

**OFFICIAL STATEMENT**

**NEW ISSUES  
SERIAL BONDS – BOOK ENTRY BONDS**

**S&P GLOBAL RATINGS: “AAA/Stable”  
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 on individuals. 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”).*

**\$10,610,000**

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

**PUBLIC IMPROVEMENT (SERIAL) BONDS – 2018  
(the “Bonds”)**

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

*Security and Sources of Payment:* The Bonds are general obligations of the Town of Southampton, 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 Increase Procedural Limitation Legislation*” herein).

*Prior Redemption:* The Bonds maturing on May 15, 2027 and thereafter are subject to redemption prior to maturity, at the option of the Village, as a whole or in part, on any date on or after May 15, 2026. (See “*Optional Redemption*” under “*THE BONDS*,” herein.)

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

*Payment:* Payment of the principal of and interest on the Bonds to the beneficial owners of the Bonds will be made by DTC Participants and indirect participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in “street name.” Payment will be the responsibility of the DTC Participant or indirect participant and not of DTC or the Town, subject to any statutory and regulatory requirements as may be in effect from time to time. See “*Book-Entry-Only System*” under “*The Bonds*” herein.

Norton Rose Fulbright US LLP has not participated in the preparation of the demographic, financial or statistical data contained in this Official Statement, nor verified the accuracy, completeness or fairness thereof, and, accordingly, the firm expresses no opinion with respect thereto.

*The Bonds are offered when, as and if issued and received by the purchasers 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, on or about June 19, 2018.*

THIS REVISED COVER, DATED JUNE 6, 2018, SUPPLEMENTS THE OFFICIAL STATEMENT OF THE TOWN DATED MAY 24, 2018, RELATING TO THE OBLIGATIONS DESCRIBED THEREIN AND HEREIN INCLUDING CERTAIN INFORMATION OMITTED FROM SUCH OFFICIAL STATEMENT IN ACCORDANCE WITH SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12 (THE “RULE”), AND SHALL CONSTITUTE THE TOWN’S FINAL OFFICIAL STATEMENT WITHIN THE MEANING OF THE RULE. OTHER THAN AS SET FORTH ON THIS REVISED COVER PAGE, THE INSIDE COVER PAGE, DESCRIPTION OF THE BONDS ON PAGE 1, RATING SECTION AND THE DATE ON THE BOTTOM OF PAGE 29, THERE HAVE BEEN NO OTHER REVISIONS TO THE OFFICIAL STATEMENT.

**FIDELITY CAPITAL MARKETS**

June 6, 2018

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

**\$10,610,000 PUBLIC IMPROVEMENT (SERIAL) BONDS – 2018**

**MATURITIES, RATES AND YIELDS**

**Dated: June 19, 2018**

**Principal Due: May 15, 2019-2033, inclusive  
Interest Due: May 15, 2019, November 15, 2019 and  
semi-annually thereafter in each year to  
maturity**

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield or Price</u>	<u>CUSIP #</u>
2019	\$620,000	3.00%	1.51%	8412052T3
2020	840,000	3.00	1.65	8412052U0
2021	840,000	3.00	1.76	8412052V8
2022	840,000	3.00	1.84	8412052W6
2023	835,000	3.00	1.95	8412052X4
2024	745,000	3.00	2.08	8412052Y2
2025	745,000	3.00	2.20	8412052Z9
2026	760,000	3.00	2.31	8412053A3
2027	770,000	3.00	2.38	8412053B1
2028	775,000	3.00	2.50	8412053C9
2029	560,000	3.00	2.71	8412053D7
2030	565,000	3.00	2.80	8412053E5
2031	565,000	3.00	2.90	8412053F2
2032	575,000	3.00	@100	8412053G0
2033	575,000	3.00	3.06	8412053H8

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

Town Hall  
116 Hampton Road (Rte. 27A)  
Southampton, New York 11968  
Telephone: 631/702-1890  
Fax: 631/287-5709

**TOWN BOARD**

Jay Schneiderman, Town Supervisor

John Bouvier  
Julie Lofstad  
Christine P. Scalera  
Tommy John Schiavoni

-----

Theresa Kiernan, Receiver of Taxes  
Alex Gregor, Superintendent of Highway  
Sundy A. Schermeyer, Town Clerk  
James M. Burke, Town Attorney  
Leonard J. Marchese, CPA, Town Comptroller

\* \* \*

**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](mailto: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.

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# **OFFICIAL STATEMENT**

## **TOWN OF SOUTHAMPTON SUFFOLK COUNTY, NEW YORK**

### **\$10,610,000 PUBLIC IMPROVEMENT (SERIAL) BONDS – 2018 [BOOK-ENTRY BONDS]**

This Official Statement and the appendices hereto present certain information relating to the Town of Southampton, in the County of Suffolk, in the State of New York (the “Town,” “County” and “State,” respectively) in connection with the sale of \$10,610,000 Public Improvement (Serial) Bonds - 2018 (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 BONDS**

##### **Description of the Bonds**

The Bonds will be dated June 19, 2018, and will mature on May 15 in each of the years 2019 to 2033, inclusive, in the principal amounts as set forth on the inside cover page hereof.

The Bonds will be issued in fully registered form and when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as Securities Depository for the Bonds. Individual purchases of the Bonds may be made in book-entry form only, in denomination of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds.

Interest on the Bonds will be payable on May 15, 2019, November 15, 2019 and semi-annually thereafter in each year to maturity. For 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 Bonds, as described herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the Town referred to therein.

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

The Town Comptroller will act as Paying Agent for the Bonds. Paying agent fees, if any, will be paid by the purchaser. The Town’s contact information is as follows: Leonard J. Marchese, CPA, Town Comptroller, Town of Southampton, Town Hall, 116 Hampton Road (Rte. 27A), Southampton, NY 11968, Phone (631) 702-1890, Fax (631) 287-5709 and email: [lmarchese@southamptontownny.gov](mailto:lmarchese@southamptontownny.gov).

##### **Optional Redemption**

The Bonds maturing on or before May 15, 2026 will not be subject to redemption prior to maturity. The Bonds maturing on May 15, 2027 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 May 15, 2026, 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 Bonds

The Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Town Law and 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 purposes in and for the Town.

Such purposes, and the respective principal amounts of Bonds to be issued for each, are as follows:

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Amount</u> <u>Authorized</u>	<u>Amount</u> <u>Issued</u> <u>to Date</u>	<u>Authorized</u> <u>but</u> <u>Unissued</u>	<u>Total</u> <u>Amount</u> <u>to be</u> <u>Issued</u>
11/09/2010	Various Storm Water Abatement Improvements	\$990,000	\$ 200,000	\$ 790,000	\$295,000
12/09/2014	Construction of Good Ground Park	1,904,750	1,805,000	99,750	97,000
12/09/2014	Installation of Public Safety Communication System	2,480,000	2,000,000	480,000	480,000
05/09/2017	Bulkhead Repair at Baycrest Avenue	375,000	-	-	375,000
12/21/2017	Acquisition & Installation of Various Equipment	290,000	-	-	290,000
12/21/2017	Acquisition of Vehicles for Construction	200,000	-	-	200,000
12/21/2017	Phase II Construction of Good Ground Park	200,000	-	-	200,000
12/21/2017	Improvements to Various Parks	485,000	-	-	485,000
12/21/2017	Dock Repairs, Pier and Dock Facilities	300,000	-	-	300,000
12/21/2017	Reconstruction of Existing Bulkheads	250,000	-	-	250,000
12/21/2017	Improvements to Various Town Buildings	900,000	-	-	900,000
12/21/2017	Purchase and Installation of Public Safety Communication Equipment	120,000	-	-	120,000
12/21/2017	Demolition of Certain Buildings and Moving of Offices	150,000	-	-	150,000
12/21/2017	Purchase/Install of Police Computer Aided Dispatch/Mgmt System	565,000	-	400,000	165,000
12/21/2017	Improvements to Police HQ	165,000	-	-	165,000
12/21/2017	Acquisition or Maintenance Purposes for Hwy Dept	606,000	-	-	606,000
12/21/2017	Reconstruction of Existing Bulkheads	150,000	-	-	150,000
12/21/2017	Reconstruction and Installation of Culverts	200,000	-	-	200,000
12/21/2017	Various Drainage Improvements	150,000	-	-	150,000
12/21/2017	Reconstruction of Various Town Roads, Including Bike Paths	2,300,000	-	-	2,300,000
12/21/2017	Construction/Reconstruction of Sidewalks	100,000	-	-	100,000
12/21/2017	Purchase of Heavy Equipment for Waste Management	224,000	-	-	224,000
12/21/2017	Beach Facility Improvements	1,510,000	-	-	1,510,000
01/08/2018	Improvement of Meadowlark Lane	898,000	-	-	898,000
<b>TOTALS</b>		<b>\$15,512,750</b>	<b>\$4,005,000</b>	<b>\$1,769,750</b>	<b>\$10,610,000</b>

## 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](http://www.dtcc.com).

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

To facilitate subsequent transfers, all Bonds and Notes 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 and Notes 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 notes or (iii) any notice which is permitted or required to be given to Bondowners and Noteowners.

**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 Increase Procedural Limitation Legislation" 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 Town, 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 and Notes 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.

### General Information

The Town encompasses an area of approximately 138 square miles and is located on the south fork of Long Island, in the eastern portion of Suffolk County. Present population is estimated at 57,803 (U.S. Census Bureau - 2016).

The Town is bordered on the north by the Town of Riverhead, the Peconic Bays and Shelter Island Sound; on the east by the Town of East Hampton; on the south by the Atlantic Ocean; and on the west by the Town of Brookhaven. The Town includes the incorporated villages of North Haven, Quogue, Southampton, Westhampton Beach, West Hampton Dunes, and Sagaponack, as well as most of the Village of Sag Harbor.

Located about 70 miles east of Manhattan, the Town is a very popular summer resort area and many of the commercial facilities in the Town - hotels, motels, restaurants and recreational facilities - are associated with this activity. In addition, the Town is historically significant, being the site of the first English settlement (in 1640) in New York State and including the Halsey Homestead, built in 1648 (the oldest English saltbox house in the State); the Windmill at Water Mill, built in 1800; and the Old School House in Quogue, built in 1822. The economy of the Town is augmented by farming and fishing; by the location of the Suffolk County offices at Riverhead (actually situated in the Town); and by being the site of Stony Brook Southampton, a branch of the State University of New York at Stony Brook and the eastern campus of Suffolk County Community College. Suffolk County Community College has an enrollment of about 2,200 full and part-time students in the Town.

Recreational facilities include beaches on the ocean and the bay; various County and Town parks located throughout the Town; and golf courses, tennis courts, swimming pools, etc. Police protection is provided by the Town and fire protection by eight Fire Districts.

Southampton Hospital, the largest employer in the Town, with over 700 employees, provides access to a wide variety of medical specialties for a full range of clinical services.

Rail transportation is provided by the Long Island Railroad with stations at Speonk, Westhampton, Hampton Bays, Southampton and Bridgehampton. Highways include State Routes 27, 27A and 24, as well as County and Town roads.

## Government

The Town was established in 1801. Thirteen independently governed school districts are located wholly or partially within the Town. These school districts rely on their own taxing powers granted by the State to raise revenues. The school districts use the Town's assessment roll as their basis for taxation of property located within the Town.

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

The legislative power of the Town is vested in the Town Board. The Town Board consists of five members, including the Supervisor. The Supervisor is the chief executive officer of the Town and is elected for a term of two years. The four other members of the Town Board are elected to four-year terms, which terms are staggered such that two councilmembers are elected every two years. All the Town Board members are elected at large and there is an eight-year limitation to the number of years that all elected officials may serve.

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

## Utilities and Other Services

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

## Employees

The Town provides services through approximately 17 elected officials, 517 full-time employees including 37 board members and approximately 106 part-time employees. The Town also employs approximately 300 part-time seasonal employees. The Civil Service Employees Association represents approximately 309 employees under a contract which expires on December 31, 2021. The Police Benevolent Association represents approximately 70 employees under a contract which expired on December 31, 2020 and is currently under negotiations. The Superior Officers Association represents approximately 21 employees under a contract which expired on December 31, 2016 and is currently under negotiations. The Chief of Police is a non-union employee.

## ECONOMIC AND DEMOGRAPHIC INFORMATION

### Population Characteristics

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

<u>Year</u>	<u>Town of Southampton</u>	<u>Suffolk County</u>	<u>New York State</u>
1970	35,980	1,127,030	18,241,391
1980	43,146	1,284,231	17,557,288
1990	45,066	1,321,864	17,990,455
2000	54,712	1,419,369	18,976,457
2010	56,790	1,493,350	19,378,102
2016	57,803	1,498,130	19,697,457

Source: U.S. Bureau of the Census.

## Income Data

	Per Capita Money Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2016<sup>a</sup></u>
Town of Southampton	\$16,726	\$31,320	\$47,111	\$48,013
County of Suffolk	18,481	26,577	35,755	38,779
State of New York	16,501	23,389	30,948	34,212

	Median Household Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2016<sup>a</sup></u>
Town of Southampton	\$43,929	\$65,144	\$89,560	\$79,537
County of Suffolk	53,244	72,112	96,220	90,128
State of New York	39,741	51,691	67,405	60,741

Source: United State Bureau of the Census.

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

### Summary of Building Activity (Number of Building Permits Issued)

The chart below represents the level of building permit activity for the five most recently completed fiscal years. The figures include residential and commercial activity and with most of the activity coming from additions and renovations to existing homes and facilities. It also includes demolitions, installation of fences, swimming pools, fences, accessory buildings, etc. It does not include renewals of previously issued permits.

<u>Year</u>	<u>Number of Building Permits Issued</u>
2013	5,678
2014	6,302
2015	6,339
2016	6,571
2017	6,908

### Unemployment Rate Statistics

<u>Annual Averages:</u>	<u>Town of Southampton (%)</u>	<u>Suffolk County (%)</u>	<u>New York State (%)</u>
2013	7.0	6.5	7.7
2014	5.8	5.3	6.4
2015	5.1	4.8	5.3
2016	4.7	4.3	4.8
2017	4.9	4.5	4.7
2018 (3 Month Average)	7.3	5.2	5.0

Source: Department of Labor, State of New York.

### Selected Listing of Larger Employers

<u>Name</u>	<u>Type of Business</u>	<u>Estimated Number Of Employees</u>
Southampton Hospital	Hospital	1,200
Town of Southampton	Local Government	517
Southampton UFSD	School District	424
Corcoran Group	Real Estate	350
Bridgehampton National Bank	Commercial Banks	245
Dunn Engineering	Engineering	100
Southampton Inn	Hotel	90
Maran Corporate Risk Associates	Insurance	93
Southampton Press	Newspaper	50
Hampton Coach	Limousine Service	50
Storms Motors	Automotive Dealer	40

### 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 Increase Procedural Limitation Legislation," 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 Increase Procedural Limitation Legislation" herein.

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

**Trends of Town Indebtedness<sup>a</sup>**

Fiscal Year Ending December 31:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt Outstanding End of Year:					
Subject to Debt Limit:					
Bonds	\$145,736,850	\$130,396,303	\$118,180,251	\$111,923,700	\$105,166,996
BANs	0	0	3,345,650	3,191,640	1,790,000
Subtotal	<u>\$145,736,850</u>	<u>\$130,396,303</u>	<u>\$121,525,901</u>	<u>\$115,115,340</u>	<u>\$106,956,996</u>
Not Subject to Debt Limit:					
Bonds	\$5,415,850	\$6,036,397	\$5,473,249	\$5,636,300	\$5,018,004
BANs	0	0	0	0	0
Subtotal	<u>\$5,415,850</u>	<u>\$6,036,397</u>	<u>\$5,473,249</u>	<u>\$5,636,300</u>	<u>\$5,018,004</u>
Total Debt Outstanding	<u><u>\$151,152,700</u></u>	<u><u>\$136,432,700</u></u>	<u><u>\$126,999,150</u></u>	<u><u>\$120,751,640</u></u>	<u><u>\$111,975,000</u></u>

a. Does not include refunded bonds.

**Details of Short-Term Indebtedness Outstanding**

(As of May 24, 2018)

As of the date of this Official Statement, the Town has bond anticipation notes outstanding in the amount of \$1,605,000 that mature on February 21, 2019.

**Debt Service Requirements – Outstanding Bonds<sup>a</sup>**

Fiscal Year Ending December 31:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$15,440,000	\$3,557,972	\$18,997,972
2019	15,230,000	2,988,190	18,218,190
2020	14,650,000	2,481,194	17,131,194
2021	11,415,000	1,990,637	13,405,637
2022	11,390,000	1,625,891	13,015,891
2023	8,620,000	1,301,725	9,921,725
2024	5,825,000	1,024,000	6,849,000
2025	5,175,000	856,197	6,031,197
2026	4,940,000	701,718	5,641,718
2027	4,800,000	549,041	5,349,041
2028	4,110,000	397,994	4,507,994
2029	4,120,000	251,982	4,371,982
2030	3,290,000	115,993	3,405,993
2031	805,000	20,306	825,306
2032	375,000	5,156	380,156
Totals	<u><u>\$110,185,000</u></u>	<u><u>\$17,867,994</u></u>	<u><u>\$128,052,994</u></u>

a. Includes \$34,665,359 in bonds issued for the preservation of open space. See “Community Preservation Fund” herein. Does not reflect payments made to date.

## Computation of Debt Limit and Calculation of Net Debt Contracting Margin

(As of May 24, 2018)

Fiscal Year Ending <u>December 31:</u>	<u>Assessed</u> <u>Valuation</u>	State Equalization <u>Rate (%)</u>	<u>Full</u> <u>Valuation</u>
2014	\$55,022,618,428	100	\$55,022,618,428
2015	55,698,279,015	100	55,698,279,015
2016	57,714,211,253	100	57,714,211,253
2017	60,685,008,854	100	60,685,008,854
2018	63,690,793,873	100	<u>63,690,793,873</u>
Total Five Year Full Valuation			\$292,810,911,423
Average Five Year Full Valuation			58,562,182,285
Debt Limit - 7% of Average Full Valuation			4,099,352,760
Inclusions:			
Outstanding Bonds:			
General Purposes <sup>a</sup>			102,218,996
Housing Authority <sup>b</sup>			3,170,000
Water Districts			<u>4,941,004</u>
Sub-Total			110,330,000
Bond Anticipation Notes			<u>1,605,000</u>
Total Inclusions			<u>111,935,000</u>
Exclusions:			
Water Debt (Outstanding Bonds)			4,941,004
Bond Appropriations			11,859,125
Note Appropriations			<u>0</u>
Total Exclusions			16,800,129
Total Net Indebtedness Before the Issuance of the Bonds			<u>95,134,871</u>
The Bonds			10,610,000
Less BANs Redeemed by the Issuance of the Bonds			<u>0</u>
Net Effect of the Bonds			10,610,000
Total Net Indebtedness After the Issuance of the Bonds			105,744,871
Net Debt Contracting Margin			<u><u>\$3,993,607,889</u></u>
Percent of Debt Limit Exhausted			2.58%

a. Includes \$33,660,358 in bonds issued for the preservation of open space. See "Community Preservation Fund" herein.

b. See "Southampton Housing Authority" herein.

**Calculation of Estimated Overlapping and Underlying Indebtedness**

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Suffolk	10/03/2017	22.04	\$390,546,687	\$300,381,514
Villages	05/31/2017 or later	Var.	16,695,263	16,155,263
School Districts	06/30/17 or later	Var.	156,849,608	149,509,435
Fire Districts	12/31/16 or later	Var.	<u>20,000,856</u>	<u>19,565,856</u>
Totals			<u>\$584,092,414</u>	<u>\$485,612,068</u>

a. Does not include refunded bonds.

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

**Debt Ratios**  
(As of May 24, 2018)

	<u>Amount</u>	<u>Per Capita<sup>a</sup></u>	<u>Percentage Of Full Value (%)<sup>b</sup></u>
Total Direct Debt	\$111,935,000	\$1,936	0.18
Net Direct Debt	95,134,871	1,646	0.15
Total Direct & Applicable Total Overlapping Debt	696,027,414	12,041	1.09
Net Direct & Applicable Net Overlapping Debt	580,746,939	10,047	0.91

a. Does not include the Bonds.

b. The current estimated population of the Town is 57,803.

c. The full valuation of taxable real property in the Town for 2017-18 is \$63,690,793,873.

**Authorized And Unissued Debt**  
(As of May 24, 2018)

As of the date of this Official Statement, the Town has authorized but unissued debt in the aggregate amount of \$51,786,850 as follows:

<u>Purpose</u>	<u>Amount</u>
Various Public Improvements	\$14,359,550
Open Space Preservation	<u>37,427,300</u>
Total:	<u>\$51,786,850</u>

A portion of such authorized but unissued debt in the amount of \$10,610,000 will be financed by the issuance of the Bonds.

## Community Preservation Fund

In 1998, the voters of the five East End towns (East Hampton, Riverhead, Shelter Island, Southampton, and Southold) approved a referendum creating a Community Preservation Fund (the “Fund”) for each Town, which is a conservation program to preserve open space and farmland in the five towns. The fund is financed by a 2% tax on most real estate sales. This is a one-time tax that the buyer of real estate is required to pay when purchasing a new or used home or vacant property. In 2006, the voters in all five towns approved a referendum to extend the collection of the tax through 2030.

The Fund facilitates a voluntary program whereby landowners can sell their land or the development rights to the land to the respective towns at fair market value. The towns may issue bonds for purchases to be paid back through the life of the Fund with the 2% tax revenues. When a town finances an acquisition through the issuance of bonds, Section 64-e of Town Law requires the preparation of a report by or on behalf of the Town Supervisor which demonstrates how such indebtedness will be repaid by the Fund. The repayment report must include an estimate of projected revenues of the Fund during the period of indebtedness, an accounting of all other indebtedness incurred against the Fund to be repaid for the same period, and a finding that there will be sufficient revenue to repay such indebtedness in its entirety from the Fund.

As of the date of this Official Statement, there are \$33,660,358 in bonds outstanding that have been issued for the preservation of open space and land acquisitions, the Town debt service on which is expected to be paid by the Fund. The expected revenues accruing to the Fund would be sufficient to pay principal and interest on obligations substantially in excess of such amount.

The following represents the annual revenues of the Fund for the five most recently completed fiscal years:

Fiscal Year Ending	<u>Total Revenues</u>
<u>December 31:</u>	
2013	\$58,058,512
2014	65,110,117
2015	60,660,717
2016	55,083,465
2017	56,540,098

### Debt Service Requirements – Community Preservation Fund Only<sup>a</sup>

Fiscal Year Ending <u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$4,477,098	\$1,426,538	\$5,903,636
2019	4,506,456	1,243,029	5,749,485
2020	4,681,805	1,052,852	5,734,657
2021	2,000,000	853,063	2,853,063
2022	2,000,000	775,563	2,775,563
2023	2,000,000	695,563	2,695,563
2024	2,000,000	615,563	2,615,563
2025	2,100,000	533,906	2,633,906
2026	2,100,000	447,938	2,547,938
2027	2,200,000	360,250	2,560,250
2028	2,200,000	266,063	2,466,063
2029	2,200,000	170,500	2,370,500
2030	2,200,000	72,875	2,272,875
Totals	<u>\$34,665,359</u>	<u>\$8,513,703</u>	<u>\$43,179,062</u>

<sup>a</sup> Such debt service requirements are included in the preceding table on page 11. Does not reflect payments made to date.

## **The Bridgehampton and Sagaponack Beach Erosion Control Districts**

The Bridgehampton and Sagaponack Beach Erosion Control Districts (“BECDs”) are special taxing districts within the Town. Each BECD has an advisory board which sets the District’s annual taxing budget and determines how the funds raised will be spent on erosion control projects. The Town Board must pass a resolution in order to authorize any collection or expenditure of BECD monies. Similar to other special districts, the BECD budget is also subject to permissive referendum.

On November 27, 2012, the Town authorized two resolutions to spend an aggregate amount of \$25,307,850 for a beach erosion control project in and for the BECDs, subject to a mandatory referendum by the qualified voters that live within the respective BECDs. On February 2<sup>nd</sup>, 2013, a majority of such voters approved the project. The Town issued 10 year bonds in August of 2013 to finance the project, and the debt service on the bonds will be included in the annual budget of the BECDs for as long as the bonds are outstanding.

### **Southampton Housing Authority**

The Southampton Housing Authority (the “Authority”), a body corporate and politic, is a municipal housing authority created and established for the Town under the Public Housing Law of the State for the purpose of providing affordable, decent, safe and sanitary housing for persons of limited income and other related purposes. The Authority is governed by its Board of Directors, which is comprised of five members appointed by the Town.

The Authority’s bonds are payable from the revenues received by the Authority from the operation of its facilities. The Authority’s bonds do not constitute a debt or liability of the State or of any political subdivision thereof, except the Town with respect to a guarantee by the Town of timely payment of principal and interest on those bonds.

As of December 31, 2017, the Authority had \$3,170,000 in bonds outstanding that are guaranteed by the Town.

### **Capital Project Plans**

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

## **FINANCES OF THE TOWN**

### **Independent Audit Procedures**

The financial statements of the Town are audited annually by independent accountants. The last such audit made available for public inspection covers the fiscal year ended December 31, 2017, and the draft audit is attached as Appendix B. In addition, the financial affairs of the Town are subject to periodic compliance review by the Office of the State Comptroller (“OSC”) to ascertain whether the Town has complied with the requirements of various State and Federal statutes.

The Statements of Revenues, Expenditures and Changes in Fund Balances presented in Appendix A of this Statement are based on the audited Annual Financial Reports of the Town for the 2012-2016 fiscal years and the draft audited Annual Financial Reports of the Town for the 2017 fiscal year.

### *Fund Structure and Accounts*

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

There are three basic fund types: (1) governmental funds that are used to account for basic services and capital projects; (2) enterprise 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 presently maintains the following major governmental funds: General Fund, Police District, Town Outside Village, Community Preservation, Highway, Public Safety and the Capital Projects Fund. Fiduciary funds consist of a Trust and Agency Fund. There are three enterprise funds - golf course, beaches and marinas, and waste management. Account groups are maintained for fixed assets and long-term debt.

### *Basis of Accounting*

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

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

### **Budgetary Procedures**

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

### **The State Comptroller's Fiscal Stress Monitoring System**

The New York State Comptroller has reported that New York State's municipalities and school districts 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: 14.2%).

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

In addition, the Office of the State Comptroller helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. Reference to this website implies no warranty of accuracy of information therein. The most recent audit was released on May 17, 2013. The purpose of the audit was to determine if Trustees were effectively monitoring cash management to adequately safeguard assets. The complete report may be found on the State Comptroller's official website.

### **Financial Operations**

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

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

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

#### **2013 Results of Operations (Audited)**

For the fiscal year ending December 31, 2013, the audited financial statements show the total revenue including transfers in the General Fund were \$37,526,498 and the total expenditures, including transfers, were \$38,130,512. The total overall fund balance in the General Fund decreased from \$14,573,965 to \$13,969,951.

#### **2014 Results of Operations (Audited)**

For the fiscal year ending December 31, 2014, the audited financial statements show the total revenue including transfers in the General Fund were \$39,357,168 and the total expenditures, including transfers, were \$39,002,942. The total overall fund balance in the General Fund increased from \$13,969,951 to \$14,324,177.

#### **2015 Results of Operations (Audited)**

For the fiscal year ended December 31, 2015, the audited financial statements show the total revenue including transfers in the General Fund were \$42,277,102 and the total expenditures, including transfers, were \$39,983,732. The total overall fund balance in the General Fund increased from \$14,324,117 to \$16,617,547.

#### **2016 Results of Operations (Audited)**

For the fiscal year ending December 31, 2016, the audited financial statements show the total revenue including transfers in the General Fund were \$39,133,105 and the total expenditures, including transfers, were \$35,913,332. The total overall fund balance in the General Fund increased from \$16,617,547 to \$20,269,111.

#### **2017 Results of Operations (Audited- Draft)**

For the fiscal year ended December 31, 2017, the audited financial statements show the total revenue including transfers in the General Fund were \$39,914,753 and the total expenditures, including transfers, were \$37,308,189. The total overall fund balance in the General Fund increased from \$20,269,111 to \$22,417,592.

#### **2018 Budget**

The 2018 budget calls for further fiscal constraint consistent with the policy, procedures and controls implemented over the past several years. In addition, the Town continues to present a two-year budget model that projects operations through 2020. The 2018 budget calls for an appropriation of approximately \$598,075 in fund balance from its general fund and a 0% tax levy increase.

## **Investment Policy**

Although investment of money is not, in and of itself, a Town Purpose, the Town is permitted to temporarily invest funds pending their application to the Town purposes. Pursuant to State law, including Sections 10 and 11 of the General Municipal Law, and in accordance with its adopted investment policy, the Town is permitted to deposit moneys in banks or trust companies located and authorized to do business in the State, as authorized by the Town Board. The Chief Fiscal Officer of the Town, the Supervisor, has delegated to the Comptroller of the Town the responsibility of depositing and investing Town moneys. The Town's funds may be invested in certificates of deposit, money market deposit accounts, N.O.W. accounts and savings and/or demand deposit accounts placed through a depository institution that has a main office or branch office in the State and that contractually agrees to place funds in federally insured depository institutions through the Insured Cash Sweep service or ICS. Such investments, as well as any other funds of the Town held by banks, must be secured by collateral held in third party custodial accounts in the Town's name; such collateral is to consist of obligations guaranteed by the United States of America; general obligations of the State or obligations of local governments of the State. Banks must supply the Town at least monthly with written evidence of the collateral pledged, and the market value of such collateral must at all times equal or exceed the principal amount of the investment.

## **Debt Management Policy**

The primary objective of the Town's Debt Management Policy is to establish conditions for the use of debt and to create procedures and policies that minimize the Town's debt service and issuance costs. The Debt Management Policy applies to all general obligations debt issued by the Town, debt guaranteed by the Town, and any other forms of indebtedness.

The Town Board has adopted this policy by resolution. The policy is a guideline for general use and allows for exceptions in extraordinary circumstances. Under the recommendations of the Town's Bond Counsel, Financial Advisor and/or Comptroller, the Town will evaluate its experience under this policy and make changes, if needed, at any time by resolution of the Town Board.

In order to maintain appropriate budgetary controls and to prevent imposing excessive burdens on taxpayers of the Town, it is the intention of the Town Board in any given year to limit debt service expenditures supported by local real property taxes to no more than 15% of aggregate budgetary appropriations from the following funds: General Fund, Police Fund, Highway Fund, Part Town Fund and Emergency Dispatching Fund. The Community Preservation Fund is excluded since it is not funded by real property taxes.

## **Fund Balance Policies**

In recognition of sound fiscal policy, the Town Board has adopted a local law to make all reasonable efforts to maintain a fund balance in its General Fund at the end of each fiscal year equal to no less than 17% of the total General Fund operating budget. Such fund balance is inclusive of any reserve funds maintained by the Town for tax stabilization purposes pursuant to Chapter 8 of the Southampton Town Code. For special districts including all enterprise funds and the part-town operating funds, the Town Board adopted a local law to maintain a fund balance level of 7% of the total ensuing year's operating budget. Such funds are reliant on property taxes and are less volatile in terms of revenue projections and therefore a lesser fund balance is adequate for purposes of retaining the Town's sound financial position. The Town Board finds that these thresholds represent a reasonable amount of fund balance to achieve at the end of each fiscal year as unanticipated circumstances during the course of a year, shortfalls in projected revenues, and adverse events can have negative effects on non-tax revenues or expenditures or both.

If an emergency or unanticipated need were to occur that necessitated the appropriation of fund balance that would result in reducing the fund balance below the adopted thresholds, a resolution of the Town Board would be adopted to approve such appropriation. Subsequent to such appropriation, the Town Board would commit to immediately begin the process of reducing expenditures or raising revenues in order to restore the fund balances to adequacy over a reasonable time frame.

## **Revenues**

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

### *Real Property Taxes*

See "Real Property Tax Information," herein.

## State Aid

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

The Town received approximately 26.87% of its total operating revenue from State aid in 2017 and is expecting to receive less in 2018. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and, in fact, the State has drastically reduced funding to municipalities and school districts in the last several years in order to balance its own budget.

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

The following table sets forth the percentage of the Town's General Fund revenue comprised of State aid for each of the fiscal years 2013 through 2017 and as budgeted, for 2018.

<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>
2013	\$37,218,839	\$7,613,296	20.46
2014	35,770,079	8,040,976	22.48
2015	36,655,708	9,973,836	27.21
2016	39,133,105	9,959,551	25.45
2017 (Draft Audit)	39,914,753	10,723,639	26.87
2018 (Budgeted)	41,169,289	9,302,283	22.60

Source: Audited financial statements (2013-2016), draft audited financial statements (2017) and adopted budget (2018).

## Pension Systems

Substantially all employees of the Town are members of the State and Local Employees' Retirement System ("ERS") or the 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. While the Town is aware of the potential negative impact on its budget and will take the appropriate steps to budget accordingly for the increase, there can be no assurance that its financial position will not be negatively impacted.

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and the Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program for the ERS and PFRS. The reform program established a minimum contribution for any local governmental employer equal to 4.5% of pensionable salaries for bills which were due December 15, 2003 and for all fiscal years thereafter, as a minimum annual contribution where the actual rate would otherwise be 4.5% or less due to the investment performance of the fund. In addition, the reform program instituted a billing system to match the budget cycle of municipalities and school districts that will advise such employers over one year in advance concerning actual pension contribution rates for the next annual billing cycle. Under the previous method, the requisite ERS and PFRS contributions for a fiscal year could not be determined until after the local budget adoption process was complete. Under the revised system, a contribution for a given fiscal year is based on the valuation of the pension fund on April 1 of the calendar year preceding the contribution due date instead of the following April 1 in the year of contribution so that the exact amount may now be included in the budget for the ensuing year.

On July 30, 2004, then Governor Pataki signed into law Chapter 260 of the Laws of 2004 (“Chapter 260”). Chapter 260 contains three components which alter the way municipalities and school district contribute to the state pension system: (1) revision of the payment due date, (2) extension of the period of time for pension debt amortization, and (3) authorization to establish a pension reserve fund. Prior to the effective date of the provisions of Chapter 260, the annual retirement bill sent to municipalities and school districts from the state has reflected pension payments due between April 1 and March 31, consistent with the state fiscal year.

Chapter 260 provides for the following changes:

- **Contribution Payment Date Change:** The law changed the date on which local pension contributions are due to the State. The annual required contribution became due February 1 annually instead of December 15.
- **Pension Contributions Reserve Fund:** The law created special authorization to create a new category of reserve fund under the General Municipal Law. Municipalities and school districts may now establish a retirement contribution reserve fund that can be funded from other available current government resources.

The investment of monies, and assumptions underlying same, of the 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 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 contract the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

On December 10, 2009, then Governor Paterson signed into law pension reform legislation that will provide (according to a Division of the Budget analysis) more than \$35 billion in long-term savings to State taxpayers over the next thirty years. The legislation creates a new Tier 5 pension level, the most significant reform of the State’s pension system in more than a quarter-century. Key components of Tier 5 include:

- Raising the minimum age at which most civilian can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring employees to continue contribution 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from five years to ten years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

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

The following table presents the amount of payments by the Town to the New York State Retirement Systems for the past five years.

**Contributions to the Retirement Systems**

Fiscal Year Ending <u>December 31:</u>	Employees' Retirement <u>System</u>	Policemen's & Firemen's Retirement <u>System</u>	<u>Total</u>
2013	\$6,909,172	\$4,161,628	\$11,070,800
2014	4,597,792	3,562,253	8,160,045
2015	4,234,378	3,328,508	7,562,886
2016	3,900,418	3,182,546	7,082,964
2017 (Draft Audit)	3,796,025	3,313,428	7,109,453
2018 (Budgeted)	4,058,611	3,252,166	7,310,777

Due to recent poor performance of the investment portfolio of the Retirement System, the employer contribution rates for required pension contribution increased. To help mitigate the impact of such increases, legislation has been enacted that permits local governments and school districts to amortize a portion of such contributions. The Town has elected to amortize certain contribution costs.

However, due to the significant operating surpluses achieved in 2013, the Town designated a portion of such surpluses to pay down the previously amortized portion of the contribution to the Retirement System. As of December 31, 2013, the Town no longer has amortized amounts due to the Retirement System.

**Other Post-Employment Benefits**

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

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

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

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

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

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

<u>Annual OPEB Cost and Net OPEB Obligation</u>	<u>Fiscal Year Ended December 31, 2017</u>
Annual required contribution (ARC)	\$12,516,171
Interest on net OPEB obligation	3,222,164
Less: Adjustments to ARC	<u>(493,910)</u>
Annual OPEB cost (expense)	15,244,425
Less: Contributions made	<u>4,554,363</u>
Increase in net OPEB obligation	10,690,062
Net OPEB obligation-beginning of year	<u>80,564,563</u>
Net OPEB obligation-end of year	<u><u>\$91,254,625</u></u>

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

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

#### **Length of Service Award Program**

The Town sponsors four Volunteer Ambulance Workers Service Award Programs (the "Plans"): Westhampton War Memorial Ambulance Corporation, Flanders Northampton Ambulance Corporation, Hampton Bays Ambulance Corporation and Southampton Volunteer Ambulance Corporation. All Plans are single-employer defined benefit plans covering the Town's volunteer ambulance workers.

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

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

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

Pension contributions are determined based on an annual actuarial calculation. Based upon accepted actuarial methods and the assumptions used, it has been determined that the Town recognized a pension expense in the amount of \$309,369 for the Westhampton War Memorial Ambulance Corporation, the Flanders Northampton Volunteer Ambulance Corporation, the Hampton Bays Volunteer Ambulance Corporation and the Southampton Volunteer Ambulance Corporation for the year ended December 31, 2017.

## REAL PROPERTY TAX INFORMATION

### Real Property Taxes

The Town derives a significant portion of its annual revenue through a direct real property tax. By local law adopted in 2001, the Town has restricted itself from raising the overall property tax rate more than 5% annually.

Fiscal Year Ended December 31:	Total Revenue	Real Property Taxes	Real Property Taxes to Revenues (%)
2013	\$37,218,839	\$21,449,689	57.63
2014	35,770,079	20,893,485	58.41
2015	36,655,708	20,882,536	56.97
2016	39,133,105	21,500,574	54.94
2017 (Draft Audit)	39,914,753	22,813,108	57.15
2018 (Budgeted)	41,169,289	24,257,541	58.92

Source: Audited financial statements (2013-2016), draft audited financial statements (2017) and adopted budget (2018).

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

### Tax Levy and Collection Record

	Fiscal Year Ending December 31:				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Tax Levy:					
General Town <sup>a</sup>	\$21,907,868	\$21,416,522	\$21,007,380	\$21,796,989	\$22,914,270
Police	19,717,477	20,238,896	20,966,728	21,618,749	22,097,741
Emergency Dispatching - E911	2,056,667	2,059,311	2,142,364	2,174,475	2,337,186
Zoning	2,170,133	2,130,885	1,854,200	,327,298	1,249,150
Highway <sup>b</sup>	11,048,231	11,059,879	11,571,887	12,422,647	12,697,210
Fire & Fire Protection	12,548,005	12,744,610	13,566,410	14,436,406	14,568,468
Lighting	575,831	602,374	571,833	558,919	563,580
Water	1,122,575	1,181,369	1,126,131	1,250,684	1,282,789
Miscellaneous <sup>c</sup>	5,616,172	6,506,283	6,996,235	6,392,002	6,465,925
School and Library Districts	230,856,616	242,270,737	245,197,938	249,613,770	254,759,973
County	19,211,414	18,384,417	19,994,927	17,270,445	8,966,500
Other Items <sup>d</sup>	819,935	1,890,029	905,306	1,655,959	1,759,381
<b>Total Tax Levy</b>	<b>\$327,650,924</b>	<b>\$340,485,312</b>	<b>\$345,901,339</b>	<b>\$350,518,343</b>	<b>\$359,662,173</b>
Amount Collected	307,538,277	315,005,317	324,507,864	326,724,516	341,855,504
Percentage Collected	93.86%	92.52%	93.82%	93.21%	95.05%
Amount Uncollected	20,112,647	25,479,995	21,393,475	23,793,827	17,806,669
Percent Uncollected	6.14%	7.48%	6.18%	6.79%	4.95%

a. Includes Farmland.

b. Incorporated villages not subject to levies for these items except for Village of North Haven, which pays Police taxes.

c. Includes Ambulance District, Park Districts, Public Parking District, Street Improvements, Sagaponack Highway and Coastal Erosion Districts.

d. Includes apportioned exemptions water arrears, unpaid security alarms, omitted assessments, etc.

## Tax Collection Procedure

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

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

### Tax Rates Per \$1000 of Assessed Valuation<sup>a</sup>

	Fiscal Year Ending December 31, 2017:				
	2014	2015	2016	2017	2018
General Town	\$0.39	\$0.38	\$0.38	\$0.38	\$0.38
Police	0.55	0.57	0.57	0.55	0.54
Part Town Outside Villages	0.07	0.06	0.04	0.04	0.04
Highway	0.36	0.37	0.39	0.38	0.37
County	0.20	0.21	0.20	0.20	0.19
School and Library Districts	0.02-22.9	0.03-23.4	0.03-24.1	0.03-23.2	0.03-23.6
Special Districts:					
Fire & Fire Protection	0.11-1.10	0.14-1.06	0.18-1.01	0.17-1.01	0.19-0.98
Lighting	0.01-0.18	0.01-0.16	0.01-0.17	0.01-0.17	0.01-0.17
Water	0.24-0.48	0.23-0.48	0.27-0.48	0.27-0.48	0.29-0.47
Miscellaneous	0.01-0.68	0.02-0.70	0.02-0.68	0.02-0.70	0.02-0.70

a. If more than one rate, indicates range.

### Tax Increase Procedural Limitation Legislation

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 three members of the five-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.

Notes or bonds of the Town issued prior to the June 24, 2011 effective date of the Tax Levy Limit Law are payable from real property taxes that can be levied as necessary without regard to any Constitutional or statutory limit. Inasmuch as the Law has no exclusion for principal and interest on notes and bonds, however, levies required to pay principal and interest on notes and bonds will be included in the calculation of the Tax Levy Increase Limit. In the absence of administrative or judicial guidance, and with a lack of any experience operating under the Law, the effect of the Law on the Town’s finances and its ability to continue to levy taxes sufficient to both pay debt service on pre June 24, 2011 and post June 24, 2011 notes and bonds and meet its other governmental responsibilities is uncertain.

**Selected Listing of Large Taxable Properties**  
2017 Assessment Roll<sup>a</sup>

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Blue Turtles, Inc.	Estate	\$248,684,000
PSEG Long Island	Utility	230,142,189
Old Town SH Associates, LLC	Commercial	90,058,800
National Grid	Utility	80,540,274
Leon D Black	Estate	67,414,900
Yumi & The Kids LLC	Commercial	62,548,000
Hampton Center Realty, LLC	Commercial	55,465,000
Stem Partners, LLC	Commercial	54,679,100
650 Meadow Lane LLC	Estate	53,572,800
Stephen Perl binder	Estate	51,097,400
	Total <sup>b</sup>	<u><u>\$994,202,463</u></u>

- a. Assessment Roll established in 2017 for levy and collection of taxes during 2018 Fiscal Year.
- b. Represents 1.56% of the total taxable assessed valuation of the Town for 2017.

