, 2021.

Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*", this Statement has been issued to improve financial reporting related to public-private and public-public partnership arrangements, in which one a government (transferor) contracts with an operator (governmental or nongovernmental entity) to provide public services by conveying the right to operate or use a nonfinancial assets. The requirements of this Statement are effective for years beginning after June 15, 2022.

Statement No. 96, "*Subscription-Based Information Technology Arrangements*", this Statement has been issued to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for years beginning after June 15, 2022.

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

**REQUIRED SUPPLEMENTARY INFORMATION OTHER
THAN MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Notes to Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Major
Governmental Funds Schedules**

The budgets are adopted on a basis of accounting consistent with GAAP. In the event that actual revenues received exceed budgeted amounts, additional budgetary appropriations are made. The Capital Projects and Special Grant Funds are budgeted on a project or grant basis. Additionally, the following funds do not have annually adopted budgets: one Debt Service Fund, Housing Trust Fund, Reserve Escrow Funds, the Sidewalk Districts and certain individual districts within the Ambulance, Fire Protection, and Water Districts.

TOWN OF BROOKHAVEN
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 24,127,282	\$ 24,127,282	\$ 24,127,262	\$ -
Collection of former Village Real Property taxes			166,382	166,382
Total Real Property Taxes	<u>24,127,282</u>	<u>24,127,282</u>	<u>24,293,664</u>	<u>166,382</u>
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	400,000	400,000	497,641	97,641
Interest and penalties on real property taxes	675,000	675,000	826,071	151,071
Total Other Real Property Tax Items	<u>1,075,000</u>	<u>1,075,000</u>	<u>1,323,712</u>	<u>248,712</u>
NON-PROPERTY TAX ITEMS				
Franchise taxes	9,200,000	9,200,000	9,095,137	(104,863)
Total Non-Property Tax Items	<u>9,200,000</u>	<u>9,200,000</u>	<u>9,095,137</u>	<u>(104,863)</u>
DEPARTMENTAL INCOME				
Assessor fees	400,000	400,000	499,410	99,410
Town clerk fees	37,750	37,750	43,513	5,763
Attorney fees	165,500	165,500	208,303	42,803
Public pound charges	55,000	105,008	117,364	12,356
Other public safety	135,000	135,000	129,080	(5,910)
Charges - Programs for the Aging	28,000	28,000	91,595	63,595
Park and recreational charges	2,874,326	2,884,326	2,984,590	100,264
Recreation concessions	160,000	160,000	153,005	(6,995)
Special recreational facility charges	1,902,130	1,902,130	1,904,286	2,156
Other culture and recreation	234,635	234,635	258,393	21,758
Landfill and recycling charges	51,636,000	51,636,000	50,171,337	(1,464,663)
Zoning fees	100,000	100,000	179,175	79,175
Environmental conservation	145,000	145,000	127,199	(17,801)
Small Business Advisory Council fees	14,000	14,000	13,400	(600)
Other home and community	1,036,700	2,476,700	2,484,378	7,678
Total Departmental Income	<u>58,924,041</u>	<u>60,424,049</u>	<u>59,363,038</u>	<u>(1,061,011)</u>
INTERGOVERNMENTAL CHARGES				
Landfill and recycling charges	9,000,000	9,000,000	8,609,641	(390,359)
Total Intergovernmental Charges	<u>9,000,000</u>	<u>9,000,000</u>	<u>8,609,641</u>	<u>(390,359)</u>
USE OF MONEY AND PROPERTY				
Interest and earnings on investments	625,000	625,000	1,242,592	617,592
Rental of real property	3,479,000	3,479,000	3,695,173	216,173
Rental of equipment			14,300	14,300
Rental - other	18,030	18,030	18,080	50
Total Use of Money and Property	<u>4,122,030</u>	<u>4,122,030</u>	<u>4,970,145</u>	<u>848,115</u>
LICENSES AND PERMITS				
Business and occupational licenses	73,000	73,000	76,389	3,389
Games of chance	325	325	240	(85)
Bingo license	40,000	40,000	34,304	(5,696)
Dog licenses	38,000	38,000	32,350	(3,650)
Other licenses and permits	85,000	85,000	79,000	(6,000)
Total Licenses and Permits	<u>\$ 234,325</u>	<u>\$ 234,325</u>	<u>\$ 222,283</u>	<u>\$ (12,042)</u>

(continued)

TOWN OF BROOKHAVEN
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
FINE AND FORFEITURES				
Abandoned car storage and redemption	\$ 95,000	\$ 95,000	\$ 72,405	\$ (22,595)
Abandoned car auctions	80,000	80,000	69,896	(10,104)
Total Fines and Forfeitures	<u>175,000</u>	<u>175,000</u>	<u>142,301</u>	<u>(32,699)</u>
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sales, recycling	35,000	35,000	40,211	5,211
Sales, other	106,000	106,000	192,818	86,818
Sales of real property			140,000	140,000
Sales of equipment	75,000	75,000	165,626	90,626
Insurance recoveries	30,000	30,000	15,878	(14,122)
Other compensation for loss	2,636,294	3,235,294	3,192,259	(43,035)
Total Sale of Property and Compensation for Loss	<u>2,881,294</u>	<u>3,481,294</u>	<u>3,746,592</u>	<u>265,298</u>
MISCELLANEOUS LOCAL SOURCES				
Refunds of prior year expenditures	100,000	100,000	63,829	(36,171)
Grants from local governments	63,583	82,892	40,073	(42,819)
Gifts and donations	102,896	105,601	98,345	(7,256)
Other miscellaneous revenue			45,376	45,376
Total Miscellaneous Local Sources	<u>266,479</u>	<u>288,493</u>	<u>247,623</u>	<u>(40,870)</u>
INTERFUND REVENUES				
Interfund revenue	3,685,205	3,685,205	3,417,856	(267,349)
Total Interfund Revenue	<u>3,685,205</u>	<u>3,685,205</u>	<u>3,417,856</u>	<u>(267,349)</u>
STATE AID				
Mortgage tax	12,800,000	12,800,000	15,039,196	2,239,196
Other general government	832,437	877,437	868,643	(8,794)
Youth programs	231,834	231,834	228,710	(3,124)
Home and community grant	201,578	201,578	201,578	-
Total State Aid	<u>14,065,849</u>	<u>14,110,849</u>	<u>16,338,127</u>	<u>2,227,278</u>
FEDERAL AID				
Nutrition program for the aging	567,359	648,008	416,671	(231,337)
Other federal aid	205,830	228,098	313,878	85,780
Other home and community service	24,000	24,000	22,085	(1,915)
Total Federal Aid	<u>797,189</u>	<u>900,106</u>	<u>752,634</u>	<u>(147,472)</u>
Total Revenues	<u>\$ 128,553,694</u>	<u>\$ 130,823,633</u>	<u>\$ 132,522,753</u>	<u>\$ 1,699,120</u>

(continued)

TOWN OF BROOKHAVEN
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT SUPPORT				
Town council office	\$ 1,924,080	\$ 1,938,071	\$ 1,867,323	\$ 70,748
Supervisor's office	1,245,881	1,386,177	1,321,808	64,369
451 call center	535,979	546,481	527,024	19,457
Comptroller	3,636,514	3,553,136	3,199,982	353,154
Tax receiver	1,987,173	2,033,273	1,876,367	156,906
Purchasing	931,037	932,237	892,618	39,619
Assessor	4,118,501	4,114,565	3,853,865	260,700
Board of assessment review	35,757	35,757	34,292	1,465
Town clerk	1,374,769	1,373,911	1,213,922	159,989
Town attorney	4,250,808	4,569,995	4,302,286	267,709
Personnel	1,183,660	1,111,196	914,688	196,528
Board of ethics	37,621	37,621	36,615	1,006
Public information	716,164	738,449	721,711	16,738
Buildings and grounds	812,215	689,839	672,733	17,106
Vehicle control	2,537,181	2,527,984	2,221,403	306,581
Central reproduction and mailing	803,440	815,236	772,807	42,429
Information technology	5,473,803	5,368,801	4,792,784	576,017
General services administration	821,886	829,833	801,680	27,953
Unallocated insurance and judgments and claims	2,722,500	5,155,531	5,035,852	119,679
Other general government support	6,640,565	8,293,447	7,321,358	972,089
Total General Government Support	<u>41,759,528</u>	<u>46,051,340</u>	<u>42,381,098</u>	<u>3,670,242</u>
PUBLIC SAFETY				
Public safety administration	605,604	644,358	624,715	19,643
Code enforcement	238,171	278,147	273,596	4,551
Animal shelter	2,677,513	2,769,076	2,615,812	153,264
Harbors and waterways	828,389	859,717	836,799	22,918
Total Public Safety	<u>4,349,677</u>	<u>4,551,298</u>	<u>4,350,922</u>	<u>200,376</u>
TRANSPORTATION				
Highway administration	2,976,236	2,367,771	2,190,055	177,716
Total Transportation	<u>2,976,236</u>	<u>2,367,771</u>	<u>2,190,055</u>	<u>177,716</u>
ECONOMIC ASSISTANCE AND OPPORTUNITY				
Economic development	304,792	308,285	242,493	63,792
Veterans services	50,250	50,250	49,274	976
Programs for the aging	1,741,062	1,832,942	1,540,791	292,151
Total Economic Assistance And Opportunity	<u>\$ 2,096,104</u>	<u>\$ 2,189,477</u>	<u>\$ 1,832,558</u>	<u>\$ 356,919</u>

