

**NEW ISSUE
SERIAL BONDS – BOOK ENTRY
BOND ANTICIPATION NOTES**

**S&P GLOBAL RATINGS: “ ”
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 and Notes will be excludable from gross income for federal income tax purposes under existing law, and interest on the Bonds and Notes will not be subject to the alternative minimum tax. In the further opinion of Bond Counsel, under existing law interest on the Bonds and Notes 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 and Notes will NOT be designated as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986 (the “Code”).

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

**\$4,195,000* PUBLIC IMPROVEMENT REFUNDING (SERIAL) BONDS – 2022 SERIES A
(the “Series A Bonds”)
and
\$10,167,000* PUBLIC IMPROVEMENT (SERIAL) BONDS – 2022 SERIES B
(the “Series B Bonds” together with the Series A Bonds, the “Bonds”)**

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

Prior Redemption: The Series A Bonds are not subject to optional redemption. The Series B Bonds maturing on March 1, 2029 and thereafter are subject to redemption, at the option of the Town, prior to maturity, in any order of maturity and in any amount within a maturity, on any date on or after March 1, 2028 in accordance with the terms described herein. See "Optional Redemption" under "The Series B Bonds," herein.

**\$4,700,000 BOND ANTICIPATION NOTES – 2022
(the “Notes”)**

Dated Date: March 9, 2022

Maturity Date: March 9, 2023

Prior Redemption: The Notes will not be subject to redemption prior to their maturity.

Security and Sources of Payment: The Bonds and Notes 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 and Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the Town, subject to certain statutory limitations imposed by Chapter 97 of the Laws of 2011, as amended. See “Tax Levy Limit Law” herein.

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

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

The Bonds and Notes 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 and Notes of Norton Rose Fulbright US LLP, Bond Counsel, and certain other conditions. It is anticipated that the Bonds and Notes will be available for delivery in Jersey City, New Jersey, through the facilities of DTC on or about March 9, 2022.

THE TOWN DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE “RULE”), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE BONDS AND THE NOTES HEREIN DESCRIBED. A DESCRIPTION OF THE TOWN’S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS AND NOTES, AS DESCRIBED IN THE RULE, SEE “DISCLOSURE UNDERTAKING,” HEREIN.

*Preliminary, subject to change.

TOWN OF SOUTHAMPTON
SUFFOLK COUNTY, NEW YORK

\$4,195,000* PUBLIC IMPROVEMENT REFUNDING (SERIAL) BONDS – 2022 SERIES A
MATURITIES, RATES AND YIELDS

Dated: March 9, 2022

Principal Due: March 1, 2023-2029, inclusive
Interest Due: March 1, 2023, September 1, 2023 and
semi-annually thereafter on March 1 and
September 1 in each year to maturity

<u>Year</u>	<u>Amount**</u>	<u>Rate</u>	<u>Yield or Price</u>	<u>CUSIP #</u>
2023	\$640,000			
2024	785,000			
2025	750,000			
2026	765,000			
2027	785,000			
2028	235,000			
2029	235,000			

*Preliminary, subject to change.

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

\$10,167,000* PUBLIC IMPROVEMENT (SERIAL) BONDS – 2022 SERIES B
MATURITIES, RATES AND YIELDS

Dated: March 9, 2022

Principal Due: March 1, 2023-2042, inclusive
Interest Due: March 1, 2023, September 1, 2023 and
semi-annually thereafter on March 1 and
September 1 in each year to maturity

<u>Year</u>	<u>Amount**</u>	<u>Rate</u>	<u>Yield or Price</u>	<u>CUSIP #</u>
2023	\$712,000			
2024	725,000			
2025	725,000			
2026	725,000			
2027	725,000			
2028	575,000			
2029	600,000***			
2030	600,000***			
2031	625,000***			
2032	625,000***			
2033	500,000***			
2034	500,000***			
2035	500,000***			
2036	500,000***			
2037	500,000***			
2038	260,000***			
2039	260,000***			
2040	260,000***			
2041	125,000***			
2042	125,000***			

*Preliminary, subject to change.

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

***Subject to optional redemption prior to maturity.



**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
Rick Martel
Cyndi McNamara
Tommy John Schiavoni

Theresa Kiernan, Receiver of Taxes
Charles McArdle, Superintendent of Highways
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



Municipal Finance Advisory Service

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

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

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

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OFFICIAL STATEMENT

TOWN OF SOUTHAMPTON SUFFOLK COUNTY, NEW YORK

\$4,195,000* PUBLIC IMPROVEMENT REFUNDING (SERIAL) BONDS – 2022 SERIES A
\$10,167,000* PUBLIC IMPROVEMENT (SERIAL) BONDS – 2022 SERIES B
\$4,700,000 BOND ANTICIPATION NOTES – 2022

[BOOK-ENTRY]

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 \$4,195,000* Public Improvement Refunding (Serial) Bonds – 2022 Series A (the “Series A Bonds”), \$10,167,000* Public Improvement (Serial) Bonds – 2022 Series B (the “Series B Bonds”, together with the Series A Bonds, collectively referred to herein as the “Bonds”) and \$4,700,000 Bond Anticipation Notes – 2022 (the “Notes”, and together with the Bonds, the “Bonds and Notes”) of the Town.

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 Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and Notes and such proceedings.

THE BONDS

Description of the Bonds

The Series A Bonds will be dated March 9, 2022, and will mature on March 1 in each of the years 2023 to 2029, inclusive, in the principal amounts as set forth on the inside cover page hereof. The Series B Bonds will be dated March 9, 2022, and will mature on March 1 in each of the years 2023 to 2042, inclusive, in the principal amounts as set forth on the inside cover page hereof.

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

Interest on the Bonds will be payable on March 1, 2023, September 1, 2023 and semi-annually thereafter on March 1 and September 1 in each year to maturity. For Bonds issued as book-entry bonds through DTC, principal and interest will be paid by the Town to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the 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 fifteenth day of the month preceding each interest payment date.

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.

Optional Redemption for the Bonds

The Series A Bonds are not subject to optional redemption. The Series B Bonds maturing on March 1, 2029 and thereafter are subject to redemption, at the option of the Town, prior to maturity, in any order of maturity and in any amount within a maturity, on any date on or after March 1, 2028 in accordance with the terms described herein.

The Series B Bonds shall be redeemable prior to maturity upon the giving of notice which identifies the Series B Bonds to be redeemed, by mailing such notice to the registered holders thereof at their respective addresses as shown upon the registration books of the Fiscal Agent at least 30 days prior to the date set for any such redemption. If notice of redemption shall have been given as aforesaid, the Series B Bonds so called for redemption shall become due and payable at the applicable redemption price on the redemption date designated in such notice, and interest on such Series B Bonds shall cease to accrue from and after such redemption date.

*Preliminary, subject to change.

Authorization and Purpose for the Series A Bonds

The Series A Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, section 90.00 of the Local Finance Law and a refunding bond resolution duly adopted by the Town Board on February 8, 2022 (the “Refunding Bond Resolution”), authorizing the refunding of all or a part of the Town’s Public Improvement (Serial) Bonds – 2013 and Public Improvement (Serial) Bonds - 2014. The amounts expected to be refunded are set forth below:

Summary of Refunded Bonds
(the “Refunded Bonds”)

<u>Serial Bonds-2013</u> <u>Maturity Date</u>	<u>Amount to</u> <u>Be Refunded</u>	<u>Interest</u> <u>Rate</u>	<u>Date of</u> <u>Redemption</u>	<u>Call</u> <u>Price(%)</u>	<u>CUSIP</u> <u>Numbers</u>
04/15/2023	\$ 575,000	2.000%	04/15/2022	100.00	841205Q26
04/15/2024	575,000	2.000	04/15/2022	100.00	841205Q34
04/15/2025	575,000	2.125	04/15/2022	100.00	841205Q42
04/15/2026	575,000	2.250	04/15/2022	100.00	841205Q59
04/15/2027	575,000	2.375	04/15/2022	100.00	841205Q67
Subtotal:	<u>\$2,875,000</u>				
<u>Serial Bonds-2014</u> <u>Maturity Date</u>	<u>Amount to</u> <u>Be Refunded</u>	<u>Interest</u> <u>Rate</u>	<u>Date of</u> <u>Redemption</u>	<u>Call</u> <u>Price(%)</u>	<u>CUSIP</u> <u>Numbers</u>
04/01/2023	\$ 295,000	2.000%	04/08/2022	100.00	841205S99
04/01/2024	300,000	2.250	04/08/2022	100.00	841205T23
04/01/2025	245,000	2.500	04/08/2022	100.00	841205T31
04/01/2026	245,000	2.750	04/08/2022	100.00	841205T49
04/01/2027	245,000	3.000	04/08/2022	100.00	841205T56
04/01/2028	250,000	3.000	04/08/2022	100.00	841205T64
04/01/2029	250,000	3.000	04/08/2022	100.00	841205T72
Subtotal:	<u>\$1,830,000</u>				
Total	<u>4,705,000</u>				

Refunding Financial Plan

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

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

Upon payment by the Escrow Holder to the fiscal agent for the Refunded Bonds of amounts from the Escrow Fund adequate for the payment, in full, of the Refunded Bonds to be paid from the Escrow Fund, including interest and redemption premium, if any, payable with respect thereto, and payment of all expenses incidental to the issuance of the Series A Bonds, such Escrow Contract shall terminate.

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

Sources and Uses of Series A Bond Proceeds

Sources:

Par Amount of Bonds	
Original Issue Premium/Discount	
Total.....	

Uses:

Escrow Deposit.....	
Purchaser's Fee.....	
Allowance for Costs of Issuance and Contingency	
Total.....	

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Authorization and Purpose for the Series B Bonds

The Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Local Finance Law, and various bond resolutions duly adopted by the Town Board on their respective dates, authorizing the issuance of serial bonds for various capital projects in and for the Town. Such purposes are as follows:

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Amount</u> <u>Authorized</u>	<u>Total</u> <u>Amount to be</u> <u>Issued</u>
12/14/2021	Construction and Reconstruction of Sidewalks	\$50,000	\$50,000
12/14/2021	Purchase of Police Equipment	240,000	240,000
12/14/2021	Construction or Reconstruction of Woodroad Trail	100,000	100,000
12/14/2021	Reconstruction or Replacement of Existing Bulkheads	250,000	250,000
12/14/2021	Various Drainage Improvements	250,000	250,000
12/14/2021	Improvements to the Shinnecock Canal Maritime Park	250,000	250,000
12/14/2021	Reconstruction of 112 Old Riverhead Road Westhampton Beach	250,000	250,000
12/14/2021	Reconstruction of Bridges	250,000	250,000
12/14/2021	Reconstruction & Installation of Culverts	250,000	250,000
12/14/2021	Purchase of Heavy Equipment	265,000	265,000
12/14/2021	Various Improvements to Speonk Shores Canal	350,000	350,000
12/14/2021	Various Street Improvements to Old Farm Road Between Narrow Lane and Haines Path	412,000	412,000
12/14/2021	New Parking Management System to Upgrade Beach Permitting and Town Permits Ops	500,000	500,000
12/14/2021	Part of the Cost of Improvements at the Town Owned Lobster Marina Construction of a New Heated Garage & Storage Facility for the Police Department	1,000,000	1,000,000
12/14/2021	Pedestrian and Traffic Safety Improvements at Various Location	1,000,000	1,000,000
12/14/2021	Reconstruction of Various Town Roads and Bike Paths	1,750,000	1,750,000
12/14/2021	Increase and Improvements of the Facilities at Southampton Ambulance Facility	5,500,000	2,000,000
	Total:	<u>\$13,667,000</u>	<u>\$10,167,000</u>

THE NOTES

Description of the Notes

The Notes are general obligations of the Town. The Town has pledged its faith and credit for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes 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 the Tax Levy Limit Law. See “*Tax Levy Limit Law*” herein.

The Notes will be dated and will mature, without the option of prior redemption, as indicated on the cover page hereof.

The Town will act as Fiscal Agent for any Notes issued in book-entry form and the purchaser shall act as Fiscal Agent for any Notes registered in the name of the purchaser. Paying agent fees, if any, for those Notes registered to the purchaser will be paid by the purchaser(s). 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.

Optional Redemption

The Notes will not be subject to redemption prior to their maturity.

Authorization and Purpose

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Town Law and the New York Local Finance Law, and various bond resolutions duly adopted by the Town Board of the Town on the dates set forth below for the following purposes:

<u>Date</u>		<u>Amount</u>	<u>Amount</u>	<u>Amount to be</u>
<u>Authorized</u>	<u>Purpose</u>	<u>Authorized</u>	<u>Issued to Date</u>	<u>Issued</u>
12/14/2021	Construction of New Building for Southampton Ambulance	\$5,500,000 ^a	\$2,500,000	\$1,000,000
09/14/2021	Hampton Bays Water District Improvement	4,250,000	0	3,700,000
	Totals:	<u>\$9,750,000</u>	<u>\$2,500,000</u>	<u>\$4,700,000</u>

a. \$2,000,000 of the authorized amount will be issued as part of the Series A Bonds, with the balance of such authorization to be issued as part of the Series B Bonds.

BOOK-ENTRY SYSTEM

So long as the Bonds and the Notes 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 and the Notes. The Bonds and the Notes 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 each series of the Bonds and deposited with DTC. One fully-registered note certificate will be issued for each Note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

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

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

Purchases of Bonds and the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and the Notes 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 and the Notes 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 and the Notes, except in the event that use of the book-entry system for the Bonds and the Notes is discontinued.

To facilitate subsequent transfers, all Bonds and the 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 and the Notes 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 and the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds and such 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 and the Notes may wish to take certain steps to augment the transmission to them or notices of significant events with respect to the Bonds and the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds and the Notes may wish to ascertain that the nominee holding the Bonds and the Notes 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 and the Notes 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 and the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds and the Notes 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 and the Notes 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.

THE TOWN WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANTS, OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OR ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE BONDS AND THE NOTES; (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 THE NOTES; 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 AND THE NOTES (I) PAYMENTS OF THE PRINCIPAL OF OR INTEREST ON THE BONDS AND THE NOTES; (II) CONFIRMATION OF THEIR OWNERSHIP INTEREST IN THE BONDS AND THE NOTES; OR (III) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO. AS NOMINEE, AS REGISTERED OWNER OF THE BONDS AND THE NOTES, 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 and the Notes 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 and the Notes 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 the Notes and interest thereon, without limitation as to rate or amount, except as to certain statutory limitations which may result from the application of Chapter 97 of the Laws of 2011, as amended. See "Tax Levy Limit Law" herein.

ENFORCEMENT OF REMEDIES UPON DEFAULT

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

General Municipal Law Contract Creditors' Provision. The Bonds and the Notes 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 and the Notes.

Unavailability of Remedies of Levy and Attachment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. Under the general rule with respect to municipalities, judgments against the Town may not be enforced by levy and execution against property owned by the Town.

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

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

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 and the Notes 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 and the Notes 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 and the Notes, to impair and alter the terms and provisions of the Bonds and the Notes, 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 and the Notes) 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 and the Notes.

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 and the Notes.

State Debt Moratorium Law. Unless the Federal Bankruptcy Code or other Federal Law applies, as described above, enforcement of the rights of bond and note 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 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 58,094 (U.S. Census Bureau - 2019).

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, and the Comptroller, all of whom are appointed by the Town Board.

Utilities and Other Services

Electricity and natural gas are supplied to the Town by the Public Service Enterprise Group (PSEG) 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, 524 full-time employees including 42 board members and approximately 145 part-time employees. The Town also employs approximately 340 part-time seasonal employees. The Civil Service Employees Association represents approximately 317 employees under a contract which expires on December 31, 2023. The Police Benevolent Association represents approximately 79 employees under a contract which expires on December 31, 2023. The Superior Officers Association represents approximately 21 employees under a contract which expires on December 31, 2023. 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 1980 is represented below:

<u>Year</u>	<u>Town of Southamton</u>	<u>Suffolk County</u>	<u>New York State</u>
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
2019	58,094	1,483,832	19,572,319

Source: U.S. Bureau of the Census.

Income Data

	<u>Per Capita Money Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2019^a</u>
Town of Southamton	\$16,726	\$31,320	\$47,111	\$56,190
County of Suffolk	18,481	26,577	35,755	44,465
State of New York	16,501	23,389	30,948	39,326

	<u>Median Household Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2019^a</u>
Town of Southamton	\$43,929	\$65,144	\$89,560	\$95,281
County of Suffolk	53,244	72,112	96,220	101,031
State of New York	39,741	51,691	67,405	68,486

Source: United State Bureau of the Census.

a. Based on American Community Survey Five-Year Estimates (2015-2019)

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>
2017	6,908
2018	6,944
2019	5,882
2020	5,487
2021	6,495

Source: Town Officials.

Unemployment Rate Statistics

<u>Annual Averages:</u>	<u>Town of Southampton (%)</u>	<u>Suffolk County (%)</u>	<u>New York State (%)</u>
2017	4.9	4.5	4.7
2018	4.4	3.9	4.1
2019	3.6	3.7	4.0
2020	7.8	8.5	10.0
2021	5.1	5.1	7.2

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
Southampton UFSD	School District	523
Town of Southampton	Local Government	507
Corcoran Group	Real Estate	350
Bridgewater 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 and the Notes:

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

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

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

General. The Town is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation, assessment, borrowing money, contracting indebtedness and loaning the credit of the Town so as to prevent abuses in the exercise of such powers; however, as has been noted under "Security and Source of Payment", the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Town to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the new Tax Levy Limit Law imposes a statutory limitation on the Town's power to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in the Tax Levy Limit Law. See "Tax Levy Limit Law," herein.

Statutory Procedure

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

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

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

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

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

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

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

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

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

There is no constitutional limitation on the amount that may be raised by the Town by tax on real estate in any fiscal year to pay principal and interest on all indebtedness. However, the new Tax Levy Limit Law imposes a statutory limitation on the procedures necessary for the Town to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in the new Tax Levy Limit Law, unless the Town Board overrides the limitation. See “Tax Levy Limit Law” herein.

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

Trend of Town Indebtedness

	Fiscal Year Ending December 31:				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt Outstanding End of Year:					
Subject to Debt Limit:					
Bonds	\$105,166,996	\$100,969,871	\$80,682,000	\$75,163,322	\$75,407,358
BANs	1,790,000	1,605,000	0	0	0
Subtotal	<u>\$106,956,996</u>	<u>\$102,574,871</u>	<u>\$80,682,000</u>	<u>\$75,163,322</u>	<u>\$75,407,358</u>
Not Subject to Debt Limit:					
Bonds	\$5,018,004	\$4,385,129	\$3,726,032	\$8,951,678	\$8,554,642
BANs	0	0	0	0	0
Subtotal	<u>\$5,018,004</u>	<u>\$4,385,129</u>	<u>\$3,726,032</u>	<u>\$8,951,678</u>	<u>\$8,554,642</u>
Total Debt Outstanding	<u>\$111,975,000</u>	<u>\$106,960,000</u>	<u>\$84,408,032</u>	<u>\$84,115,000</u>	<u>\$83,962,000</u>

Details of Short-Term Indebtedness Outstanding

(As of February 10, 2022)

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

Debt Service Requirements – Outstanding Bonds^a

Fiscal Year Ending December 31:	Outstanding Debt Service	Refunding Debt Service	Sub-Total	Less: Debt Service To Be Refunded	Net After Issuance of Refunding Bonds
2022	\$15,189,873				
2023	12,069,907				
2024	8,978,756				
2025	7,812,834				
2026	7,398,124				
2027	6,781,409				
2028	5,941,125				
2029	5,575,201				
2030	4,658,462				
2031	4,242,925				
2032	3,587,375				
2033	3,141,869				
2034	2,523,994				
2035	2,009,094				
2036	1,746,444				
2037	1,547,694				
2038	1,525,494				
2039	1,497,688				
2040	1,144,316				
2041	383,800				
Totals	<u>\$112,702,581</u>				

a. Does not reflect payments made to date.

Lease Purchase Agreement^a

The Town entered into a lease purchase agreement on August 20, 2019 to upgrade certain street lights in the Town to energy efficient LED lights. The payments are below:

Fiscal Year Ending December 31:	Principal	Interest	Total
2022	\$245,422	\$21,802	\$267,224
2023	249,860	17,364	267,224
2024	254,377	12,847	267,224
2025	258,977	8,247	267,224
2026	263,659	3,565	267,224
Totals	<u>\$1,272,295</u>	<u>\$63,825</u>	<u>\$1,336,119</u>

a. Does not include payments made to date.

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of February 10, 2022)

Fiscal Year Ending <u>December 31:</u>	Assessed <u>Valuation</u>	State Equalization <u>Rate (%)</u>	Full <u>Valuation</u>
2018	\$63,690,793,873	100	\$63,690,793,873
2019	67,002,257,604	100	67,002,257,604
2020	73,357,936,700	100	73,357,936,700
2021	74,019,131,074	100	74,019,131,074
2022	74,397,232,139	100	<u>74,397,232,139</u>
Total Five Year Full Valuation			\$352,467,351,390
Average Five Year Full Valuation			70,493,470,278
Debt Limit - 7% of Average Full Valuation			4,934,542,919
Inclusions:			
Outstanding Bonds:			
General Purposes			75,407,358
Housing Authority ^a			2,890,000
Water Districts			<u>8,554,642</u>
Sub-Total			86,852,000
Bond Anticipation Notes			<u>0</u>
Total Inclusions			<u>86,852,000</u>
Exclusions:			
Water Debt (Outstanding Bonds)			8,554,642
Bond Appropriations			11,669,978
Note Appropriations			<u>0</u>
Total Exclusions			20,224,620
Total Net Indebtedness Before Issuing the Series B Bonds and Notes			<u>66,627,380</u>
The Series B Bonds			10,167,000
The Notes			4,700,000
Less: BANs to be Issued for Water Purposes			<u>3,700,000</u>
Net Effect of Issuing the Series B Bonds and Notes			<u>11,167,000</u>
Total Net Indebtedness After Issuing the Series B Bonds and Notes			<u>77,794,380</u>
Net Debt Contracting Margin			<u>\$4,856,748,539</u>
Percent of Debt Limit Exhausted			1.58%

a. 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	03/26/2020	22.87	\$449,970,306	\$370,187,179
Villages	05/31/2020 or later	Var.	24,122,027	24,122,027
School Districts	06/30/20 or later	Var.	140,269,059	140,269,059
Fire Districts	12/31/19 or later	Var.	<u>15,342,613</u>	<u>15,342,613</u>
Totals			<u><u>\$629,704,005</u></u>	<u><u>\$549,920,878</u></u>

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

Debt Ratios (As of February 10, 2022)

	<u>Amount</u>	<u>Per Capita^a</u>	<u>Percentage of Full Value (%)^b</u>
Total Direct Debt	\$86,852,000	\$1,495	0.12
Net Direct Debt	66,627,380	1,147	0.09
Total Direct & Applicable Total Overlapping Debt	716,556,005	12,334	0.96
Net Direct & Applicable Net Overlapping Debt	616,548,258	10,613	0.83

a. The current estimated population of the Town is 58,094.

b. The full valuation of taxable real property in the Town for 2021-22 is \$74,397,232,139.

Authorized and Unissued Debt (As of February 10, 2022)

As of the date of this Official Statement, the Town has authorized but unissued debt in the aggregate amount of \$16,042,000 of which \$10,167,000 will be financed by the issuance of the Bonds and \$4,700,000 will be financed by the issuance of the Notes.

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 no bonds outstanding that have been issued for the preservation of open space and land acquisitions. 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 following fiscal years:

Fiscal Year Ending <u>December 31:</u>	Total <u>Revenues</u>
2016	\$55,083,465
2017	56,540,098
2018	53,939,669
2019	43,247,803
2020	81,295,380

Source: Audited Financial Statements of the Town.

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, 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.

On December 21, 2017, the Town authorized a resolution to spend an aggregate amount of \$406,050 for a beach erosion control project known as the North Sea Beach Colony Erosion Control District, subject to a mandatory referendum by the qualified voters that live within said District. On March 3, 2018, a majority of such voters approved the project. The Town issued 5-year bonds in January of 2019 to finance the project, and the debt service on the bonds will be included in the annual budget of the District 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, 2021, the Authority had \$2,890,000 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, 2020, and is attached as Appendix B. In addition, the financial affairs of the Town are subject to periodic compliance review by the Office of the State Comptroller ("OSC") to ascertain whether the Town has complied with the requirements of various State and Federal statutes.

The Statements of Revenues, Expenditures and Changes in Fund Balances presented in Appendix A of this Statement are based on the audited Annual Financial Reports of the Town for the 2016-2020 fiscal years.

Fund Structure and Accounts

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

There are 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: 1.7% and Environmental Score: 13.3%).

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. There has been no audit in the last five years.

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.

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 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)

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 were \$37,308,189. The total overall fund balance in the General Fund increased from \$20,269,111 to \$22,417,592.

2018 Results of Operations (Audited)

For the fiscal year ended December 31, 2018, the audited financial statements show the total revenue including transfers in the General Fund were \$40,065,699 and the total expenditures were \$39,370,880. The total overall fund balance in the General Fund increased from \$22,417,592 to \$23,164,320.

2019 Results of Operations (Audited)

For the fiscal year ended December 31, 2019, the audited financial statements show the total revenue including transfers in the General Fund were \$41,544,099 and the total expenditures, including transfers, were \$40,670,512. The total overall fund balance in the General Fund increased from \$23,164,320 to \$23,709,999.

2020 Results of Operations (Audited)

For the fiscal year ended December 31, 2020, the audited financial statements show the total revenue including transfers in the General Fund were \$45,358,753 and the total expenditures, including transfers, were \$41,494,711. The total overall fund balance in the General Fund increased from \$23,709,999 to \$27,574,041.

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Summary of 2022 Town Budget

Fund	<u>Appropriations</u>	<u>Estimated Revenues</u>	<u>Application of Surplus</u>	<u>Tax Levy</u>
General Fund	\$ 48,866,930	\$ 18,243,562	\$ 3,156,187	\$ 27,467,181
Police Fund	30,317,723	4,222,061	0	26,095,662
Part-Town Highway	16,369,227	1,840,975	891,600	13,636,652
Part-Town Land Management (03)	2,518,363	450,156	50,000	2,018,207
Part-Town Land Management (22)	5,657,532	4,748,584	0	908,948
Emergency Dispatch - 911	3,526,260	317,400	150,000	3,058,860
Beaches	2,105,828	2,105,828	0	0
Beaver Creek Marina	29,590	29,590	0	0
Bishop's Marina	25,190	25,190	0	0
Conscience Point Marina	383,827	363,200	0	20,627
East Quogue Marina	26,134	26,134	0	0
Pine Neck Marina	32,090	32,090	0	0
Poxabogue Golf Course	285,000	280,000	5,000	0
Waste Management	3,660,260	3,033,384	225,000	401,876
Ambulance Districts	4,093,389	15,100	0	4,078,289
Erosion Control District	2,685,870	7,200	115,892	2,562,778
Fire Protection Districts	1,254,896	8,150	0	1,246,746
Park Districts	516,430	6,105	0	510,325
Parking Districts	127,500	14,190	0	113,310
Road Improvement Districts	96,712	2,800	11,813	82,099
Street Lighting Districts	508,020	10,225	10,900	486,895
Utility Districts	32,400	0	1,900	30,500
Water Districts	4,449,381	3,318,800	0	1,130,581
CPF Trust	71,557,911	43,267,517	0	0
Total	\$ 199,126,463	\$ 82,368,241	\$ 4,618,292	\$ 83,849,536

Source: Adopted Budget of the Town of Southampton.

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 financing sources for the five most recently completed fiscal years for which financial statements are available may be found in the Statements of Revenues, Expenditures and Changes in Fund Balance in Appendix A hereto.

Real Property Taxes

See "Real Property Tax Information," herein.

State Aid

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

The Town received approximately 24.47% of its total operating revenue from State aid in 2020. 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 2017 through 2021 and as budgeted, for 2022.

<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>
2017	\$39,914,753	\$10,723,639	26.87
2018	40,065,699	9,129,059	22.79
2019	41,544,009	8,971,756	21.60
2020	44,105,647	10,791,680	24.47
2021	49,822,640	15,153,325	30.41
2022 (Budgeted)	45,560,642	10,553,033	23.16

Source: Audited financial statements (2017-2020), Town Officials (2021), and Adopted Budget (2022).

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”), 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. 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 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 districts 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 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 civilians 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 contributions of 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 and the amounts budgeted for 2021.

Contributions to the Retirement Systems

Fiscal Year Ending December 31:	Employees' Retirement System	Policemen's & Firemen's Retirement System	Total
2017	\$2,796,025	\$3,313,428	\$6,109,453
2018	3,873,603	3,255,244	7,128,847
2019	3,879,474	3,507,431	7,386,905
2020	3,987,184	3,628,501	7,615,685
2021	4,475,500	4,264,455	8,739,955
2022 (Budgeted)	4,063,827	4,019,424	8,083,251

Source: Town Officials.

Due to recent poor performance of the investment portfolio of the Retirement System, the employer contribution rates for required pension contributions 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.

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. Accounting rules now require governmental entities, such as the Town, to account for post-retirement health care benefits as its accounts for vested pension benefits. GASB Statement No. 75 ("GASB 75") of the Governmental Accounting Standards Board ("GASB") described below requires such accounting.

GASB 75 requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits ("OPEB"). GASB 75 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements. Only current payments to existing retirees were recorded as an expense.

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

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

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

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>Changes in the Total OPEB Liability</u>	<u>Fiscal Year Ending December 31, 2019:</u>
Total OPEB liability as of December 31, 2019	\$337,144,409
Changes for the year:	
Service Cost	8,105,743
Interest	6,736,444
Benefit payments	(7,314,178)
Change in Assumption	(10,312,244)
Total Changes	<u>(\$2,784,235)</u>
 Total OPEB liability as of December 31, 2020	 <u><u>\$334,360,174</u></u>

Source: Actuarial Valuation Report (GASB 75)

The OSC has recently proposed legislation to provide the State and certain local governments with the authority to establish trusts in which to accumulate assets for OPEB and to establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments. The Town cannot predict at this time whether such proposed legislation will be enacted into law. At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the Town has decided to continue funding the expenditure on a pay-as-you-go basis.

Should the Town be required to fund its unfunded actuarial accrued OPEB liability, it could have a material adverse impact upon the Town's finances and could force the Town to reduce services, raise taxes or both.

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 \$408,780 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, 2020.

REAL PROPERTY TAX INFORMATION

Real Property Taxes

The Town derives a significant portion of its annual revenue from a tax on real property. See “Statement of Revenues, Expenditures and Changes in Fund Balance” in Appendix A, herein. By local law adopted in 2001, the Town has restricted itself from raising the overall property tax rate more than 5% annually. Property taxes accounted for approximately 54.99% of total budgeted General Fund revenues, for the fiscal year ended 2021. On June 24, 2011, the Tax Levy Limitation Law was enacted, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the Town, without providing an exclusion for debt service on obligations issued by municipalities and fire districts, including the Town. See “*Tax Levy Limit Law*” herein.

The following table sets forth the percentage of the Town’s General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2017 through 2021, and, as budgeted, for the year ending 2022.

Fiscal Year Ended <u>December 31:</u>	<u>Total Revenue</u>	Real Property <u>Taxes</u>	Real Property Taxes to <u>Revenues (%)</u>
2017	\$39,914,753	\$22,813,108	57.15
2018	40,065,699	24,257,541	60.54
2019	41,544,009	25,745,385	61.97
2020	44,105,647	27,138,475	61.53
2021	49,822,640	27,395,732	54.99
2022 (Budgeted)	45,560,642	27,467,181	60.29

Source: Audited financial statements (2017-2020), Town Officials (2021), and Adopted Budget (2022).

Tax Levy and Collection Record

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Tax Levy:					
General Town ^a	\$24,509,869	\$26,261,879	\$27,995,547	\$28,015,451	\$27,901,774
Police	22,847,542	23,989,024	24,381,888	25,183,117	26,095,662
Emergency Dispatching - E911	2,538,324	2,662,503	2,685,945	2,770,023	3,058,860
Zoning	1,330,773	1,344,988	1,333,488	2,542,431	2,927,155
Highway ^b	12,986,612	13,018,878	13,398,578	13,300,370	13,636,652
Fire & Fire Protection	15,574,785	16,018,327	16,644,969	16,938,820	17,385,574
Lighting	563,153	498,173	514,517	482,971	486,895
Water	1,375,035	1,264,467	1,398,563	1,492,270	1,130,581
Miscellaneous ^c	7,283,346	7,579,411	7,680,829	7,846,574	8,032,804
School and Library Districts	261,267,169	272,551,359	281,504,776	287,040,495	290,407,147
County	14,621,325	17,477,881	14,308,468	14,692,025	14,375,567
Other Items ^d	601,604	626,255	531,922	969,038	962,389
Total Tax Levy	\$365,499,537	\$383,293,145	\$392,379,490	\$401,273,585	\$406,401,060
Amount Collected	351,610,634	366,566,473	376,315,961	383,113,008	N/A
Percentage Collected	96.20%	95.64%	95.91%	95.47%	N/A
Amount Uncollected	13,888,903	16,726,672	16,063,529	18,160,577	N/A
Percent Uncollected	3.80%	4.36%	4.09%	4.53%	N/A

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 for 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^a

	Fiscal Year Ending December 31:				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Town	\$0.38	\$0.38	\$0.39	\$0.38	\$0.38
Police	0.55	0.54	0.54	0.50	0.51
Part Town Outside Villages	0.04	0.04	0.04	0.03	0.06
Highway	0.38	0.37	0.35	0.33	0.33
County	0.20	0.19	0.18	0.16	0.20
School and Library Districts	0.03-23.2	0.03-23.6	0.02-22.88	0.02-19.68	0.02-21.92
Special Districts:					
Fire & Fire Protection	0.17-1.01	0.19-0.98	0.19-0.97	0.18-0.90	0.18-0.92
Lighting	0.01-0.17	0.01-0.17	0.01-0.15	0.01-0.16	0.01-0.15
Water	0.27-0.48	0.29-0.47	0.25-0.44	0.26-0.43	0.28-0.43
Miscellaneous	0.02-0.70	0.02-0.70	0.01-0.68	0.01-0.66	0.01-1.26

a. If more than one rate, indicates range.

Tax Levy Limit Law

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

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

The Town is subject to the Tax Levy Limit Law, beginning with the Town's budget for its fiscal year beginning January 1, 2012. Pursuant to the Tax Levy Limit Law, additional procedural requirements are imposed if a municipality seeks to increase the tax levy by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index, over the amount of the Town's prior year's tax levy (the "Tax Levy Increase Limit"). In the event the Town seeks to adopt a budget requiring a tax levy exceeding the Tax Levy Increase Limit, a favorable vote of at least 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.

Selected Listing of Large Taxable Properties
2021 Assessment Roll^a

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Blue Turtles, Inc.	Estate	\$267,689,500
PSEG Long Island	Utility	229,570,489
National Grid	Utility	152,569,799
JPD2021 ltd.	Commercial	74,763,200
Stem Partners, LLC	Commercial	69,134,400
Leon D Black	Estate	68,395,600
Daniel Sundhein	Estate	58,344,000
Three Ponds Farm Owner LLC	Estate	57,227,400
Hampton Center Realty, LLC	Commercial	55,465,000
650 Meadow Lane 1 LP	Estate	<u>54,275,000</u>
	Total ^a	<u>\$1,087,434,388</u>

a. Assessment Roll established in 2021 for levy and collection of taxes during 2022 Fiscal Year.
b. Represents 1.46% of the total taxable assessed valuation of the Town for 2022.