**LITIGATION**

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

*Shinnecock Indian Nation v. Town of Southampton, et al.*

In June 2005, the Shinnecock Indian Nation (the “Shinnecoeks”) commenced an action in the United States District Court, Eastern District of New York, against the Town, the County of Suffolk, the State and several other parties seeking to recover both real property and monetary damages in the amount of fair market value and/or rental value related to various properties in the Town. The Shinnecoeks claim that such properties, on which the Shinnecoeks allegedly had a leasehold interest, were illegally conveyed and that the Shinnecoeks should be granted “possessory rights” to such properties including restoration to the Shinnecoeks of possession of such land. It is estimated that the property represented by the claim is equal to approximately 3.85% of the total taxable real property in the Town.

By Memorandum and Order dated November 28, 2006, U.S. District Judge Thomas Platt granted the motion of defendants seeking to dismiss the Shinnecoeks’ complaint in its entirety, pursuant to Fed. R. Civ. P. 12(b)(6), for equitable considerations, including plaintiffs’ delay in commencing the action.

The Shinnecoeks filed a motion for reconsideration of Judge Platt’s Memorandum and Order, and also moved for leave to amend their complaint. They also filed a notice of appeal to the U.S. Court of Appeals (Second Circuit).

The Shinnecoeks' appeal had been held in abeyance pending disposition of their motions for reconsideration and leave to amend their complaint. Those motions were adjourned many times at the Shinnecoeks' request, based on their repeated efforts to convince the United States to intervene in the action on behalf of the Nation, and the fact that the United States had not yet made a determination on the Nation's request. Ultimately, the Nation withdrew both motions and reactivated their appeal, which was fully briefed, and then argued before the Second Circuit Court of Appeals on October 14, 2015.

By Summary Order issued by the Second Circuit Court of Appeals on October 27, 2015, the District Court's judgment dismissing the Shinnecoeks' complaint was affirmed. By order issued on June 27, 2016, the Supreme Court denied the Shinnecoeks' petition for certiorari. The matter is now closed.

**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 &amp; Operating Information</u>	<u>Audited Financial Statements</u>
2012	06/18/2013	06/11/2013
2013	06/27/2014	06/27/2014
2014	06/24/2015	06/24/2015
2015	06/27/2016	06/17/2016
2016	06/22/2017	06/22/2017

## **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 who are individuals or, except as hereinafter described, corporations. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

For taxable years that began on or before December 31, 2017, interest on the Obligations owned by certain corporations will be included in such corporations’ adjusted current earnings for purposes of computing the alternative minimum tax on such corporations. The alternative minimum tax on corporations has been repealed for taxable years beginning on or after January 1, 2018.

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 alternative minimum taxable income of a corporation for taxable years that began on or before December 31, 2017, for purposes of calculating a corporation's alternative minimum tax imposed by Section 55 of the Code, and 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 will be delivered in substantially the form attached hereto as “Appendix D”.

## **RATING**

S&P Global Ratings (“S&P”) 55 Water Street, New York, New York 10041, Telephone: (877) 299-2569 and Fax: (212) 438-5153, has assigned a rating of “AAA/Stable” to the Bonds. The rating will reflect only the view of such rating agency and an explanation of the significance of such rating should be obtained from S&P. 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.

## **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: Town of Southampton, Town Hall, 116 Hampton Road (Rte. 27A), Southampton, NY 11968, telephone number 631/702-1890, Fax 631/287-5709, email: [lmarchese@southamptontownny.gov](mailto:lmarchese@southamptontownny.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](http://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 Southampton, New York.

By: s/s JAY SCHNEIDERMAN  
Town of Southampton  
Southampton, New York

June 6, 2018

**APPENDIX A**

**FINANCIAL INFORMATION**

**Balance Sheets**  
**Governmental Funds**  
**Fiscal Year Ending December 31, 2016**

	<u>General</u>	<u>Police District</u>	<u>Highway</u>	<u>Nonmajor Governmental Funds(1)</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 15,556,415	\$ 3,615,643	\$ 4,289,387	\$ 7,865,535
Cash - Restricted	4,486,637	34,765	617,581	5,546,209
Accounts Receivable	931,448	303,686	1,200	418,856
Due from Other Funds	2,777,518			
Due from Fiduciary Funds		1,324	16,664	
Due from Other Governments				
State and Federal Aid Receivables	188,222	2,566,235	842,159	
Prepaid Charges	1,924,365	1,171,342	227,646	68,635
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ 25,864,605	\$ 7,692,995	\$ 5,994,637	\$ 13,899,235
	<hr/>	<hr/>	<hr/>	<hr/>
<b>LIABILITIES</b>				
Accounts Payable	\$ 394,289	\$ 57,387	\$ 149,438	\$ 178,327
Accrued Liabilities	134,807	212,482	19,156	169,175
Due to Fiduciary Funds	58,812	47,027		3,342
Due to Proprietary Funds				660,000
Due to Other Governments	244,624			
Due to Other Funds				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	832,532	316,896	168,594	1,010,844
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Deferred Inflows</b>				
Property Taxes Received in Advance	4,762,962	4,590,278	2,792,596	1,927,348
Deferred Revenue				315,355
	<hr/>	<hr/>	<hr/>	<hr/>
	4,762,962	4,590,278	2,792,596	2,242,703
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Balances (Deficits):</b>				
Nonspendable	1,924,365	1,171,342	227,646	68,635
Restricted	4,486,637	34,765	617,581	4,722,044
Assigned	551,490	1,579,714	2,188,220	1,000,000
Unassigned	13,306,619			4,855,009
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances (Deficits)	20,269,111	2,785,821	3,033,447	10,645,688
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<b>\$ 25,864,605</b>	<b>\$ 7,692,995</b>	<b>\$ 5,994,637</b>	<b>\$ 13,899,235</b>
	<hr/>	<hr/>	<hr/>	<hr/>

(1) Includes Special Grant Fund, Special Fund, Trustees, and Special District Funds.

Source: Audited Annual Financial Report of the Town (2016)

NOTE: This schedule is NOT audited

**Balance Sheets**  
**Governmental Funds**  
**Fiscal Year Ending December 31, 2017**

	<u>General</u>	<u>Police District</u>	<u>Highway</u>	<u>Nonmajor Governmental Funds(1)</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 17,621,264	\$ 6,949,569	\$ 4,962,866	\$ 7,285,084
Cash - Restricted	4,667,487	28,971	560,816	5,922,755
Accounts Receivable	827,543	244,709	818,934	1,025,014
Due from Other Funds	3,621,270			
Due from Other Governments	10,000		4,197	
State and Federal Aid Receivables	282,307	23,508	332,038	
Prepaid Charges	2,175,894	1,260,262	274,464	73,290
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	\$ 29,205,765	\$ 8,507,019	\$ 6,953,315	\$ 14,306,143
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 574,744	\$ 151,512	\$ 367,259	\$ 118,976
Accrued Liabilities	195,631	301,462	128,094	116,035
Due to Other Funds				674,945
Due to Other Governments	320,985			
Due to Fiduciary Funds	34,990	31,869		4,759
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	1,126,350	484,843	495,353	914,715
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Deferred Inflows				
Deferred Property Taxes	5,661,823	5,315,395	3,193,277	2,203,982
Unavailable Grant Revenues				
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	5,661,823	5,315,395	3,193,277	2,203,982
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund Balances (Deficits):				
Nonspendable	2,175,894	1,260,262	274,464	73,290
Restricted	4,667,487	28,971	560,816	5,123,384
Committed				760,000
Assigned	618,353	1,417,548	2,429,405	5,230,772
Unassigned	14,955,858			
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Balances (Deficits)	22,417,592	2,706,781	3,264,685	11,187,446
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities and Fund Balances (Deficits)	\$ 29,205,765	\$ 8,507,019	\$ 6,953,315	\$ 14,306,143
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

(1) Includes Special Grant Fund, Special Fund, Trustees, and Special District Funds.

Source: Draft Audited Annual Financial Report of the Town (2017)

NOTE: This schedule is NOT audited

**Statement of Revenues, Expenditures and Changes in Fund Balances  
General Fund**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues:					
Real Property Taxes	21,449,689	20,893,485	20,860,140	21,500,574	22,813,108
Other Real Property Tax Items	208,216	226,320	232,724	231,173	332,143
Non-Property Tax Items	1,530,975	1,643,124	1,700,658	1,846,425	1,907,161
Special Assessments	47,335	40,061	37,170	33,153	13,063
Departmental Income	794,720	730,907	717,080	1,097,848	877,620
Intergovernmental Charges	307,863	317,449	292,401	221,095	267,244
Use of Money & Property	45,405	116,182	146,463	108,493	224,180
Licenses and Permits	357,565	346,110	358,515	487,749	384,114
Fines and Forfeitures	1,813,642	1,588,383	1,662,579	1,572,067	1,343,933
Sale of Property & Compensation for Loss	132,624	43,260	65,575	259,243	79,021
Miscellaneous Local Sources	725,715	690,195	647,900	744,183	499,173
State Aid	7,613,296	8,040,976	9,973,836	9,959,551	10,723,639
Federal Aid	2,191,794	1,093,627	1,111,243	1,071,551	450,354
<b>Total Revenues</b>	<u>37,218,839</u>	<u>35,770,079</u>	<u>37,806,284</u>	<u>39,133,105</u>	<u>39,914,753</u>
Expenditures:					
General Government Support	12,163,259	13,681,005	14,102,599	14,162,985	14,467,463
Public Safety	2,346,882	2,347,153	2,365,285	2,455,819	2,526,327
Health					
Transportation	767,789	797,135	788,445	868,780	855,564
Econ. Assistance & Opportunity	2,967,070	2,699,222	2,923,125	2,768,458	2,829,806
Culture & Recreation	2,706,126	2,417,846	2,051,708	2,238,320	2,601,782
Home & Community Service	581,865	594,210	567,544	611,801	721,126
Employee Benefits	10,593,823	8,619,623	8,613,634	8,798,064	9,403,816
Debt Service	5,099,743	4,538,280	4,230,991	4,009,105	3,902,305
<b>Total Expenditures</b>	<u>37,226,557</u>	<u>35,694,474</u>	<u>35,643,331</u>	<u>35,913,332</u>	<u>37,308,189</u>
Excess (Deficiency) of Revenues over Expenditures	(7,718)	75,605	2,162,953	3,219,773	2,606,564
Other Sources (Uses)					
Proceeds from Issuance of Debt					
Proceeds of Refunding Debt		2,720,186	3,725,099		
Premium of Debt Issuance	11,048	328,585	381,753	88,979	31,157
Payment to Refunded Debt Escrow		(3,039,287)	(3,996,598)		
Operating Transfers In	296,611	538,318	363,966	429,240	337,472
Operating Transfers Out	(903,955)	(269,181)	(343,803)	(86,428)	(826,712)
<b>Total Other Sources (Uses)</b>	<u>(596,296)</u>	<u>278,621</u>	<u>130,417</u>	<u>431,791</u>	<u>(458,083)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(604,014)	354,226	2,293,370	3,651,564	2,148,481
Fund Balance Beginning of Year	14,573,965	13,969,951	14,324,177	16,617,547	20,269,111
Prior Period Restatement					
<b>Fund Balance End of Year</b>	<u><u>13,969,951</u></u>	<u><u>14,324,177</u></u>	<u><u>16,617,547</u></u>	<u><u>20,269,111</u></u>	<u><u>22,417,592</u></u>

Sources: Audited Financial Reports (2013-2016) and Draft Audited Financial Reports (2017)

NOTE: This schedule is NOT audited

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Police District**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Revenues:</b>					
Real Property Taxes	\$ 19,738,896	\$ 20,238,896	\$ 20,963,398	\$ 21,618,749	\$ 22,097,741
Other Real Property Tax Items	135,560	139,003	144,942	147,684	156,746
Departmental Income	583,429	524,678	557,822	537,959	502,152
Use of Money & Property	23,781	34,170	51,206	46,924	93,979
Licenses and Permits	190,699	82,007	79,323	88,950	111,970
Compensation for Loss	19,884	11,750	11,221	41,112	19,431
Miscellaneous Local Sources	71,712	254,453	275,392	340,522	352,180
State Aid	1,944,911	2,849,511	2,246,723	2,548,699	2,835,912
Federal Aid	118,966	100,616	45,344	265,439	114,511
<b>Total Revenues</b>	<b><u>22,827,838</u></b>	<b><u>24,235,084</u></b>	<b><u>24,375,371</u></b>	<b><u>25,636,038</u></b>	<b><u>26,284,622</u></b>
<b>Expenditures:</b>					
General Government Support					
Public Safety	14,044,870	14,750,872	15,561,415	16,082,237	16,395,516
Employee Benefits	8,976,554	8,520,895	8,660,238	9,030,571	9,678,396
Debt Service	476,656	529,157	369,429	236,054	276,623
<b>Total Expenditures</b>	<b><u>23,498,080</u></b>	<b><u>23,800,924</u></b>	<b><u>24,591,082</u></b>	<b><u>25,348,862</u></b>	<b><u>26,350,535</u></b>
Excess (Deficiency) of Revenues over Expenditures	(670,242)	434,160	(215,711)	287,176	(65,913)
<b>Other Sources (Uses)</b>					
Payment to Refund Bond Escrow Agent		(185)			
Proceeds From Debt		166			
Premium from Issuance of Debt	6,842	4,159	1,392	2,436	873
Operating Transfers In	45,017				61,000
Operating Transfers Out	(200,000)				(75,000)
<b>Total Other Sources (Uses)</b>	<b><u>(148,141)</u></b>	<b><u>4,140</u></b>	<b><u>1,392</u></b>	<b><u>2,436</u></b>	<b><u>(13,127)</u></b>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(818,383)	438,300	(214,319)	289,612	(79,040)
Fund Balance Beginning of Year	3,090,611	2,272,228	2,710,528	2,496,209	2,785,821
Prior Period Restatement					
Fund Balance End of Year	\$ <b><u>2,272,228</u></b>	\$ <b><u>2,710,528</u></b>	\$ <b><u>2,496,209</u></b>	\$ <b><u>2,785,821</u></b>	\$ <b><u>2,706,781</u></b>

Sources: Audited Financial Reports (2013-2016) and Draft Audited Financial Reports (2017)

NOTE: This schedule is NOT audited

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Highway Fund**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Revenues:</b>					
Real Property Taxes	\$ 11,060,035	\$ 11,059,879	\$ 11,569,402	\$ 12,422,647	\$ 12,697,210
Other Real Property Tax Items	76,359	74,824	78,642	85,335	90,172
Departmental Income		12,400	15,200	20,200	18,800
Intergovernmental Charges	699,008	714,071	707,682	752,113	765,337
Use of Money & Property	16,589	22,406	30,708	32,850	64,528
Licenses and Permits			2,553		
Sale of Property & Compensation for Loss		18,150	15,450	200,900	20,877
Miscellaneous Local Sources	44,817	40,436	73,380	49,301	102,648
Federal Aid	842,159			87,112	
State Aid	906,178	1,102,422	1,269,173	842,272	1,367,391
<b>Total Revenues</b>	<u>13,645,145</u>	<u>13,044,588</u>	<u>13,762,190</u>	<u>14,492,730</u>	<u>15,126,963</u>
<b>Expenditures:</b>					
Transportation	5,821,241	6,717,890	6,903,220	6,811,035	7,149,010
Employee Benefits	3,420,040	3,051,196	3,017,405	3,121,087	3,118,728
Debt Service	3,756,866	3,852,524	3,925,544	4,148,612	4,318,497
<b>Total Expenditures</b>	<u>12,998,147</u>	<u>13,621,610</u>	<u>13,846,169</u>	<u>14,080,734</u>	<u>14,586,235</u>
Excess (Deficiency) of Revenues over Expenditures	646,998	(577,022)	(83,979)	411,996	540,728
<b>Other Sources (Uses)</b>					
Payment to Refund Bond Escrow Agent		(2,919,870)			
Proceeds from Debt		2,613,307			
Premium from Issuance of Debt	70,992	339,607	32,572	43,909	27,508
Operating Transfers In	5,944		872,000	250,100	13,002
Operating Transfers Out	(400,000)		(412,177)	(250,405)	(350,000)
<b>Total Other Sources (Uses)</b>	<u>(323,064)</u>	<u>33,044</u>	<u>492,395</u>	<u>43,604</u>	<u>(309,490)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	323,934	(543,978)	408,416	455,600	231,238
Fund Balance Beginning of Year	2,389,475	2,713,409	2,169,431	2,577,847	3,033,447
Prior Period Restatement					
Fund Balance End of Year	<u>\$ 2,713,409</u>	<u>\$ 2,169,431</u>	<u>\$ 2,577,847</u>	<u>\$ 3,033,447</u>	<u>\$ 3,264,685</u>

Sources: Audited Financial Reports (2013-2016) and Draft Audited Financial Reports (2017)

NOTE: This schedule is NOT audited

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Governmental Funds (1)**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Revenues:</b>					
Real Property Taxes	6,387,244	9,119,255	8,855,324	9,097,436	9,209,629
Other Real Property Tax Items	129,667	132,464	134,485	118,132	120,015
Departmental Income	3,404,486	2,252,686	2,457,809	2,377,595	2,236,458
Use of Money & Property	343,970	349,451	368,164	385,001	382,762
Fines and Forfeitures				20,055	22,730
Sale of Property & Compensation for Loss	4,570		14,816	378,060	374,906
Miscellaneous Local Sources	1,286,199	777,351	763,456	650,401	227,744
State Aid	12,590	2,148	5,000	5,000	18,945
Federal Aid	3,867,386	3,903,115	3,946,920	4,094,125	3,710,464
<b>Total Revenues</b>	<u>15,436,112</u>	<u>16,536,470</u>	<u>16,545,974</u>	<u>17,125,805</u>	<u>16,303,653</u>
<b>Expenditures:</b>					
General Government Support	254,109	92,059	143,806	89,991	94,190
Public Safety	812,513	816,389	832,112	892,040	887,265
Health	2,895,640	2,943,708	2,989,335	3,067,786	3,129,142
Transportation	511,565	520,836	482,665	485,800	484,816
Econ. Assistance & Opportunity	490	22,209	580,217	622,556	8,952
Culture & Recreation	449,462	469,113	628,749	542,203	513,659
Home & Community Service	26,007,195	11,415,330	6,349,707	6,341,329	6,086,150
Employee Benefits	918,584	903,888	843,652	874,224	889,213
Debt Service	908,852	3,487,281	3,549,346	3,511,857	3,529,058
<b>Total Expenditures</b>	<u>32,758,410</u>	<u>20,670,813</u>	<u>16,399,589</u>	<u>16,427,786</u>	<u>15,622,445</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	(17,322,298)	(4,134,343)	146,385	698,019	681,208
<b>Other Sources (Uses)</b>					
Operating Transfers In	1,988,542	52,979	252,750	228,230	5,050
Operating Transfers Out	(1,879,127)	(152,061)	(849,610)	(893,778)	(144,500)
Payment to Refund Bond Escrow Agent		(858,157)		10,897	
Premium on Obligations	918,503	106,659			
Proceeds From Issuance of Debt	21,750,000	768,057			
<b>Total Other Sources (Uses)</b>	<u>22,777,918</u>	<u>(82,523)</u>	<u>(596,860)</u>	<u>(654,651)</u>	<u>(139,450)</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	5,455,620	(4,216,866)	(450,475)	43,368	541,758
Fund Balance Beginning of Year	10,971,344	16,426,964	11,052,795	10,602,320	10,645,688
Prior Period Restatement		(1,157,303)			
<b>Fund Balance End of Year</b>	<u>16,426,964</u>	<u>11,052,795</u>	<u>10,602,320</u>	<u>10,645,688</u>	<u>11,187,446</u>

(1) Includes Special Grant Fund, Special Fund, Trustees, and Special District Funds.

Sources: Audited Financial Reports (2013-2016) and Draft Audited Financial Reports (2017)

NOTE: This schedule is NOT audited

**Budget Summaries**  
**Governmental and Other Operating Funds**  
Fiscal Year Ending December 31, 2017

Fund	<u>Appropriations</u>	<u>Estimated Revenues</u>	<u>Application of Surplus</u>	<u>Tax Levy</u>
General Fund	\$ 39,289,430	\$ 16,026,322	\$ 450,000	\$ 22,813,108
Police Fund	26,182,262	3,834,521	250,000	22,097,741
Part-Town Fund	5,661,744	5,661,744		
Part-Town Highway	14,621,304	1,749,094	175,000	12,697,210
Part-Town Land Management (03)	2,341,936	432,269	750,000	1,159,667
Part-Town Land Management (22)	4,623,263	4,533,780		89,483
Emergency Dispatch - 911	2,735,686	248,500	150,000	2,337,186
Beaches	1,730,874	1,540,900	189,974	
Conscience Point Marina	464,487	363,325		101,162
East Quogue Marina	16,000	16,000		
Pine Neck Marina	30,100	30,100		
Poxabogue Golf Course	156,000	156,000		
Waste Management	2,549,034	2,285,898	300,000	-36,864
Ambulance Districts	3,410,638	11,251	61,169	3,338,218
Erosion Control District	2,724,950		174,180	2,550,770
Fire Protection Districts	904,452	6,450		898,002
Park Districts	550,535	3,205		547,330
Parking Districts	131,462	10,990		120,472
Road Improvement Districts	16,513	1,100	2,350	13,063
Street Lighting Districts	579,947	4,015	12,352	563,580
Water Districts	3,956,052	2,564,601	108,662	1,282,789
CPF Trust	46,536,343	46,536,343		
Total	<u>\$ 159,213,012</u>	<u>\$ 86,016,408</u>	<u>\$ 2,623,687</u>	<u>\$ 70,572,917</u>

Source: Adopted Budget of the Town of Southampton

**Budget Summaries**  
**Governmental and Other Operating Funds**  
Fiscal Year Ending December 31, 2018

Fund	<u>Appropriations</u>	<u>Estimated Revenues</u>	<u>Application of Surplus</u>	<u>Tax Levy</u>
General Fund	\$ 41,767,364	16,911,748	\$ 598,075	\$ 24,257,541
Police Fund	27,255,873	4,162,521	250,000	22,843,352
Part-Town Fund	7,434,329	5,264,551	750,000	1,419,778
Part-Town Highway	15,019,532	1,859,407	175,000	12,985,125
Part-Town Land Management (03)	2,321,399	447,127	750,000	1,124,272
Part-Town Land Management (22)	5,020,632	4,817,423		203,208
Emergency Dispatch - 911	2,942,297	257,000	150,000	2,535,297
Beaches	1,777,819	1,577,819	200,000	
Conscience Point Marina	484,061	363,750		120,311
East Quogue Marina	17,000	17,000		
Pine Neck Marina	30,400	30,400		
Beaver Creek Marina	20,840	20,840		
Poxabogue Golf Course	185,000	185,000		
Waste Management	2,736,782	2,306,898	300,000	129,884
Ambulance Districts	3,438,858	13,500		3,425,358
Erosion Control District	2,730,350	10,000	151,030	2,569,320
Fire Protection Districts	1,011,173	6,800		1,004,373
Park Districts	512,453	7,505		504,948
Parking Districts	131,324	11,490		119,834
Road Improvement Districts	17,988	3,000	1,925	13,063
Street Lighting Districts	581,279	7,155	11,475	562,649
Water Districts	4,059,924	2,576,600	108,662	1,374,662
CPF Trust	47,352,307	47,352,307		
Total	<u>\$ 166,848,984</u>	<u>\$ 88,209,841</u>	<u>\$ 3,446,167</u>	<u>\$ 75,192,975</u>

Source: Adopted Budget of the Town of Southampton

**TOWN OF SOUTHAMPTON**

**APPENDIX B**

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

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

**TOWN OF SOUTHAMPTON  
LONG ISLAND, NEW YORK**



***COMPREHENSIVE***  
***ANNUAL FINANCIAL REPORT***  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2017**

**TOWN OF SOUTHAMPTON, LONG ISLAND, NEW YORK**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**



**PREPARED BY:**

**TOWN COMPTROLLER'S OFFICE**

**TOWN OF SOUTHAMPTON**  
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## **INTRODUCTORY SECTION**



**TOWN OF SOUTHAMPTON**

**PRINCIPAL OFFICIALS**

***SUPERVISOR***

JAY SCHNEIDERMAN

***TOWN COUNCIL***

JOHN BOUVIER

TOMMY JOHN SCHIAVONI

JULIE LOFSTAD

CHRISTINE PRESTON SCALERA

***RECEIVER OF TAXES***

THERESA A. KIERNAN

***SUPERINTENDENT OF HIGHWAYS***

ALEX D. GREGOR

***TOWN CLERK***

SUNDY SCHERMAYER

***TOWN JUSTICES***

DEBORAH KOOPERSTEIN

ANDREA SCHIAVONI

GARY J. WEBER

BARBARA WILSON

***TOWN TRUSTEES***

EDWARD J. WARNER JR., PRESIDENT

SCOTT HOROWITZ, SECRETARY/TREASURER

WILLIAM PELL IV

BRUCE STAFFORD

ANN WELKER

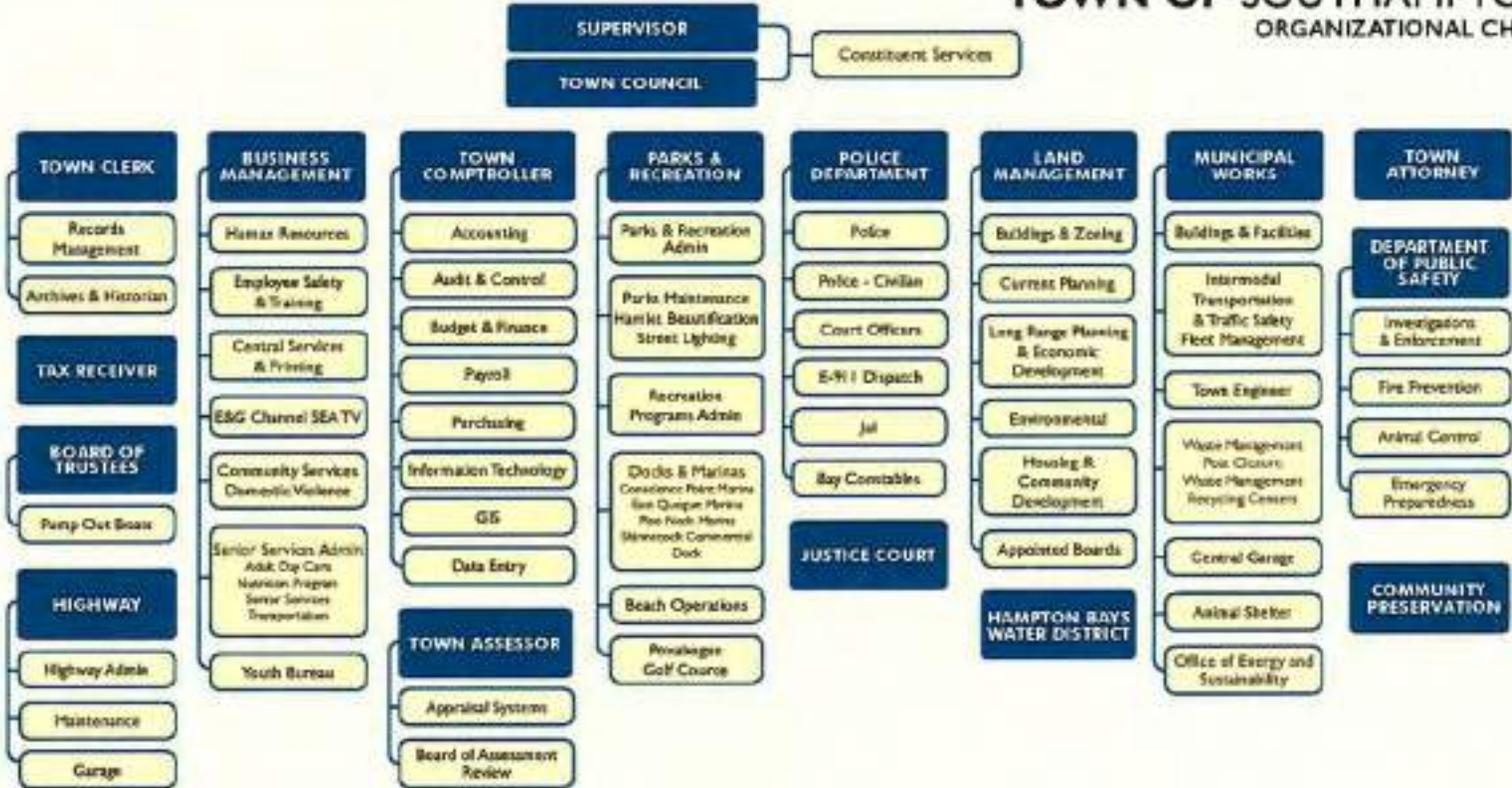
***TOWN ATTORNEY***

JAMES M. BURKE

***TOWN COMPTROLLER***

LEONARD J. MARCHESE, MBA, CPA

# TOWN OF SOUTHAMPTON ORGANIZATIONAL CHART



TOWN OF SOUTHAMPTON



Government Finance Officers Association

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

Presented to

**Town of Southampton  
New York**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2016**

*Christopher P. Morill*

Executive Director/CEO

## **FINANCIAL SECTION**



**NawrockiSmith**

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Supervisor and Town Board of the  
Town of Southampton:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Southampton (the "Town"), as of and for the year ended December 31, 2017, and the related notes to financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Southampton, as of December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

# NawrockiSmith

## ***Change in Accounting Principle***

As discussed in Note 4, as well as Management's Discussion and Analysis ("MD&A"), in 2017 the Town adopted the Governmental Accounting Standards Board Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The adoption of this statement resulted in a prior-period adjustment. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, on pages 16-29 and 78-101, 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 ("GASB"), 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 Southampton's basic financial statements. The introductory section, other supplementary information and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The other supplementary information on pages 102-114 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated XXXX XX, XXXX, on our consideration of the Town of Southampton'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 Southampton's internal control over financial reporting and compliance.

Melville, New York  
XXXX XX, XXXX

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

**TOWN OF SOUTHAMPTON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

The following is a discussion and analysis of the Town of Southampton's (the "Town") financial performance for the year ended December 31, 2017. This section is a summary of the Town's financial activities based on currently known facts, decisions and conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the Town's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

- The Town's primary government total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$1,020,949,867 (net position). This consists of \$999,208,642 invested in capital assets (net of related debt), \$96,803,926 restricted for specific purposes, offset by a deficit unrestricted portion of \$75,062,701.
- The Town's primary government net position increased \$35,421,528 in 2017 compared to \$38,054,328 in 2016.
- The Town's total bonded indebtedness decreased \$7,375,001 and governmental expenditures related to debt service (principal and interest) decreased \$11,522 from fiscal year ended December 31, 2016. The Town expects future debt service to continue to decrease as the Town was able to take advantage of lower interest rates by refunding eligible debt.
- The Town's total governmental operating funds fund balance increased \$2,753,316 as compared to \$4,520,008 in 2016. The decrease in the change in fund balance is primarily related to the decrease in revenues being greater than the decrease in expenditures, before other financing uses. A detailed analysis of these changes can be found later in this section.
- The Town's total business-type activities (proprietary funds) reported operating income of \$265,528 in 2017. This is a decrease of \$213,500, compared to 2016.
- The General Fund fund balance increased \$2,148,481 to \$22,417,592 of which \$2,175,894 was nonspendable, \$4,667,487 was restricted, \$618,353 was assigned, and \$14,955,858 was unassigned.
- As discussed in Note 4 to the financial statements, "Changes in Accounting Principles", the Town has implemented the provisions of GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, for the year ended December 31, 2017. The implementation of this statement resulted in a restatement to the opening net position as of January 1, 2017.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of five parts: the introductory section, basic financial statements, required supplementary information including management's discussion and analysis (this section), other supplementary information and statistical information. The basic financial statements include two kinds of financial statements that present different views of the Town:

- The first two financial statements are government-wide financial statements (the "Town-wide") that provide both short-term and long-term information about the Town's overall financial status (see pages 30 and 31).
- The remaining financial statements are fund financial statements that focus on individual parts of the Town, reporting the Town's operations in more detail than the government-wide (the "Town-wide") financial statements.
  - The *governmental fund financial statements* tell how basic services were financed in the *short-term* as well as what remains for future spending (see pages 32 through 35).
  - *Proprietary fund financial statements* provide both short-term and long-term information on the Town's business-type activities with the primary revenue sources being charges for services (see pages 36 through 38).
  - *Fiduciary fund financial statements* provide information about the financial relationships in which the Town acts solely as a trustee or agent for the benefit of others (see page 39).

## Reporting the Town as a Whole

The analysis of the Town as a whole begins on page 30. One of the most important questions asked about the Town's finances should be, "Is the Town as a whole better off or worse off as a result of the current year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These financial statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two financial statements report the Town's net position and changes in them. You can think of the Town's net position - the residual balance of assets plus deferred outflows of resources minus liabilities and deferred inflows of resources - as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, we divide the Town into three categories:

- *Governmental activities* - Most of the Town's basic services are reported here, including police, fire, public works, parks departments and general administration. Property taxes, franchise fees, and State and Federal grants finance most of these activities.
- *Business-type activities* - The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's waste management, golf course and beaches and marinas facilities are reported here.
- *Component units* - The component units are legally separate organizations for which the Town is either financially accountable, or the nature and relationship with the Town is such that exclusion would cause the Town's financial statements to be misleading or incomplete. The Town includes two discretely presented component units (Town of Southampton Housing Authority and the Trustees of the Freeholders and Commonalty of the Town of Southampton) as separate columns on the Town-wide financial statements. Complete financial statements of the component units can be obtained from their administrative office (see Note 2).

## Reporting the Town's Most Significant Funds

Fund financial statements present financial information in the traditional governmental accounting format, with an emphasis on the most significant funds. Our analysis of the Town's major funds begins on page 32. Some funds are required to be established by New York State law and by bond covenants. However, the Town establishes many other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (grants received from the U.S. Department of Housing and Urban Development). The Town's three kinds of funds - governmental, proprietary and fiduciary - use different accounting approaches.

- *Governmental Funds* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds (pages 32 and 34) in a reconciliation following each of the governmental fund financial statements (pages 33 and 35).

- *Proprietary Funds* - When the Town charges customers for the services it provides - whether to outside customers or to other units of the Town - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the Town-wide financial statements but provide more detail and additional information, such as cash flows, for proprietary funds (pages 36-38).
- *Fiduciary Funds* - Fiduciary funds are used to account for resources that are earmarked for the benefit of other parties, and are not reflected on the Town-wide financial statements because those funds are not available to support the Town's activities (page 39).

### **FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE**

#### Financial Highlights:

#### Net position

The Town's total assets and deferred outflows on December 31, 2017 were approximately \$1.3 billion. Total liabilities and deferred inflows of resources were \$270.7 million. The result is a net position of \$1.0 billion, an increase of \$35.4 million over the prior year.

- Working capital of \$135.4 million on December 31, 2017 compared with the December 31, 2016 working capital of \$128.4 million, increased primarily due to a \$5.3 million increase in cash (unrestricted and restricted).
- Net investment in capital assets of \$999.2 million (compared to \$953.2 million in 2016) increased primarily due to a reduction of bonds payable as a result of scheduled debt service payments, offset by capital outlay exceeding current year depreciation charges.
- The Town's restricted net position increased \$2.9 million. This classification represents assets subject to external restrictions. The increase is mainly due to an increase in restricted net position for capital projects.
- The Town reported a decrease in deferred outflows of resources. The decrease is the result of a decrease in the difference between projected and actual earnings on pension plan investments (see note 11 to financial statements for more information).

	2017	2016	2015	2014	2013	2012
<b>Assets:</b>						
Current assets	\$ 155,060,874	\$ 148,719,380	\$ 3,319,169	\$ 2,891,893	\$ 158,380,043	\$ 151,411,278
Capital assets, net	1,091,526,314	1,054,105,737	22,316,780	22,903,386	1,113,843,074	1,077,009,123
<b>Total assets</b>	<b>\$1,246,587,188</b>	<b>\$1,202,825,122</b>	<b>\$ 25,635,929</b>	<b>\$ 25,595,279</b>	<b>\$1,272,223,117</b>	<b>\$1,228,420,401</b>
Deferred outflows of resources	\$ 18,969,266	\$ 33,150,134	\$ 439,021	\$ 794,864	\$ 19,408,287	\$ 33,944,998
<b>Liabilities:</b>						
Current liabilities	\$ 22,021,783	\$ 22,083,522	\$ 981,997	\$ 951,125	\$ 23,003,780	\$ 23,034,647
Long-term liabilities	220,830,892	228,572,017	5,561,931	5,835,325	226,362,623	234,407,342
<b>Total liabilities</b>	<b>\$ 242,852,475</b>	<b>\$ 250,655,539</b>	<b>\$ 6,543,928</b>	<b>\$ 6,786,450</b>	<b>\$ 249,366,403</b>	<b>\$ 257,441,989</b>
Deferred inflows of resources	\$ 21,167,371	\$ 19,297,465	\$ 117,763	\$ 97,006	\$ 21,285,134	\$ 19,395,071
<b>Net position:</b>						
Net investment in capital assets	\$ 962,759,871	\$ 936,186,313	\$ 16,448,771	\$ 17,051,685	\$ 999,208,642	\$ 953,237,998
Restricted	90,751,073	93,815,382	52,253	68,333	96,803,920	93,884,715
Unrestricted	(77,974,936)	(63,979,443)	2,912,235	2,385,089	(75,062,701)	(61,594,374)
<b>Total net position</b>	<b>\$1,001,536,008</b>	<b>\$ 996,022,252</b>	<b>\$ 19,413,259</b>	<b>\$ 19,506,087</b>	<b>\$1,029,949,867</b>	<b>\$ 985,528,339</b>

## Change in Net Position

The Town's program revenues for the year ended December 31, 2017 were \$81.6 million, a decrease of \$1.1 million from 2016, primarily related to decreases in operating and capital grants. General revenues of \$87.8 million were slightly higher (\$2.7 million increase) than last year. Total combined revenues for 2017 were \$169.4 million, an increase of \$1.6 million from 2016. Expenses for the year ended December 31, 2017 were \$133.9 million reflecting an increase of \$4.2 million compared to 2016, which is primarily related to an increase in most categories, with the exception of General Governmental Support, Economic Assistance and Opportunity, and Interest on Debt. This resulted in an increase in net position for the year ended December 31, 2017 of approximately \$35.4 million. The table below outlines a comparison of revenues and expenses for the Primary Government for the years ended December 31, 2017 and 2016:

**Table 2:**  
Condensed Statements of Activities and Changes in Net Position  
Governmental and Business-type Activities - Primary Government  
For the Years Ended December 31,

	2017		2016		2015	
	2017	2016	2017	2016	2017	2016
<b>Program revenues:</b>						
Charges for services, fees, fines and forfeitures	\$ 12,973,115	\$ 13,230,908	\$ 4,532,541	\$ 4,505,134	\$ 17,805,658	\$ 17,736,042
Operating grants and contributions	61,882,374	62,112,570	-	31,548	61,882,374	62,144,118
Capital grants and contributions	2,300,128	2,767,546	-	-	2,300,128	2,767,546
<b>Total program revenues</b>	<b>77,055,617</b>	<b>78,111,024</b>	<b>4,532,541</b>	<b>4,536,682</b>	<b>81,988,158</b>	<b>82,647,704</b>
<b>General revenues:</b>						
Real property taxes	70,404,024	68,141,179	101,162	296,415	70,505,186	68,437,694
Other real property tax items	725,072	606,740	-	-	725,072	606,740
Non-property tax items	1,907,161	1,846,425	-	-	1,907,161	1,846,425
Interest earnings	1,610,440	1,111,137	17,013	10,451	1,627,463	1,121,688
State aid - unrestricted	12,511,102	12,173,071	-	-	12,511,102	12,173,071
Sale of property and compensation for loss	494,235	881,314	-	-	494,235	881,314
Miscellaneous	-	45,380	-	-	-	45,380
<b>Total general revenues</b>	<b>87,652,034</b>	<b>84,805,246</b>	<b>118,175</b>	<b>306,866</b>	<b>87,770,208</b>	<b>85,112,112</b>
<b>Total revenues</b>	<b>164,707,651</b>	<b>162,916,270</b>	<b>4,650,716</b>	<b>4,843,548</b>	<b>169,758,367</b>	<b>167,759,816</b>
<b>Program expenses:</b>						
General governmental support	31,505,422	33,700,867	-	-	31,505,422	33,700,867
Public safety	49,981,090	46,553,861	-	-	49,981,090	46,553,861
Health	3,129,142	3,061,789	-	-	3,129,142	3,061,789
Transportation	13,268,204	12,428,053	-	-	13,268,204	12,428,053
Economic assistance and opportunity	5,431,458	5,824,936	-	-	5,431,458	5,824,936
Culture and recreation	5,560,779	4,831,447	-	-	5,560,779	4,831,447
Home and community services	17,458,105	15,894,394	-	-	17,458,105	15,894,394
Interest on debt	3,159,095	3,191,968	176,531	186,070	3,335,626	3,378,036
Beaches and marinas	-	-	1,857,210	1,695,249	1,857,210	1,695,249
Waste management	-	-	2,360,047	2,292,725	2,360,047	2,292,725
Golf course	-	-	49,750	48,132	49,750	48,132
<b>Total expenses</b>	<b>129,493,285</b>	<b>129,493,312</b>	<b>4,443,544</b>	<b>4,212,176</b>	<b>133,835,539</b>	<b>129,705,488</b>
<b>Excess before transfers</b>	<b>35,214,366</b>	<b>37,422,958</b>	<b>207,172</b>	<b>631,372</b>	<b>35,922,828</b>	<b>38,054,328</b>
Interfund transfers	300,000	415,000	(300,000)	(415,000)	-	-
<b>Change in net position</b>	<b>35,514,366</b>	<b>37,837,958</b>	<b>(92,828)</b>	<b>216,372</b>	<b>35,922,828</b>	<b>38,054,328</b>
Total net position, beginning of year	966,022,252	933,254,629	19,506,067	19,289,717	985,528,339	952,544,346
Prior period adjustment, see Note 19	-	(5,070,335)	-	-	-	(5,070,335)
<b>Total net position, end of year</b>	<b>\$ 1,001,536,618</b>	<b>\$ 966,022,252</b>	<b>\$ 19,413,239</b>	<b>\$ 19,506,087</b>	<b>\$ 1,020,949,867</b>	<b>\$ 985,528,339</b>

## Governmental Activities

Revenues for the Town's governmental activities increased \$1.8 million, or 1.1%. Program revenues totaling \$77,055,617 accounted for 46.8% of total governmental activities revenue, and decreased \$1.1 million, primarily due to slight decreases in all categories. General revenues, which includes revenue from property taxes and other tax items, totaled \$87,652,034, or 53.2% of total revenues, and increased by \$2.8 million mainly as a result of a budgeted increase in property tax revenue and increases in most categories.

- Charges for services, fees, fines and forfeitures decreased \$257,793, as a result of decreased revenue from various Town issued licenses and permits, as well as general decreases in departmental income. Departmental income is mainly derived from services provided to Town residents such as inspections, rentals of Town property, and fees for review of site plans and other improvement projects.
- Operating grants and contributions decreased \$230,196 mainly as a result of decreased revenue from the Community Preservation Fund transfer tax. This revenue fluctuates from year to year in proportion with the amount of real estate sold in the Town.
- Capital grants and contributions decreased \$567,418 primarily as a result of decreased grant revenues for ongoing capital projects related to various capital projects such as, Tiana Beach Levee, Riverside revitalization, and the Nathaniel Rogers House.