(continued)

TOWN OF BROOKHAVEN
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
CULTURE AND RECREATION				
Parks and recreation administration	\$ 1,266,797	\$ 1,195,054	\$ 1,145,526	\$ 49,529
Parks division	13,716,463	13,686,023	13,384,801	301,222
Recreation centers	789,042	859,377	804,490	54,887
Beaches and pools facilities	2,176,957	2,159,386	2,094,354	65,032
Marina and dock facilities	1,041,371	1,243,835	1,214,926	28,909
Youth programs	923,248	908,622	875,342	33,280
Youth bureau	788,006	813,209	768,384	44,825
Historian	52,324	52,324	51,852	472
Adult recreation programs	177,088	171,370	170,427	943
Ecology center	931,461	932,240	856,087	76,153
Programs for the disabled	201,426	185,072	165,583	19,489
Total Culture and Recreation	<u>22,034,183</u>	<u>22,206,512</u>	<u>21,531,771</u>	<u>674,741</u>
HOME AND COMMUNITY SERVICES				
Environmental protection	617,641	658,891	593,212	65,679
Refuse and garbage	14,632,927	16,018,239	13,401,869	2,536,370
Community development administration	580,818	557,328	272,332	284,996
Women services	114,940	115,291	112,431	2,860
Total Home and Community Services	<u>15,946,326</u>	<u>17,349,749</u>	<u>14,459,844</u>	<u>2,889,905</u>
UNALLOCATED EMPLOYEE BENEFITS				
Retirement system	328,750	52,353	24,796	27,557
Social security	114,750	114,750	105,013	9,737
Workers' compensation	2,455,000	3,365,000	3,362,981	2,019
Life insurance	70,610	76,360	76,185	175
Unemployment benefits	160,000	160,000	107,876	52,124
Hospital, medical and dental- retirees	7,396,696	7,124,119	7,104,846	19,273
Other employee benefits	24,100	25,450	23,288	2,162
Total Employee Benefits	<u>10,549,906</u>	<u>10,918,032</u>	<u>10,804,985</u>	<u>113,047</u>
Total Current	<u>99,111,960</u>	<u>105,634,179</u>	<u>97,551,233</u>	<u>8,082,946</u>
DEBT SERVICE				
Bond anticipation notes	650,000			
Total Debt Service	<u>650,000</u>			
Total Expenditures	<u>99,761,960</u>	<u>105,634,179</u>	<u>97,551,233</u>	<u>8,082,946</u>
Excess of Revenues Over Expenditures	<u>28,791,734</u>	<u>25,189,454</u>	<u>34,971,520</u>	<u>9,782,066</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		11,728	11,728	
Transfers out	(28,869,435)	(33,524,252)	(33,488,190)	36,062
Total Other Financing Sources (Uses)	<u>(28,869,435)</u>	<u>(33,512,524)</u>	<u>(33,476,462)</u>	<u>36,062</u>
Net Change in Fund Balance	<u>\$ (77,701)</u>	<u>\$ (8,323,070)</u>	<u>1,495,068</u>	<u>\$ 9,818,128</u>
Fund Balance at Beginning of Year			69,508,061	
Fund Balance at End of Year			<u>\$ 71,003,119</u>	
Budgeted net change in fund balance:				
Assigned	(77,701)			
	<u>\$ (77,701)</u>			

TOWN OF BROOKHAVEN
TOWN OUTSIDE VILLAGE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 8,281,440	\$ 8,281,440	\$ 8,281,440	\$ -
Total Real Property Taxes	8,281,440	8,281,440	8,281,440	-
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	7,000	7,000	3,180	(3,820)
Interest and penalties on real property taxes	100	100	539	439
Total Other Real Property Tax Items	7,100	7,100	3,719	(3,381)
DEPARTMENTAL INCOME				
Safety inspection fees	7,574,300	7,615,300	9,486,013	1,870,713
Charges for demolition on unsafe buildings	1,200,000	1,200,000	1,324,431	124,431
Public health fees	300,000	300,000	314,280	14,280
Zoning fees	1,125,000	1,125,000	1,541,864	416,864
Planning division fees	2,212,200	2,212,200	2,628,485	416,285
Other home and community	148,000	148,000	139,757	(8,243)
Total Departmental Income	12,559,500	12,600,500	15,434,830	2,834,330
USE OF MONEY AND PROPERTY				
Interest and earnings on investments	195,000	195,000	447,499	252,499
Total Use of Money and Property	195,000	195,000	447,499	252,499
LICENSES AND PERMITS				
Taxi cab and towing licenses	95,000	95,000	66,215	(28,785)
Total Licenses and Permits	95,000	95,000	66,215	(28,785)
FINES AND FORFEITURES				
Parking violation fines and handicap surcharge	500,000	500,000	631,461	131,461
Other fines	1,385,000	1,385,000	1,664,089	279,089
Total Fines and Forfeitures	1,885,000	1,885,000	2,295,550	410,550
MISCELLANEOUS LOCAL SOURCES				
Grants from local governments		81,990	82,414	424
Revenue sharing - per capita	1,808,932	1,808,932	1,808,932	-
Other miscellaneous revenue	410,000	410,000	426,453	16,453
Total Miscellaneous Local Sources	2,218,932	2,300,922	2,317,799	16,877
STATE AID				
Other general government		81,545	26,702	(54,843)
Total State Aid	-	81,545	26,702	(54,843)
FEDERAL AID				
Other federal aid			1,011	1,011
Total Federal Aid	-	-	1,011	1,011
Total Revenues	\$ 25,241,972	\$ 25,446,507	\$ 28,874,765	\$ 3,428,258

(continued)

TOWN OF BROOKHAVEN
TOWN OUTSIDE VILLAGE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES				
GENERAL GOVERNMENT SUPPORT				
Other general government support	\$ 3,559,420	\$ 3,051,769	\$ 3,343,888	\$ 307,883
Total General Government Support	<u>3,559,420</u>	<u>3,051,769</u>	<u>3,343,888</u>	<u>307,883</u>
PUBLIC SAFETY				
Buildings division	5,282,975	5,398,933	5,218,395	180,538
Fire marshals	2,975,339	3,036,876	2,973,371	63,505
Code enforcement	973,987	1,030,959	825,804	205,155
Parking violations bureau	81,809	82,184	72,267	9,917
Investigators	2,311,933	2,315,923	2,235,322	80,601
Demolition of unsafe buildings	1,790,189	2,060,538	1,698,574	361,964
Total Public Safety	<u>13,416,242</u>	<u>13,925,413</u>	<u>13,023,793</u>	<u>901,680</u>
HEALTH				
Registrar of vital statistics	709,712	683,712	641,364	42,348
Total Health	<u>709,712</u>	<u>683,712</u>	<u>641,364</u>	<u>42,348</u>
HOME AND COMMUNITY SERVICES				
Environmental protection	739,966	729,966	672,479	67,487
Zoning Board	1,109,070	1,109,070	998,834	110,236
Planning	3,004,979	2,918,218	2,653,849	262,369
Accessory apartment review board	148,753	151,796	139,824	11,972
Total Home and Community Services	<u>5,002,768</u>	<u>4,907,050</u>	<u>4,464,986</u>	<u>442,064</u>
UNALLOCATED EMPLOYEE BENEFITS				
Retirement system	88,625	30,387	8,368	22,029
Social security	34,425	36,625	35,096	1,529
Workers' compensation	140,000	139,466	86,971	52,495
Life insurance	12,200	12,734	11,897	837
Unemployment benefits	5,000	5,000	3,312	1,688
Hospital, medical and dental- retirees	1,426,774	1,331,020	1,175,021	155,999
Total Employee Benefits	<u>1,707,024</u>	<u>1,555,242</u>	<u>1,320,665</u>	<u>234,577</u>
Total Current	<u>24,395,166</u>	<u>24,723,186</u>	<u>22,794,634</u>	<u>1,928,552</u>
Total Expenditures	<u>24,395,166</u>	<u>24,723,186</u>	<u>22,794,634</u>	<u>1,928,552</u>
Excess of Revenues Over Expenditures				
	<u>846,806</u>	<u>723,321</u>	<u>6,080,131</u>	<u>5,356,810</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(893,763)	(3,679,231)	(3,679,231)	-
Total Other Financing Sources (Uses)	<u>(893,763)</u>	<u>(3,679,231)</u>	<u>(3,679,231)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (46,957)</u>	<u>\$ (2,955,910)</u>	<u>2,400,900</u>	<u>\$ 5,356,810</u>
Fund Balance at Beginning of Year			<u>17,797,772</u>	
Fund Balance at End of Year			<u>\$ 20,198,672</u>	
* Budgeted net change in fund balance:				
Assigned	<u>(46,957)</u>			
	<u>\$ (46,957)</u>			