CYBERSECURITY

The Town, like many other public and private entities, relies on technology to conduct its operations. As a result, the Town faces multiple cyber threats to its systems and data including, but not limited to, hacking, viruses, ransomware, malware and phishing attacks. To mitigate the risk of business operations impact and/or damage from cyber attacks, the Town invests in various forms of cybersecurity systems, monitoring and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage the Town’s network and systems and the costs of remediating any such damage could be substantial.

IMPACT OF COVID-19

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the Town’s financial condition and operating results. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the Town’s operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, (ii) severity and (iii) potential resurgence, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The Town is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations.

The American Rescue Plan Act (“ARPA”)

A \$1.9 trillion COVID-19 relief package that includes \$350 billion to state, local and territorial governments to keep their frontline workers employed, distribute the vaccine, increase testing, reopen schools and maintain vital services. The American Rescue Plan also includes an additional \$1,400 payment to eligible individuals and families, enhanced unemployment aid, rental and utility assistance to low and moderate income households, an increase in food stamp benefits, additional funding for child care and an increase in child care tax credits.

The Town was awarded \$5,103,369 and received \$2,551,685 in 2021 in direct aid through the ARPA which was signed into law on March 11, 2021. The exact amount allocated will not be known until it is distributed to the Town. The Town received 50% of its allocation in 2021 and the remaining 50% is expected in 2022. According to the ARPA, the Town must obligate the funds by December 31, 2024 and expend them by December 31, 2026. It is the intent of the Town, to the extent allowable under the ARPA, to use these funds for expenditures incurred as well as lost revenue related to COVID-19. The intended use of the remaining funds is still under discussion, but investment in the Town’s infrastructure is under consideration (pending further guidance under the ARPA).

Although the ARPA provides for funds to be paid to the State, it is not possible to predict whether any future federal legislation will contain reduction in other federal aid to the State. Any reduction in Federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the new administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances, and changes to federal participation rates or other Medicaid rules. The Town will continue to monitor closely the 2021 economic environment and the global COVID-19 pandemic situation, and take the proactive measures as required to ensure the strong financial condition of the Town.

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.

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 and the Notes 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 and the Notes 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 Securities and Exchange Commission, the Town has agreed to provide, at the time of delivery of the Bonds and the Notes, an executed Annual and Continuing Disclosure Undertaking in substantially the form attached as Appendix C.

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

<u>Fiscal Year Ending December 31:</u>	<u>Financial & Operating Information</u>	<u>Audited Financial Statements</u>
2016	06/22/2017	06/22/2017
2017	06/27/2018	06/27/2018
2018	06/27/2019	06/27/2019
2019	06/26/2020	06/25/2020
2020	06/23/2021	06/23/2021

TAX MATTERS

Tax Exemption

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

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the Town made in a certificate (the “Tax Certificate”) dated the date of delivery of the Obligations pertaining to the use, expenditure, and investment of the proceeds of the Obligations and will assume continuing compliance by the Town with the provisions of the Tax Certificate subsequent to the issuance of the Obligations. The Tax Certificate contains covenants by the Town with respect to, among other matters, the use of the proceeds of the Obligations and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Obligations are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage “profits” from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Obligations to be includable in the gross income of the owners thereof from the date of the issuance.

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

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

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

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

Tax Accounting Treatment of Discount and Premium on Certain Obligations

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

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

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

Notice 94-84, 1994-2 C.B. 559, states that the IRS is studying whether the stated interest portion of the payment at maturity on a short-term debt obligation (such as the Notes), that matures not more than one year from the date of issue, bears a stated fixed rate of interest and is described in section 103(a) of the Code, is (i) qualified stated interest that is excluded from the stated redemption price at maturity of the obligation (within the meaning of section 1273 of the Code) but is excluded from gross income pursuant to section 103(a) of the Code, or (ii) is not qualified stated interest and, therefore, is included by the taxpayer in the stated redemption price at maturity of the obligation, creating or increasing (as to that taxpayer) original issue discount on the obligation that is excluded from gross income pursuant to section 103(a) of the Code. Notice 94-84 states that until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, a taxpayer holding such obligations may treat the stated interest payable at maturity either as qualified stated interest or as included in the stated redemption price at maturity of the obligation. However, the taxpayer must treat the amounts to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Notice 94-84 does not address various aspects necessary to the application of the latter method (including, for example, the treatment of a holder acquiring its Notes other than in the original public offering or at a price other than the original offering price). Each person considering acquiring the Notes should consult its own tax advisor with respect to the tax consequences of ownership of and of the election between the choices of treatment of the stated interest payable at maturity on the Notes.

LEGAL MATTERS

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

RATING

The Notes are not rated. The Town has applied to S&P Global Ratings ("S&P") 55 Water Street, New York, NY 10041, Telephone: (877) 299-2569 and Fax: (212) 438-5153 for a rating on the Bonds and such rating is pending at this time. 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 effect on the market price of the Bonds or the availability of a secondary market for such Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

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

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

MUNICIPAL ADVISOR

Munistat Services, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the Town on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Bonds and the Notes 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 and the Notes 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: Leonard J. Marchese, the Town Comptroller, 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 or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888.

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

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

Except for its review of the descriptions of the terms of the Bonds and the Notes and its approving legal opinion to be rendered on the Bonds and the Notes 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 and the Notes.

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

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

February , 2022

APPENDIX A

FINANCIAL INFORMATION

Balance Sheets
Governmental Funds
Fiscal Year Ending December 31, 2020

	<u>General</u>	<u>Police District</u>	<u>Highway</u>	<u>Nonmajor Governmental Funds(1)</u>
ASSETS				
Cash and Cash Equivalents	\$ 20,542,180	\$ 8,002,814	\$ 8,821,069	\$ 8,537,707
Cash - Restricted	4,931,971	11,588	390,982	5,670,280
Accounts Receivable	899,675	239,952	2,711	551,916
Due from Other Funds	7,966,108	10,321	278,635	2,449
Due from Proprietary Funds	1,164			
Due from Other Governments	100,242		2,816	
State and Federal Aid Receivables	266,367	20,258	260,382	
Prepaid Charges	2,321,326	1,336,884	273,356	61,839
	<u>37,029,033</u>	<u>9,621,817</u>	<u>10,029,951</u>	<u>14,824,191</u>
Total Assets	<u>\$ 37,029,033</u>	<u>\$ 9,621,817</u>	<u>\$ 10,029,951</u>	<u>\$ 14,824,191</u>
LIABILITIES				
Accounts Payable	\$ 853,561	\$ 154,518	\$ 367,842	\$ 280,543
Accrued Liabilities	180,824	180,630	25,527	156,344
Due to Fiduciary Funds				
Due to Proprietary Funds				
Due to Other Governments	201,615			
Due to Other Funds	292,139			2,138,571
	<u>1,528,139</u>	<u>335,148</u>	<u>393,369</u>	<u>2,575,458</u>
Total Liabilities	<u>1,528,139</u>	<u>335,148</u>	<u>393,369</u>	<u>2,575,458</u>
Deferred Inflows of Resources	7,926,853	7,217,596	4,016,305	2,913,378
Fund Balances (Deficits):				
Nonspendable	2,321,326	1,336,884	273,356	61,839
Restricted	4,931,971	11,588	390,982	335,509
Committed				19,000
Assigned	1,281,953	720,601	4,955,939	5,919,007
Unassigned	19,038,791			
	<u>27,574,041</u>	<u>2,069,073</u>	<u>5,620,277</u>	<u>6,335,355</u>
Total Fund Balances (Deficits)	<u>27,574,041</u>	<u>2,069,073</u>	<u>5,620,277</u>	<u>6,335,355</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 37,029,033</u>	<u>\$ 9,621,817</u>	<u>\$ 10,029,951</u>	<u>\$ 11,824,191</u>

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

Source: Audited Annual Financial Report of the Town (2020)

Balance Sheets
Governmental Funds
Fiscal Year Ending December 31, 2019

	<u>General</u>	<u>Police District</u>	<u>Highway</u>	<u>Nonmajor Governmental Funds(1)</u>
ASSETS				
Cash and Cash Equivalents	\$ 13,705,895	\$ 5,721,474	\$ 5,535,509	\$ 6,742,784
Cash - Restricted	4,821,048	17,382	447,793	5,225,794
Accounts Receivable	865,590	271,841	650	497,501
Due from Other Funds	7,127,668		549,509	
Due from Fiduciary Funds	271,397	25,443		2,881
Due from Other Governments	349		3,764	
State and Federal Aid Receivables	481,512	26,123	157,954	
Prepaid Charges	2,345,959	1,417,558	346,398	77,569
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ <u>29,619,418</u>	\$ <u>7,479,821</u>	\$ <u>7,041,577</u>	\$ <u>12,546,529</u>
LIABILITIES				
Accounts Payable	\$ 449,809	\$ 161,442	\$ 268,113	\$ 437,685
Accrued Liabilities	189,953	84,665	6,981	260,060
Due to Other Funds	0			1,655,000
Due to Other Governments	258,204			
Due to Fiduciary Funds	0			
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>897,966</u>	<u>246,107</u>	<u>275,094</u>	<u>2,352,745</u>
Deferred Inflows of Resources	5,011,453	4,484,254	2,591,991	1,825,790
Fund Balances (Deficits):				
Nonspendable	2,345,959	1,417,558	346,398	77,569
Restricted	4,821,048	17,382	447,793	3,236,221
Committed				55,000
Assigned	681,217	1,314,520	3,380,301	4,999,204
Unassigned	15,861,775			
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances (Deficits)	<u>23,709,999</u>	<u>2,749,460</u>	<u>4,174,492</u>	<u>8,367,994</u>
Total Liabilities and Fund Balances (Deficits)	\$ <u>29,619,418</u>	\$ <u>7,479,821</u>	\$ <u>7,041,577</u>	\$ <u>12,546,529</u>

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

Source: Audited Financials of the Town (2019)

NOTE: This schedule is NOT audited

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues:					
Real Property Taxes	21,500,574	22,813,108	24,257,541	25,745,385	27,138,475
Other Real Property Tax Items	231,173	332,143	228,116	301,759	291,975
Non-Property Tax Items	1,846,425	1,907,161	1,898,978	1,866,166	1,828,755
Special Assessments	33,153	13,063	13,063	88,194	88,194
Departmental Income	1,097,848	877,620	1,009,482	1,006,462	643,000
Intergovernmental Charges	221,095	267,244	295,335	403,024	527,531
Use of Money & Property	108,493	224,180	504,118	580,538	230,317
Licenses and Permits	487,749	384,114	338,435	321,765	263,653
Fines and Forfeitures	1,572,067	1,343,933	1,102,879	1,154,924	1,023,607
Sale of Property & Compensation for Loss	259,243	79,021	72,015		
Miscellaneous Local Sources	744,183	499,173	494,377	680,432	709,614
State Aid	9,959,551	10,723,639	9,129,059	8,971,756	10,791,680
Federal Aid	1,071,551	450,354	722,301	423,604	568,846
Total Revenues	<u>39,133,105</u>	<u>39,914,753</u>	<u>40,065,699</u>	<u>41,544,009</u>	<u>44,105,647</u>
Expenditures:					
General Government Support	14,162,985	14,467,463	15,089,533	15,055,689	15,466,340
Public Safety	2,455,819	2,526,327	2,896,818	3,391,231	3,084,079
Transportation	868,780	855,564	902,151	1,013,357	928,160
Econ. Assistance & Opportunity	2,768,458	2,829,806	2,966,343	3,189,365	3,535,148
Culture & Recreation	2,238,320	2,601,782	2,638,427	2,774,023	2,469,153
Home & Community Service	611,801	721,126	721,108	730,044	622,137
Employee Benefits	8,798,064	9,403,816	9,920,257	10,269,577	9,975,794
Debt Service	4,009,105	3,902,305	4,236,243	4,247,226	4,599,084
Total Expenditures	<u>35,913,332</u>	<u>37,308,189</u>	<u>39,370,880</u>	<u>40,670,512</u>	<u>40,679,895</u>
Excess (Deficiency) of Revenues over Expenditures	3,219,773	2,606,564	694,819	873,497	3,425,752
Other Sources (Uses)					
Proceeds from Issuance of Debt					
Payment to Refunded Bond Escrow Agent				(12,109,000)	
Proceeds of Refunding Debt				11,186,320	
Premium of Debt Issuance	88,979	31,157	143,426	1,039,184	471,833
Payment to Refunded Debt Escrow					
Operating Transfers In	429,240	337,472	468,671	676,888	781,273
Operating Transfers Out	(86,428)	(826,712)	(560,188)	(1,121,210)	(814,816)
Total Other Sources (Uses)	<u>431,791</u>	<u>(458,083)</u>	<u>51,909</u>	<u>(327,818)</u>	<u>438,290</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	3,651,564	2,148,481	746,728	545,679	3,864,042
Fund Balance Beginning of Year	16,617,547	20,269,111	22,417,592	23,164,320	23,709,999
Prior Period Restatement					
Fund Balance End of Year	<u><u>20,269,111</u></u>	<u><u>22,417,592</u></u>	<u><u>23,164,320</u></u>	<u><u>23,709,999</u></u>	<u><u>27,574,041</u></u>

Sources: Audited Financial Reports (2016-2020)

NOTE: This schedule is NOT audited

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues:					
Real Property Taxes	\$ 21,618,749	\$ 22,097,741	\$ 22,843,352	\$ 23,986,927	\$ 24,379,273
Other Real Property Tax Items	147,684	156,746	135,504	164,556	166,709
Departmental Income	537,959	502,152	444,301	434,057	277,906
Use of Money & Property	46,924	93,979	213,945	288,651	105,195
Licenses and Permits	88,950	111,970	119,903	144,054	21,727
Compensation for Loss	41,112	19,431	14,978		1,044
Miscellaneous Local Sources	340,522	352,180	856,122	201,151	221,089
State Aid	2,548,699	2,835,912	2,882,712	2,833,061	3,044,662
Federal Aid	265,439	114,511	58,898	218,366	64,423
Total Revenues	<u>25,636,038</u>	<u>26,284,622</u>	<u>27,569,715</u>	<u>28,270,823</u>	<u>28,282,028</u>
Expenditures:					
General Government Support					
Public Safety	16,082,237	16,395,516	17,832,514	16,997,005	17,718,861
Employee Benefits	9,030,571	9,678,396	10,068,405	10,447,126	10,569,749
Debt Service	236,054	276,623	275,604	318,103	342,795
Total Expenditures	<u>25,348,862</u>	<u>26,350,535</u>	<u>28,176,523</u>	<u>27,762,234</u>	<u>28,631,405</u>
Excess (Deficiency) of Revenues over Expenditures	287,176	(65,913)	(606,808)	508,589	(349,377)
Other Sources (Uses)					
Payment to Refund Bond Escrow Agent					
Proceeds From Debt					
Premium from Issuance of Debt	2,436	873	8,753	1,079	12,990
Operating Transfers In		61,000	93,066	98,000	
Operating Transfers Out		(75,000)		(60,000)	(344,000)
Total Other Sources (Uses)	<u>2,436</u>	<u>(13,127)</u>	<u>101,819</u>	<u>39,079</u>	<u>(331,010)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	289,612	(79,040)	(504,989)	547,668	(680,387)
Fund Balance Beginning of Year	2,496,209	2,785,821	2,706,781	2,201,792	2,749,460
Prior Period Restatement					
Fund Balance End of Year	<u>\$ 2,785,821</u>	<u>\$ 2,706,781</u>	<u>\$ 2,201,792</u>	<u>\$ 2,749,460</u>	<u>\$ 2,069,073</u>

Sources: Audited Financial Reports (2016-2020)

NOTE: This schedule is NOT audited

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues:					
Real Property Taxes	\$ 12,422,647	\$ 12,697,210	\$ 12,985,125	\$ 13,017,085	\$ 13,398,054
Other Real Property Tax Items	85,335	90,172	79,746	92,363	94,835
Departmental Income	20,200	18,800	19,400	33,600	35,700
Intergovernmental Charges	752,113	765,337	767,352	734,603	712,280
Use of Money & Property	32,850	64,528	136,161	185,033	79,450
Licenses and Permits					
Sale of Property &					
Compensation for Loss	200,900	20,877	5,270		
Miscellaneous Local Sources	49,301	102,648	70,378	87,074	107,092
Federal Aid	87,112				
State Aid	842,272	1,367,391	1,154,405	1,248,628	955,245
Total Revenues	<u>14,492,730</u>	<u>15,126,963</u>	<u>15,217,837</u>	<u>15,398,386</u>	<u>15,382,656</u>
Expenditures:					
Transportation	6,811,035	7,149,010	7,152,708	7,277,556	6,506,942
Employee Benefits	3,121,087	3,118,728	3,406,601	2,970,002	2,992,028
Debt Service	4,148,612	4,318,497	4,283,840	4,329,618	4,341,785
Total Expenditures	<u>14,080,734</u>	<u>14,586,235</u>	<u>14,843,149</u>	<u>14,577,176</u>	<u>13,840,755</u>
Excess (Deficiency) of Revenues over Expenditures	411,996	540,728	374,688	821,210	1,541,901
Other Sources (Uses)					
Payment to Refund Bond Escrow Agent					
Proceeds from Debt					
Premium from Issuance of Debt	43,909	27,508	92,994	7,874	247,884
Operating Transfers In	250,100	13,002	17,534	13,507	
Operating Transfers Out	(250,405)	(350,000)	(144,000)	(274,000)	(344,000)
Total Other Sources (Uses)	<u>43,604</u>	<u>(309,490)</u>	<u>(33,472)</u>	<u>(252,619)</u>	<u>(96,116)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	455,600	231,238	341,216	568,591	1,445,785
Fund Balance Beginning of Year	2,577,847	3,033,447	3,264,685	3,605,901	4,174,492
Prior Period Restatement					
Fund Balance End of Year	<u>\$ 3,033,447</u>	<u>\$ 3,264,685</u>	<u>\$ 3,605,901</u>	<u>\$ 4,174,492</u>	<u>\$ 5,620,277</u>

Sources: Audited Financial Reports (2016-2020)

NOTE: This schedule is NOT audited

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues:					
Real Property Taxes	9,097,436	9,209,629	9,470,747	9,598,537	9,924,390
Other Real Property Tax Items	118,132	120,015	118,312	116,579	114,933
Departmental Income	2,377,595	2,236,458	2,273,536	2,363,569	2,748,539
Use of Money & Property	385,001	382,762	526,896	628,449	403,629
Fines and Forfeitures	20,055	22,730	33,737	19,000	20,900
Sale of Property & Compensation for Loss	378,060	374,906	314,136	336,038	
Miscellaneous Local Sources	650,401	227,744	455,276	382,598	696,960
State Aid	5,000	18,945	66,302	88,528	
Federal Aid	4,094,125	3,710,464	3,425,170	3,467,780	3,265,296
Total Revenues	<u>17,125,805</u>	<u>16,303,653</u>	<u>16,684,112</u>	<u>17,001,078</u>	<u>17,174,647</u>
Expenditures:					
General Government Support	89,991	94,190	117,930	1,341,169	161,397
Public Safety	892,040	887,265	1,035,208	1,143,595	1,126,734
Health	3,067,786	3,129,142	3,201,042	3,339,280	3,386,562
Transportation	485,800	484,816	416,236	334,000	341,420
Econ. Assistance & Opportunity	622,556	8,952	369,570	394,292	350,956
Culture & Recreation	542,203	513,659	543,165	617,754	688,492
Home & Community Service	6,341,329	6,086,150	6,027,602	6,099,420	5,410,838
Employee Benefits	874,224	889,213	897,962	866,643	806,956
Debt Service	3,511,857	3,529,058	3,476,956	3,432,032	3,595,045
Total Expenditures	<u>16,427,786</u>	<u>15,622,445</u>	<u>16,085,671</u>	<u>17,568,185</u>	<u>15,868,400</u>
Excess (Deficiency) of Revenues over Expenditures	698,019	681,208	598,441	(567,107)	1,306,247
Other Sources (Uses)					
Operating Transfers In	228,230	5,050	853,142	6,363	108,913
Operating Transfers Out	(893,778)	(144,500)	(1,272,875)	(2,438,165)	(728,552)
Payment to Refund Bond Escrow Agc	10,897				
Premium on Obligations				749	280,753
Proceeds From Issuance of Debt					
Total Other Sources (Uses)	<u>(654,651)</u>	<u>(139,450)</u>	<u>(419,733)</u>	<u>(2,431,053)</u>	<u>(338,886)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	43,368	541,758	178,708	(2,998,160)	967,361
Fund Balance Beginning of Year	10,602,320	10,645,688	11,187,446	11,366,154	8,367,994
Prior Period Restatement					
Fund Balance End of Year	<u>10,645,688</u>	<u>11,187,446</u>	<u>11,366,154</u>	<u>8,367,994</u>	<u>9,335,355</u>

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

Sources: Audited Financial Reports (2016-2020)

NOTE: This schedule is NOT audited

Budget Summaries
Governmental and Other Operating Funds
Fiscal Year Ending December 31, 2021

Fund	<u>Appropriations</u>	<u>Estimated Revenues</u>	<u>Application of Surplus</u>	<u>Tax Levy</u>
General Fund	\$ 45,437,633	\$ 16,805,513	\$ 1,236,387	\$ 27,395,733
Police Fund	29,523,178	4,090,061	250,000	25,183,117
Part-Town Highway	15,565,349	1,839,979	425,000	13,300,370
Part-Town Land Management (03)	2,326,000	459,593		1,866,407
Part-Town Land Management (22)	5,443,748	4,767,724		676,024
Emergency Dispatch - 911	3,242,023	322,000	150,000	2,770,023
Beaches	2,062,967	1,962,967	100,000	
Beaver Creek Marina	28,913	28,913		
Bishop's Marina	24,713	24,713		
Conscience Point Marina	388,350	363,700		24,650
East Quogue Marina	25,656	25,656		
Pine Neck Marina	31,261	31,261		
Poxabogue Golf Course	210,000	185,000	25,000	
Waste Management	3,306,110	2,645,655	90,000	570,455
Ambulance Districts	4,102,737	24,500	225,000	3,853,237
Erosion Control District	2,798,250	26,903	162,000	2,609,347
Fire Protection Districts	1,147,867	9,550		1,138,317
Park Districts	783,930	12,505	250,000	521,425
Parking Districts	130,241	14,690		115,551
Road Improvement Districts	100,712	5,000	13,613	82,099
Street Lighting Districts	511,436	17,390	11,075	482,971
Water Districts	4,582,870	3,090,600		1,492,270
CPF Trust	43,734,650	43,734,650		
Total	\$ 165,508,594	\$ 80,488,523	\$ 2,938,075	\$ 82,081,996

Source: Adopted Budget of the Town of Southampton

Budget Summaries
Governmental and Other Operating Funds
Fiscal Year Ending December 31, 2022

Fund	<u>Appropriations</u>	<u>Estimated Revenues</u>	<u>Application of Surplus</u>	<u>Tax Levy</u>
General Fund	\$ 48,866,930	\$ 18,243,562	\$ 3,156,187	\$ 27,467,181
Police Fund	30,317,723	4,222,061		26,095,662
Part-Town Highway	16,369,227	1,840,975	891,600	13,636,652
Part-Town Land Management (03)	2,518,363	450,156	50,000	2,018,207
Part-Town Land Management (22)	5,657,532	4,748,584		908,948
Emergency Dispatch - 911	3,526,260	317,400	150,000	3,058,860
Beaches	2,105,828	2,105,828		
Beaver Creek Marina	29,590	29,590		
Bishop's Marina	25,190	25,190		
Conscience Point Marina	383,827	363,200		20,627
East Quogue Marina	26,134	26,134		
Pine Neck Marina	32,090	32,090		
Poxabogue Golf Course	285,000	280,000	5,000	
Waste Management	3,660,260	3,033,384	225,000	401,876
Ambulance Districts	4,093,389	15,100		4,078,289
Erosion Control District	2,685,870	7,200	115,892	2,562,778
Fire Protection Districts	1,254,896	8,150		1,246,746
Park Districts	516,430	6,105		510,325
Parking Districts	127,500	14,190		113,310
Road Improvement Districts	96,712	2,800	11,813	82,099
Street Lighting Districts	508,020	10,225	10,900	486,895
Utility Districts	32,400	0	1,900	30,500
Water Districts	4,449,381	3,318,800		1,130,581
CPF Trust	71,557,911	43,267,517		
Total	<u>\$ 199,126,463</u>	<u>\$ 82,368,241</u>	<u>\$ 4,618,292</u>	<u>\$ 83,849,536</u>

Source: Adopted Budget of the Town of Southampton

TOWN OF SOUTHAMPTON

APPENDIX B

**AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

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, 2020

TOWN OF SOUTHAMPTON, LONG ISLAND, NEW YORK
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020



PREPARED BY:

TOWN COMPTROLLER'S OFFICE

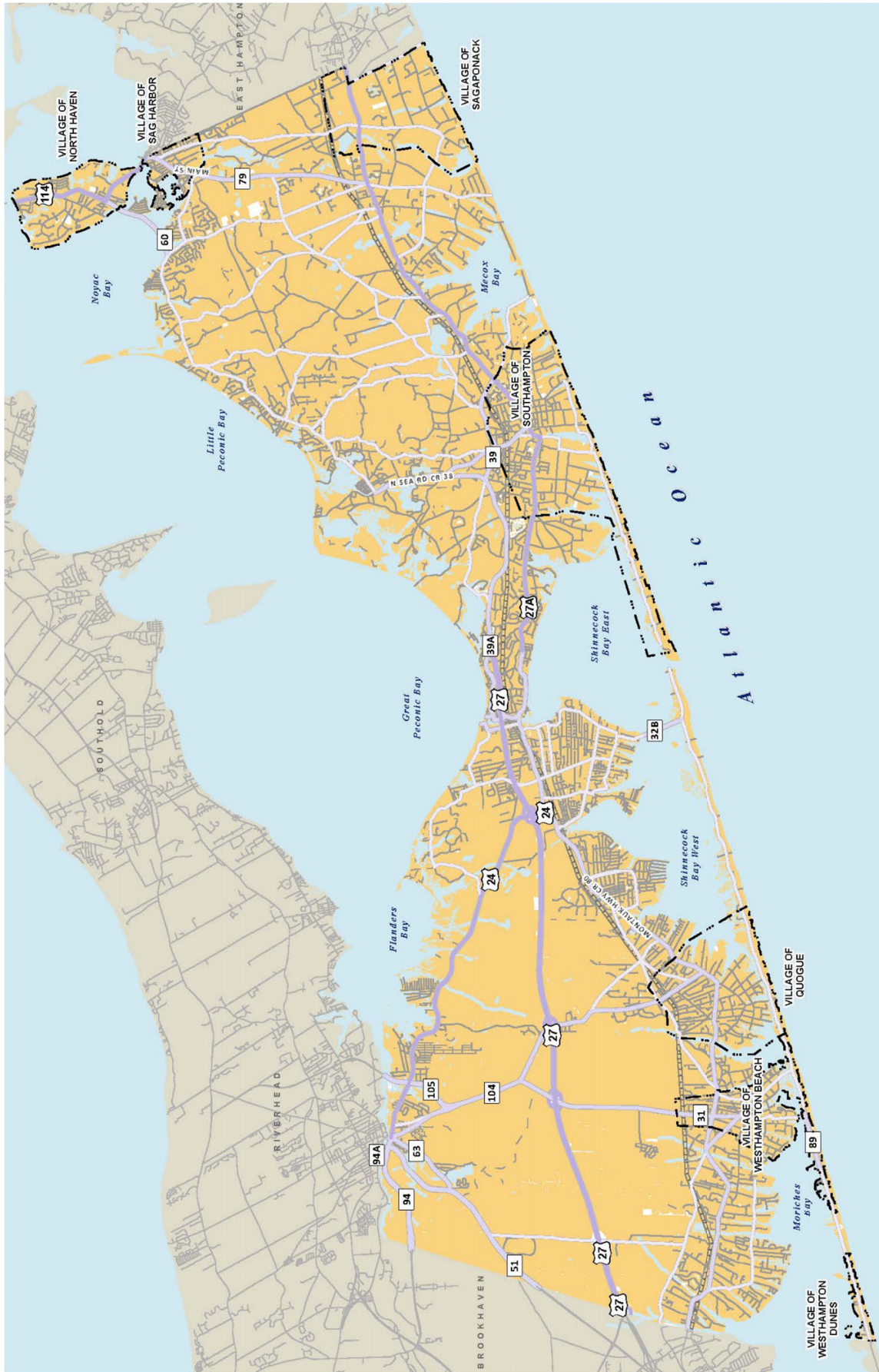
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AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2020**

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INTRODUCTORY SECTION



TOWN OF SOUTHAMPTON

PRINCIPAL OFFICIALS

SUPERVISOR

JAY SCHNEIDERMAN

TOWN COUNCIL

JOHN BOUVIER

JULIE LOFSTAD

RICK MARTEL

TOMMY JOHN SCHIAVONI

RECEIVER OF TAXES

THERESA A. KIERNAN

SUPERINTENDENT OF HIGHWAYS

ALEX D. GREGOR

TOWN CLERK

SUNDY SCHERMAYER

TOWN JUSTICES

DEBORAH E. KOOPERSTEIN

KAREN M. SARTAIN

GARY J. WEBER

BARBARA L. WILSON

TOWN TRUSTEES

ERIC SHULTZ., PRESIDENT

SCOTT HOROWITZ, SECRETARY/TREASURER

WILLIAM PELL IV

EDWARD J. WARNER, JR.

ANN WELKER

TOWN ATTORNEY

JAMES M. BURKE

TOWN COMPTROLLER

LEONARD J. MARCHESE, MBA, CPA

TOWN OF SOUTHAMPTON

TOWN OF SOUTHAMPTON

SUPERVISOR

TOWN COUNCIL

TOWN CLERK

- Records Management
- Archives & Historian

TAX RECEIVER

BOARD OF TRUSTEES

- Pump Out Boats

HIGHWAY

- Highway Admin
- Maintenance
- Garage

TOWN COMPTROLLER

- Accounting
- Audit & Control
- Budget & Finance
- Payroll

DEPARTMENT OF PUBLIC SAFETY

- Investigations & Enforcement
- Fire Prevention
- Animal Control
- Emergency Preparedness

PUBLIC INFORMATION

- CRC Central Services & Printing
- SEA TV
- Communications Office

HOUSING AND COMMUNITY SERVICE

- Housing & Community Development
- Youth Bureau
- Senior Services Admin
- Adult Day Care
- Nutrition Program
- Senior Services Transportation
- Community Services
- Domestic Violence

HUMAN RESOURCES

- Human Resources
- Employee Safety & Training

MUNICIPAL WORKS

- Buildings & Facilities
- Intermodal Transportation & Traffic Safety
- Fleet Management
- Town Engineer
- Waste Management
- Post Closure
- Waste Management Recycling Centers
- Central Garage
- Animal Shelter
- Office of Energy and Sustainability

COMMUNITY PRESERVATION

PARKS & RECREATION

- Parks & Recreation Admin
- Parks Maintenance
- Hamlet Beautification
- Street Lighting
- Recreation Programs Admin
- Docks & Marinas
- Conscience Point Marina
- East Quogue Marina
- Pine Neck Marina
- Shimcock Commercial Dock
- Beach Operations
- Poxabogue Golf Course

HAMPTON BAYS WATER DISTRICT

POLICE DEPARTMENT

- Police
- Police - Civilian
- Court Officers
- E-911 Dispatch
- Jail
- Bay Constables

TOWN ASSESSOR

- Appraisal Systems
- Board of Assessment Review

LAND MANAGEMENT

- Buildings & Zoning
- Current Planning
- Long Range Planning & Economic Development
- Environmental
- Appointed Boards

JUSTICE COURT

TOWN ATTORNEY



JAY SCHNEIDERMAN
Supervisor

TOWN OF
SOUTHAMPTON
116 Hampton Road, Southampton, NY 11968

Telephone: (631) 283-6055
Fax: (631) 287-5708
jschneiderman@southamptontownny.gov

June 9, 2021

To the Town Board and Citizens of the
Town of Southampton, New York:

I hereby present the Comprehensive Annual Financial Report ("CAFR") of the Town of Southampton, New York, for the fiscal year ended December 31, 2020. This detailed town-wide report is a yearly requirement under federal law.

The report continues to demonstrate that the Town of Southampton maintains a strong financial footing. Our conservative budgeting practices and fiscal controls have earned the town the highest available bond rating, AAA, by Standard and Poor's Ratings Services. I am confident we will continue our path of balanced budgets, debt reduction and fiscal oversight that has led to our enviable financial standing. Confidence in the current management team was reflected in the recent reaffirmation of our Aaa bond rating by Moody's Investors Service. We are blessed with a large inventory of parkland holdings and a strong real estate market that has produced a steady growth in real property valuations. The Town effectively and expeditiously responded to the COVID-19 pandemic with many initiatives to keep residents safe including structural changes to the workplace, sanitizing protocols, increased use of technology to allow for remote access, and assistance to vulnerable seniors. Although in FY2020 there were significant costs associated with the COVID response and a loss of non-tax revenues, the Town was able to deliver a 2021 budget that stayed within the NY State tax cap. We continue to maintain excellent public services, promote economic development, improve our infrastructure and enhance public safety. The CAFR details our strict financial policies for investment, asset management, debt reduction, fund balance maintenance and capital project planning.

I would like to thank Comptroller Leonard Marchese and his staff for their efforts in the preparation of this report.

Sincerely,

Jay Schneiderman
Supervisor, Town of Southampton



Town of Southampton
116 HAMPTON ROAD
SOUTHAMPTON, NEW YORK 11968

TOWN COMPTROLLER

LEONARD MARCHESE
TOWN COMPTROLLER

Telephone (631) 702-1890
FAX (631) 287-5709

June 9, 2021

To the Town Board and Citizens of the
Town of Southampton, New York:

The Comprehensive Annual Financial Report ("CAFR") of the Town of Southampton, New York (the "Town") for the fiscal year ended December 31, 2020, prepared by the Office of the Comptroller is submitted herewith. General Municipal Law requires the Town to submit an annual report of the financial records and transactions presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The Town of Southampton assumes full responsibility for the completeness and reliability of information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatements. This Comprehensive Annual Financial Report has also been prepared pursuant to the requirements of the Government Finance Officers Association ("GFOA") Certificate of Achievement for Excellence in Financial Reporting program.

The Town's financial statements have been audited by Nawrocki Smith LLP, a firm of licensed certified public accountants, who were selected by the Town Board to perform an independent audit and to form an opinion on the financial statements. The financial statements referred to above present fairly, in all material respects, the financial position of the Town of Southampton, New York as of December 31, 2020, and the changes in financial position for the year then ended in conformity with GAAP.

The Management's Discussion and Analysis ("MDA") and budgetary comparison information, located in the required supplementary information section following the independent auditor's report, provide an introduction, overview, and analysis of the basic financial statements and are used to supplement the financial statements.

The Town is required to undergo an annual "single audit" in conformity with the provisions of the Federal Single Audit Act Amendments of 1996 and the United States Office of Management and Budget's Uniform Guidance. Information related to this "single audit", including the schedule of expenditures of federal awards, findings and recommendations and the independent auditor's reports on the internal control structure and compliance with applicable laws and regulations are presented in a separate report, dated June 9, 2021.