Expenses for the Town's governmental activities on the full accrual basis of accounting increased \$4.0 million, or 3.2%. Expenses relating to general governmental support, public safety, transportation and home and community services totaled \$112.2 million and accounted for 86.7% of total expenses.

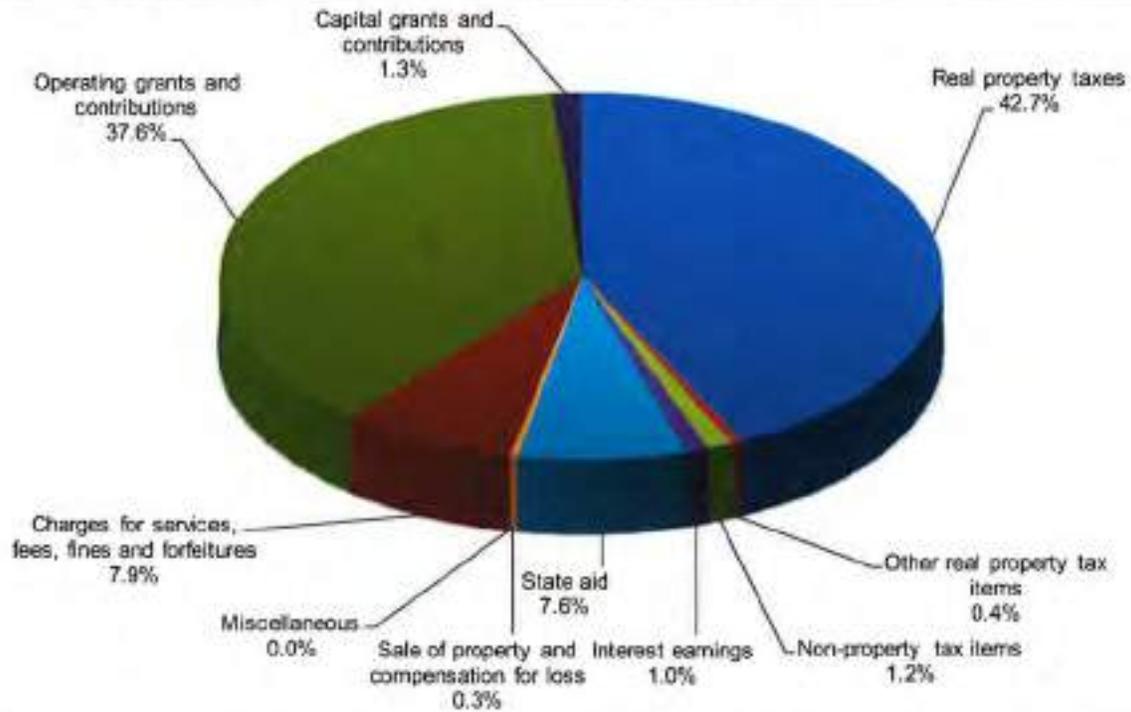
- Public safety and home and community services reported the majority of the increase, offset by a decrease in general governmental support, totaling \$2.8 million. This increase is mainly due to the change in the Town's proportionate share of the net pension liability and the related inflows and outflows as well as, the increase in the Town's liability for other post-employment benefits expense. On the full accrual basis of accounting, expenses related to employee benefits are reported in the functional category that gives rise to the expense. General governmental support and public safety account for approximately 70% of the Town's payroll expense, therefore changes in employee benefit related items affect these categories more.

The cost of all governmental activities this year was \$129.5 million (page 31). However, as shown in the Statement of Activities, the amount that taxpayers ultimately financed for these activities through Town taxes was only \$70.4 million, because some of the cost was paid by those who directly benefited from the programs (\$13.0 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$64.1 million).

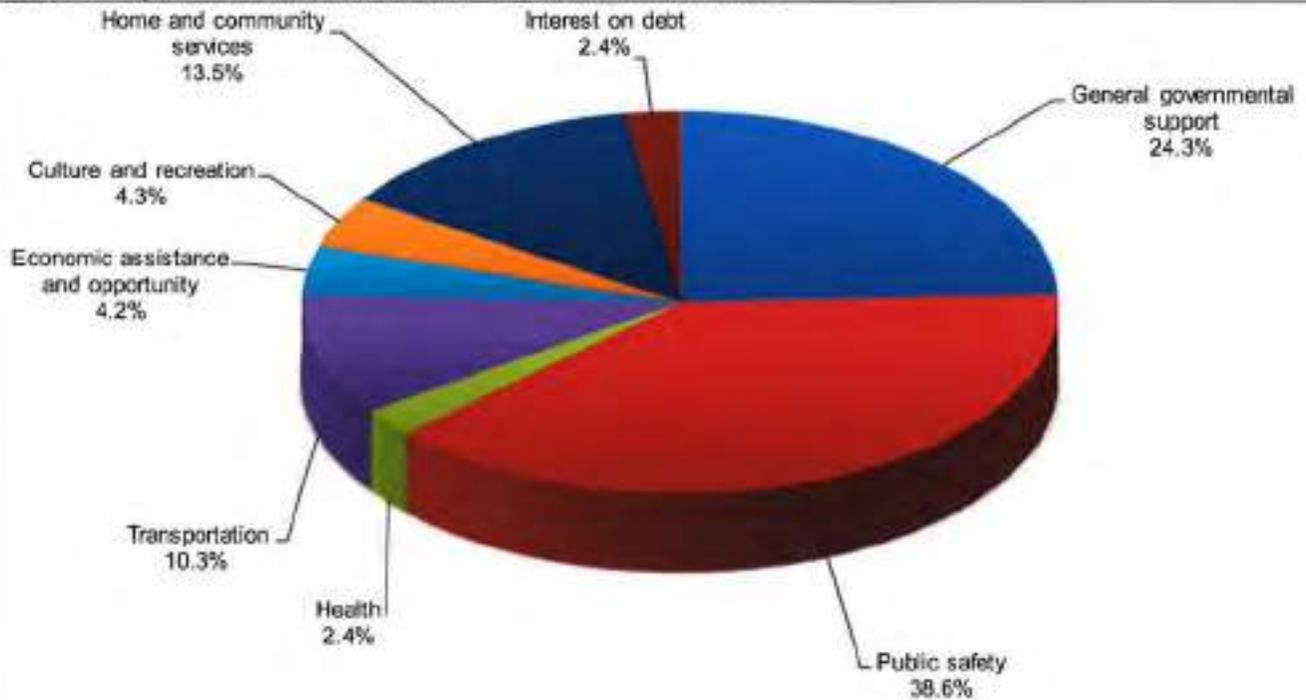
Table 3 presents the cost of the Town's governmental activities as well as the net cost of services (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions (see page 31).

General governmental support	\$ 31,505,422	\$ 33,700,867	\$ 57,826,639	\$ 58,653,243	\$ 26,121,217	\$ 22,952,378
Public safety	48,981,090	46,553,861	2,814,962	3,202,802	(47,166,128)	(43,351,059)
Health	3,129,142	3,067,795	-	220,322	(3,129,142)	(2,847,484)
Transportation	13,268,204	12,428,053	2,955,709	2,551,113	(10,312,495)	(9,676,940)
Economic assistance and opportunity	5,431,458	5,824,935	1,257,860	1,637,136	(4,183,595)	(4,187,800)
Culture and recreation	5,560,779	4,831,447	891,193	1,952,968	(4,669,596)	(2,876,449)
Home and community services	17,458,105	15,864,394	11,459,284	11,863,410	(5,958,841)	(4,003,984)
Interest on debt	3,159,095	3,191,968	-	-	(3,159,095)	(3,191,968)
	<u>\$ 129,493,295</u>	<u>\$ 126,493,312</u>	<u>\$ 77,065,617</u>	<u>\$ 78,111,024</u>	<u>\$ (52,437,678)</u>	<u>\$ (47,382,288)</u>

**Table 4: Sources of Revenues for Fiscal Year 2017 - Governmental Activities**



**Table 5: Expenses for Fiscal Year 2017 - Governmental Activities**

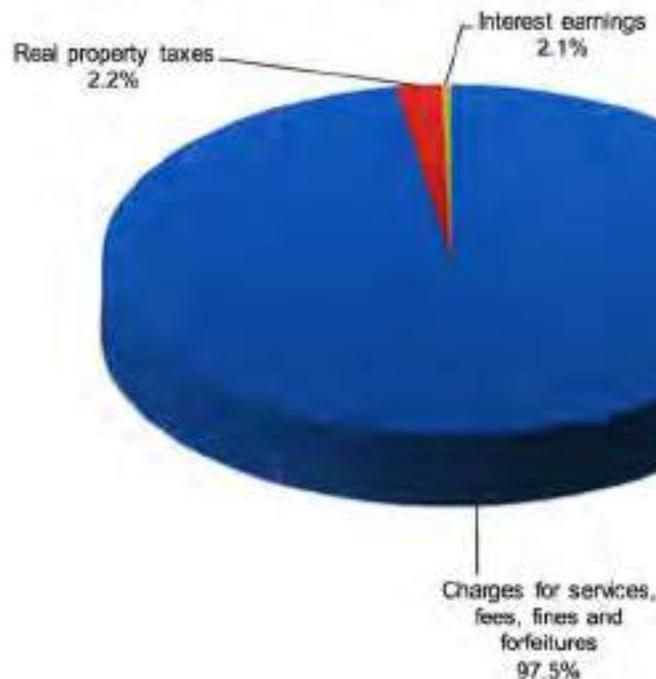


### Business-Type Activities

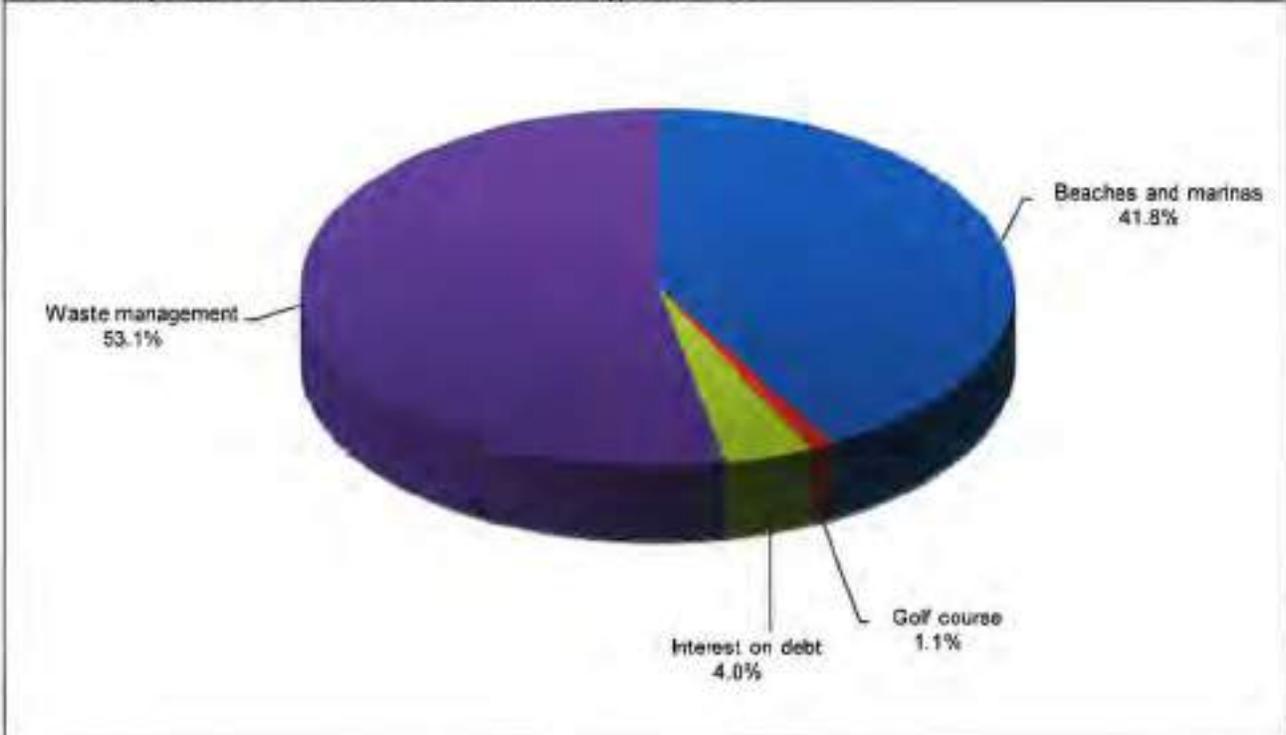
The Town's total program revenues from business-type activities decreased by \$4,139, or 0.1% over 2016. Some significant year-end financial data relating to these entities are highlighted as follows:

- Operating revenues in the Beaches and Marinas Fund totaled \$2.1 million in 2017. Operating revenue was consistent with 2016. The fund increased net position by \$67,196, as compared to an increase of \$140,989 in 2016. Non-operating activity increased \$112,521, as a result of a decrease in interfund transfers out of \$115,000. The Fund's ending net position was approximately \$11.1 million (see page 37).
- Operating revenue in the Waste Management Fund totaled \$2.3 million in 2017 which is an increase of \$44,911 from 2016. The increase is the result of increased landfill usage. Net position decreased \$200,291 in 2017. Non-operating activity resulted in a decrease of \$209,581, compared to an increase of \$115,794 in 2016. The variance is the result of less property tax revenue being allocated to subsidize operations in 2017. The Fund's ending net position was approximately \$2.3 million (see page 37).
- The Poxabogue Golf Course Fund increased net position by \$40,267 in 2017. Operating revenues were lower by \$3,151, as a result of a decrease in green fees and related items. The Town's expenses increased \$1,624. Non-operating revenue and expenses were consistent with 2016. The Town has a contract with a third-party to operate the Golf Course, and receives a portion of the revenue received as stated in the concession agreement. Total net position for 2017 was approximately \$6.0 million (see page 37).

**Table 6: Sources of Revenues for Fiscal Year 2017 - Business-Type Activities**



**Table 7: Expenses for Fiscal Year 2017 - Business-Type Activities**



**FINANCIAL ANALYSIS OF CERTAIN TOWN GOVERNMENTAL FUNDS**

Governmental Funds

General Fund assets increased \$3.3 million mainly as a result of increased cash and cash equivalents and due from other funds. The increase in cash and cash equivalents is due partly to the positive operating results and in the timing of payments received near year-end, specifically for subsequent year's property taxes.

The General Fund reported an increase in fund balance of \$2.1 million, compared to an increase in 2016 of \$3.7 million. Revenues increased \$781,648 driven by a budgeted increase in real property taxes, offset by a decrease in departmental income. Expenditures increased by \$1.4 million from 2016, primarily due to minor increases in most categories. Total other financing sources decreased \$877,522 resulting from an increase in budgeted transfers out. Expenditures relating to debt service decreased by over \$100,000.

The General Fund's spendable fund balance consists of \$15.0 million in unassigned funds, restricted reserves of \$4.7 million, and \$618,000 in assigned fund balance, which combined, represents 54.3% of annual General Fund operating expenditures. The Town has adopted a resolution to commit the excess fund balance to reduce future borrowing for capital projects, that will be reported in the 2018 financial statements.

The Town's share of assets in the Police District Fund increased \$814,024, as a result of an increase in cash and cash equivalents due to an increase in property taxes paid in advance (deferred inflows of resources), offset by a decrease in state and federal aid receivable. Liabilities increased \$167,947 due to an increase in accounts payable as well as an increase in accrued liabilities, which was recorded for compensated absence payments for year-end officer retirements.

The Police District Fund fund balance decreased \$79,040 as a result of the increase in expenditures being greater than the increase in revenues. Expenditures increased \$1.0 million and is mostly related to personnel costs and employee benefit expenditures.

The Town Outside Village Fund assets decreased \$236,120 mainly driven by a decrease in cash and cash equivalents mainly as a result of a decrease in fund balance.

The Town Outside Village Fund recorded a decrease in fund balance of \$117,095. Revenues increased \$451,500 due to an increase in current year revenues from licenses and permits and state aid. Expenditures increased \$519,708 mostly due to personnel costs and related employee benefits expenditures.

The Highway Fund assets increased \$958,678 due to an increase in cash and cash equivalents and state and federal aid receivable. The increase in cash and cash equivalents is the result of an increase in property taxes paid in advance (deferred inflows of resources). Liabilities in the Highway Fund increased by \$326,759 as a result of timing of payments made near year-end for road maintenance and construction.

Highway Fund revenues increased \$634,233 mainly due to increases in real property taxes and state aid. Expenditures increased \$505,501, and is the result of increased road reconstruction and equipment purchases as well as increases in personnel costs and related employee benefits.

Public Safety Communication Fund assets increased \$182,104. The increase is driven by an increase in cash and cash equivalents from an increase in property taxes paid in advance.

Revenues in the Public Safety Communication Fund increased \$170,391 mainly due to increases in real property taxes. Expenditures increased \$169,219, mainly as a result of increased personnel costs and related benefit expenditures.

Capital outlay totaled \$8.3 million in 2017, which is a decrease of \$2.5 million from 2016. The Town issued public improvement serial bonds totaling \$6.8 million, which will be paid for by governmental funds. Capital Projects Fund revenues decreased \$957,673 mainly as a result of decreased State, federal and local grants as discussed earlier in this section. Cash restricted for capital improvements totaled \$16.7 million in 2017. Total liabilities decreased \$212,921 as a result of a decrease in bond anticipation notes payable offset by an increase in interfund loans. The Town expects to repay these loans upon receipt of approved grant funding in the subsequent year.

In the Community Preservation Fund, fund balance increased by \$478,927 as a result of a decrease in land purchases and development rights. In 2016, the Community Preservation Fund purchased \$66.0 million in land and development rights, and in 2017 the fund purchased \$43.4 million in land and development rights. Total fund balance restricted for the Community Preservation Fund operations was \$75,774,217.

Total assets in the non-major governmental funds were \$14.3 million in 2017 which is \$406,908 higher than 2016. The increase is due to an increase in cash and cash equivalents as a result of an increase in property taxes paid in advance.

At December 31, 2017, the Town's governmental funds had a combined fund balance of \$130,141,544, which is an increase of \$5.2 million from the previous year. Fund balances for the Town's governmental funds for the past two years were as follows:

<u>Governmental Funds:</u>		
General Fund	\$ 22,417,592	\$ 20,269,111
Police District Fund	2,708,781	2,785,821
Town Outside Village Fund	3,380,043	3,497,138
Highway Fund	3,264,685	3,033,447
Public Safety Communications Fund	867,011	839,037
Capital Projects Fund	10,543,769	8,596,038
Community Preservation Fund	75,774,217	75,295,290
Non-Major Governmental Funds	11,187,446	10,645,688
<b>Total fund balances</b>	<b>\$ 130,141,544</b>	<b>\$ 124,961,570</b>

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Town's General Fund budget generally contains budget amendments during the year. The budget is allowed to be increased for additional current year appropriations that are supported by an increase in budgeted revenues. Below is a summary of the General Fund budgetary results of operations:

	Budgeted Amounts		Actual Including Encumbrances	Variance with Final Budget
	Original	Revised		
Revenues	\$ 38,555,718	\$ 38,836,132	\$ 39,914,753	\$ 1,078,621
Expenditures	39,407,207	39,704,898	37,326,542	2,378,356
Other financing sources (uses)	851,489	868,766	(458,083)	(1,326,849)
Change in fund balance	\$ -	\$ -	\$ 2,130,128	\$ 2,130,128

Overall the General Fund performed better than anticipated. The performance was driven by greater than anticipated total revenues of \$1.1 million, and a savings in expenditures of \$2.4 million. The Town originally appropriated \$551,489 of fund balance, but performed better by \$2.1 million. Some highlights include:

- Revenues from State aid were \$2.0 million greater than expected as a result of higher than anticipated mortgage tax aid and residual reimbursements from Superstorm Sandy from the New York State Department of Homeland Security.
- After encumbrances, general governmental support expenditures recorded a savings of \$1.2 million, as spending in almost all categories was less than anticipated.
- Public safety expenditures were less than anticipated by \$306,104.
- Economic assistance and opportunity expenditures were less than anticipated by \$175,203.
- Home and community services expenditures were less than anticipated by \$123,707.
- Employee benefit expenditures were less than anticipated by \$283,317.

A budgetary comparison schedule within the required supplementary information section of this report has been provided for further analysis in regards to the General Fund budget on pages 78-84.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets

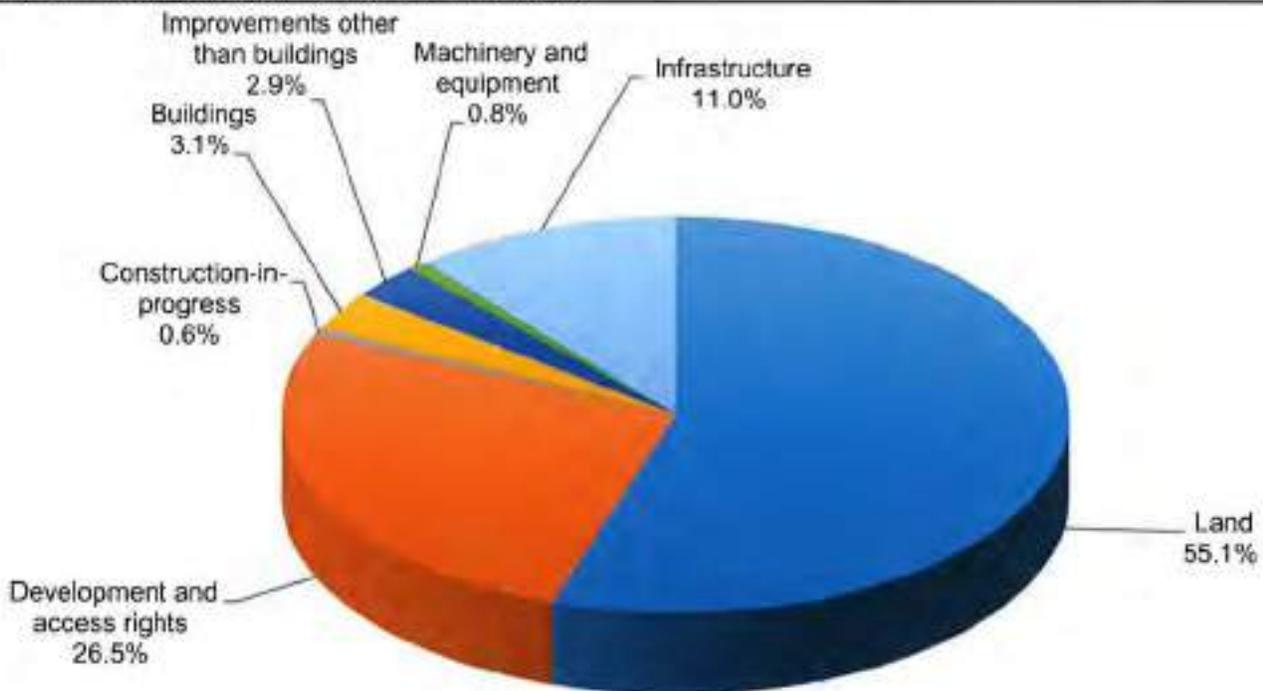
At the end of 2017, the Town had \$1.1 billion invested in a broad range of capital assets, including beaches, land, police equipment, buildings, park facilities, roads, bridges and water infrastructure (See Table 10).

The Town's fiscal year 2017 capital budget included the continuation of funding for infrastructure improvements. Of the \$14.8 million capital spending plan in 2017, \$3.5 million was dedicated to the reconstruction of roads, bridges, and drainage improvement projects, \$949,000 was dedicated to municipal works projects, \$7.6 million was dedicated to parks and recreation and other revitalization programs, and the remainder of the budget was allocated to various information technology upgrades and other general business improvements. For more information regarding capital assets see Note 8 in the notes to financial statements.

**Table 10:**  
Capital Assets  
As of December 31,

	2017	2016
<b>Governmental Activities:</b>		
Land	\$ 600,153,852	\$ 576,576,882
Development and access rights	295,574,954	273,919,773
Construction-in-progress	6,118,416	5,786,755
Buildings	31,927,718	33,189,041
Improvements other than buildings	26,992,305	28,282,141
Machinery and equipment	7,746,597	7,009,329
Infrastructure	123,012,472	129,341,816
Total	<u>\$ 1,091,526,314</u>	<u>\$ 1,054,105,737</u>
<b>Business-type Activities:</b>		
Land	\$ 13,329,090	\$ 13,329,090
Construction-in-progress	30,664	-
Buildings	3,081,426	3,165,529
Improvements other than buildings	4,912,184	5,366,676
Machinery and equipment	963,396	1,042,091
Total	<u>\$ 22,316,760</u>	<u>\$ 22,903,386</u>

**Table 11: Capital Assets, Net for Fiscal Year 2017**



### Long-Term Debt

The Town's bond rating is AAA according to Standard and Poor's Ratings Services and Aaa according to Moody's Investment Services.

The Town's debt management policy limits the Town's debt service funded by taxpayers to not more than 15% of operating expenditures, excluding the Community Preservation Fund. For 2017, the Town's governmental funds total debt service was approximately \$17.8 million, of which \$5.8 million was paid by the Community Preservation Fund, resulting in taxpayer supported debt service of approximately \$12.0 million. Governmental funds debt service expenditures including interest in 2017, excluding CPF, was 11.7% of operating expenditures.

The Town of Southampton's current outstanding bonded indebtedness was \$110.1 million at year-end, of which \$34.7 million was related to the Community Preservation Fund land purchases, \$13.7 million to the Coastal Erosion District Fund, \$26.9 million related to highway improvements, \$5.0 million for the Hampton Bays Water District and the remaining \$29.8 million related to various other improvements and equipment acquisitions.

Pursuant to New York State Local Finance Law §104, the Town's outstanding long-term debt must be no more than 7% of the five-year average full valuation of real property. This is also known as the "constitutional debt limit". At December 31, 2017, the Town had exhausted 2.76% of its limit.

The Town has accrued an \$91.3 million obligation for other post-employment benefits in accordance with GASB Pronouncements on the Town-wide financial statements. Note 13 to the financial statements shows the details of the Town's long-term liabilities in this area.

### Union Contracts

The Town provides services through approximately 17 elected officials, 517 full-time employees including 37 board members and approximately 106 part-time employees. The Town also employs approximately 300 part-time seasonal employees. The Civil Service Employees Association represents approximately 309 employees under a contract which expires on December 31, 2021. The Police Benevolent Association represents approximately 70 employees under a contract which expires December 31, 2020. The Superior Officers Association represents approximately 21 employees under a contract which expired December 31, 2016 and is currently under negotiations. The Chief of Police is a non-union employee.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Town's elected officials considered many factors when setting the fiscal-year 2018 budget, tax rates and fees to be charged for the business-type activities. The 2018 Adopted Operating Budget was primarily structurally balanced and the only funds with appropriated fund balance were the General Fund (\$600,000), Police District Fund (\$250,000), Town Outside Village Fund (\$750,000), Highway Fund (\$175,000), Public Safety Communications Fund (\$150,000) and various Nonmajor Funds (\$271,167). In 2003, the Town Board mandated a 5% cap on any increases in the Town tax rate in any given year. Beginning in 2012, New York State mandated a 2% cap on any increases in the Town tax rate in any given year. The 2018 Operating Budget was projected to meet the 2% Tax Levy cap enacted by the New York State Governor.

### Tax Collection

Property taxes for the Town, together with the County, fire districts and school district taxes are collected by the Town Tax Receiver on a single tax bill. The taxes become a lien on December 1, and are payable in two equal payments without penalty by January 10 and May 31, respectively. Penalties on unpaid taxes are 1% per month from the day such taxes are due and payable and 10% after May 31. The table on the following page shows information regarding property taxes for the previous five years.

**Table 12:**  
Property Taxes, Five-Year Trend

Year	Tax Levied	To Town Supervisor	To County Treasurer	Uncollected Returns
2017	\$ 359,662,173	\$ 340,641,573	\$ 1,213,931	\$ 17,806,669
2016	350,518,343	332,138,791	-	18,379,552
2015	345,976,680	325,906,413	618,103	19,252,164
2014	340,541,960	322,100,896	2,406,968	16,034,116
2013	331,578,024	312,524,774	2,487,427	16,565,823

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

The Town has adopted a budget for the 2018 fiscal year, which takes into account inflation, prior period performance, and other economic factors. The 2018 budget includes a decrease in the tax rate by nearly 1.0%, due to the increase in the overall valuation of the tax base of the Town. The taxable value of all properties in the Town is \$63.7 billion in 2018, compared to \$60.6 billion in 2017.

#### Business-Type Activities

The Town has adopted the following budgets for the business-type activities based on prior year's performance and factors and circumstance known for the upcoming year:

- The 2018 adopted budget for the Beaches and Marina Fund projects revenue of \$2.1 million and an expense budget of \$2.3 million, calling for a use of net position of \$200,000. Revenue includes real property taxes of \$120,300 to help subsidize the cost of operations. The budget also includes expenditures for debt service principal and interest of \$270,000. Although the principal is not a fund level expense, this helps the Town predict cash flow for the year.
- The 2018 adopted budget for the Waste Management Fund anticipates similar performance as projected revenues are \$2.4 million and projected expenses are expected to be \$2.7 million. The deficiency will be funded by the use of net position of \$300,000. Similar to the Beaches and Marina Fund, the budget includes expenditures for debt service principal and interest of \$482,000.

#### **FACTOR'S BEARING ON THE FUTURE OF THE TOWN**

At the time these financial statements were prepared and audited, the Town was aware of the following existing circumstances that could affect its financial health in the future:

- The "Tax Levy Limitation Law" which was enacted on June 24, 2011, restricts the amount of property taxes that may be levied in a particular year. Although there are exceptions, exemptions, and overrides to the limitation, the Law has made budgetary decisions more difficult. Local governments may override the tax levy limit by first passing a local law that allows for the tax levy limit to be exceeded, which requires a 60% vote of the total voting power of the governing board. The Town has complied with this law and has not required an override vote. The Law was extended in July of 2015, and is now set to expire on June 15, 2020.
- Changes in accounting principles which are set to be implemented in subsequent years will force the Town to recognize the full obligation due under other post-employment benefit arrangements. This could adversely affect the Town's Statement of Net Position by increasing the amount reported for total liabilities.

- Residents of the Town approved the use of Community Preservation Fund proceeds for water quality improvement projects. The approval was pursuant to Chapter 551 of the New York State Laws of 2015, and amends Town Law section 64-e. The approval allows no more than 20% of the annual revenues generated from the transfer tax to be used for water quality improvement projects. The Town is required to list each projects costs and how the project would improve existing water quality.

#### **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:

Town Comptroller's Office  
116 Hampton Road  
Southampton, NY 11968  
(631) 283-6000

## **FINANCIAL SECTION**

**TOWN OF SOUTHAMPTON**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2017**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Town of Southampton Housing Authority	Trustees of the Freeholders and Commonalty
<b>ASSETS</b>					
Cash and cash equivalents	\$ 41,453,095	\$ 2,275,666	\$ 43,728,761	\$ 238,819	\$ 1,039,625
Restricted cash	94,487,216	52,253	94,539,469	221,181	-
Accounts receivable	2,971,548	74,825	3,046,373	545	17,363
State and federal aid receivables	2,691,574	-	2,691,574	-	-
Due from governmental funds	-	894,790	894,790	-	-
Due from fiduciary funds	-	177	177	-	-
Due from other governments	9,335,846	-	9,335,846	-	-
Prepaid expenses	4,121,595	21,458	4,143,053	17,440	-
Due from related party	-	-	-	50,609	-
Tenant security deposits	-	-	-	12,884	-
Bond proceeds held by fiscal agent	-	-	-	109,383	-
Capital assets:					
Non-depreciable capital assets	901,847,222	13,359,754	915,206,976	683,700	-
Depreciable capital assets, net	189,679,092	8,957,006	198,636,098	2,467,302	-
<b>Total assets</b>	<b>1,246,587,188</b>	<b>25,635,929</b>	<b>1,272,223,117</b>	<b>3,801,863</b>	<b>1,056,988</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge from refunding bonds	357,649	82,022	439,671	-	-
Pension related	18,505,769	356,999	18,862,768	-	-
LOSAP related	105,848	-	105,848	-	-
<b>Total deferred outflows of resources</b>	<b>18,969,266</b>	<b>439,021</b>	<b>19,408,287</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>					
Accounts payable	1,809,524	92,163	1,901,687	3,031	128,344
Accrued liabilities	754,363	-	754,363	33,348	-
Accrued interest payable	886,064	62,127	948,191	-	-
Bond anticipation notes payable	1,790,000	-	1,790,000	-	-
Due to proprietary funds	894,790	-	894,790	-	-
Due to fiduciary funds	125,976	818	126,794	-	-
Due to other governments	366,985	-	366,985	2,279	-
Unearned revenue	-	-	-	-	1,352
Noncurrent liabilities due within one year:					
General obligation bonds payable	14,609,989	816,889	15,426,878	79,030	-
Special assessment bonds with governmental commitment	13,120	-	13,120	-	-
Note payable	-	-	-	150,000	-
Compensated absences	200,000	10,000	210,000	-	-
Judgments and claims payable	390,430	-	390,430	-	-
Estimated liability for landfill closure and post-closure care costs	180,542	-	180,542	-	-
Noncurrent liabilities due in more than one year:					
General obligation bonds payable, net	92,669,737	5,133,122	97,802,859	3,113,862	-
Special assessment bonds with governmental commitment	41,246	-	41,246	-	-
Compensated absences	9,580,453	69,713	9,650,166	-	-
Judgments and claims payable	2,289,570	-	2,289,570	-	-
Net pension liability - proportionate share	17,165,298	359,096	17,524,394	-	-
Total pension liability - LOSAP	4,915,681	-	4,915,681	-	-
Other post-employment benefits	91,254,625	-	91,254,625	-	-
Tenant security deposits	-	-	-	13,085	-
Estimated liability for landfill closure and post-closure care costs	2,914,082	-	2,914,082	-	-
<b>Total liabilities</b>	<b>242,852,475</b>	<b>6,543,928</b>	<b>249,396,403</b>	<b>3,394,635</b>	<b>129,696</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes received in advance	17,168,374	58,218	17,226,592	-	-
Pension related	3,508,650	59,545	3,568,195	-	-
LOSAP related	490,347	-	490,347	-	-
<b>Total deferred inflows of resources</b>	<b>21,167,371</b>	<b>117,763</b>	<b>21,285,134</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>					
Net investment in capital assets	982,759,871	16,448,771	999,208,642	179,291	-
Restricted:					
Debt service	7,004,526	52,253	7,056,779	-	-
Tax stabilization	4,176,736	-	4,176,736	-	-
Capital projects	10,543,769	-	10,543,769	221,181	-
Community preservation operations	69,985,872	-	69,985,872	-	-
Community and park improvements	4,621,364	-	4,621,364	-	-
HUD grants	419,406	-	419,406	-	-
Unrestricted	(77,974,936)	2,912,235	(75,062,701)	6,756	927,292
<b>Total net position</b>	<b>\$ 1,001,536,608</b>	<b>\$ 19,413,259</b>	<b>\$ 1,020,949,867</b>	<b>\$ 407,228</b>	<b>\$ 927,292</b>

The accompanying notes to financial statements are an integral part of this statement.

**TOWN OF SOUTHAMPTON**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Program Revenues				Net Revenues (Expenses) and Changes in Net Position			Component Units	
	Expenses	Charges for Services, Fees, Fines and Forfeitures	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Town of Southampton	Trustees of the Freeholders and Commonalty
								Housing Authority	
<b>Functions and programs</b>									
<b>Primary Government -</b>									
<b>Governmental activities:</b>									
General governmental support	\$ 31,505,422	\$ 1,004,372	\$ 58,622,267	\$ -	\$ 26,121,211	\$ -	\$ 26,121,211		
Public safety	48,981,090	2,348,371	466,691	-	(47,188,138)	-	(47,188,138)		
Health	3,129,140	-	-	-	(3,129,142)	-	(3,129,142)		
Transportation	13,258,294	1,264,444	173,875	1,712,391	(10,312,495)	-	(10,312,495)		
Economic assistance and opportunity	5,421,458	865,521	262,259	-	(4,183,398)	-	(4,183,398)		
Culture and recreation	5,840,779	32,730	533,156	225,297	(4,659,596)	-	(4,659,596)		
Home and community services	17,498,158	7,847,877	3,304,147	147,448	(3,958,841)	-	(3,958,841)		
Interest on debt	3,159,095	-	-	-	(3,159,095)	-	(3,159,095)		
<b>Total governmental activities</b>	<b>129,493,236</b>	<b>12,973,115</b>	<b>61,862,374</b>	<b>2,205,128</b>	<b>(52,437,875)</b>	<b>-</b>	<b>(52,437,875)</b>		
<b>Business-type activities:</b>									
Beaches and marinas	1,857,210	2,251,578	-	-	-	254,368	254,368		
Waste management	2,365,047	2,253,545	-	-	-	(106,504)	(106,504)		
Golf course	49,758	187,420	-	-	-	137,664	137,664		
Interest on debt	176,521	-	-	-	-	(176,521)	(176,521)		
<b>Total business-type activities</b>	<b>4,448,536</b>	<b>4,592,543</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66,997</b>	<b>66,997</b>		
<b>Total primary government</b>	<b>\$ 133,941,772</b>	<b>\$ 17,565,658</b>	<b>\$ 61,862,374</b>	<b>\$ 2,205,128</b>	<b>(52,437,875)</b>	<b>66,997</b>	<b>(52,370,878)</b>		
<b>Component Units -</b>									
<b>Town of Southampton</b>									
<b>Housing Authority:</b>									
Economic assistance and opportunity	\$ 673,087	\$ 191,198	\$ 681,592	\$ -				\$ 266,721	
Interest on debt	111,632	-	-	-				(111,632)	
<b>Total housing authority</b>	<b>\$ 784,719</b>	<b>\$ 191,198</b>	<b>\$ 681,592</b>	<b>\$ -</b>				<b>\$ 155,089</b>	
<b>Trustees of the Freeholders and Commonalty:</b>									
Home and community	\$ 510,674	\$ 455,659	\$ -	\$ -					\$ 94,738
<b>General revenues:</b>									
Real property taxes					73,424,024	191,162	73,615,186	-	-
Other real property tax items					725,072	-	725,072	-	-
Non-property tax items					1,607,161	-	1,607,161	-	-
Interest earnings					1,620,440	17,013	1,637,453	79	1,064
State aid - unrestricted					12,511,102	-	12,511,102	-	-
Sale of property and compensation for loss					494,235	-	494,235	-	-
<b>Total general revenues</b>					<b>87,652,034</b>	<b>118,175</b>	<b>87,770,209</b>	<b>79</b>	<b>1,064</b>
Excess (deficiency) of revenues over (under) expenses before transfers					35,274,268	207,172	35,421,528	98,167	(83,211)
Interfund transfers					300,000	(300,000)	-	-	-
<b>Change in net position</b>					<b>35,574,268</b>	<b>(92,828)</b>	<b>35,421,528</b>	<b>98,167</b>	<b>(83,211)</b>
Total net position, beginning of year, as restated (see Note 9)					806,022,232	19,506,087	825,528,320	309,081	1,019,523
<b>Total net position, end of year</b>					<b>\$ 1,311,596,500</b>	<b>\$ 19,413,259</b>	<b>\$ 1,331,009,759</b>	<b>\$ 407,248</b>	<b>\$ 937,312</b>

The accompanying notes to financial statements are an integral part of this statement.

**TOWN OF SOUTHAMPTON  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2017**

	MAJOR FUNDS						MAJOR FUNDS			
	General Fund	Police District Fund	Town Outside Village Fund	Highway Fund	Public Safety Communications Fund	Non-Major Governmental Funds	Total Operating Funds	Capital Projects Fund	Community Preservation Fund	Total Governmental Funds
<b>ASSETS</b>										
Cash and cash equivalents	\$ 17,621,264	\$ 8,948,669	\$ 3,260,176	\$ 4,962,866	\$ 1,374,136	\$ 7,265,084	\$ 41,453,095	\$ -	\$ -	\$ 41,453,095
Restricted cash	4,667,487	28,971	53,799	560,816	2,411	5,922,755	11,236,239	16,727,606	66,523,472	94,487,216
Accounts receivable	627,543	244,709	45,433	818,534	8,196	1,025,014	2,969,829	-	1,719	2,971,548
State and federal aid receivables	262,307	23,908	15,637	332,038	26,866	-	682,256	-	-	682,256
Due from other funds	3,621,270	-	-	-	-	-	3,621,270	50,000	-	3,671,270
Due from other governments	10,000	-	-	4,197	-	-	14,197	-	9,321,849	9,336,046
Prepaid items	2,175,894	1,260,262	224,503	274,464	119,001	73,290	4,118,414	-	3,181	4,121,595
<b>Total assets</b>	<b>\$ 29,205,785</b>	<b>\$ 8,507,019</b>	<b>\$ 3,599,448</b>	<b>\$ 6,953,315</b>	<b>\$ 1,523,610</b>	<b>\$ 14,306,143</b>	<b>\$ 64,095,300</b>	<b>\$ 16,777,505</b>	<b>\$ 75,850,021</b>	<b>\$ 156,722,826</b>
<b>LIABILITIES</b>										
Accounts payable	\$ 574,744	\$ 151,512	\$ 6,863	\$ 367,259	\$ 61,009	\$ 114,678	\$ 1,280,364	\$ 456,821	\$ 73,519	\$ 1,809,524
Accrued liabilities	155,631	301,462	11,835	128,094	1,304	114,035	754,363	-	-	754,363
Bond anticipation notes payable	-	-	-	-	-	-	-	1,796,000	-	1,796,000
Due to other funds	-	-	-	-	-	674,945	674,945	2,896,325	-	3,671,270
Due to proprietary funds	-	-	-	-	-	-	-	894,796	-	894,796
Due to fiduciary funds	34,990	31,069	-	-	4,358	4,759	76,876	50,000	-	123,976
Due to other governments	320,985	-	-	-	-	-	320,985	45,000	-	366,985
<b>Total liabilities</b>	<b>1,126,350</b>	<b>484,643</b>	<b>18,728</b>	<b>495,353</b>	<b>66,664</b>	<b>814,715</b>	<b>3,106,653</b>	<b>6,233,736</b>	<b>72,519</b>	<b>9,412,908</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Property taxes received in advance	5,661,823	5,315,395	200,677	3,193,277	589,935	2,203,982	17,165,089	-	3,285	17,168,374
<b>Total deferred inflows of resources</b>	<b>5,661,823</b>	<b>5,315,395</b>	<b>200,677</b>	<b>3,193,277</b>	<b>589,935</b>	<b>2,203,982</b>	<b>17,165,089</b>	<b>-</b>	<b>3,285</b>	<b>17,168,374</b>
<b>FUND BALANCE</b>										
Fund balance:										
Nonspendable	2,175,894	1,260,262	224,503	274,464	119,001	73,290	4,118,414	-	3,181	4,121,595
Restricted	4,667,487	28,971	53,799	560,816	2,411	9,123,364	10,436,688	16,543,789	75,771,026	96,751,673
Committed	-	-	-	-	-	760,000	760,000	-	-	760,000
Assigned	818,353	1,417,548	3,101,741	2,429,405	754,599	5,230,772	13,552,418	-	-	13,552,418
Unassigned	14,956,658	-	-	-	-	-	14,956,658	-	-	14,956,658
<b>Total fund balance</b>	<b>22,417,992</b>	<b>2,706,781</b>	<b>3,380,043</b>	<b>3,264,685</b>	<b>887,011</b>	<b>11,161,446</b>	<b>43,823,568</b>	<b>16,543,789</b>	<b>75,774,217</b>	<b>130,141,544</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 29,205,785</b>	<b>\$ 8,507,019</b>	<b>\$ 3,599,448</b>	<b>\$ 6,953,315</b>	<b>\$ 1,523,610</b>	<b>\$ 14,306,143</b>	<b>\$ 64,095,300</b>	<b>\$ 16,777,505</b>	<b>\$ 75,850,021</b>	<b>\$ 156,722,826</b>

The accompanying notes to financial statements are an integral part of this statement.