TOWN OF BROOKHAVEN
HIGHWAY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 67,957,219	\$ 67,957,219	\$ 67,957,219	\$ -
Total Real Property Taxes	67,957,219	67,957,219	67,957,219	-
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	840,000	840,000	931,410	91,410
Interest and penalties on real property taxes	1,700	1,700	4,424	2,724
Total Other Real Property Tax Items	841,700	841,700	935,834	94,134
DEPARTMENTAL INCOME				
Other transportation departmental income	132,500	132,500	231,362	98,862
Total Departmental Income	132,500	132,500	231,362	98,862
INTERGOVERNMENTAL CHARGES				
Highway services	207,000	574,500	447,746	(126,754)
Total Intergovernmental Charges	207,000	574,500	447,746	(126,754)
USE OF MONEY AND PROPERTY				
Interest and earnings on investments	468,000	468,000	927,499	459,499
Total Use of Money and Property	468,000	468,000	927,499	459,499
LICENSES AND PERMITS				
Other licenses and permits	600,000	600,000	665,573	65,573
Total Licenses and Permits	600,000	600,000	665,573	65,573
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sales of equipment	150,000	150,000	133,600	(16,400)
Insurance recoveries	5,000	5,000	40,472	35,472
Total Sale of Property and Compensation for Loss	155,000	155,000	174,072	19,072
INTERFUND REVENUES				
Interfund revenue	-	-	4,761	4,761
Total Interfund Revenue	-	-	4,761	4,761
STATE AID				
Other general government	225,000	227,460	216,541	(10,919)
Total State Aid	225,000	227,460	216,541	(10,919)
FEDERAL AID				
Other federal aid	312,632	312,632	390,605	77,973
Total Federal Aid	312,632	312,632	390,605	77,973
Total Revenues	\$ 70,899,051	\$ 71,269,011	\$ 71,951,212	\$ 682,201

(continued)

TOWN OF BROOKHAVEN
HIGHWAY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES				
TRANSPORTATION				
Maintenance of streets	\$ 26,073,390	\$ 28,297,890	\$ 26,311,452	\$ 1,986,438
Machinery - highway	3,069,417	3,259,605	3,070,375	189,230
Traffic safety	2,726,130	2,732,590	2,573,010	159,580
Snow removal	6,297,909	5,602,909	2,315,903	3,287,006
Shared services		367,500	334,513	32,987
Other transportation	2,648,060	2,708,047	2,524,842	183,205
Total Transportation	<u>40,814,906</u>	<u>42,968,541</u>	<u>37,130,095</u>	<u>5,838,446</u>
UNALLOCATED EMPLOYEE BENEFITS				
Retirement system	179,700	176,375	40,475	135,900
Social security	82,620	85,702	59,108	26,594
Workers' compensation	1,450,350	1,665,350	1,636,643	28,707
Life insurance	33,945	37,445	36,963	482
Unemployment benefits	7,500	20,000	7,373	12,627
Hospital, medical and dental- retirees	3,963,112	3,918,697	3,812,771	105,926
Other employee benefits	250	250		250
Total Employee Benefits	<u>5,717,477</u>	<u>5,903,819</u>	<u>5,593,333</u>	<u>310,486</u>
Total Current	<u>46,532,383</u>	<u>48,872,360</u>	<u>42,723,428</u>	<u>6,148,932</u>
DEBT SERVICE				
Interest				
Bond anticipation notes	579,206			
Total Debt Service	<u>579,206</u>			
Total Expenditures	<u>47,111,589</u>	<u>48,872,360</u>	<u>42,723,428</u>	<u>6,148,932</u>
Excess of Revenues Over Expenditures	<u>23,787,462</u>	<u>22,396,651</u>	<u>29,227,784</u>	<u>6,831,133</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		2,002,989	2,002,989	-
Transfers out	(23,787,462)	(24,836,648)	(24,836,648)	-
Total Other Financing Sources (Uses)	<u>(23,787,462)</u>	<u>(22,833,659)</u>	<u>(22,833,659)</u>	
Net Change in Fund Balance	<u>\$ -0-</u>	<u>\$ (437,008)</u>	6,394,125	<u>\$ 6,831,133</u>
Fund Balance at Beginning of Year			<u>20,797,176</u>	
Fund Balance at End of Year			<u>\$ 27,191,301</u>	

TOWN OF BROOKHAVEN
REFUSE AND GARBAGE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 42,432,600	\$ 42,432,600	\$ 42,428,575	\$ (4,025)
Total Real Property Taxes	42,432,600	42,432,600	42,428,575	(4,025)
OTHER REAL PROPERTY TAX ITEMS				
Interest and penalties on real property taxes	700	700	2,762	2,062
Total Other Real Property Tax Items	700	700	2,762	2,062
DEPARTMENTAL INCOME				
MRF recycling	1,440,000			-
Cleanup of premises	295,000	295,000	386,755	91,755
Total Departmental Income	1,735,000	295,000	386,755	91,755
USE OF MONEY AND PROPERTY				
Interest and earnings on investments	290,000	290,000	387,437	97,437
Total Use of Money and Property	290,000	290,000	387,437	97,437
FINE AND FORFEITURES				
Fines and forfeited bail	30,000	30,000	23,500	(6,500)
Total Fines and Forfeitures	30,000	30,000	23,500	(6,500)
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sales, scrap and excess materials	7,000	7,000	10,420	3,420
Total Sale of Property and Compensation for Loss	7,000	7,000	10,420	3,420
MISCELLANEOUS LOCAL SOURCES				
Gifts and donations	3,000	3,000	2,000	(1,000)
Total Miscellaneous Local Sources	3,000	3,000	2,000	(1,000)
STATE AID				
Recycling grant			146,009	146,009
Total State Aid			146,009	146,009
Total Revenues	44,498,300	43,058,300	43,387,458	329,158
EXPENDITURES				
HOME AND COMMUNITY SERVICES				
Refuse and garbage	44,866,150	44,234,850	43,474,530	760,320
Total Home and Community Services	44,866,150	44,234,850	43,474,530	760,320
Total Expenditures	44,866,150	44,234,850	43,474,530	760,320
Net Change in Fund Balance	\$ (367,850)	\$ (1,176,550)	(87,072)	\$ 1,089,478
Fund Balance at Beginning of Year			3,298,064	
Fund Balance at End of Year			\$ 3,210,992	
* Budgeted net change in fund balance:				
Assigned	(367,850)			
	\$ (367,850)			

TOWN OF BROOKHAVEN
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 9,857,058	\$ 9,857,058	\$ 9,857,058	\$ -
Total Real Property Taxes	<u>9,857,058</u>	<u>9,857,058</u>	<u>9,857,058</u>	<u>-</u>
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	100,000	100,000	141,597	41,597
Interest and penalties on real property taxes	7,000	7,000	642	(6,358)
Total Other Real Property Tax Items	<u>107,000</u>	<u>107,000</u>	<u>142,239</u>	<u>35,239</u>
USE OF MONEY AND PROPERTY				
Interest and earnings on investments	5,500	5,500	29,278	23,778
Total Use of Money and Property	<u>5,500</u>	<u>5,500</u>	<u>29,278</u>	<u>23,778</u>
Total Revenues	<u>9,969,558</u>	<u>9,969,558</u>	<u>10,028,575</u>	<u>59,017</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (transfer to non budgeted fund)	(9,969,558)	(9,892,444)	(9,892,444)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(9,969,558)</u>	<u>(9,892,444)</u>	<u>(9,892,444)</u>	<u>-</u>
Net Change in Fund Balance from budgeted amounts	<u>\$ -0-</u>	<u>\$ 77,114</u>	<u>136,131</u>	<u>\$ 59,017</u>
DEBT SERVICE FUND - NO ANNUAL BUDGET				
REVENUES				
USE OF MONEY AND PROPERTY				
Interest earnings			283,602	
Total Use of Money and Property			<u>283,602</u>	
EXPENDITURES				
DEBT SERVICE				
Principal			51,462,400	
Interest			21,284,976	
Bond issuance costs			289,815	
TOTAL DEBT SERVICE			<u>73,037,191</u>	
Total Expenditures			<u>73,037,191</u>	
OTHER FINANCING SOURCES USES				
Premium and accrued interest on obligations			5,858,038	
Transfers In			70,026,017	
Refunding bonds issued			34,800,000	
Debt -service - principal currently refunded			(40,915,000)	
Total Other Financing Sources (Uses)			<u>69,769,055</u>	
Net Change in Fund Balance from unbudgeted fund			<u>(2,984,534)</u>	
Fund Balance at Beginning of Year			<u>16,895,802</u>	
Fund Balance at End of Year			<u>\$ 14,047,399</u>	