Reporting Entity

This report includes government-wide financial statements (the “Town-Wide”), governmental fund financial statements, proprietary fund financial statements, and fiduciary fund financial statements, which are considered part of the Town of Southampton’s financial reporting entity. Criteria for determining the reporting entity and presentation of the related financial data are established by the Governmental Accounting Standards Board (“GASB”). The criteria include legal standing and financial accountability. Note 2 of the Notes to Financial Statements provides details on the financial reporting entity. A summary of the nature of significant component units and their relationship to the Town of Southampton is also provided in the Notes to Financial Statements.

General and Historical Information of the Town

The Town of Southampton is one of ten townships located in Suffolk County. It is located approximately 70 miles east from Manhattan on the South Fork of Long Island, and encompasses an area of approximately 140 square miles. The Town of Southampton is the largest and most populous of the five East End Towns of Suffolk County.

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, Sagaponack, Southampton, Westhampton Beach, and West Hampton Dunes, as well as most of the Village of Sag Harbor.

Southampton’s population is estimated at 59,852. The summer population can swell to twice that number or more. The Town of Southampton is considered a popular seasonal resort area drawing thousands of visitors and seasonal residents. Tourism and the vacation home industry drive the economic development engine of the Town. The Town’s many commercial facilities - 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 historic hamlet heritage resources of the Town contribute to its attraction as a resort area, particularly within the hamlet centers and village business areas.

The economy within the Town is also based on real estate, professional services, construction trades and home maintenance services, and small businesses within hamlet centers relying upon both the year-round population base as well as summer visitors. The local economy is complimented by farming and fishing, with the second largest commercial fishery landing in New York State located in the Hamlet of Hampton Bays at the Shinnecock Inlet. The Town is also home to Gabreski Airport, a county owned facility that also serves as the base of the 106th - Air National Guard Rescue Wing of the United States Air Force. The largest employer within the Town, with approximately 1,200 employees, is Southampton Hospital, which provides access to a wide variety of medical specialties for a full range of clinical services. There are also 13 independently-governed school districts within the Town of Southampton, which also contribute to the local economy as public-sector employers.

Recreational facilities include beaches on the ocean and the bay, various County and Town parks located throughout the Town and Villages, and seven golf courses including the famous Shinnecock Hills (the oldest golf course in the Country) and home of the U.S. Men’s Open in 1896, 1986, 1995, 2004 and 2018, as well as Sebonack Golf Club, home of the 2013 U.S. Women’s Open. Police protection is provided by the Town and Villages, and fire protection by nine fire districts. Rail transportation is provided by the Long Island Railroad with stations at Speonk, Westhampton, Hampton Bays, Southampton and Bridgehampton. Highways include New York State Routes 27, 27A, and 24 as well as County and Town roads.

The Shinnecock Canal, the heart of the Southampton Town Summer resort area, provides a connecting waterway for vessels traveling from the Atlantic Ocean to the Great Peconic Bay. It also serves as part of the Inland Waterway extending from the Atlantic Beach Inlet in western Nassau County, to Block Island Sound. Without the Shinnecock Canal, boats from the south would have to travel all the way to Montauk Point in East Hampton before turning north. The Shinnecock Canal locks are Long Island's only operating navigational lock system.

Southampton's communities of East Quogue, Flanders, Hampton Bays, Northampton, Quogue, Remsenburg, Riverside, Speonk, Westhampton, and part of Eastport lie on the west side of the Shinnecock Canal. The communities of Bridgehampton, North Sea, Noyac, Sag Harbor, Shinnecock Hills, Tuckahoe, Water Mill, and the unincorporated area of Southampton lie on the east side of the Shinnecock Canal.

In addition to the seven incorporated villages in the Town of Southampton, there are two special populations: the Suffolk County Correctional Facility located in Riverside and the Shinnecock Nation, a federal-recognized tribe residing on a reservation situated in Shinnecock Hills. The Shinnecock Nation is self-governing; however, the Town Clerk of the Town of Southampton presides over elections for tribal trustees.

Town Government

The Town was established in 1801. Subject to the provisions of the New York 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, who is the presiding officer and chief executive officer of the Town. The four Councilpersons are elected for a four-year term and the Supervisor is elected for a two-year term. The position of Councilperson and Supervisor can only be held for a maximum of eight years under a local law imposing term limits. The terms of the Town Councilpersons are staggered such that two are elected every two years.

The Supervisor is the chief fiscal officer and the budget officer of the Town. Additional elected Town officers are 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), four Town Justices (elected at large for a four-year term), and five Town Trustees (elected at large for a two-year term). The Town Trustees is a separate political body representing the Freeholders and Commonality of Southampton Township and rights conferred under the Dongan Patent over 370 years ago. The Town Trustees oversee matters related to the Town's waterways, creeks, ponds, and bay bottoms, including the construction of docks.

In addition, there are several administrative positions appointed by the Town Board including the Town Comptroller (for a two-year term), the Town Attorney (for a two-year term) and the Assessor (for a seven-year term). The Supervisor appoints a Deputy Supervisor, who serves in absence of the Supervisor, but has no voting powers when presiding at a Town Board meeting.

The Supervisor prepares a tentative budget each year that becomes the preliminary budget upon the scheduling of a public hearing thereon. After the public hearing, revisions, if any, are made and the budget is then adopted by the Town Board as its final budget for the coming fiscal year. The budget for the 2021 fiscal year of the Town was adopted by the Town Board in November 2020.

Although a Tentative Capital Program is presented by the Supervisor with the Tentative Annual Operating Budget on or before September 30th of each year, the Town adopts the Capital Program on or before November 20th of the preceding year, which coincides with the Annual Operating Budget process. The 2020-2024 Capital Program was adopted by the Town Board on November 20, 2019.

Thirteen independently governed school districts are located wholly or partially within the Town. There are nine independently governed fire districts located wholly or partially within the Town. Those school districts and fire districts rely on their own taxing powers granted by the State to raise revenues to support operating budgets and capital programs. The school districts and fire districts use the Town's assessment roll as their basis for taxation of property located within the Town. The Town of Southampton collects the taxes for the various school districts, fire districts and other special districts. Incorporated villages are independently governed and collect village taxes through their respective Village Clerk/Treasurers in addition to the property taxes collected by the Town for Town, County, and the various special districts.

Property taxes for the Town, together with the County, fire district and school district taxes, are collected by the Town Tax Receiver on a single tax bill. The taxes become a lien on December 1 and are payable in two equal payments without penalty by January 10th and May 31st, respectively. Penalties are imposed thereafter at the rate of 1% per month from the date such taxes are due (January 10th) and payable, and 10% after May 31st. The Tax Receiver distributes the collected tax money to the Town, fire districts and school districts prior to distributing the balance to the County. Uncollected amounts are not segregated by the Tax Receiver and any deficiency in tax collection is the County's responsibility. The Town thereby is assured of full tax collection.

Town of Southampton Credit Rating

The Town's Bond rating according to Standard & Poor's, was AAA. The Town's Bond rating according to Moody's Investors Service was Aaa. This commanding economic condition will allow the Town to continue to borrow at low interest rates for present and future projects.

The Town's strong bond rating (the highest rating on the Standard and Poor's and Moody's scale) allowed the Town to refinance existing debt and reduce future debt service interest on bonds. The rating has allowed the Town to establish an aggressive pay down strategy for all remaining debt. Equally significant is the strict control on new borrowing, a practice the Town's administration introduced and has resulted in a measurable decrease in debt service over each of the past 5 years, and will continue into 2021. The decrease in borrowing, favorable interest rates, and aggressive treasury management have resulted in a significant cost reduction for the Town and the taxpayer.

Economic Conditions and Outlook

The Town of Southampton enjoys a strong financial condition due to many years of sound fiscal management of Town resources.

The Town's budgets controlled spending, adhered to sound budgeting practices, reduced staffing, included new health benefit contributions from employees, and in many areas, reorganized and restructured for greater efficiency. The Town is now beginning to realize the full measure of these steps that were taken, and because of this, is now budgeting from a position of financial strength and stability, rather than from one of weakness and uncertainty. The Town is also beginning to see the benefit of a continuing stabilizing economy.

Due to the increasing demand for Town services, the Town's objective going forward is for the workforce to be commensurate with demand, particularly in public safety and maintenance of park facilities. The 2021 budget continues to ensure that those positions are financed and are adequate with the needs of the Town.

The Director of Public Safety is managing and optimizing the resources within four existing divisions - code enforcement, fire marshal, animal control and emergency preparedness. The Director has the overall responsibility of coordinating and managing emergency operations service, which are vital to public safety, especially during weather related emergencies.

The Director of the Office of Housing and Community Development is housed within the Department of Land Management and is responsible for the administration of several existing programs, including the buyer benefit program, and the Community Development Block Grant program (funded by the U.S. Department of Housing and Urban Development). Housing congestion in various parts of the Town is a quality of life issue which cannot be addressed by enforcement alone. The Director position will help foster and develop affordable housing opportunities within the Town of Southampton.

The practice of aggressive treasury management and strategic use of accrued savings have allowed the Town to pay down a significant portion of some of the most expensive borrowing undertaken in years. This practice builds on the principal of combining the ability to refund (the financial term for refinancing existing debt at lower rates), while applying improved fund balance because of stringent cost controls, and paying down debt in advance. This combined discipline has significantly reduced the cost of borrowing to the Town through both lower overall interest rates and reduction of the actual amount of outstanding debt.

Another strategy for limiting borrowing has been the institution of a "Pay-As-You-Go" policy, or a policy continued and sustained in this budget. It is a very important financial management tool, and moving the Town away from poorly conceived prior borrowing habits. The Town has eliminated the practice of using capital borrowing for employee salaries and short-lived capital assets, such as vehicles and computers. The "Pay-As-You-Go" fund has transferred expenses from capital borrowing and made those expenses components of the operating budget. As unanticipated needs arise, having a "Pay-As-You-Go" fund available to address various needs allows for flexibility without the necessity of cutting projects, depleting fund balance, or taking on additional borrowing.

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. On November 10, 2015, Town Law 64-e was amended pursuant to Chapter 551 of the Laws of 2015, extending the effective date of the Community Preservation Fund Real Estate Transfer Tax until December 31, 2050. Since the Fund's inception, over 4,700 acres of land have been acquired and preserved in Southampton alone. As of December 31, 2020, the Fund's fund balance totaled \$87,812,823.

Residents of the Town voted, to approve the use of Community Presentation Fund proceeds for water quality improvement projects. 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 project cost and how the project would improve existing water quality.

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.

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 and may substantially increase as certain requirements imposed on the Town by New York State or Federal regulations relating to its disposal of solid waste cause capital expenditures to be necessary.

The Town Board authorized the implementation of an easy to use informative website (www.southamptontownny.gov) that is reflective of the offerings and activities of the Town. This website offers information about the Town government and a comprehensive listing of the numerous services provided by the various Town of Southampton departments. As well as basic contact information for all Town Departments, the site provides answers to frequently asked questions and a narrative about each individual area. The site provides information on current events and news articles, up-coming purchasing bids, scheduled meetings and many other public interest activities. In addition, there is a community calendar of Town-wide events and public meetings, information regarding the elected officials with direct e-mail links to both the officials and individual departments.

Major Economic Development Initiatives

With the Town's operation house in good order, we can now more aggressively address our Town infrastructure including:

- Roads
- Drainage and storm water management
- Town Hall facilities
- Multiple Town structures located at the Jackson Avenue complex
- Trustee-owned bulkheads and piers

In addition to the infrastructure projects mentioned above, the Town will also be performing improvements to:

- Beach pavilions
- Town recreational facilities
- The Hampton Bays Community Center
- Information technology and security
- Dredging projects at Town marinas

Addressing these needs now is critical. Left unaddressed, these important infrastructure components represent a significant economic risk as repair and replacement costs due to normal wear and tear can hamper productivity, limit community access to recreational facilities, and burden our budget in ways inconsistent with the sound financial management practices we have put in place.

In addition, a number of these infrastructure projects address the need for Town facilities to be more resilient. Storms, during both winter and summer, take a huge toll on facilities, roads and buildings, and it bears noting that we have suffered no less than five named storms both winter and tropical in the last six years. Embedding more resiliency into our infrastructure, equates to fiscal responsibility.

Town Financial Information

Pursuant to Town Law 20.3(b), the Town Board established the Office of the Town Comptroller and assigned certain financial responsibilities to this office pursuant to Town Law 34, which include the administration and direction of the following divisions: Budget and Finance, Audit and Control, Payroll and Purchasing, as well as management of Town information systems. During 2012, the Town Board enacted Town Code Chapter 72 to codify the powers and duties granted to the Town Comptroller pursuant to New York State law, as well as the powers and duties delegated to the Town Comptroller by the Town Board.

Financial Policies

- Investment Policy - The Town's policy, was updated and adopted on February 11, 2014 and amended on April 14, 2015, and is consistent with the guidelines promulgated by the New York State Office of the State Comptroller, which the Town Board adopts each year.
- Capital Asset Policy - The Town adopted a Capital Asset Policy ("Asset Management Policy") in 2003, which formalizes the responsibility and reporting guidelines for all Town assets. This policy is detailed in the notes to the financial statements. The policy was updated and adopted on February 11, 2014.
- Debt Management Policy - The Debt Management Policy was implemented in 2004, and is detailed in the Management Discussion and Analysis section of these financial statements. The policy was updated and adopted on February 24, 2009.
- Fund Balance Policy - The Town of Southampton was one of the first towns on Long Island to adopt a Fund Balance Policy, which has become the model for other Town Boards. Such policy was adopted in 2005. The details of this policy can also be found in the Management's Discussion and Analysis section. Town Board enacted a Local Law (No. 6), in recognition of sound fiscal policy and to stabilize and preserve the current credit rating of the Town. The Town Board affirms its commitment 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 respective ensuing year's operating budget. Such fund balance will be inclusive of the reserve for tax stabilization purposes pursuant to Chapter 8 of the Town Code. For special districts and the part-town operating funds, the Town Board maintains unallocated fund balance of 7% of the total ensuing year's operating threshold. As a result, the Town's Fund Balance policy has been codified in Chapter 8 Budget by resolution 2015-195 on February 10, 2015 and follows and conforms to GASB Statement Number 54.
- Capital Program Policy - The Town adopted a Capital Program Policy during 2012 and it consists of a plan of capital projects proposed to be undertaken during a six-year period, the priority of their implementation, the estimated cost thereof, and proposed method of financing.
- Debt Reduction Policy - The Town adopted a Debt Reduction Policy during 2017 and it requires at least 75% of the difference between the prior years adopted budget projections and the actual fund balance reported, will be used to offset capital project borrowing in the current fiscal year. The allocation will be made by Town Board resolution, only within the fund from which the surplus fund balance originated. The status must be reported to the Town Board no later than March 31st of each year. The adoption of this amendment will help the Town utilize their surplus and help lower future costs to taxpayers.

Awards

The GFOA of the United States and Canada awarded the Certificate of Achievement for Excellence in Financial Reporting to the Town for its comprehensive annual financial report for the past seven years (2012 through 2019). To be awarded a Certificate of Achievement, a government must publish an easily readable and effectively organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable reporting requirements.

A Certificate of Achievement is valid for a period of one year only. I believe our current comprehensive annual financial report will meet the Certificate of Achievement Program's requirements and I am submitting it to the GFOA to determine its eligibility for the certificate.

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

Finally, I would like to thank the Supervisor and the members of the Town Board and Audit Advisory Committee for their continued leadership and support in planning and conducting the financial operations of the Town of Southampton in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'L. Marchese', with a long horizontal flourish extending to the right.

Leonard J. Marchese, MBA, CPA
Comptroller, Town of Southampton



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

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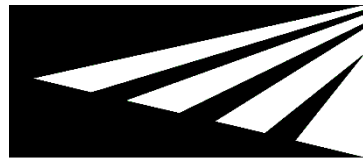
**Town of Southampton
New York**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2019

Christopher P. Morill

Executive Director/CEO



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, 2020, 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, 2020, 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 3, as well as Management's Discussion and Analysis ("MD&A"), in 2020 the Town adopted Governmental Accounting Standards Board ("GASB") Statement No. 84, *Fiduciary Activities*. The adoption of this statement was applied prospectively. 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 102-115 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 June 9, 2021, 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
June 9, 2021



REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**TOWN OF SOUTHAMPTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

The following is a discussion and analysis of the Town of Southampton's (the "Town") financial performance for the year ended December 31, 2020. 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 \$918,099,611 (net position). This consists of \$1,131,754,027 invested in capital assets (net of related debt), \$123,704,673 restricted for specific purposes, offset by a deficit unrestricted portion of \$337,359,089.
- The Town's primary government net position decreased \$13,696,710 in 2020 compared to an increase of \$27,073,650 in 2019.
- The Town's total bonded indebtedness increased \$4,470,928 and governmental fund expenditures related to debt service (principal and interest) decreased \$25,068,605 from fiscal year ended December 31, 2019, as the Town paid debt related to the Community Preservation Fund during fiscal 2019. The Town expects future debt service 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 \$3,980,556 as compared to a decrease of \$2,141,100 in 2019. The increase in the change in fund balance is primarily related to increased real property taxes and decreased general government expenditures and transfers out. A detailed analysis of these changes can be found later in this section.
- The Town's total business-type activities (proprietary funds) reported an operating deficit of \$418,016 in 2020. This is a decrease of \$444,557 compared to 2019.
- The General Fund fund balance increased \$3,864,042 to \$27,574,041 of which \$2,321,326 was nonspendable, \$4,931,971 was restricted, \$1,281,953 was assigned, and \$19,038,791 was unassigned.
- As described in Note 3 to the financial statements, "Change in Accounting Principle", the Town has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, for the year ended December 31, 2020. The adoption of these principles did not result in a restatement of net position and were applied prospectively.

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).

**TOWN OF SOUTHAMPTON
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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).

**TOWN OF SOUTHAMPTON
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

- *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, 2020 were approximately \$1.5 billion. Total liabilities and deferred inflows of resources were \$544.8 million. The result is a net position of \$918.1 million, a decrease of \$13.7 million over the prior year.

- Working capital of \$175.3 million on December 31, 2020 compared with the December 31, 2019 working capital of \$133.6 million, increased primarily due to a \$36.6 million increase in cash.
- Net investment in capital assets of \$1.1 billion (consistent with 2019) increased slightly due to capital outlay exceeding current year depreciation charges and scheduled debt service payments.
- The Town's restricted net position increased \$26.4 million. This classification represents assets subject to external restrictions. The increase is mainly due to increases in restricted net position for community preservation operations and the Capital Projects Fund.
- The Town reported a decrease in deferred outflows of resources. The decrease is the result of changes of assumptions or other inputs related to the net pension liability and total OPEB liability (see Note 10 and Note 12 to financial statements for more information).

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Assets:						
Current assets	\$ 201,602,398	\$ 152,904,510	\$ 2,415,527	\$ 2,782,524	\$ 204,017,925	\$ 155,687,034
Capital assets, net	1,197,429,702	1,150,579,649	24,291,222	25,180,972	1,221,720,924	1,175,760,621
Total assets	\$ 1,399,032,100	\$ 1,303,484,159	\$ 26,706,749	\$ 27,963,496	\$ 1,425,738,849	\$ 1,331,447,655
Deferred outflows of resources	\$ 36,373,670	\$ 85,611,065	\$ 797,064	\$ 274,740	\$ 37,170,734	\$ 85,885,805
Liabilities:						
Current liabilities	\$ 28,360,489	\$ 20,898,860	\$ 377,203	\$ 1,205,658	\$ 28,737,692	\$ 22,104,518
Long-term liabilities	473,606,245	435,649,527	7,170,635	6,965,236	480,776,880	442,614,763
Total liabilities	\$ 501,966,734	\$ 456,548,387	\$ 7,547,838	\$ 8,170,894	\$ 509,514,572	\$ 464,719,281
Deferred inflows of resources	\$ 35,098,872	\$ 20,592,506	\$ 196,528	\$ 225,352	\$ 35,295,400	\$ 20,817,858
Net position:						
Net investment in capital assets	\$ 1,114,477,555	\$ 1,072,785,231	\$ 17,276,472	\$ 17,491,678	\$ 1,131,754,027	\$ 1,090,276,909
Restricted	123,683,554	97,261,664	21,119	29,141	123,704,673	97,290,805
Unrestricted	(339,820,945)	(258,092,564)	2,461,856	2,321,171	(337,359,089)	(255,771,393)
Total net position	\$ 898,340,164	\$ 911,954,331	\$ 19,759,447	\$ 19,841,990	\$ 918,099,611	\$ 931,796,321

**TOWN OF SOUTHAMPTON
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Change in Net Position

The Town's program revenues for the year ended December 31, 2020 were \$110.0 million, an increase of \$38.6 million from 2019, primarily related to an increases in operating grants and contributions. General revenues of \$94.8 million increased \$2.9 million from the prior year. Total combined revenues for 2020 were \$204.8 million, an increase of \$41.5 million from 2019. Expenses for the year ended December 31, 2020 were \$218.5 million reflecting an increase of \$82.3 million compared to 2019, which is primarily related to increases in General Governmental Support and Public Safety. This resulted in a decrease in net position for the year ended December 31, 2020 of approximately \$13.7 million. The table below outlines a comparison of revenues and expenses for the Primary Government for the years ended December 31, 2020 and 2019:

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

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Program revenues:						
Charges for services, fees, fines and forfeitures	\$ 10,560,150	\$ 11,685,664	\$ 4,968,072	\$ 4,690,149	\$ 15,528,222	\$ 16,375,813
Operating grants and contributions	91,437,014	52,995,032	-	44,676	91,437,014	53,039,708
Capital grants and contributions	3,013,269	1,951,601	-	-	3,013,269	1,951,601
Total program revenues	105,010,433	66,632,297	4,968,072	4,734,825	109,978,505	71,367,122
General revenues:						
Real property taxes	78,854,431	76,352,093	852,446	510,713	79,706,877	76,862,806
Other real property tax items	695,890	702,499	-	-	695,890	702,499
Non-property tax items	1,828,755	1,866,166	-	-	1,828,755	1,866,166
Interest earnings	1,643,671	4,226,810	18,183	31,624	1,661,854	4,258,434
State aid - unrestricted	10,887,075	7,866,061	-	-	10,887,075	7,866,061
Sale of property and compensation for loss	1,044	336,038	-	-	1,044	336,038
Total general revenues	93,910,866	91,349,667	870,629	542,337	94,781,495	91,892,004
Total revenues	198,921,299	157,981,964	5,838,701	5,277,162	204,760,000	163,259,126
Program expenses:						
General governmental support	55,136,934	30,307,541	-	-	55,136,934	30,307,541
Public safety	91,488,792	54,633,234	-	-	91,488,792	54,633,234
Health	3,386,562	3,339,280	-	-	3,386,562	3,339,280
Transportation	19,964,059	11,372,242	-	-	19,964,059	11,372,242
Economic assistance and opportunity	10,568,889	6,218,747	-	-	10,568,889	6,218,747
Culture and recreation	9,046,707	6,291,551	-	-	9,046,707	6,291,551
Home and community services	21,370,139	16,974,727	-	-	21,370,139	16,974,727
Interest on debt	1,919,384	2,169,437	-	-	1,919,384	2,169,437
Beaches and marinas	-	-	2,587,967	2,179,018	2,587,967	2,179,018
Waste management	-	-	2,903,018	2,598,622	2,903,018	2,598,622
Golf course	-	-	84,259	101,077	84,259	101,077
Total expenses	212,881,466	131,306,759	5,575,244	4,878,717	218,456,710	136,185,476
Excess before transfers	(13,960,167)	26,675,205	263,457	398,445	(13,696,710)	27,073,650
Interfund transfers	346,000	300,000	(346,000)	(300,000)	-	-
Change in net position	(13,614,167)	26,975,205	(82,543)	98,445	(13,696,710)	27,073,650
Total net position, beginning of year	911,954,331	884,979,126	19,841,990	19,743,545	931,796,321	904,722,671
Total net position, end of year	\$ 898,340,164	\$ 911,954,331	\$ 19,759,447	\$ 19,841,990	\$ 918,099,611	\$ 931,796,321

Governmental Activities

Revenues for the Town's governmental activities increased \$40.9 million, or 25.9%. Program revenues totaling \$105.0 million accounted for 52.9% of total governmental activities revenue, and increased \$38.4 million primarily due to an increase in operating grants and contributions. General revenues, which includes revenue from property taxes and other tax items, totaled \$93.9 million, or 47.1% of total revenues, and increased by \$2.6 million mainly as a result of a budgeted increase in property tax revenue and increased state aid, offset by decreased interest earnings.

**TOWN OF SOUTHAMPTON
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

- Charges for services, fees, fines and forfeitures decreased \$1.1 million, as a result of decreased revenue from various Town issued licenses and permits, as well as general decreases in departmental income, all due to decreased activity resulting from the COVID-19 pandemic. 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 increased \$38.4 million mainly as a result of increased 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 increased \$1.1 million primarily as a result of increased grant revenues for ongoing capital projects related to various capital projects.

Expenses for the Town's governmental activities on the full accrual basis of accounting increased \$81.6 million, or 62.1%. Expenses relating to general governmental support, public safety, transportation and home and community services totaled \$188.0 million and accounted for 88.3% of total expenses.

- General governmental support and public safety reported the majority of the increase, totaling \$61.7 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 \$212.9 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 \$78.9 million, because some of the cost was paid by those who directly benefited from the programs (\$10.6 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$94.5 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).

	Total Cost of Services		Program Revenues		Net (Cost) of Services	
	2020	2019	2020	2019	2020	2019
General governmental support	\$ 55,136,934	\$ 30,307,541	\$ 82,366,383	\$ 44,447,750	\$ 27,229,449	\$ 14,140,209
Public safety	91,488,792	54,633,234	5,239,110	5,564,767	(86,249,682)	(49,068,467)
Health	3,386,562	3,339,280	-	-	(3,386,562)	(3,339,280)
Transportation	19,964,059	11,372,242	2,520,560	2,972,524	(17,443,499)	(8,399,718)
Economic assistance and opportunity	10,568,889	6,218,747	1,953,569	1,511,702	(8,615,320)	(4,707,045)
Culture and recreation	9,046,707	6,291,551	1,585,601	1,000,197	(7,461,106)	(5,291,354)
Home and community services	21,370,139	16,974,727	11,345,210	11,135,357	(10,024,929)	(5,839,370)
Interest on debt	1,919,384	2,169,437	-	-	(1,919,384)	(2,169,437)
	<u>\$ 212,881,466</u>	<u>\$ 131,306,759</u>	<u>\$ 105,010,433</u>	<u>\$ 66,632,297</u>	<u>\$ (107,871,033)</u>	<u>\$ (64,674,462)</u>

**TOWN OF SOUTHAMPTON
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Table 4: Sources of Revenues for Fiscal Year 2020 - Governmental Activities

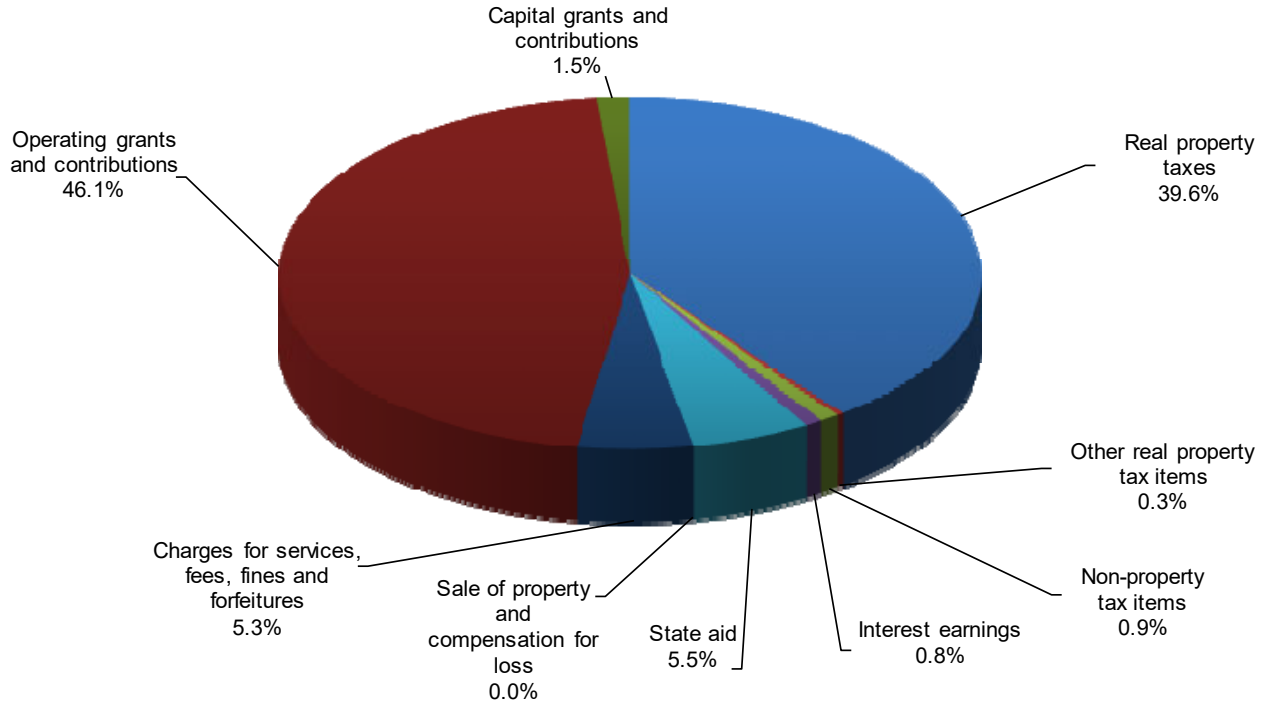
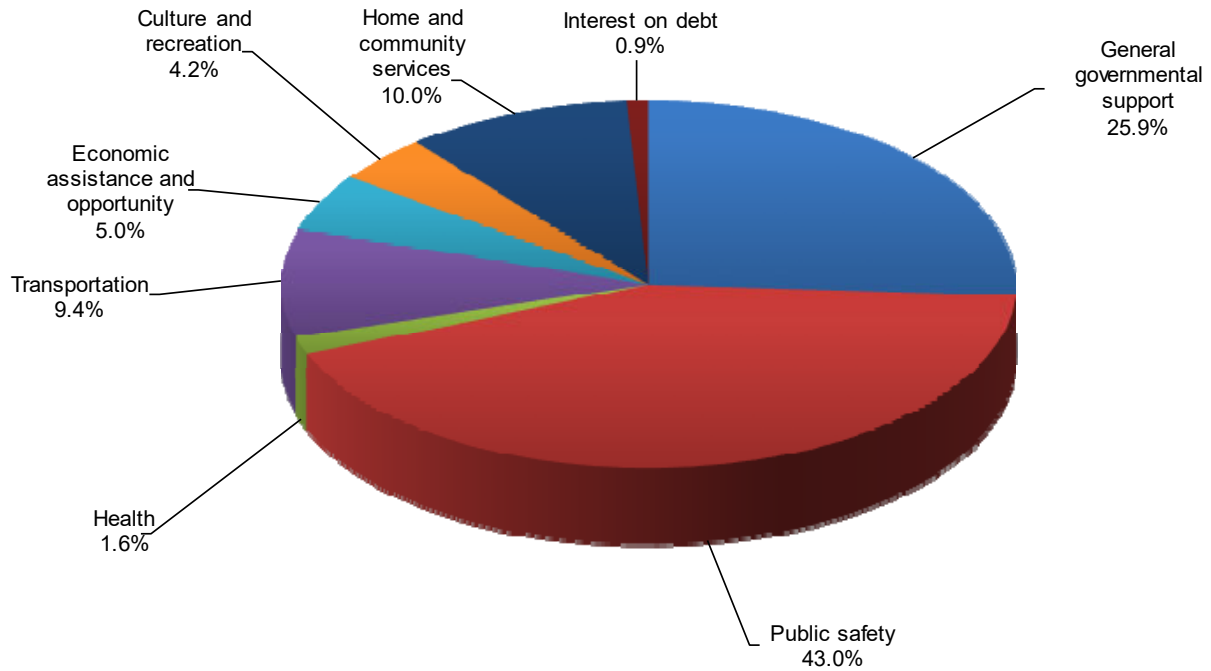


Table 5: Expenses for Fiscal Year 2020 - Governmental Activities



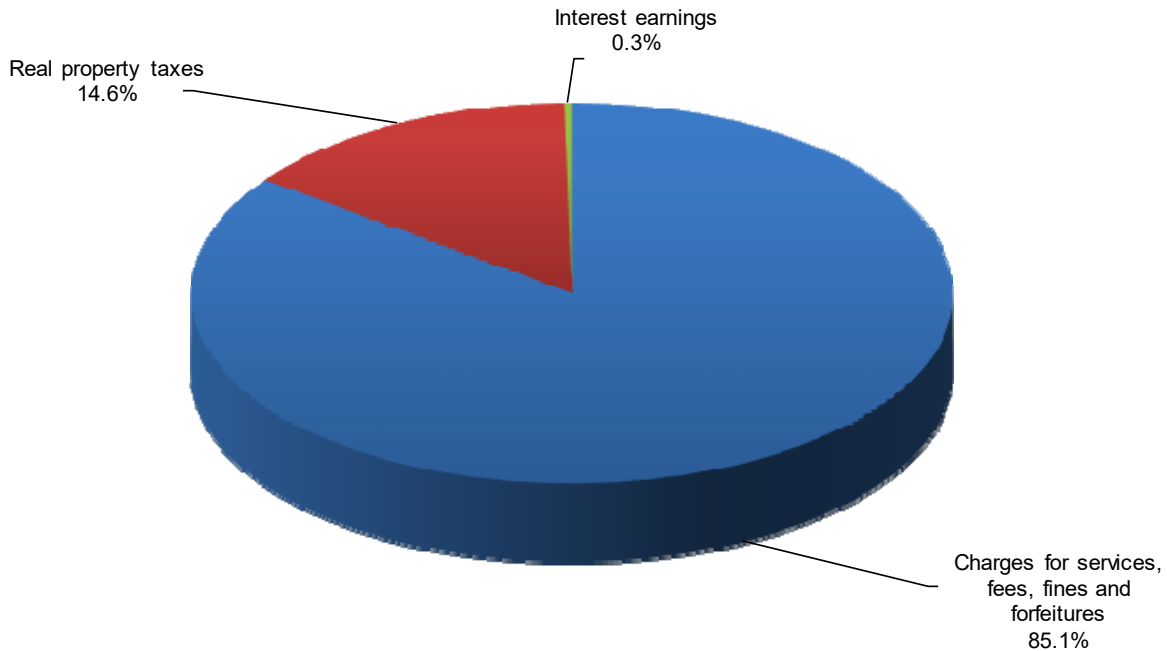
**TOWN OF SOUTHAMPTON
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Business-Type Activities

The Town's total program revenues from business-type activities increased by \$233,247 or 4.9% from 2019. Some significant year-end financial data relating to these entities are highlighted as follows:

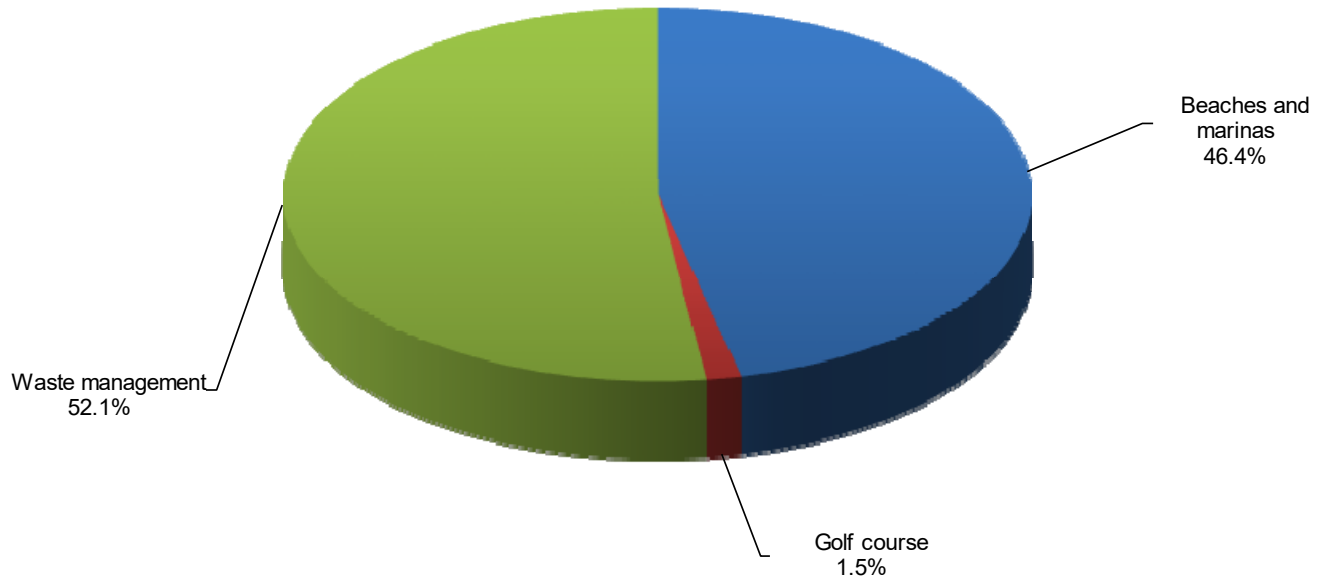
- Operating revenues in the Beaches and Marinas Fund totaled \$2.3 million in 2020 which is an increase of \$87,209 from 2019. The fund decreased net position by \$339,954, as compared to an increase of \$56,105 in 2019. Non-operating activity decreased \$70,252, as a result of a decrease in grant revenue and increased transfers out. The Fund's ending net position was approximately \$10.9 million (see page 37).
- Operating revenue in the Waste Management Fund totaled \$2.4 million in 2020 which is an increase of \$175,151 from 2019. The increase is the result of increased landfill usage. Net position increased \$279,269 in 2020. Non-operating activity resulted in an increase of \$310,791, compared to an increase of \$456,611 in 2019. The variance is the result of increased real property taxes in 2020. The Fund's ending net position was approximately \$2.7 million (see page 37).
- The Poxabogue Golf Course Fund decreased net position by \$21,858 in 2020. Operating revenues increased by \$15,563. The Town's expenses decreased \$16,818. Non-operating activity decreased \$30,052 due to increased transfers out. 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 2020 was approximately \$6.1 million (see page 37).