**TOWN OF SOUTHAMPTON**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2017**

Total Fund Balance - Governmental Funds		\$ 130,141,544
<p>Amounts reported for governmental activities in the Statement of Net Position are different due to the following:</p>		
<p>Capital assets less accumulated depreciation are included in the Statement of Net Position:</p>		
Capital assets:		
Non-depreciable	\$ 901,847,222	
Depreciable	532,327,439	
Accumulated depreciation	<u>(342,648,347)</u>	1,091,526,314
Deferred charge on refunding bonds		357,649
<p>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 governmental fund financial statements. However, these liabilities are included in the Statement of Net Position:</p>		
General obligation bonds payable, net	(107,279,726)	
Special assessment bonds with governmental commitment	(54,366)	
Compensated absences	(9,780,453)	
Judgments and claims payable	(2,680,000)	
Other post-employment benefits	(91,254,625)	
Estimated liability for landfill closure and post-closure care costs	<u>(3,094,624)</u>	(214,143,794)
<p>Pension related items are not reported in the governmental fund financial statements since they are not related to current financial resources. The pension related items included in governmental activities consist of the following:</p>		
Net pension liability - proportionate share	(17,165,298)	
Deferred outflow of resources - pension related	18,505,769	
Deferred inflow of resources - pension related	(3,508,650)	
Total pension liability - LOSAP	(4,915,681)	
Deferred outflow of resources - LOSAP	105,848	
Deferred inflow of resources - LOSAP	<u>(490,347)</u>	(7,468,359)
<p>Revenue that was not accrued on the governmental fund financial statements because it does not meet the availability criteria under the modified accrual basis of accounting is included in the Statement of Net Position.</p>		
		2,009,318
<p>Interest payable applicable to the Town's governmental activities is not due and payable in the current period and accordingly, is not reported in the governmental fund financial statements. However, this liability is included in the Statement of Net Position.</p>		
		<u>(886,064)</u>
Net Position - Governmental Activities		<u>\$ 1,001,536,608</u>

The accompanying notes to financial statements are an integral part of this statement.

**TOWN OF SOUTHAMPTON**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	MAJOR FUNDS						MAJOR FUNDS			
	General Fund	Police District Fund	Town Outside Village Fund	Highway Fund	Public Safety Communications Fund	Non-Major Governmental Funds	Total Operating Funds	Capital Projects Fund	Community Preservation Fund	Total Governmental Funds
<b>REVENUES</b>										
Real property taxes	\$ 22,813,108	\$ 22,097,741	\$ 1,248,150	\$ 12,897,310	\$ 2,357,188	\$ 9,299,629	\$ 70,404,034	\$ -	\$ -	\$ 70,404,034
Other real property tax items	332,143	156,746	11,855	90,172	14,141	120,015	725,072	-	-	725,372
Non-property tax items	1,907,181	-	-	-	-	-	1,907,181	-	56,540,098	58,447,359
Special assessments	13,083	-	-	-	-	-	13,083	-	-	13,083
Departmental income	677,620	602,162	1,740,391	18,300	132,854	2,236,498	3,913,439	-	-	5,913,439
Intergovernmental charges	287,244	-	-	785,337	-	-	1,032,581	-	-	1,032,581
Use of money and property	224,180	93,979	35,863	64,528	16,088	382,762	817,098	113,817	679,625	1,810,440
Licenses and permits	384,114	111,070	3,365,968	-	-	-	4,061,152	-	-	4,061,152
Fines and forfeitures	1,343,933	-	-	-	-	22,730	1,366,663	-	-	1,366,663
Sale of property and compensation for loss	79,021	19,431	-	20,677	-	374,906	494,235	-	-	494,235
Miscellaneous local services	499,173	362,180	3,630	102,648	-	227,744	1,185,265	-	2,839	1,188,104
State aid	10,723,639	2,836,912	158,971	1,387,391	158,867	16,945	15,241,725	707,488	-	15,949,205
Federal aid	492,384	114,511	-	-	-	3,710,464	4,275,329	125,267	-	4,400,586
<b>Total revenues</b>	<b>39,914,793</b>	<b>26,284,622</b>	<b>6,770,278</b>	<b>15,126,963</b>	<b>2,637,134</b>	<b>16,303,663</b>	<b>107,037,403</b>	<b>848,554</b>	<b>67,222,462</b>	<b>165,206,419</b>
<b>EXPENDITURES</b>										
Current -										
General governmental support	14,487,463	-	-	-	-	94,190	14,581,653	-	49,654,998	64,216,640
Public safety	2,526,327	16,395,519	648,295	-	1,750,475	887,285	22,247,578	-	-	22,247,578
Health	-	-	-	-	-	3,129,142	3,129,142	-	-	3,129,142
Transportation	853,264	-	-	7,149,010	-	484,816	8,487,090	-	-	8,487,090
Economic assistance and opportunity	2,829,806	-	-	-	-	8,950	2,838,756	-	-	2,838,756
Culture and recreation	2,601,762	-	-	-	-	513,680	3,115,441	-	-	3,115,441
Home and community services	721,126	-	4,181,598	-	-	6,086,150	10,988,872	-	-	10,988,872
Employee benefits	9,403,816	6,678,398	2,024,785	3,118,728	811,800	888,213	25,925,718	-	138,551	26,063,269
Capital outlay	-	-	-	-	-	-	-	8,298,668	-	8,298,668
Debt service -										
Principal	3,218,870	247,170	38,249	3,578,675	6,000	2,833,310	9,923,274	-	4,292,098	14,215,372
Interest	683,636	26,453	9,498	134,822	885	695,748	2,167,811	-	1,461,733	3,630,544
<b>Total expenditures</b>	<b>37,306,189</b>	<b>26,396,935</b>	<b>6,882,373</b>	<b>14,886,235</b>	<b>2,608,190</b>	<b>16,622,445</b>	<b>103,268,927</b>	<b>8,298,668</b>	<b>55,946,378</b>	<b>187,303,883</b>
Excess (deficiency) of revenues over (under) expenditures	2,608,604	(812,313)	(112,095)	240,728	27,974	(818,282)	3,768,476	(7,350,114)	1,677,084	(1,997,464)
<b>OTHER FINANCING SOURCES (USES)</b>										
Serial bond issuance	-	-	-	-	-	-	-	6,818,000	-	6,818,000
Premium on obligations	31,157	873	-	27,368	-	-	59,338	-	-	59,338
Interfund transfers in	337,472	61,000	67,500	13,002	-	5,090	483,524	4,568,881	980,000	6,032,405
Interfund transfers out	(826,712)	(75,000)	(72,500)	(150,000)	-	(144,500)	(1,468,212)	(2,088,036)	(2,178,157)	(5,732,405)
<b>Total other financing sources (uses)</b>	<b>(458,083)</b>	<b>(13,127)</b>	<b>(5,000)</b>	<b>(109,490)</b>	<b>-</b>	<b>(139,410)</b>	<b>(925,150)</b>	<b>9,300,845</b>	<b>(1,198,157)</b>	<b>7,117,538</b>
Change in fund balance	2,148,481	(79,040)	(117,095)	231,238	27,974	541,758	2,753,316	1,947,731	(478,927)	5,179,974
Fund balance, beginning of year	20,269,111	2,785,821	3,497,154	3,033,447	899,097	10,845,888	41,070,242	8,996,038	75,295,290	124,961,570
Fund balance, end of year	\$ 22,417,592	\$ 2,706,781	\$ 3,380,059	\$ 3,264,685	\$ 927,071	\$ 11,187,446	\$ 43,823,558	\$ 10,943,769	\$ 75,774,217	\$ 130,141,544

The accompanying notes to financial statements are an integral part of this statement.

**TOWN OF SOUTHAMPTON**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Net Change in Fund Balance - Governmental Funds		\$ 5,179,974
<p>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:</p>		
Capital outlay, net of reclassifications and retirements	\$ 54,805,952	
Depreciation expense	<u>(17,385,375)</u>	37,420,577
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(498,768)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.</p>		
Premiums on obligations	(59,538)	
Serial bond issuance	(6,818,000)	
Repayment of bond principal	14,202,252	
Repayment of special assessment bonds	<u>13,120</u>	7,337,834
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:</p>		
Other post-employment benefits	(10,690,062)	
Compensated absences	(571,817)	
Judgments and claims payable	(392,500)	
Estimated liability for landfill closure and post-closure care costs	(68,614)	
Retainages held	564,658	
Pension related	(2,997,530)	
LOSAP related	(229,845)	
Amortization of deferred charges from bond refunding	(99,304)	
Amortization of bond premiums and discounts	512,811	
Accrued interest costs	<u>46,942</u>	(13,925,261)
Net Change in Net Position - Governmental Activities		<u>\$ 35,514,358</u>

The accompanying notes to financial statements are an integral part of this statement.

**TOWN OF SOUTHAMPTON**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2017**

	<b>MAJOR BUSINESS-TYPE ACTIVITIES</b>		<b>NON-MAJOR BUSINESS-TYPE ACTIVITIES</b>	<b>Total Proprietary Funds</b>
	<b>Beaches and Marinas</b>	<b>Waste Management</b>	<b>Golf Course</b>	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents:				
Unrestricted cash	\$ 544,392	\$ 1,338,478	\$ 392,798	\$ 2,275,668
Restricted cash	20,601	31,652	-	52,253
Accounts receivable, net	-	54,779	10,048	74,825
Due from governmental funds	570,132	324,658	-	894,790
Due from fiduciary funds	177	-	-	177
Prepaid expenses	3,000	18,458	-	21,458
<b>Total current assets</b>	<b>1,138,302</b>	<b>1,778,023</b>	<b>402,844</b>	<b>3,319,169</b>
Noncurrent assets:				
Non-depreciable capital assets	8,055,453	180,100	5,135,201	13,369,754
Depreciable capital assets, net of depreciation	4,286,581	4,193,619	495,806	8,975,006
<b>Total noncurrent assets</b>	<b>12,322,034</b>	<b>4,362,719</b>	<b>5,632,007</b>	<b>22,316,760</b>
<b>Total assets</b>	<b>13,460,336</b>	<b>6,140,742</b>	<b>6,034,851</b>	<b>25,635,929</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge from refunding bonds	39,614	42,408	-	82,022
Pension related	89,250	287,749	-	356,999
<b>Total deferred outflows of resources</b>	<b>128,864</b>	<b>310,157</b>	<b>-</b>	<b>439,021</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	27,280	62,511	2,392	92,183
Accrued interest payable	24,016	36,109	-	62,127
Due to fiduciary funds	-	618	-	618
Current maturities of general obligation bonds payable	433,841	383,008	-	816,849
Current maturities of compensated absences	2,000	8,000	-	10,000
<b>Total current liabilities</b>	<b>487,137</b>	<b>492,448</b>	<b>2,392</b>	<b>981,997</b>
Noncurrent liabilities:				
General obligation bonds payable, net of current maturities and unamortized premiums	1,863,963	3,269,159	-	5,133,122
Compensated absences	2,189	67,544	-	69,733
Net pension liability - proportionate share	89,774	289,322	-	359,096
<b>Total noncurrent liabilities</b>	<b>1,955,906</b>	<b>3,606,025</b>	<b>-</b>	<b>5,561,931</b>
<b>Total liabilities</b>	<b>2,443,065</b>	<b>4,098,471</b>	<b>2,392</b>	<b>6,543,928</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes received in advance	27,995	30,223	-	58,218
Pension related	14,896	44,659	-	59,545
<b>Total deferred inflows of resources</b>	<b>42,881</b>	<b>74,882</b>	<b>-</b>	<b>117,763</b>
<b>NET POSITION</b>				
Net investment in capital assets	10,053,804	752,900	5,632,007	16,448,771
Restricted for debt service	20,601	31,652	-	52,253
Unrestricted	1,018,849	1,492,934	400,452	2,912,235
<b>Total net position</b>	<b>\$ 11,103,254</b>	<b>\$ 2,277,546</b>	<b>\$ 6,032,459</b>	<b>\$ 19,413,259</b>

The accompanying notes to financial statements are an  
integral part of this statement.

**TOWN OF SOUTHAMPTON**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>MAJOR BUSINESS-TYPE ACTIVITIES</b>		<b>NON-MAJOR BUSINESS-TYPE ACTIVITIES</b>	<b>Total Proprietary Funds</b>
	<b>Beaches and Marinas</b>	<b>Waste Management</b>	<b>Golf Course</b>	
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 2,087,600	\$ 2,253,158	\$ 187,420	\$ 4,528,178
Other	3,978	385	-	4,363
Total operating revenues	<u>2,091,578</u>	<u>2,253,543</u>	<u>187,420</u>	<u>4,532,541</u>
<b>OPERATING EXPENSES:</b>				
Beaches and marinas	1,342,628	-	-	1,342,628
Waste management	-	1,518,438	-	1,518,438
Golf course	-	-	28,929	28,929
Depreciation	323,511	359,648	20,827	703,986
Employee benefits	191,071	481,961	-	673,032
Total operating expenses	<u>1,857,210</u>	<u>2,360,047</u>	<u>49,756</u>	<u>4,267,013</u>
Operating income (loss)	<u>234,368</u>	<u>(106,504)</u>	<u>137,664</u>	<u>265,528</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Real property taxes	101,162	-	-	101,162
Interest income	5,178	9,232	2,603	17,013
Interest on debt	(73,512)	(103,019)	-	(176,531)
Total non-operating revenues (expenses)	<u>32,828</u>	<u>(93,787)</u>	<u>2,603</u>	<u>(58,356)</u>
Interfund transfers out	<u>(200,000)</u>	<u>-</u>	<u>(100,000)</u>	<u>(300,000)</u>
Change in net position	67,196	(200,291)	40,267	(92,828)
Total net position, beginning of year	<u>11,036,058</u>	<u>2,477,837</u>	<u>5,992,192</u>	<u>19,506,087</u>
Total net position, end of year	<u>\$ 11,103,254</u>	<u>\$ 2,277,546</u>	<u>\$ 6,032,459</u>	<u>\$ 19,413,259</u>

The accompanying notes to financial statements are an integral part of this statement.

**TOWN OF SOUTHAMPTON**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	MAJOR BUSINESS-TYPE ACTIVITIES		NON-MAJOR BUSINESS-TYPE ACTIVITIES	Total Proprietary Funds
	Beaches and Marinas	Waste Management	Golf Course	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Revenues collected:				
Cash receipts from customers	\$ 3,087,633	\$ 2,240,871	\$ 181,686	\$ 4,520,257
Other operating cash receipts	3,978	385	-	4,363
Payments for expenses:				
Cash payments to other suppliers of goods or services	(1,334,424)	(1,508,905)	(28,753)	(2,872,082)
Cash payments to employees for services and related expenses	(175,852)	(440,805)	-	(616,657)
Other operating cash payments	(442,336)	(311,694)	-	(753,930)
Net cash provided (used) by operating activities	139,066	(20,049)	152,933	281,950
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>				
Purchase of capital assets	(74,018)	(37,228)	(8,113)	(117,359)
Principal paid on capital debt	(430,608)	(379,020)	-	(809,628)
Serial bond proceeds	500,000	332,000	-	832,000
Premium on bonds payable	4,365	2,901	-	7,266
Interest paid on debt	(80,040)	(103,722)	-	(183,762)
Net cash used by capital financing activities	(80,301)	(185,119)	(8,113)	(271,533)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Real property taxes	108,143	30,223	-	138,366
Interfund transfer	(200,000)	-	(100,000)	(300,000)
Net cash provided (used) by non-capital financing activities	(91,857)	30,223	(100,000)	(161,634)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest and earnings received	5,178	9,232	2,603	17,013
Net cash provided by investing activities	5,178	9,232	2,603	17,013
Net increase (decrease) in cash and cash equivalents	(27,916)	(165,713)	59,423	(134,206)
Cash and cash equivalents, beginning of year	592,906	1,535,841	333,375	2,462,126
Cash and cash equivalents, end of year	\$ 564,990	\$ 1,370,128	\$ 392,798	\$ 2,327,916
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 234,368	\$ (106,504)	\$ 137,664	\$ 265,528
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	323,511	359,648	20,627	703,686
(Increase) decrease in accounts receivable	-	(12,167)	4,298	(7,869)
Decrease in due from fiduciary funds	(177)	-	-	(177)
Increase in due from governmental funds	(441,516)	(368,140)	-	(809,656)
Increase in prepaid expenses	(2,055)	(1,273)	-	(3,328)
Decrease in pension related deferred outflows	84,860	254,550	-	339,410
Increase in accounts payable and accrued liabilities	15,285	10,806	176	26,267
Decrease in due to fiduciary funds	(143)	(3,554)	-	(3,697)
Increase (decrease) in compensated absences	367	(3,402)	-	(3,035)
Decrease in pension related deferred inflows	(4,383)	(12,785)	-	(17,168)
Decrease in net pension liability	(63,746)	(157,238)	-	(220,984)
Net cash provided (used) by operating activities	\$ 139,066	\$ (20,049)	\$ 152,933	\$ 281,950
<b>NONCASH CAPITAL FINANCING ACTIVITIES:</b>				
Amortization of bond premium and deferred charges	\$ 7,220	\$ 10,749	\$ 11,783	\$ 29,752

The accompanying notes to financial statements are an integral part of this statement.

**TOWN OF SOUTHAMPTON**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2017**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 85,285,210
Due from proprietary funds	818
Due from governmental funds	125,976
Service award program assets	<u>3,208,523</u>
Total assets	<u>\$ 88,620,527</u>
<b>LIABILITIES</b>	
Due to proprietary funds	\$ 177
Due to school districts	41,453,709
Service award program liabilities	3,208,523
Other agency liabilities	<u>43,958,118</u>
Total liabilities	<u>\$ 88,620,527</u>

The accompanying notes to financial statements are an  
integral part of this statement.

## **NOTES TO FINANCIAL STATEMENTS**

**TOWN OF SOUTHAMPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**1. BACKGROUND**

The Town of Southampton (the "Town"), was established in 1801 and 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. The Town Board consists of the Supervisor who is elected for a term of two years and four council members who are elected for terms of four years. The Town Board appoints the Town Attorney, Comptroller, and the Assessor, whose terms are fixed by Town Law. The Town Clerk, the Superintendent of Highways and Receiver of Taxes are elected and serve for four years. The Town Board appoints various department heads.

The Town provides a full range of municipal services, including police and justice court, home and community services, public works and road maintenance, recreation and parks, and general and administrative services.

The accompanying financial statements include all funds of the Town for which the elected officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. All such entities of the Town have been included in this report.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Southampton 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 most significant of the Town accounting policies are described below.

**A. Reporting entity**

The financial reporting entity consists of: (a) the primary government, which is the Town of Southampton; (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 as set forth by GASB.

The decision to include a potential component unit in the Town of Southampton's financial reporting entity is based on several criteria set forth by GASB which includes legal standing, dependency and financial accountability. Based on the application of these criteria, a summary of certain entities considered in determining the Town of Southampton's reporting entity is discussed below.

The Trustees of the Freeholders and Commonalty of the Town of Southampton (the "Trustees") are independently elected and are responsible for the receipt, maintenance and safety of legally specified property. Operations are supported by user fee revenues established by the Trustees and derived from the issuance of building, mooring and boat ramp permits, as well as budgeted appropriations from the Town. The Town approves the hiring of employees and records the compensation of employees, as well as all of the capital projects of the Trustees on the books of the Town. As a result of the Town providing financial support for the Trustees' employees and capital additions, it is determined that they are fiscally dependent on the Town. The Trustees also do not provide services exclusively to the Town itself but also to the residents of the Town of Southampton and therefore, are presented discretely in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. Complete financial statements of the Trustees can be obtained from their administrative office: The Trustees of the Freeholders and Commonalty of the Town of Southampton, 116 Hampton Road, Southampton, NY 11968.

The Town of Southampton Housing Authority (the "Authority") provides housing for low income residents of the Town of Southampton. The Authority is governed by its Board of Directors, which is comprised of five members appointed by the Town of Southampton. Long-term debt and other fiscal matters, which result in a fiscal interdependency, are backed by the full faith and credit of the Town. Accordingly, the Authority has been determined to be a component unit of the Town and is presented discretely in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. Complete financial statements of the Authority can be obtained from their administrative offices: Town of Southampton Housing Authority, 57 Springville Road, Hampton Bays, NY 11946.

**B. Excluded from the reporting entity**

Within the geographic boundaries of the Town are 7 incorporated villages, 13 school districts and 9 fire districts. These entities are excluded from the Town's financial statements because their operations are controlled by officials elected by their respective constituencies and the Town has no fiscal oversight over them and cannot influence their operations.

**C. Basis of presentation**

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

**1. Government-wide financial statements**

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) display information about the primary government and its component units. These financial statements include the financial activities of the overall government except for fiduciary activities. Eliminations of internal activity have been made in these financial statements. The primary government is reported separately from the legally separate discretely presented component units for which the primary government is financially accountable. All of the activities of the Town as primary government are governmental activities.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functional categories (public safety, transportation, home and community services, etc.), which are otherwise supported by general government revenues (property taxes, certain intergovernmental revenues, interest earnings, etc.). The Statement of Activities reduces gross expenses (including allocated depreciation) by related program revenues to produce the net cost of each program. Program revenues include (a) charges for services (including fees, fines and forfeitures) and (b) operating and capital grants and contributions that are directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function) are normally covered by general revenues (property taxes, intergovernmental revenues, interest earnings, etc.).

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Eliminations have been made to prevent distortion of the direct costs and program revenues reported.

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

## 2. Governmental fund financial statements

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

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, 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. 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. Governmental funds are further classified as major or 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 except those required to be accounted for in other funds.

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

Police District Fund: is used to account for financial resources for police purposes. Primary revenue sources are from real property taxes and State aid.

Town Outside Village Fund: is used for revenues and expenditures for certain services provided to the area of the Town located outside of the Incorporated Villages. Primary revenue sources are from real property taxes and departmental income.

Highway Fund: is used to account for revenues and expenditures for highway purposes. Primary revenue sources are from real property taxes and State aid.

Public Safety Communications Fund: is used to account for financial resources for the operation of the E-911 communication facility. Primary revenue sources are from real property taxes.

Community Preservation Fund: is used to account for financial resources for land acquisition and preservation purposes (current legislation provides for this fund through the 2030 fiscal year). Primary revenue sources are from non-property tax items.

Capital Projects Fund: is used to account for financial resources to be used for the acquisition or construction of major capital facilities. Primary sources of funds are from debt issuances and transfers from the General Fund.

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

### Special Revenue Funds:

Special Grant Fund: is used to account for the revenues and expenditures related to federal aid for the Community Development Block Grant Program and the Section 8 Housing Choice Vouchers Program.

Special Fund: is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Special 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:

Fire Protection Districts:	
North End Quogue	Noyac
Baypoint	
Lighting Districts:	
Eastport	Flanders
Westhampton	Quogue
East Quogue	Hampton Bays
Riverside	Bridgehampton
Water Mill	
Public Parking Districts:	
Hampton Bays	Bridgehampton
Water Districts:	
Flanders	Hampton Bays
Riverside	
Ambulance Districts:	
Westhampton	Northampton
Hampton Bays	Southampton
Coastal Erosion Districts:	
Bridgehampton	Tiana
Sagaponack	
Parks Districts:	
Bridgehampton	Hampton Bays
Water Mill	

### 3. Proprietary Fund financial statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows for each major proprietary fund and the non-major proprietary fund.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position.

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Beaches and Marinas, Waste Management and Golf Course are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Town’s policy to use restricted resources first, then unrestricted resources as they are needed.

The Town reports the following major proprietary funds:

Enterprise Funds: used to account for the following operations:

Beaches and Marinas: used to account for operations related to the Town’s beaches and marinas. Revenue is mainly derived from charges for services which include licenses, permits, dock fees and other recreation related items.

Waste Management: used to account for operations related to the Town's refuse. Revenue is mainly derived from items disposed by the Town's residents which are not part of the regular sanitation pickup.

Additionally, the Town reports the following non-major proprietary fund:

Golf Course: used to account for operations related to Poxabogue Golf Course. Revenue is derived from charges for services related to greens fees, driving range fees and other related items.

#### 4. Fiduciary Funds:

The fiduciary funds are used to account for the assets held by the Town in a trustee capacity or as agency for individuals, private organizations and their governments. These activities are not included in the government-wide financial statements, because their resources do not belong to the Town, and are not available to be used.

The Town reports the following fiduciary funds:

Agency Fund: is for money (and/or property) received and held in the capacity of trustee, custodian or agent. The Town's fiduciary funds include agency funds as follows:

Town Agency Fund: accounts for consolidated payroll, amounts due to/from other governments, service award programs and other agency liabilities.

Town Clerk Agency Fund: accounts for amounts collected on behalf of other governments for licenses and permit fees.

Town Receiver of Taxes Agency Fund: accounts for amounts due to other governments for general and school taxes collected.

#### D. Measurement focus and basis of accounting

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.

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

In the fund financial statements, governmental funds use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (measurable and available to finance current operations). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers all revenues available if they are collected within 90 days after the year end. Application of "susceptible to accrual" criterion requires judgment, consideration of the materiality of the item in question, and due regard for the practicality of accrual, as well as consistency in application.

Revenues susceptible to accrual include Suffolk County local assistance at year-end on behalf of the Town, franchise fees, charges for services, intergovernmental revenues and operating transfers. Permits, fees, and other similar revenues are not susceptible to accrual because generally they are not measurable until they are received in cash. In those instances where expenditures are the prime factor in determining eligibility for State and federal grants, revenues are recognized when the expenditure is incurred. In the Capital Projects Fund, long-term debt is recognized as revenue upon receipt of the proceeds. Expenditures are recorded on the accrual basis except that (a) expenditures for prepaid items are recognized when incurred, (b) principal and interest on indebtedness are recognized as expenditures when due and (c) compensated absences, such as vacation and sick leave, which vest or accumulate, are charged as expenditures when paid.

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 generally reported as assigned fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

#### E. Property taxes

In Suffolk County ("County"), the assessment and lien of real property for taxation is done by the County Department of Assessment. 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 and by special districts of the County and the Town.

The Town of Southampton Receiver of Taxes ("Receiver") collects all real property taxes for the Town, Suffolk County, Town special districts and school districts located within the Town of Southampton as a single bill. Town and County taxes are levied on December 1<sup>st</sup>, and are due in two equal installments, payable without penalty on January 10<sup>th</sup> and May 31<sup>st</sup> respectively; after which taxes are payable to the County Treasurer. Penalties are imposed thereafter at the rate of 1% per month from January 10<sup>th</sup> until May 31<sup>st</sup>. The Receiver collects all taxes based on this single bill and distributes the proceeds to the Town Supervisor prior to distributing the remaining taxes collected to the County. Responsibility for the collection of unpaid taxes rests with the County and, accordingly, the Town is assured 100% collection of real property taxes.

#### F. Interfund transactions

Interfund transactions have been eliminated from the government-wide financial statements. In the fund financial statements, interfund transactions are defined as the flow of assets such as cash or goods and services, without the equivalent flow of assets in return.

#### G. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities (deferred inflows/outflows of resources) and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

#### H. 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 from the date acquired by the Town.

For purposes of the Statement of Cash Flows, the Town considers all highly liquid investments with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

I. Receivables

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

J. Inventory - materials and supplies

Inventory in the proprietary funds is valued at the lower of cost or market using the first-in, first-out method.

K. Prepaid expenses/expenditures

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Prepaid items consist of costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and/or will benefit such periods. Reported amounts in governmental funds are equally offset by nonspendable fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

L. Restricted assets

Certain assets are classified as restricted assets because their use is restricted by contractual agreements and regulations.

M. Capital assets

Capital assets purchased or acquired with an original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Donated capital assets are recorded at estimated fair market value at the date of donation. 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 on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	10-50 years
Improvements other than buildings	20 years
Machinery and equipment	5-30 years
Infrastructure -	
Bridges	20-50 years
Landfill	30 years
Roads, curbs and sidewalks	20-30 years
Lighting system	15 years
Bulkheads, piers and boardwalks	10-30 years
Water and sewer mains	10-65 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

N. Deferred outflows of resources

In addition to assets, the Balance Sheet or Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents 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.

O. Deferred inflows of resources/unearned revenues

In addition to liabilities, the Balance Sheet or Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources are defined as an acquisition of net position by the government that is applicable to future periods. Deferred inflows are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when the Town receives resources before it has legal claim to them, as when charges for services are received prior to performing or satisfying the service. In subsequent periods, when both recognition criteria are met, or when the Town has legal claim to the resources, the deferred inflow is removed and revenues are recorded.

P. Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions, as well as short-term interfund loans are classified as "due to and from other funds". Long-term interfund loans (non-current portion) are reported as "advances from and to other funds". Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Q. Long-term obligations

The liabilities for long-term obligations consisting of general obligation bonds payable, special assessment bonds payable, compensated absences, judgments and claims, other post-employment benefits, proportionate share of the net pension liability, total pension liability and liability for landfill closure and post-closure care costs are recognized in the government-wide financial statements. Bond premiums, discounts and any prepaid bond insurance costs are deferred and amortized over the life of the bonds using the straight line method, and bond issuance costs are recognized as an expense in the period incurred. Bonds payable are reported net of the applicable bond premium or discount.

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

R. Compensated absences (accumulated unpaid vacation, sick pay and other employee benefits)

Town employees receive accumulated earned but unused vacation and sick pay benefits pursuant to labor contracts or Town policies. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave at various rates subject to certain maximum limitations.

The liability for vested or accumulated vacation or sick leave (compensated absences) is recorded as current and non-current obligations in the government-wide financial 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 incurred. The amount that is expected to be liquidated with expendable available financial resources is reported as expenditures and a liability in the fund financial statements and the respective fund that will pay it and are reported in the fund financial statements, only to the extent that they have matured.

S. Other benefits

Town employees participate in the New York State and Local Retirement System. In addition to providing pension benefits, the Town provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the Town's employees may become eligible for these benefits if they reach normal retirement age while working for the Town. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the Town and the retired employee. The Town recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

#### T. Notes payable

Tax anticipation notes and revenue anticipation notes are generally recorded as fund liabilities in the fund receiving the proceeds. Bond anticipation notes are classified as fund liabilities in the funds receiving the proceeds unless all legal steps have been taken to refinance the notes and the intent is supported by an ability to consummate refinancing the short-term note on a long-term basis, at which time they are recorded as other financing sources in the fund financial statements. In the government-wide Statement of Net Position, they are recorded as a liability.

#### U. Equity classifications:

##### Government-wide financial statements and proprietary fund financial statements

In the government-wide and proprietary fund financial statements, there are three classes of net position:

1. Net investment in capital assets: consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvements of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
2. Restricted: consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
3. Unrestricted: is the amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

##### Fund financial statements

In the fund financial statements, there are five classifications of fund balance:

1. Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes prepaid items recorded in the Town's various funds.
2. Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The Town reports the following restricted fund balances:

##### Debt Service

According to General Municipal Law §6-l, the Debt Service Reserve must be established for the purpose of retiring the outstanding debt service payments on the general obligation bonds used to originally purchase the property. The funding of the reserve is from the proceeds of the sale of property or capital improvement.

A summary of the activity in the Debt Service Reserve for the year ended December 31, 2017 is as follows:

Balance - beginning	\$ 7,125,498
Additions to debt service reserve	5,797,155
Liquidation of reserve for debt service payments	<u>(5,918,127)</u>
Balance - ending	<u>\$ 7,004,526</u>

#### Tax Stabilization

According to General Municipal Law §6-l and Town Law, the Tax Stabilization Reserve was established for the purposes of providing a degree of stability and to weather fluctuations in revenues and expenditures without severely impacting property tax rates. The monies in the reserve may be expended only pursuant to an appropriation for purposes authorized by the Town Supervisor and the adoption of a resolution appropriating the recommended amount by at least two-thirds of the voting strength of the Town Board.

#### Community Preservation

The Town established a Community Preservation Fund (the "CPF") in accordance with Town Law Section 64-d and 64-e and Local Law Section 139 for the purpose of protecting and preserving open and undeveloped lands in the Town of Southampton, including wetlands, woodlands, agricultural lands, shore lands, and other natural resources of the Town, for the purpose of protecting historic places and properties within the Town and for the purpose of providing the Town's visitors and residents with outdoor recreational opportunities. Funding of this reserve is primarily from revenues collected from the two percent real estate transfer tax imposed by the Town pursuant to Article 31-D of New York State Tax Law. In accordance with Local Law Section 139, financial activities for the Community Preservation Fund are maintained in a separate bank account. The Town currently accounts for the financial activity of the Community Preservation Fund as a major governmental fund. In accordance with the purpose of this fund, not more than ten percent of the fund shall be utilized for management and stewardship activities. Upon completion of the Community Preservation Project Plan, any remaining funds will be applied to reduce any bonded indebtedness or other obligations incurred.

#### Capital

Capital Projects Funds are used to account for and report financial resources that are restricted for capital outlays, including the acquisition or construction of capital facilities and other capital assets, and accordingly the Town has reflected its fund balance as such. Capital Projects Funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

#### Special Revenue - Park Improvements

The Town's Special Revenue Fund is used to account for and report financial resources that are legally restricted by the source of the contribution. The Special Revenue Fund accounts for a number of different projects all of which are restricted and therefore the entire fund balance is considered restricted.

#### Grants

The Town's Special Grant Fund is used to account for and report financial resources that are restricted for the Town's various housing and urban development grant programs. The Housing Choice Voucher program and the Community Development Block Grant, both funded by the U.S. Department of Housing and Urban Development ("HUD"), are accounted for in this fund. The remaining proceeds (if any) are restricted only for those programs and therefore the entire fund balance is considered restricted.

3. **Committed** - Includes amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Town Board is the decision-making authority that can, by Board resolution, commit fund balance.
4. **Assigned** - Includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed, except for tax stabilization agreements. The intent can be expressed by the Board or through the Board delegating this responsibility to the Town administration through the budgetary process. The classification also includes the remaining positive fund balances for all governmental funds except for the General Fund.
5. **Unassigned** - Includes all other General Fund fund balance that does not meet the definition of the above four classifications and are deemed to be available for general use by the Town. The unassigned classification also includes negative residual balances of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

Fund balances for all the major and non-major governmental funds as of December 31, 2017, were distributed as follows:

	General Fund	Polar District Fund	Town Outside Village Fund	Highway Fund	Public Safety Communications Fund	Capital Projects Fund	Community Preservation Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>									
Prepaid items	\$ 2,175,894	\$ 1,263,262	\$ 224,923	\$ 274,464	\$ 195,001	\$ -	\$ 3,191	\$ 73,290	\$ 4,121,995
<b>Total nonspendable</b>	<u>2,175,894</u>	<u>1,263,262</u>	<u>224,923</u>	<u>274,464</u>	<u>195,001</u>	<u>-</u>	<u>3,191</u>	<u>73,290</u>	<u>4,121,995</u>
<b>Restricted</b>									
Debt reserve	490,751	28,971	53,784	350,819	2,411	-	3,795,194	82,614	7,004,230
Tax stabilization	4,136,730	-	-	-	-	-	-	-	4,136,730
Capital projects	-	-	-	-	-	10,543,759	-	-	10,543,759
Community preservation	-	-	-	-	-	-	89,663,972	-	89,663,972
Park improvements	-	-	-	-	-	-	-	4,621,354	4,621,354
M/D grants	-	-	-	-	-	-	-	419,409	419,409
<b>Total restricted</b>	<u>4,667,481</u>	<u>28,971</u>	<u>53,784</u>	<u>350,819</u>	<u>2,411</u>	<u>10,543,759</u>	<u>79,771,936</u>	<u>5,123,384</u>	<u>96,751,673</u>
<b>Committed</b>									
Debt mat. repay.	-	-	-	-	-	-	-	795,000	795,000
<b>Total committed</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>795,000</u>	<u>795,000</u>
<b>Assigned</b>									
Appropriated for subsequent year's expenditures	650,000	250,000	730,000	175,000	150,000	-	-	271,167	2,196,167
Encumbrances	16,355	50,397	-	-	-	-	-	55,849	124,385
Unappropriated fund balance	-	1,117,181	2,351,741	2,254,435	634,292	-	-	4,903,957	11,231,863
<b>Total assigned</b>	<u>666,355</u>	<u>1,417,548</u>	<u>3,081,741</u>	<u>2,429,435</u>	<u>784,292</u>	<u>-</u>	<u>-</u>	<u>5,230,772</u>	<u>13,552,418</u>
<b>Unassigned</b>	<u>14,055,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,055,850</u>
<b>Total</b>	<u>\$ 22,417,982</u>	<u>\$ 2,700,781</u>	<u>\$ 3,366,643</u>	<u>\$ 3,254,635</u>	<u>\$ 977,011</u>	<u>\$ 10,543,759</u>	<u>\$ 79,774,917</u>	<u>\$ 11,387,446</u>	<u>\$ 120,141,544</u>

#### Net position and fund balance flow assumptions

Sometimes the Town will fund outlays for a particular purpose from both restricted (i.e. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

#### Minimum fund balance policy

The Town Board has adopted a minimum fund balance policy for the General Fund. The policy requires the unassigned fund balance at fiscal year-end to be at least 7% of the ensuing years General Fund operating budget.

### **3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND FINANCIAL STATEMENTS AND GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Due to the differences in the measurement focus and basis of accounting used in the governmental fund financial statements and the government-wide financial statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

#### A. Total fund balances of governmental funds vs. net position of governmental activities

Total fund balances of the Town's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental funds Balance Sheet.

#### B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of four broad categories. The categories are shown below:

##### 1. Long-term revenue/expense differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

##### 2. Capital related differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on governmental fund financial statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund financial statements and depreciation expense on those items as recorded in the Statement of Activities.

##### 3. Long-term debt transaction differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund financial statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

##### 4. Pension and LOSAP differences

Pension differences occur as a result of changes in the Town's proportion of the collective net pension liability and differences between the Town's contributions and its proportionate share of the total contributions to the pension systems. Differences also occur as a result of changes in the LOSAP total pension liability and related deferred inflows and outflows of resources.

#### **4. CHANGES IN ACCOUNTING PRINCIPLES**

For the year ended December 31, 2017, the Town implemented GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. The implementation of the Statement requires the Town to report a liability for its portion of the total pension liability for the Length of Service Award Program ("LOSAP"). The implementation of this Statement also requires the Town to report a deferred outflow or inflow of resources for the effect of the net change in the Town's total pension liability. Also included as a deferred outflow of resources is the Town's related charges and fees to the program subsequent to the measurement date. See Note 19 for the financial statement impact of the implementation of this Statement.

#### **5. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

##### **A. Budgetary data**

The Town follows the procedures enumerated below in establishing the budgetary data (pages 78 through 95, as well as pages 105 through 112) reflected in the financial statements:

1. On or before September 20<sup>th</sup>, each department, office or district submits to the Supervisor and the Comptroller a detailed estimate of the budget known as "departmental estimates" for the amount of revenue to be received and expenditures to be made for the ensuing year.
2. On or before September 30<sup>th</sup>, the Supervisor files a tentative budget with the Town Clerk and the Comptroller.
3. On or before October 5<sup>th</sup>, the Town Clerk presents to the Town Board a tentative budget for the ensuing year (Town Law Sections 106 and 108). The Town Board reviews the tentative budget and files a preliminary budget with the Town Clerk.
4. The Town Board conducts a public hearing on the preliminary budget, and on or before November 20<sup>th</sup>, the Town Board meets to adopt the budget now known as the "adopted budget".
5. Formal budgetary integration is employed during the year as a management control device for the General Fund and certain major funds. The Town Board adopts the budget and establishes a legal level of control of the budget at the object level of expenditures. The object level identifies expenditures by the article purchased or service obtained in order to carry out a function. Appropriations are adopted at the object level. All budgetary amendments and transfers of appropriation require Town Board approval. Appropriations for all governmental funds except the Capital Projects Fund lapse at year-end, except that outstanding encumbrances are re-appropriated in the succeeding year in the approved budgetary account line. In order to show the full legal level of budgetary compliance for the General Fund and certain other funds, detailed individual statements of revenues, expenditures and changes in fund balance – budget and actual, are presented as supplementary schedules in this report.
6. Budgets for the General Fund and certain major funds are legally adopted for each year. 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 may be made. The Capital Projects Fund and Special Grant Funds are budgeted on a project or grant basis. The Special Revenue Fund does not have an annually adopted budget.

##### **B. Fund balances**

###### **Assignment of fund balance**

Portions of the assigned fund balances at December 31, 2017 were appropriated for the subsequent year's operating budgets as follows:

Fund	Total Assigned Fund Balance	Fund Balance Appropriated For Subsequent Year
Major Governmental Funds:		
General Fund	\$ 618,353	\$ 600,000
Police District Fund	1,417,548	250,000
Town Outside Village Fund	3,101,741	750,000
Highway Fund	2,429,405	175,000
Public Safety Communications Fund	754,599	150,000
Non-Major Governmental Funds	<u>5,230,772</u>	<u>271,167</u>
Total	<u>\$ 13,552,418</u>	<u>\$ 2,196,167</u>

Fund deficits

As of December 31, 2017, there were no deficit fund balances in any governmental funds.

**6. CASH AND CASH EQUIVALENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT AND INTEREST RATE**

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

The Town's investments are governed by a formal investment policy. The Town's monies must be deposited in Federal Deposit Insurance Corporation ("FDIC") insured commercial banks or trust companies located within the State. The Town is authorized to use certificates of deposit, N.O.W., super N.O.W. accounts and money market deposit accounts.

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

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 not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either:

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

As of December 31, 2017, the cash balances were as follows:

	Bank Balance	Book Balance
Town of Southampton	\$ 228,208,547	\$ 223,553,440
Town of Southampton Housing Authority	420,920	460,000
Trustees of the Freeholders	<u>1,039,610</u>	<u>1,039,625</u>
Total	<u>\$ 229,669,077</u>	<u>\$ 225,053,065</u>

All cash balances as of December 31, 2017 are collateralized with securities held by the pledging financial institution.

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

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

Concentration of credit risk: 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.

As of December 31, 2017, the Town did not have any investments subject to credit risk, interest-rate risk or concentration of credit risk.