TOWN OF BROOKHAVEN
SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED
RATIO
December 31, 2019

	December 31st:	
	2019	2018
Total OPEB liability:		
Balance, beginning of year	\$ 410,893,942	\$ 436,257,683
Service costs	12,338,111	18,215,147
Interest	15,298,239	15,452,012
Difference between expected and actual experience	(41,441,585)	-
Changes of assumptions and other inputs	80,365,936	(48,367,904)
Benefit payments	(12,463,505)	(10,662,996)
Balance, end of year	<u>\$ 464,991,138</u>	<u>\$ 410,893,942</u>
Covered-employee payroll	\$ 69,945,482	\$ 68,929,227
Total OPEB liability as a percentage of covered employee payroll	664.79%	596.11%

Notes to the Schedule:

	December 31, 2019	December 31, 2018
Measurement date		
Summary of changes in assumptions:		
Discount rate	2.74%	4.10%
Demographic assumptions:		
Mortality	Unisex pre-retirement, using projection scale MP 2018	Sex-distinct, with 60% weight to white collar and 40% to blue collar, using projection scale MP-2015
High Cost Plan Excise Tax	Repealed	Included
Health care trend rates:		
Rate used	7.50%	8.50%
Ultimate rate/year	4.5% in 2025	5.0% in 2025

TOWN OF BROOKHAVEN
SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY - EMPLOYEE RETIREMENT SYSTEM
December 31, 2019

	March 31,					
	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability	0.2468728%	0.2601044%	0.2622855%	0.2605125%	0.2599848%	0.2599848%
Town's proportionate share of the net pension liability	\$ 17,491,691	\$ 8,394,728	\$ 24,644,931	\$ 41,812,989	\$ 8,782,921	\$ 11,748,347
Covered payroll	\$ 68,916,746	\$ 67,016,730	\$ 69,167,716	\$ 66,471,512	\$ 62,039,687	\$ 67,129,070
Town's proportionate share of the net pension liability as a percentage of its covered payroll	25.38%	12.53%	35.63%	62.90%	14.16%	17.50%
Plan fiduciary net position as a percentage of total pension liability	96.27%	98.24%	94.70%	90.70%	97.95%	97.20%

Notes:

Amounts presented were determined as of the System's measurement date of March 31st.

There were no significant legislative changes in benefits for the April 1, 2015 actuarial valuation.

There were no changes in assumptions from the March 31, 2018 to March 31, 2019 Plan year.

TOWN OF BROOKHAVEN
SCHEDULE OF PENSION CONTRIBUTIONS - EMPLOYEE RETIREMENT SYSTEM
December 31, 2019

Years Ended December 31,	Contractually required contributions	Contributions recognized by the plan in relation to the contractually required contributions	Contribution deficiency	Covered payroll	Contribution as a percentage of covered payroll
2019	\$ 10,165,303	\$ 10,165,303	\$ -	\$ 69,945,482	14.53%
2018	9,998,092	9,998,092	-	68,929,228	14.50%
2017	10,647,337	10,647,337	-	66,208,737	16.08%
2016	10,227,415	10,227,415	-	66,897,904	15.29%
2015	11,287,405	11,287,405	-	62,850,953	17.96%
2014	11,507,519	9,381,789	2,125,730	62,039,687	15.12%
2013	13,211,365	11,085,635	2,125,730	67,129,070	16.51%
2012	11,116,920	7,030,468	4,086,452	65,867,689	10.67%
2011	8,739,756	6,764,299	1,975,457	64,905,345	10.42%
2010	7,327,958	6,502,951	825,007	72,212,044	9.01%

Notes:

Amounts presented for each year were determined as of December 31st and the contractually required contributions are based on the amounts invoiced by the New York State Local Retirement System.

The Plan used the April 1, 2018 actuarial valuation to determine the employer rates for contributions payable to the Plan for the Plan's year end March 31, 2018.

There was a change in assumption for the pensioner mortality improvement in the April 1, 2018 actuarial valuation from Scale MP-2014 to Scale MP-2018.

TOWN OF BROOKHAVEN
SCHEDULE OF PENSION LIABILITIES - LOSAP PLANS
December 31, 2019

Year End	December 31, 2019	December 31, 2018
Measurement Date	December 31, 2018	December 31, 2017
No Special Funding Situations:		
Total Pension Liability:		
Service Cost	\$ 446,119	\$ 389,560
Interest	276,896	279,753
Changes of assumptions or other inputs	(777,654)	798,561
Differences between expected and actual experience	(70,474)	(141,612)
Benefit payments	(167,312)	(154,330)
Total pension liability - beginning of year	<u>8,400,056</u>	<u>7,228,124</u>
Total Pension Liability - end of year	<u>\$ 8,107,631</u>	<u>\$ 8,400,056</u>
Covered payroll	N/A	N/A
Total pension liability as a percentage of covered-employee payroll	N/A	N/A
Special Funding Situations:		
Town's proportion of the total pension liabilities	50.0% and 51.0%	50.0% and 51.0%
Town's proportionate share of the total pension liabilities	<u>\$ 1,214,837</u>	<u>\$ 1,244,980</u>

Notes:

Changes of assumptions or other inputs

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

December 31, 2016	3.71%
December 31, 2017	3.16%
December 31, 2018	3.64%

Trust Assets

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

**OTHER SUPPLEMENTARY
INFORMATION**

Combining and Individual Fund Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Non-Major Special Revenue Funds and Schedules. The budgets are adopted on a basis of accounting consistent with GAAP.

TOWN OF BROOKHAVEN
BROOKHAVEN CALABRO AIRPORT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
DEPARTMENTAL INCOME				
Airport fees and rental	\$ 91,000	\$ 91,000	\$ 102,186	\$ 11,186
Total Departmental Income	91,000	91,000	102,186	11,186
USE OF MONEY AND PROPERTY				
Interest and earnings on investments	4,300	4,300	4,451	151
Rental - other	245,000	245,000	266,088	21,088
Total Use of Money and Property	249,300	249,300	270,539	21,239
Total Revenues	340,300	340,300	372,725	32,425
EXPENDITURES				
Current:				
TRANSPORTATION				
Airport operations	649,292	681,292	649,232	32,060
Total Airport Operations	649,292	681,292	649,232	32,060
Total Expenditures	649,292	681,292	649,232	32,060
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(308,992)</u>	<u>(340,992)</u>	<u>(276,507)</u>	<u>64,485</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	357,624	372,624	336,562	36,062
Transfers out	(48,632)	(64,221)	(64,221)	*
Total Other Financing Sources	308,992	308,403	272,341	36,062
Net Change in Fund Balances	<u>\$ -0-</u>	<u>\$ (32,589)</u>	<u>(4,166)</u>	<u>\$ 28,423</u>
Fund Balances at Beginning of Year			<u>155,835</u>	
Fund Balances at End of Year			<u>\$ 151,669</u>	

TOWN OF BROOKHAVEN
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL SPECIAL DISTRICT FUNDS
 December 31, 2019

	Special Revenue Funds										Totals	
	Ambulance Districts	Dock Districts	Erosion Control Districts	Fire Protection Districts	Street Lighting District	Park Districts	Refuse and Garbage Districts	Sewer Districts	Sidewalk Districts	Water Supply Districts		
ASSETS												
Cash and cash equivalents	\$ 2,428,584	\$ 707,403	\$ 2,621,583	\$ 279,509	\$ 2,310,615	\$ 130,920	\$ 235,178	\$ 1,030,531	\$ 12,307	\$ 348,721	\$ 10,105,351	
Accounts receivable	7,139				211						7,350	
Due from other funds					1,551		177				8,584	
Due from other governments	7,033				10,920						11,115	
Prepays	8,842,956	195									8,842,956	
Length of service award program plan investments												
Total Assets	\$ 11,285,712	\$ 707,598	\$ 2,621,583	\$ 279,509	\$ 2,323,297	\$ 130,920	\$ 235,355	\$ 1,030,531	\$ 12,307	\$ 348,721	\$ 18,975,533	
LIABILITIES AND FUND BALANCES												
LIABILITIES												
Accounts payable	\$ 332,618	\$ 2,088	\$ 5,685	\$ 24,335	\$ 168,236	\$ 95,956	\$ 38,596	\$ 7,975	\$ 12,307	\$ 148,973	\$ 457,534	
Accrued liabilities		743			275,825					1,577	655,880	
Due to other funds		1,222			5,642	\$ 1,254		3,150			11,288	
Unearned revenues					2,785						2,785	
Total Liabilities	332,618	4,053	\$ -	\$ 30,520	452,468	1,254	95,956	48,721	12,307	148,550	1,127,447	
FUND BALANCES												
Nonspendable		195			10,920						11,115	
Restricted	8,310,525			3,441							8,913,966	
Assigned	2,042,569	703,350	2,621,583	245,548	1,859,909	129,666	139,399	980,810		200,171	8,923,005	
Total Fund Balances	10,353,094	703,545	2,621,583	248,989	1,870,829	129,666	139,399	980,810	-	200,171	17,848,086	
Total Liabilities and Fund Balances	\$ 11,285,712	\$ 707,598	\$ 2,621,583	\$ 279,509	\$ 2,323,297	\$ 130,920	\$ 235,355	\$ 1,030,531	\$ 12,307	\$ 348,721	\$ 18,975,533	