Table 6: Sources of Revenues for Fiscal Year 2020 - Business-Type Activities



**TOWN OF SOUTHAMPTON
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Table 7: Expenses for Fiscal Year 2020 - Business-Type Activities



FINANCIAL ANALYSIS OF CERTAIN TOWN GOVERNMENTAL FUNDS

Governmental Funds

General Fund assets increased \$7.4 million mainly as a result of an increase in cash and cash equivalents of \$6.8 million. The increase in cash and cash equivalents is due partly to 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 \$3.9 million, compared to an increase in 2019 of \$545,679. Revenues increased \$2.6 million driven by a budgeted increase in real property taxes. Expenditures increased by \$9,383 from 2019 with increases in general government support, economic assistance and opportunity and employee benefits, offset by decreases in public safety, transportation and culture and recreation. Total other financing sources increased \$766,108 resulting from less transfers out.

The General Fund's spendable fund balance consists of \$19.0 million in unassigned funds, restricted reserves of \$4.9 million, and \$1.3 million in assigned fund balance, which combined, represents 62.1% 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.

The Town's share of assets in the Police District Fund increased \$2.1 million, primarily due to an increase in cash and cash equivalents of \$2.2 million, offset by decreased prepaid expenses. Liabilities increased \$89,041 due to an increase in accrued liabilities.

The Police District Fund fund balance decreased \$680,387 as a result of increased expenditures. Expenditures increased \$869,171 and is mostly related to increased personnel costs and public safety equipment necessary due to the pandemic.

The Town Outside Village Fund assets decreased \$1.2 million mainly driven by a decrease in cash and cash equivalents.

**TOWN OF SOUTHAMPTON
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

The Town Outside Village Fund recorded a decrease in fund balance of \$1.6 million. Revenues decreased \$804,174 due to decreases in current year revenues from departmental income and licenses and permits. Expenditures increased \$11,961 mostly due to personnel costs and related employee benefits expenditures.

The Highway Fund assets increased \$2,988,374 due to an increase in cash and cash equivalents. The increase in cash and cash equivalents is the result of early collections of next year's taxes and the operating results of the fund. Liabilities in the Highway Fund increased by \$118,275 as a result of timing of payments made near year-end for road maintenance and construction.

Highway Fund revenues decreased \$15,730 mainly due to a decrease in state aid, offset by the budgeted increase in real property taxes. Expenditures decreased \$736,421 and is the result reduced activity and expenditures due to the COVID-19 pandemic.

Public Safety Communications Fund assets increased \$290,104. The increase is driven by an increase in cash and cash equivalents offset by a decrease in state and federal aid receivables.

Revenues in the Public Safety Communications Fund were generally consistent with the prior year. Expenditures increased \$69,063, mainly as a result of increased public safety expenditures

Capital outlay totaled \$18.9 million in 2020, which is a decrease of \$6.3 million from 2019. The Town issued public improvement serial bonds totaling \$17.5 million, which will be paid for by governmental funds. Capital Projects Fund revenues increased \$1.1 million mainly as a result of increased State and federal grants. Cash restricted for capital improvements totaled \$39.8 million in 2020. Total liabilities increased \$4.5 million as a result of increases in accounts payable and due to other funds due to timing of payments related to ongoing projects.

In the Community Preservation Fund, fund balance increased by \$17.2 million. Community Preservation Fund revenues increased \$36.9 million due to increased real estate transfer taxes. Expenditures decreased \$5.6 million as a result of decreased debt service payments, offset by increases in land purchases and development rights. In 2019, the Community Preservation Fund purchased \$27.6 million in land and development rights, and in 2020 the fund purchased \$48.7 million in land and development rights. Total fund balance restricted for the Community Preservation Fund operations was \$87.8 million.

Total assets in the non-major governmental funds were \$14.8 million in 2020 which is \$2.3 million higher than 2019. The increase is due to an increase in cash and cash equivalents as a result of operating results and an increase in property taxes paid in advance.

At December 31, 2020, the Town's governmental funds had a combined fund balance of \$161.2 million, which is an increase of \$30.3 million from the previous year. Fund balances for the Town's governmental funds for the past two years were as follows:

Table 8:		
Fund Balances		
As of December 31,		
<u>Governmental Funds:</u>	<u>2020</u>	<u>2019</u>
General Fund	\$ 27,574,041	\$ 23,709,999
Police District Fund	2,069,073	2,749,460
Town Outside Village Fund	591,301	2,210,937
Highway Fund	5,620,277	4,174,492
Public Safety Communications Fund	980,306	976,915
Capital Projects Fund	27,207,735	18,157,083
Community Preservation Fund	87,812,823	70,574,363
Non-Major Governmental Funds	9,335,355	8,367,994
Total fund balances	<u>\$ 161,190,911</u>	<u>\$ 130,921,243</u>

**TOWN OF SOUTHAMPTON
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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:

Table 9:				
General Fund Budget				
For the Year Ended December 31, 2020				
	<u>Budgeted Amounts</u>		<u>Actual Including Encumbrances</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Revised</u>		
Revenues	\$ 43,816,152	\$ 43,816,152	\$ 44,105,647	\$ 289,495
Expenditures	44,772,152	45,250,369	40,711,848	4,538,521
Other financing sources (uses)	<u>956,000</u>	<u>1,434,217</u>	<u>438,290</u>	<u>(995,927)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,832,089</u>	<u>\$ 3,832,089</u>

Overall the General Fund performed better than anticipated. The performance was driven by higher than anticipated total revenues of \$289,495, and a savings in expenditures of \$4.5 million. The Town originally appropriated \$600,000 of fund balance, but performed better by \$3.8 million. Some highlights include:

- Revenues from departmental income were \$267,531 lower than anticipated.
- Revenues from interest and earnings were \$374,683 lower than anticipated.
- Revenues from fines and forfeitures were \$276,393 lower than anticipated.
- Revenues from State aid were \$1.2 million higher than anticipated.
- General governmental support expenditures were less than anticipated by \$1.6 million.
- Public safety expenditures were less than anticipated by \$588,422.
- Culture and recreation expenditures were less than anticipated by \$622,178.
- Employee benefit expenditures were less than anticipated by \$1.1 million.

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 2020, the Town had \$1.2 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 2020 capital budget included the continuation of funding for infrastructure improvements. Of the \$21.0 million capital spending plan in 2020, \$3.4 million was dedicated to the reconstruction of roads, bridges, and drainage improvement projects, \$2.4 million was dedicated to municipal works projects, \$1.0 million was dedicated to parks and recreation and other revitalization programs, \$6.0 million was dedicated to infrastructure updates at the Hampton Bays Water District, 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.

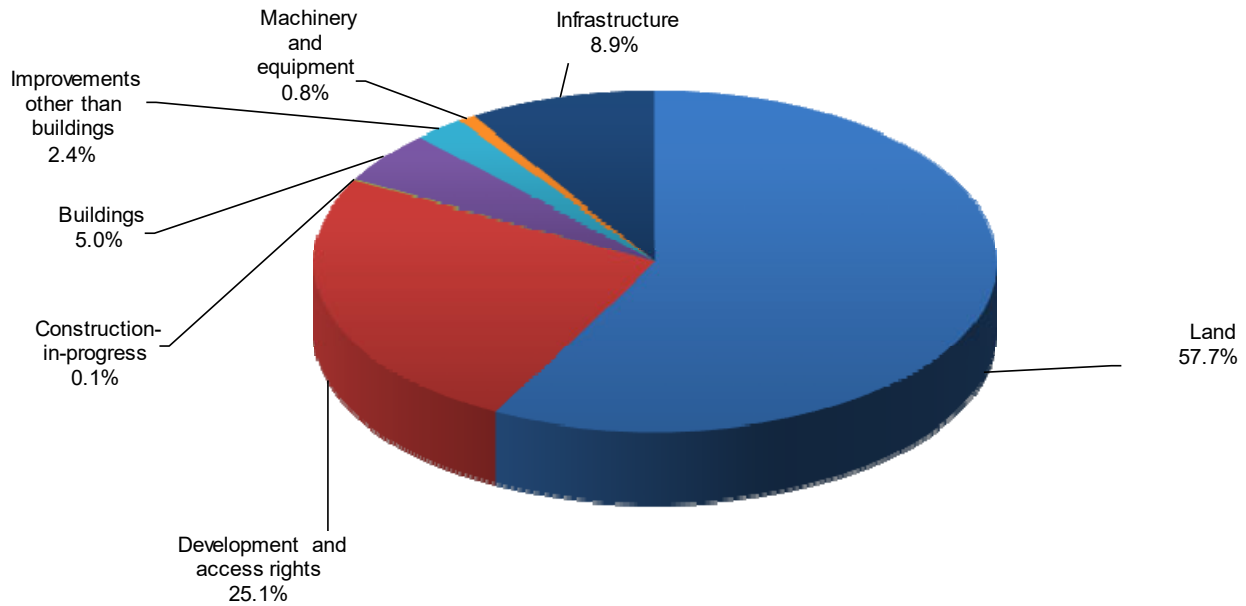
**TOWN OF SOUTHAMPTON
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Table 10:

Capital Assets
As of December 31,

	2020	2019
Governmental Activities:		
Land	\$ 692,148,523	\$ 642,169,436
Development and access rights	307,121,737	306,624,454
Construction-in-progress	662,629	1,279,074
Buildings	54,864,605	50,944,856
Improvements other than buildings	25,374,379	26,949,866
Machinery and equipment	8,959,991	8,481,198
Infrastructure	108,297,838	114,130,765
Total	<u>\$ 1,197,429,702</u>	<u>\$ 1,150,579,649</u>
Business-type Activities:		
Land	\$ 13,329,090	\$ 13,329,090
Construction-in-progress	625	-
Buildings	5,859,209	6,191,554
Improvements other than buildings	3,748,631	4,165,456
Machinery and equipment	1,353,667	1,494,872
Total	<u>\$ 24,291,222</u>	<u>\$ 25,180,972</u>

Table 11: Capital Assets, Net for Fiscal Year 2020



**TOWN OF SOUTHAMPTON
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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 2020, the Town's governmental funds total debt service was approximately \$15.7 million, of which \$2.8 million was paid by the Community Preservation Fund, resulting in taxpayer supported debt service of approximately \$12.9 million. Governmental funds debt service expenditures including interest in 2020, excluding CPF, was 11.9% of operating expenditures.

The Town of Southampton's current outstanding bonded indebtedness was \$84.1 million at year-end, of which \$7.4 million to the Coastal Erosion District Fund, \$25.3 million related to highway improvements, \$8.9 million for the Hampton Bays Water District and the remaining \$42.5 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, 2020, the Town had exhausted 1.76% of its limit.

The Town has accrued a \$334.4 million obligation for other post-employment benefits in accordance with GASB Pronouncements on the Town-wide financial statements. Note 12 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, 523 full-time employees including 45 board members and approximately 145 part-time employees. The Town also employs approximately 340 part-time seasonal employees. The Civil Service Employees Association represents approximately 315 employees under a contract which expires on December 31, 2023. The Police Benevolent Association represents approximately 77 employees under a contract which expires December 31, 2023. The Superior Officers Association represents approximately 21 employees under a contract which expires December 31, 2023. 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 2021 budget, tax rates and fees to be charged for the business-type activities. The 2021 Adopted Operating Budget was primarily structurally balanced and the only funds with appropriated fund balance were the General Fund (\$1,250,000), Police District Fund (\$250,000), Highway Fund (\$425,000), Public Safety Communications Fund (\$150,000) and various Non-major Funds (\$649,975). 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 2021 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.

**TOWN OF SOUTHAMPTON
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Table 12:
Property Taxes, Five-Year Trend

As of May 31,	Total Tax Levy	To Town Supervisor	To County Treasurer	Uncollected Returned
2020	\$ 392,379,490	\$ 376,315,961	\$ -	\$ 16,063,529
2019	383,293,145	366,303,800	262,673	16,726,672
2018	365,499,537	351,045,759	564,875	13,888,903
2017	359,662,173	340,641,573	1,213,931	17,806,669
2016	350,518,343	326,724,516	-	23,793,827

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 2021 fiscal year, which takes into account inflation, prior period performance, and other economic factors. The 2021 budget includes an increase in the tax rate by nearly 2.5%. The taxable value of all properties in the Town is \$73.4 billion in 2020, compared to \$67.0 billion in 2019.

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 2021 adopted budget for the Beaches and Marina Fund projects revenue of \$2.5 million and an expense budget of \$2.6 million, calling for a use of net position of \$100,000. Revenue includes real property taxes of \$49,263 to help subsidize the cost of operations. The budget also includes expenditures for debt service principal and interest of \$510,531. Although the principal is not a fund level expense, this helps the Town predict cash flow for the year.
- The 2021 adopted budget for the Waste Management Fund anticipates similar performance as projected revenues are \$3.2 million and projected expenses are expected to be \$3.3 million. The deficiency will be funded by the use of net position of \$90,000. Similar to the Beaches and Marina Fund, the budget includes expenditures for debt service principal and interest of \$571,525.

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.
- 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.

**TOWN OF SOUTHAMPTON
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

- In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a pandemic. The extent of the impact of COVID-19 on the Town’s operational and financial performance, and cash flow needs will depend on certain developments, including the duration and spread of the outbreak, impact on revenues, employees and vendors, all of which are uncertain and cannot be predicted as of the date of these financial statements.

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, 2020**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Town of Southampton Housing Authority	Trustees of the Freeholders and Commonalty
ASSETS					
Cash and cash equivalents	\$ 48,452,061	\$ 2,286,090	\$ 50,738,151	\$ 477,673	\$ 1,143,308
Restricted cash	122,115,738	21,119	122,136,857	22,419	-
Accounts receivable	1,723,983	84,634	1,808,617	-	35,419
State and federal aid receivables	3,860,850	-	3,860,850	-	-
Due from other governments	21,075,467	-	21,075,467	11,915	-
Prepaid expenses	4,374,299	23,684	4,397,983	25,679	-
Tenant security deposits	-	-	-	16,697	-
Bond proceeds held by fiscal agent	-	-	-	117,364	-
Capital assets:					
Non-depreciable capital assets	999,932,889	13,329,715	1,013,262,604	887,734	-
Depreciable capital assets, net	197,496,813	10,961,507	208,458,320	2,631,800	-
Total assets	1,399,032,100	26,706,749	1,425,738,849	4,191,281	1,178,727
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge from refunding bonds	59,737	42,151	101,888	-	-
Pension related	35,466,573	754,913	36,221,486	-	-
LOSAP related	847,360	-	847,360	-	-
Total deferred outflows of resources	36,373,670	797,064	37,170,734	-	-
LIABILITIES					
Accounts payable	12,102,924	127,568	12,230,492	32,258	144,948
Accrued liabilities	630,547	-	630,547	31,420	-
Accrued interest payable	754,912	54,446	809,358	-	-
Internal (receivables) payables	756,232	(756,232)	-	-	-
Due to other governments	201,615	-	201,615	-	-
Unearned revenue	-	-	-	-	1,741
Noncurrent liabilities due within one year:					
General obligation bonds payable	11,831,728	941,421	12,773,149	75,000	-
Special assessment bonds with governmental commitment	64,455	-	64,455	-	-
Installment purchase debt payable	241,063	-	241,063	-	-
Note payable	-	-	-	150,000	-
Mortgage payable	-	-	-	335,000	-
Compensated absences	200,000	10,000	210,000	15,418	-
Judgments and claims payable	1,372,008	-	1,372,008	-	-
Retainages held	36,685	-	36,685	-	-
Estimated liability for landfill closure and post-closure care costs	168,320	-	168,320	-	-
Noncurrent liabilities due in more than one year:					
General obligation bonds payable, net	68,868,115	6,115,480	74,983,595	2,863,803	-
Special assessment bonds with governmental commitment	734,229	-	734,229	-	-
Installment purchase debt payable	1,272,294	-	1,272,294	-	-
Compensated absences	9,709,412	80,310	9,789,722	138,765	-
Retainages held	330,160	-	330,160	-	-
Judgments and claims payable	3,047,763	-	3,047,763	-	-
Net pension liability - proportionate share	46,069,404	974,845	47,044,249	-	-
Total pension liability - LOSAP	6,060,484	-	6,060,484	-	-
Total OPEB liability	334,360,174	-	334,360,174	-	-
Tenant security deposits	-	-	-	16,697	-
Estimated liability for landfill closure and post-closure care costs	3,154,210	-	3,154,210	-	-
Total liabilities	501,966,734	7,547,838	509,514,572	3,658,361	146,689
DEFERRED INFLOWS OF RESOURCES					
Property taxes received in advance	23,444,768	177,614	23,622,382	-	-
Pension related	1,556,247	18,914	1,575,161	-	-
LOSAP related	925,087	-	925,087	-	-
OPEB related	9,172,770	-	9,172,770	-	-
Total deferred inflows of resources	35,098,872	196,528	35,295,400	-	-
NET POSITION					
Net investment in capital assets	1,114,477,555	17,276,472	1,131,754,027	603,150	-
Restricted:					
Debt service	1,504,824	21,119	1,525,943	-	-
Tax stabilization	4,543,763	-	4,543,763	-	-
Capital projects	27,207,735	-	27,207,735	22,419	-
Community preservation operations	87,784,216	-	87,784,216	-	-
Community and park improvements	2,471,957	-	2,471,957	-	-
HUD grants	171,059	-	171,059	-	-
Unrestricted	(339,820,945)	2,461,856	(337,359,089)	(92,649)	1,032,038
Total net position	\$ 898,340,164	\$ 19,759,447	\$ 918,099,611	\$ 532,920	\$ 1,032,038

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

**TOWN OF SOUTHAMPTON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Revenues				Net Revenues (Expenses) and Changes in Net Position				
	Expenses	Charges for Services, Fees, Fines and Forfeitures	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Town of Southampton Housing Authority	Trustees of the Freeholders and Commonalty
Functions and programs:									
Primary Government -									
Governmental activities:									
General governmental support	\$ 55,136,934	\$ 671,948	\$ 81,694,435	\$ -	\$ 27,229,449	\$ -	\$ 27,229,449		
Public safety	91,488,792	1,718,263	3,520,847	-	(86,249,682)	-	(86,249,682)		
Health	3,386,562	-	-	-	(3,386,562)	-	(3,386,562)		
Transportation	19,964,059	1,363,705	201,610	955,245	(17,443,499)	-	(17,443,499)		
Economic assistance and opportunity	10,568,889	-	1,953,569	-	(8,615,320)	-	(8,615,320)		
Culture and recreation	9,046,707	20,900	742,165	822,536	(7,461,106)	-	(7,461,106)		
Home and community services	21,370,139	6,785,334	3,324,388	1,235,488	(10,024,929)	-	(10,024,929)		
Interest on debt	1,919,384	-	-	-	(1,919,384)	-	(1,919,384)		
Total governmental activities	<u>212,881,466</u>	<u>10,560,150</u>	<u>91,437,014</u>	<u>3,013,269</u>	<u>(107,871,033)</u>	<u>-</u>	<u>(107,871,033)</u>		
Business-type activities:									
Beaches and marinas	2,587,967	2,320,213	-	-	-	(267,754)	(267,754)		
Waste management	2,903,018	2,439,024	-	-	-	(463,994)	(463,994)		
Golf course	84,259	208,835	-	-	-	124,576	124,576		
Total business-type activities	<u>5,575,244</u>	<u>4,968,072</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(607,172)</u>	<u>(607,172)</u>		
Total primary government	<u>\$ 218,456,710</u>	<u>\$ 15,528,222</u>	<u>\$ 91,437,014</u>	<u>\$ 3,013,269</u>	<u>(107,871,033)</u>	<u>(607,172)</u>	<u>(108,478,205)</u>		
Component Units -									
Town of Southampton									
Housing Authority:									
Economic assistance and opportunity	\$ 974,193	\$ 250,725	\$ 751,274	\$ -			\$ 27,806		
Interest on debt	123,530	-	-	-			(123,530)		
Total housing authority	<u>\$ 1,097,723</u>	<u>\$ 250,725</u>	<u>\$ 751,274</u>	<u>\$ -</u>			<u>(95,724)</u>		
Trustees of the Freeholders and Commonalty:									
Home and community	<u>\$ 700,045</u>	<u>\$ 645,817</u>	<u>\$ -</u>	<u>\$ -</u>				<u>\$ (54,228)</u>	
General revenues:									
Real property taxes					78,854,431	852,446	79,706,877	-	-
Other real property tax items					695,890	-	695,890	-	-
Non-property tax items					1,828,755	-	1,828,755	-	-
Interest earnings					1,643,671	18,183	1,661,854	8	6,143
State aid - unrestricted					10,887,075	-	10,887,075	-	-
Sale of property and compensation for loss					1,044	-	1,044	-	-
Total general revenues					<u>93,910,866</u>	<u>870,629</u>	<u>94,781,495</u>	<u>8</u>	<u>6,143</u>
Excess of revenues over expenses before transfers					(13,960,167)	263,457	(13,696,710)	(95,716)	(48,085)
Interfund transfers					<u>346,000</u>	<u>(346,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position					(13,614,167)	(82,543)	(13,696,710)	(95,716)	(48,085)
Total net position, beginning of year					<u>911,954,331</u>	<u>19,841,990</u>	<u>931,796,321</u>	<u>628,636</u>	<u>1,080,123</u>
Total net position, end of year					<u>\$ 898,340,164</u>	<u>\$ 19,759,447</u>	<u>\$ 918,099,611</u>	<u>\$ 532,920</u>	<u>\$ 1,032,038</u>

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

**TOWN OF SOUTHAMPTON
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	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
ASSETS										
Cash and cash equivalents	\$ 20,542,180	\$ 8,002,814	\$ 930,804	\$ 8,821,069	\$ 1,617,487	\$ 8,537,707	\$ 48,452,061	\$ -	\$ -	\$ 48,452,061
Restricted cash	4,931,971	11,588	20,950	390,982	603	5,670,280	11,026,374	39,794,678	71,294,686	122,115,738
Accounts receivable	899,675	239,952	2,450	2,711	10,179	551,916	1,706,883	-	17,100	1,723,983
State and federal aid receivables	266,367	20,258	-	260,382	38,442	-	585,449	-	-	585,449
Due from other funds	7,966,108	10,321	531	278,635	-	2,449	8,258,044	-	-	8,258,044
Due from proprietary funds	1,164	-	-	-	-	-	1,164	-	-	1,164
Due from other governments	100,242	-	-	2,816	-	-	103,058	-	20,972,409	21,075,467
Prepaid items	2,321,326	1,336,884	230,644	273,356	121,643	61,839	4,345,692	-	28,607	4,374,299
Total assets	\$ 37,029,033	\$ 9,621,817	\$ 1,185,379	\$ 10,029,951	\$ 1,788,354	\$ 14,824,191	\$ 74,478,725	\$ 39,794,678	\$ 92,312,802	\$ 206,586,205
LIABILITIES										
Accounts payable	\$ 853,561	\$ 154,518	\$ 10,952	\$ 367,842	\$ 7,898	\$ 280,543	\$ 1,675,314	\$ 6,008,945	\$ 4,418,665	\$ 12,102,924
Accrued liabilities	180,824	180,630	6,391	25,527	3,390	156,344	553,106	-	77,441	630,547
Due to other funds	292,139	-	-	-	2,859	2,138,571	2,433,569	5,820,602	3,873	8,258,044
Due to proprietary funds	-	-	-	-	-	-	-	757,396	-	757,396
Due to other governments	201,615	-	-	-	-	-	201,615	-	-	201,615
Total liabilities	1,528,139	335,148	17,343	393,369	14,147	2,575,458	4,863,604	12,586,943	4,499,979	21,950,526
DEFERRED INFLOWS OF RESOURCES										
Property taxes received in advance	7,926,853	7,217,596	576,735	4,016,305	793,901	2,913,378	23,444,768	-	-	23,444,768
Total deferred inflows of resources	7,926,853	7,217,596	576,735	4,016,305	793,901	2,913,378	23,444,768	-	-	23,444,768
FUND BALANCE										
Fund balance:										
Nonspendable	2,321,326	1,336,884	230,644	273,356	121,643	61,839	4,345,692	-	28,607	4,374,299
Restricted	4,931,971	11,588	20,950	390,982	603	3,335,509	8,691,603	27,207,735	87,784,216	123,683,554
Committed	-	-	-	-	-	19,000	19,000	-	-	19,000
Assigned	1,281,953	720,601	339,707	4,955,939	858,060	5,919,007	14,075,267	-	-	14,075,267
Unassigned	19,038,791	-	-	-	-	-	19,038,791	-	-	19,038,791
Total fund balance	27,574,041	2,069,073	591,301	5,620,277	980,306	9,335,355	46,170,353	27,207,735	87,812,823	161,190,911
Total liabilities, deferred inflows of resources and fund balance	\$ 37,029,033	\$ 9,621,817	\$ 1,185,379	\$ 10,029,951	\$ 1,788,354	\$ 14,824,191	\$ 74,478,725	\$ 39,794,678	\$ 92,312,802	\$ 206,586,205

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, 2020**

Total Fund Balance - Governmental Funds \$ 161,190,911

Amounts reported for governmental activities in the Statement of Net Position are different due to the following:

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

Capital assets:

Non-depreciable	\$ 999,932,889	
Depreciable	593,658,178	
Accumulated depreciation	<u>(396,161,365)</u>	1,197,429,702

Deferred charge on refunding bonds. 59,737

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:

General obligation bonds payable, net	(80,699,843)	
Special assessment bonds with governmental commitment	(798,684)	
Installment purchase debt payable	(1,513,357)	
Compensated absences	(9,909,412)	
Judgments and claims payable	(4,419,771)	
Retainages held	(366,845)	
Estimated liability for landfill closure and post-closure care costs	<u>(3,322,530)</u>	(101,030,442)

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:

Net pension liability - proportionate share	(46,069,404)	
Deferred outflow of resources - pension related	35,466,573	
Deferred inflow of resources - pension related	(1,556,247)	
Total pension liability - LOSAP	(6,060,484)	
Deferred outflow of resources - LOSAP	847,360	
Deferred inflow of resources - LOSAP	(925,087)	
Total OPEB liability	(334,360,174)	
Deferred inflow of resources - OPEB	<u>(9,172,770)</u>	(361,830,233)

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.

3,275,401

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.

(754,912)

Net Position - Governmental Activities

\$ 898,340,164

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, 2020

	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
REVENUES										
Real property taxes	\$ 27,138,475	\$ 24,379,273	\$ 1,330,022	\$ 13,398,054	\$ 2,684,217	\$ 9,924,390	\$ 78,854,431	\$ -	\$ -	\$ 78,854,431
Other real property tax items	291,975	166,709	11,908	94,835	15,530	114,933	695,890	-	-	695,890
Non-property tax items	1,828,755	-	-	-	-	-	1,828,755	-	81,295,380	83,124,135
Special assessments	88,194	-	-	-	-	-	88,194	-	-	88,194
Departmental income	643,000	277,906	1,507,664	35,700	160,318	2,748,539	5,373,127	-	-	5,373,127
Intergovernmental charges	527,531	-	-	712,280	-	-	1,239,811	-	-	1,239,811
Use of money and property	230,317	105,195	36,854	79,450	18,033	403,629	873,478	124,645	645,548	1,643,671
Licenses and permits	263,653	21,727	2,529,131	-	-	-	2,814,511	-	-	2,814,511
Fines and forfeitures	1,023,607	-	-	-	-	20,900	1,044,507	-	-	1,044,507
Sale of property and compensation for loss	-	1,044	-	-	-	-	1,044	-	-	1,044
Miscellaneous local sources	709,614	221,089	30,000	107,092	-	696,960	1,764,755	18,300	213,227	1,996,282
State aid	10,791,680	3,044,662	-	955,245	160,673	-	14,952,260	804,236	-	15,756,496
Federal aid	568,846	64,423	-	-	-	3,265,296	3,898,565	1,235,488	-	5,134,053
Total revenues	44,105,647	28,282,028	5,445,579	15,382,656	3,038,771	17,174,647	113,429,328	2,182,669	82,154,155	197,766,152
EXPENDITURES										
Current -										
General governmental support	15,466,340	-	-	-	-	161,397	15,627,737	-	55,849,825	71,477,562
Public safety	3,084,079	17,718,861	691,100	-	2,047,555	1,126,734	24,668,329	-	-	24,668,329
Health	-	-	-	-	-	3,386,562	3,386,562	-	-	3,386,562
Transportation	928,160	-	-	6,506,942	-	341,420	7,776,522	-	-	7,776,522
Economic assistance and opportunity	3,535,148	-	-	-	-	350,956	3,886,104	-	-	3,886,104
Culture and recreation	2,469,153	-	-	-	-	688,492	3,157,645	-	-	3,157,645
Home and community services	622,137	-	4,203,217	-	-	5,410,838	10,236,192	-	-	10,236,192
Employee benefits	9,975,794	10,569,749	2,138,791	2,992,028	981,791	806,956	27,465,109	-	230,400	27,695,509
Capital outlay	-	-	-	-	-	-	-	18,898,524	-	18,898,524
Debt service -										
Principal	3,735,637	302,242	73,581	3,606,682	5,611	3,098,661	10,822,414	-	2,681,805	13,504,219
Interest	863,447	40,553	7,013	735,103	423	496,384	2,142,923	-	80,340	2,223,263
Total expenditures	40,679,895	28,631,405	7,113,702	13,840,755	3,035,380	15,868,400	109,169,537	18,898,524	58,842,370	186,910,431
Excess (deficiency) of revenues over (under) expenditures	3,425,752	(349,377)	(1,668,123)	1,541,901	3,391	1,306,247	4,259,791	(16,715,855)	23,311,785	10,855,721
OTHER FINANCING SOURCES (USES)										
Serial bond issuance	-	-	-	-	-	-	-	17,510,000	-	17,510,000
Premium on obligations	471,833	12,990	44,487	247,884	-	280,753	1,057,947	500,000	-	1,557,947
Transfers in	781,273	-	14,000	-	-	108,913	904,186	9,621,324	1,320,287	11,845,797
Transfers out	(814,816)	(344,000)	(10,000)	(344,000)	-	(728,552)	(2,241,368)	(1,864,817)	(7,393,612)	(11,499,797)
Total other financing sources (uses)	438,290	(331,010)	48,487	(96,116)	-	(338,886)	(279,235)	25,766,507	(6,073,325)	19,413,947
Change in fund balance	3,864,042	(680,387)	(1,619,636)	1,445,785	3,391	967,361	3,980,556	9,050,652	17,238,460	30,269,668
Fund balance, beginning of year	23,709,999	2,749,460	2,210,937	4,174,492	976,915	8,367,994	42,189,797	18,157,083	70,574,363	130,921,243
Fund balance, end of year	\$ 27,574,041	\$ 2,069,073	\$ 591,301	\$ 5,620,277	\$ 980,306	\$ 9,335,355	\$ 46,170,353	\$ 27,207,735	\$ 87,812,823	\$ 161,190,911

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
FOR THE YEAR ENDED DECEMBER 31, 2020

Net Change in Fund Balance - Governmental Funds \$ 30,269,668

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

Capital outlay, net of reclassifications and retirements	\$ 65,947,583	
Depreciation expense	<u>(19,097,530)</u>	46,850,053

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. 1,155,147

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.