## 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances for the primary government at December 31, 2017 primarily represent the payment of operating expenditures that will be reimbursed subsequent to year end and are stated as follows:

	Amount Receivable	Amount Payable
Major Governmental Funds:		
General Fund	\$ 3,621,270	\$ 34,990
Police District Fund	-	31,869
Public Safety Communications Fund	-	4,358
Capital Projects Fund	50,000	3,941,115
Non-Major Governmental Funds	-	679,704
Major Business-Type Funds:		
Beaches and Marinas	570,309	-
Waste Management	324,858	818
Agency Funds	126,794	177
<b>Total</b>	<b>\$ 4,693,031</b>	<b>\$ 4,693,031</b>

Interfund transfer balances for the primary government at December 31, 2017 primarily represent the payment of operating and capital expenditures in addition to general obligation bond and bond anticipation note principal and interest and are stated as follows:

	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	\$ 337,472	\$ 826,712
Police District Fund	61,000	75,000
Town Outside Village Fund	67,000	72,000
Highway Fund	13,002	350,000
Capital Projects Fund	4,568,881	2,086,036
Community Preservation Fund	980,000	2,178,157
Non-Major Governmental Funds	5,050	144,500
Major Business-Type Fund:		
Beaches and Marinas	-	200,000
Non-Major Business-Type Fund:		
Golf Course	-	100,000
<b>Total</b>	<b>\$ 6,032,405</b>	<b>\$ 6,032,405</b>

## 8. CAPITAL ASSETS

Governmental activities, capital asset balances and activity for the year ended December 31, 2017 were as follows:

	Beginning Balance	Additions	Reclassifications/ Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 576,576,882	\$ 23,576,970	\$ -	\$ 600,153,852
Development and access rights	273,919,773	21,655,181	-	295,574,954
Construction-in-progress	5,786,755	2,440,255	(2,108,594)	6,118,416
<b>Total</b>	<b>\$ 856,283,410</b>	<b>\$ 47,672,406</b>	<b>\$ (2,108,594)</b>	<b>901,847,222</b>
Depreciable capital assets:				
Buildings	\$ 53,017,899	\$ -	\$ (190,324)	52,827,575
Improvements other than buildings	42,509,775	96,682	658,636	43,265,093
Machinery and equipment	25,377,246	2,304,897	(265,123)	27,417,020
Infrastructure -				
Bridges	1,075,249	-	-	1,075,249
Landfill	9,401,652	-	-	9,401,652
Roads, curbs and sidewalks	364,086,835	4,006,138	1,327,877	369,420,850
Lighting system	1,349,791	-	-	1,349,791
Bulkheads, piers and boardwalks	12,356,459	-	-	12,356,459
Water and sewer mains	14,403,260	248,120	562,370	15,213,750
<b>Total depreciable capital assets</b>	<b>\$ 523,578,166</b>	<b>\$ 6,655,837</b>	<b>\$ 2,093,436</b>	<b>532,327,439</b>
Less accumulated depreciation:				
Buildings	\$ 19,828,858	\$ 1,119,952	\$ (48,953)	20,899,857
Improvements other than buildings	14,227,634	2,045,154	-	16,272,788
Machinery and equipment	18,367,917	1,746,420	(443,914)	19,670,423
Infrastructure -				
Bridges	294,663	36,689	-	331,352
Landfill	6,860,380	313,388	-	7,173,768
Roads, curbs and sidewalks	252,514,909	11,340,571	-	263,855,480
Lighting system	1,343,980	211	-	1,344,191
Bulkheads, piers and boardwalks	7,683,455	340,580	-	8,024,035
Water and sewer mains	4,634,043	442,410	-	5,076,453
<b>Total accumulated depreciation</b>	<b>\$ 325,755,839</b>	<b>\$ 17,385,375</b>	<b>\$ (492,867)</b>	<b>342,648,347</b>
<b>Total depreciable capital assets, net</b>				<b>189,679,092</b>
<b>Total capital assets, net</b>				<b>\$ 1,091,526,314</b>

Depreciation expense was charged to governmental functions as follows:

General governmental support	\$	4,134,242
Public safety		7,988,580
Transportation		1,896,745
Economic assistance and opportunity		740,617
Culture and recreation		705,846
Home and community services		<u>1,919,345</u>
Total governmental activities depreciation expense	\$	<u>17,385,375</u>

Business-type activities, capital asset balances and activity for the year ended December 31, 2017 were as follows:

	Beginning Balance	Additions	Reclassifications/ Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 13,329,090	\$ -	\$ -	\$ 13,329,090
Construction-in-progress	<u>-</u>	<u>30,664</u>	<u>-</u>	<u>30,664</u>
Total	<u>\$ 13,329,090</u>	<u>\$ 30,664</u>	<u>\$ -</u>	<u>13,359,754</u>
Depreciable capital assets:				
Buildings	\$ 4,885,644	\$ 20,485	\$ -	4,906,129
Improvements other than buildings	8,953,577	-	-	8,953,577
Machinery and equipment	<u>2,855,551</u>	<u>66,211</u>	<u>(20,000)</u>	<u>2,901,762</u>
Total depreciable capital assets	<u>\$ 16,694,772</u>	<u>\$ 86,696</u>	<u>\$ (20,000)</u>	<u>16,761,468</u>
Less accumulated depreciation:				
Buildings	\$ 1,720,115	\$ 104,588	\$ -	1,824,703
Improvements other than buildings	3,586,901	454,492	-	4,041,393
Machinery and equipment	<u>1,813,460</u>	<u>144,906</u>	<u>(20,000)</u>	<u>1,938,366</u>
Total accumulated depreciation	<u>\$ 7,120,476</u>	<u>\$ 703,986</u>	<u>\$ (20,000)</u>	<u>7,804,462</u>
Total depreciable capital assets, net				<u>8,957,006</u>
Total capital assets, net				<u>\$ 22,316,760</u>

Depreciation expense was charged to business-type activities functions as follows:

Beaches and marinas	\$	323,511
Waste management		359,648
Golf course		<u>20,827</u>
Total business-type activities depreciation expense	\$	<u>703,986</u>

The Town of Southampton evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The Town's policy is to record an impairment loss in the period when the Town determines that the carrying amount of the asset will not be recoverable. At December 31, 2017, the Town has not recorded any such impairment losses.

Discretely presented component unit's capital asset balances and activity for the year ended December 31, 2017 were as follows:

	Beginning Balance	Additions	Reclassifications/ Adjustments	Ending Balance
Capital assets not being depreciated:				
Land	\$ 683,700	\$ -	\$ -	\$ 683,700
Total	<u>\$ 683,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>683,700</u>
Depreciable capital assets:				
Buildings	\$ 2,575,206	\$ -	\$ -	2,575,206
Equipment	184,029	5,998	-	190,027
Building improvements	929,295	39,474	-	968,769
Total depreciable capital assets	<u>\$ 3,688,530</u>	<u>\$ 45,472</u>	<u>\$ -</u>	<u>3,734,002</u>
Less accumulated depreciation:				
Buildings	\$ 729,315	\$ 60,895	\$ -	790,210
Equipment	171,273	4,299	-	175,572
Building improvements	246,413	54,505	-	300,918
Total accumulated depreciation	<u>\$ 1,147,001</u>	<u>\$ 119,699</u>	<u>\$ -</u>	<u>1,266,700</u>
Total depreciable capital assets, net				<u>2,467,302</u>
Total capital assets, net				<u>\$ 3,151,002</u>
Depreciation expense was charged as follows:				
Economic assistance and opportunity				<u>\$ 119,699</u>

## 9. SHORT-TERM DEBT

Bond anticipation notes ("BANs") are used as a temporary means of financing capital expenditures in the Capital Projects Fund. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. The notes or renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two years and within each 12 month period thereafter. Liabilities for BANs are generally accounted for in the Capital Projects Fund. Bans are generally paid from the proceeds of bond issuance after renewal of these notes.

Interest expense resulting from the issuance of short-term debt for the year ended December 31, 2017 was \$59,753.

A summary of changes in short-term debt for the Town for the year ended December 31, 2017 is as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
BAN matured on 2/23/17 @ 2.00%	\$ 3,191,640	\$ -	\$ 3,191,640	\$ -
BAN maturing on 2/22/18 @ 2.00%	-	1,790,000	-	1,790,000
Total:	<u>\$ 3,191,640</u>	<u>\$ 1,790,000</u>	<u>\$ 3,191,640</u>	<u>\$ 1,790,000</u>

## 10. LONG-TERM DEBT OBLIGATIONS

Long-term liability balances and activity for the year are summarized below:

	Beginning Balance	Increases	Reductions	Ending Balance	Amounts Due Within One Year	Noncurrent Liabilities
<b>Governmental activities:</b>						
General obligation bonds payable	\$ 111,741,649	\$ 6,616,000	\$ 14,282,252	\$ 104,075,397	\$ 14,609,989	\$ 89,747,408
Unamortized bond discounts and premiums	3,375,602	59,538	512,811	2,922,329	-	2,922,329
Total general obligation bonds, net	115,117,251	6,675,538	14,715,063	107,077,726	14,609,989	92,669,737
Special assessment bonds with governmental commitment	67,486	-	13,120	54,366	13,120	41,246
Compensated absences	6,208,636	771,817	230,000	6,750,453	200,000	6,550,453
Judgments and claims payable	2,287,500	385,000	2,500	2,680,000	390,430	2,289,570
Other post-employment benefits	80,584,583	15,244,425	4,554,363	91,254,625	-	91,254,625
Retainages held	684,858	-	564,658	-	-	-
Estimated liability for landfill closure and post-closure care costs	3,026,010	190,617	122,203	3,094,424	180,542	2,914,062
Total governmental activities	\$ 210,836,104	\$ 23,479,597	\$ 20,171,807	\$ 214,143,794	\$ 15,394,081	\$ 198,749,713
<b>Business-type activities:</b>						
General obligation bonds payable	\$ 5,750,873	\$ 632,030	\$ 609,629	\$ 5,773,244	\$ 816,889	\$ 4,956,355
Unamortized bond premiums	189,253	7,286	29,752	176,787	-	176,787
Total general obligation bonds, net	5,950,126	639,268	639,381	5,950,011	816,889	5,133,122
Compensated absences	82,718	338	3,403	79,713	10,050	69,713
Total business-type activities	\$ 6,032,874	\$ 639,634	\$ 642,784	\$ 6,029,724	\$ 826,939	\$ 5,202,835
<b>Discretely presented component unit:</b>						
General obligation bonds payable	\$ 3,302,000	\$ -	\$ 80,000	\$ 3,222,000	\$ 80,000	\$ 3,142,000
Unamortized bond discounts	(30,026)	-	(970)	(30,996)	(970)	(29,136)
Total general obligation bonds, net	3,271,972	-	79,030	3,192,002	79,030	3,113,862
Notes payable	680,000	-	500,000	180,000	150,000	-
Total discretely presented component unit	\$ 3,951,972	\$ -	\$ 579,030	\$ 3,342,002	\$ 229,030	\$ 3,113,862

**General obligation bonds** - The Town borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are backed by the full faith and credit of the Town, bear interest at various rates from 1.000% to 5.300% and have maturity dates in 2020 through 2032.

In February 2017, the Town issued \$7,650,000 in public improvement serial bonds with an interest rate of 2.00% increasing to 2.75%. The proceeds of the bond were used for various capital improvements and to acquire various equipment. The total purchase price of the bonds were \$7,716,804 with an original issue premium of \$66,804, which will be amortized over the life of the bonds on a straight line basis as a component of interest expense in the Statement of Activities.

**Special assessment bonds** - The Town has \$54,366 of special assessment debt outstanding to provide funds for road improvements. These bonds will be repaid from amounts levied against the property owners benefited by these improvements. In the event that a deficiency exists because of unpaid delinquent special assessments at the time a debt service payment is due, and although the Town is not directly liable, the Town must provide resources to cover the deficiency until other resources are received. The bonds have interest rates ranging from 2.00% to 5.00% and are payable over the next 7 years.

The following is a summary of the maturity of long-term bond indebtedness:

Governmental activities:  
General obligations bonds payable -

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding December 31, 2017
NYS EFC bonds	3/13/03	4/15/20	1.031%-4.551%	\$ 165,000
Open space preservation serial bonds	1/15/09	1/15/30	3.000%-4.375%	13,400,000
Open space preservation serial bonds	4/1/09	4/1/30	3.000%-4.500%	13,400,000
Refunding serial bonds	5/1/10	5/1/22	2.000%-4.500%	2,097,382
Public improvement serial bonds	8/12/10	8/12/29	2.000%-3.250%	11,061,000
Public improvement serial bonds	4/28/11	4/15/22	2.000%-4.000%	5,805,000
Refunding serial bonds	8/8/12	10/1/23	2.000%-5.000%	5,523,354
Retirement serial bonds	11/27/12	11/15/22	2.000%-2.400%	1,130,000
Public improvement serial bonds	4/17/13	4/15/27	2.000%-2.375%	5,465,000
Erosion control district serial bonds	9/4/13	9/1/23	2.000%-4.000%	13,665,000
Refunding EFC serial bond	5/2/14	11/16/20	4.061%-4.235%	2,995,000
Public improvement serial bonds	7/9/14	4/1/29	2.000%-3.000%	3,295,000
Refunding serial bonds	9/4/14	11/1/24	2.000%-5.000%	4,110,707
Public improvement serial bonds	2/24/15	2/15/30	1.000%-2.500%	4,005,000
Refunding serial bonds	4/28/15	3/15/22	2.000%-3.000%	3,717,954
Public improvement serial bonds	2/1/16	2/15/31	2.000%-2.750%	7,704,000
Public improvement serial bonds	2/1/17	2/15/32	2.000%-2.750%	6,818,000
				<u>\$ 104,357,397</u>

Special assessment bonds -

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding December 31, 2017
Public improvement serial bonds	8/12/10	8/12/23	2.000%-3.250%	\$ 30,000
Refunding serial bonds	9/4/14	11/1/24	2.000%-5.000%	24,366
				<u>\$ 54,366</u>

Business-type activities:  
General obligation bonds payable -

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding December 31, 2017
Refunding serial bonds	5/1/10	5/1/22	2.000%-4.500%	\$ 52,618
Public improvement serial bonds	8/12/10	8/12/29	2.000%-3.250%	1,664,000
Public improvement serial bonds	4/28/11	4/15/22	2.000%-4.000%	145,000
Refunding serial bonds	8/8/12	10/1/23	2.000%-5.000%	66,653
Public improvement serial bonds	4/17/13	4/15/27	2.000%-2.375%	335,000
Public improvement serial bonds	7/9/14	4/1/29	2.000%-3.000%	120,000
Refunding serial bonds	9/4/14	11/1/24	2.000%-5.000%	664,927
Public improvement serial bonds	2/24/15	2/15/30	1.000%-2.500%	75,000
Refunding serial bonds	4/28/15	3/15/22	2.000%-3.000%	1,482,046
Public improvement serial bonds	2/1/16	2/15/31	2.000%-2.750%	336,000
Public improvement serial bonds	2/1/17	2/15/32	2.000%-2.750%	832,000
				<u>\$ 5,773,244</u>

The following is a summary of maturing debt service requirements for bonds:

Governmental activities:  
General obligations bonds payable -

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ended December 31,			
2018	\$ 14,609,989	\$ 3,368,401	\$ 17,978,390
2019	14,418,080	2,834,535	17,252,615
2020	13,858,477	2,357,262	16,215,739
2021	10,816,022	1,895,269	12,711,291
2022	10,753,873	1,553,995	12,307,868
2023-2027	27,946,000	4,237,924	32,183,924
2028-2032	11,954,956	755,096	12,710,052
	<u>\$ 104,357,397</u>	<u>\$ 17,002,482</u>	<u>\$ 121,359,879</u>

Special assessment bonds -

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ended December 31,			
2018	\$ 13,120	\$ 1,868	\$ 14,988
2019	13,120	1,362	14,482
2020	13,120	850	13,970
2021	5,000	325	5,325
2022	5,000	200	5,200
2023-2024	5,006	69	5,075
	<u>\$ 54,366</u>	<u>\$ 4,674</u>	<u>\$ 59,040</u>

Business-type activities:  
General obligations bonds payable -

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ended December 31,			
2018	\$ 816,889	\$ 175,265	\$ 992,154
2019	798,802	136,979	935,781
2020	778,403	109,424	887,827
2021	593,978	82,445	676,423
2022	631,126	65,519	696,645
2023-2027	1,409,000	195,056	1,604,056
2028-2032	745,046	36,336	781,382
	<u>\$ 5,773,244</u>	<u>\$ 801,024</u>	<u>\$ 6,574,268</u>

Interest on governmental activities long-term debt for the year was composed of:

Interest paid	\$	3,559,791
Less interest accrued in the prior year		(933,006)
Plus interest accrued in the current year		886,064
Amortization of discounts, premiums and deferred charges		<u>(413,507)</u>
Total expense	\$	<u>3,099,342</u>

Interest on business-type activities long-term debt for the year was composed of:

Interest paid	\$	183,812
Less interest accrued in the prior year		(56,059)
Plus interest accrued in the current year		62,127
Amortization of premiums and deferred charges		<u>(13,349)</u>
Total expense	\$	<u>176,531</u>

Other long-term debt - Liabilities for judgments and claims, other post-employment benefits, retainages held and landfill closure and post-closure care costs are liquidated through future budgetary appropriations in the General Fund. The liabilities for compensated absences are liquidated through future budgetary appropriation in the funds that gave rise to the liability, with the majority being liquidated through the General Fund and Police District Fund.

Discretely presented component unit -

Notes payable - In May 2013, the Town of Southampton Housing Authority (the "Authority") issued \$650,000 in notes payable at an interest rate of 2.95%, which was below the prime rate of 3.25%. The proceeds were used to pay off a project developer's existing mortgage obligation, provide additional funding for the development of a future project (to the same project developer) and to reconstruct, furnish and equip a single family low income rental housing project. The remaining balance of \$150,000 is set to mature in May 2018.

General obligation bonds - In December 2012, the Authority issued \$3,500,000 of revenue bonds at various interest rates ranging from 1.5% to 3.5%. The proceeds were used to pay off existing mortgage obligations and to issue new monies for future projects related to the Hampton Bays Apartments. The bond is guaranteed by the Town of Southampton, which also acts as the fiscal agent, remitting payment to the registered owners of the bonds on the applicable payment dates. The bond is due to mature in December of 2047. The outstanding balance as of December 31, 2017 is \$3,170,000.

In June 2010, the Authority issued \$110,000 of general obligation bonds at an interest rate of 3.55%. The proceeds were used to reconstruct, furnish and equip a single family low income rental housing project located within the Town of Southampton. The outstanding balance as of December 31, 2017 is \$52,000.

The following is a summary of maturing debt service requirements for the discretely presented component unit's bonds:

Year ended December 31,	Principal	Interest	Total
2018	\$ 80,000	\$ 99,990	\$ 179,990
2019	88,000	98,189	186,189
2020	89,000	96,150	185,150
2021	75,000	94,025	169,025
2022	75,000	92,431	167,431
2023-2027	395,000	432,484	827,484
2028-2032	475,000	367,881	842,881
2033-2037	540,000	289,972	829,972
2038-2042	645,000	190,838	835,838
2043-2047	760,000	68,425	828,425
	<u>\$ 3,222,000</u>	<u>\$ 1,830,385</u>	<u>\$ 5,052,385</u>

## 11. PENSION PLANS

### Plan description

The Town of Southampton participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") which are collectively referred to as the New York State and Local Retirement System (the "System"). These are cost-sharing, multiple-employer defined benefit retirement systems. The net position of the System is held in the New York State Common Retirement Fund (the "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 (the "Comptroller") 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. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2014, he was elected for a new term commencing January 1, 2015. 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 [www.osc.state.ny.us/retire/publications/index.php](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.

### 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 for Tier 1 members. 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 is 55, and the full benefit age for Tier 2 is 62.

**Benefit Calculation:** Generally, the benefit is 1.67 percent 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 percent 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 Tier 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 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent 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 age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

**Benefit Calculation:** Generally, the benefit is 1.67 percent 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 percent 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 percent 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 percent 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 is 63 for ERS members and 62 for PFRS members.

**Benefit Calculation:** Generally, the benefit is 1.67 percent 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 percent 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 percent 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 percent of the average of the previous four years.

#### *Special Plans*

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

#### *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 ERS and PFRS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

### *Ordinary Death Benefits*

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

### *Post-Retirement Benefit Increases*

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

### Contributions

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the RSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

<u>Year</u>	<u>NYSERS</u>	<u>NYS PFRS</u>
2017	\$ 3,796,025	\$ 3,313,428
2016	3,900,418	3,182,546
2015	4,285,670	3,151,539

### Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions

At December 31, 2017, the Town reported a liability of \$17,524,394 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2016. Update procedures were used to roll forward the pension liability to March 31, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2017, the Town's proportion was 0.095543% for ERS and 0.412369% for PFRS. The Town's proportion was consistent with December 31, 2016.

For the year ended December 31, 2017, the Town recognized pension expense of \$9,999,076. At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources - NYSERS	Deferred Outflows of Resources - NYSPFRS	Deferred Inflows of Resources - NYSERS	Deferred Inflows of Resources - NYSPFRS
Differences between expected experience and actual experience	\$ 224,965	\$ 1,121,217	\$ 1,363,270	\$ 1,476,730
Changes of assumptions	3,067,012	4,210,740	-	-
Net difference between projected and actual earnings on pension plan investments	1,793,152	1,276,480	-	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	43,812	15,937	125,364	602,831
Employer contributions made subsequent to the measurement date	3,796,025	3,313,428	-	-
Total	<u>\$ 8,924,966</u>	<u>\$ 9,937,802</u>	<u>\$ 1,488,634</u>	<u>\$ 2,079,561</u>

Deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	NYSERS	NYSPFRS
<u>For the year ended:</u>		
2018	\$ 1,670,729	\$ 1,552,497
2019	1,670,729	1,552,497
2020	1,523,379	1,457,225
2021	(1,224,530)	(166,138)
2022	-	148,732

#### Actuarial assumptions

The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. The actuarial valuation used the following actuarial assumptions:

	NYSERS	NYSPFRS
Measurement date	March 31, 2017	March 31, 2017
Actuarial valuation date	April 1, 2016	April 1, 2016
Interest rate	7.00%	7.00%
Salary scale	3.80%	4.50%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	April 1, 2010 - March 31, 2015 System's Experience
Inflation rate	2.50%	2.50%

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

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

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2017 are summarized below:

NYSERS and NYSPFRS		
Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return strategies	2.00%	4.00%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	(0.25%)
Domestic equity	36.00%	4.55%
Inflation-indexed bonds	4.00%	1.50%
International equity	14.00%	6.35%
Opportunistic portfolio	3.00%	5.89%
Private equity	10.00%	7.75%
Real assets	3.00%	5.54%
Real estate	10.00%	5.80%
	<u>100.00%</u>	

#### Discount rate

The discount rate used to calculate the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### 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 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

<u>NYSERS</u>	1% Decrease (6.00%)	Current assumption (7.00%)	1% Increase (8.00%)
Employer's proportionate share of the net pension liability (asset)	\$ 28,672,066	\$ 8,977,409	\$ (7,674,386)
<u>NYSPFRS</u>	1% Decrease (6.00%)	Current assumption (7.00%)	1% Increase (8.00%)
Employer's proportionate share of the net pension liability (asset)	\$ 24,230,207	\$ 8,546,985	\$ (4,607,399)

### Pension plan fiduciary net position

The components of the current-year net pension liability of the employers as of March 31, 2017, were as follows:

	(Dollars in Thousands)		
	<u>NYSERS</u>	<u>NYSPPRS</u>	<u>Total</u>
Employers' total pension liability	\$ 177,400,586	\$ 31,670,483	\$ 209,071,069
Plan net position	<u>(168,004,363)</u>	<u>(29,597,830)</u>	<u>(197,602,193)</u>
Employers' net pension liability	<u>\$ 9,396,223</u>	<u>\$ 2,072,653</u>	<u>\$ 11,468,876</u>
Ratio of plan net position to the Employers' total pension liability	94.70%	93.46%	94.51%

### Deferred compensation plan

The Town has established a deferred compensation plan, administered by New York State Deferred Compensation Plan, in accordance with Internal Revenue Code § 457 for all employees. The date that employees are eligible to participate in the plan is the same as the date they begin their employment with the Town. The Town makes no contributions into this plan. The amount deferred by eligible employees for the year ended December 31, 2017 totaled \$1,941,916. A report for this plan may be obtained by writing to N.Y.S. Deferred Compensation Plan, 385 Jordon Road, Troy, NY 12180.

## **12. LENGTH OF SERVICE AWARD PROGRAM ("LOSAP OR PROGRAM")**

### Program Description

The Town sponsors four Volunteer Ambulance Workers Service Award Programs (the "Plans"): Westhampton War Memorial Ambulance Corporation, Flanders Northampton Ambulance Corporation, Hampton Bays Volunteer Ambulance Corporation and Southampton Volunteer Ambulance Corporation. All Plans are single-employer defined benefit plans covering the Town's volunteer ambulance workers.

### Funding Policy

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

### Participation, vesting and service credit

Any volunteer ambulance worker who completes five years of service and attains age 65 is eligible for normal retirement benefits. Participants acquire a non-forfeitable right to a service award after being credited with 5 years of ambulatory service or upon attaining the program's entitlement age. In general, an active volunteer ambulance worker is credited with a year of ambulatory service for each calendar year after the establishment of the program in which he or she accumulated fifty points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for 5 years of service rendered prior to the establishment of the program.

### Benefits

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

### Participants covered by the benefit terms

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

Inactive participants currently receiving benefit payments	23
Inactive participants entitled to but not yet receiving benefit payments	91
Active participants	168
Total	<u>282</u>

### Contributions

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

### Trust assets

Although 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, the trust assets are not legally protected from creditors of the Town. As such, the trust assets do not meet the criteria in paragraph 4 of GASB Statement 73.

### Measurement of Total Pension Liability

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

### Actuarial assumptions

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

Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Salary Scale:	N/A

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

### Discount rate

The discount rate used to measure the total pension liability was 3.71%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2016. 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.

### Changes in the Total Pension Discount Rate

The discount rate used to measure the total pension liability was based on the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index and was 3.20% for the December 31, 2015 measurement date, and 3.71% for the December 31, 2016 measurement date.

Changes in the Total Pension Liability

Balance as of December 31, 2015 measurement date	\$	5,070,335
Service cost		248,297
Interest		169,191
Changes of assumptions or other inputs		(459,825)
Differences between expected and actual experience		(49,492)
Benefit payments		(62,825)
		<u>4,915,681</u>
Balance as of December 31, 2016 measurement date	\$	<u>4,915,681</u>

Sensitivity of the total LOSAP pension liability to changes in the discount rate

The following presents the total LOSAP pension liability of the Town as of the December 31, 2016 measurement date, calculated using the discount rate of 3.71 percent, as well as what the Town's total LOSAP pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.71 percent) or 1-percentage point higher (4.71 percent) than the current rate:

	<u>1% decrease (2.71%)</u>	<u>Current discount rate (3.71%)</u>	<u>1% increase (4.71%)</u>
Total LOSAP pension liability	\$ 5,874,229	\$ 4,915,681	\$ 4,159,136

Pension expense and deferred outflows of resources and deferred inflows of resources related to LOSAP pensions

For the year ended December 31, 2017, the Town recognized pension expense of \$390,369. At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to LOSAP pensions from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 22,439	\$ 68,103
Changes of assumptions or other inputs	-	422,244
Benefit payments and administrative expenses subsequent to the measurement date	83,409	-
Totals	<u>\$ 105,848</u>	<u>\$ 490,347</u>

The Town reported \$83,409 as deferred outflows of resources related to LOSAP pensions resulting from Town transactions subsequent to the measurement date will be recognized as a reduction of the total LOSAP pension liability in the year ended December 31, 2018.

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

<u>Year ended December 31:</u>	
2018	\$ (41,408)
2019	(41,408)
2020	(41,408)
2021	(41,408)
2022	(41,408)
Thereafter	(260,868)

### 13. POST-EMPLOYMENT BENEFITS

#### Plan description and annual other post-employment benefit ("OPEB") cost

The Town provides post-employment (health insurance, life insurance, etc.) coverage to retired employees and their survivors in accordance with the provisions of various employment contracts. The plan is a single-employer defined benefit healthcare plan primarily administered through the New York State Health Insurance Program - Empire Plan. The plan does not issue a stand-alone financial report. The benefit levels, employee contributions and employer contributions are governed by the Town's contractual agreements. New York State law does not allow for the establishment of an OPEB trust, and as such there are no assets attributable to the Plan.

The Town implemented GASB Standards for Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions, in the year ended December 31, 2008. This required the Town to calculate and record a net other post-employment benefit obligation at year-end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

Currently, 279 retired employees receive health benefits from the Town. Retirees contribute 0% to 20% for coverage depending on position held, date of hire, years of service, and fiscal year of retirement.

The Town recognizes the cost of providing health insurance annually as expenditures in the applicable funds of the fund financial statements as payments are made. For the year ended December 31, 2017, the Town recognized \$4,554,363 for its share of insurance premiums for currently enrolled retirees.

The Town has obtained an actuarial valuation report as of January 1, 2016 which indicates that the total liability for other post-employment benefits is \$172,795,225 (\$99,162,986 related to retirees and \$73,632,239 related to employees).

The Town's annual OPEB cost (expense) for its plan is calculated based on the *annual required contribution of the employer ("ARC")*, an amount actuarially determined in accordance with the parameters of GASB. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

	For the Year Ended December 31, 2017
Annual required contribution	\$ 12,516,171
Interest on net OPEB obligation	3,222,164
Adjustment to ARC	(493,910)
Annual OPEB cost	15,244,425
Contributions made	4,554,363
Increase in net OPEB obligation	10,690,062
Net OPEB obligation, beginning of year	80,564,563
Net OPEB obligation, end of year	\$ 91,254,625

#### Funded status and funding progress

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended December 31, 2017 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2017	\$ 15,244,425	29.9%	\$ 91,254,625
12/31/2016	14,094,994	30.3%	80,564,563
12/31/2015	12,429,002	31.2%	70,744,981

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Accrued Liability (AAL)-Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
1/1/2016	\$ -	\$ 172,795,225	\$ 172,795,225	0%	\$ 42,076,574	410.67%
1/1/2014	-	147,335,207	147,335,207	0%	38,943,443	378.33%
1/1/2012	-	148,511,000	148,511,000	0%	37,953,261	391.30%

As of January 1, 2016, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$172,795,225 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$172,795,225. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

#### Actuarial methods and assumptions

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of 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 of 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 volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2016 actuarial valuation, the projected unit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses) and an inflation rate which coincides with the rate of increase in medical premiums, and is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.0% initially, reduced by decrements to an ultimate rate of 5.0% after 8 years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 30 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2017 was 21 years.

#### 14. 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, and sick leave, subject to certain limitations.

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, 2017, the value of the accumulated vacation time and sick leave for governmental activities and business-type activities was \$9,860,166.

#### 15. COMMITMENTS AND CONTINGENCIES

##### A. Risk management

The Town has adopted GASB Standards for Accounting and Financial Reporting for Risk Financing and Related Insurance Issues. The Standards establish principles for risk financing and insurance-related activities. Liabilities for unpaid claims are accrued when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated.

In common with other municipalities, the Town receives numerous notices of claims. The Town carries base general liability insurance coverage of \$1,000,000 per occurrence with a \$2,000,000 annual aggregate. The Town carries an umbrella policy which provides additional insurance coverage of \$10,000,000 per occurrence with a \$20,000,000 annual aggregate. Although the eventual outcome of these claims cannot presently be determined, 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 is insured for worker's compensation insurance and disability insurance.

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

The Town estimates general liability reserves by consulting with legal counsel and past experience with similar claims. The Town has not purchased any annuity contracts with regard to its general liability claims. The following schedule presents the changes in claims liabilities for the past two years and includes an estimate of claims that have been incurred but not yet reported.

	<u>2017</u>	<u>2016</u>
Unpaid claims and claim adjustment expenditures at the beginning of the year	\$ 2,287,500	\$ 2,942,500
Incurred claims and claim adjustment expenditures:		
Provision (adjustment) for insured events of the current year and increases in provision for insured events of prior years	<u>395,000</u>	<u>235,000</u>
Total incurred claims and claim adjustment expenditures	<u>2,682,500</u>	<u>3,177,500</u>
Payments:		
Claims and claim adjustment expenditures attributable to insured events of the current and prior years	<u>2,500</u>	<u>890,000</u>
Total payments	<u>2,500</u>	<u>890,000</u>
Unpaid claims and claim adjustment expenditures at the end of the year	<u>\$ 2,680,000</u>	<u>\$ 2,287,500</u>

B. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities. Encumbrances as of December 31, 2017 are as follows:

General Fund:	
General governmental support	\$ 890
Public safety	10,431
Culture and recreation	<u>7,032</u>
Total General Fund	<u>18,353</u>
Police District Fund:	
Public safety	<u>50,387</u>
Non-major funds:	
Home and community services	<u>55,648</u>
Total encumbrances	<u>\$ 124,388</u>

C. Litigation

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

D. Landfill closure and post-closure care costs

New York State and federal laws and regulations require the Town to place a final cover on landfill sites and to perform certain maintenance and monitoring activities at landfill sites for at least thirty years after closure. The North Sea Landfill site stopped receiving waste in 1995. Accordingly, as of December 31, 2017, the Town has recorded a liability of \$3,094,624 in the government-wide financial statements which represents the provision to be made in future budgets for unfunded closure and post-closure landfill costs. Actual costs may be higher or lower due to inflation, changes in technology or changes in regulations. These amounts are based on what it would cost to perform all closure and post-closure care as of December 31, 2017.

E. Government grants

The Town has received grants, which are subject to audit by agencies of the New York State government and federal government. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the Town's administration believes disallowances, if any, would be immaterial.

F. Property tax cap

In June 2011, the New York State Legislature enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions. For fiscal years beginning in 2012 through at least June 15, 2016, the growth factor in the property tax levy (the total amount to be raised through property taxes charged on a municipality's taxable assessed value of property) will be capped at 2 percent or the rate of inflation factor (but never less than a 1.00 factor), whichever is less, with some exceptions. Local governments can exceed the tax levy limit by a 60% vote of the governing body, or by local law. In July 2015, the Real Property Tax Cap Laws were extended to June 15, 2020.

G. Lease commitments and leased assets

Operating leases

The Town is committed under a non-cancellable operating lease for the Hampton Bays Town Center. Total rental expenditures on the lease for the year ended December 31, 2017 were approximately \$349,000.

The Town is also committed under various other operating leases that expire on various dates through December 31, 2023. Total rental expenditures on these leases for the year ended December 31, 2017 were approximately \$56,000.

Future minimum operating lease commitments are as follows:

<u>Year ended December 31,</u>		
2018	\$	378,422
2019		392,977
2020		392,977
2021		392,977
2022		397,977
2023		130,992
	<u>\$</u>	<u>2,086,322</u>

H. Service concession arrangements

Poxabogue Golf Course

In accordance with GASB, the Town is required to recognize a liability for certain obligations to sacrifice financial resources (i.e. capital improvements) under the terms of a service concession arrangement or, a deferred inflow for up-front or installment payments received from the operator in advance of the revenue being earned. In March 2016, the Town entered into a license agreement with Pin High Golf Management, LLC for the operation of the golf course. The agreement provides the Town with a share of the revenue based upon a sliding scale. The agreement expires on February 29, 2024, and has an option to renew for two additional three year periods. Management of the Town determined that the agreement does not require any additional recognition of a deferred outflow or inflow of resources in the financial statements.

16. TWO PERCENT (2%) TRANSFER TAX

In November 1998, the voters of the Town of Southampton approved a referendum for a 2% Transfer Tax, which became effective on April 1, 1999. The transfer tax receipts are recorded in the Community Preservation Fund, and are used for the purchase and/or preservation of agricultural land, open space, parks or historic preservation sites. The tax generally applies to sales of vacant land worth \$100,000 or more or sales of improved land worth \$250,000 or more. Conveyance of real property for open space, parks or historic preservation purposes are exempt from this tax.

For the year ended December 31, 2017, and for the four previous years, the Town has the following 2% transfer tax revenue and expenses associated with environmental or historic preservation purposes:

<u>Year ended December 31,</u>	<u>Revenues</u>	<u>Expenditures</u>
2017	\$ 56,540,098	\$ 57,723,535
2016	55,083,465	74,474,307
2015	60,660,717	42,431,091
2014	65,110,117	51,927,326
2013	58,058,512	39,776,047

## 17. TAX ABATEMENTS

The Town negotiates property tax abatement agreements on an individual basis. The Town has the following abatement agreements as of December 31, 2017:

Purpose	Percentage of Taxes Abated During the Fiscal Year	Amount of Taxes Abated During the Fiscal Year
Gabreski Airport Land Lease	85.8%	\$ 56,000
Various Properties Held for Affordable Housing	53.1%	30,000

Each agreement was negotiated under municipal law, allowing localities to abate property taxes for a variety of development purposes, including business relocation, retention and expansion. The abatements may be granted to any business located within or promising to relocate to a local government's geographic area. The law does not provide for the recapture of abated taxes in the event an abatement recipient does not fulfill the commitment it makes in return for the tax abatement.

The Town has not made any commitments as part of the agreements other than to reduce taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities. The Town has chosen to disclose information about its tax abatement agreements by purpose. It established a quantitative threshold of 10 percent of the total dollar amount of taxes abated during the year.

## 18. CONDENSED FINANCIAL STATEMENTS FOR THE DISCRETELY PRESENTED COMPONENT UNITS

The following represents condensed financial statements for the discretely presented component units, as of and for the year ended December 31, 2017:

### Condensed Statement of Net Position:

	Assets		Liabilities and Net Position		
	Current Assets	Non-Current Assets	Current Liabilities	Long-Term Liabilities	Net Position
Town of Southampton Housing Authority	\$ 477,985	\$ 3,323,878	\$ 267,688	\$ 3,126,947	\$ 407,228
Trustees of the Freeholders	\$ 1,056,988	\$ -	\$ 129,696	\$ -	\$ 927,292

### Condensed Statement of Activities:

	Program		Net Revenues	Other	Change	Net Position
	Expenses	Revenue				
Town of Southampton Housing Authority	\$ 784,699	\$ 882,788	\$ 98,089	\$ 78	\$ 98,167	\$ 407,228
Trustees of the Freeholders	\$ 570,634	\$ 485,809	\$ (84,735)	\$ 1,504	\$ (83,231)	\$ 927,292

## 19. PRIOR PERIOD ADJUSTMENT/RESTATEMENT OF FINANCIAL POSITION

For the fiscal year ended December 31, 2017, the Town implemented GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. The implementation of Statement No. 73 resulted in the reporting of the total pension liability related to the Town's participation in the Volunteer Ambulance Corps Service Award Program. The Town's net position has been restated as follows:

	<u>Governmental Activities Net Position</u>
Balance as of January 1, 2017, as reported	\$ 971,092,587
GASB Statement No. 73 implementation:	
Less: Total pension liability - service award program	<u>(5,070,335)</u>
Balance as of January 1, 2017, as restated	<u>\$ 966,022,252</u>

## 20. NEW ACCOUNTING STANDARDS TO BE IMPLEMENTED

GASB has issued Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions, which establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The Town is currently studying the Statement and plans on adoption when required, which will be for the year ending December 31, 2018.

GASB has issued Statement No. 83, Certain Asset Retirement Obligations, which addresses the accounting and financial reporting for certain asset retirement obligations ("AROs"). The Town is currently studying the Statement and plans on adoption when required, which will be for the year ending December 31, 2019.

GASB has issued Statement No. 84, Fiduciary Activities, which establishes criteria for identifying fiduciary activities of all state and local governments. The focus is on whether the government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. The Town is currently studying the Statement and plans on adoption when required, which will be for the year ending December 31, 2019.

GASB has issued Statement No. 85, Omnibus 2017, which addresses practice issues that have been identified during implementation and application of certain GASB statements, including: blending component units, goodwill, fair value measurement, and post-employment benefits. The Town is currently studying the Statement and plans on adoption when required, which will be for the year ending December 31, 2018.

GASB has issued Statement No. 86, Certain Debt Extinguishment Issues, which addresses the reporting for in-substance defeasance of debt. The Town is currently studying the Statement and plans on adoption when required, which will be for the year ending December 31, 2018.

GASB has issued Statement No. 87, Leases, which addresses the reporting for leases and establishing criteria for the different classifications of leases. The Town is currently studying the Statement and plans on adoption when required, which will be for the year ending December 31, 2020.

GASB has issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, which addresses enhancing the disclosures in the notes to financial statements related to debt. The Town is currently studying the Statement and plans on adoption when required, which will be for the year ending December 31, 2019.

## **21. SUBSEQUENT EVENTS**

The Town has evaluated subsequent events occurring after the Statement of Net Position through the date of XXXX XX, XXXX, which is the date the financial statements were available to be issued. Based on this evaluation, the Town has determined the following subsequent events have occurred, which require disclosure in the financial statements:

In February 2018, the Town issued Bond Anticipation Notes in the amount of \$1,605,000 maturing in February 2019. The proceeds from the sale of the notes are being used to provide additional funds for capital improvements, to acquire capital equipment and to redeem outstanding bond anticipation notes which have matured on February 22, 2018.

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

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget And Actual -  
General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget And Actual -  
Police District Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget And Actual -  
Town Outside Village Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget And Actual -  
Highway Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget And Actual - Public Safety Communications Fund

Schedule of Changes in the Town's Total Pension Liability - Service Award Program

Schedule of Funding Progress For Retiree Health Plan

Schedule of Town's Proportionate Share of the Net Pension Liability - NYSERS and NYSPFRS

Schedule of Town Pension Contributions - NYSERS and NYSPFRS

### **NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGET AND ACTUAL SCHEDULES**

The budgets are adopted on a basis of accounting consistent with GAAP, except that appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior years. In the event that actual revenues received exceed budgeted amounts, additional budgetary appropriations are made. The capital projects are budgeted on a project or grant basis.