TOWN OF BROOKHAVEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL
SPECIAL DISTRICT FUNDS
Year Ended December 31, 2019

	Special Revenue Funds										Totals	
	Amulance Districts	Dock Districts	Erosion Control Districts	Fire Protection Districts	Street Lighting District	Park Districts	Refuse and Garbage Districts	Sewer Districts	Sidewalk Districts	Water Supply Districts		
REVENUES												
Rental property taxes	\$ 13,113,292	\$ 552,457	\$ 310,552	\$ 653,153	\$ 5,254,704	\$ 52,597	\$ 1,460,867	\$ 689,686	\$ 599,035	\$ 22,660,343		
Other real property tax items	66,546	36	20	43	70,099	4	95	45	39	138,927		
Departmental income	16,127								4,647	20,774		
Use of money and property	142,412	54,614	53,582	7,736	71,591	2,932	10,881	24,807	16,113	384,535		
Investment loss from length of service award program	1,553,732									1,553,732		
Sale of property and compensation for loss	423				2,099					2,099		
Miscellaneous local sources	4,712				6,897					7,920		
Federal aid					6,553					11,265		
Total Revenues	14,897,244	607,107	364,154	660,932	5,411,943	55,533	1,471,843	714,538	267	619,834	24,803,295	
EXPENDITURES												
Current:												
Public safety	10,815,736	101,418		597,471	4,395,232	44,109	1,468,011	514,548	267	628,684	597,471	
Health											10,815,736	
Transportation											4,496,917	
Culture and recreation											44,109	
Home and community services											2,669,924	
Total Expenditures	10,815,736	101,418	58,671	597,471	4,395,232	44,109	1,468,011	514,548	267	628,684	18,824,157	
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,081,508	505,689	305,483	63,461	1,016,711	11,424	3,832	199,990	-	(8,860)	5,179,238	
OTHER FINANCING (USES)												
Transfers out	(2,466,219)	(882,147)	(198,244)	(8,218)	(672,518)		(285,159)				(4,012,505)	
Total Other Financing (Uses)	(2,466,219)	(882,147)	(198,244)	(8,218)	(672,518)		(285,159)				(4,012,505)	
Net Change in Fund Balances	1,615,289	123,542	107,239	55,243	344,193	11,424	3,832	(65,169)	-	(8,860)	2,166,733	
Fund Balances at Beginning of Year	9,337,805	560,003	2,514,344	193,746	1,526,636	118,242	135,567	1,065,979	-	209,031	15,681,953	
Fund Balances at End of Year	\$ 10,953,094	\$ 703,545	\$ 2,621,583	\$ 248,989	\$ 1,870,829	\$ 129,666	\$ 139,399	\$ 980,810	\$ -	\$ 200,171	\$ 17,848,686	

TOWN OF BROOKHAVEN
AMBULANCE DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 13,113,292	\$ 13,113,292	\$ 13,113,292	\$ -
Total Real Property Taxes	13,113,292	13,113,292	13,113,292	-
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	50,200	50,200	65,693	15,493
Interest and penalties on real property taxes	169	169	853	684
Total Other Real Property Tax Items	50,369	50,369	66,546	16,177
DEPARTMENTAL INCOME				
Ambulance service fees	251,700	251,700	16,127	(235,573)
Total Departmental Income	251,700	251,700	16,127	(235,573)
USE OF MONEY AND PROPERTY				
Interest and earnings on investments	36,726	36,726	57,471	20,745
Rental of real property	60,000	60,000	84,941	24,941
Total Use of Money and Property	96,726	96,726	142,412	45,686
INVESTMENT INCOME FROM LENGTH OF SERVICE AWARD				
Total Investment Income from Length of Service Award	-	-	1,553,732	1,553,732
MISCELLANEOUS LOCAL SOURCES				
Refunds of prior year expenditures			423	423
Total Miscellaneous Local Sources			423	423
FEDERAL AID				
Other federal aid	3,038	3,038	4,712	1,674
Total Federal Aid	3,038	3,038	4,712	1,674
Total Revenues	13,515,125	13,515,125	14,897,244	1,382,119
EXPENDITURES				
HEALTH				
Ambulance	10,989,378	11,016,650	10,815,736	200,914
Total Current Expenditures	10,989,378	11,016,650	10,815,736	200,914
DEBT SERVICE				
Debt interest - bond anticipation notes	430,821			-
Total Debt Service	430,821			-
Total Expenditures	11,420,199	11,016,650	10,815,736	200,914
Excess of Revenues Over Expenditures	2,094,926	2,498,475	4,081,508	1,583,033
OTHER FINANCING (USES)				
Transfers out	(2,094,926)	(2,466,219)	(2,466,219)	-
Total Other Financing (Uses)	(2,094,926)	(2,466,219)	(2,466,219)	-
Net Change in Fund Balances	\$ -0-	\$ 32,256	1,615,289	\$ 1,583,033
Fund Balances at Beginning of Year			9,337,805	
Fund Balances at End of Year			\$ 10,953,094	

TOWN OF BROOKHAVEN
DOCK DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 552,457	\$ 552,457	\$ 552,457	\$ -
Total Real Property Taxes	552,457	552,457	552,457	-
OTHER REAL PROPERTY TAX ITEMS				
Interest and penalties on real property taxes			36	36
Total Other Real Property Tax Items	-	-	36	36
USE OF MONEY AND PROPERTY				
Interest and earnings on investments	7,400	7,400	15,114	7,714
Rental of real property	35,000	35,000	39,500	4,500
Total Use of Money and Property	42,400	42,400	54,614	12,214
Total Revenues	594,857	594,857	607,107	12,250
EXPENDITURES				
TRANSPORTATION				
Docks, piers and wharves	178,239	178,239	101,418	76,821
Total Transportation	178,239	178,239	101,418	76,821
Total Current	178,239	178,239	101,418	76,821
Total Expenditures	178,239	178,239	101,418	76,821
Excess of Revenues Over Expenditures	416,618	416,618	505,689	89,071
OTHER FINANCING (USES)				
Transfers out	(427,424)	(382,147)	(382,147)	-
Total Other Financing (Uses)	(427,424)	(382,147)	(382,147)	-
Net Change in Fund Balances	\$ (10,806)	\$ 34,471	123,542	\$ 89,071
Fund Balances at Beginning of Year			580,003	
Fund Balances at End of Year			\$ 703,545	
* Budgeted net change in fund balance:				
Assigned	\$ (10,806)			
	\$ (10,806)			

TOWN OF BROOKHAVEN
EROSION CONTROL DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 310,552	\$ 310,552	\$ 310,552	\$ -
Total Real Property Taxes	<u>310,552</u>	<u>310,552</u>	<u>310,552</u>	<u>-</u>
OTHER REAL PROPERTY TAX ITEMS				
Interest and penalties on real property taxes			20	20
Total Other Real Property Tax Items	<u>-</u>	<u>-</u>	<u>20</u>	<u>20</u>
USE OF MONEY AND PROPERTY				
Interest and earnings on investments	25,750	25,750	53,582	27,832
Total Use of Money and Property	<u>25,750</u>	<u>25,750</u>	<u>53,582</u>	<u>27,832</u>
Total Revenues	<u>336,302</u>	<u>336,302</u>	<u>364,154</u>	<u>27,852</u>
EXPENDITURES				
HOME AND COMMUNITY SERVICES				
Flood and erosion control	258,060	393,508	58,671	334,837
Total Expenditures	<u>258,060</u>	<u>393,508</u>	<u>58,671</u>	<u>334,837</u>
Excess of Revenues Over Expenditures	<u>78,242</u>	<u>(57,206)</u>	<u>305,483</u>	<u>362,689</u>
OTHER FINANCING (USES)				
Transfers out	(78,242)	(198,244)	(198,244)	-
Total Other Financing (Uses)	<u>(78,242)</u>	<u>(198,244)</u>	<u>(198,244)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -0-</u>	<u>\$ (255,450)</u>	<u>107,239</u>	<u>\$ 362,689</u>
Fund Balances at Beginning of Year			<u>2,514,344</u>	
Fund Balances at End of Year			<u>\$ 2,621,583</u>	