Premiums on obligations	(1,557,947)	
Serial bond issuance	(17,510,000)	
Repayment of bond principal	13,431,735	
Repayment of special assessment bonds	<u>72,484</u>	(5,563,728)

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:

Compensated absences	(89,719)	
Judgments and claims payable	(2,169,771)	
Estimated liability for landfill closure and post-closure care costs	508,921	
Retainages held	387,520	
Pension related	(8,379,277)	
LOSAP related	(268,220)	
OPEB related	(76,618,640)	
Amortization of deferred charges from bond refunding	(99,304)	
Amortization of bond premiums and discounts	505,303	
Accrued interest costs	<u>(102,120)</u>	<u>(86,325,307)</u>

Net Change in Net Position - Governmental Activities \$ (13,614,167)

**TOWN OF SOUTHAMPTON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020**

	MAJOR BUSINESS-TYPE ACTIVITIES		NON-MAJOR BUSINESS-TYPE ACTIVITIES	Total Proprietary Funds
	Beaches and Marinas	Waste Management	Golf Course	
ASSETS				
Current assets:				
Cash and cash equivalents:				
Unrestricted cash	\$ 29,880	\$ 1,788,029	\$ 468,181	\$ 2,286,090
Restricted cash	8,458	12,661	-	21,119
Accounts receivable, net	-	61,028	23,606	84,634
Due from governmental funds	98,276	659,120	-	757,396
Prepaid expenses	5,578	18,106	-	23,684
Total current assets	<u>142,192</u>	<u>2,538,944</u>	<u>491,787</u>	<u>3,172,923</u>
Noncurrent assets:				
Non-depreciable capital assets	8,025,414	169,100	5,135,201	13,329,715
Depreciable capital assets, net of depreciation	6,538,064	3,882,156	541,287	10,961,507
Total noncurrent assets	<u>14,563,478</u>	<u>4,051,256</u>	<u>5,676,488</u>	<u>24,291,222</u>
Total assets	<u>14,705,670</u>	<u>6,590,200</u>	<u>6,168,275</u>	<u>27,464,145</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge from refunding bonds	15,845	26,306	-	42,151
Pension related	188,728	566,185	-	754,913
Total deferred outflows of resources	<u>204,573</u>	<u>592,491</u>	<u>-</u>	<u>797,064</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	13,318	82,307	31,943	127,568
Accrued interest payable	18,091	36,355	-	54,446
Due to governmental funds	1,164	-	-	1,164
Noncurrent liabilities due within one year:				
General obligation bonds payable	444,330	497,091	-	941,421
Compensated absences	2,000	8,000	-	10,000
Total current liabilities	<u>478,903</u>	<u>623,753</u>	<u>31,943</u>	<u>1,134,599</u>
Noncurrent liabilities:				
General obligation bonds payable, net of current maturities and unamortized premiums	3,247,064	2,868,416	-	6,115,480
Compensated absences	5,605	74,705	-	80,310
Net pension liability - proportionate share	238,983	735,862	-	974,845
Total noncurrent liabilities	<u>3,491,652</u>	<u>3,678,983</u>	<u>-</u>	<u>7,170,635</u>
Total liabilities	<u>3,970,555</u>	<u>4,302,736</u>	<u>31,943</u>	<u>8,305,234</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes received in advance	14,119	163,495	-	177,614
Pension related	-	18,914	-	18,914
Total deferred inflows of resources	<u>14,119</u>	<u>182,409</u>	<u>-</u>	<u>196,528</u>
NET POSITION				
Net investment in capital assets	10,887,929	712,055	5,676,488	17,276,472
Restricted for debt service	8,458	12,661	-	21,119
Unrestricted	29,182	1,972,830	459,844	2,461,856
Total net position	<u>\$ 10,925,569</u>	<u>\$ 2,697,546</u>	<u>\$ 6,136,332</u>	<u>\$ 19,759,447</u>

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, 2020

	<u>MAJOR BUSINESS-TYPE ACTIVITIES</u>		<u>NON-MAJOR BUSINESS-TYPE ACTIVITIES</u>	<u>Total Proprietary Funds</u>
	<u>Beaches and Marinas</u>	<u>Waste Management</u>	<u>Golf Course</u>	
OPERATING REVENUES:				
Charges for services	\$ 2,316,295	\$ 2,438,788	\$ 192,480	\$ 4,947,563
Other	3,918	236	16,355	20,509
Total operating revenues	<u>2,320,213</u>	<u>2,439,024</u>	<u>208,835</u>	<u>4,968,072</u>
OPERATING EXPENSES:				
Beaches and marinas	1,698,628	-	-	1,698,628
Waste management	-	1,817,692	-	1,817,692
Golf course	-	-	12,423	12,423
Depreciation	559,145	390,711	71,836	1,021,692
Employee benefits	240,336	595,317	-	835,653
Total operating expenses	<u>2,498,109</u>	<u>2,803,720</u>	<u>84,259</u>	<u>5,386,088</u>
Operating income (loss)	<u>(177,896)</u>	<u>(364,696)</u>	<u>124,576</u>	<u>(418,016)</u>
NON-OPERATING REVENUES (EXPENSES):				
Real property taxes	121,101	731,345	-	852,446
Interest income	2,699	11,918	3,566	18,183
Interest on debt	(89,858)	(99,298)	-	(189,156)
Total non-operating revenues (expenses)	<u>33,942</u>	<u>643,965</u>	<u>3,566</u>	<u>681,473</u>
Transfers out	<u>(196,000)</u>	<u>-</u>	<u>(150,000)</u>	<u>(346,000)</u>
Change in net position	(339,954)	279,269	(21,858)	(82,543)
Total net position, beginning of year	<u>11,265,523</u>	<u>2,418,277</u>	<u>6,158,190</u>	<u>19,841,990</u>
Total net position, end of year	<u>\$ 10,925,569</u>	<u>\$ 2,697,546</u>	<u>\$ 6,136,332</u>	<u>\$ 19,759,447</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, 2020**

	MAJOR BUSINESS-TYPE ACTIVITIES		NON-MAJOR BUSINESS-TYPE ACTIVITIES	Total Proprietary Funds
	Beaches and Marinas	Waste Management	Golf Course	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Revenues collected:				
Cash receipts from customers	\$ 2,316,295	\$ 2,419,534	\$ 177,309	\$ 4,913,138
Other operating cash receipts	3,918	236	16,355	20,509
Payments for expenses:				
Cash payments to other suppliers of goods or services	(1,691,125)	(1,786,369)	17,417	(3,460,077)
Cash payments to employees for services and related expenses	(187,264)	(459,069)	-	(646,333)
Other operating cash payments	(22,961)	(220,573)	-	(243,534)
Net cash provided by operating activities	<u>418,863</u>	<u>(46,241)</u>	<u>211,081</u>	<u>583,703</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Purchase of capital assets	(73,874)	(28,039)	(30,029)	(131,942)
Principal paid on capital debt	(582,377)	(444,897)	-	(1,027,274)
Serial bond proceeds	100,000	250,000	-	350,000
Premium on bonds payable	8,897	22,244	-	31,141
Interest paid on debt	(116,131)	(106,621)	-	(222,752)
Net cash used by capital financing activities	<u>(663,485)</u>	<u>(307,313)</u>	<u>(30,029)</u>	<u>(1,000,827)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Real property taxes	112,946	760,318	-	873,264
Interfund transfer	(196,000)	-	(150,000)	(346,000)
Net cash provided (used) by non-capital financing activities	<u>(83,054)</u>	<u>760,318</u>	<u>(150,000)</u>	<u>527,264</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and earnings received	2,699	11,918	3,566	18,183
Net cash provided by investing activities	<u>2,699</u>	<u>11,918</u>	<u>3,566</u>	<u>18,183</u>
Net increase (decrease) in cash and cash equivalents	(324,977)	418,682	34,618	128,323
Cash and cash equivalents, beginning of year	363,315	1,382,008	433,563	2,178,886
Cash and cash equivalents, end of year	<u>\$ 38,338</u>	<u>\$ 1,800,690</u>	<u>\$ 468,181</u>	<u>\$ 2,307,209</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ (177,896)	\$ (364,696)	\$ 124,576	\$ (418,016)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	559,145	390,711	71,836	1,021,692
Increase in accounts receivable	-	(19,254)	(15,171)	(34,425)
Decrease in due from fiduciary funds	65	234	-	299
Increase in due from governmental funds	(24,151)	(220,807)	-	(244,958)
Decrease in prepaid expenses	4,959	12,049	-	17,008
Increase in pension related deferred outflows	(188,728)	(351,039)	-	(539,767)
Increase in accounts payable and accrued liabilities	2,544	19,274	29,840	51,658
Increase in due to fiduciary funds	1,125	-	-	1,125
Increase in compensated absences	2,817	4,532	-	7,349
Decrease in pension related deferred inflows	-	(49,642)	-	(49,642)
Increase in net pension liability	238,983	532,397	-	771,380
Net cash provided by operating activities	<u>\$ 418,863</u>	<u>\$ (46,241)</u>	<u>\$ 211,081</u>	<u>\$ 583,703</u>
NONCASH CAPITAL FINANCING ACTIVITIES:				
Amortization of bond premium and deferred charges	\$ 21,720	\$ 17,944	\$ -	\$ 39,664

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, 2020**

ASSETS	Custodial Funds
Cash	\$ 47,360,040
Service award program assets	<u>4,585,574</u>
Total assets	<u><u>\$ 51,945,614</u></u>
LIABILITIES	
Due to school districts	\$ 22,831,027
Service award program liabilities	4,585,574
Other agency liabilities	<u>24,529,013</u>
Total liabilities	<u><u>\$ 51,945,614</u></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, 2020**

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.

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.

TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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. The effect of interfund services provided and used between functions have not been eliminated in the Statement of Activities.

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:

TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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.

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.

Community Preservation Fund: is used to account for financial resources for land acquisition and preservation purposes (current legislation provides for this fund through the 2050 fiscal year). Primary revenue sources are from non-property tax items.

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:

**TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Utility District:	
Cliff Drive	
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.

TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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:

Custodial Funds: are for money (and/or property) received and held in the capacity of trustee, custodian or agent. The Town's fiduciary funds include custodial funds as follows:

Town Agency Fund: accounts for service award programs.

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.

TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 1st, and are due in two equal installments, payable without penalty on January 10th and May 31st respectively; after which taxes are payable to the County Treasurer. Penalties are imposed thereafter at the rate of 1% per month from January 10th until May 31st. 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

Inventory of supplies is valued at cost, whereas inventories held for resale are reported at the lower of cost or market using the first-in, first-out method.

TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 \$5,000 or more are reported at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a concession arrangement are reported at acquisition value rather than fair value. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. 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.

TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 to and from 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 LOSAP 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, and is liquidated through various funds of the Town. The related amounts are booked to the funds that the individual's salaries and benefits are booked to. 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.

**TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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, 2020 is as follows:

Balance - beginning	\$	4,373,441
Additions to debt service reserve		114,528
Liquidation of reserve for debt service payments		<u>(2,983,145)</u>
Balance - ending	\$	<u><u>1,504,824</u></u>

TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Tax Stabilization

According to General Municipal Law §6-I 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.

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.

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.

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.

**TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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, 2020, were distributed as follows:

	General Fund	Police 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
Nonspendable									
Prepaid items	\$ 2,321,326	\$ 1,336,884	\$ 230,644	\$ 273,356	\$ 121,643	\$ -	\$ 28,607	\$ 61,839	\$ 4,374,299
Total nonspendable	2,321,326	1,336,884	230,644	273,356	121,643	-	28,607	61,839	4,374,299
Restricted									
Debt reserve	388,208	11,588	20,950	390,982	603	-	-	692,493	1,504,824
Tax stabilization	4,543,763	-	-	-	-	-	-	-	4,543,763
Capital projects	-	-	-	-	-	27,207,735	-	-	27,207,735
Community preservation	-	-	-	-	-	-	87,784,216	-	87,784,216
Park improvements	-	-	-	-	-	-	-	2,471,957	2,471,957
HUD grants	-	-	-	-	-	-	-	171,059	171,059
Total restricted	4,931,971	11,588	20,950	390,982	603	27,207,735	87,784,216	3,335,509	123,683,554
Committed									
Dune road repairs	-	-	-	-	-	-	-	19,000	19,000
Total committed	-	-	-	-	-	-	-	19,000	19,000
Assigned									
Appropriated for subsequent year's expenditures	1,250,000	250,000	-	425,000	150,000	-	-	649,975	2,724,975
Encumbrances	31,953	45,024	-	-	-	-	-	2,750	79,727
Unappropriated fund balance	-	425,577	339,707	4,530,939	708,060	-	-	5,266,282	11,270,565
Total assigned	1,281,953	720,601	339,707	4,955,939	858,060	-	-	5,919,007	14,075,267
Unassigned	19,038,791	-	-	-	-	-	-	-	19,038,791
Total	\$ 27,574,041	\$ 2,069,073	\$ 591,301	\$ 5,620,277	\$ 980,306	\$ 27,207,735	\$ 87,812,823	\$ 9,335,355	\$ 161,190,911

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. CHANGE IN ACCOUNTING PRINCIPLE

Effective for the 2020 fiscal year, the Town implemented GASB Statement No. 84, *Fiduciary Activities*, which provides clearer guidance on identifying fiduciary activities for accounting and reporting purposes. Upon implementation of the statement, the Town moved some of its fiduciary assets and liabilities residing in the fiduciary funds to the governmental funds of the Town.

TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. 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 five 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.

5. OPEB differences

OPEB differences occur as a result of changes in the Town's total OPEB liability and differences between the Town's contributions and OPEB expense.

**TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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 106 through 113) reflected in the financial statements:

1. On or before September 20th, 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 30th, the Supervisor files a tentative budget with the Town Clerk and the Comptroller.
3. On or before October 5th, 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 20th, 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, 2020 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	\$ 1,281,953	\$ 1,250,000
Police District Fund	720,601	250,000
Town Outside Village Fund	339,707	-
Highway Fund	4,955,939	425,000
Public Safety Communications Fund	858,060	150,000
Non-Major Governmental Funds	5,919,007	649,975
 Total	 \$ 14,075,267	 \$ 2,724,975

**TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Fund deficits

As of December 31, 2020, 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, 2020, the cash balances were as follows:

	Bank Balance	Book Balance
Town of Southampton	\$ 175,851,339	\$ 174,562,017
Town of Southampton Housing Authority	515,871	500,092
Trustees of the Freeholders	1,150,286	1,143,308
Total	\$ 177,517,496	\$ 176,205,417

All cash balances as of December 31, 2020 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.

TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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, 2020, 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, 2020 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	\$ 7,967,272	\$ 292,139
Police District Fund	10,321	-
Town Outside Village Fund	531	-
Highway Fund	278,635	-
Public Safety Communications Fund	-	2,859
Capital Projects Fund	-	6,577,998
Community Preservation Fund	-	3,873
Non-Major Governmental Funds	2,449	2,138,571
Major Business-Type Funds:		
Beaches and Marinas	98,276	1,164
Waste Management	659,120	-
	<u>\$ 9,016,604</u>	<u>\$ 9,016,604</u>

Interfund transfer balances for the primary government at December 31, 2020 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	\$ 781,273	\$ 814,816
Police District Fund	-	344,000
Town Outside Village Fund	14,000	10,000
Highway Fund	-	344,000
Capital Projects Fund	9,621,324	1,864,817
Community Preservation Fund	1,320,287	7,393,612
Non-Major Governmental Funds	108,913	728,552
Major Business-Type Fund:		
Beaches and Marinas	-	196,000
Non-Major Business-Type Fund:		
Golf Course	-	150,000
	<u>\$ 11,845,797</u>	<u>\$ 11,845,797</u>

TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. CAPITAL ASSETS

Governmental activities, capital asset balances and activity for the year ended December 31, 2020 were as follows:

	Beginning Balance	Additions	Reclassifications/ Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 642,169,436	\$ 49,979,087	\$ -	\$ 692,148,523
Development and access rights	306,624,454	497,283	-	307,121,737
Construction-in-progress	1,279,074	227,515	(843,960)	662,629
Total	<u>\$ 950,072,964</u>	<u>\$ 50,703,885</u>	<u>\$ (843,960)</u>	<u>999,932,889</u>
Depreciable capital assets:				
Buildings	\$ 74,531,453	\$ 5,307,492	\$ 808,909	80,647,854
Improvements other than buildings	47,645,231	839,053	-	48,484,284
Machinery and equipment	30,906,022	2,753,078	(1,170)	33,657,930
Infrastructure -				
Bridges	3,237,707	-	-	3,237,707
Landfill	9,401,652	-	-	9,401,652
Roads, curbs and sidewalks	378,142,012	3,698,611	-	381,840,623
Lighting system	2,967,640	-	-	2,967,640
Bulkheads, piers and boardwalks	13,528,974	317,350	-	13,846,324
Water and sewer mains	17,245,711	2,328,453	-	19,574,164
Total depreciable capital assets	<u>\$ 577,606,402</u>	<u>\$ 15,244,037</u>	<u>\$ 807,739</u>	<u>593,658,178</u>
Less accumulated depreciation:				
Buildings	\$ 23,586,597	\$ 2,231,703	\$ (35,051)	25,783,249
Improvements other than buildings	20,695,365	2,414,540	-	23,109,905
Machinery and equipment	22,424,824	2,273,946	(831)	24,697,939
Infrastructure -				
Bridges	495,779	244,398	-	740,177
Landfill	7,800,545	313,389	-	8,113,934
Roads, curbs and sidewalks	286,081,779	10,664,373	-	296,746,152
Lighting system	1,398,399	107,997	-	1,506,396
Bulkheads, piers and boardwalks	8,767,466	334,298	-	9,101,764
Water and sewer mains	5,848,963	512,886	-	6,361,849
Total accumulated depreciation	<u>\$ 377,099,717</u>	<u>\$ 19,097,530</u>	<u>\$ (35,882)</u>	<u>396,161,365</u>
Total depreciable capital assets, net				<u>197,496,813</u>
Total capital assets, net				<u>\$ 1,197,429,702</u>
Depreciation expense was charged to governmental functions as follows:				
General governmental support				\$ 4,657,888
Public safety				8,847,886
Transportation				1,938,399
Economic assistance and opportunity				903,313
Culture and recreation				771,540
Home and community services				1,978,504
Total governmental activities depreciation expense				<u>\$ 19,097,530</u>

TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Business-type activities, capital asset balances and activity for the year ended December 31, 2020 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	-	625	-	625
Total	\$ 13,329,090	\$ 625	\$ -	13,329,715
Depreciable capital assets:				
Buildings	\$ 8,341,634	\$ -	\$ -	8,341,634
Improvements other than buildings	9,145,850	73,251	-	9,219,101
Machinery and equipment	3,811,603	58,066	-	3,869,669
Total depreciable capital assets	\$ 21,299,087	\$ 131,317	\$ -	21,430,404
Less accumulated depreciation:				
Buildings	\$ 2,150,080	\$ 332,345	\$ -	2,482,425
Improvements other than buildings	4,980,394	490,076	-	5,470,470
Machinery and equipment	2,316,731	199,271	-	2,516,002
Total accumulated depreciation	\$ 9,447,205	\$ 1,021,692	\$ -	10,468,897
Total depreciable capital assets, net				10,961,507
Total capital assets, net				\$ 24,291,222
Depreciation expense was charged to business-type activities functions as follows:				
Beaches and marinas				\$ 559,145
Waste management				390,711
Golf course				71,836
Total business-type activities depreciation expense				\$ 1,021,692

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, 2020, the Town has not recorded any such impairment losses.

TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Discretely presented component unit's capital asset balances and activity for the year ended December 31, 2020 were as follows:

	Beginning Balance	Additions	Reclassifications/ Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 751,700	\$ -	\$ -	\$ 751,700
Construction-in-progress	540,359	6,250	(410,575)	136,034
Total	<u>\$ 1,292,059</u>	<u>\$ 6,250</u>	<u>\$ (410,575)</u>	<u>887,734</u>
Depreciable capital assets:				
Buildings	\$ 2,435,795	\$ -	\$ -	2,435,795
Building improvements	1,218,790	17,530	410,575	1,646,895
Equipment	202,062	9,897	-	211,959
Total depreciable capital assets	<u>\$ 3,856,647</u>	<u>\$ 27,427</u>	<u>\$ 410,575</u>	<u>4,294,649</u>
Less accumulated depreciation:				
Buildings	\$ 884,117	\$ 60,895	\$ -	945,012
Building improvements	446,732	81,440	-	528,172
Equipment	184,255	5,410	-	189,665
Total accumulated depreciation	<u>\$ 1,515,104</u>	<u>\$ 147,745</u>	<u>\$ -</u>	<u>1,662,849</u>
Total depreciable capital assets, net				<u>2,631,800</u>
Total capital assets, net				<u>\$ 3,519,534</u>
Depreciation expense was charged as follows:				
Economic assistance and opportunity				<u>\$ 147,745</u>

TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. 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
Governmental activities:						
General obligation bonds payable	\$ 72,345,597	\$ 17,510,000	\$ 13,327,244	\$ 76,528,353	\$ 11,210,690	\$ 65,317,663
Unamortized bond discounts and premiums	3,118,846	1,557,947	505,303	4,171,490	621,038	3,550,452
Total general obligation bonds, net	75,464,443	19,067,947	13,832,547	80,699,843	11,831,728	68,868,115
Special assessment bonds						
with governmental commitment	871,168	-	72,484	798,684	64,455	734,229
Installment purchase debt payable	1,617,848	-	104,491	1,513,357	241,063	1,272,294
Compensated absences	9,819,693	1,197,410	1,107,691	9,909,412	200,000	9,709,412
Judgments and claims payable	2,250,000	2,269,771	100,000	4,419,771	1,372,008	3,047,763
Retainages held	754,365	-	387,520	366,845	36,685	330,160
Estimated liability for landfill closure and post-closure care costs	3,831,451	-	508,921	3,322,530	168,320	3,154,210
Total governmental activities	<u>\$ 94,608,968</u>	<u>\$ 22,535,128</u>	<u>\$ 16,113,654</u>	<u>\$ 101,030,442</u>	<u>\$ 13,914,259</u>	<u>\$ 87,116,183</u>
Business-type activities:						
General obligation bonds payable	\$ 7,465,186	\$ 350,000	\$ 1,027,274	\$ 6,787,912	\$ 894,855	\$ 5,893,057
Unamortized bond premiums	283,702	31,141	45,855	268,988	46,566	222,422
Total general obligation bonds, net	7,748,888	381,141	1,073,129	7,056,900	941,421	6,115,479
Compensated absences	82,961	14,707	7,358	90,310	10,000	80,310
Total business-type activities	<u>\$ 7,831,849</u>	<u>\$ 395,848</u>	<u>\$ 1,080,487</u>	<u>\$ 7,147,210</u>	<u>\$ 951,421</u>	<u>\$ 6,195,789</u>
Discretely presented component unit:						
General obligation bonds payable	\$ 3,054,000	\$ -	\$ 89,000	\$ 2,965,000	\$ 75,000	\$ 2,890,000
Unamortized bond discounts	(27,167)	-	(970)	(26,197)	(970)	(25,227)
Total general obligation bonds, net	3,026,833	-	88,030	2,938,803	74,030	2,864,773
Mortgage payable	335,000	-	-	335,000	335,000	-
Note payable	150,000	-	-	150,000	150,000	-
Total discretely presented component unit	<u>\$ 3,511,833</u>	<u>\$ -</u>	<u>\$ 88,030</u>	<u>\$ 3,423,803</u>	<u>\$ 559,030</u>	<u>\$ 2,864,773</u>

General obligation bonds - The Town borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are backed by the full faith and credit of the Town, bear interest at various rates from 1.000% to 5.000% and have maturity dates in 2021 through 2040.

In June 2020, the Town issued \$17,860,000 in public improvement serial bonds with an interest rate of 2.00% increasing to 5.00%. The proceeds of the bond were used for various capital improvements and to acquire various equipment. The total purchase price of the bonds was \$19,448,088 with an original issue premium of \$1,589,088, 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 \$798,684 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 have maturity dates in 2024 through 2033.

Installment purchase debt - During 2019, the Town entered into a \$1,617,848 installment purchase obligation to finance the cost of various equipment through the General Fund and Lighting District Fund. Terms of the obligation include semiannual principal payments due August 2020 through August 2026 with an interest rate of 1.80%. The outstanding balance as of December 31, 2020 is \$1,513,357.

TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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, 2020
Refunding serial bonds	5/1/10	5/1/22	2.000%-4.500%	\$ 673,047
Refunding serial bonds	8/8/12	10/1/23	2.000%-5.000%	790,000
Retirement serial bonds	11/27/12	11/15/22	2.000%-2.400%	465,000
Public improvement serial bonds	4/17/13	4/15/27	2.000%-2.375%	3,820,000
Erosion control district serial bonds	9/4/13	9/1/23	2.000%-4.000%	7,160,000
Public improvement serial bonds	7/9/14	4/1/29	2.000%-3.000%	2,315,000
Refunding serial bonds	9/4/14	11/1/24	2.000%-5.000%	480,000
Public improvement serial bonds	2/24/15	2/15/30	1.000%-2.500%	2,660,000
Refunding serial bonds	4/28/15	3/15/22	2.000%-3.000%	1,572,800
Public improvement serial bonds	2/1/16	2/15/31	2.000%-2.750%	5,656,000
Public improvement serial bonds	2/1/17	2/15/32	2.000%-2.750%	5,256,000
Public improvement serial bonds	6/19/18	5/15/33	3.000%	6,855,000
Public improvement serial bonds	5/23/19	5/15/39	2.000%-3.000%	12,375,000
Refunding serial bonds	5/23/19	2/1/29	2.000%-5.000%	8,940,506
Public improvement serial bonds	6/23/20	4/1/40	2.000%-5.000%	17,510,000
				<u>\$ 76,528,353</u>

Special assessment bonds -

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding December 31, 2020
Public improvement serial bonds	6/19/18	5/15/33	3.000%	\$ 785,000
Refunding serial bonds	5/23/19	2/1/29	2.000%-5.000%	13,684
				<u>\$ 798,684</u>

Business-type activities:

General obligation bonds payable -

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding December 31, 2020
Refunding serial bonds	5/1/10	5/1/22	2.000%-4.500%	\$ 21,902
Public improvement serial bonds	4/17/13	4/15/27	2.000%-2.375%	230,000
Public improvement serial bonds	7/9/14	4/1/29	2.000%-3.000%	90,000
Public improvement serial bonds	2/24/15	2/15/30	1.000%-2.500%	45,000
Refunding serial bonds	4/28/15	3/15/22	2.000%-3.000%	627,200
Public improvement serial bonds	2/1/16	2/15/31	2.000%-2.750%	264,000
Public improvement serial bonds	2/1/17	2/15/32	2.000%-2.750%	719,000
Public improvement serial bonds	6/19/18	5/15/33	3.000%	1,510,000
Public improvement serial bonds	5/23/19	5/15/39	2.000%-3.000%	1,650,000
Refunding serial bonds	5/23/19	2/1/29	2.000%-5.000%	1,280,810
Public improvement serial bonds	6/23/20	4/1/40	2.000%-5.000%	350,000
				<u>\$ 6,787,912</u>

TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Governmental activities:			
General obligations bonds payable -			
Year ended <u>December 31,</u>			
2021	\$ 11,210,690	\$ 2,331,824	\$ 13,542,514
2022	11,014,299	1,787,708	12,802,007
2023	8,692,789	1,451,422	10,144,211
2024	5,845,105	1,156,020	7,001,125
2025	4,940,067	983,808	5,923,875
2026-2030	19,897,403	3,003,796	22,901,199
2031-2035	10,008,000	1,075,521	11,083,521
2036-2040	4,920,000	268,284	5,188,284
	<u>\$ 76,528,353</u>	<u>\$ 12,058,383</u>	<u>\$ 88,586,736</u>

Special assessment bonds -

Year ended <u>December 31,</u>			
2021	\$ 64,455	\$ 24,123	\$ 88,578
2022	64,562	22,097	86,659
2023	64,667	20,067	84,734
2024	60,000	18,150	78,150
2025	60,000	16,350	76,350
2026-2030	300,000	54,750	354,750
2031-2033	185,000	11,250	196,250
	<u>\$ 798,684</u>	<u>\$ 166,787</u>	<u>\$ 965,471</u>

Business-type activities:

General obligations bonds payable -

Year ended <u>December 31,</u>			
2021	\$ 894,855	\$ 189,073	\$ 1,083,928
2022	901,139	156,440	1,057,579
2023	562,550	133,165	695,715
2024	564,895	115,186	680,081
2025	539,931	97,526	637,457
2026-2030	2,377,542	268,796	2,646,338
2031-2035	887,000	52,860	939,860
2036-2039	60,000	3,600	63,600
	<u>\$ 6,787,912</u>	<u>\$ 1,016,646</u>	<u>\$ 7,804,558</u>

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

Year ended <u>December 31,</u>			
2021	\$ 241,063	\$ 26,161	\$ 267,224
2022	245,422	21,802	267,224
2023	249,859	17,364	267,223
2024	254,377	12,847	267,224
2025	258,977	8,247	267,224
2026	263,659	3,565	267,224
	<u>\$ 1,513,357</u>	<u>\$ 89,986</u>	<u>\$ 1,603,343</u>

**TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

Interest paid	\$ 2,223,263
Less interest accrued in the prior year	(652,792)
Plus interest accrued in the current year	754,912
Amortization of discounts, premiums and deferred charges	(405,999)
Total expense	\$ 1,919,384

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

Interest paid	\$ 222,752
Less interest accrued in the prior year	(59,631)
Plus interest accrued in the current year	54,446
Amortization of premiums and deferred charges	(28,411)
Total expense	\$ 189,156

Other long-term debt - Liabilities for judgments and claims, 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 -

Mortgage payable - In December 2018, the Town of Southampton Housing Authority (the "Authority") obtained \$335,000 in a mortgage payable at the prime interest rate of 5.50%. The proceeds were used to finance the acquisition of a property. The mortgage is expected to be repaid in full in the upcoming year.

Note payable - In May 2013, 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 payable on demand.

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, 2020 is \$2,965,000.

**TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

Year ended <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 75,000	\$ 94,025	\$ 169,025
2022	75,000	92,431	167,431
2023	75,000	90,697	165,697
2024	75,000	88,869	163,869
2025	80,000	86,731	166,731
2026-2030	445,000	395,481	840,481
2031-2035	510,000	322,816	832,816
2036-2040	600,000	233,931	833,931
2041-2045	710,000	119,875	829,875
2046-2047	320,000	11,200	331,200
	<u>\$ 2,965,000</u>	<u>\$ 1,536,056</u>	<u>\$ 4,501,056</u>

10. PENSION PLANS (includes governmental and business-type activities)

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, 2018, he was elected for a new term commencing January 1, 2019. 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 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.

TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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.

**TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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. Required contributions for the current year and two preceding years were as follows:

<u>Year</u>	<u>NYSERS</u>	<u>NYS PFRS</u>
2020	\$ 3,987,184	\$ 3,628,501
2019	3,879,475	3,507,431
2018	3,873,603	3,255,244

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

At December 31, 2020, the Town reported a liability of \$47,044,249 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2019. Update procedures were used to roll forward the pension liability to March 31, 2020. 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, 2020, the Town's proportion was 0.092629% for ERS and 0.421249% for PFRS. The Town's proportion was consistent with December 31, 2019.

TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2020, the Town recognized pension expense of \$8,377,706 for ERS and \$7,799,221 for PFRS. At December 31, 2020, 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	\$ 1,443,615	\$ 1,499,296	\$ -	\$ 377,132
Changes of assumptions	493,892	1,924,532	426,468	-
Net difference between projected and actual earnings on pension plan investments	12,574,619	10,139,447	-	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	373,533	156,867	204,007	567,554
Employer contributions made subsequent to the measurement date	3,987,184	3,628,501	-	-
Total	<u>\$ 18,872,843</u>	<u>\$ 17,348,643</u>	<u>\$ 630,475</u>	<u>\$ 944,686</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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>For the year ended:</u>	<u>NYSERS</u>	<u>NYSPFRS</u>
2021	\$ 2,401,791	\$ 2,636,521
2022	3,589,560	2,957,298
2023	4,595,467	3,805,332
2024	3,668,366	3,215,455
2025	-	160,850

Actuarial assumptions

The total pension liability at March 31, 2020 was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020. The actuarial valuation used the following actuarial assumptions:

	<u>NYSERS</u>	<u>NYSPFRS</u>
Measurement date	March 31, 2020	March 31, 2020
Actuarial valuation date	April 1, 2019	April 1, 2019
Interest rate	6.80%	6.80%
Salary scale	4.20%	5.00%
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%

**TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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-2018.

The actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2020 are summarized below:

	NYSERS and NYSPFRS	
Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return strategies	2.00%	3.25%
Bonds and mortgages	17.00%	0.75%
Cash	1.00%	0.00%
Domestic equity	36.00%	4.05%
Inflation-indexed bonds	4.00%	0.50%
International equity	14.00%	6.15%
Opportunistic portfolio	3.00%	4.65%
Private equity	10.00%	6.75%
Real assets	3.00%	5.95%
Real estate	10.00%	4.95%
	100.00%	

Discount rate

The discount rate used to calculate the total pension liability was 6.80%. 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 6.80%, 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 (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

**TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

<u>NYSERS</u>	<u>1% Decrease (5.80%)</u>	<u>Current assumption (6.80%)</u>	<u>1% Increase (7.80%)</u>
Employer's proportionate share of the net pension liability (asset)	\$ 45,017,145	\$ 24,528,730	\$ 5,658,813

<u>NYSPFRS</u>	<u>1% Decrease (5.80%)</u>	<u>Current assumption (6.80%)</u>	<u>1% Increase (7.80%)</u>
Employer's proportionate share of the net pension liability (asset)	\$ 40,258,207	\$ 22,515,519	\$ 6,626,541

Pension plan fiduciary net position

The components of the current-year net pension liability of the employers as of March 31, 2020, were as follows:

	(Dollars in Thousands)		
	<u>NYSERS</u>	<u>NYSPFRS</u>	<u>Total</u>
Employers' total pension liability	\$ 194,596,261	\$ 35,309,017	\$ 229,905,278
Plan net position	<u>(168,115,682)</u>	<u>(29,964,080)</u>	<u>(198,079,762)</u>
Employers' net pension liability	<u>\$ 26,480,579</u>	<u>\$ 5,344,937</u>	<u>\$ 31,825,516</u>
Ratio of plan net position to the Employers' total pension liability	86.39%	84.86%	86.16%

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, 2020 totaled \$2,109,792. A report for this plan may be obtained by writing to N.Y.S. Deferred Compensation Plan, 385 Jordon Road, Troy, NY 12180.

11. 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. The Plans are considered a single plan and are consolidated for financial statement disclosure purposes.

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.

TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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, 2019 measurement date, the following participants were covered by the benefit terms:

Inactive participants currently receiving benefit payments	39
Inactive participants entitled to but not yet receiving benefit payments	96
Active participants	<u>159</u>
Total	<u><u>294</u></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, 2019 measurement date was determined using an actuarial valuation as of that date.

Actuarial assumptions

The total pension liability in the December 31, 2019 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

TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Discount rate

The discount rate used to measure the total pension liability was 3.26%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019. 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 3.64% for the December 31, 2018 measurement date, and 3.26% for the December 31, 2019 measurement date.

Changes in the Total Pension Liability

Balance as of December 31, 2018 measurement date	\$	5,566,661
Service cost		207,194
Interest		207,732
Changes of assumptions or other inputs		365,688
Differences between expected and actual experience		(152,925)
Benefit payments		<u>(133,866)</u>
Balance as of December 31, 2019 measurement date	\$	<u>6,060,484</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, 2019 measurement date, calculated using the discount rate of 3.26 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 (2.26 percent) or 1-percentage point higher (4.26 percent) than the current rate:

	1% decrease (2.26%)	Current discount rate (3.26%)	1% increase (4.26%)
	<u> </u>	<u> </u>	<u> </u>
Total LOSAP pension liability	\$ 7,199,170	\$ 6,060,484	\$ 5,163,257

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

For the year ended December 31, 2020, the Town recognized pension expense of \$408,780. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to LOSAP pensions from the following sources:

**TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,600	\$ 230,850
Changes of assumptions or other inputs	682,199	694,237
Benefit payments and administrative expenses subsequent to the measurement date	140,561	-
Totals	\$ 847,360	\$ 925,087

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, 2021.