TOWN OF SOUTHAMPTON  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017

REVENUES	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
<b>Real property taxes</b>	\$ 22,813,108	\$ 22,813,108	\$ 22,813,108		\$ -
<b>Other real property tax items:</b>					
Federal payments in lieu of taxes	25,000	25,000	23,962		(1,038)
Other payments in lieu of taxes	70,000	70,000	70,297		297
Interest and penalties - real property taxes	150,600	150,000	237,884		87,884
Total other real property tax items	245,600	245,000	332,143		87,143
<b>Non-property tax items:</b>					
Franchise fees	1,750,000	1,882,500	1,907,181		24,681
Total non-property tax items	1,750,000	1,882,500	1,907,181		24,681
<b>Special assessments</b>	13,063	13,063	13,083		-
<b>Departmental income:</b>					
Town Clerk fees	105,000	105,000	168,703		63,703
Alarm billing	100,000	100,000	109,215		9,215
Departmental income	25,250	37,250	37,491		241
Inspection contracts	1,000	1,000	1,187		187
Engineering fees	250,000	250,000	86,150		(163,850)
Shinnecock commercial dock rental	37,000	49,000	48,837		(163)
Program fees	426,530	441,530	426,057		(15,473)
Total departmental income	944,780	983,760	877,620		(106,160)
<b>Intergovernmental charges:</b>					
Intergovernmental revenue	216,000	216,000	219,373		3,373
Revenue from other governments	47,146	47,146	47,871		725
Total intergovernmental charges	263,146	263,146	267,244		4,098
<b>Use of money and property:</b>					
Interest and savings	91,100	167,830	224,180		56,350
Total use of money and property	91,100	167,830	224,180		56,350
<b>Licenses and permits:</b>					
Dog licenses	9,000	9,000	10,757		1,757
Public safety permits	250,000	250,000	258,363		6,363
Taxi permits	200,000	200,000	99,140		(100,860)
Animal control permit fees	1,000	1,000	1,000		-
LF parking permits	13,000	13,000	16,844		3,844
Total licenses and permits	473,000	473,000	384,114		(88,886)
<b>Fines and forfeitures:</b>					
Justice court fines and fees	2,000,000	2,000,000	1,343,933		(656,067)
Total fines and forfeitures	2,000,000	2,000,000	1,343,933		(656,067)
<b>Sale of property and compensation for loss:</b>					
Program fees	50,125	54,258	64,289		10,031
Sales of real property	-	-	10,040		10,040
Insurance recoveries	15,000	15,000	4,692		(10,308)
Total sale of property and compensation for loss	65,125	69,258	79,021		9,783

TOWN OF SOUTHAMPTON  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
<b>Miscellaneous local sources:</b>					
Refunds of prior years	\$ 140,000	\$ 140,000	\$ 68,506		\$ (71,494)
Contract revenue	20,000	20,000	-		(20,000)
Donations - adult transportation	25,000	25,000	17,456		(7,544)
Donations - nutrition program	130,000	130,000	114,485		(15,535)
Donations - residential repair	2,500	2,500	4,074		1,574
Donations - senior day care	110,000	110,000	65,983		(44,017)
Miscellaneous	134,000	144,000	100,863		(43,137)
Professional services - G.I.S.	110,000	113,051	127,827		14,776
Total miscellaneous local sources	671,500	684,551	499,173		(185,378)
<b>State aid:</b>					
State aid - revenue sharing	190,000	190,000	184,491		(5,509)
State aid - mortgage tax	7,900,000	7,900,000	9,688,629		1,788,629
State aid nutrition program	470,000	470,000	681,249		211,249
EISEP grant	15,500	15,500	4,263		(11,237)
State aid - residential repair	19,380	19,380	19,283		(97)
County aid	98,016	98,016	72,346		(25,670)
State aid - court facilities	-	15,000	15,000		-
State aid - adult day care	-	-	2,228		2,228
State aid - youth programs	8,000	6,000	6,000		-
State aid - human services youth	17,000	17,000	17,167		167
State aid - parks conservation	-	-	27,983		27,983
State aid - other	-	-	5,000		5,000
Total state aid	6,715,896	6,730,896	10,723,639		1,992,743
<b>Federal aid:</b>					
Federal aid nutrition program	470,000	470,000	295,462		(174,538)
Federal aid - adult day care	10,000	10,000	6,882		(3,118)
Pump-out boats - clean vessel grant	30,000	30,000	85,000		55,000
Federal grants - FEMA	-	-	63,210		63,210
Total federal aid	510,000	510,000	450,354		(59,646)
<b>Total revenues</b>	<b>36,555,718</b>	<b>38,836,132</b>	<b>39,914,753</b>		<b>1,078,621</b>
<b>EXPENDITURES</b>					
<b>General governmental support:</b>					
Salaries	8,802,410	8,781,819	8,688,786	\$ -	92,833
Overtime	32,000	21,954	21,887	-	257
Severance pay	-	290,375	290,341	-	34
Accumulated sick/personal days	16,400	10,860	10,254	-	406
Part time salaries	262,878	273,150	218,205	-	54,945
Longevity	330,937	325,597	314,827	-	10,970
Other pay	6,500	6,500	6,500	-	-
Cash in lieu of health benefits	72,724	87,309	81,964	-	5,345
Human resources - wellness reimbursement	800	800	115	-	685
Vehicles	225,000	195,000	166,670	890	27,440
Equipment	45,000	60,000	39,480	-	20,520
Software	4,300	4,300	2,765	-	1,535
Contracts	1,524,363	1,400,692	1,177,930	-	222,762
Gasoline	27,700	26,673	25,008	-	1,665
Electric	274,300	276,233	254,907	-	21,326
Fuel oil	165,700	164,884	107,305	-	57,379
Repairs	173,200	169,356	127,914	-	41,442
Copier supplies	15,000	13,950	8,744	-	5,206

TOWN OF SOUTHAMPTON  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
<b>General governmental support, cont'd:</b>					
Postage	\$ 111,350	\$ 120,403	\$ 119,219	\$ -	\$ 1,184
Printing, publications and stationery	120,424	120,609	98,571	-	22,038
Rentals	425,000	425,000	419,342	-	5,658
Telephone	53,000	51,579	40,518	-	11,061
Travel, dues and related	29,750	29,149	19,956	-	9,193
Uniforms	1,500	1,500	490	-	1,010
Other	112,650	37,065	35,852	-	1,213
Legal notices	14,500	14,930	14,075	-	855
Small equipment (non-capital)	51,500	71,636	64,492	-	7,144
Taxes - town property	30,000	30,000	17,519	-	12,481
Office supplies	20,785	29,824	25,689	-	4,135
Supplies - other	44,925	47,200	41,524	-	5,676
Drug court expense	15,000	14,300	13,629	-	671
Legal fees	694,000	645,310	312,561	-	332,749
Interpreters	85,000	76,200	73,575	-	2,625
Stenographer	103,000	108,825	100,772	-	6,053
Computer supplies	35,000	37,600	37,594	-	6
Diesel fuel	-	175	168	-	7
Mileage reimbursement	1,800	1,445	1,072	-	373
Schools and training	20,500	28,016	22,260	-	5,756
Document restoration	4,500	4,500	4,500	-	-
Background investigations	500	-	-	-	-
Municipal dues	2,800	2,019	1,950	-	89
Telephone - wireless	7,900	9,853	8,989	-	864
Advertising	1,500	800	619	-	181
Other - landfill charges	3,500	4,740	4,000	-	740
Copier leases	33,175	38,827	28,325	-	10,502
Cleaning allowance	6,000	6,000	3,091	-	2,909
Consultants	192,210	280,368	191,558	-	89,010
Trees	50,500	55,000	52,084	-	2,916
Lube oil	15,000	15,250	14,194	-	1,056
Judgments and claims	200,000	200,000	140,910	-	59,090
Insurance - unallocated	1,122,753	1,027,578	1,015,163	-	12,415
<b>Total general governmental support</b>	<b>15,589,034</b>	<b>15,642,753</b>	<b>14,467,463</b>	<b>690</b>	<b>1,174,400</b>
<b>Public safety:</b>					
Salaries	1,768,194	1,736,093	1,607,141	-	128,952
Overtime	158,500	156,970	147,485	-	9,505
Accumulated sick/personal days	15,650	16,215	15,588	-	627
Part time salaries	101,665	103,165	100,367	-	2,798
Longevity	98,731	98,958	94,452	-	2,206
Cash in lieu of health benefits	7,600	9,010	7,994	-	1,016
Clothing cleaning	4,500	4,800	4,200	-	600
Equipment	15,000	-	-	-	-
Contracts	307,675	301,033	281,103	-	19,930
Gasoline	61,000	54,127	37,983	-	16,144
Electric	120,000	120,000	90,259	-	29,741
Fuel oil	50,000	50,000	20,279	-	29,721
Repair equipment	25,600	30,323	34,961	898	2,063
Repair building	28,500	46,383	20,844	-	25,539
Postage	150	150	49	-	101
Printing, publications and stationery	3,800	1,973	560	-	1,413
Rentals	2,000	2,000	-	-	2,000
Travel, dues and related	2,250	252	175	-	77
Uniforms	11,500	8,500	4,863	-	3,617
Other	12,800	12,800	3,422	-	9,378
Buy constables - small equipment	17,000	31,400	14,944	9,432	7,024
Office supplies	1,750	1,840	1,385	-	255

TOWN OF SOUTHAMPTON  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
<b>Public safety, cont'd.:</b>					
Supplies - other	\$ 500	\$ 1,250	\$ 1,193	\$ -	\$ 57
Safety equipment	12,750	12,818	12,818	-	-
Signs	1,000	-	-	-	-
Diesel fuel	-	50	47	-	3
Food	5,375	5,375	4,152	-	1,223
Schools and training	3,400	2,000	1,031	-	969
Telephone - wireless	7,800	7,800	5,503	-	2,297
Copier leases	2,250	2,250	88	-	2,162
Marine charges	16,000	16,000	12,221	-	3,779
Veterinarian fees	1,500	1,500	148	-	1,352
Uniform cleaning	1,800	-	-	-	-
Consultants	4,000	2,827	1,072	-	1,555
<b>Total public safety</b>	<b>2,870,140</b>	<b>2,842,862</b>	<b>2,526,327</b>	<b>10,431</b>	<b>306,104</b>
<b>Transportation:</b>					
Salaries	688,874	680,218	674,158	-	6,062
Accumulated sick/personal days	1,900	2,209	2,208	-	1
Part time salaries	54,500	66,280	65,995	-	285
Longevity	27,122	26,190	25,536	-	654
Cash in lieu of health benefits	7,600	10,373	10,371	-	2
Gasoline	46,500	45,978	36,160	-	9,816
Repair vehicle	50,000	50,000	36,059	-	13,941
Uniforms	2,000	2,000	175	-	1,825
Other	1,100	1,340	238	-	1,102
Diesel fuel	2,000	2,000	350	-	1,650
Schools and training	1,000	975	975	-	-
Wireless telephone	3,500	3,500	2,975	-	525
Copier leases	1,085	1,085	366	-	719
<b>Total transportation</b>	<b>887,181</b>	<b>892,146</b>	<b>855,564</b>	<b>-</b>	<b>36,582</b>
<b>Economic assistance and opportunity:</b>					
Salaries	1,623,189	1,491,836	1,459,776	-	32,060
Overtime	2,200	2,504	300	-	2,204
Accumulated sick/personal days	3,700	3,699	3,275	-	424
Part time salaries	221,680	263,686	239,880	-	23,806
Longevity	72,501	72,306	68,167	-	4,139
Cash in lieu of health benefits	12,356	18,776	18,687	-	89
Equipment	-	25,000	24,670	-	330
Contracts	336,500	343,680	313,799	-	29,881
Electric	6,000	5,108	2,891	-	2,217
Fuel oil	1,800	1,800	989	-	811
Repair equipment	8,000	28,900	20,618	-	6,282
Repair building	500	500	496	-	4
Postage	3,000	2,085	1,312	-	773
Printing and stationery	250	250	40	-	210
Publications	350	350	95	-	255
Travel, dues and related	2,900	3,879	1,079	-	1,900
Uniforms	2,000	1,977	1,849	-	128
Other	230,800	232,344	190,053	-	42,291
Office supplies	3,000	3,871	3,729	-	142
Supplies - other	50,000	50,200	49,644	-	356
Youth services - programs	23,000	22,439	22,433	-	6
Mileage reimbursement	10,600	7,852	6,687	-	1,175
Food	350,000	340,450	339,180	-	1,270
Schools and training	800	910	474	-	436

TOWN OF SOUTHAMPTON  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
<b>Economic assistance and opportunity, cont'd.:</b>					
Telephone - wireless	\$ 2,150	\$ 2,162	\$ 1,976	\$ -	\$ 186
Advertising	500	500	364	-	136
Program expenses	56,125	63,427	54,847	-	8,580
Copier leases	5,230	4,459	1,396	-	3,063
Contingency	12,049	12,049	-	-	12,049
<b>Total economic assistance and opportunity</b>	<b>3,040,980</b>	<b>3,005,009</b>	<b>2,529,806</b>	<b>-</b>	<b>175,203</b>
<b>Culture and recreation:</b>					
Salaries	1,295,011	1,270,558	1,262,848	-	7,710
Overtime	15,000	50,170	50,166	-	4
Severance pay	-	47,504	47,504	-	-
Accumulated sick/personal days	7,750	11,445	11,432	-	13
Part time salaries	286,270	311,135	277,248	-	33,867
Longevity	53,586	55,174	54,691	-	483
Cash in lieu of health benefits	5,100	3,726	3,726	-	-
Equipment	80,000	115,000	114,429	-	571
Contracts	187,610	150,262	145,260	1,140	3,862
Gasoline	33,500	24,258	23,930	-	328
Electric	118,800	113,154	107,498	-	5,656
Fuel oil	32,000	19,065	14,878	-	4,189
Repair equipment	27,000	24,370	24,102	-	268
Repair building	85,000	87,528	82,727	-	4,601
Repair vehicle	20,000	26,220	27,786	420	12
Postage	7,150	7,150	3,657	-	3,493
Printing and stationery	10,200	10,200	8,916	-	1,284
Publications	60	60	20	-	40
Telephone	3,350	4,346	4,176	-	170
Travel, dues and related	1,100	842	296	-	546
Uniforms	4,500	8,612	2,995	5,472	145
Other	21,500	22,700	20,893	-	1,807
Small equipment (non-capital)	2,500	2,500	2,346	-	154
Office supplies	2,800	2,739	1,971	-	768
Supplies - other	30,630	30,724	30,315	-	409
Tree removal	-	40,000	39,976	-	24
Beach and dune monitoring	5,000	4,900	4,900	-	-
Diesel fuel	25,000	22,900	22,831	-	69
Mileage reimbursement	1,000	565	-	-	565
Salt	10,000	-	-	-	-
Schools and training	1,000	1,000	1,000	-	-
Telephone - wireless	1,700	1,700	1,471	-	229
Program expenses	175,000	175,000	160,676	-	14,324
Other - landfill charges	40,000	40,500	40,476	-	22
P and R chargeback - watering	5,200	5,470	5,470	-	-
Copier leases	600	1,435	1,170	-	265
Consultants	1,000	304	-	-	304
<b>Total culture and recreation</b>	<b>2,595,927</b>	<b>2,695,216</b>	<b>2,601,782</b>	<b>7,032</b>	<b>86,402</b>

TOWN OF SOUTHAMPTON  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
<b>Home and community services:</b>					
Salaries	\$ 236,663	\$ 236,663	\$ 236,653	\$ -	\$ -
Overtime	30,000	33,650	33,428	-	222
Accumulated sick/personal days	2,000	2,484	2,483	-	1
Part time salaries	63,600	87,120	78,177	-	8,943
Longevity	10,059	10,059	10,059	-	-
Equipment	107,500	105,000	105,000	-	-
Contracts - other	129,800	129,800	103,273	-	26,527
Contracts	5,500	200	-	-	200
Gasoline	13,500	9,517	8,187	-	1,330
Electric	2,500	2,500	1,809	-	891
Fuel oil	4,000	4,000	-	-	4,000
Repair equipment	45,000	69,434	80,528	-	8,906
Repair building	15,500	15,500	11,066	-	4,434
Rentals	2,500	2,500	2,291	-	209
Uniforms	500	150	-	-	150
Other	5,000	8,000	5,519	-	481
Legal notices	2,100	2,100	2,048	-	52
Small equipment (non-capital)	4,000	3,250	2,939	-	311
Office supplies	500	950	659	-	91
Supplies - other	1,000	1,000	669	-	331
Diesel fuel	85,000	48,550	12,695	-	35,855
Stocking fish	8,000	810	-	-	610
Municipal dues	15,800	15,318	1,380	-	13,936
Telephone - wireless	3,500	3,500	2,272	-	1,228
Copier leases	1,800	1,800	137	-	1,663
Marine charges	5,000	280	-	-	280
Consultants	47,900	47,900	37,448	-	10,452
Tires	-	5,000	2,196	-	2,804
<b>Total home and community services</b>	<b>828,222</b>	<b>844,833</b>	<b>721,126</b>	<b>-</b>	<b>123,707</b>
<b>Employee benefits:</b>					
Employee retirement - active	2,143,154	2,154,191	2,153,573	-	618
FICA tax expenditure	1,239,103	1,264,595	1,210,264	-	54,331
MTA tax	55,755	55,909	53,864	-	3,045
Worker's compensation	512,586	511,541	508,814	-	2,727
Medical insurance - active employees	3,999,629	4,035,969	3,845,271	-	190,698
Health insurance - retirees	1,010,000	1,141,989	1,138,629	-	3,340
Medicare part B - retirees	175,000	170,300	170,208	-	92
Dental and optical	299,440	297,751	277,868	-	19,883
N.Y.S unemployment insurance	55,000	43,255	41,426	-	1,829
Disability	11,112	10,653	3,878	-	6,774
<b>Total employee benefits</b>	<b>9,500,779</b>	<b>9,687,133</b>	<b>9,403,816</b>	<b>-</b>	<b>283,317</b>
<b>Debt service:</b>					
Principal	3,411,508	3,411,510	3,218,870	-	192,640
Interest	683,436	683,436	683,435	-	1
<b>Total debt service</b>	<b>4,094,944</b>	<b>4,094,946</b>	<b>3,902,305</b>	<b>-</b>	<b>192,641</b>
<b>Total expenditures</b>	<b>39,407,207</b>	<b>39,704,898</b>	<b>37,308,189</b>	<b>\$ 18,353</b>	<b>2,378,356</b>
Excess (deficiency) of revenues over (under) expenditures	(851,489)	(888,766)	2,606,564		3,456,977

**TOWN OF SOUTHAMPTON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
<b>OTHER FINANCING SOURCES (USES)</b>					
Premium on obligations	\$ -	\$ -	\$ 31,157		\$ 31,157
Interfund transfer in	300,000	337,472	337,472		-
Interfund transfer out	-	(634,072)	(826,712)		(192,640)
Appropriated fund balance	551,489	1,165,366	-		(1,165,366)
Total other financing sources (uses)	851,489	868,766	(458,083)		(1,326,849)
Change in fund balance	-	-	2,148,481		\$ 2,130,126
Fund balance, beginning of year	20,269,111	20,269,111	20,269,111		
Fund balance, end of year	\$ 20,269,111	\$ 20,269,111	\$ 22,417,592		

**TOWN OF SOUTHAMPTON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - POLICE DISTRICT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

REVENUES	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
<b>Real property taxes</b>	\$ 22,097,741	\$ 22,097,741	\$ 22,097,741		\$ -
<b>Other real property tax items:</b>					
Other payments in lieu of taxes	80,000	80,000	87,237		7,237
Interest and penalties - real property taxes	61,000	61,000	69,509		8,509
Total other real property tax items	141,000	141,000	156,746		15,746
<b>Departmental income:</b>					
Departmental income	2,500	2,500	3,722		1,222
Towing fees	130,000	130,000	117,380		(12,620)
Alarm billing	375,000	375,000	381,050		6,050
Total departmental income	507,500	507,500	502,152		(5,348)
<b>Use of money and property:</b>					
Interest and earnings	50,000	53,092	93,979		40,887
Total use of money and property	50,000	53,092	93,979		40,887
<b>Licenses and permits:</b>					
Special event permits	70,000	70,000	111,970		41,970
Total licenses and permits	70,000	70,000	111,970		41,970
<b>Sale of property and compensation for loss:</b>					
Insurance recoveries	-	15,822	19,431		3,609
Total sale of property and compensation for loss	-	15,822	19,431		3,609
<b>Miscellaneous local sources:</b>					
Miscellaneous tax receipts	125,000	125,000	268,880		161,880
Miscellaneous	70,000	86,142	65,290		(20,852)
Total miscellaneous local sources	195,000	211,142	352,180		141,038
<b>State aid:</b>					
State aid - sales tax	2,720,561	2,828,561	2,828,561		-
State aid - public safety	75,460	124,660	7,351		(117,309)
Total state aid	2,796,021	2,953,221	2,835,912		(117,309)
<b>Federal aid:</b>					
Stop DWI	55,000	75,150	51,238		(23,912)
NYS speed enforcement	8,000	8,000	12,210		4,210
Bullet proof vest program	12,000	12,000	23,409		11,409
Federal aid, other public safety	-	-	27,654		27,654
Total federal aid	75,000	95,150	114,511		19,361
<b>Total revenues</b>	<b>25,932,262</b>	<b>26,144,688</b>	<b>26,284,622</b>		<b>139,954</b>

**TOWN OF SOUTHAMPTON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - POLICE DISTRICT FUND (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

EXPENDITURES	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
<b>Public safety:</b>					
Salaries	\$ 12,049,730	\$ 11,732,839	\$ 11,732,837	\$ -	\$ 2
Overtime	905,063	1,028,591	1,028,501	-	90
Severance pay	-	199,929	199,926	-	3
Accumulated sick/personal days	75,021	68,616	68,614	-	2
Holiday	659,230	568,932	568,866	-	66
Part time salaries	455,001	498,538	498,510	-	28
Pay differential special units	36,351	37,851	37,839	-	12
Shift differential	391,748	386,148	386,129	-	19
Longevity	437,573	449,022	449,021	-	1
Training	84,277	95,587	95,586	-	1
Instructor - shift differential	9,500	9,500	9,500	-	-
Cash in lieu of health benefits	7,356	19,377	19,356	-	21
Other pay	33,250	20,950	20,950	-	-
Payment differential - sergeants supervisor	18,252	27	-	-	27
Clothing cleaning	900	1,200	1,200	-	-
Clothing allowance	99,938	86,938	86,250	-	688
Equipment	83,824	99,200	59,690	-	39,510
Vehicles	389,124	462,690	427,957	31,783	2,950
Emergency services team gear	10,000	10,000	9,729	-	271
Contracts	133,778	137,778	137,162	-	596
Gasoline	175,000	151,280	151,276	-	4
Electric	70,000	65,000	62,560	-	2,440
Fuel oil	33,000	18,600	18,090	-	510
Repair equipment	7,500	7,500	6,159	-	1,341
Repair building	25,000	20,069	11,372	-	8,687
Repair vehicle	20,000	28,470	18,118	9,007	1,345
Postage	4,850	4,850	4,514	-	336
Printing and stationery	10,500	8,915	8,152	-	763
Publications	5,151	5,151	2,489	-	2,662
Telephone	8,500	8,500	6,165	-	2,335
Travel, dues and related	5,000	5,000	4,976	-	24
Photography	4,000	4,000	3,943	-	57
Uniforms	50,000	35,000	32,392	-	2,608
Other	20,000	19,890	14,151	-	5,739
Small equipment	10,836	12,101	10,103	1,997	1
Office supplies	10,000	10,000	9,402	-	598
Supplies - other	8,000	8,000	7,401	-	599
Towing	100,000	84,070	75,015	-	9,065
Ammunition	27,500	27,500	27,403	-	97
Flares and medical supplies	15,000	15,000	12,174	-	2,826
Safety equipment	39,000	37,740	30,138	7,600	2
Computer supplies	13,000	11,500	11,227	-	273
Diesel fuel	2,000	2,000	833	-	1,167
Food	1,500	1,500	943	-	557
Schools and training	10,000	10,000	8,776	-	1,224
Telephone - wireless	12,000	5,430	5,425	-	5
Copier leases	3,500	3,500	1,527	-	1,973
Uniform cleaning	18,000	18,000	13,149	-	4,851
<b>Total public safety</b>	<b>16,587,753</b>	<b>16,542,269</b>	<b>16,395,516</b>	<b>50,387</b>	<b>96,366</b>

**TOWN OF SOUTHAMPTON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - POLICE DISTRICT FUND (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
<b>Employee benefits:</b>					
Employee retirement - active	\$ 3,215,129	\$ 3,352,949	\$ 3,352,947	\$ -	\$ 2
FICA tax expenditure	902,627	990,346	990,342	-	4
MTA tax	51,839	50,389	50,119	-	270
Worker's compensation	451,386	477,877	477,843	-	34
Life insurance	12,426	11,826	11,792	-	34
Medical insurance - active employees	2,301,576	2,309,015	2,308,674	-	341
Health insurance - retirees	1,890,000	2,037,700	2,031,469	-	6,231
Medicare part B - retirees	146,000	133,530	133,523	-	7
Dental and optical	168,079	144,491	144,485	-	6
Dental and optical retirees	185,000	163,300	163,233	-	67
NYS unemployment insurance	8,000	10,900	10,886	-	14
Disability	4,608	3,237	3,083	-	154
<b>Total employee benefits</b>	<b>9,366,670</b>	<b>9,685,560</b>	<b>9,678,396</b>	<b>-</b>	<b>7,164</b>
<b>Debt service:</b>					
Principal	247,170	247,170	247,170	-	-
Interest	29,453	29,453	29,453	-	-
<b>Total debt service</b>	<b>276,623</b>	<b>276,623</b>	<b>276,623</b>	<b>-</b>	<b>-</b>
<b>Total expenditures</b>	<b>26,231,048</b>	<b>26,504,452</b>	<b>26,350,535</b>	<b>\$ 50,387</b>	<b>103,530</b>
Excess (deficiency) of revenues over (under) expenditures	(298,784)	(359,784)	(65,913)		243,464
<b>OTHER FINANCING SOURCES</b>					
Premium on obligations	-	-	873		873
interfund transfer in	-	61,000	61,000		-
Interfund transfer out	-	(75,000)	(75,000)		-
Appropriated fund balance	298,784	373,784	-		(373,784)
<b>Total other financing sources</b>	<b>298,784</b>	<b>359,784</b>	<b>(13,127)</b>		<b>(372,911)</b>
Change in fund balance	-	-	(79,040)		<u>\$ (129,427)</u>
Fund balance, beginning of year	2,785,821	2,785,821	2,785,821		
Fund balance, end of year	<u>\$ 2,785,821</u>	<u>\$ 2,785,821</u>	<u>\$ 2,706,781</u>		

**TOWN OF SOUTHAMPTON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - TOWN OUTSIDE VILLAGE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
<b>REVENUES</b>					
Real property taxes	\$ 1,249,150	\$ 1,249,150	\$ 1,249,150		\$ -
Other real property tax items:					
Other payments in lieu of taxes	8,000	8,000	5,474		(2,526)
Interest and penalties - real property taxes	5,600	5,600	6,381		781
Total other real property tax items	13,600	13,600	11,855		(1,745)
Departmental income:					
Electrical inspections	500,000	503,210	564,280		61,070
Rental permits	160,000	167,500	214,200		46,700
Administrative fees	25,000	25,000	-		(25,000)
Zoning fees	86,000	94,943	156,750		61,807
Wetland fees	300,000	300,000	292,350		(7,650)
Old filed maps	2,000	2,000	13,860		11,860
Planning zoning amendments	2,500	2,500	2,500		-
Other PB scheduling fees	90,000	90,000	69,975		(20,025)
Land Management planning division - site plan - fees	135,000	135,000	162,358		27,358
Special exceptions planning fee	5,000	5,000	8,800		3,800
Photocopy fees	12,000	12,000	18,633		6,633
Sub division planning fees	120,000	191,755	241,845		50,090
Total departmental income	1,437,500	1,528,908	1,745,551		216,643
Use of money and property:					
Interest and earnings	11,000	30,781	35,563		4,782
Total use of money and property	11,000	30,781	35,563		4,782
Licenses and permits:					
Licensing	156,000	159,287	187,250		27,963
Building permit fee	3,320,000	3,386,397	3,378,418		(7,979)
Total licenses and permits	3,476,000	3,545,684	3,565,668		19,984
Miscellaneous local sources:					
Refunds of prior years	950	950	3,520		2,570
Total miscellaneous local sources	950	950	3,520		2,570
State aid					
State aid conservation	-	90,500	158,971		68,471
Total state aid	-	90,500	158,971		68,471
<b>Total revenues</b>	<b>6,188,200</b>	<b>6,459,573</b>	<b>6,770,278</b>		<b>310,705</b>
<b>EXPENDITURES</b>					
Public safety:					
Salaries	537,070	537,070	531,910	\$ -	5,160
Overtime	20,500	49,000	48,594	-	406
Part time salaries	25,000	76,101	13,419	-	62,682
Longevity	13,380	13,459	13,458	-	1
Cash in lieu of health benefits	5,100	5,185	5,185	-	-
Clothing cleaning	2,100	2,100	2,100	-	-
Contracts	-	29,200	1,017	-	28,183
Gasoline	18,000	18,000	12,484	-	5,516

**TOWN OF SOUTHAMPTON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - TOWN OUTSIDE VILLAGE FUND (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
<b>Public safety, cont'd:</b>					
Repair equipment	\$ 3,000	\$ 3,000	\$ -	\$ -	\$ 3,000
Printing and stationery	1,500	1,500	256	-	1,244
Publication	2,200	2,200	1,939	-	261
Uniforms	5,000	5,000	1,699	-	3,301
Other	2,000	1,262	39	-	1,223
Small equipment (non-capital)	1,000	1,000	-	-	1,000
Office supplies	2,500	2,500	1,757	-	743
Safety equipment	-	6,738	6,618	-	120
Schools and training	3,500	3,500	2,975	-	525
Telephone - wireless	3,500	3,500	3,106	-	394
Copier lease	2,500	2,500	1,739	-	761
<b>Total public safety</b>	<b>647,850</b>	<b>762,815</b>	<b>648,295</b>	<b>-</b>	<b>114,520</b>
<b>Home and community services:</b>					
Salaries	3,140,016	3,178,429	3,095,906	-	82,523
Overtime	35,000	62,770	82,766	-	4
Severance pay	-	6,349	6,345	-	4
Accumulated sick/personal days	8,800	8,297	7,260	-	1,037
Part time salaries	6,100	12,500	8,960	-	3,520
Longevity	109,191	109,350	108,937	-	413
Cash in lieu of health benefits	35,700	38,031	38,027	-	4
Equipment	62,500	46,000	17,495	-	28,505
Vehicles	75,000	75,000	70,064	-	4,936
Contracts	138,899	190,476	148,322	-	42,154
Gasoline	17,500	13,596	12,442	-	1,154
Copier supplies	450	450	-	-	450
Printing and stationery	13,900	12,565	10,543	-	2,022
Publications	2,600	2,750	2,512	-	238
Travel, dues and related	4,165	5,130	4,711	-	419
Uniforms	-	600	748	-	52
Other	10,200	24,293	21,952	-	2,341
Legal notices	11,400	16,042	15,076	-	966
Small equipment (non-capital)	400	420	420	-	-
Office supplies	9,500	9,500	7,303	-	2,197
Supplies - other	1,000	1,158	953	-	205
Tree removal	-	100,000	97,815	-	2,185
Safety equipment	1,850	2,124	1,972	-	152
Mileage reimbursement	300	300	299	-	1
Schools and training	2,200	1,060	860	-	200
Telephone - wireless	5,650	6,650	6,478	-	172
Landfill charges	335,000	387,161	387,160	-	1
Copier leases	6,950	6,950	6,250	-	700
<b>Total home and community services</b>	<b>4,034,071</b>	<b>4,338,151</b>	<b>4,161,596</b>	<b>-</b>	<b>176,555</b>

**TOWN OF SOUTHAMPTON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - TOWN OUTSIDE VILLAGE FUND (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
<b>Employee benefits:</b>					
Employee retirement - active	\$ 522,720	\$ 525,268	\$ 525,259	\$ -	\$ 9
FICA tax expenditure	292,819	307,574	293,437	-	14,137
MTA tax	13,280	14,285	13,255	-	1,030
Worker's compensation	89,497	89,015	88,839	-	176
Medical insurance - active employees	857,190	864,794	803,165	-	61,629
Health insurance - retirees	280,000	280,000	212,065	-	67,935
Medicare part B - retirees	45,000	45,000	25,717	-	19,283
Dental and optical	72,334	65,707	61,884	-	3,823
NYS unemployment insurance	8,000	-	-	-	-
Disability	2,722	2,747	1,144	-	1,603
<b>Total employee benefits</b>	<b>2,183,562</b>	<b>2,194,390</b>	<b>2,024,765</b>	<b>-</b>	<b>169,625</b>
<b>Debt service:</b>					
Principal	38,249	38,249	38,249	-	-
Interest	9,468	9,468	9,468	-	-
<b>Total debt service</b>	<b>47,717</b>	<b>47,717</b>	<b>47,717</b>	<b>-</b>	<b>-</b>
<b>Total expenditures</b>	<b>6,913,200</b>	<b>7,343,073</b>	<b>6,882,373</b>	<b>\$ -</b>	<b>460,700</b>
Excess (deficiency) of revenues over (under) expenditures	(725,000)	(883,500)	(112,095)		771,405
<b>OTHER FINANCING SOURCES (USES)</b>					
Interfund transfer in	27,000	67,000	67,000		-
Interfund transfer out	(52,000)	(72,000)	(72,000)		-
Appropriated fund balance	750,000	888,500	-		(888,500)
<b>Total other financing sources (uses)</b>	<b>725,000</b>	<b>883,500</b>	<b>(5,000)</b>		<b>(888,500)</b>
Change in fund balance	-	-	(117,095)		<b>\$ (117,095)</b>
Fund balance, beginning of year	3,497,138	3,497,138	3,497,138		
Fund balance, end of year	<b>\$ 3,497,138</b>	<b>\$ 3,497,138</b>	<b>\$ 3,380,043</b>		

**TOWN OF SOUTHAMPTON  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - HIGHWAY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
<b>REVENUES</b>					
<b>Real property taxes</b>	\$ 12,697,210	\$ 12,697,210	\$ 12,697,210		\$ -
<b>Other real property tax items:</b>					
Other payments in lieu of taxes	60,000	60,000	55,987		(4,013)
Interest and penalties - real property taxes	30,000	30,000	34,185		4,185
Total other real property tax items	90,000	90,000	90,172		172
<b>Departmental income:</b>					
Engineering fees	14,000	14,000	18,800		4,800
Total departmental income	14,000	14,000	18,800		4,800
<b>Intergovernmental charges:</b>					
Intergovernmental revenue	746,434	746,434	746,434		-
Revenue from other governments	6,500	6,500	18,903		12,403
Total intergovernmental charges	752,934	752,934	765,337		12,403
<b>Use of money and property:</b>					
Interest and earnings	22,500	63,913	84,528		615
Total use of money and property	22,500	63,913	84,528		615
<b>Licenses and permits:</b>					
Licenses and permits	2,500	2,500	-		(2,500)
Total licenses and permits	2,500	2,500	-		(2,500)
<b>Sale of property and compensation for loss:</b>					
Insurance recoveries	-	19,005	20,877		1,872
Total sale of property and compensation for loss	-	19,005	20,877		1,872
<b>Miscellaneous local sources:</b>					
Miscellaneous tax receipts	-	60,000	65,392		5,392
Miscellaneous	25,000	25,000	37,256		12,256
Total miscellaneous local sources	25,000	85,000	102,648		17,648
<b>State aid:</b>					
Consolidated highway aid	842,159	1,194,304	1,367,391		173,087
Total state aid	842,159	1,194,304	1,367,391		173,087
<b>Total revenues</b>	<b>14,446,303</b>	<b>14,918,866</b>	<b>15,126,963</b>		<b>208,097</b>

TOWN OF SOUTHAMPTON  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - HIGHWAY FUND (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
<b>EXPENDITURES</b>					
Transportation:					
Salaries	\$ 3,244,381	\$ 3,239,240	\$ 3,152,190	\$ -	\$ 87,050
Overtime	377,000	390,000	289,197	-	100,803
Severance pay	41,886	47,027	47,021	-	6
Accumulated sick/personal days	10,800	10,800	5,825	-	4,975
Longevity	187,003	182,774	160,663	-	22,111
Cash in lieu of health benefits	25,500	30,853	30,852	-	1
Equipment	100,000	160,000	152,799	-	7,201
Road improvements	-	350,199	350,199	-	-
Road reconstruction	842,159	844,105	826,986	-	17,119
Contracts - other	200,000	212,060	185,618	-	26,442
Recharge Basin	50,000	-	-	-	-
Gasoline	60,000	56,197	42,785	-	13,412
Electric	30,000	37,701	37,700	-	1
Fuel oil	60,000	35,000	32,701	-	2,299
Repair equipment	335,000	357,433	343,194	-	14,239
Repair building	51,500	50,961	50,788	-	173
Postage	5,300	5,278	898	-	4,380
Publications	3,300	3,958	3,958	-	-
Rentals	40,000	31,570	22,950	-	8,620
Telephone	4,700	9,431	9,371	-	60
Uniforms	750	-	-	-	-
Other	37,500	28,666	28,441	-	225
Legal notices	5,000	5,000	4,994	-	6
Small equipment (non-capital)	10,000	17,955	16,464	-	1,491
Office supplies	2,500	2,500	2,487	-	13
Supplies - other	54,000	76,500	72,132	-	4,368
Tree and stump removal	90,000	90,000	86,430	-	3,570
Safety equipment	25,000	25,000	20,978	-	4,022
Hardware	47,500	64,130	63,397	-	733
Diesel fuel	245,000	205,000	199,505	-	5,495
Mileage reimbursement	3,500	3,500	3,359	-	141
Sand	115,000	-	-	-	-
Salt	275,000	564,700	564,691	-	9
Chemicals	10,000	-	-	-	-
Road repairs	110,000	85,525	85,346	-	179
Schools and training	2,500	2,500	2,130	-	370
Telephone - wireless	4,700	4,700	2,585	-	2,115
Townwide line striping	185,000	186,975	186,975	-	-
Copier leases	3,800	3,800	354	-	3,446
Cleaning allowance	4,500	5,550	5,550	-	-
Tires	31,500	42,750	40,927	-	1,823
Lube oil	20,000	18,702	16,570	-	2,132
Total transportation	6,951,279	7,488,040	7,149,010	-	339,030

**TOWN OF SOUTHAMPTON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - HIGHWAY FUND (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
<b>Employee benefits:</b>					
Employee retirement - active	\$ 496,505	\$ 498,917	\$ 498,917	\$ -	\$ -
FICA tax expenditure	295,589	295,589	276,034	-	19,555
MTA tax	13,140	13,140	12,268	-	872
Worker's compensation	729,719	729,719	724,350	-	5,369
Medical insurance - active employees	1,094,916	1,084,698	846,733	-	237,965
Health insurance - retirees	550,000	622,080	620,241	-	1,839
Medicare part B - retirees	85,000	70,520	70,519	-	1
Dental and optical	76,959	76,967	69,579	-	7,388
NYS unemployment insurance	8,000	-	-	-	-
Disability	1,699	1,699	67	-	1,612
<b>Total employee benefits</b>	<b>3,351,527</b>	<b>3,393,329</b>	<b>3,118,728</b>	<b>-</b>	<b>274,601</b>
<b>Debt service:</b>					
Principal	3,579,675	3,579,675	3,579,675	-	-
Interest	738,822	738,822	738,822	-	-
<b>Total debt service</b>	<b>4,318,497</b>	<b>4,318,497</b>	<b>4,318,497</b>	<b>-</b>	<b>-</b>
<b>Total expenditures</b>	<b>14,621,303</b>	<b>15,199,868</b>	<b>14,586,235</b>	<b>\$ -</b>	<b>613,631</b>
Excess (deficiency) of revenues over (under) expenditures	(175,000)	(281,000)	540,728		821,728
<b>OTHER FINANCING SOURCES (USES)</b>					
Premium on obligations	-	-	27,508		27,508
Interfund transfer in	-	13,000	13,002		2
Interfund transfer out	-	(350,000)	(350,000)		-
Appropriated fund balance	175,000	618,000	-		(618,000)
<b>Total other financing sources (uses)</b>	<b>175,000</b>	<b>281,000</b>	<b>(309,490)</b>		<b>(590,490)</b>
Change in fund balance	-	-	231,238		\$ 231,238
Fund balance, beginning of year	3,033,447	3,033,447	3,033,447		
Fund balance, end of year	\$ 3,033,447	\$ 3,033,447	\$ 3,264,685		

**TOWN OF SOUTHAMPTON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - PUBLIC SAFETY COMMUNICATIONS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
<b>REVENUES</b>					
<b>Real property taxes</b>	\$ 2,337,186	\$ 2,337,186	\$ 2,337,186		\$ -
<b>Other real property tax items:</b>					
Other payments in lieu of taxes	7,500	7,500	8,443		943
Interest and penalties - real property taxes	5,000	5,000	5,698		698
Total other real property tax items	12,500	12,500	14,141		1,641
<b>Departmental income:</b>					
Rentals	130,000	130,000	132,854		2,854
Total departmental income	130,000	130,000	132,854		2,854
<b>Use of money and property:</b>					
Interest and earnings	6,000	6,525	16,086		9,561
Total use of money and property	6,000	6,525	16,086		9,561
<b>State aid:</b>					
State aid - other public safety	100,000	100,000	136,867		36,867
Total state aid	100,000	100,000	136,867		36,867
<b>Total revenues</b>	<b>2,585,686</b>	<b>2,586,211</b>	<b>2,637,134</b>		<b>50,923</b>
<b>EXPENDITURES</b>					
<b>Public safety:</b>					
Salaries	1,348,934	1,339,895	1,322,028	\$ -	17,867
Overtime	56,261	56,261	36,523	-	19,738
Severance	-	9,039	9,037	-	2
Sick leave	2,600	2,600	1,480	-	1,120
Holiday	15,225	15,225	14,018	-	1,207
Pay differential - shift	55,503	55,503	49,125	-	6,378
Longevity	72,605	72,605	69,457	-	3,148
Other pay	16,000	1,555	-	-	1,555
Cash in lieu of health benefits	19,812	19,812	16,767	-	3,045
Uniform cleaning allowance	6,300	6,300	6,000	-	300
Contracts	160,351	171,851	134,225	-	37,626
Electric	7,000	7,000	6,898	-	102
Repair equipment	5,000	5,000	-	-	5,000
Rentals	118,607	118,607	113,806	-	5,001
Telephone	1,300	1,300	932	-	368
Uniforms	10,000	10,000	4,930	-	5,070
Small equipment (non-capital)	1,225	1,225	-	-	1,225
Office supplies	300	300	254	-	46
Schools and training	4,100	4,100	3,814	-	286
Contracts - copier lease	3,500	3,500	1,381	-	2,119
Total public safety	1,904,623	1,901,678	1,790,475	-	111,203
<b>Employee benefits:</b>					
Employee retirement - active	225,444	226,539	226,538	-	1
FICA tax expenditure	121,883	121,883	114,037	-	7,846
MTA tax	5,417	5,417	5,068	-	349
Worker's compensation	15,212	15,212	15,101	-	111
Medical insurance - active employees	342,558	355,908	354,778	-	1,130

**TOWN OF SOUTHAMPTON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - PUBLIC SAFETY COMMUNICATIONS FUND (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
<b>Employee benefits, cont'd:</b>					
Dental and optical	\$ 28,045	\$ 28,570	\$ 26,787	\$ -	\$ 1,783
Disability	819	819	-	-	819
Health insurance - retirees	70,000	70,000	65,715	-	4,285
Medicare part B - retirees	15,000	15,000	3,776	-	11,224
Total employee benefits	824,178	839,148	811,800	-	27,348
<b>Debt service:</b>					
Principal	6,000	6,000	6,000	-	-
Interest	885	885	885	-	-
Total debt service	6,885	6,885	6,885	-	-
<b>Total expenditures</b>	<b>2,735,688</b>	<b>2,747,711</b>	<b>2,609,160</b>	<b>\$ -</b>	<b>138,551</b>
Excess (deficiency) of revenues over (under) expenditures	(150,000)	(161,500)	27,974		189,474
<b>OTHER FINANCING SOURCES</b>					
Appropriated fund balance	150,000	161,500	-		(161,500)
Total other financing sources	150,000	161,500	-		(161,500)
Change in fund balance	-	-	27,974		\$ 27,974
Fund balance, beginning of year	839,037	839,037	839,037		
Fund balance, end of year	\$ 839,037	\$ 839,037	\$ 867,011		

**TOWN OF SOUTHAMPTON**  
**SCHEDULE OF CHANGES IN THE TOWN'S TOTAL PENSION LIABILITY**  
**SERVICE AWARD PROGRAM**  
**LAST FISCAL YEAR\***

Measurement date as of December 31, 2016

Total pension liability:

Service cost	\$ 248,297
Interest	169,191
Changes of assumptions or other inputs	(459,825)
Differences between expected and actual experience	(49,492)
Benefit payments	<u>(62,825)</u>
Net change in total pension liability	(154,654)
Total pension liability, beginning of year	<u>5,070,335</u>
Total pension liability, end of year	<u>\$ 4,915,681</u>

Covered employee payroll N/A

Total pension liability as a percentage of covered-employee payroll N/A

**Note to Required Supplementary Information**

*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 and was as follows:

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

*Trust assets:* There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 73 to pay related benefits. The trust assets are not legally protected from creditors to the Town.