TOWN OF BROOKHAVEN
FIRE PROTECTION DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 653,153	\$ 653,153	\$ 653,153	\$ -
Total Real Property Taxes	653,153	653,153	653,153	-
OTHER REAL PROPERTY TAX ITEMS				
Interest and penalties on real property taxes			43	43
Total Other Real Property Tax Items	-	-	43	43
USE OF MONEY AND PROPERTY				
Interest and earnings on investments	2,800	2,800	7,736	4,936
Total Use of Money and Property	2,800	2,800	7,736	4,936
Total Revenues	655,953	655,953	660,932	4,979
EXPENDITURES				
PUBLIC SAFETY				
Fire protection services	647,735	661,920	596,734	65,186
Other		737	737	
Total Public Safety	647,735	662,657	597,471	65,186
Total Expenditures	647,735	662,657	597,471	65,186
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>8,218</u>	<u>(6,704)</u>	<u>63,461</u>	<u>70,165</u>
OTHER FINANCING (USES)				
Transfers out	(8,218)	(8,218)	(8,218)	-
Total Other Financing (Uses)	(8,218)	(8,218)	(8,218)	-
Net Change in Fund Balances	<u>\$ -0-</u>	<u>\$ (14,922)</u>	<u>55,243</u>	<u>\$ 70,165</u>
Fund Balances at Beginning of Year			<u>193,746</u>	
Fund Balances at End of Year			<u>\$ 248,989</u>	

TOWN OF BROOKHAVEN
STREET LIGHTING DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 5,254,704	\$ 5,254,704	\$ 5,254,704	\$ -
Total Real Property Taxes	<u>5,254,704</u>	<u>5,254,704</u>	<u>5,254,704</u>	<u>-</u>
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	55,000	55,000	69,757	14,757
Interest and penalties on real property taxes	100	100	342	242
Total Other Real Property Tax Items	<u>55,100</u>	<u>55,100</u>	<u>70,099</u>	<u>14,999</u>
USE OF MONEY AND PROPERTY				
Interest and earnings on investments	40,000	40,000	71,591	31,591
Total Use of Money and Property	<u>40,000</u>	<u>40,000</u>	<u>71,591</u>	<u>31,591</u>
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Insurance recoveries	-	-	2,099	2,099
Total Sale of Property and Compensation for Loss	<u>-</u>	<u>-</u>	<u>2,099</u>	<u>2,099</u>
MISCELLANEOUS LOCAL SOURCES				
Refunds of prior year expenditures	-	-	6,897	6,897
Total Miscellaneous Local Sources	<u>-</u>	<u>-</u>	<u>6,897</u>	<u>6,897</u>
FEDERAL AID				
Other	4,404	4,404	6,553	2,149
Total Federal Aid	<u>4,404</u>	<u>4,404</u>	<u>6,553</u>	<u>2,149</u>
Total Revenues	<u>5,354,208</u>	<u>5,354,208</u>	<u>5,411,943</u>	<u>57,735</u>
EXPENDITURES				
Current:				
TRANSPORTATION				
Street lighting	4,727,446	4,757,224	4,395,232	361,992
Total Transportation	<u>4,727,446</u>	<u>4,757,224</u>	<u>4,395,232</u>	<u>361,992</u>
Total Current Expenditures	<u>4,727,446</u>	<u>4,757,224</u>	<u>4,395,232</u>	<u>361,992</u>
DEBT SERVICE				
Debt interest- bond anticipation notes	113,000	-	-	-
Total Debt Service	<u>113,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>4,840,446</u>	<u>4,757,224</u>	<u>4,395,232</u>	<u>361,992</u>
Excess of Revenues Over Expenditures	<u>513,762</u>	<u>596,984</u>	<u>1,016,711</u>	<u>419,727</u>
OTHER FINANCING (USES)				
Transfers out	(513,762)	(674,587)	(672,518)	2,069
Total Other Financing (Uses)	<u>(513,762)</u>	<u>(674,587)</u>	<u>(672,518)</u>	<u>2,069</u>
Net Change in Fund Balance	<u>\$ -0-</u>	<u>\$ (77,603)</u>	<u>344,193</u>	<u>\$ 421,796</u>
Fund Balance at Beginning of Year			1,526,636	
Fund Balance at End of Year			<u>\$ 1,870,829</u>	

TOWN OF BROOKHAVEN
PARK DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 52,597	\$ 52,597	\$ 52,597	\$ -
Total Real Property Taxes	<u>52,597</u>	<u>52,597</u>	<u>52,597</u>	<u>-</u>
OTHER REAL PROPERTY TAX ITEMS				
Interest and penalties on real property taxes			4	4
Total Other Real Property Tax Items	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>
USE OF MONEY AND PROPERTY				
Interest and earnings on investments	1,475	1,513	2,932	1,419
Total Use of Money and Property	<u>1,475</u>	<u>1,513</u>	<u>2,932</u>	<u>1,419</u>
Total Revenues	<u>54,072</u>	<u>54,110</u>	<u>55,533</u>	<u>1,423</u>
EXPENDITURES				
Current:				
CULTURE AND RECREATION				
Parks	54,072	54,110	44,109	10,001
Total Expenditures	<u>54,072</u>	<u>54,110</u>	<u>44,109</u>	<u>10,001</u>
Excess Revenues Over Expenditures			<u>11,424</u>	<u>11,424</u>
Net Change in Fund Balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>11,424</u>	<u>\$ 11,424</u>
Fund Balances at Beginning of Year			<u>118,242</u>	
Fund Balances at End of Year			<u>\$ 129,666</u>	

TOWN OF BROOKHAVEN
REFUSE AND GARBAGE DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 1,460,867	\$ 1,460,867	\$ 1,460,867	\$ -
Total Real Property Taxes	<u>1,460,867</u>	<u>1,460,867</u>	<u>1,460,867</u>	<u>-</u>
OTHER REAL PROPERTY TAX ITEMS				
Interest and penalties on real property taxes			95	95
Total Other Real Property Tax Items	<u>-</u>	<u>-</u>	<u>95</u>	<u>95</u>
USE OF MONEY AND PROPERTY				
Interest and earnings on investments	7,075	7,076	10,881	3,805
Total Use of Money and Property	<u>7,075</u>	<u>7,076</u>	<u>10,881</u>	<u>3,805</u>
Total Revenues	<u>1,467,942</u>	<u>1,467,943</u>	<u>1,471,843</u>	<u>3,900</u>
EXPENDITURES				
Current:				
HOME AND COMMUNITY SERVICES				
Refuse and garbage	1,467,942	1,469,449	1,468,011	1,438
Total Expenditures	<u>1,467,942</u>	<u>1,469,449</u>	<u>1,468,011</u>	<u>1,438</u>
Net Change in Fund Balances	<u>\$ -0-</u>	<u>\$ (1,506)</u>	3,832	<u>\$ 5,338</u>
Fund Balances at Beginning of Year			<u>135,567</u>	
Fund Balances at End of Year			<u>\$ 139,399</u>	

TOWN OF BROOKHAVEN
SEWER DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 689,686	\$ 689,686	\$ 689,686	\$ -
Total Real Property Taxes	<u>689,686</u>	<u>689,686</u>	<u>689,686</u>	<u>-</u>
OTHER REAL PROPERTY TAX ITEMS				
Interest and penalties on real property taxes	10	10	45	35
Total Other Real Property Tax Items	<u>10</u>	<u>10</u>	<u>45</u>	<u>35</u>
USE OF MONEY AND PROPERTY				
Interest and earnings on investments	14,300	14,300	24,807	10,507
Total Use of Money and Property	<u>14,300</u>	<u>14,300</u>	<u>24,807</u>	<u>10,507</u>
Total Revenues	<u>703,996</u>	<u>703,996</u>	<u>714,538</u>	<u>10,542</u>
EXPENDITURES				
Current:				
HOME AND COMMUNITY SERVICES				
Sewage treatment disposal	492,325	529,825	514,548	15,277
Total Expenditures	<u>492,325</u>	<u>529,825</u>	<u>514,548</u>	<u>15,277</u>
Excess of Revenues Over Expenditures	<u>211,671</u>	<u>174,171</u>	<u>199,990</u>	<u>25,819</u>
OTHER FINANCING (USES)				
Transfers out	(340,319)	(340,319)	(285,159)	55,160
Total Other Financing (Uses)	<u>(340,319)</u>	<u>(340,319)</u>	<u>(285,159)</u>	<u>55,160</u>
Net Change in Fund Balance	<u>\$ (128,648)</u>	<u>\$ (166,148)</u>	<u>(85,169)</u>	<u>\$ 80,979</u>
Fund Balance at Beginning of Year			<u>1,065,979</u>	
Fund Balance at End of Year			<u>\$ 980,810</u>	
* Budgeted net change in fund balance:				
Assigned	<u>\$ (128,648)</u>			
	<u>\$ (128,648)</u>			