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>	
2021	\$ (22,235)
2022	(22,235)
2023	(22,235)
2024	(22,235)
2025	(22,235)
Thereafter	(107,113)

12. POST-EMPLOYMENT BENEFITS

A. General information about the OPEB plan

Plan description

The Town's defined benefit OPEB plan provides OPEB for all permanent full-time employees of the Town. The plan is a single employer defined benefit OPEB plan administered by the Town. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Town Board of Trustees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits provided

The Town provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent of which contract each employee falls under. The specifics of each contract are on file at the Town offices and are available upon request.

Employees covered by benefit terms

As of January 1, 2020, the date of the most recent actuarial valuation, the following employees were covered by the benefit terms:

Inactive participants currently receiving benefit payments	324
Active participants	503
Total	827

**TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

B. Total OPEB liability

The Town's total OPEB liability of \$334,360,174 was measured as of December 31, 2020, and was determined by an actuarial valuation as of January 1, 2020.

Actuarial assumptions and other inputs

The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, with update procedures used to roll forward the total OPEB liability to the measurement date, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00% average, including inflation
Discount rate	2.02%
Healthcare cost trend rates	7.0% through 2022, decreasing 0.25% per year to an ultimate rate of 4.5% in 2032
Retirees' share of benefit-related costs	Rates based on percentage of premiums for retirees

The discount rate was based on an average of the December 31, 2019 S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and the Fidelity GO AA 20 Year Index.

Mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables projected to the valuation date with Scale MP-2019.

C. Changes in the total OPEB liability

Balance as of December 31, 2019	\$ 337,144,409
Service cost	8,105,743
Interest	6,736,444
Changes of assumptions or other inputs	(10,312,244)
Benefit payments	<u>(7,314,178)</u>
Balance as of December 31, 2020	<u>\$ 334,360,174</u>

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

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.02%) or one percentage point higher (3.02%) than the current discount rate:

	1% decrease (1.02%)	Current discount rate (2.02%)	1% increase (3.02%)
Total OPEB liability as of December 31, 2020	\$ 419,366,789	\$ 334,360,174	\$ 272,288,620

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

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current discount rate:

TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

	1% Decrease (6.00% decreasing to 3.50%)	Current assumption (7.00% decreasing to 4.50%)	1% Increase (8.00% decreasing to 5.50%)
Total OPEB liability as of December 31, 2020	\$ 268,731,351	\$ 334,360,174	\$ 424,718,119

D. OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended December 31, 2020, the Town recognized OPEB expense of \$24,541,172. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ -	\$ 9,172,770

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

<u>Year ended December 31:</u>	
2021	\$ (1,139,474)
2022	(1,139,474)
2023	(1,139,474)
2024	(1,139,474)
2025	(1,139,474)
Thereafter	(3,475,400)

13. 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, 2020, the value of the accumulated vacation time and sick leave for governmental activities and business-type activities was \$9,999,722

14. 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.

TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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.

	2020	2019
Unpaid claims and claim adjustment expenditures at the beginning of the year	\$ 2,250,000	\$ 2,835,787
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	2,269,771	-
Total incurred claims and claim adjustment expenditures	4,519,771	2,835,787
Payments:		
Claims and claim adjustment expenditures attributable to insured events of the current and prior years	100,000	585,787
Total payments	100,000	585,787
Unpaid claims and claim adjustment expenditures at the end of the year	\$ 4,419,771	\$ 2,250,000

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, 2020 are as follows:

General Fund:	
Public safety	\$ 22,921
Economic assistance and opportunity	1,297
Culture and recreation	4,900
Home and community services	2,835
Total General Fund	31,953
Police District Fund:	
Public safety	45,024
Non-major funds:	
Culture and recreation	2,750
Total encumbrances	\$ 79,727

**TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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, 2020, the Town has recorded a liability of \$3,322,530 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, 2020.

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 through at least June 15, 2020, 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. The New York State Comptroller recently set the allowable levy growth factor for local governments for fiscal years beginning January 1, 2020, at 1.02% (before exemptions). Local governments can exceed the tax levy limit by a 60% vote of the governing body, or by local law.

G. Lease commitments and leased assets

Operating leases

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, 2020 were approximately \$61,000.

Future minimum operating lease commitments are as follows:

Year ended <u>December 31,</u>		
2021	\$	32,605
2022		31,906
2023		<u>18,781</u>
	<u>\$</u>	<u>83,292</u>

**TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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.

I. COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a pandemic. The extent of the impact of COVID-19 on the Town’s operational and financial performance, and cash flow needs will depend on certain developments, including the duration and spread of the outbreak, impact on revenues, employees and vendors, all of which are uncertain and cannot be predicted as of the date of these financial statements.

15. 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, 2020, 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>
2020	\$ 81,295,380	\$ 66,235,982
2019	43,247,803	70,943,447
2018	53,939,669	35,861,109
2017	56,540,098	57,723,535
2016	55,083,465	74,474,307

16. TAX ABATEMENTS

The Town negotiates property tax abatement agreements on an individual basis. The Town has the following abatement agreement as of December 31, 2020:

<u>Purpose</u>	<u>Percentage of Taxes Abated During the Fiscal Year</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Gabreski Rechler Business District	81.8%	\$ 147,995

**TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

This 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.

17. 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, 2020:

Condensed Statement of Net Position:

	<u>Assets</u>		<u>Liabilities and Net Position</u>		
	<u>Current Assets</u>	<u>Non-Current Assets</u>	<u>Current Liabilities</u>	<u>Long-Term Liabilities</u>	<u>Net Position</u>
Town of Southampton Housing Authority	\$ 537,686	\$ 3,653,595	\$ 639,096	\$ 3,019,265	\$ 532,920
Trustees of the Freeholders	\$ 1,178,727	-	\$ 146,689	-	\$ 1,032,038

Condensed Statement of Activities:

	<u>Program</u>				<u>Change</u>	<u>Net Position</u>
	<u>Expenses</u>	<u>Revenue</u>	<u>Net Revenues</u>	<u>Other</u>		
Town of Southampton Housing Authority	\$ 1,097,723	\$ 1,001,999	\$ (95,724)	\$ 8	\$ (95,716)	\$ 532,920
Trustees of the Freeholders	\$ 700,045	\$ 645,817	\$ (54,228)	\$ 6,143	\$ (48,085)	\$ 1,032,038

18. FUTURE ACCOUNTING STANDARDS

The Town will evaluate the impact each of these upcoming pronouncements may have on its financial statements and will implement them as applicable and when material. The following is a list of GASB pronouncements issued but not yet effective:

<u>GASB Statement No.</u>	<u>GASB Accounting Standard</u>	<u>Effective Fiscal Year</u>
Statement No. 87	Leases	December 31, 2022
Statement No. 89	Accounting For Interest Cost Incurred Before The End Of A Construction Period	December 31, 2021
Statement No. 91	Conduit Debt Obligations	December 31, 2022

The Town has studied these upcoming pronouncements and is not anticipating any material impact to the financial statements as presented.

TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

19. SUBSEQUENT EVENTS

The Town has evaluated subsequent events occurring after the Statement of Net Position through the date of June 9, 2021, which is the date the financial statements were available to be issued, noting the following:

In March 2021, the Town issued Public Improvement Serial Bonds in the amount of \$12,317,000, maturing in March 2041. The proceeds of the bonds will be used for various capital improvements and equipment throughout the Town.

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 Changes in the Town's Total OPEB Liability and Related Ratios

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, 2020**

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
REVENUES					
Real property taxes	\$ 27,138,475	\$ 27,138,475	\$ 27,138,475		\$ -
Other real property tax items:					
Federal payments in lieu of taxes	25,000	25,000	19,371		(5,629)
Other payments in lieu of taxes	75,000	75,000	83,637		8,637
Interest and penalties - real property taxes	150,000	150,000	188,967		38,967
Total other real property tax items	250,000	250,000	291,975		41,975
Non-property tax items:					
Franchise fees	1,945,000	1,945,000	1,828,755		(116,245)
Total non-property tax items	1,945,000	1,945,000	1,828,755		(116,245)
Special assessments	88,194	88,194	88,194		-
Departmental income:					
Town Clerk fees	150,000	150,000	101,474		(48,526)
Alarm billing	125,001	125,001	163,393		38,392
Departmental income	25,000	25,000	31,009		6,009
Inspection contracts	1,000	1,000	3,800		2,800
Engineering fees	145,000	145,000	104,225		(40,775)
Shinnecock commercial dock rental	38,000	38,000	47,320		9,320
Program fees	426,530	426,530	191,779		(234,751)
Total departmental income	910,531	910,531	643,000		(267,531)
Intergovernmental charges:					
Intergovernmental revenue	313,502	313,502	319,569		6,067
Revenue from other governments	108,082	108,082	207,962		99,880
Total intergovernmental charges	421,584	421,584	527,531		105,947
Use of money and property:					
Interest and earnings	605,000	605,000	230,317		(374,683)
Total use of money and property	605,000	605,000	230,317		(374,683)
Licenses and permits:					
Dog licenses	9,000	9,000	8,514		(486)
Public safety permits	250,000	250,000	234,305		(15,695)
Taxi permits	60,000	60,000	12,975		(47,025)
Animal control permit fees	1,000	1,000	400		(600)
LT parking permits	13,000	13,000	7,459		(5,541)
Total licenses and permits	333,000	333,000	263,653		(69,347)
Fines and forfeitures:					
Justice court fines and fees	1,300,000	1,300,000	1,023,607		(276,393)
Total fines and forfeitures	1,300,000	1,300,000	1,023,607		(276,393)

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
Miscellaneous local sources:					
Program fees	\$ 65,000	\$ 65,000	\$ 24,998		\$ (40,002)
Insurance recoveries	15,000	15,000	-		(15,000)
Refunds of prior years	144,000	144,000	42,295		(101,705)
Donations - adult transportation	25,000	25,000	4,677		(20,323)
Donations - nutrition program	120,000	120,000	113,361		(6,639)
Donations - senior day care	90,000	90,000	13,685		(76,315)
Donations - residential repair	4,500	4,500	2,358		(2,142)
AIM payments	-	-	184,491		184,491
Miscellaneous	144,251	144,251	181,264		37,013
Professional services - G.I.S.	120,000	120,000	142,485		22,485
Total miscellaneous local sources	727,751	727,751	709,614		(18,137)
State aid:					
State aid - revenue sharing	190,000	190,000	-		(190,000)
State aid - mortgage tax	8,100,000	8,100,000	9,724,863		1,624,863
State aid - real property tax administration	150,000	150,000	136,663		(13,337)
State aid - nutrition program	495,000	495,000	659,693		164,693
State aid - youth services	16,127	16,127	16,127		-
EISEP grant	15,500	15,500	9,114		(6,386)
State aid - residential repair	19,283	19,283	18,212		(1,071)
County aid	139,707	139,707	101,587		(38,120)
State aid - traffic control	425,000	425,000	85,500		(339,500)
State aid - adult day care	-	-	304		304
State aid - youth programs	6,000	6,000	4,500		(1,500)
State aid - parks conservation	-	-	28,051		28,051
State aid - other	-	-	7,066		7,066
Total state aid	9,556,617	9,556,617	10,791,680		1,235,063
Federal aid:					
Federal aid - nutrition program	495,000	495,000	537,935		42,935
Federal aid - adult day care	10,000	10,000	911		(9,089)
Pump-out boats - clean vessel grant	35,000	35,000	30,000		(5,000)
Total federal aid	540,000	540,000	568,846		28,846
Total revenues	43,816,152	43,816,152	44,105,647		289,495
EXPENDITURES					
General governmental support:					
Salaries	9,747,791	9,713,333	9,534,249	\$ -	179,084
Overtime	35,500	32,685	14,272	-	18,413
Severance pay	-	247,973	247,971	-	2
Accumulated sick/personal days	20,619	20,973	17,224	-	3,749
Part time salaries	314,570	376,152	236,177	-	139,975
Longevity	356,741	362,129	348,850	-	13,279
Other pay	3,000	3,000	3,000	-	-
Cash in lieu of health benefits	127,258	137,229	130,943	-	6,286
Human resources - wellness reimbursement	800	800	95	-	705
Equipment	85,400	80,000	79,615	-	385
Vehicles	200,000	263,276	172,049	-	91,227
Software	10,800	10,800	5,222	-	5,578
Contracts	1,647,616	1,670,811	1,431,954	-	238,857
Gasoline	25,700	22,380	11,733	-	10,647
Electric	273,901	284,851	283,645	-	1,206
Fuel oil	159,901	159,781	69,244	-	90,537
Repairs	212,650	200,050	96,466	-	103,584
Copier supplies	32,500	31,100	15,183	-	15,917
Postage	118,350	118,350	80,001	-	38,349

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
General governmental support, cont'd:					
Printing, publications and stationery	\$ 48,900	\$ 37,530	\$ 20,713	\$ -	\$ 16,817
Publications	82,451	82,800	71,711	-	11,089
Telephone	43,000	43,150	39,120	-	4,030
Travel, dues and related	34,750	28,247	14,769	-	13,478
Uniforms	1,950	1,950	777	-	1,173
Other	114,800	126,719	38,111	-	88,608
Legal notices	16,000	17,700	14,062	-	3,638
Small equipment (non-capital)	56,240	95,771	70,922	-	24,849
Taxes - town property	30,000	30,000	18,175	-	11,825
Office supplies	23,235	23,409	90,393	-	(66,984)
Supplies - other	56,600	54,400	33,216	-	21,184
Drug court expense	30,000	25,000	24,138	-	862
Legal fees	660,645	654,245	500,067	-	154,178
Interpreters	90,000	90,000	53,600	-	36,400
Stenographer	108,000	113,000	100,219	-	12,781
Computer supplies	35,000	35,000	32,776	-	2,224
Diesel fuel	-	300	169	-	131
Mileage reimbursement	2,050	2,050	1,012	-	1,038
Schools and training	22,500	17,100	4,732	-	12,368
Document restoration	4,500	4,500	4,500	-	-
Background investigations	500	500	-	-	500
Municipal dues	2,600	2,886	2,886	-	-
Telephone - wireless	9,100	9,700	7,354	-	2,346
Advertising	1,000	2,000	1,425	-	575
Other - landfill charges	4,625	5,245	5,191	-	54
Copier leases	42,060	49,755	38,050	-	11,705
Cleaning allowance	6,000	5,000	2,037	-	2,963
Consultants	231,990	230,949	123,023	-	107,926
Tires	63,125	65,125	62,117	-	3,008
Lube oil	20,500	25,100	21,309	-	3,791
Judgments and claims	1,229,500	1,164,000	1,113,045	-	50,955
Insurance - unallocated	250,000	250,000	178,828	-	71,172
Total general governmental support	16,694,718	17,028,804	15,466,340	-	1,562,464
Public safety:					
Salaries	1,934,623	1,779,121	1,770,761	-	8,360
Overtime	188,500	203,665	183,123	-	20,542
Accumulated sick/personal days	14,416	13,160	10,866	-	2,294
Part time salaries	160,645	201,238	154,122	-	47,116
Longevity	97,761	93,554	84,587	-	8,967
Emergency Services Training	5,000	4,989	-	-	4,989
Cash in lieu of health benefits	15,660	23,311	23,016	-	295
Clothing cleaning	5,100	5,100	4,350	-	750
Equipment	25,000	25,000	12,738	-	12,262
Vehicles	50,000	36,010	35,734	-	276
Contracts	836,275	822,150	472,428	-	349,722
Gasoline	56,150	46,434	35,542	-	10,892
Electric	115,000	109,000	99,771	-	9,229
Fuel oil	45,000	42,320	19,106	-	23,214
Repair equipment	50,800	50,845	17,447	-	33,398
Repair building	26,000	29,600	27,465	-	2,135
Postage	150	-	-	-	-
Printing, publications and stationery	4,250	2,928	2,598	-	330
Travel, dues and related	2,400	2,350	826	-	1,524
Uniforms	9,870	15,349	14,961	-	388
Other	34,000	29,884	10,544	-	19,340
Bay constables - small equipment	23,500	86,750	55,367	22,921	8,462

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
Public safety, cont'd:					
Office supplies	\$ 3,000	\$ 4,020	\$ 2,358	\$ -	\$ 1,662
Supplies - other	500	4,694	4,679	-	15
Safety equipment	13,000	16,992	14,106	-	2,886
Signs	1,000	1,000	607	-	393
Diesel fuel	-	100	95	-	5
Food	5,500	5,500	120	-	5,380
Schools and training	3,800	4,008	1,157	-	2,851
Telephone - wireless	7,000	6,000	5,185	-	815
Copier leases	250	250	123	-	127
Marine charges	30,000	22,000	14,619	-	7,381
Veterinarian fees	1,500	1,500	1,356	-	144
Uniform cleaning	500	500	-	-	500
Consultants	10,000	6,100	4,322	-	1,778
Total public safety	3,776,150	3,695,422	3,084,079	22,921	588,422
Transportation:					
Salaries	793,154	749,151	749,141	-	10
Overtime	2,200	1,560	-	-	1,560
Accumulated sick/personal days	3,456	2,484	2,484	-	-
Part time salaries	84,530	97,555	79,524	-	18,031
Longevity	30,553	32,526	32,525	-	1
Cash in lieu of health benefits	20,672	20,672	19,667	-	1,005
Gasoline	42,000	42,000	17,681	-	24,319
Repair vehicle	50,000	48,000	21,525	-	26,475
Uniforms	2,000	2,000	1,090	-	910
Other	5,000	5,000	-	-	5,000
Diesel fuel	2,000	2,000	122	-	1,878
Schools and training	2,126	2,126	1,526	-	600
Wireless telephone	3,500	3,500	2,632	-	868
Copier leases	1,400	1,400	243	-	1,157
Total transportation	1,042,591	1,009,974	928,160	-	81,814
Economic assistance and opportunity:					
Salaries	1,817,546	1,804,089	1,788,416	-	15,673
Accumulated sick/personal days	8,760	8,052	7,572	-	480
Part time salaries	285,902	292,395	228,509	-	63,886
Longevity	80,124	84,666	81,062	-	3,604
Cash in lieu of health benefits	35,321	46,069	45,064	-	1,005
Contracts	406,501	416,455	407,518	-	8,937
Gasoline	1,000	1,000	648	-	352
Electric	5,000	5,000	2,583	-	2,417
Fuel oil	1,700	1,700	801	-	899
Repair equipment	12,504	5,750	2,354	-	3,396
Repair building	500	500	474	-	26
Repair vehicle	-	2,000	370	-	1,630
Postage	4,200	4,200	2,382	-	1,818
Printing and stationery	250	250	-	-	250
Publications	350	350	139	-	211
Travel, dues and related	3,400	3,400	1,136	-	2,264
Uniforms	2,000	1,125	-	-	1,125
Other	240,600	557,836	478,694	-	79,142
Office supplies	4,000	5,300	4,573	-	727
Supplies - other	57,000	62,250	61,872	-	378
Youth services - programs	40,000	32,525	19,275	1,297	11,953
Disel fuel	-	200	56	-	144
Mileage reimbursement	10,600	7,275	1,930	-	5,345

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
Economic assistance and opportunity, cont'd:					
Food	\$ 370,000	\$ 369,950	\$ 356,416	\$ -	\$ 13,534
Schools and training	1,100	1,250	1,029	-	221
Telephone - wireless	2,900	3,300	2,271	-	1,029
Advertising	500	500	-	-	500
Program expenses	71,000	72,518	31,369	-	41,149
Other - landfill charges	-	138	138	-	-
Copier leases	5,230	9,640	8,497	-	1,143
Contingency	111	111	-	-	111
	<u>3,468,099</u>	<u>3,799,794</u>	<u>3,535,148</u>	<u>1,297</u>	<u>263,349</u>
Total economic assistance and opportunity					
Culture and recreation:					
Salaries	1,635,542	1,615,588	1,427,616	-	187,972
Overtime	50,000	62,000	60,209	-	1,791
Sick leave	1,977	1,977	387	-	1,590
Part time salaries	370,234	382,534	273,329	-	109,205
Longevity	61,885	63,682	61,399	-	2,283
Cash in lieu of health benefits	5,206	5,206	4,953	-	253
Equipment	69,500	62,500	11,061	-	51,439
Software	1,900	1,900	1,779	-	121
Contracts	226,080	203,029	146,542	-	56,487
Gasoline	33,250	27,560	22,630	-	4,930
Electric	88,800	122,490	122,125	-	365
Fuel oil	32,000	16,900	12,121	-	4,779
Repair equipment	28,500	42,400	38,213	-	4,187
Repair building	85,000	79,234	75,741	-	3,493
Repair vehicle	20,000	40,200	39,671	-	529
Postage	7,100	7,100	428	-	6,672
Printing and stationery	10,200	10,200	3,179	-	7,021
Publications	50	50	-	-	50
Telephone	650	4,210	4,021	-	189
Travel, dues and related	1,100	1,300	180	-	1,120
Uniforms	7,750	9,241	8,212	-	1,029
Other	20,500	21,000	10,281	-	10,719
Office supplies	3,000	3,000	1,940	-	1,060
Supplies - other	25,280	25,280	21,976	-	3,304
Tree removal	30,000	28,400	27,970	-	430
Beach and dune monitoring	5,000	-	-	4,900	(4,900)
Diesel fuel	25,000	21,000	17,845	-	3,155
Salt	10,000	8,950	-	-	8,950
Schools and training	1,000	1,000	990	-	10
Telephone - wireless	2,050	2,100	1,758	-	342
Program expenses	175,000	175,000	33,522	-	141,478
Other - landfill charges	40,000	40,000	32,382	-	7,618
P and R chargeback - watering	5,200	5,200	3,191	-	2,009
Copier leases	3,000	4,000	3,052	-	948
Consultants	2,000	2,000	450	-	1,550
	<u>3,083,754</u>	<u>3,096,231</u>	<u>2,469,153</u>	<u>4,900</u>	<u>622,178</u>
Total culture and recreation					

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
Home and community services:					
Salaries	\$ 260,469	\$ 261,264	\$ 261,262	\$ -	\$ 2
Overtime	30,000	46,500	45,077	-	1,423
Sick leave	2,388	2,388	2,352	-	36
Part time salaries	87,843	79,048	61,697	-	17,351
Longevity	10,921	12,426	12,426	-	-
Cash in lieu of health benefits	6,023	6,023	5,730	-	293
Equipment	15,000	15,000	-	-	15,000
Contracts	160,800	132,800	61,691	-	71,109
Gasoline	12,000	12,000	11,515	-	485
Electric	2,500	2,500	2,034	-	466
Fuel oil	4,000	4,000	-	-	4,000
Repair equipment	57,250	91,750	77,784	-	13,966
Repair building	15,500	15,500	6,093	2,835	6,572
Printing and stationery	5,000	5,000	-	-	5,000
Rentals	5,000	5,000	-	-	5,000
Uniforms	500	500	168	-	332
Other	5,000	5,000	4,893	-	107
Legal notices	4,200	4,200	-	-	4,200
Small equipment (non-capital)	9,000	9,000	662	-	8,338
Office supplies	500	500	377	-	123
Supplies - other	1,000	2,000	1,162	-	838
Diesel fuel	50,000	39,000	26,625	-	12,375
Municipal dues	15,800	15,800	1,508	-	14,292
Telephone - wireless	3,500	3,500	1,695	-	1,805
Copier leases	1,800	1,800	81	-	1,719
Marine charges	2,500	1,500	-	-	1,500
Consultants	48,000	48,000	37,305	-	10,695
Total home and community services	816,494	821,999	622,137	2,835	197,027
Employee benefits:					
Employee retirement - active	2,202,816	2,202,816	2,198,357	-	4,459
FICA tax	1,437,767	1,447,271	1,327,972	-	119,299
MTA tax	65,194	65,469	59,193	-	6,276
Worker's compensation	527,141	513,648	406,168	-	107,480
Medical insurance - active	4,737,013	4,618,222	3,896,328	-	721,894
Health insurance - retirees	1,550,000	1,536,700	1,449,346	-	87,354
Medicare part B - retirees	235,600	248,900	248,766	-	134
Dental and optical	330,648	330,054	302,074	-	27,980
NYS unemployment insurance	55,000	85,750	85,728	-	22
Disability	7,047	7,195	1,862	-	5,333
Total employee benefits	11,148,226	11,056,025	9,975,794	-	1,080,231
Debt service:					
Principal	3,758,419	3,758,419	3,735,637	-	22,782
Interest	983,701	983,701	863,447	-	120,254
Total debt service	4,742,120	4,742,120	4,599,084	-	143,036
Total expenditures	44,772,152	45,250,369	40,679,895	\$ 31,953	4,538,521
Excess (deficiency) of revenues over (under) expenditures	(956,000)	(1,434,217)	3,425,752		4,828,016

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
OTHER FINANCING SOURCES (USES)					
Premium on obligations	\$ -	\$ -	\$ 471,833		\$ 471,833
Interfund transfer in	356,000	781,313	781,273		(40)
Interfund transfer out	-	(814,816)	(814,816)		-
Appropriated fund balance	600,000	1,467,720	-		(1,467,720)
Total other financing sources (uses)	956,000	1,434,217	438,290		(995,927)
Change in fund balance	\$ -	\$ -	3,864,042		\$ 3,832,089
Fund balance, beginning of year			23,709,999		
Fund balance, end of year			\$ 27,574,041		

**TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - POLICE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
REVENUES					
Real property taxes	\$ 24,379,273	\$ 24,379,273	\$ 24,379,273		\$ -
Other real property tax items:					
Other payments in lieu of taxes	89,000	89,000	92,518		3,518
Interest and penalties - real property taxes	60,000	60,000	74,191		14,191
Total other real property tax items	149,000	149,000	166,709		17,709
Departmental income:					
Departmental income	2,500	2,500	2,009		(491)
Towing fees	130,000	130,000	80,347		(49,653)
Alarm billing	300,000	300,000	195,550		(104,450)
Total departmental income	432,500	432,500	277,906		(154,594)
Use of money and property:					
Interest and earnings	300,000	300,000	105,195		(194,805)
Total use of money and property	300,000	300,000	105,195		(194,805)
Licenses and permits:					
Special event permits	100,000	100,000	21,727		(78,273)
Total licenses and permits	100,000	100,000	21,727		(78,273)
Sale of property and compensation for loss:					
Insurance recoveries	-	-	1,044		1,044
Total sale of property and compensation for loss	-	-	1,044		1,044
Miscellaneous local sources:					
Miscellaneous tax receipts	200,000	200,000	119,425		(80,575)
Miscellaneous	70,000	71,360	101,664		30,304
Total miscellaneous local sources	270,000	271,360	221,089		(50,271)
State aid:					
State aid - mortgage tax	-	210,000	210,000		-
State aid - sales tax	2,828,561	2,828,561	2,828,561		-
State aid - public safety	75,460	75,460	6,101		(69,359)
Total state aid	2,904,021	3,114,021	3,044,662		(69,359)
Federal aid:					
Stop DWI	55,000	55,000	28,470		(26,530)
NYS speed enforcement	8,000	8,000	6,565		(1,435)
Bullet proof vest program	12,000	12,000	10,881		(1,119)
Federal aid, other public safety	-	-	18,507		18,507
Total federal aid	75,000	75,000	64,423		(10,577)
Total revenues	28,609,794	28,821,154	28,282,028		(539,126)

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, 2020

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
EXPENDITURES					
Public safety:					
Salaries	\$ 13,035,660	\$ 12,799,663	\$ 12,799,651	\$ -	\$ 12
Overtime	1,059,000	1,081,000	1,055,607	-	25,393
Severance pay	-	382,815	382,814	-	1
Sick leave	49,496	54,402	54,054	-	348
Holiday	668,278	603,278	602,690	-	588
Part time salaries	502,852	526,182	504,512	-	21,670
Pay differential special units	42,729	27,729	26,703	-	1,026
Shift differential	420,210	437,188	435,727	-	1,461
Longevity	409,430	427,075	427,075	-	-
Training	92,892	46,892	46,404	-	488
Instructor - shift differential	10,000	10,500	10,500	-	-
Other pay	35,000	45,000	45,000	-	-
Cash in lieu of health benefits	6,023	17,193	17,191	-	2
Clothing cleaning	1,200	1,500	1,500	-	-
Clothing allowance	112,250	91,250	87,791	-	3,459
Equipment	53,000	86,678	67,195	-	19,483
Vehicles	520,000	915,004	498,986	40,846	375,172
Emergency services team gear	15,000	15,000	12,765	-	2,235
Contracts	240,378	67,168	63,362	-	3,806
Gasoline	180,000	123,700	122,020	-	1,680
Electric	65,000	53,000	47,407	-	5,593
Fuel oil	33,000	20,000	13,656	-	6,344
Repair equipment	7,500	7,500	2,796	-	4,704
Repair building	25,500	27,102	23,897	-	3,205
Repair vehicle	35,000	42,810	36,305	-	6,505
Postage	4,850	4,850	3,072	-	1,778
Printing and stationery	10,500	10,500	8,117	-	2,383
Publications	5,151	5,151	2,678	-	2,473
Telephone	8,500	8,500	8,054	-	446
Travel, dues and related	7,000	3,000	1,465	-	1,535
Photography	4,000	6,164	5,779	-	385
Uniforms	50,000	50,000	45,149	4,178	673
Other	20,000	26,000	18,569	-	7,431
Small equipment	37,500	24,063	17,086	-	6,977
Office supplies	15,000	15,000	12,588	-	2,412
Supplies - other	10,000	10,000	9,928	-	72
Towing	100,000	63,000	60,340	-	2,660
Ammunition	30,000	37,973	37,014	-	959
Flares and medical supplies	18,000	20,000	19,088	-	912
Safety equipment	39,000	41,553	41,385	-	168
Computer supplies	16,000	14,497	13,220	-	1,277
Diesel fuel	2,000	2,000	313	-	1,687
Food	3,000	3,000	656	-	2,344
Schools and training	12,000	4,000	3,812	-	188
Telephone - wireless	12,000	16,000	15,768	-	232
Landfill charges	-	400	365	-	35
Copier leases	3,500	2,500	209	-	2,291
Uniform cleaning	18,000	13,000	8,598	-	4,402
Total public safety	18,045,399	18,290,780	17,718,861	45,024	526,895

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, 2020

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
Employee benefits:					
Employee retirement - active	\$ 3,262,326	\$ 3,666,891	\$ 3,666,748	\$ -	\$ 143
FICA tax	960,159	1,085,159	1,080,278	-	4,881
MTA tax	57,562	55,362	54,406	-	956
Worker's compensation	590,654	457,654	455,106	-	2,548
Life insurance	12,348	12,408	12,400	-	8
Medical insurance - active	2,606,436	2,491,937	2,483,383	-	8,554
Health insurance - retirees	2,400,000	2,362,000	2,248,055	-	113,945
Medicare part B - retirees	212,000	212,000	208,224	-	3,776
Dental and optical	174,383	142,183	140,795	-	1,388
Dental and optical - retirees	185,000	185,000	184,888	-	112
NYS unemployment insurance	8,000	46,000	33,818	-	12,182
Disability	2,732	2,072	1,648	-	424
Total employee benefits	10,471,600	10,718,666	10,569,749	-	148,917
Debt service:					
Principal	302,242	302,242	302,242	-	-
Interest	40,553	40,553	40,553	-	-
Total debt service	342,795	342,795	342,795	-	-
Total expenditures	28,859,794	29,352,241	28,631,405	\$ 45,024	675,812
Excess (deficiency) of revenues over (under) expenditures	(250,000)	(531,087)	(349,377)		136,686
OTHER FINANCING SOURCES (USES)					
Premium on obligations	-	-	12,990		12,990
Interfund transfer out	-	(344,000)	(344,000)		-
Appropriated fund balance	250,000	875,087	-		(875,087)
Total other financing sources (uses)	250,000	531,087	(331,010)		(862,097)
Change in fund balance	\$ -	\$ -	(680,387)		\$ (725,411)
Fund balance, beginning of year			2,749,460		
Fund balance, end of year			<u>\$ 2,069,073</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, 2020

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
REVENUES					
Real property taxes	\$ 1,330,022	\$ 1,330,022	\$ 1,330,022		\$ -
Other real property tax items:					
Other payments in lieu of taxes	5,000	5,000	5,720		720
Interest and penalties - real property taxes	5,000	5,000	6,188		1,188
Total other real property tax items	10,000	10,000	11,908		1,908
Departmental income:					
Rental permits	210,000	210,000	358,650		148,650
Electrical inspections	526,000	526,000	446,625		(79,375)
Zoning fees	120,000	120,000	101,000		(19,000)
Wetland fees	400,000	400,000	346,525		(53,475)
Old filed maps	4,000	4,000	10,710		6,710
Planning zoning amendments	2,500	2,500	2,500		-
Other PB scheduling fees	76,000	76,000	50,175		(25,825)
Land Management planning division - site plan - fees	135,000	135,000	108,410		(26,590)
Special exceptions planning fee	7,000	7,000	6,600		(400)
Photocopy fees	12,000	12,000	7,204		(4,796)
Sub division planning fees	132,000	132,000	69,265		(62,735)
Total departmental income	1,624,500	1,624,500	1,507,664		(116,836)
Use of money and property:					
Interest and earnings	60,000	60,000	36,854		(23,146)
Total use of money and property	60,000	60,000	36,854		(23,146)
Licenses and permits:					
Licensing	250,000	250,000	216,300		(33,700)
Public safety permits	20,000	20,000	-		(20,000)
Building permit fee	3,380,000	3,380,000	2,312,831		(1,067,169)
Total licenses and permits	3,650,000	3,650,000	2,529,131		(1,120,869)
Miscellaneous local sources:					
Refunds of prior years	950	950	-		(950)
Miscellaneous revenue	-	-	30,000		30,000
Total miscellaneous local sources	950	950	30,000		29,050
Total revenues	6,675,472	6,675,472	5,445,579		(1,229,893)
EXPENDITURES					
Public safety:					
Salaries	571,636	564,533	557,241	\$ -	7,292
Overtime	40,000	40,000	34,360	-	5,640
Part time salaries	25,500	25,500	21,726	-	3,774
Longevity	24,865	16,485	16,477	-	8
Cash in lieu of health benefits	20,672	14,176	13,937	-	239
Clothing cleaning	2,400	2,400	2,250	-	150
Gasoline	14,000	13,600	9,191	-	4,409