*\*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

**TOWN OF SOUTHAMPTON**  
**SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2016	\$ -	\$ 172,795,225	\$ 172,795,225	0%	\$ 42,076,574	410.67%
1/1/2014	-	147,335,207	147,335,207	0%	38,943,443	378.33%
1/1/2012	-	148,511,000	148,511,000	0%	37,953,261	391.30%

**TOWN OF SOUTHAMPTON**  
**SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - NYSERS**  
**LAST TEN FISCAL YEARS\***  
**(Dollar amounts in thousands)**

	2017	(A) 2016	2015	2014	**2013	**2012	**2011	**2010	**2009	**2008
Town's proportionate share of the net pension liability	0.09654%	0.09690%	0.09762%	0.09762%	N/A	N/A	N/A	N/A	N/A	N/A
Town's proportionate share of the net pension liability	\$ 8,977	\$ 15,552	\$ 3,298	\$ 4,411	N/A	N/A	N/A	N/A	N/A	N/A
Town's covered payroll	\$ 26,188	\$ 25,366	\$ 25,436	\$ 24,346	N/A	N/A	N/A	N/A	N/A	N/A
Town's proportionate share of the net pension liability as a percentage of covered payroll	34.28%	61.31%	12.97%	18.12%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.68%	97.95%	97.15%	N/A	N/A	N/A	N/A	N/A	N/A

\* The amounts presented for each fiscal year were determined (bi-annually) as of March 31st.

Not Available = N/A

(A) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

**\*\*Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**TOWN OF SOUTHAMPTON**  
**SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - NYSPFRS**  
**LAST TEN FISCAL YEARS\***  
**(Dollar amounts in thousands)**

	2017	(A) 2016	2015	2014	**2013	**2012	**2011	**2010	**2009	**2008
Town's proportionate share of the net pension liability	0.41237%	0.43130%	0.41533%	0.41533%	N/A	N/A	N/A	N/A	N/A	N/A
Town's proportionate share of the net pension liability	\$ 8,547	\$ 12,770	\$ 1,143	\$ 1,729	N/A	N/A	N/A	N/A	N/A	N/A
Town's covered payroll	\$ 13,668	\$ 13,254	\$ 12,692	\$ 12,371	N/A	N/A	N/A	N/A	N/A	N/A
Town's proportionate share of the net pension liability as a percentage of covered payroll	62.53%	96.35%	9.01%	13.98%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	93.46%	90.24%	99.03%	98.48%	N/A	N/A	N/A	N/A	N/A	N/A

\* The amounts presented for each fiscal year were determined (bi-annually) as of March 31st.

Not Available = N/A

(A) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

**\*\*Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

TOWN OF SOUTHAMPTON  
SCHEDULE OF TOWN PENSION CONTRIBUTIONS - NYERS  
LAST TEN FISCAL YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 3,796,025	\$ 3,910,418	\$ 4,285,670	\$ 4,683,082	\$ 4,765,453	\$ 4,519,439	\$ 3,489,546	\$ 2,602,410	\$ 1,872,489	\$ 2,049,204
Contributions in relation to the contractually required contribution	3,829,741	3,900,418	4,285,670	4,683,082	6,138,921	4,449,690	2,692,308	2,485,758	1,872,489	2,049,204
Contribution deficiency (excess)	\$ (13,716)	\$ -	\$ -	\$ -	\$ (1,373,468)	\$ 68,749	\$ 797,438	\$ 164,652	\$ -	\$ -
Towns covered payroll	\$ 26,188,230	\$ 25,395,789	\$ 25,436,048	\$ 24,346,118	\$ 23,442,704	\$ 22,741,318	\$ 23,457,759	\$ 23,611,163	\$ 24,716,060	\$ 24,330,075
Contributions as a percentage of covered payroll	14.55%	15.38%	16.85%	19.24%	26.19%	19.57%	11.48%	10.53%	7.58%	8.47%

TOWN OF SOUTHAMPTON  
SCHEDULE OF TOWN PENSION CONTRIBUTIONS - NYSPFRS  
LAST TEN FISCAL YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 3,513,428	\$ 3,182,548	\$ 3,151,539	\$ 3,499,488	\$ 3,283,358	\$ 2,842,994	\$ 2,541,060	\$ 1,780,075	\$ 1,783,054	\$ 1,854,117
Contributions in relation to the contractually required contribution	3,352,947	3,182,548	3,151,539	3,499,488	3,618,036	2,679,736	2,104,844	1,780,075	1,783,054	1,854,117
Contribution deficiency (excess)	\$ (36,519)	\$ -	\$ -	\$ -	\$ (534,680)	\$ 163,258	\$ 436,216	\$ -	\$ -	\$ -
Town's covered payroll	\$ 13,667,992	\$ 13,254,423	\$ 12,692,068	\$ 12,370,922	\$ 11,742,850	\$ 11,653,522	\$ 12,254,206	\$ 11,662,175	\$ 11,337,244	\$ 10,913,216
Contributions as a percentage of covered payroll	24.53%	24.01%	24.83%	28.29%	32.51%	23.00%	17.58%	15.11%	15.73%	15.16%

**OTHER SUPPLEMENTARY INFORMATION**



TOWN OF SOUTHAMPTON  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2017

SPECIAL REVENUE FUNDS

	SPECIAL DISTRICT FUNDS									Total Non-Major Governmental Funds
	Special Grant Fund	Special Fund	Fire Protection Districts	Lighting Districts	Public Parking Districts	Water Districts	Ambulance Districts	Coastal Erosion Districts	Parks Districts	
<b>ASSETS</b>										
Cash and cash equivalents	\$ 3,529	\$ -	\$ 381,989	\$ 829,807	\$ 322,818	\$ 2,362,107	\$ 1,102,872	\$ 1,498,475	\$ 753,187	\$ 7,285,084
Restricted cash	439,849	5,400,250	-	-	-	82,516	-	-	-	5,922,755
Accounts receivable, net	-	2,753	-	-	2,031	1,019,300	-	-	-	1,023,014
Prepaid items	2,831	49	-	7,188	-	63,422	-	-	-	73,290
<b>Total assets</b>	<b>\$ 446,309</b>	<b>\$ 5,403,092</b>	<b>\$ 381,989</b>	<b>\$ 836,995</b>	<b>\$ 325,749</b>	<b>\$ 3,557,475</b>	<b>\$ 1,102,872</b>	<b>\$ 1,498,475</b>	<b>\$ 753,187</b>	<b>\$ 14,306,143</b>
<b>LIABILITIES</b>										
Accounts payable	\$ 3,829	\$ 10,791	\$ 133	\$ 27,870	\$ 2,772	\$ 50,104	\$ -	\$ -	\$ 5,477	\$ 118,976
Accrued liabilities	-	107,144	-	-	-	8,591	-	-	-	116,035
Due to other funds	-	674,945	-	-	-	-	-	-	-	674,945
Due to fiduciary funds	-	-	-	303	-	4,436	-	-	-	4,739
<b>Total liabilities</b>	<b>3,829</b>	<b>801,880</b>	<b>133</b>	<b>28,173</b>	<b>2,772</b>	<b>72,431</b>	<b>-</b>	<b>-</b>	<b>5,477</b>	<b>914,735</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Property taxes	-	244	233,652	130,922	27,884	319,869	776,152	997,653	117,496	2,203,982
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>244</b>	<b>233,652</b>	<b>130,922</b>	<b>27,884</b>	<b>319,869</b>	<b>776,152</b>	<b>997,653</b>	<b>117,496</b>	<b>2,203,982</b>
<b>FUND BALANCE</b>										
Fund balance										
Nonspendable	2,631	49	-	7,188	-	63,422	-	-	-	73,290
Restricted	439,849	4,600,919	-	-	-	82,516	-	-	-	5,123,384
Committed	-	-	-	-	-	760,300	-	-	-	760,000
Assigned	-	-	148,304	670,652	295,093	2,759,137	326,710	928,622	630,214	5,230,772
<b>Total fund balance</b>	<b>442,480</b>	<b>4,600,968</b>	<b>148,304</b>	<b>677,840</b>	<b>295,093</b>	<b>3,165,175</b>	<b>326,710</b>	<b>928,622</b>	<b>630,214</b>	<b>11,187,446</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 446,309</b>	<b>\$ 5,403,092</b>	<b>\$ 381,989</b>	<b>\$ 836,995</b>	<b>\$ 325,749</b>	<b>\$ 3,557,475</b>	<b>\$ 1,102,872</b>	<b>\$ 1,498,475</b>	<b>\$ 753,187</b>	<b>\$ 14,306,143</b>

TOWN OF SOUTHAMPTON  
COMBINE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

SPECIAL REVENUE FUNDS

	SPECIAL DISTRICT FUNDS								Total Non-Major Governmental Funds	
	Special Grant Fund	Special Fund	Fire Protection Districts	Lighting Districts	Public Parking Districts	Water Districts	Ambulance Districts	Coastal Erosion Districts		Parks Districts
<b>REVENUES</b>										
Real property taxes	\$ -	\$ -	\$ 697,336	\$ 603,560	\$ 120,472	\$ 1,282,789	\$ 3247,369	\$ 2,660,770	\$ 647,330	\$ 8,209,629
Other real property tax items	-	-	6,215	2,089	210	9,125	101,286	-	1,078	120,015
Departmental income	-	-	-	-	-	2,236,458	-	-	-	2,236,458
Use of money and property	238	52,673	2,294	7,441	2,405	287,655	9,680	17,900	6,469	382,762
Fines and forfeitures	-	22,730	-	-	-	-	-	-	-	22,730
Sale of property and compensation for loss	-	267,128	-	-	16,844	834	-	-	-	274,806
Miscellaneous local sources	900	222,581	-	-	-	4,203	-	-	-	227,784
State aid	-	18,945	-	-	-	-	-	-	-	18,945
Federal aid	3,710,464	-	-	-	-	-	-	-	-	3,710,464
<b>Total revenues</b>	<b>3,711,602</b>	<b>674,067</b>	<b>905,617</b>	<b>613,116</b>	<b>139,691</b>	<b>3,821,164</b>	<b>3,356,337</b>	<b>2,698,670</b>	<b>664,937</b>	<b>16,322,693</b>
<b>EXPENDITURES</b>										
General governmental support	-	62,810	-	-	-	1,381	-	-	-	64,191
Public safety	-	1,309	665,968	-	-	-	-	-	-	667,277
Health	-	-	-	-	-	-	3,129,142	-	-	3,129,142
Transportation	-	-	-	301,708	93,108	-	-	-	-	394,816
Economic assistance and opportunity	-	8,952	-	-	-	-	-	-	-	8,952
Culture and recreation	-	53,043	-	-	-	-	-	-	420,616	513,659
Home and community services	3,608,072	32,727	-	-	-	2,372,948	-	72,803	-	6,083,550
Employee benefits	-	763	-	68,137	-	629,101	191,189	-	-	890,213
Debt service -										
Principal	-	-	-	50,621	5,403	616,308	16,322	2,060,000	82,676	2,831,310
Interest	-	-	-	8,318	1,388	165,271	3,193	501,860	15,958	686,748
<b>Total expenditures</b>	<b>3,608,072</b>	<b>229,628</b>	<b>665,968</b>	<b>318,284</b>	<b>99,569</b>	<b>3,796,607</b>	<b>3,338,626</b>	<b>2,634,703</b>	<b>499,232</b>	<b>15,622,445</b>
Excess (deficiency) of revenues over (under) expenditures	103,530	444,439	19,661	54,326	40,362	34,557	14,011	(86,063)	55,697	541,758
<b>OTHER FINANCING SOURCES (USES)</b>										
Interfund transfers in	-	5,000	-	58	-	-	-	-	-	5,058
Interfund transfers out	-	(144,500)	-	-	-	-	-	-	-	(144,500)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(139,500)</b>	<b>-</b>	<b>58</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(138,442)</b>
Change in fund balance	103,530	304,939	19,661	54,375	40,362	34,557	14,011	(86,063)	55,697	541,758
Fund balance, beginning of year	338,882	4,256,038	128,443	623,504	254,731	3,130,618	312,189	986,715	574,667	10,645,688
Fund balance, end of year	\$ 442,412	\$ 4,800,968	\$ 148,104	\$ 677,879	\$ 295,093	\$ 3,165,175	\$ 326,199	\$ 900,652	\$ 630,364	\$ 11,187,446

**TOWN OF SOUTHAMPTON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - FIRE PROTECTION DISTRICTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
<b>REVENUES</b>					
Real property taxes	\$ 898,002	\$ 898,002	\$ 897,335		\$ (667)
Other real property tax items:					
Other payments in lieu of taxes	5,500	5,500	6,218		718
Total other real property tax items	5,500	5,500	6,218		718
Use of money and property:					
Interest and earnings	950	950	2,264		1,314
Total use of money and property	950	950	2,264		1,314
<b>Total revenues</b>	<b>904,452</b>	<b>904,452</b>	<b>905,817</b>		<b>1,365</b>
<b>EXPENDITURES</b>					
Public safety:					
Contracts - other	853,587	863,180	863,179	\$ -	1
Electric	50,865	50,865	22,777	-	28,088
Total public safety	904,452	914,045	885,956	-	28,089
<b>Total expenditures</b>	<b>904,452</b>	<b>914,045</b>	<b>885,956</b>	<b>\$ -</b>	<b>28,089</b>
Excess (deficiency) of revenues over (under) expenditures	-	(9,593)	19,861		29,454
<b>OTHER FINANCING SOURCES</b>					
Appropriated fund balance	-	9,593	-		9,593
Total other financing sources	-	9,593	-		9,593
Change in fund balance	-	-	19,861		\$ 39,047
Fund balance, beginning of year	128,443	128,443	128,443		
Fund balance, end of year	\$ 128,443	\$ 128,443	\$ 148,304		

TOWN OF SOUTHAMPTON  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - LIGHTING DISTRICTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
<b>REVENUES</b>					
Real property taxes	\$ 563,580	\$ 563,580	\$ 563,580		\$ -
Other real property tax items:					
Other payments in lieu of taxes	2,005	2,005	2,089		84
Total other real property tax items	2,005	2,005	2,089		84
Use of money and property:					
Interest and earnings	2,010	2,010	7,441		5,431
Total use of money and property	2,010	2,010	7,441		5,431
<b>Total revenues</b>	<b>567,595</b>	<b>567,595</b>	<b>573,110</b>		<b>5,515</b>
<b>EXPENDITURES</b>					
Transportation:					
Salaries	118,676	118,977	118,974	\$ -	3
Overtime	1,000	1,000	-	-	1,000
Longevity	5,601	5,601	5,601	-	-
Electric	274,836	273,372	221,893	-	51,479
Repair vehicle	19,900	19,900	16,346	-	3,554
Other	25,400	25,400	16,268	-	7,132
Small equipment (non-capital)	17,094	17,427	10,626	-	6,801
Total transportation	<b>462,506</b>	<b>461,677</b>	<b>391,708</b>	<b>-</b>	<b>69,969</b>
Employee benefits:					
Employee retirement	17,586	17,675	17,671	-	4
FICA tax expense	9,591	9,502	9,247	-	255
MTA tax expense	432	432	416	-	16
Worker's compensation	4,747	4,747	4,712	-	35
Medical insurance	32,760	33,592	33,480	-	112
Dental and optical	2,609	2,658	2,611	-	47
Disability	58	58	-	-	58
Total employee benefits	<b>87,781</b>	<b>88,684</b>	<b>68,137</b>	<b>-</b>	<b>527</b>
Debt service:					
Principal	50,625	50,625	50,821	-	4
Interest	8,324	8,325	8,318	-	7
Total debt service	<b>58,949</b>	<b>58,950</b>	<b>58,939</b>	<b>-</b>	<b>11</b>
<b>Total expenditures</b>	<b>589,241</b>	<b>589,291</b>	<b>518,784</b>	<b>\$ -</b>	<b>70,507</b>
Excess (deficiency) of revenues over (under) expenditures	(21,646)	(21,696)	54,326		78,022
<b>OTHER FINANCING SOURCES</b>					
Interfund transfers in	-	50	50		-
Appropriated fund balance	21,646	21,646	-		(21,646)
Total other financing sources	<b>21,646</b>	<b>21,696</b>	<b>50</b>		<b>(21,646)</b>
Change in fund balance	-	-	54,376		\$ 54,376
Fund balance, beginning of year	623,504	623,504	623,504		
Fund balance, end of year	\$ 623,504	\$ 623,504	\$ 677,880		

**TOWN OF SOUTHAMPTON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - PUBLIC PARKING DISTRICTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
<b>REVENUES</b>					
Real property taxes	\$ 120,472	\$ 120,472	\$ 120,472		\$ -
Other real property tax items:					
Other payments in lieu of taxes	190	190	210		20
Total other real property tax items	190	190	210		20
Use of money and property:					
Interest and earnings	800	800	2,405		1,605
Total use of money and property	800	800	2,405		1,605
Sale of property and compensation for loss:					
Sales, other	10,000	10,000	16,844		6,844
Total sale of property and compensation for loss	10,000	10,000	16,844		6,844
<b>Total revenues</b>	<b>131,462</b>	<b>131,462</b>	<b>139,931</b>		<b>8,469</b>
<b>EXPENDITURES</b>					
Transportation:					
Contracts	108,800	108,800	78,109	\$ -	30,691
P & R CB Water	15,000	15,000	14,620	-	380
Electric	1,200	1,200	379	-	821
Total transportation	125,000	125,000	93,108	-	31,892
Debt service:					
Principal	5,403	5,403	5,403	-	-
Interest	1,059	1,059	1,058	-	1
Total debt service	6,462	6,462	6,461	-	1
<b>Total expenditures</b>	<b>131,462</b>	<b>131,462</b>	<b>99,569</b>	<b>\$ -</b>	<b>31,893</b>
Change in fund balance	-	-	40,362		\$ 40,362
Fund balance, beginning of year	254,731	254,731	254,731		
Fund balance, end of year	\$ 254,731	\$ 254,731	\$ 295,093		

**TOWN OF SOUTHAMPTON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - WATER DISTRICTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
<b>REVENUES</b>					
Real property taxes	\$ 1,282,789	\$ 1,282,789	\$ 1,282,789		\$ -
Other real property tax items:					
Other payments in lieu of taxes	12,100	12,100	3,997		(8,103)
Interest and penalties - real property taxes	4,500	4,500	5,128		628
Total other real property tax items	16,600	16,600	9,125		(7,475)
Departmental income:					
Metered water sales	2,218,000	2,216,000	2,236,458		18,458
Total departmental income	2,218,000	2,218,000	2,236,458		18,458
Use of money and property:					
Interest and earnings	5,000	5,305	20,195		14,890
Rentals	325,000	325,000	267,460		(57,540)
Total use of money and property	330,000	330,305	287,655		(42,650)
Sale of property and compensation for loss:					
Insurance recoveries	-	-	934		934
Total sale of property and compensation for loss	-	-	934		934
Miscellaneous local sources:					
Refunds of prior years	-	-	4,103		4,103
Miscellaneous	-	-	100		100
Total miscellaneous local sources	-	-	4,203		4,203
<b>Total revenues</b>	<b>3,847,389</b>	<b>3,847,694</b>	<b>3,821,164</b>		<b>(26,530)</b>
<b>EXPENDITURES</b>					
General governmental support:					
Severance	-	1,382	1,380	\$ -	2
Equipment	-	23,500	-	-	23,500
Vehicles	30,000	6,500	-	-	6,500
Total general governmental support	30,000	31,382	1,380	-	30,002
Home and community services:					
Cost of water	328,000	328,000	308,724	-	19,276
Salaries	867,023	865,641	860,520	-	5,121
Overtime	1,600	-	-	-	-
Accumulated sick/personal time	1,200	748	-	-	748
Part time salaries	24,000	22,192	20,094	-	2,096
Longevity	46,787	46,844	48,746	-	98
Cash in lieu of health benefits	5,100	7,453	7,452	-	1
Equipment	26,136	25,000	-	-	25,000
Meter settings	50,000	51,136	45,341	664	5,131
Contracts	451,855	897,734	438,865	5,135	253,734
Gasoline	14,000	9,961	6,269	-	3,712
Electric	273,000	268,142	259,716	-	8,426
Fuel oil	25,000	25,000	9,636	-	15,364
Repair equipment	100,000	103,948	95,178	-	7,770
Vehicle repair	6,500	12,700	12,673	-	27
Postage	15,000	17,863	17,881	-	2
Telephone	13,300	13,300	9,753	-	3,547
Travel, dues and related	4,500	4,500	4,358	-	142
Uniforms	4,000	4,000	3,987	-	13

**TOWN OF SOUTHAMPTON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - WATER DISTRICTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
<b>Home and community services, con'td:</b>					
Publicity and public notices	\$ 350	\$ 120	\$ 90	\$ -	\$ 30
Small equipment (non capital)	5,000	5,000	604	-	4,396
Office supplies	1,000	1,000	996	-	4
Supplies - other	2,000	2,000	745	-	1,255
Safety equipment	2,000	2,000	1,920	-	80
Diesel fuel	8,000	8,000	7,003	-	997
Chemicals	137,275	145,275	132,986	2,652	9,637
Water analysis	49,000	49,000	46,219	-	2,781
Engineering fees	37,000	33,400	30,976	-	2,424
Wireless telephone	1,800	1,800	844	-	956
Landfill charges	3,000	3,000	1,972	-	1,028
Total home and community services	<u>2,503,426</u>	<u>2,754,797</u>	<u>2,372,548</u>	<u>8,451</u>	<u>373,798</u>
<b>Employee benefits:</b>					
Employee retirement	130,196	130,830	130,828	-	2
FICA tax expense	72,347	70,847	70,091	-	756
MTA tax expense	3,216	3,216	3,115	-	101
Worker's compensation	71,460	71,079	70,934	-	145
Medical insurance	242,256	255,790	254,980	-	800
Medical insurance - retiree	82,000	82,000	69,912	-	12,088
Medicare reimbursement - part B	20,000	20,000	12,588	-	7,412
Dental and optical	18,246	18,601	16,532	-	69
Disability	461	461	120	-	341
Total employee benefits	<u>640,182</u>	<u>650,814</u>	<u>629,100</u>	<u>-</u>	<u>21,714</u>
<b>Debt service:</b>					
Principal	618,308	618,308	618,308	-	-
Interest	165,272	165,272	165,271	-	1
Total debt service	<u>783,580</u>	<u>783,580</u>	<u>783,579</u>	<u>-</u>	<u>1</u>
<b>Total expenditures</b>	<u>3,957,188</u>	<u>4,220,573</u>	<u>3,786,607</u>	<u>\$ 8,451</u>	<u>425,515</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(109,799)</u>	<u>(372,879)</u>	<u>34,557</u>		<u>398,885</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Appropriated fund balance	109,799	372,879	-		(372,879)
Total other financing sources (uses)	<u>109,799</u>	<u>372,879</u>	<u>-</u>		<u>(372,879)</u>
Change in fund balance	-	-	34,557		<u>\$ 26,106</u>
Fund balance, beginning of year	3,130,618	3,130,618	3,130,618		
Fund balance, end of year	<u>\$ 3,130,618</u>	<u>\$ 3,130,618</u>	<u>\$ 3,165,175</u>		

**TOWN OF SOUTHAMPTON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - AMBULANCE DISTRICTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
<b>REVENUES</b>					
Real property taxes	\$ 3,338,219	\$ 3,338,219	\$ 3,247,353		\$ (90,866)
Other real property tax items:					
Other payments in lieu of taxes	7,650	7,650	101,295		93,645
Total other real property tax items	7,650	7,650	101,295		93,645
Use of money and property:					
Interest and earnings	3,600	3,600	5,689		2,089
Total use of money and property	3,600	3,600	5,689		2,089
<b>Total revenues</b>	<b>3,349,469</b>	<b>3,349,469</b>	<b>3,354,337</b>		<b>4,868</b>
<b>EXPENDITURES</b>					
Health:					
Contracts	3,129,142	3,129,142	3,129,142	\$ -	-
Total health	3,129,142	3,129,142	3,129,142	-	-
Employee benefits:					
LOSAP	262,000	262,000	191,189	-	70,811
Total employee benefits	262,000	262,000	191,189	-	70,811
Debt service:					
Principal	16,302	16,302	16,302	-	-
Interest	3,194	3,194	3,193	-	1
Total debt service	19,496	19,496	19,495	-	1
<b>Total expenditures</b>	<b>3,410,638</b>	<b>3,410,638</b>	<b>3,339,826</b>	<b>\$ -</b>	<b>70,812</b>
Excess (deficiency) of revenues over (under) expenditures	(81,169)	(81,169)	14,511		75,880
<b>OTHER FINANCING SOURCES</b>					
Appropriated fund balance	81,169	61,169	-		61,169
Total other financing sources	81,169	61,169	-		61,169
Change in fund balance	-	-	14,511		\$ 136,849
Fund balance, beginning of year	312,199	312,199	312,199		
Fund balance, end of year	\$ 312,199	\$ 312,199	\$ 326,710		

**TOWN OF SOUTHAMPTON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - COASTAL EROSION DISTRICTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
<b>REVENUES</b>					
Real property taxes	\$ 2,550,770	\$ 2,550,770	\$ 2,550,770		\$ -
Use of money and property:					
Interest and earnings	-	-	17,900		17,900
Total use of money and property	-	-	17,900		17,900
<b>Total revenues</b>	<b>2,550,770</b>	<b>2,550,770</b>	<b>2,568,670</b>		<b>17,900</b>
<b>EXPENDITURES</b>					
Home and community services:					
Other	23,000	23,000	-	\$ -	23,000
Consultants	120,000	120,000	72,803	47,197	-
Total home and community services	143,000	143,000	72,803	47,197	23,000
Debt service:					
Principal	2,080,000	2,080,000	2,080,000	-	-
Interest	501,950	501,950	501,950	-	-
Total debt service	2,581,950	2,581,950	2,581,950	-	-
<b>Total expenditures</b>	<b>2,724,950</b>	<b>2,724,950</b>	<b>2,654,753</b>	<b>\$ 47,197</b>	<b>23,000</b>
Excess (deficiency) of revenues over (under) expenditures	(174,180)	(174,180)	(86,083)		40,900
<b>OTHER FINANCING SOURCES</b>					
Appropriated fund balance	174,180	174,180	-		(174,180)
Total other financing sources	174,180	174,180	-		(174,180)
Change in fund balance	-	-	(86,083)		<u>\$ (133,280)</u>
Fund balance, beginning of year	986,705	986,705	986,705		
Fund balance, end of year	<u>\$ 986,705</u>	<u>\$ 986,705</u>	<u>\$ 900,622</u>		

**TOWN OF SOUTHAMPTON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - PARKS DISTRICTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
<b>REVENUES</b>					
Real property taxes	\$ 547,330	\$ 547,330	\$ 547,330		\$ -
Other real property tax items:					
Other payments in lieu of taxes	1,105	1,105	1,078		(27)
Total other real property tax items	1,105	1,105	1,078		(27)
Use of money and property:					
Interest and earnings	2,100	2,100	6,499		4,399
Total use of money and property	2,100	2,100	6,499		4,399
<b>Total revenues</b>	<b>550,535</b>	<b>550,535</b>	<b>554,907</b>		<b>4,372</b>
<b>EXPENDITURES</b>					
Culture and recreation:					
Contracts	461,900	461,900	416,116	\$ -	45,784
Building repair	10,000	10,000	4,500	-	5,500
Total culture and recreation	471,900	471,900	420,616	-	51,284
Home and community services:					
Contracts	-	20,500	-	-	20,500
Total home and community services	-	20,500	-	-	20,500
Debt service:					
Principal	62,676	62,676	62,676	-	-
Interest	15,959	15,959	15,958	-	1
Total debt service	78,635	78,635	78,634	-	1
<b>Total expenditures</b>	<b>550,535</b>	<b>571,035</b>	<b>499,250</b>	<b>\$ -</b>	<b>71,785</b>
Excess (deficiency) of revenues over (under) expenditures	-	(20,500)	55,857		76,157
<b>OTHER FINANCING SOURCES (USES)</b>					
Appropriated fund balance	-	20,500	-		(20,500)
Total other financing sources (uses)	-	20,500	-		(20,500)
Change in fund balance	-	-	55,857		\$ 55,857
Fund balance, beginning of the year	574,557	574,557	574,557		
Fund balance, end of year	\$ 574,557	\$ 574,557	\$ 630,214		

**OTHER  
SUPPLEMENTARY  
INFORMATION**

**TOWN OF SOUTHAMPTON  
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
DECEMBER 31, 2017**

	<u>Town Agency Fund</u>	<u>Town Clerk Agency Fund</u>	<u>Town Receiver of Taxes Agency Fund</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>				
Cash	\$ 2,356,280	\$ 21,512	\$ 82,907,418	\$ 85,285,210
Due from proprietary funds	818	-	-	818
Due from governmental funds	125,976	-	-	125,976
Service award program assets	3,208,523	-	-	3,208,523
	<u>3,208,523</u>	<u>-</u>	<u>-</u>	<u>3,208,523</u>
Total assets	<u>\$ 5,691,597</u>	<u>\$ 21,512</u>	<u>\$ 82,907,418</u>	<u>\$ 88,620,527</u>
<b>LIABILITIES</b>				
Due to proprietary funds	\$ 177	\$ -	\$ -	\$ 177
Due to school districts	-	-	41,453,709	41,453,709
Service award program liabilities	3,208,523	-	-	3,208,523
Other agency liabilities	2,482,897	21,512	41,453,709	43,958,118
	<u>2,482,897</u>	<u>21,512</u>	<u>41,453,709</u>	<u>43,958,118</u>
Total liabilities	<u>\$ 5,691,597</u>	<u>\$ 21,512</u>	<u>\$ 82,907,418</u>	<u>\$ 88,620,527</u>

**TOWN OF SOUTHAMPTON**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>ASSETS</b>				
<b>Town Agency Fund</b>				
Cash	\$ 2,052,825	\$ 132,919,743	\$ 132,816,289	\$ 2,356,280
Due from proprietary funds	4,515	818	4,515	818
Due from governmental funds	126,912	125,976	126,912	125,976
Service award program assets	2,928,875	279,648	-	3,208,523
Total assets - Town Agency Fund	<u>5,113,127</u>	<u>133,326,185</u>	<u>132,747,715</u>	<u>5,691,597</u>
<b>Town Clerk Agency Fund</b>				
Cash	27,757	21,512	27,757	21,512
Total assets - Town Clerk Agency Fund	<u>27,757</u>	<u>21,512</u>	<u>27,757</u>	<u>21,512</u>
<b>Town Receiver of Taxes Agency Fund</b>				
Cash	61,685,184	82,907,418	61,685,184	82,907,418
Total assets - Town Receiver of Taxes Agency Fund	<u>61,685,184</u>	<u>82,907,418</u>	<u>61,685,184</u>	<u>82,907,418</u>
Total assets	<u>\$ 66,826,068</u>	<u>\$ 216,255,115</u>	<u>\$ 194,460,656</u>	<u>\$ 88,620,527</u>
<b>LIABILITIES</b>				
<b>Town Agency Fund</b>				
Due to proprietary funds	\$ -	\$ 177	\$ -	\$ 177
Service award program liabilities	2,928,875	279,648	-	3,208,523
Other agency liabilities	2,184,252	133,046,360	132,747,715	2,482,697
Total liabilities - Town Agency Fund	<u>5,113,127</u>	<u>133,326,185</u>	<u>132,747,715</u>	<u>5,691,597</u>
<b>Town Clerk Agency Fund</b>				
Other agency liabilities	27,757	21,512	27,757	21,512
Total liabilities - Town Clerk Agency Fund	<u>27,757</u>	<u>21,512</u>	<u>27,757</u>	<u>21,512</u>
<b>Town Receiver of Taxes Agency Fund</b>				
Due to school districts	30,842,592	41,453,709	30,842,592	41,453,709
Other agency liabilities	30,842,592	41,453,709	30,842,592	41,453,709
Total liabilities - Town Receiver of Taxes Agency Fund	<u>61,685,184</u>	<u>82,907,418</u>	<u>61,685,184</u>	<u>82,907,418</u>
Total liabilities	<u>\$ 66,826,068</u>	<u>\$ 216,255,115</u>	<u>\$ 194,460,656</u>	<u>\$ 88,620,527</u>

## **STATISTICAL SECTION**

**TOWN OF SOUTHAMPTON**  
**OBJECTIVES OF STATISTICAL INFORMATION**

This comprehensive statistical data for the Town includes, in some cases, statistical information for the villages, school districts, and special districts, which are not part of the Town reporting entity. It is intended to provide readers of this report with a broader and more complete understanding of the Town and its financial affairs than is possible from the financial statements and supplementary schedules included in the Financial Section. Many tables in this section cover several years for comparison purposes, and may present data from outside of the Town's accounting records. This part of the Town of Southampton's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information and other supplementary information says about the government's overall financial health.

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

**TOWN OF SOUTHAMPTON**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**

	Fiscal Year									
	2017	(As Restated) 2016*	2015	(As Restated) 2014**	(As Restated) 2013***	2012	2011	2010	2009	2008
<b>GOVERNMENTAL ACTIVITIES:</b>										
Net position -										
Net investment in capital assets	\$ 982,759,871	\$ 936,186,313	\$ 873,900,018	\$ 844,231,835	\$ 854,433,518	\$ 634,405,267	\$ 803,043,978	\$ 581,511,258	\$ 576,456,907	\$ 598,483,191
Restricted	95,751,673	93,815,382	113,569,969	95,112,199	87,166,036	62,529,907	74,783,204	55,806,221	42,827,692	2,000,000
Unrestricted	(77,974,936)	(58,909,106)	(54,215,358)	(58,433,011)	(62,713,908)	(58,527,123)	(58,103,563)	(16,226,201)	(11,486,346)	10,120,175
Total net position	<u>\$ 1,001,536,606</u>	<u>\$ 971,082,587</u>	<u>\$ 903,254,629</u>	<u>\$ 880,911,023</u>	<u>\$ 678,885,644</u>	<u>\$ 640,408,051</u>	<u>\$ 619,723,599</u>	<u>\$ 621,091,275</u>	<u>\$ 607,798,453</u>	<u>\$ 610,603,366</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>										
Net position -										
Net investment in capital assets	\$ 18,448,771	\$ 17,051,665	\$ 16,884,481	\$ 16,682,301	\$ 18,589,161	\$ 14,584,547	\$ 14,506,695	\$ 14,389,599	\$ 16,345,063	\$ 14,054,880
Restricted	52,253	69,333	86,713	104,394	121,358	-	-	-	-	1,217,763
Unrestricted	2,912,235	2,385,069	2,318,523	2,456,476	1,096,425	1,435,967	1,062,164	(3,403,998)	(6,153,916)	(680,933)
Total net position	<u>\$ 19,413,259</u>	<u>\$ 19,506,067</u>	<u>\$ 19,289,717</u>	<u>\$ 19,243,171</u>	<u>\$ 18,388,964</u>	<u>\$ 18,020,514</u>	<u>\$ 15,568,879</u>	<u>\$ 10,981,601</u>	<u>\$ 10,191,147</u>	<u>\$ 14,590,920</u>
<b>PRIMARY GOVERNMENT:</b>										
Net position -										
Net investment in capital assets	\$ 999,208,642	\$ 953,237,998	\$ 890,764,499	\$ 860,914,136	\$ 871,002,697	\$ 648,989,814	\$ 817,550,673	\$ 595,896,855	\$ 592,801,970	\$ 612,537,281
Restricted	96,803,926	93,854,719	113,656,692	95,216,593	87,267,394	62,529,907	74,783,204	55,806,221	42,827,692	3,217,763
Unrestricted	(75,062,701)	(56,524,039)	(51,896,835)	(55,976,535)	(61,017,483)	(55,091,156)	(57,041,399)	(19,630,199)	(17,640,262)	9,639,242
Total net position	<u>\$ 1,020,948,867</u>	<u>\$ 990,598,674</u>	<u>\$ 902,544,346</u>	<u>\$ 900,154,194</u>	<u>\$ 897,272,608</u>	<u>\$ 656,428,565</u>	<u>\$ 635,292,478</u>	<u>\$ 632,072,877</u>	<u>\$ 617,989,600</u>	<u>\$ 625,194,266</u>

Source: Office of the Comptroller and the audited financial statements of the Town of Southampton.

\* - 2016 financial statements were restated to reflect the implementation of Governmental Accounting Standards Board service award program requirements.

\*\* - 2014 financial statements were restated to reflect the implementation of Governmental Accounting Standards Board pension requirements.

\*\*\* - 2013 financial statements were restated due to a change in reporting for the Trustees of the Freeholders.

**TOWN OF SOUTHAMPTON**  
**CHANGE IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**

	Fiscal Year									
	2017	2016	2015	(As Restated) 2014*	(As Restated) 2013**	2012	2011	2010	2009	2008
<b>EXPENSES:</b>										
<b>Governmental activities:</b>										
General governmental support	\$ 31,505,422	\$ 33,700,867	\$ 24,268,171	\$ 28,458,103	\$ 23,891,061	\$ 23,735,945	\$ 26,940,594	\$ 25,074,740	\$ 23,697,473	\$ 22,212,560
Public safety	49,981,090	46,553,861	42,493,599	41,732,622	38,628,311	32,872,478	39,195,250	31,543,786	28,768,091	27,954,384
Health	3,129,142	3,067,798	2,989,335	2,943,798	2,895,640	2,742,820	2,606,620	2,471,220	2,507,268	2,112,910
Transportation	13,266,204	12,428,053	12,740,333	12,747,929	24,374,926	23,067,768	25,946,066	23,815,305	24,024,518	22,949,170
Economic assistance and opportunity	5,431,458	5,824,096	5,877,403	5,030,414	4,667,705	4,194,245	4,493,983	3,126,172	3,660,683	2,899,959
Culture and recreation	5,560,779	4,831,447	4,538,438	4,692,914	5,638,303	6,375,416	8,779,126	7,438,142	7,471,413	7,650,068
Home and community services	17,458,105	15,894,394	14,686,485	15,385,752	14,790,555	13,857,100	16,478,601	15,196,972	17,378,146	12,843,426
Interest on debt	3,156,056	3,191,968	3,597,585	3,903,364	3,963,661	3,984,822	4,331,456	5,265,610	4,370,036	3,641,720
<b>Total governmental activities</b>	<b>129,483,295</b>	<b>128,493,312</b>	<b>111,187,349</b>	<b>114,694,806</b>	<b>115,849,962</b>	<b>110,630,594</b>	<b>128,712,096</b>	<b>113,931,947</b>	<b>112,877,598</b>	<b>102,264,197</b>
<b>Business-type activities:</b>										
Beaches and marinas	1,857,210	1,648,249	1,660,719	1,621,647	1,602,784	1,565,118	1,628,477	1,591,250	1,515,979	1,515,342
Waste management	2,360,047	2,292,725	2,132,958	1,924,917	2,302,072	2,252,794	2,334,084	2,354,690	2,197,650	2,093,351
Building and zoning	-	-	-	-	-	-	-	-	-	3,587,303
Golf course	46,756	48,132	79,019	41,867	636,375	712,872	629,314	690,647	633,436	702,164
Interest on debt	176,531	186,070	206,253	229,882	281,595	368,733	308,632	280,637	318,940	293,167
<b>Total business-type activities</b>	<b>4,443,544</b>	<b>4,212,176</b>	<b>4,087,949</b>	<b>3,818,313</b>	<b>4,822,826</b>	<b>4,834,517</b>	<b>4,960,507</b>	<b>4,877,424</b>	<b>4,666,005</b>	<b>8,191,327</b>
<b>Total expenses</b>	<b>133,926,839</b>	<b>129,705,488</b>	<b>115,275,298</b>	<b>118,513,119</b>	<b>120,672,788</b>	<b>115,465,111</b>	<b>133,672,603</b>	<b>118,809,371</b>	<b>117,543,603</b>	<b>110,455,524</b>
<b>PROGRAM REVENUES:</b>										
<b>Governmental activities:</b>										
<b>Charges for services -</b>										
General governmental support	1,004,372	1,323,093	821,385	826,664	910,917	2,360,682	1,410,236	1,255,590	1,163,085	1,047,045
Public safety	2,348,271	2,588,626	2,800,072	2,576,095	2,046,557	2,879,899	395,000	182,601	208,739	327,262
Transportation	1,064,444	1,026,561	1,017,836	1,043,920	1,006,671	964,140	674,274	684,058	822,237	-
Economic assistance and opportunity	985,621	938,368	934,721	847,723	860,127	-	-	-	-	-
Culture and recreation	22,730	20,055	37,170	40,051	55,038	57,592	51,209	62,569	81,834	98,180
Home and community services	7,547,677	7,334,205	7,181,918	7,163,180	5,706,851	6,206,789	5,738,767	5,721,567	5,451,000	1,799,808
Operating grants and contributions	61,882,374	62,112,570	66,401,212	70,647,232	64,285,558	44,489,319	46,193,967	42,090,351	31,720,888	42,334,262
Capital grants and contributions	2,200,128	2,767,546	2,453,459	1,819,374	3,568,518	831,677	1,045,638	235,547	495,052	61,851
<b>Total governmental activities</b>	<b>77,056,617</b>	<b>78,111,024</b>	<b>81,537,773</b>	<b>84,964,255</b>	<b>79,361,338</b>	<b>57,520,198</b>	<b>55,710,000</b>	<b>50,232,263</b>	<b>39,740,035</b>	<b>45,668,058</b>
<b>Business-type activities:</b>										
<b>Charges for services -</b>										
Beaches and marinas	2,091,578	2,105,931	2,160,432	1,809,694	1,893,606	1,633,090	1,702,160	1,633,126	1,569,862	1,363,697
Waste management	2,253,543	2,208,632	1,968,182	1,919,588	1,859,264	2,018,483	2,131,435	2,210,232	1,791,992	1,965,157
Building and zoning	-	-	-	-	-	-	-	-	-	3,348,958
Golf course	187,420	190,571	149,042	134,532	656,667	670,047	618,645	547,325	729,464	807,998
Operating grants and contributions	-	31,546	31,109	282,935	207,864	265,699	53,642	54,563	30,855	117,642
<b>Total business-type activities</b>	<b>4,532,541</b>	<b>4,536,680</b>	<b>4,328,765</b>	<b>4,646,719</b>	<b>4,616,801</b>	<b>4,787,469</b>	<b>4,505,862</b>	<b>4,445,246</b>	<b>4,121,873</b>	<b>7,603,462</b>
<b>Total program revenues</b>	<b>81,589,158</b>	<b>82,647,704</b>	<b>85,866,538</b>	<b>89,610,974</b>	<b>83,978,139</b>	<b>62,307,667</b>	<b>60,215,862</b>	<b>54,677,511</b>	<b>43,862,008</b>	<b>53,271,560</b>
<b>Net (expense)/revenue</b>	<b>\$ (52,348,681)</b>	<b>\$ (47,057,784)</b>	<b>\$ (29,411,760)</b>	<b>\$ (29,162,145)</b>	<b>\$ (36,804,649)</b>	<b>\$ (53,157,444)</b>	<b>\$ (73,398,721)</b>	<b>\$ (64,131,860)</b>	<b>\$ (73,681,595)</b>	<b>\$ (57,183,964)</b>

Source: Office of the Comptroller and the audited financial statements of the Town of Southampton.