TOWN OF BROOKHAVEN
WATER SUPPLY DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 599,035	\$ 599,035	\$ 599,035	\$ -
Total Real Property Taxes	<u>599,035</u>	<u>599,035</u>	<u>599,035</u>	<u>-</u>
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes				
Interest and penalties on real property taxes			39	39
Total Other Real Property Tax Items	<u>-</u>	<u>-</u>	<u>39</u>	<u>39</u>
DEPARTMENTAL INCOME				
Metered water sales	5,500	5,500	4,647	(853)
Total Departmental Income	<u>5,500</u>	<u>5,500</u>	<u>4,647</u>	<u>(853)</u>
USE OF MONEY AND PROPERTY				
Interest and earnings on investments	5,500	5,500	11,304	5,804
Total Use of Money and Property	<u>5,500</u>	<u>5,500</u>	<u>11,304</u>	<u>5,804</u>
Total Revenues	<u>610,035</u>	<u>610,035</u>	<u>615,025</u>	<u>4,990</u>
EXPENDITURES				
Current:				
HOME AND COMMUNITY SERVICES				
Water	610,035	623,882	623,882	-
Total Expenditures	<u>610,035</u>	<u>623,882</u>	<u>623,882</u>	<u>-</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures		(13,847)	(8,857)	4,990
Net Change in Fund Balances- budgeted funds	<u>\$ -0-</u>	<u>\$ (13,847)</u>	<u>(8,857)</u>	<u>\$ 4,990</u>
WATER SUPPLY DISTRICTS - NO ANNUAL BUDGET				
REAL PROPERTY TAXES				
USE OF MONEY AND PROPERTY				
Interest and earnings on investments			4,809	
Total Revenues			<u>4,809</u>	
HOME AND COMMUNITY SERVICES				
Other			4,812	
Total Expenditures			<u>4,812</u>	
Net Change in Fund Balances- funds with no annual budget			(3)	
Fund Balances at Beginning of Year - all Water Supply Districts funds			<u>209,031</u>	
Fund Balances at End of Year			<u>\$ 200,171</u>	

TOWN OF BROOKHAVEN
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
December 31, 2019

	Town Agency Fund	Town Clerk Agency Fund	Town Receiver of Taxes Agency Fund	Total Agency Funds
ASSETS				
Cash	\$ 16,732,811	\$ 134,066	\$ 241,612,917	\$ 258,479,794
Due from governmental funds	20,005			20,005
Total Assets	<u>\$ 16,752,816</u>	<u>\$ 134,066</u>	<u>\$ 241,612,917</u>	<u>\$ 258,499,799</u>
LIABILITIES				
Due to New York State Comptroller		\$ 34		\$ 34
Due to Treasurer of Suffolk County, New York			\$ 8,841	8,841
Due to the Department of Health of the State of New York		2,970		2,970
Due to the Department of Agriculture and Markets of the State of New York		523		523
Due to school districts			194,529,808	194,529,808
Due to fire districts			16,613,303	16,613,303
Due to governmental funds	\$ 113,730			113,730
Other agency liabilities	16,639,086	130,539	30,460,965	47,230,590
Total Liabilities	<u>\$ 16,752,816</u>	<u>\$ 134,066</u>	<u>\$ 241,612,917</u>	<u>\$ 258,499,799</u>

TOWN OF BROOKHAVEN
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN AGENCY ASSETS AND LIABILITIES
Year Ended December 31, 2019

	Balance 1/1/2019	Additions	Deductions	Balance 12/31/2019
ASSETS				
Town Agency Funds				
Cash	\$ 15,234,729	\$ 2,949,578	\$ 1,451,496	\$ 16,732,811
Due from governmental funds	21,300	168,052	169,347	20,005
Total Assets - Town Agency Funds	<u>15,256,029</u>	<u>3,117,630</u>	<u>1,620,843</u>	<u>16,752,816</u>
Town Clerk Agency Funds				
Cash	305,886	2,501,366	2,673,186	134,066
Total Assets - Town Clerk Agency Funds	<u>305,886</u>	<u>2,501,366</u>	<u>2,673,186</u>	<u>134,066</u>
Town Receiver of Taxes Agency Funds				
Cash	424,415,548	1,375,344,606	1,558,147,237	241,612,917
Total Assets - Town Receiver of Taxes Agency Funds	<u>424,415,548</u>	<u>1,375,344,606</u>	<u>1,558,147,237</u>	<u>241,612,917</u>
Total Assets	<u>\$ 439,977,463</u>	<u>\$ 1,380,963,602</u>	<u>\$ 1,562,441,266</u>	<u>\$ 258,499,799</u>
LIABILITIES				
Town Agency Funds				
Other agency liabilities	\$ 15,148,295	\$ 2,856,635	\$ 1,365,844	\$ 16,639,086
Due to governmental funds	107,734	260,995	254,999	113,730
Total Liabilities - Town Agency Funds	<u>15,256,029</u>	<u>3,117,630</u>	<u>1,620,843</u>	<u>16,752,816</u>
Town Clerk Agency Funds				
Due to New York State Comptroller	44	3,138	3,148	34
Due to the Department of Health of the State of New York	2,205	49,523	48,758	2,970
Due to the Department of Agriculture and Markets of the State of New York	528	6,889	6,894	523
Other agency liabilities	303,109	2,441,816	2,614,386	130,539
Total Liabilities - Town Clerk Agency Funds	<u>305,886</u>	<u>2,501,366</u>	<u>2,673,186</u>	<u>134,066</u>
Town Receiver of Taxes Agency Funds				
Due to school districts	341,709,690	978,326,510	1,125,506,392	194,529,808
Due to fire districts	29,182,813	83,548,505	96,118,015	16,613,303
Due to Treasurer of Suffolk County, New York	1,332,663	153,648,672	154,972,494	8,641
Other agency liabilities	52,190,382	159,820,919	161,550,336	30,460,965
Total Liabilities - Town Receiver of Taxes Agency Funds	<u>424,415,548</u>	<u>1,375,344,606</u>	<u>1,558,147,237</u>	<u>241,612,917</u>
Total Liabilities	<u>\$ 439,977,463</u>	<u>\$ 1,380,963,602</u>	<u>\$ 1,562,441,266</u>	<u>\$ 258,499,799</u>

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

	Town of Brookhaven		Total Non-Major Component Units
	Industrial Development Agency	Local Development Corporation	
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 3,187,679	\$ 282,180	\$ 3,469,859
Cash - restricted	105,812		105,812
Prepalds and other assets	34,225	7,495	41,720
Total Current Assets	<u>3,327,716</u>	<u>289,675</u>	<u>3,617,391</u>
Non-Current Assets:			
Depreciable capital assets, net of accumulated depreciation	1,560		1,560
Total Non-Current Assets	<u>1,560</u>	<u>-</u>	<u>1,560</u>
Total Assets	<u>3,329,276</u>	<u>289,675</u>	<u>3,618,951</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension - employee retirement system	85,407		85,407
Total Deferred Outflows of Resources	<u>85,407</u>	<u>-</u>	<u>85,407</u>
LIABILITIES			
Current Liabilities:			
Accounts payable, including retainage payable	92,640	3,325	95,965
Unearned revenue	3,000		3,000
Due to other governments	92,934		92,934
Total Current Liabilities	<u>188,574</u>	<u>3,325</u>	<u>191,899</u>
Noncurrent Liabilities:			
Noncurrent liabilities due in more than one year	94,464		94,464
Total Liabilities	<u>283,038</u>	<u>3,325</u>	<u>286,363</u>
DEFERRED INFLOWS OF RESOURCES			
Pension - employee retirement system	38,513		38,513
Total Deferred Inflows of Resources	<u>38,513</u>	<u>-</u>	<u>38,513</u>
NET POSITION			
Net investment in capital assets	1,560		1,560
Unrestricted	3,091,572	286,350	3,377,922
Total Net Position	<u>\$ 3,093,132</u>	<u>\$ 286,350</u>	<u>\$ 3,379,482</u>