\* - 2014 financial statements were restated to reflect the implementation of Governmental Accounting Standards Board pension requirements.

\*\* - 2013 financial statements were restated due to a change in reporting for the Trustees of the Freeholders.

**TOWN OF SOUTHAMPTON**  
**CHANGE IN NET POSITION (CONTINUED)**  
**LAST TEN FISCAL YEARS**  
*(Annual Basis of Accounting)*

	Fiscal Year									
	2017	2016	2015	(As Restated) 2014*	(As Restated) 2013**	2012	2011	2010	2009	2008
<b>NET (EXPENSE)/REVENUE:</b>										
Governmental activities	\$ (52,437,678)	\$ (47,382,288)	\$ (29,649,575)	\$ (28,930,531)	\$ (26,485,624)	\$ (53,110,296)	\$ (73,002,098)	\$ (63,689,684)	\$ (73,137,563)	\$ (55,596,129)
Business-type activities	88,997	324,504	237,815	828,405	(406,025)	(47,048)	(394,625)	(432,176)	(544,032)	(587,835)
Net (expense)/revenue	\$ (52,348,681)	\$ (47,057,784)	\$ (29,411,760)	\$ (28,102,126)	\$ (26,891,649)	\$ (53,157,344)	\$ (73,396,723)	\$ (64,121,860)	\$ (73,681,595)	\$ (56,184,964)
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:</b>										
<b>Governmental activities</b>										
Real property taxes	\$ 70,404,024	\$ 68,141,179	\$ 66,242,804	\$ 65,501,711	\$ 62,863,930	\$ 63,259,796	\$ 61,665,290	\$ 62,263,733	\$ 59,102,549	\$ 53,161,189
Other real property tax items	725,072	606,740	617,813	588,919	577,981	536,480	569,203	536,037	65,223	446,647
Non-property tax items	1,807,161	1,846,425	1,700,658	1,643,124	1,530,975	1,431,473	1,424,315	1,380,747	1,013,649	1,010,521
Interest earnings	1,610,440	1,111,137	1,034,392	665,415	560,245	617,034	667,758	720,469	568,086	2,116,151
Local government assistance - County	-	-	-	-	-	-	-	-	-	-
State aid-unrestricted	12,511,102	12,173,071	11,908,460	10,477,475	10,418,600	7,893,931	6,193,369	8,053,594	7,201,340	11,108,990
Sale of property and compensation for loss	494,235	881,314	107,062	73,160	137,893	-	-	-	-	-
Miscellaneous	-	45,380	38,132	50,962	15,044	76,214	2,720,844	4,260,472	4,420,201	1,807,460
Transfers	300,000	415,000	343,861	500,000	(250,725)	(20,086)	(3,646,360)	(427,733)	-	1,213,366
Total governmental activities	87,552,034	85,220,246	81,993,162	78,571,766	75,674,220	73,794,848	71,634,419	76,767,229	72,561,086	70,864,544
<b>Business-type activities</b>										
Real property taxes	101,162	296,415	142,807	523,037	475,640	478,900	1,333,287	482,017	-	-
Interest earnings	17,013	10,451	9,784	9,457	4,080	1,897	2,256	3,200	5,664	85,371
Transfer of capital assets	-	-	-	-	2,042,027	-	-	-	-	-
Transfers	(300,000)	(415,000)	(343,861)	(500,000)	250,725	20,086	3,646,360	427,733	-	(1,213,366)
Total business-type activities	(181,825)	(108,134)	(191,270)	32,494	2,772,475	498,883	4,981,903	922,960	5,664	(1,124,995)
Total general revenues and other changes in net position	\$ 87,370,209	\$ 85,112,112	\$ 81,801,892	\$ 78,604,260	\$ 78,446,695	\$ 74,293,731	\$ 76,616,322	\$ 77,710,189	\$ 72,566,750	\$ 69,739,549
<b>CHANGE IN NET POSITION:</b>										
Governmental activities	\$ 36,514,366	\$ 37,837,968	\$ 52,343,806	\$ 49,641,215	\$ 39,388,695	\$ 20,584,452	\$ (1,367,677)	\$ 13,083,065	\$ (576,465)	\$ 14,268,215
Business-type activities	(92,828)	216,370	46,546	860,900	2,368,450	451,835	4,587,278	490,774	(538,368)	(1,712,830)
Total change in net position	\$ 35,421,538	\$ 38,054,338	\$ 52,390,352	\$ 50,502,115	\$ 41,757,145	\$ 21,136,287	\$ 3,219,601	\$ 13,583,839	\$ (1,114,833)	\$ 12,555,385

Source: Office of the Comptroller and the audited financial statements of the Town of Southampton.  
 \* - 2014 financial statements were restated to reflect the implementation of Governmental Accounting Standards Board pension requirements.  
 \*\* - 2013 financial statements were restated due to a change in reporting for the Trustees of the Freeholders.

**TOWN OF SOUTHAMPTON**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year									
	2017	2016	2015	2014	(As Restated) 2013*	2012	2011	2010	2009	2008
<b>GENERAL FUND:</b>										
Nonspendable	\$ 2,175,894	\$ 1,924,365	\$ 1,880,447	\$ 1,934,210	\$ 1,420,951	\$ 1,317,335	\$ 1,318,259			
Restricted	4,667,487	4,486,637	4,388,779	4,505,755	7,131,432	6,405,740	6,529,348			
Assigned	618,353	661,490	676,131	361,197	766,818	1,064,819	465,926			
Unassigned	14,855,858	13,306,619	9,762,180	7,503,015	4,650,750	5,786,071	4,635,599			
<b>Total general fund</b>	<b>\$ 22,417,992</b>	<b>\$ 20,269,111</b>	<b>\$ 16,617,547</b>	<b>\$ 14,324,177</b>	<b>\$ 13,969,951</b>	<b>\$ 14,573,955</b>	<b>\$ 12,949,132</b>			
<b>ALL OTHER GOVERNMENTAL FUNDS:</b>										
Nonspendable	\$ 1,945,701	\$ 1,780,237	\$ 1,782,049	\$ 1,850,522	\$ 1,437,253	\$ 1,383,478	\$ 1,529,744			
Restricted	92,084,186	89,328,745	109,181,190	90,808,444	78,877,301	58,124,167	88,253,858			
Committed	760,000	1,000,000	-	-	-	-	-			
Assigned	12,534,065	12,583,477	11,478,174	10,777,837	10,858,328	5,747,317	3,999,525			
Unassigned	-	-	-	-	(308,871)	-	(81,441)			
<b>Total all other governmental funds</b>	<b>\$ 107,723,952</b>	<b>\$ 104,692,459</b>	<b>\$ 122,442,213</b>	<b>\$ 103,234,803</b>	<b>\$ 90,864,011</b>	<b>\$ 63,254,962</b>	<b>\$ 73,701,684</b>			
<b>GENERAL FUND:</b>										
Reserved							\$ 5,725,525	\$ 7,019,673	\$ 471,089	
Unreserved							8,280,158	4,486,611	6,978,750	
<b>Total general fund</b>							<b>\$ 14,005,683</b>	<b>\$ 11,506,284</b>	<b>\$ 7,449,839</b>	
<b>ALL OTHER GOVERNMENTAL FUNDS:</b>										
Reserved							\$ 50,448,390	\$ 35,838,615	\$ (3,516,835)	
Unreserved reported in:										
Other major funds							1,652,707	(302,242)	2,079,748	
Special revenue funds							10,379,095	8,027,797	2,592,867	
Capital projects funds							334,683	(14,404,950)	(1,099,891)	
<b>Total all other governmental funds</b>							<b>\$ 62,814,875</b>	<b>\$ 29,159,220</b>	<b>\$ 95,889</b>	

Source: Office of the Comptroller and the audited financial statements of the Town of Southampton.  
 \* 2013 financial statements were restated due to a change in reporting for the Trustees of the Freeholders.

**TOWN OF SOUTHAMPTON**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year									
	2017	2016	2015	2014	2013 (As Restated)*	2012	2011	2010	2009	2008
<b>Revenues:</b>										
Real property taxes	\$ 70,404,024	\$ 68,141,179	\$ 66,242,604	\$ 65,501,711	\$ 62,863,930	\$ 63,259,799	\$ 61,665,290	\$ 62,263,733	\$ 59,192,549	\$ 53,161,189
Other real property tax items	725,072	606,740	617,813	599,919	577,981	536,488	568,203	538,037	65,223	446,647
Non-property tax items	58,447,299	56,929,890	62,361,375	56,753,241	59,589,487	39,499,331	40,642,767	35,578,544	25,819,137	1,010,521
Special assessments	13,063	33,153	37,170	40,061	47,335	47,332	61,209	62,658	61,434	8,039
Departmental income	5,513,435	5,770,294	5,585,890	8,561,846	7,211,022	7,693,286	6,652,946	6,702,258	3,368,812	2,816,944
Intergovernmental charges	1,032,581	973,208	1,000,083	1,031,520	1,006,871	864,140	987,806	694,058	622,237	647,032
Use of money and property	1,810,440	1,111,137	1,034,392	685,415	580,245	617,034	667,758	720,489	566,086	2,110,101
License and permits	4,061,752	3,503,764	3,501,659	428,117	548,264	415,965	346,345	298,217	38,750	109,541
Fines and forfeitures	1,366,863	1,592,122	1,662,579	1,588,383	1,813,642	1,857,009	1,784,553	1,835,927	1,817,193	1,668,409
Sale of property and compensation for loss	494,235	861,314	107,062	73,160	164,755	19,188	34,672	262,038	15,399	29,480
Miscellaneous local sources	1,188,104	1,846,152	2,137,411	1,824,346	2,256,831	2,418,601	1,492,190	3,985,516	2,213,889	37,881,727
State aid	15,948,200	15,064,146	13,842,477	12,196,339	10,535,956	9,238,139	10,789,638	8,955,538	8,753,181	11,407,404
Federal aid	4,400,586	5,738,549	6,103,507	5,997,368	7,153,799	4,843,167	4,728,149	5,143,652	4,328,606	4,215,912
<b>Total revenues</b>	<b>165,206,419</b>	<b>162,611,648</b>	<b>163,185,222</b>	<b>164,381,418</b>	<b>154,350,056</b>	<b>131,306,469</b>	<b>130,470,726</b>	<b>127,017,186</b>	<b>106,664,386</b>	<b>115,319,046</b>
<b>Expenditures:</b>										
<b>Current</b>										
General governmental support	64,216,649	62,462,578	48,711,714	56,863,297	45,167,974	64,379,864	41,168,029	24,779,811	33,896,121	86,296,399
Public safety	22,247,878	21,805,311	21,016,582	20,941,887	19,315,488	19,406,028	18,527,838	19,067,299	18,287,036	18,709,882
Health	3,129,142	3,067,788	2,989,305	2,943,708	2,895,640	2,742,820	2,808,820	2,471,220	2,505,122	2,110,700
Transportation	8,488,390	8,185,815	8,174,330	8,035,861	7,100,595	6,366,143	7,087,272	7,444,043	6,860,470	6,881,246
Economic assistance and opportunity	2,838,756	3,391,014	3,503,342	2,721,431	2,967,560	3,123,002	2,662,762	2,107,374	2,607,406	1,836,619
Culture and recreation	3,115,441	2,780,523	2,680,457	2,886,569	3,155,588	4,141,026	4,241,038	4,375,822	4,110,800	5,231,407
Home and community service	15,988,872	10,689,641	10,269,975	15,175,424	28,540,085	10,393,391	10,360,064	10,236,731	8,888,200	8,845,066
Employee benefits	26,063,269	24,816,712	23,871,365	23,413,336	25,958,794	20,363,214	20,122,239	17,218,191	15,616,014	13,570,763
Capital outlay	3,299,688	10,768,144	7,754,713	5,436,843	4,905,920	6,004,485	8,665,960	6,878,197	9,753,607	16,079,789
<b>Debt service:</b>										
Principal	14,215,372	13,985,390	13,944,153	14,100,973	12,389,576	11,080,636	10,948,825	11,667,500	12,623,040	8,991,940
Interest	3,619,544	3,851,048	4,111,628	4,400,806	4,032,820	4,286,344	4,274,478	4,833,281	4,370,036	3,579,405
<b>Total expenditures</b>	<b>167,203,983</b>	<b>185,693,760</b>	<b>147,057,604</b>	<b>156,419,626</b>	<b>167,490,000</b>	<b>142,296,926</b>	<b>131,376,161</b>	<b>111,099,379</b>	<b>119,628,101</b>	<b>173,032,418</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,997,564)</b>	<b>(22,882,112)</b>	<b>16,137,618</b>	<b>7,961,791</b>	<b>(3,139,902)</b>	<b>(10,990,466)</b>	<b>(905,435)</b>	<b>16,917,787</b>	<b>(12,843,705)</b>	<b>(57,713,372)</b>
<b>Other financing sources (uses):</b>										
Payment to refunded bond escrow agent	-	-	(3,996,598)	(13,056,151)	-	(16,035,554)	-	(10,550,569)	-	-
Refunding bond issuance	-	-	3,725,099	12,079,266	-	-	-	-	-	-
Serial bond issuance	6,818,000	8,300,000	4,873,500	4,200,000	29,350,000	2,155,000	-	-	-	-
Premium on obligations	59,538	148,822	417,300	1,042,092	1,008,668	2,149,687	378,128	1,070,569	5,159	-
Interfund transfers in	8,032,405	2,399,627	5,220,901	4,087,066	4,861,366	2,393,509	2,422,820	3,616,990	9,991,492	22,991,549
Interfund transfers out	(3,732,405)	(1,944,627)	(4,877,040)	(3,587,066)	(5,102,064)	(2,413,586)	(5,089,180)	(4,043,725)	(9,991,492)	(21,776,183)
Proceeds from issuance of refunding bond	-	-	-	-	-	14,418,530	-	9,430,000	2,720,600	-
Debt proceeds (bonds or installment)	-	-	-	-	-	-	13,662,000	20,346,000	40,000,600	-
Bond anticipation notes redeemed from appropriations	-	-	-	-	945,000	-	143,925	70,050	-	-
<b>Total other financing sources (uses)</b>	<b>7,177,538</b>	<b>8,663,922</b>	<b>5,363,162</b>	<b>4,763,227</b>	<b>31,052,940</b>	<b>2,168,577</b>	<b>10,735,693</b>	<b>19,987,267</b>	<b>42,725,159</b>	<b>1,213,366</b>
<b>Net change in fund balances</b>	<b>\$ 5,179,974</b>	<b>\$ (14,068,192)</b>	<b>\$ 21,500,780</b>	<b>\$ 12,725,018</b>	<b>\$ 27,913,038</b>	<b>\$ (8,821,889)</b>	<b>\$ 9,830,256</b>	<b>\$ 35,925,054</b>	<b>\$ 29,881,454</b>	<b>\$ (56,500,008)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>15.87%</b>	<b>15.98%</b>	<b>17.12%</b>	<b>16.99%</b>	<b>15.32%</b>	<b>15.65%</b>	<b>15.57%</b>	<b>17.39%</b>	<b>18.59%</b>	<b>15.68%</b>

Source: Office of the Comptroller and the audited financial statements of the Town of Southampton.

\* In 2014, the Town changed the presentation of one of their two component units. Amounts reported in 2013 were restated to reflect the change in presentation.

**TOWN OF SOUTHAMPTON**  
**ASSESSED VALUE, EQUALIZATION RATE AND ESTIMATED FULL VALUE OF REAL PROPERTY**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Condo and Co-Op Property</u>	<u>Utility and Special Franchise</u>	<u>Commercial Property</u>	<u>Total Taxable Assessed Valuation</u>	<u>State Equalization Rate</u>	<u>Full Valuation</u>	<u>Total Effective Tax Rate*</u>
2017	\$ 58,292,610,956	\$ 852,837,263	\$ 342,192,033	\$ 2,243,590,101	\$ 60,685,008,854	100.00%	\$ 60,685,008,854	1.42
2016	53,603,516,352	753,232,777	324,878,941	2,888,884,978	57,714,211,253	100.00%	57,714,211,253	1.45
2015	51,629,656,232	674,400,483	318,771,198	2,886,676,483	55,699,279,015	100.00%	55,699,279,015	1.40
2014	48,136,241,163	653,305,392	359,589,779	2,910,810,381	55,022,618,428	100.00%	55,022,618,428	1.43
2013	46,483,708,541	658,630,789	336,723,277	2,362,232,070	55,861,991,485	100.00%	55,861,991,485	1.42
2012	48,548,282,347	677,866,346	335,332,412	2,386,328,938	55,860,526,117	100.00%	55,860,526,117	1.36
2011	47,208,430,806	609,171,556	336,538,380	2,424,623,298	54,445,058,850	100.00%	54,445,058,850	1.35
2010	45,695,742,348	588,920,040	332,060,500	2,399,991,338	52,803,053,580	100.00%	52,803,053,580	1.38
2009	43,890,298,013	568,228,045	307,109,345	1,542,253,885	50,324,763,975	89.70%	56,103,415,803	1.35
2008	40,500,000,000	499,656,289	489,126,720	3,423,867,045	48,912,672,054	100.00%	48,912,672,054	1.16

\* The Town has a complex rate structure that would make the calculation of a direct tax rate extremely difficult, since its revenue base cannot be sufficiently disaggregated for each applicable rate. The Town substituted an effective tax rate instead.

Source: Office of the Comptroller.

Note: Years 2007-2015 reflect reassessment to full valuation expressed as per \$1,000 of Assessed Valuation.

**TOWN OF SOUTHAMPTON**  
**PROPERTY TAX RATES, DIRECT AND OVERLAPPING GOVERNMENTS**  
**LAST TEN FISCAL YEARS**  
**(Rate per \$1,000 of Assessed Value)**

<b>Fiscal Year</b>	<b>Total Effective Tax Rate*</b>	<b>Overlapping Rates</b>			
		<b>School Districts and Libraries - Range</b>			<b>Suffolk County</b>
2017	1.42	0.03	-	23.22	0.20
2016	1.45	0.03	-	24.05	0.19
2015	1.40	0.03	-	23.40	0.21
2014	1.43	0.03	-	22.90	0.20
2013	1.42	0.02	-	21.34	0.20
2012	1.36	0.02	-	20.45	0.21
2011	1.35	0.02	-	18.34	0.21
2010	1.38	0.03	-	15.62	0.18
2009	1.35	0.02	-	14.24	0.18
2008	1.16	0.04	-	14.04	0.24

\* The Town has a complex rate structure that would make the calculation of a direct tax rate extremely difficult, since its revenue base cannot be sufficiently disaggregated for each applicable rate. The Town substituted an effective tax rate instead.

Source: Office of the Comptroller and Official Statements of the Town of Southampton.

**TOWN OF SOUTHAMPTON  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO**

**2017**

Name	Type	Assessed Valuation	Percentage of Total Taxable Assessed Valuation
Blue Turtles, Inc.	Estate	\$ 248,684,000	0.41%
PSEG Long Island	Utility	230,142,189	0.38%
Old Town SH Associates, LLC	Commercial	90,058,800	0.15%
National Grid	Utility	80,540,274	0.13%
Leon D Black	Estate	67,414,900	0.11%
Yumi & The Kids LLC	Commercial	62,548,000	0.10%
Hampton Center Realty, LLC	Commercial	55,465,000	0.09%
Stem Partners, LLC	Commercial	54,679,100	0.09%
650 Meadow Lane LLC	Estate	53,572,800	0.09%
Stephen Peribinder	Estate	51,097,400	0.08%

**2008**

Name	Type	Assessed Valuation	Percentage of Total Taxable Assessed Valuation
Blue Turtles, Inc.	Estate	\$ 198,906,800	0.41%
Long Island Power Authority	Utility	120,998,998	0.25%
The Links at East Quogue	Golf Course	101,562,100	0.21%
Sebonac Neck Property LLC	Commercial	98,092,300	0.20%
Keyspan Energy Corp.	Utility	66,996,208	0.14%
Verizon New York Inc.	Utility	66,565,331	0.14%
Marketspan Gas Corporation	Utility	60,595,727	0.12%
Noyac Land Corp.	Estate	55,500,000	0.11%
Payton Lane Nursing Home, Inc.	Commercial	50,126,000	0.10%
Yumi & The Kids LLC	Estate	48,206,800	0.10%

Source: Office of the Comptroller and the Official Statements of the Town of Southampton.

**TOWN OF SOUTHAMPTON  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Tax Levy:</b>										
General Town	\$ 22,914,270	\$ 21,790,989	\$ 21,007,389	\$ 21,416,522	\$ 21,907,868	\$ 22,048,728	\$ 24,288,157	\$ 23,471,265	\$ 22,557,464	\$ 19,239,157
Police	22,087,741	21,618,749	20,960,728	20,238,696	19,717,477	19,510,509	18,787,061	19,122,892	19,792,258	18,186,288
Emergency Dispatching - E911	2,337,186	2,174,475	2,142,364	2,059,311	2,056,667	2,154,216	2,163,471	2,163,032	1,628,786	2,588,154
Zoning	1,248,150	1,327,298	1,854,200	2,130,885	2,170,135	1,757,858	907,218	1,591,613	450,560	262,927
Highway	12,697,210	12,422,847	11,571,857	11,059,879	11,048,231	11,438,980	10,797,440	10,293,992	8,805,492	7,735,836
Fire and Fire Protection Districts	14,568,466	14,436,405	13,566,410	12,744,810	12,548,005	12,111,213	12,302,370	12,282,939	12,038,733	11,555,033
Lighting District	563,580	558,919	571,833	602,374	575,831	556,046	564,747	553,793	543,516	54,733
Water Districts	1,282,788	1,250,684	1,126,131	1,181,369	1,122,575	1,132,073	1,082,779	1,111,611	1,391,341	1,025,259
Miscellaneous Special Districts	6,465,925	6,392,002	6,996,235	6,505,283	5,615,172	4,484,099	4,337,653	4,302,159	3,736,414	3,897,952
School and Library Districts	254,759,973	249,613,770	245,197,938	242,270,737	230,856,616	230,672,394	221,311,943	212,480,335	197,195,966	183,430,049
County of Suffolk	18,966,500	17,270,445	19,994,827	18,384,417	19,211,414	15,869,036	16,688,892	14,148,089	15,602,231	14,945,935
Other Items	1,750,381	1,655,959	605,308	1,800,029	819,935	981,121	714,871	518,619	586,523	603,218
<b>Total tax levy</b>	<b>\$ 358,652,173</b>	<b>\$ 350,518,343</b>	<b>\$ 345,901,339</b>	<b>\$ 340,485,312</b>	<b>\$ 327,650,924</b>	<b>\$ 322,746,273</b>	<b>\$ 313,906,596</b>	<b>\$ 301,950,319</b>	<b>\$ 284,311,284</b>	<b>\$ 263,614,691</b>
<b>Amount Collected</b>	<b>\$ 341,855,504</b>	<b>\$ 326,724,516</b>	<b>\$ 324,507,664</b>	<b>\$ 316,005,317</b>	<b>\$ 307,538,277</b>	<b>\$ 297,658,185</b>	<b>\$ 286,195,281</b>	<b>\$ 271,863,915</b>	<b>\$ 251,805,335</b>	<b>\$ 237,570,882</b>
<b>Percentage Collected</b>	<b>95.05%</b>	<b>93.21%</b>	<b>93.82%</b>	<b>92.52%</b>	<b>93.66%</b>	<b>92.23%</b>	<b>91.17%</b>	<b>89.97%</b>	<b>88.57%</b>	<b>90.14%</b>
<b>Amount Uncollected</b>	<b>\$ 17,806,669</b>	<b>\$ 23,793,827</b>	<b>\$ 21,393,675</b>	<b>\$ 25,479,995</b>	<b>\$ 20,112,647</b>	<b>\$ 25,088,088</b>	<b>\$ 27,711,315</b>	<b>\$ 30,286,404</b>	<b>\$ 32,505,949</b>	<b>\$ 25,983,699</b>
<b>Percent Uncollected</b>	<b>4.95%</b>	<b>6.79%</b>	<b>6.18%</b>	<b>7.48%</b>	<b>6.14%</b>	<b>7.77%</b>	<b>8.83%</b>	<b>10.03%</b>	<b>11.43%</b>	<b>9.86%</b>

Source: Office of the Comptroller and the Official Statements of the Town of Southampton.

**TOWN OF SOUTHAMPTON**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Business-Type Activities		Percentage of Personal Income (1)	Total Debt Per Capita (1)
	General Obligation Bonds, Net	Special Assessment Bonds	Installment Purchase Debt	General Obligation Bonds, Net	Total Primary Government		
2017	\$ 107,279,726	\$ 54,366	\$ -	\$ 5,950,011	\$ 113,284,103	4.18%	\$ 1,960
2016	115,117,251	67,486	-	5,950,128	121,134,863	4.83%	2,098
2015	121,160,890	100,077	-	6,402,941	127,663,908	5.18%	2,233
2014	130,246,420	133,289	3,072,700	6,970,455	140,422,864	5.58%	2,456
2013	136,937,548	171,711	6,572,700	7,525,740	151,207,699	5.29%	2,655
2012	119,044,624	169,211	10,072,700	7,846,164	137,132,699	5.61%	2,415
2011	129,537,011	202,031	13,572,700	8,600,958	151,912,700	4.92%	2,675
2010	126,399,762	246,638	-	8,573,600	135,220,000	4.27%	2,229
2009	118,249,320	314,900	-	6,720,780	125,285,000	4.27%	2,088
2008	88,252,100	397,400	-	7,239,540	95,889,040	4.93%	1,604

Source: Office of the Comptroller, Official Statements and the audited financial statements of the Town of Southampton.

(1) - See the schedule of Demographic and Economic Statistics for personal income and population

**TOWN OF SOUTHAMPTON**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Population	Taxable Assessed Valuation	Gross Bonded Debt	Net Bonded Debt	Percentage of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2017	57,803	\$ 60,685,008,854	\$ 113,284,103	\$ 106,227,324	0.18%	\$ 1,906
2016	57,730	57,714,211,253	121,134,863	113,940,032	0.20%	1,974
2015	57,180	55,698,279,015	127,663,908	120,242,091	0.22%	2,103
2014	57,180	55,022,618,428	137,350,164	127,195,816	0.23%	2,224
2013	56,960	55,861,991,485	144,634,999	132,728,634	0.24%	2,330
2012	56,790	55,860,526,117	127,059,999	115,171,283	0.21%	2,028
2011	56,800	54,445,058,850	138,340,000	126,719,677	0.23%	2,231
2010	60,668	52,803,053,580	135,220,000	129,584,853	0.25%	2,136
2009	60,007	50,324,763,975	125,285,000	118,974,008	0.24%	1,983
2008	59,777	48,912,672,054	95,889,040	95,889,040	0.20%	1,604

Source: Office of the Comptroller and the Official Statements of the Town of Southampton.

Note: Population numbers come from the LIPA Population Survey, except 2012 - 2016 figures, which were derived from the Town of Southampton's Assessor's Office.

**TOWN OF SOUTHAMPTON  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2017**

Governmental Unit		Gross Indebtedness	Estimated Exclusions	Net Indebtedness	Percentage Applicable	Applicable Net Indebtedness
Town of Southampton	12/31/2017	\$ 113,284,103	\$ 5,018,005	\$ 108,956,995	100.00%	\$ 108,956,995
<b>Total direct debt</b>						<b>108,956,995</b>
County of Suffolk	12/6/2017	1,820,583,873	417,933,111	1,402,650,762	21.12%	296,239,841
<b>Villages:</b>						
Quogue	5/31/2017	1,050,000	-	1,050,000	100.00%	1,050,000
Sagaponack	5/31/2017	600,000	-	600,000	100.00%	600,000
Sag Harbor	5/31/2017	1,480,000	-	1,480,000	30.00%	444,000
Southampton	5/31/2017	11,140,000	-	11,140,000	100.00%	11,140,000
Westhampton Beach	5/31/2017	1,050,000	-	1,050,000	100.00%	1,050,000
Westhampton Dunes	5/31/2017	400,000	-	400,000	100.00%	400,000
<b>School Districts:</b>						
Bridgeton	6/30/2017	630,000	63,000	567,000	100.00%	567,000
East Quogue	6/30/2017	1,000,000	100,000	900,000	100.00%	900,000
Eastport-South Manor	6/30/2017	128,187,047	99,344,961	28,842,086	14.68%	4,176,334
Hampton Bays	6/30/2017	32,375,000	3,237,500	29,137,500	100.00%	29,137,500
Riverhead	6/30/2017	75,452,247	25,955,573	49,496,674	15.50%	7,671,984
Sag Harbor	6/30/2017	13,110,000	1,311,000	11,799,000	86.51%	10,443,295
Southampton	6/30/2017	34,430,000	3,443,000	30,987,000	100.00%	30,987,000
Tuckahoe	6/30/2017	-	-	-	100.00%	-
Wainscott	6/30/2017	555,000	-	555,000	4.79%	26,585
Westhampton Beach	6/30/2017	25,556,000	2,555,600	23,000,400	100.00%	23,000,400
<b>Fire Districts:</b>						
Bridgeton	12/31/2017	4,047,155	-	4,047,155	100.00%	4,047,155
Eastport	12/31/2017	-	-	-	100.00%	-
Flanders	12/31/2017	-	-	-	100.00%	-
Riverhead	12/31/2017	8,070,000	-	8,070,000	4.46%	359,822
Westhampton Beach	12/31/2017	14,565,000	-	14,565,000	100.00%	14,565,000
<b>Total overlapping debt</b>						<b>436,808,016</b>
<b>Total direct and overlapping debt</b>		<b>\$ 2,287,535,425</b>	<b>\$ 558,961,750</b>	<b>\$ 1,727,294,672</b>		<b>\$ 543,763,011</b>
<b>Per Capita</b>						<b>\$ 9,941</b>

Source: Office of the Comptroller and the Official Statements of the applicable authorities.

Note: The taxpayers share of overlapping debt is based upon the amount of the Town's equalized property values taken as a percentage of each separate units' total values.

**TOWN OF SOUTHAMPTON  
DEBT LIMIT MARGIN INFORMATION  
DECEMBER 31, 2017**

	Years Ended December 31	Assessed Valuation	State Equalization Rate	Full Valuation	
	2017	\$ 60,685,008,854	100.00%	\$ 60,685,008,854	
	2016	57,714,211,253	100.00%	57,714,211,253	
	2015	55,698,279,015	100.00%	55,698,279,015	
	2014	55,022,618,428	100.00%	55,022,618,428	
	2013	55,861,991,485	100.00%	55,861,991,485	
<b>Total Five Year Full Valuation</b>				<b>284,982,109,035</b>	
<b>Average Five Year Full Valuation</b>				<b>56,996,421,807</b>	
<b>Debt Limit - 7% of Average Full Valuation</b>				<b>\$ 3,989,749,526</b>	(a)
<b>Inclusions:</b>					
Outstanding Bonds				\$ 113,284,103	
Bond Anticipation Notes				1,790,000	
<b>Total Inclusions</b>				<b>115,074,103</b>	
<b>Exclusions:</b>					
Water Debt				5,018,005	
<b>Total Exclusions</b>				<b>5,018,005</b>	
<b>Total Net Indebtedness Subject to the Debt Limit</b>				<b>\$ 110,056,098</b>	(b)
<b>Net Debt Contracting Margin</b>				<b>\$ 3,879,693,428</b>	(a) - (b)
<b>Percent of Debt Limit Exhausted</b>				<b>2.76%</b>	(b)/(a)

**Last Ten Years**

Year	Constitutional Debt Limit	Outstanding Indebtedness December 31	Less: Exclusions	Indebtedness Subject to Debt Limit	Net Contracting Margin	Percent of Net Debt Contracting Margin Available
2017	\$ 3,989,749,526	\$ 115,074,103	\$ 5,018,005	\$ 110,056,098	\$ 3,879,693,428	97.24%
2016	3,322,206,768	120,751,640	5,636,300	115,115,340	3,810,283,066	97.15%
2015	3,322,206,768	126,899,140	5,473,275	121,525,865	3,800,680,903	96.90%
2014	3,875,438,636	133,355,998	14,715,450	118,644,548	3,757,794,087	96.94%
2013	3,835,961,478	144,634,999	14,443,755	130,191,244	3,705,770,234	96.81%
2012	3,851,036,642	127,059,999	7,349,903	119,710,096	3,731,326,546	96.89%
2011	3,753,800,763	138,340,000	15,493,460	122,846,540	3,630,954,223	96.73%
2010	3,458,274,451	135,220,000	5,235,245	129,984,755	3,328,289,696	96.24%
2009	3,179,332,190	125,285,000	5,473,500	119,811,500	3,059,520,690	96.23%
2008	2,865,627,282	95,889,040	6,298,800	89,590,240	2,776,037,042	96.87%

Source: Office of the Comptroller and the Official Statements of the Town of Southampton.

**TOWN OF SOUTHAMPTON**  
**DEMOGRAPHICS AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Population</b>	<b>Income (millions of dollars)</b>	<b>Per Capita Income</b>	<b>Unemployment Rate</b>	<b>Year-Round Households Estimate</b>	<b>Household Size Estimates</b>	<b>Population Density Per Square Mile (1)</b>
2017	57,803	\$ 2,710	\$ 46,883	4.60%	21,983	2.62	412.29
2016	57,730	2,710	46,943	4.60%	21,735	2.46	411.77
2015	57,180	2,710	47,394	5.10%	21,735	2.46	407.85
2014	57,180	2,710	47,394	5.60%	21,735	2.46	407.85
2013	58,960	2,710	47,577	6.60%	21,735	2.46	406.28
2012	56,790	2,710	47,720	8.10%	21,735	2.60	405.06
2011	56,800	2,710	47,711	7.60%	21,419	2.59	405.14
2010	60,668	2,895	47,719	7.80%	23,219	2.51	432.72
2009	60,007	3,495	58,243	7.40%	23,035	2.54	428.01
2008	59,777	2,852	47,711	5.10%	23,278	2.52	426.37

(1) Calculation based off of 140.2 square miles obtained from the Town Clerk's office.

Sources: Office of the Comptroller and the Official Statements of the Town of Southampton, and the American Community Survey 5-Year Estimate

**TOWN OF SOUTHAMPTON  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

**2017**

<b>Rank</b>	<b>Name</b>	<b>Headquarters</b>	<b>Type of Business</b>	<b>Number of Employees</b>	<b>Percentage of Total Town's Employment</b>
1	Southampton Hospital	Southampton	Hospital	1,200	1.31%
2	Town of Southampton	Southampton	Municipality	517	0.88%
3	Southampton Union Free School District	Southampton	School District	424	0.68%
4	Corcoran Group	Bridgehampton	Real Estate	350	0.68%
5	Bridgehampton National Bank	Hampton Bays	Commercial Banks	245	0.59%
6	Dunn Engineering	Bridgehampton	Engineering	100	0.41%
7	Maran Corporate Risk Associates	Westhampton Beach	Insurance	93	0.17%
8	Southampton Inn	Westhampton Beach	Hospitality	90	0.16%
9	Southampton Press	Southampton/East Hampton	Newspaper	50	0.08%
10	Hampton Coach	Southampton	Limousine Service	50	0.08%
				3,169	5.12%

**2008**

<b>Rank</b>	<b>Name</b>	<b>Headquarters</b>	<b>Type of Business</b>	<b>Number of Employees</b>	<b>Percentage of Total Town's Employment</b>
1	Southampton Hospital	Southampton	Hospital	650	1.09%
2	Town of Southampton	Southampton	Municipality	595	1.00%
3	Corcoran Group	Southampton	Real Estate	400	0.67%
4	Bridgehampton National Bank	Bridgehampton	Bank	190	0.32%
5	Dominican Sisters Family Health Services	Hampton Bays	Home Health Agency	96	0.16%
6	Southampton Press	Southampton	Newspaper	74	0.12%
7	Dunn Engineering	Westhampton Beach	Engineering	72	0.12%
8	Storms Motors	Southampton	Automotive Dealership	65	0.11%
9	Maran Corporate Risk Associates	Southampton	Insurance	53	0.09%
10	Hampton Coach	Southampton	Limousine Service	40	0.07%
				2,285	3.83%

Source: Office of the Comptroller and the Official Statements of the Town of Southampton.

**TOWN OF SOUTHAMPTON**  
**FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

Function:	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government	225	221	204	212	221	219	219	224	234	267
Justice and Law Enforcement	167	165	158	158	135	132	140	145	142	153
Public Works	64	67	62	61	69	99	104	104	112	114
Environment, Parks and Education	23	27	24	26	18	16	18	20	19	26
Health and Human Services	38	39	30	37	39	40	42	47	45	36
<b>Total</b>	<b>517</b>	<b>519</b>	<b>486</b>	<b>494</b>	<b>512</b>	<b>506</b>	<b>523</b>	<b>540</b>	<b>552</b>	<b>596</b>

Source: Office of the Comptroller and the Official Statements of the Town of Southampton.

**TOWN OF SOUTHAMPTON  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

Function:	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Public Safety -</b>										
Building										
Residential building permits issued	6,864	6,526	6,294	6,232	5,588	4,979	4,526	3,765	3,203	4,364
Commercial building permits issued	44	44	45	70	35	40	48	55	38	36
Police										
Physical arrests	2,142	1,039	1,813	2,125	2,141	2,172	2,512	2,588	2,341	2,213
Traffic and parking violations	15,680	15,558	14,640	13,530	16,300	17,631	19,479	20,383	20,401	18,830
Fire										
Number of fire protection districts	3	3	3	3	3	3	3	3	3	3
Number of calls answered	5,644	5,647	4,826	5,285	5,030	5,207	4,997	5,017	4,863	4,907
Inspections	1,527	1,467	1,355	1,458	1,929	1,144	1,236	1,275	1,735	1,893
<b>Health -</b>										
Number of ambulance districts	4	4	4	4	4	4	4	4	4	4
<b>Transportation -</b>										
Highway and streets										
Street resurfacing (miles)	17	19	15	20	23	24	22	23	22	13
<b>Culture and recreation -</b>										
Beach permits issued	42,662	43,774	45,775	43,686	41,282	43,609	42,828	42,340	39,892	40,287
Registration for summer programs	1,820	1,994	2,006	2,126	2,335	2,502	3,024	3,989	2,331	2,408
<b>Home and Community Service -</b>										
Sanitation										
Refuse collected (tons/day)	20.20	20.05	19.62	19.05	18.48	18.03	18.54	18.38	18.70	19.24
Recyclables collected (tons/day)	10.75	10.98	11.08	11.04	10.95	11.23	11.83	11.50	11.50	12.16
Water										
Average daily consumption (thousands of gallons)	2,958	3,200	3,300	2,800	2,700	2,909	2,300	2,800	2,100	2,800

Source: Various departments of the Town of Southampton.

**TOWN OF SOUTHAMPTON  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

Function:	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Public Safety -</b>										
Municipal buildings	35	30	30	30	30	29	29	29	29	29
Preserved acreage	4,380	4,246	3,886	3,795	3,643	3,500	3,197	3,006	2,946	2,804
<b>Public Safety -</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	105	99	93	93	90	104	104	104	104	104
<b>Health -</b>										
Number of ambulance districts	4	4	4	4	4	4	4	4	4	4
<b>Transportation -</b>										
Highways and streets										
Number of street lighting districts	9	9	9	9	9	9	9	9	9	9
Streets (miles)	456	456	456	456	456	456	455	453	452	450
Streetlights	2,734	2,729	2,727	2,727	2,724	2,714	2,714	2,714	2,714	2,714
Traffic signals (1)	36	36	32	32	31	31	31	31	29	26
<b>Culture and recreation -</b>										
Number of park districts	3	3	3	3	3	3	3	3	3	3
Parks and open space	4,009	4,009	4,009	4,009	4,009	4,009	4,009	4,009	4,009	4,009
Beaches	8	8	8	8	8	8	8	8	8	8
Marinas	4	3	3	3	3	3	2	2	2	2
Boat basin slips	69	60	60	60	60	60	66	66	66	66
Golf courses	1	1	1	1	1	1	1	1	1	1
Tennis courts	12	12	12	12	12	12	12	12	12	12
Community centers	3	3	3	3	3	3	3	3	3	3
<b>Home and Community Services -</b>										
Sanitation										
Transfer stations	4	4	4	4	4	4	4	4	4	4
Vehicles	48	48	45	45	42	43	47	46	46	46
Water										
Water mains (miles)	100	100	105	105	101	100	98	96	94	94
Total yearly pumpage (in millions of gallons)	11,080	11,902	12,345	10,251	9,939	9,649	8,491	9,760	7,631	9,500
Fire hydrants	525	524	525	525	525	515	505	500	490	487

Source: Town of Southampton Police Department, Fire Marshal, Highway Department, Parks and Recreation Department, Information Systems Department, Community Preservation Department, General Services Department, Waste Management Department and Hampton Bays Water District.

(1) Per PSE&G (previously known as the Long Island Power Authority)

**APPENDIX C**

**FORM OF ANNUAL AND CONTINUING DISCLOSURE UNDERTAKING**

# Continuing Disclosure Undertaking

## FORM OF ANNUAL AND CONTINUING DISCLOSURE UNDERTAKING

The following is a form of the Annual and Continuing Disclosure Undertaking to be executed and provided by the Town at the time of the delivery of the Bonds.

**A. Definitions.** As used in this Undertaking, the following terms have the meanings ascribed to such terms below:

“Bonds” means the Issuer’s \$10,610,000 Public Improvement (Serial) Bonds – 2018, dated June 19, 2018.

“Issuer” means the Town of Southampton, Suffolk County, New York.

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

“Obligations” means the Bonds.

“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 June 6, 2018 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 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 Town 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 notice 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- status of the Obligations, or other material events affecting the tax status of the Obligations;
- (7) Modifications to rights of holders of the Obligations, if material;
- (8) Obligation calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Obligations, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the Issuer\*;
- (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; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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\* An event of this nature is considered to occur upon 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 remain an “obligated person” with respect to the Obligations within the meaning of the Rule.

The provisions of this Undertaking are for the sole benefit of the holders and beneficial owners of the Obligations, 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 Obligations at any future date.

UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY OBLIGATION 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 Obligations.

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 Obligations in the primary offering of the Obligations 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 Obligations 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 Obligations. 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 Obligations in the primary offering of the Obligations, 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.

**APPENDIX D**

**FORM OF OPINION OF NORTON ROSE FULBRIGHT US LLP**

June 19, 2018

Town of Southampton,  
County of Suffolk,  
State of New York

Norton Rose Fulbright US LLP  
1301 Avenue of the Americas, 30th Floor  
New York, New York 10019-6022  
United States

Tel +1 212 318 3000  
Fax +1 212 318 3400  
nortonrosefulbright.com

Re: Town of Southampton, Suffolk County, New York  
\$10,610,000 Public Improvement (Serial) Bonds - 2018

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$10,610,000 Public Improvement (Serial) Bonds - 2018 (the "Obligation"), of the Town of Southampton, Suffolk County, State of New York (the "Obligor"), dated June 19, 2018.

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

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 who are individuals. We call to your attention that, for taxable years that began on or before December 31, 2017, interest on the Obligation owned by certain corporations will be included in such corporations' adjusted current earnings for purposes of computing the alternative minimum tax on such corporations. The alternative minimum tax on corporations has been repealed for taxable years beginning on or after January 1, 2018. 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.



Norton Rose Fulbright US LLP  
1301 Avenue of the Americas, 30th Floor  
New York, New York 10019-6022  
United States

Tel +1 212 318 3000  
Fax +1 212 318 3400  
nortonrosefulbright.com

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,