TOWN OF BROOKHAVEN
DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

	Town of Brookhaven Industrial Development Agency	Local Development Corporation	Total Non-Major Component Units
REVENUES			
Program revenues:			
Charges for services	\$ 909,090	\$ 14,000	\$ 923,090
Interest and investment earnings	58,497	3,340	61,837
Total Revenues	<u>967,587</u>	<u>17,340</u>	<u>984,927</u>
 EXPENSES			
Economic assistance and opportunity	814,073	22,426	836,499
Total Expenses	<u>814,073</u>	<u>22,426</u>	<u>836,499</u>
 Change in Net Position	153,514	(5,086)	148,428
 Net Position at Beginning of Year	<u>2,939,618</u>	<u>291,436</u>	<u>3,231,054</u>
Net Position at End of Year	<u>\$ 3,093,132</u>	<u>\$ 286,350</u>	<u>\$ 3,379,482</u>

APPENDIX C

FORM OF ANNUAL AND CONTINUING DISCLOSURE UNDERTAKING

**ANNUAL AND CONTINUING DISCLOSURE
UNDERTAKING CERTIFICATE
PURSUANT TO RULE 15c2-12 OF THE
SECURITIES AND EXCHANGE COMMISSION**

On the date hereof, the Town of Brookhaven, Suffolk County, New York (the "Issuer") is issuing its Bonds (as defined herein). To facilitate compliance with Rule 15c2-12 of the Securities and Exchange Commission (the "SEC") promulgated under the Securities Exchange Act of 1934, as amended by the underwriter (as defined in the Rule), the Issuer hereby undertakes for the benefit of the record and beneficial owners from time to time of the Bonds (the "Holders") to provide:

A. Definitions. As used in this Undertaking, the following terms have the meanings ascribed to such terms below:

"Bonds" means the Issuer's \$49,175,020 Public Improvement (Serial) Bonds – 2020 Series B and \$81,430,000 Public Improvement Refunding (Serial) Bonds – 2020 Series C, dated November 4, 2020.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii); provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

"Undertaking" means this Annual and Continuing Disclosure Undertaking.

B. Annual Reports. With respect to the Bonds, the Issuer shall electronically file annually with the MSRB, (1) within six months after the end of each fiscal year ending after the date hereof, financial information and operating data with respect to the Issuer of the general type contained in or cross referenced in the Issuer's final Official Statement, dated October 20 2020 under the headings **"THE TOWN"**, **"ECONOMIC AND DEMOGRAPHIC INFORMATION"**, **"INDEBTEDNESS OF THE TOWN"**, **"FINANCES OF THE TOWN"**, **"REAL PROPERTY TAX INFORMATION"**, and **"LITIGATION"**, and in **APPENDICES A AND B**, and (2) if not provided as part of such financial information and operating data, audited financial statements of the Issuer, when and if available. If audited financial statements are not available at that time the Issuer will electronically file unaudited financial statements when available. Any financial statements so to be electronically filed shall be prepared in accordance with the accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation, and shall be audited, if the Issuer commissions an audit of such statements and the audit is completed within the period during which they must be provided.

If the Issuer changes its fiscal year, it will electronically file with the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data pursuant to this Undertaking.

The financial information and operating data to be electronically filed pursuant to this Undertaking may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the SEC.

C. *Event Notices.* The Issuer shall electronically file with the MSRB notice of any of the following events with respect to the Obligations in a timely manner and not more than ten business days after occurrence of the event:

- (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 or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the Issuer, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For these purposes, any event described in the immediately preceding paragraph (12) 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 United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental 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.

The Issuer shall electronically file with the MSRB, in a timely manner, notice of any failure by the Issuer to provide *financial* information or operating data in accordance with this Undertaking by the time required by this Undertaking.

D. Filings with the MSRB. All financial information, operating data, financial statements, notices, and other documents provided to the MSRB in accordance with this Undertaking shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

E. Limitations, Disclaimers, and Amendments. The Issuer shall be obligated to observe and perform the covenants specified in this Undertaking for so long as, but only for so long as, the Issuer remains an “obligated person” with respect to the Bonds within the meaning of the Rule.

The provisions of this Undertaking are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Undertaking, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Issuer undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Undertaking and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Issuer’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Undertaking or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS UNDERTAKING, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the Issuer in observing or performing its obligations under this Undertaking shall constitute a breach of or default on the Bonds.

Nothing in this Undertaking is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

The provisions of this Undertaking may be amended by the Issuer from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, but only if (1) the provisions of this Undertaking, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of the Bonds consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The Issuer may also repeal or amend the provisions of this Undertaking if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the Issuer also may amend the provisions of this Undertaking in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the Issuer so amends the provisions of this Undertaking, the Issuer shall include with any amended financial information or operating data next provided in accordance with this Undertaking an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

IN WITNESS WHEREOF, I have hereunto set my hand this November 4, 2020.

Supervisor

APPENDIX D

FORM OF OPINION OF NORTON ROSE FULBRIGHT US LLP

November 4, 2020

Norton Rose Fulbright US LLP
1301 Avenue of the Americas
New York, New York 10019-6022
United States

Town of Brookhaven,
County of Suffolk,
State of New York

Tel +1 212 318 3000
Fax +1 212 318 3400
nortonrosefulbright.com

Re: Town of Brookhaven, Suffolk County, New York
\$49,175,020* Public Improvement (Serial) Bonds – 2020 Series B

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$49,175,020* Public Improvement (Serial) Bonds – 2020 Series B (the “Obligation”), of the Town of Brookhaven, Suffolk County, New York (the “Obligor”), dated November 4, 2020.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986 (the “Code”), including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder;
- (3) a tax certificate (the “Tax Certificate”) executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation not to be includable in the gross income of the owners thereof for federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligation and investment earnings thereon, making required payments to the federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligation to be includable in the gross income of the owners thereof for federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligation and investment earnings thereon on certain specified purposes; and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligation, including the form of the Obligation. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright South Africa Inc are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are available at nortonrosefulbright.com.

contained in the Tax Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount, except as to certain statutory limitations which may result from the application of Chapter 97 of the Laws of 2011 of the State of New York, as amended, provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said state or the federal government affecting the enforcement of creditors' rights; and (ii) may be subject to the exercise of judicial discretion.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said state or the federal government affecting the enforcement of creditors' rights.
- (c) Under existing law, interest on the Obligation (1) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof for Federal income tax purposes, pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, assuming continuing compliance after the date hereof by the Obligor with the provisions of the Tax Certificate, and (2) will not be included in computing the Federal alternative minimum taxable income of the owners thereof. Under existing law, interest on the Obligation is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

We express no opinion with respect to any other federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Obligation. Ownership of tax-exempt obligations such as the Obligation may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law

that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

The scope of our engagement in relation to the issuance of the Obligation has extended solely to the examination of the facts and law incident to rendering the opinion expressed herein. Such opinion is not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligation as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligation for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligation, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

November 4, 2020

Norton Rose Fulbright US LLP
1301 Avenue of the Americas
New York, New York 10019-6022
United States

Town of Brookhaven,
County of Suffolk,
State of New York

Tel +1 212 318 3000
Fax +1 212 318 3400
nortonrosefulbright.com

Re: Town of Brookhaven, Suffolk County, New York
\$81,430,000* Public Improvement Refunding (Serial) Bonds – 2020 Series C

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$81,430,000* Public Improvement Refunding (Serial) Bonds – 2020 Series C (the “Obligation”), of the Town of Brookhaven, Suffolk County, New York (the “Obligor”), dated November 4, 2020.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986 (the “Code”), including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder;
- (3) a tax certificate (the “Tax Certificate”) executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation not to be includable in the gross income of the owners thereof for federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligation and investment earnings thereon, making required payments to the federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligation to be includable in the gross income of the owners thereof for federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligation and investment earnings thereon on certain specified purposes; and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligation, including the form of the Obligation. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright South Africa Inc are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are available at nortonrosefulbright.com.

contained in the Tax Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount, except as to certain statutory limitations which may result from the application of Chapter 97 of the Laws of 2011 of the State of New York, as amended, provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said state or the federal government affecting the enforcement of creditors' rights; and (ii) may be subject to the exercise of judicial discretion.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said state or the federal government affecting the enforcement of creditors' rights.
- (c) Under existing law, interest on the Obligation (1) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof for Federal income tax purposes, pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, assuming continuing compliance after the date hereof by the Obligor with the provisions of the Tax Certificate, and (2) will not be included in computing the Federal alternative minimum taxable income of the owners thereof. Under existing law, interest on the Obligation is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

We express no opinion with respect to any other federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Obligation. Ownership of tax-exempt obligations such as the Obligation may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law

that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

The scope of our engagement in relation to the issuance of the Obligation has extended solely to the examination of the facts and law incident to rendering the opinion expressed herein. Such opinion is not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligation as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligation for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligation, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,