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, 2020

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
Public safety, cont'd:					
Repair equipment	\$ 1,000	\$ 2,195	\$ 2,175	\$ -	\$ 20
Printing and stationery	1,500	750	554	-	196
Publication	2,200	2,500	2,258	-	242
Uniforms	8,000	18,677	18,241	-	436
Other	2,000	1,690	1,324	-	366
Small equipment (non-capital)	1,000	1,965	1,964	-	1
Office supplies	3,000	2,500	2,399	-	101
Schools and training	6,500	690	690	-	-
Telephone - wireless	3,500	4,400	4,209	-	191
Copier lease	2,000	2,300	2,104	-	196
Total public safety	729,773	714,361	691,100	-	23,261
Home and community services:					
Salaries	3,479,639	3,191,384	3,109,926	-	81,458
Overtime	35,000	45,000	36,786	-	8,214
Severance pay	-	167,428	167,428	-	-
Accumulated sick/personal days	11,550	11,028	10,294	-	734
Part time salaries	42,202	42,202	27,207	-	14,995
Longevity	125,131	138,336	131,062	-	7,274
Cash in lieu of health benefits	28,910	23,626	19,525	-	4,101
Equipment	20,000	34,000	32,869	-	1,131
Vehicles	50,000	50,000	47,480	-	2,520
Contracts	80,418	107,558	95,551	-	12,007
Gasoline	11,000	10,500	7,391	-	3,109
Copier supplies	350	-	-	-	-
Printing and stationery	11,600	10,700	7,492	-	3,208
Publications	1,400	2,850	2,743	-	107
Travel, dues and related	3,850	3,550	2,418	-	1,132
Uniforms	700	-	-	-	-
Other	13,200	12,160	8,194	-	3,966
Legal notices	10,900	13,112	12,437	-	675
Small equipment (non-capital)	400	7,400	348	-	7,052
Office supplies	9,500	9,188	5,701	-	3,487
Supplies - other	3,050	3,050	811	-	2,239
Safety equipment	2,400	2,400	1,490	-	910
Mileage reimbursement	350	350	154	-	196
Schools and training	5,200	3,000	90	-	2,910
Telephone - wireless	7,575	7,575	6,527	-	1,048
Landfill charges	335,000	463,000	462,983	-	17
Copier leases	6,688	7,188	6,310	-	878
Total home and community services	4,296,013	4,366,585	4,203,217	-	163,368

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, 2020

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
Employee benefits:					
Employee retirement - active	\$ 544,817	\$ 544,817	\$ 543,714	\$ -	\$ 1,103
FICA tax	331,089	334,522	299,012	-	35,510
MTA tax	15,161	15,166	13,275	-	1,891
Worker's compensation	85,371	80,335	65,779	-	14,556
Medical insurance - active	1,004,748	958,818	870,263	-	88,555
Health insurance - retirees	210,000	224,200	223,376	-	824
Medicare part B - retirees	31,200	37,435	37,433	-	2
Dental and optical	77,004	76,302	65,537	-	10,765
NYS unemployment insurance	8,000	26,000	19,710	-	6,290
Disability	1,702	1,904	692	-	1,212
Total employee benefits	<u>2,309,092</u>	<u>2,299,499</u>	<u>2,138,791</u>	<u>-</u>	<u>160,708</u>
Debt service:					
Principal	73,581	73,581	73,581	-	-
Interest	7,013	7,013	7,013	-	-
Total debt service	<u>80,594</u>	<u>80,594</u>	<u>80,594</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>7,415,472</u>	<u>7,461,039</u>	<u>7,113,702</u>	<u>\$ -</u>	<u>347,337</u>
Deficiency of revenues under expenditures	<u>(740,000)</u>	<u>(785,567)</u>	<u>(1,668,123)</u>		<u>(882,556)</u>
OTHER FINANCING SOURCES (USES)					
Premium on obligations	-	-	44,487		44,487
Interfund transfer in	-	14,000	14,000		-
Interfund transfer out	(10,000)	(10,000)	(10,000)		-
Appropriated fund balance	<u>750,000</u>	<u>781,567</u>	<u>-</u>		<u>(781,567)</u>
Total other financing sources (uses)	<u>740,000</u>	<u>785,567</u>	<u>48,487</u>		<u>(737,080)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,619,636)</u>		<u>\$ (1,619,636)</u>
Fund balance, beginning of year			<u>2,210,937</u>		
Fund balance, end of year			<u>\$ 591,301</u>		

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
REVENUES					
Real property taxes	\$ 13,398,054	\$ 13,398,054	\$ 13,398,054		\$ -
Other real property tax items:					
Other payments in lieu of taxes	60,000	60,000	57,739		(2,261)
Interest and penalties - real property taxes	30,000	30,000	37,096		7,096
Total other real property tax items	90,000	90,000	94,835		4,835
Departmental income:					
Engineering fees	20,000	20,000	35,700		15,700
Total departmental income	20,000	20,000	35,700		15,700
Intergovernmental charges:					
Intergovernmental revenue	693,669	693,669	693,669		-
Revenue from other governments	6,500	6,500	18,611		12,111
Total intergovernmental charges	700,169	700,169	712,280		12,111
Use of money and property:					
Interest and earnings	200,000	200,000	79,450		(120,550)
Total use of money and property	200,000	200,000	79,450		(120,550)
Licenses and permits:					
Licenses and permits	2,500	2,500	-		(2,500)
Total licenses and permits	2,500	2,500	-		(2,500)
Miscellaneous local sources:					
Insurance recoveries	-	-	18,920		18,920
Miscellaneous tax receipts	-	-	14,424		14,424
Miscellaneous	25,000	25,000	73,748		48,748
Total miscellaneous local sources	25,000	25,000	107,092		82,092
State aid:					
Consolidated highway aid	842,159	1,194,022	955,245		(238,777)
Total state aid	842,159	1,194,022	955,245		(238,777)
Total revenues	15,277,882	15,629,745	15,382,656		(247,089)
EXPENDITURES					
Transportation:					
Salaries	3,534,235	3,426,465	3,265,568	\$ -	160,897
Overtime	377,000	378,500	132,564	-	245,936
Severance pay	-	90,970	90,970	-	-
Sick leave	5,226	6,259	5,318	-	941
Part time salaries	-	15,300	2,804	-	12,496
Longevity	166,438	166,438	152,483	-	13,955
Cash in lieu of health benefits	72,276	78,315	78,313	-	2
Equipment	150,000	150,000	149,242	-	758
Road improvements	-	351,052	280,669	-	70,383
Road reconstruction	842,159	842,970	674,376	-	168,594
Contracts - other	200,000	197,100	53,153	-	143,947

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - HIGHWAY FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
Transportation, cont'd:					
Recharge Basin	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ 50,000
Gasoline	60,000	60,000	45,724	-	14,276
Electric	30,000	37,710	37,709	-	1
Fuel oil	60,000	60,000	28,634	-	31,366
Repair equipment	450,000	434,850	380,224	-	54,626
Repair building	56,500	56,500	20,053	-	36,447
Postage	5,300	5,300	1,174	-	4,126
Publications	3,300	3,300	41	-	3,259
Rentals	45,000	44,000	15,572	-	28,428
Telephone	7,700	10,300	10,214	-	86
Uniforms	750	1,500	1,430	-	70
Other	37,500	25,799	23,815	-	1,984
Legal notices	5,000	5,101	5,100	-	1
Small equipment (non-capital)	10,000	31,150	25,112	-	6,038
Office supplies	2,500	2,500	2,405	-	95
Supplies - other	66,000	71,000	65,144	-	5,856
Tree and stump removal	150,000	151,845	135,200	-	16,645
Safety equipment	25,000	25,000	17,217	-	7,783
Hardware	75,000	75,000	59,786	-	15,214
Diesel fuel	245,000	237,890	149,784	-	88,106
Mileage reimbursement	5,000	4,250	-	-	4,250
Sand	115,000	120,768	120,767	-	1
Salt	450,000	444,232	183,487	-	260,745
Chemicals	10,000	10,000	250	-	9,750
Road repairs	110,000	108,155	57,665	-	50,490
Schools and training	2,500	2,500	492	-	2,008
Telephone - wireless	4,700	4,700	3,441	-	1,259
Townwide line striping	200,000	200,000	164,157	-	35,843
Copier leases	13,923	13,923	3,054	-	10,869
Cleaning allowance	9,000	10,300	10,215	-	85
Tires	35,000	35,000	34,379	-	621
Lube oil	20,000	20,000	19,237	-	763
Total transportation	7,707,007	8,065,942	6,506,942	-	1,559,000
Employee benefits:					
Employee retirement - active	521,345	521,345	520,290	-	1,055
FICA tax	347,160	347,160	271,984	-	75,176
MTA tax	15,437	15,437	12,102	-	3,335
Worker's compensation	383,303	383,303	295,339	-	87,964
Medical insurance - active	1,149,000	1,141,928	944,889	-	197,039
Health insurance - retirees	800,000	800,000	777,897	-	22,103
Medicare part B - retirees	96,000	96,000	93,270	-	2,730
Dental and optical	82,800	82,800	76,228	-	6,572
NYS unemployment insurance	8,000	8,000	-	-	8,000
Disability	1,044	1,044	29	-	1,015
Total employee benefits	3,404,089	3,397,017	2,992,028	-	404,989

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - HIGHWAY FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
Debt service:					
Principal	\$ 3,606,682	\$ 3,606,682	\$ 3,606,682	\$ -	\$ -
Interest	735,104	735,104	735,103	-	1
Total debt service	4,341,786	4,341,786	4,341,785	-	1
Total expenditures	15,452,882	15,804,745	13,840,755	\$ -	1,963,990
Excess (deficiency) of revenues over (under) expenditures	(175,000)	(175,000)	1,541,901		1,716,901
OTHER FINANCING SOURCES (USES)					
Premium on obligations	-	-	247,884		247,884
Interfund transfer out	-	(344,000)	(344,000)		-
Appropriated fund balance	175,000	519,000	-		(519,000)
Total other financing sources (uses)	175,000	175,000	(96,116)		(271,116)
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,445,785		<u>\$ 1,445,785</u>
Fund balance, beginning of year			4,174,492		
Fund balance, end of year			<u>\$ 5,620,277</u>		

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, 2020

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
REVENUES					
Real property taxes	\$ 2,684,217	\$ 2,684,217	\$ 2,684,217		\$ -
Other real property tax items:					
Other payments in lieu of taxes	9,000	9,000	9,342		342
Interest and penalties - real property taxes	5,000	5,000	6,188		1,188
Total other real property tax items	14,000	14,000	15,530		1,530
Departmental income:					
Rentals	130,000	130,000	160,318		30,318
Total departmental income	130,000	130,000	160,318		30,318
Use of money and property:					
Interest and earnings	40,000	40,000	18,033		(21,967)
Total use of money and property	40,000	40,000	18,033		(21,967)
State aid:					
State aid - other public safety	100,000	150,000	160,673		10,673
Total state aid	100,000	150,000	160,673		10,673
Total revenues	2,968,217	3,018,217	3,038,771		20,554
EXPENDITURES					
Public safety:					
Salaries	1,487,681	1,475,271	1,442,668	\$ -	32,603
Overtime	62,048	62,048	59,507	-	2,541
Severance	-	6,020	6,020	-	-
Sick leave	-	3,488	3,488	-	-
Holiday	15,950	15,950	14,383	-	1,567
Pay differential - shift	58,146	58,146	49,850	-	8,296
Longevity	80,480	80,480	77,598	-	2,882
Cash in lieu of health benefits	18,069	19,579	19,578	-	1
Uniform cleaning allowance	6,600	6,600	6,425	-	175
Equipment	-	5,000	4,778	-	222
Contracts	173,223	216,931	204,195	-	12,736
Electric	7,000	10,300	10,287	-	13
Repair equipment	5,000	5,000	10	-	4,990
Rentals	149,645	149,645	136,819	-	12,826
Telephone	3,845	2,845	1,407	-	1,438
Uniforms	10,000	9,000	6,511	-	2,489
Small equipment (non-capital)	1,225	1,225	-	-	1,225
Office supplies	300	300	208	-	92
Schools and training	6,000	6,000	3,794	-	2,206
Contracts - copier lease	3,500	3,500	29	-	3,471
Total public safety	2,088,712	2,137,328	2,047,555	-	89,773

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, 2020

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
Employee benefits:					
Employee retirement - active	\$ 278,930	\$ 278,930	\$ 278,366	\$ -	\$ 564
FICA tax	135,525	135,525	125,313	-	10,212
MTA tax	6,049	6,049	5,569	-	480
Worker's compensation	50,287	50,287	38,746	-	11,541
Medical insurance - active	443,736	422,085	403,584	-	18,501
Health insurance - retirees	70,000	91,390	91,377	-	13
Medicare part B - retirees	8,200	9,845	9,841	-	4
Dental and optical	30,360	30,360	28,995	-	1,365
Disability	383	383	-	-	383
Total employee benefits	<u>1,023,470</u>	<u>1,024,854</u>	<u>981,791</u>	<u>-</u>	<u>43,063</u>
Debt service:					
Principal	5,611	5,611	5,611	-	-
Interest	424	424	423	-	1
Total debt service	<u>6,035</u>	<u>6,035</u>	<u>6,034</u>	<u>-</u>	<u>1</u>
Total expenditures	<u>3,118,217</u>	<u>3,168,217</u>	<u>3,035,380</u>	<u>\$ -</u>	<u>132,837</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(150,000)</u>	<u>(150,000)</u>	<u>3,391</u>		<u>153,391</u>
OTHER FINANCING SOURCES					
Appropriated fund balance	<u>150,000</u>	<u>150,000</u>	<u>-</u>		<u>(150,000)</u>
Total other financing sources	<u>150,000</u>	<u>150,000</u>	<u>-</u>		<u>(150,000)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,391</u>		<u>\$ 3,391</u>
Fund balance, beginning of year			<u>976,915</u>		
Fund balance, end of year			<u>\$ 980,306</u>		

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

Measurement date as of:	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Total pension liability:				
Service cost	\$ 207,194	\$ 252,714	\$ 213,851	\$ 248,297
Interest	207,732	187,046	188,975	169,191
Changes of assumptions or other inputs	365,688	(463,800)	481,534	(459,825)
Differences between expected and actual experience	(152,925)	(29,022)	(15,078)	(49,492)
Benefit payments	<u>(133,866)</u>	<u>(93,496)</u>	<u>(71,744)</u>	<u>(62,825)</u>
Net change in total pension liability	493,823	(146,558)	797,538	(154,654)
Total pension liability, beginning of year	<u>5,566,661</u>	<u>5,713,219</u>	<u>4,915,681</u>	<u>5,070,335</u>
Total pension liability, end of year	<u>\$ 6,060,484</u>	<u>\$ 5,566,661</u>	<u>\$ 5,713,219</u>	<u>\$ 4,915,681</u>
Covered employee payroll	N/A	N/A	N/A	N/A
Total pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	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, 2016:	3.71%
December 31, 2017:	3.16%
December 31, 2018:	3.64%
December 31, 2019:	3.26%

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 of 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 CHANGES IN THE TOWN'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST THREE FISCAL YEARS***

Measurement date as of:	December 31, 2020	December 31, 2019	December 31, 2018
Total OPEB liability:			
Service cost	\$ 8,105,743	\$ 4,388,291	\$ 3,506,756
Interest	6,736,444	9,462,552	9,706,721
Changes of assumptions or other inputs	(10,312,244)	70,230,105	-
Benefit payments	<u>(7,314,178)</u>	<u>(6,002,634)</u>	<u>(6,075,333)</u>
Net change in total OPEB liability	(2,784,235)	78,078,314	7,138,144
Total OPEB liability, beginning of year	<u>337,144,409</u>	<u>259,066,095</u>	<u>251,927,951</u>
Total OPEB liability, end of year	<u><u>\$ 334,360,174</u></u>	<u><u>\$ 337,144,409</u></u>	<u><u>\$ 259,066,095</u></u>
 Covered employee payroll	 \$ 38,834,686	 \$ 36,862,692	 \$ 36,862,692
Total OPEB liability as a percentage of covered-employee payroll	860.98%	914.60%	702.79%

Note to Required Supplementary Information

Changes of assumptions or other inputs: The discount rate used to measure the total OPEB liability was based on an average of the S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and the Fidelity GO AA 20 Year Index and was as follows:

December 31, 2018:	3.90%
December 31, 2019:	2.90%
December 31, 2020:	2.02%

Trust assets: The Town has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay OPEB benefits, as New York State currently does not allow towns to establish this type of trust. The Town currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

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

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

	(A)				(B)					
	2020	2019	2018	2017	2016	2015	2014	**2013	**2012	**2011
Town's proportionate share of the net pension liability	0.09263%	0.09572%	0.09412%	0.09554%	0.09690%	0.09762%	0.09762%	N/A	N/A	N/A
Town's proportionate share of the net pension liability	\$ 24,529	\$ 6,782	\$ 3,038	\$ 8,977	\$ 15,552	\$ 3,298	\$ 4,411	N/A	N/A	N/A
Town's covered payroll	\$ 28,503	\$ 27,862	\$ 27,270	\$ 26,188	\$ 25,366	\$ 25,436	\$ 24,346	N/A	N/A	N/A
Town's proportionate share of the net pension liability as a percentage of covered payroll	86.06%	24.34%	11.14%	34.28%	61.31%	12.97%	18.12%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	97.15%	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 7.0% to 6.8% effective with the March 31, 2020 measurement date.

(B) 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)

	(A) 2020	2019	2018	2017	(B) 2016	2015	2014	**2013	**2012	**2011
Town's proportionate share of the net pension liability	0.42125%	0.40795%	0.40429%	0.43130%	0.43130%	0.41533%	0.41533%	N/A	N/A	N/A
Town's proportionate share of the net pension liability	\$ 22,516	\$ 6,842	\$ 4,086	\$ 8,547	\$ 12,770	\$ 1,143	\$ 1,729	N/A	N/A	N/A
Town's covered payroll	\$ 14,497	\$ 14,873	\$ 13,901	\$ 13,668	\$ 13,254	\$ 12,692	\$ 12,371	N/A	N/A	N/A
Town's proportionate share of the net pension liability as a percentage of covered payroll	155.31%	46.00%	29.40%	62.53%	96.35%	9.01%	13.98%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	84.86%	95.09%	96.93%	93.46%	90.24%	99.03%	98.48%	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 7.0% to 6.8% effective with the March 31, 2020 measurement date.

(B) 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.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**TOWN OF SOUTHAMPTON
SCHEDULE OF TOWN PENSION CONTRIBUTIONS - NYSERS
LAST TEN FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 3,987,184	\$ 3,879,475	\$ 3,873,603	\$ 3,796,025	\$ 3,900,418	\$ 4,285,670	\$ 4,683,082	\$ 4,765,453	\$ 4,519,439	\$ 3,489,546
Contributions in relation to the contractually required contribution	<u>4,082,205</u>	<u>3,804,415</u>	<u>3,776,437</u>	<u>3,809,741</u>	<u>3,900,418</u>	<u>4,285,670</u>	<u>4,683,082</u>	<u>6,138,921</u>	<u>4,449,690</u>	<u>2,692,108</u>
Contribution deficiency (excess)	<u>\$ (95,021)</u>	<u>\$ 75,060</u>	<u>\$ 97,166</u>	<u>\$ (13,716)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,373,468)</u>	<u>\$ 69,749</u>	<u>\$ 797,438</u>
Town's covered payroll	\$ 26,675,675	\$ 28,467,399	\$ 27,909,364	\$ 26,928,721	\$ 24,505,263	\$ 25,452,159	\$ 24,303,537	\$ 23,779,451	\$ 23,097,610	\$ 20,202,322
Contributions as a percentage of covered payroll	15.30%	13.36%	13.53%	14.15%	15.92%	16.84%	19.27%	25.82%	19.26%	13.33%

**REQUIRED
SUPPLEMENTARY
INFORMATION**

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 3,628,501	\$ 3,507,431	\$ 3,255,244	\$ 3,313,428	\$ 3,182,546	\$ 3,151,539	\$ 3,499,468	\$ 3,283,356	\$ 2,842,994	\$ 2,541,060
Contributions in relation to the contractually required contribution	<u>3,666,748</u>	<u>3,512,030</u>	<u>3,338,253</u>	<u>3,352,947</u>	<u>3,182,546</u>	<u>3,151,539</u>	<u>3,499,468</u>	<u>3,818,036</u>	<u>2,679,736</u>	<u>2,104,844</u>
Contribution deficiency (excess)	<u>\$ (38,247)</u>	<u>\$ (4,599)</u>	<u>\$ (83,009)</u>	<u>\$ (39,519)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (534,680)</u>	<u>\$ 163,258</u>	<u>\$ 436,216</u>
Town's covered payroll	\$ 14,851,736	\$ 14,398,973	\$ 14,930,469	\$ 13,682,639	\$ 13,678,321	\$ 13,150,298	\$ 12,689,273	\$ 12,024,729	\$ 11,524,979	\$ 11,762,034
Contributions as a percentage of covered payroll	24.69%	24.39%	22.36%	24.51%	23.27%	23.97%	27.58%	31.75%	23.25%	17.90%

OTHER SUPPLEMENTARY INFORMATION

TOWN OF SOUTHAMPTON
SCHEDULE OF OPEN PROJECTS - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

Table with columns: Project Number, Project Title, Original Appropriation, Revised Appropriation, Prior Years, Current Year, Total, Unexpended Balance, Methods of Financing (Prior Years, Proceeds of Obligations, Contributions and Grants, Transfers In, Total), Fund Balance December 31, 2020. Rows include projects like Unallocated, Nathaniel Rodgers House, Beach Nourishment, etc.

TOWN OF SOUTHAMPTON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	SPECIAL REVENUE FUNDS										Total Non-Major Governmental Funds
	SPECIAL DISTRICT FUNDS										
	Special Grant Fund	Special Fund	Utility District	Fire Protection Districts	Lighting Districts	Public Parking Districts	Water Districts	Ambulance Districts	Coastal Erosion Districts	Parks Districts	
ASSETS											
Cash and cash equivalents	\$ 4,397	\$ -	\$ 47,608	\$ 506,133	\$ 1,301,622	\$ 422,009	\$ 2,244,383	\$ 1,748,623	\$ 1,367,626	\$ 895,306	\$ 8,537,707
Restricted cash	358,820	4,618,967	-	-	-	-	692,493	-	-	-	5,670,280
Accounts receivable	43,078	32,803	-	-	-	2,072	473,963	-	-	-	551,916
Due from other funds	-	-	-	-	-	-	2,449	-	-	-	2,449
Prepaid items	3,505	-	-	-	-	-	58,334	-	-	-	61,839
Total assets	\$ 409,800	\$ 4,651,770	\$ 47,608	\$ 506,133	\$ 1,301,622	\$ 424,081	\$ 3,471,622	\$ 1,748,623	\$ 1,367,626	\$ 895,306	\$ 14,824,191
LIABILITIES											
Accounts payable	\$ 47,475	\$ 130,416	\$ -	\$ 2,309	\$ 1,789	\$ 12,101	\$ 80,172	\$ 885	\$ 3,163	\$ 2,233	\$ 280,543
Accrued liabilities	-	98,173	-	-	-	-	58,171	-	-	-	156,344
Due to other funds	-	2,138,571	-	-	-	-	-	-	-	-	2,138,571
Total liabilities	47,475	2,367,160	-	2,309	1,789	12,101	138,343	885	3,163	2,233	2,575,458
DEFERRED INFLOWS OF RESOURCES											
Property taxes received in advance	-	414	10,113	326,101	138,422	33,117	427,691	1,080,226	747,851	149,443	2,913,378
Total deferred inflows of resources	-	414	10,113	326,101	138,422	33,117	427,691	1,080,226	747,851	149,443	2,913,378
FUND BALANCE											
Fund balance:											
Nonspendable	3,505	-	-	-	-	-	58,334	-	-	-	61,839
Restricted	358,820	2,284,196	-	-	-	-	692,493	-	-	-	3,335,509
Committed	-	-	-	-	-	-	19,000	-	-	-	19,000
Assigned	-	-	37,495	177,723	1,161,411	378,863	2,135,761	667,512	616,612	743,630	5,919,007
Total fund balance	362,325	2,284,196	37,495	177,723	1,161,411	378,863	2,905,588	667,512	616,612	743,630	9,335,355
Total liabilities, deferred inflows of resources and fund balance	\$ 409,800	\$ 4,651,770	\$ 47,608	\$ 506,133	\$ 1,301,622	\$ 424,081	\$ 3,471,622	\$ 1,748,623	\$ 1,367,626	\$ 895,306	\$ 14,824,191

TOWN OF SOUTHAMPTON
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

SPECIAL REVENUE FUNDS											
SPECIAL DISTRICT FUNDS											
	Special Grant Fund	Special Fund	Utility District	Fire Protection Districts	Lighting Districts	Public Parking Districts	Water Districts	Ambulance Districts	Coastal Erosion Districts	Parks Districts	Total Non-Major Governmental Funds
REVENUES											
Real property taxes	\$ -	\$ -	\$ -	\$ 1,118,226	\$ 513,791	\$ 115,294	\$ 1,398,475	\$ 3,657,425	\$ 2,603,614	\$ 517,565	\$ 9,924,390
Other real property tax items	-	-	-	7,385	1,880	202	9,334	95,331	-	801	114,933
Departmental income	-	-	-	-	-	-	2,748,539	-	-	-	2,748,539
Use of money and property	1,010	64,011	126	1,399	12,803	3,616	285,256	8,756	17,753	8,899	403,629
Fines and forfeitures	-	20,900	-	-	-	-	-	-	-	-	20,900
Miscellaneous local sources	100	667,868	-	-	-	7,459	20,033	-	1,500	-	696,960
Federal aid	3,265,296	-	-	-	-	-	-	-	-	-	3,265,296
Total revenues	3,266,406	752,779	126	1,127,010	528,474	128,571	4,461,637	3,761,512	2,622,867	527,265	17,174,647
EXPENDITURES											
General governmental support	-	161,397	-	-	-	-	-	-	-	-	161,397
Public safety	-	23,332	-	1,103,402	-	-	-	-	-	-	1,126,734
Health	-	-	-	-	-	-	-	3,386,562	-	-	3,386,562
Transportation	-	-	-	-	221,916	119,504	-	-	-	-	341,420
Economic assistance and opportunity	-	350,956	-	-	-	-	-	-	-	-	350,956
Culture and recreation	-	198,190	-	-	-	-	-	-	-	490,302	688,492
Home and community services	2,933,614	9,733	-	-	-	-	2,411,161	-	56,330	-	5,410,838
Employee benefits	-	358	-	-	-	-	631,850	174,748	-	-	806,956
Debt service -											
Principal	-	-	-	-	120,571	5,113	629,355	15,427	2,290,000	38,195	3,098,661
Interest	-	-	-	-	28,424	371	94,262	1,118	362,549	9,660	496,384
Total expenditures	2,933,614	743,966	-	1,103,402	370,911	124,988	3,766,628	3,577,855	2,708,879	538,157	15,868,400
Excess (deficiency) of revenues over (under) expenditures	332,792	8,813	126	23,608	157,563	1,583	695,009	183,657	(86,012)	(10,892)	1,306,247
OTHER FINANCING SOURCES (USES)											
Premium on obligations	-	-	37,369	-	-	-	20,947	222,437	-	-	280,753
Transfers in	-	108,913	-	-	-	-	-	-	-	-	108,913
Transfers out	(145,000)	(140,500)	-	-	(101,284)	-	(214,000)	(127,768)	-	-	(728,552)
Total other financing sources (uses)	(145,000)	(31,587)	37,369	-	(101,284)	-	(193,053)	94,669	-	-	(338,886)
Change in fund balance	187,792	(22,774)	37,495	23,608	56,279	1,583	501,956	278,326	(86,012)	(10,892)	967,361
Fund balance, beginning of year	174,533	2,306,970	-	154,115	1,105,132	377,280	2,403,632	389,186	702,624	754,522	8,367,994
Fund balance, end of year	\$ 362,325	\$ 2,284,196	\$ 37,495	\$ 177,723	\$ 1,161,411	\$ 378,863	\$ 2,905,588	\$ 667,512	\$ 616,612	\$ 743,630	\$ 9,335,355

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - FIRE PROTECTION DISTRICTS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
REVENUES					
Real property taxes	\$ 1,118,825	\$ 1,118,825	\$ 1,118,226		\$ (599)
Other real property tax items:					
Other payments in lieu of taxes	6,500	6,500	7,385		885
Total other real property tax items	6,500	6,500	7,385		885
Use of money and property:					
Interest and earnings	2,900	2,900	1,399		(1,501)
Total use of money and property	2,900	2,900	1,399		(1,501)
Total revenues	1,128,225	1,128,225	1,127,010		(1,215)
EXPENDITURES					
Public safety:					
Contracts - other	1,078,359	1,078,359	1,077,857	\$ -	502
Electric	49,866	49,866	25,545	-	24,321
Total public safety	1,128,225	1,128,225	1,103,402	-	24,823
Total expenditures	1,128,225	1,128,225	1,103,402	\$ -	24,823
Change in fund balance	\$ -	\$ -	23,608		\$ 23,608
Fund balance, beginning of year			154,115		
Fund balance, end of year			\$ 177,723		

**TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - LIGHTING DISTRICTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
REVENUES					
Real property taxes	\$ 513,791	\$ 513,791	\$ 513,791		\$ -
Other real property tax items:					
Other payments in lieu of taxes	2,040	2,040	1,880		(160)
Total other real property tax items	2,040	2,040	1,880		(160)
Use of money and property:					
Interest and earnings	15,750	15,750	12,803		(2,947)
Total use of money and property	15,750	15,750	12,803		(2,947)
Total revenues	531,581	531,581	528,474		(3,107)
EXPENDITURES					
Transportation:					
Contracts	36,500	34,000	10,736	\$ -	23,264
Electric	217,352	219,852	211,180	-	8,672
Total transportation	253,852	253,852	221,916	-	31,936
Debt service:					
Principal	260,526	193,296	120,571	-	72,725
Interest	28,428	28,814	28,424	-	390
Total debt service	288,954	222,110	148,995	-	73,115
Total expenditures	542,806	475,962	370,911	\$ -	105,051
Excess (deficiency) of revenues over (under) expenditures	(11,225)	55,619	157,563		101,944
OTHER FINANCING SOURCES (USES)					
Interfund transfers out	-	(101,284)	(101,284)		-
Appropriated fund balance	11,225	45,665	-		(45,665)
Total other financing sources (uses)	11,225	(55,619)	(101,284)		(45,665)
Change in fund balance	\$ -	\$ -	56,279		\$ 56,279
Fund balance, beginning of year			1,105,132		
Fund balance, end of year			\$ 1,161,411		

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - PUBLIC PARKING DISTRICTS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
REVENUES					
Real property taxes	\$ 115,294	\$ 115,294	\$ 115,294		\$ -
Other real property tax items:					
Other payments in lieu of taxes	190	190	202		12
Total other real property tax items	190	190	202		12
Use of money and property:					
Interest and earnings	5,000	5,000	3,616		(1,384)
Total use of money and property	5,000	5,000	3,616		(1,384)
Miscellaneous local sources					
Miscellaneous	10,000	10,000	7,459		(2,541)
Total miscellaneous local sources	10,000	10,000	7,459		(2,541)
Total revenues	130,484	130,484	126,571		(3,913)
EXPENDITURES					
Transportation:					
Contracts	108,800	108,800	104,951	\$ -	3,849
P & R CB Water	15,000	15,000	13,502	-	1,498
Electric	1,200	1,200	1,051	-	149
Total transportation	125,000	125,000	119,504	-	5,496
Debt service:					
Principal	5,113	5,113	5,113	-	-
Interest	371	371	371	-	-
Total debt service	5,484	5,484	5,484	-	-
Total expenditures	130,484	130,484	124,988	\$ -	5,496
Change in fund balance	\$ -	\$ -	1,583		\$ 1,583
Fund balance, beginning of year			377,280		
Fund balance, end of year			\$ 378,863		

**TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - WATER DISTRICTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
REVENUES					
Real property taxes	\$ 1,398,475	\$ 1,398,475	\$ 1,398,475		\$ -
Other real property tax items:					
Other payments in lieu of taxes	3,400	3,400	4,403		1,003
Interest and penalties - real property taxes	4,000	4,000	4,931		931
Total other real property tax items	7,400	7,400	9,334		1,934
Departmental income:					
Metered water sales	2,416,700	2,474,100	2,748,539		274,439
Total departmental income	2,416,700	2,474,100	2,748,539		274,439
Use of money and property:					
Interest and earnings	40,000	40,000	12,642		(27,358)
Rentals	325,000	325,000	272,614		(52,386)
Total use of money and property	365,000	365,000	285,256		(79,744)
Miscellaneous local sources:					
Miscellaneous	-	20,033	20,033		-
Total miscellaneous local sources	-	20,033	20,033		-
Total revenues	4,187,575	4,265,008	4,461,637		196,629
EXPENDITURES					
Home and community services:					
Cost of water	328,000	328,000	312,457	\$ -	15,543
Salaries	926,714	832,555	730,643	-	101,912
Overtime	1,600	2,775	-	-	2,775
Part time salaries	24,970	47,970	37,336	-	10,634
Longevity	45,212	47,371	47,370	-	1
Cash in lieu of health benefits	6,023	6,023	5,730	-	293
Equipment	24,000	15,000	14,033	-	967
Vehicles	44,000	44,000	-	-	44,000
Meter settings	70,000	79,000	76,285	-	2,715
Contracts	476,434	647,977	305,418	-	342,559
Gasoline	14,000	8,000	5,449	-	2,551
Electric	273,000	327,000	322,984	-	4,016
Fuel oil	25,000	12,530	7,625	-	4,905
Repair equipment	239,000	196,510	196,506	-	4
Vehicle repair	9,500	12,500	12,166	-	334
Postage	16,300	16,000	12,288	-	3,712
Telephone	13,300	13,300	5,638	-	7,662
Travel, dues and related	4,500	4,500	3,679	-	821
Uniforms	4,500	4,500	4,358	-	142
Publicity and public notices	400	700	632	-	68
Small equipment (non capital)	5,000	5,100	5,089	-	11
Office supplies	1,000	1,000	958	-	42
Supplies - other	2,500	2,500	2,000	-	500

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - WATER DISTRICTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
Home and community services, con'td:					
Safety equipment	\$ 1,800	\$ 1,800	\$ 1,562	\$ -	\$ 238
Diesel fuel	8,000	8,000	4,325	-	3,675
Chemicals	150,975	168,645	161,835	-	6,810
Water analysis	73,650	95,651	95,645	-	6
Engineering fees	37,000	43,730	36,379	-	7,351
Wireless telephone	1,800	1,800	805	-	995
Landfill charges	3,000	3,000	1,966	-	1,034
Total home and community services	<u>2,831,178</u>	<u>2,977,437</u>	<u>2,411,161</u>	<u>-</u>	<u>566,276</u>
Employee benefits:					
Employee retirement	131,535	143,455	143,451	-	4
FICA tax	82,323	73,748	61,570	-	12,178
MTA tax	3,662	3,667	2,736	-	931
Worker's compensation	72,254	69,304	55,673	-	13,631
Medical insurance	313,908	324,303	220,142	-	104,161
Medical insurance - retiree	93,000	119,000	115,106	-	3,894
Medicare reimbursement - part B	16,500	19,200	19,194	-	6
Dental and optical	19,320	19,320	13,927	-	5,393
Disability	278	278	51	-	227
Total employee benefits	<u>732,780</u>	<u>772,275</u>	<u>631,850</u>	<u>-</u>	<u>140,425</u>
Debt service:					
Principal	629,355	629,355	629,355	-	-
Interest	94,262	94,262	94,262	-	-
Total debt service	<u>723,617</u>	<u>723,617</u>	<u>723,617</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>4,287,575</u>	<u>4,473,329</u>	<u>3,766,628</u>	<u>\$ -</u>	<u>706,701</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(100,000)</u>	<u>(208,321)</u>	<u>695,009</u>		<u>903,330</u>
OTHER FINANCING SOURCES (USES)					
Premium on obligations	-	-	20,947		20,947
Interfund transfer out	-	(214,000)	(214,000)		-
Appropriated fund balance	100,000	422,321	-		(422,321)
Total other financing sources (uses)	<u>100,000</u>	<u>208,321</u>	<u>(193,053)</u>		<u>(401,374)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>501,956</u>		<u>\$ 501,956</u>
Fund balance, beginning of year			<u>2,403,632</u>		
Fund balance, end of year			<u>\$ 2,905,588</u>		

**TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - AMBULANCE DISTRICTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
REVENUES					
Real property taxes	\$ 3,740,669	\$ 3,740,669	\$ 3,657,425		\$ (83,244)
Other real property tax items:					
Other payments in lieu of taxes	8,000	8,000	95,331		87,331
Total other real property tax items	8,000	8,000	95,331		87,331
Use of money and property:					
Interest and earnings	20,000	20,000	8,756		(11,244)
Total use of money and property	20,000	20,000	8,756		(11,244)
Total revenues	3,768,669	3,768,669	3,761,512		(7,157)
EXPENDITURES					
Health:					
Contracts	3,393,615	3,393,857	3,386,562	\$ -	7,295
Total health	3,393,615	3,393,857	3,386,562	-	7,295
Employee benefits:					
LOSAP	230,740	230,498	174,748	-	55,750
Total employee benefits	230,740	230,498	174,748	-	55,750
Debt service:					
Principal	15,427	15,427	15,427	-	-
Interest	1,119	1,119	1,118	-	1
Total debt service	16,546	16,546	16,545	-	1
Total expenditures	3,640,901	3,640,901	3,577,855	\$ -	63,046
Excess of revenues over expenditures	127,768	127,768	183,657		55,889
OTHER FINANCING SOURCES (USES)					
Premium on obligations	-	-	222,437		222,437
Interfund transfer out	(127,768)	(127,768)	(127,768)		-
Total other financing sources (uses)	(127,768)	(127,768)	94,669		222,437
Change in fund balance	\$ -	\$ -	278,326		\$ 278,326
Fund balance, beginning of year			389,186		
Fund balance, end of year			\$ 667,512		

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - COASTAL EROSION DISTRICTS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
REVENUES					
Real property taxes	\$ 2,603,614	\$ 2,603,614	\$ 2,603,614		\$ -
Use of money and property:					
Interest and earnings	32,300	32,300	17,753		(14,547)
Total use of money and property	32,300	32,300	17,753		(14,547)
Miscellaneous local sources					
Miscellaneous	-	-	1,500		1,500
Total miscellaneous local sources	-	-	1,500		1,500
Total revenues	2,635,914	2,635,914	2,622,867		(13,047)
EXPENDITURES					
Home and community services:					
Other	20,000	20,000	3,163	\$ -	16,837
Consultants	127,000	187,962	53,167	-	134,795
Total home and community services	147,000	207,962	56,330	-	151,632
Debt service:					
Principal	2,290,000	2,290,000	2,290,000	-	-
Interest	362,549	362,549	362,549	-	-
Total debt service	2,652,549	2,652,549	2,652,549	-	-
Total expenditures	2,799,549	2,860,511	2,708,879	\$ -	151,632
Excess (deficiency) of revenues over (under) expenditures	(163,635)	(224,597)	(86,012)		138,585
OTHER FINANCING SOURCES					
Appropriated fund balance	163,635	224,597	-		(224,597)
Total other financing sources	163,635	224,597	-		(224,597)
Change in fund balance	\$ -	\$ -	(86,012)		\$ (86,012)
Fund balance, beginning of year			702,624		
Fund balance, end of year			\$ 616,612		

**TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - PARKS DISTRICTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
REVENUES					
Real property taxes	\$ 517,565	\$ 517,565	\$ 517,565		\$ -
Other real property tax items:					
Other payments in lieu of taxes	1,105	1,105	801		(304)
Total other real property tax items	1,105	1,105	801		(304)
Use of money and property:					
Interest and earnings	13,500	13,500	8,899		(4,601)
Total use of money and property	13,500	13,500	8,899		(4,601)
Total revenues	532,170	532,170	527,265		(4,905)
EXPENDITURES					
Culture and recreation:					
Contracts	474,315	553,315	490,302	\$ 2,750	60,263
Building repair	10,000	-	-	-	-
Total culture and recreation	484,315	553,315	490,302	2,750	60,263
Debt service:					
Principal	38,195	38,195	38,195	-	-
Interest	9,660	9,660	9,660	-	-
Total debt service	47,855	47,855	47,855	-	-
Total expenditures	532,170	601,170	538,157	\$ 2,750	60,263
Excess (deficiency) of revenues over (under) expenditures	-	(69,000)	(10,892)		55,358
OTHER FINANCING SOURCES					
Appropriated fund balance	-	69,000	-		(69,000)
Total other financing sources	-	69,000	-		(69,000)
Change in fund balance	\$ -	\$ -	(10,892)		\$ (13,642)
Fund balance, beginning of the year			754,522		
Fund balance, end of year			\$ 743,630		

**OTHER
SUPPLEMENTARY
INFORMATION**

**TOWN OF SOUTHAMPTON
COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2020**

	<u>Town Agency Fund</u>	<u>Town Clerk Agency Fund</u>	<u>Town Receiver of Taxes Agency Fund</u>	<u>Total Agency Funds</u>
ASSETS				
Cash	\$ 1,687,009	\$ 10,977	\$ 45,662,054	\$ 47,360,040
Service award program assets	4,585,574	-	-	4,585,574
Total assets	<u>\$ 6,272,583</u>	<u>\$ 10,977</u>	<u>\$ 45,662,054</u>	<u>\$ 51,945,614</u>
LIABILITIES				
Due to school districts	\$ -	\$ -	\$ 22,831,027	\$ 22,831,027
Service award program liabilities	4,585,574	-	-	4,585,574
Other agency liabilities	1,687,009	10,977	22,831,027	24,529,013
Total liabilities	<u>\$ 6,272,583</u>	<u>\$ 10,977</u>	<u>\$ 45,662,054</u>	<u>\$ 51,945,614</u>

TOWN OF SOUTHAMPTON
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
ASSETS				
Town Agency Fund				
Cash	\$ 15,263,836	\$ 3,559,834	\$ 17,136,661	\$ 1,687,009
Due from proprietary funds	39	-	39	-
Due from governmental funds	2,503	-	2,503	-
Service award program assets	3,735,052	850,522		4,585,574
Total assets - Town Agency Fund	<u>19,001,430</u>	<u>4,410,356</u>	<u>17,139,203</u>	<u>6,272,583</u>
Town Clerk Agency Fund				
Cash	14,685	10,977	14,685	10,977
Total assets - Town Clerk Agency Fund	<u>14,685</u>	<u>10,977</u>	<u>14,685</u>	<u>10,977</u>
Town Receiver of Taxes Agency Fund				
Cash	45,662,054	45,662,054	45,662,054	45,662,054
Total assets - Town Receiver of Taxes Agency Fund	<u>45,662,054</u>	<u>45,662,054</u>	<u>45,662,054</u>	<u>45,662,054</u>
Total assets	<u>\$ 64,678,169</u>	<u>\$ 50,083,387</u>	<u>\$ 62,815,942</u>	<u>\$ 51,945,614</u>
LIABILITIES				
Town Agency Fund				
Due to proprietary funds	\$ 299	\$ -	\$ 299	\$ -
Due to governmental funds	853,232	-	853,232	-
Service award program liabilities	3,735,052	850,522	-	4,585,574
Other agency liabilities	14,412,847	3,559,834	16,285,672	1,687,009
Total liabilities - Town Agency Fund	<u>19,001,430</u>	<u>4,410,356</u>	<u>17,139,203</u>	<u>6,272,583</u>
Town Clerk Agency Fund				
Other agency liabilities	14,685	10,977	14,685	10,977
Total liabilities - Town Clerk Agency Fund	<u>14,685</u>	<u>10,977</u>	<u>14,685</u>	<u>10,977</u>
Town Receiver of Taxes Agency Fund				
Due to school districts	22,831,027	22,831,027	22,831,027	22,831,027
Other agency liabilities	22,831,027	22,831,027	22,831,027	22,831,027
Total liabilities - Town Receiver of Taxes Agency Fund	<u>45,662,054</u>	<u>45,662,054</u>	<u>45,662,054</u>	<u>45,662,054</u>
Total liabilities	<u>\$ 64,678,169</u>	<u>\$ 50,083,387</u>	<u>\$ 62,815,942</u>	<u>\$ 51,945,614</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 Towns, and special Towns, 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									
	2020	2019	2018	(As Restated) 2017*	(As Restated) 2016**	2015	(As Restated) 2014***	(As Restated) 2013****	2012	2011
GOVERNMENTAL ACTIVITIES:										
Net position -										
Net investment in capital assets	\$ 1,114,477,555	\$ 1,072,785,231	\$ 1,008,090,488	\$ 982,759,871	\$ 936,186,313	\$ 873,900,018	\$ 844,231,835	\$ 654,433,516	\$ 634,405,267	\$ 603,043,978
Restricted	123,683,554	97,261,664	124,549,788	96,751,673	93,815,382	113,569,969	95,112,199	87,166,036	62,529,907	74,783,204
Unrestricted	(339,820,945)	(258,092,564)	(247,661,150)	(238,648,262)	(58,909,108)	(54,215,358)	(58,433,011)	(62,713,908)	(56,527,123)	(58,103,583)
Total net position	<u>\$ 898,340,164</u>	<u>\$ 911,954,331</u>	<u>\$ 884,979,126</u>	<u>\$ 840,863,282</u>	<u>\$ 971,092,587</u>	<u>\$ 933,254,629</u>	<u>\$ 880,911,023</u>	<u>\$ 678,885,644</u>	<u>\$ 640,408,051</u>	<u>\$ 619,723,599</u>
BUSINESS-TYPE ACTIVITIES:										
Net position -										
Net investment in capital assets	\$ 17,276,472	\$ 17,491,678	\$ 15,882,708	\$ 16,448,771	\$ 17,051,685	\$ 16,884,481	\$ 16,682,301	\$ 16,569,181	\$ 14,584,547	\$ 14,506,695
Restricted	21,119	29,141	47,315	52,253	69,333	86,713	104,394	121,358	-	-
Unrestricted	2,461,856	2,321,171	3,813,522	3,293,050	2,385,069	2,318,523	2,456,476	1,696,425	1,435,967	1,062,184
Total net position	<u>\$ 19,759,447</u>	<u>\$ 19,841,990</u>	<u>\$ 19,743,545</u>	<u>\$ 19,794,074</u>	<u>\$ 19,506,087</u>	<u>\$ 19,289,717</u>	<u>\$ 19,243,171</u>	<u>\$ 18,386,964</u>	<u>\$ 16,020,514</u>	<u>\$ 15,568,879</u>
PRIMARY GOVERNMENT:										
Net position -										
Net investment in capital assets	\$ 1,131,754,027	\$ 1,090,276,909	\$ 1,023,973,196	\$ 999,208,642	\$ 953,237,998	\$ 890,784,499	\$ 860,914,136	\$ 671,002,697	\$ 648,989,814	\$ 617,550,673
Restricted	123,704,673	97,290,805	124,597,103	96,803,926	93,884,715	113,656,682	95,216,593	87,287,394	62,529,907	74,783,204
Unrestricted	(337,359,089)	(255,771,393)	(243,847,628)	(235,355,212)	(56,524,039)	(51,896,835)	(55,976,535)	(61,017,483)	(55,091,156)	(57,041,399)
Total net position	<u>\$ 918,099,611</u>	<u>\$ 931,796,321</u>	<u>\$ 904,722,671</u>	<u>\$ 860,657,356</u>	<u>\$ 990,598,674</u>	<u>\$ 952,544,346</u>	<u>\$ 900,154,194</u>	<u>\$ 697,272,608</u>	<u>\$ 656,428,565</u>	<u>\$ 635,292,478</u>

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

* - 2017 financial statements were restated to reflect the implementation of Governmental Accounting Standards Board other post-employment benefits requirements.

** - 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									
	2020	2019	2018	2017	2016	2015	(As Restated) 2014*	(As Restated) 2013**	2012	2011
EXPENSES:										
Governmental activities:										
General governmental support	\$ 55,136,934	\$ 30,307,541	\$ 27,606,745	\$ 31,505,422	\$ 33,700,867	\$ 24,266,171	\$ 28,458,103	\$ 23,891,061	\$ 23,735,945	\$ 26,940,594
Public safety	91,488,792	54,633,234	52,396,830	49,981,090	46,553,861	42,493,599	41,732,622	35,628,311	32,672,478	39,135,250
Health	3,386,562	3,339,280	3,201,042	3,129,142	3,067,786	2,989,335	2,943,708	2,895,640	2,742,820	2,606,820
Transportation	19,964,059	11,372,242	12,399,397	13,268,204	12,428,053	12,740,333	12,747,929	24,374,926	23,067,768	25,946,066
Economic assistance and opportunity	10,568,889	6,218,747	5,523,552	5,431,458	5,824,936	5,877,403	5,030,414	4,667,705	4,194,245	4,493,983
Culture and recreation	9,046,707	6,291,551	5,665,045	5,560,779	4,831,447	4,536,438	4,692,914	5,638,303	6,375,416	8,779,126
Home and community services	21,370,139	16,974,727	16,138,172	17,458,105	15,894,394	14,686,485	15,385,752	14,790,555	13,857,100	16,478,801
Interest on debt	1,919,384	2,169,437	2,843,540	3,159,095	3,191,968	3,597,585	3,903,364	3,963,461	3,984,822	4,331,456
Total governmental activities	212,881,466	131,306,759	125,774,323	129,493,295	125,493,312	111,187,349	114,894,806	115,849,962	110,630,594	128,712,096
Business-type activities:										
Beaches and marinas	2,587,967	2,179,018	1,938,923	1,930,722	1,764,282	1,762,423	1,715,613	1,748,321	1,720,275	1,792,497
Waste management	2,903,018	2,598,622	2,441,617	2,463,066	2,399,762	2,246,507	2,060,833	2,438,130	2,401,370	2,478,696
Golf course	84,259	101,077	86,251	49,756	48,132	79,019	41,867	636,375	712,872	629,314
Total business-type activities	5,575,244	4,878,717	4,466,791	4,443,544	4,212,176	4,087,949	3,818,313	4,822,826	4,834,517	4,900,507
Total expenses	218,456,710	136,185,476	130,241,114	133,936,839	129,705,488	115,275,298	118,713,119	120,672,788	115,465,111	133,612,603
PROGRAM REVENUES:										
Governmental activities:										
Charges for services -										
General governmental support	671,948	1,064,212	1,083,762	1,004,372	1,323,093	821,385	826,664	910,917	2,390,682	1,410,236
Public safety	1,718,263	2,152,637	2,068,401	2,348,271	2,588,626	2,690,072	2,576,095	2,946,557	2,679,889	395,909
Transportation	1,363,705	1,259,421	1,095,150	1,064,444	1,026,561	1,017,836	1,043,920	1,006,871	864,140	874,274
Economic assistance and opportunity	-	-	985,849	985,621	938,368	934,721	847,723	880,127	-	-
Culture and recreation	20,900	19,000	33,737	22,730	20,055	37,170	40,061	55,938	57,502	51,209
Home and community services	6,785,334	7,190,394	7,741,402	7,547,677	7,334,205	7,181,918	7,163,186	5,706,851	6,206,789	5,738,767
Operating grants and contributions	91,437,014	52,995,032	59,664,615	61,882,374	62,112,570	66,401,212	70,647,232	64,285,558	44,489,319	46,193,967
Capital grants and contributions	3,013,269	1,951,601	5,366,999	2,200,128	2,767,546	2,453,459	1,819,374	3,568,519	831,877	1,045,638
Total governmental activities	105,010,433	66,632,297	78,039,915	77,055,617	78,111,024	81,537,773	84,964,255	79,361,338	57,520,198	55,710,000
Business-type activities:										
Charges for services -										
Beaches and marinas	2,320,213	2,233,004	2,102,048	2,091,578	2,105,931	2,180,432	1,809,694	1,693,806	1,833,090	1,702,160
Waste management	2,439,024	2,263,873	2,354,834	2,253,543	2,208,632	1,969,182	1,919,588	1,859,264	2,018,483	2,131,435
Golf course	208,835	193,272	355,202	187,420	190,571	145,042	134,532	655,867	670,047	618,645
Operating grants and contributions	-	44,676	15,324	-	31,546	31,109	782,905	207,864	265,849	53,642
Total business-type activities	4,968,072	4,734,825	4,827,408	4,532,541	4,536,680	4,325,765	4,646,719	4,416,801	4,787,469	4,505,882
Total program revenues	109,978,505	71,367,122	82,867,323	81,588,158	82,647,704	85,863,538	89,610,974	83,778,139	62,307,667	60,215,882
Net (expense)/revenue	\$ (108,478,205)	\$ (64,818,354)	\$ (47,373,791)	\$ (52,348,681)	\$ (47,057,784)	\$ (29,411,760)	\$ (29,102,145)	\$ (36,894,649)	\$ (53,157,444)	\$ (73,396,721)

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
(Accrual Basis of Accounting)**

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	(As Restated) 2014*	(As Restated) 2013**	2012	2011
NET (EXPENSE)/REVENUE:										
Governmental activities	\$ (107,871,033)	\$ (64,674,462)	\$ (47,734,408)	\$ (52,437,678)	\$ (47,382,288)	\$ (29,649,576)	\$ (29,930,551)	\$ (36,488,624)	\$ (53,110,396)	\$ (73,002,096)
Business-type activities	(607,172)	(143,892)	360,617	88,997	324,504	237,816	828,406	(406,025)	(47,048)	(394,625)
Net (expense)/revenue	<u>\$ (108,478,205)</u>	<u>\$ (64,818,354)</u>	<u>\$ (47,373,791)</u>	<u>\$ (52,348,681)</u>	<u>\$ (47,057,784)</u>	<u>\$ (29,411,760)</u>	<u>\$ (29,102,145)</u>	<u>\$ (36,894,649)</u>	<u>\$ (53,157,444)</u>	<u>\$ (73,396,721)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Governmental activities:										
Real property taxes	\$ 78,854,431	\$ 76,352,093	\$ 73,419,542	\$ 70,404,024	\$ 68,141,179	\$ 66,242,804	\$ 65,501,711	\$ 62,863,930	\$ 63,259,796	\$ 61,685,290
Other real property tax items	695,890	702,499	584,630	725,072	606,740	617,813	599,919	577,961	536,486	569,203
Non-property tax items	1,828,755	1,866,166	1,898,978	1,907,161	1,846,425	1,700,658	1,643,124	1,530,975	1,431,473	1,424,315
Interest earnings	1,643,671	4,226,810	3,371,457	1,610,440	1,111,137	1,034,392	685,415	580,245	617,034	687,758
State aid-unrestricted	10,887,075	7,866,061	11,432,391	12,511,102	12,173,071	11,908,460	10,477,475	10,418,900	7,893,931	8,193,369
Sale of property and compensation for loss	1,044	336,038	406,399	494,235	881,314	107,062	73,160	137,893	-	-
Miscellaneous	-	-	47,059	-	45,380	38,132	90,962	15,044	76,214	2,720,844
Transfers	346,000	300,000	689,796	300,000	415,000	343,861	500,000	(250,728)	(20,086)	(3,646,360)
Total governmental activities	<u>94,256,866</u>	<u>91,649,667</u>	<u>91,850,252</u>	<u>87,952,034</u>	<u>85,220,246</u>	<u>81,993,182</u>	<u>79,571,766</u>	<u>75,874,220</u>	<u>73,794,848</u>	<u>71,634,419</u>
Business-type activities:										
Real property taxes	852,446	510,713	250,195	101,162	296,415	142,807	523,037	475,640	476,900	1,333,287
Interest earnings	18,183	31,624	28,455	17,013	10,451	9,784	9,457	4,080	1,697	2,256
Transfer of capital assets	-	-	-	-	-	-	-	2,042,027	-	-
Transfers	(346,000)	(300,000)	(689,796)	(300,000)	(415,000)	(343,861)	(500,000)	250,728	20,086	3,646,360
Total business-type activities	<u>524,629</u>	<u>242,337</u>	<u>(411,146)</u>	<u>(181,825)</u>	<u>(108,134)</u>	<u>(191,270)</u>	<u>32,494</u>	<u>2,772,475</u>	<u>498,683</u>	<u>4,981,903</u>
Total general revenues and other changes in net position	<u>\$ 94,781,495</u>	<u>\$ 91,892,004</u>	<u>\$ 91,439,106</u>	<u>\$ 87,770,209</u>	<u>\$ 85,112,112</u>	<u>\$ 81,801,912</u>	<u>\$ 79,604,260</u>	<u>\$ 78,646,695</u>	<u>\$ 74,293,531</u>	<u>\$ 76,616,322</u>
CHANGE IN NET POSITION:										
Governmental activities	\$ (13,614,167)	\$ 26,975,205	\$ 44,115,844	\$ 35,514,356	\$ 37,837,958	\$ 52,343,606	\$ 49,641,215	\$ 39,385,596	\$ 20,684,452	\$ (1,367,677)
Business-type activities	(82,543)	98,445	(50,529)	(92,828)	216,370	46,546	860,900	2,366,450	451,635	4,587,278
Total change in net position	<u>\$ (13,696,710)</u>	<u>\$ 27,073,650</u>	<u>\$ 44,065,315</u>	<u>\$ 35,421,528</u>	<u>\$ 38,054,328</u>	<u>\$ 52,390,152</u>	<u>\$ 50,502,115</u>	<u>\$ 41,752,046</u>	<u>\$ 21,136,087</u>	<u>\$ 3,219,601</u>

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									
	2020	2019	2018	2017	2016	2015	(As Restated) 2014	2013*	2012	2011
GENERAL FUND:										
Nonspendable	\$ 2,321,326	\$ 2,345,959	\$ 2,307,574	\$ 2,175,894	\$ 1,924,365	\$ 1,890,447	\$ 1,934,210	\$ 1,420,951	\$ 1,317,335	\$ 1,318,259
Restricted	4,931,971	4,821,048	4,749,806	4,667,487	4,486,637	4,388,779	4,505,755	7,131,432	6,405,740	6,529,348
Assigned	1,281,953	681,217	644,055	618,353	551,490	576,131	381,197	766,818	1,064,819	465,926
Unassigned	19,038,791	15,861,775	15,462,885	14,955,858	13,306,619	9,762,190	7,503,015	4,650,750	5,786,071	4,635,599
Total general fund	<u>\$ 27,574,041</u>	<u>\$ 23,709,999</u>	<u>\$ 23,164,320</u>	<u>\$ 22,417,592</u>	<u>\$ 20,269,111</u>	<u>\$ 16,617,547</u>	<u>\$ 14,324,177</u>	<u>\$ 13,969,951</u>	<u>\$ 14,573,965</u>	<u>\$ 12,949,132</u>
ALL OTHER GOVERNMENTAL FUNDS:										
Nonspendable	\$ 2,052,973	\$ 2,239,774	\$ 1,945,337	\$ 1,945,701	\$ 1,780,237	\$ 1,782,849	\$ 1,850,522	\$ 1,437,253	\$ 1,383,478	\$ 1,529,744
Restricted	118,751,583	92,440,616	119,799,982	92,084,186	89,328,745	109,181,190	90,606,444	78,877,301	56,124,167	68,253,856
Committed	19,000	55,000	55,000	760,000	1,000,000	-	-	-	-	-
Assigned	12,793,314	12,475,854	12,910,795	12,934,065	12,583,477	11,478,174	10,777,837	10,858,328	5,747,317	3,999,525
Unassigned	-	-	-	-	-	-	-	(308,871)	-	(81,441)
Total all other governmental funds	<u>\$ 133,616,870</u>	<u>\$ 107,211,244</u>	<u>\$ 134,711,114</u>	<u>\$ 107,723,952</u>	<u>\$ 104,692,459</u>	<u>\$ 122,442,213</u>	<u>\$ 103,234,803</u>	<u>\$ 90,864,011</u>	<u>\$ 63,254,962</u>	<u>\$ 73,701,684</u>

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									
	2020	2019	2018	2017	2016	2015	2014	(As Restated)* 2013	2012	2011
Revenues:										
Real property taxes	\$ 78,854,431	\$ 76,352,093	\$ 73,419,542	\$ 70,404,024	\$ 68,141,179	\$ 66,242,804	\$ 65,501,711	\$ 62,863,930	\$ 63,259,796	\$ 61,685,290
Other real property tax items	695,890	702,499	584,630	725,072	606,740	617,813	599,919	577,961	536,486	569,203
Non-property tax items	83,124,135	45,113,969	55,838,647	58,447,259	56,929,890	62,361,375	66,753,241	59,589,487	39,496,331	40,642,767
Special assessments	88,194	88,194	13,063	13,063	33,153	37,170	40,061	47,335	47,332	51,209
Departmental income	5,373,127	5,738,572	5,760,587	5,513,435	5,770,294	5,546,890	8,561,846	7,211,022	7,693,286	6,692,946
Intergovernmental charges	1,239,811	1,137,627	1,062,687	1,032,581	973,208	1,000,083	1,031,520	1,006,871	864,140	987,806
Use of money and property	1,643,671	4,226,810	3,371,457	1,610,440	1,111,137	1,034,392	685,415	580,245	617,034	687,758
License and permits	2,814,511	3,547,347	4,049,498	4,061,752	3,923,764	3,501,659	428,117	548,264	415,965	346,345
Fines and forfeitures	1,044,507	1,173,924	1,136,616	1,366,663	1,592,122	1,662,579	1,588,383	1,813,642	1,857,009	1,784,553
Sale of property and compensation for loss	1,044	336,038	406,399	494,235	881,314	107,062	73,160	164,755	19,186	34,872
Miscellaneous local sources	1,996,282	1,531,124	2,809,302	1,188,104	1,846,152	2,137,411	1,824,346	2,256,831	2,418,601	1,492,190
State aid	15,756,496	13,449,521	15,400,987	15,949,205	15,064,146	13,842,477	12,196,339	10,535,956	9,238,136	10,769,638
Federal aid	5,134,053	4,518,617	5,291,905	4,400,586	5,738,549	5,103,507	5,097,358	7,153,799	4,843,167	4,726,149
Total revenues	197,766,152	157,916,335	169,145,320	165,206,419	162,611,648	163,195,222	164,381,416	154,350,098	131,306,469	130,470,726
Expenditures:										
Current:										
General governmental support	71,477,562	52,262,675	37,974,011	64,216,649	82,462,576	48,711,714	56,863,297	45,197,974	54,379,864	41,188,029
Public safety	24,668,329	24,173,714	24,298,516	22,247,878	21,805,311	21,016,582	20,041,887	19,315,488	19,406,028	18,527,638
Health	3,386,562	3,339,280	3,201,042	3,129,142	3,067,786	2,989,335	2,943,708	2,895,640	2,742,820	2,606,820
Transportation	7,776,522	8,624,913	8,471,095	8,489,390	8,165,615	8,174,330	8,035,861	7,100,595	6,366,143	7,087,272
Economic assistance and opportunity	3,886,104	3,583,657	3,335,913	2,838,758	3,391,014	3,503,342	2,721,431	2,967,560	3,123,002	2,692,752
Culture and recreation	3,157,645	3,391,777	3,181,592	3,115,441	2,780,523	2,680,457	2,886,959	3,155,588	4,141,028	4,241,038
Home and community services	10,236,192	11,086,899	10,832,074	10,968,872	10,689,641	10,299,975	15,175,424	28,560,085	10,393,391	10,390,084
Employee benefits	27,695,509	27,846,413	27,444,712	26,063,269	24,616,712	23,871,365	23,813,336	26,958,754	20,363,214	20,122,235
Capital outlay	18,898,524	25,241,495	14,563,444	8,299,668	10,768,144	7,754,713	5,436,843	4,905,920	6,004,465	9,695,990
Debt service -										
Principal	13,504,219	37,957,198	14,808,120	14,215,372	13,985,390	13,944,153	14,100,073	12,399,576	11,080,636	10,549,825
Interest	2,223,263	2,838,889	3,296,880	3,619,544	3,861,048	4,111,638	4,400,806	4,032,820	4,286,344	4,274,478
Total expenditures	186,910,431	200,346,910	151,407,399	167,203,983	185,593,760	147,057,604	156,419,625	157,490,000	142,286,935	131,376,161
Excess (deficiency) of revenues over (under) expenditures	10,855,721	(42,430,575)	17,737,921	(1,997,564)	(22,982,112)	16,137,618	7,961,791	(3,139,902)	(10,980,466)	(905,435)
Other financing sources (uses):										
Payment to refunded bond escrow agent	-	(12,109,000)	-	-	-	(3,996,598)	(13,058,151)	-	(16,539,554)	-
Refunding bond issuance	-	11,186,320	-	-	-	3,725,099	12,079,286	-	14,418,530	-
Serial bond issuance	17,510,000	13,432,000	8,876,000	6,818,000	8,320,000	4,873,500	4,200,000	29,350,000	2,150,000	13,862,000
Premium on obligations	1,557,947	1,049,216	245,173	59,538	148,922	417,300	1,042,092	1,008,668	2,149,687	376,128
Proceeds of installment purchase debt	-	1,617,848	-	-	-	-	-	-	-	-
Interfund transfers in	11,845,797	12,150,476	11,886,420	6,032,405	2,359,627	5,220,901	4,087,066	4,851,356	2,393,500	2,422,820
Interfund transfers out	(11,499,797)	(11,850,476)	(11,196,624)	(5,732,405)	(1,944,627)	(4,877,040)	(3,587,066)	(5,102,084)	(2,413,586)	(6,069,180)
Bond anticipation notes redeemed from appropriations	-	-	185,000	-	-	-	-	945,000	-	143,925
Total other financing sources (uses)	19,413,947	15,476,384	9,995,969	7,177,538	8,883,922	5,363,162	4,763,227	31,052,940	2,158,577	10,735,693
Net change in fund balances	\$ 30,269,668	\$ (26,954,191)	\$ 27,733,890	\$ 5,179,974	\$ (14,098,190)	\$ 21,500,780	\$ 12,725,018	\$ 27,913,038	\$ (8,821,889)	\$ 9,830,258
Debt service as a percentage of noncapital expenditures	13.00%	28.65%	15.86%	15.87%	15.96%	17.12%	16.99%	15.32%	15.65%	15.57%

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**

Fiscal Year	Residential Property	Condo and Co-Op Property	Utility and Special Franchise	Commercial Property	Total Taxable Assessed Valuation	State Equalization Rate	Full Valuation	Total Effective Tax Rate*
2020	\$ 67,657,288,668	\$ 68,906,732	\$ 395,843,601	\$ 2,367,676,300	\$ 73,357,936,700	100.00%	\$ 73,357,936,700	1.30
2019	60,289,409,512	703,698,757	378,493,119	2,442,837,263	67,002,257,604	100.00%	67,002,257,604	1.38
2018	57,719,930,156	652,362,554	355,714,183	2,484,309,994	63,690,793,873	100.00%	63,690,793,873	1.39
2017	56,292,610,956	652,837,263	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	2,888,884,976	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	55,698,279,015	100.00%	55,698,279,015	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	48,483,708,541	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	2,386,324,938	55,860,526,117	100.00%	55,860,526,117	1.36
2011	47,208,430,906	609,171,656	336,538,380	2,424,623,298	54,445,058,850	100.00%	54,445,058,850	1.35

* 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 2010-2015 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)

Fiscal Year	Total Effective Tax Rate*	Overlapping Rates			
		School Districts and Libraries - Range			Suffolk County
2020	1.30	0.02	-	19.68	0.16
2019	1.38	0.02	-	22.88	0.18
2018	1.39	0.03	-	23.56	0.19
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

* 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**

2020

Name	Type	Assessed Valuation	Percentage of Total Taxable Assessed Valuation
Blue Turtles, Inc.	Estate	\$ 267,689,500	0.36%
PSEG Long Island	Utility	229,570,489	0.31%
National Grid	Utility	107,668,069	0.15%
Yumi & The Kids LLC	Comercial	74,763,200	0.10%
Stem Partners, LLC	Comercial	69,134,400	0.09%
Leon D Black	Estate	68,395,600	0.09%
Daniel Sundheim	Estate	58,349,400	0.08%
Olde Towne Development LLC	Estate	57,794,100	0.08%
Three Ponds Farm Owner LLC	Estate	57,231,700	0.08%
Hampton Center Realty LLC	Comercial	55,465,000	0.08%

2011

Name	Type	Assessed Valuation	Percentage of Total Taxable Assessed Valuation
Blue Turtles, Inc.	Estate	\$ 240,569,000	0.44%
LIPA	Utility	141,943,887	0.26%
Leon D Black	Estate	64,905,300	0.12%
Keyspan Energy	Utility	62,610,139	0.11%
Payton Lane Nursing Home, Inc.	Nursing Home	54,948,800	0.10%
Keyspan Energy	Utility	53,917,558	0.10%
Verizon New York	Utiility	52,206,219	0.10%
Yumi & The Kids LLC	Comercial	49,891,000	0.09%
Stephen Perl binder	Estate	49,340,900	0.09%
Cheryl G. Krongrad	Estate	48,278,000	0.09%

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Tax Levy:										
General Town	\$ 27,995,547	\$ 26,261,879	\$ 24,509,869	\$ 22,914,270	\$ 21,796,989	\$ 21,007,380	\$ 21,416,522	\$ 21,907,868	\$ 22,048,728	\$ 24,288,157
Police	24,381,888	23,989,023	22,847,542	22,097,741	21,618,749	20,966,728	20,238,896	19,717,477	19,510,509	18,787,061
Emergency Dispatching - E911	2,685,945	2,662,503	2,538,324	2,337,186	2,174,475	2,142,364	2,059,311	2,056,667	2,154,216	2,163,471
Zoning	1,333,488	1,344,988	1,330,773	1,249,150	1,327,298	1,854,200	2,130,885	2,170,133	1,757,858	907,216
Highway	13,398,578	13,018,878	12,986,612	12,697,210	12,422,647	11,571,887	11,059,879	11,048,231	11,458,980	10,757,440
Fire and Fire Protection Districts	16,644,969	16,018,328	15,574,785	14,568,468	14,436,406	13,566,410	12,744,610	12,548,005	12,111,213	12,302,370
Lighting District	514,517	498,173	563,153	563,580	558,919	571,833	602,374	575,831	556,046	564,747
Water Districts	1,398,563	1,264,467	1,375,035	1,282,789	1,250,684	1,126,131	1,181,369	1,122,575	1,132,073	1,082,775
Miscellaneous Special Districts	7,680,829	7,579,411	7,283,346	6,465,925	6,392,002	6,996,235	6,506,283	5,616,172	4,484,099	4,337,653
School and Library Districts	281,504,776	272,551,360	261,267,169	254,759,973	249,613,770	245,197,938	242,270,737	230,856,616	230,672,394	221,311,943
County of Suffolk	14,308,468	17,477,881	14,621,325	18,966,500	17,270,445	19,994,927	18,384,417	19,211,414	15,869,036	16,688,892
Other Items	531,922	626,254	601,604	1,759,381	1,655,959	905,306	1,890,029	819,935	991,121	714,871
Total tax levy	\$392,379,490	\$383,293,145	\$365,499,537	\$359,662,173	\$350,518,343	\$345,901,339	\$340,485,312	\$327,650,924	\$322,746,273	\$313,906,596
Amount Collected	\$376,315,961	\$366,566,473	\$351,610,634	\$341,855,504	\$326,724,516	\$324,507,864	\$315,005,317	\$307,538,277	\$297,658,185	\$286,195,281
Percentage Collected	95.91%	95.64%	96.20%	95.05%	93.21%	93.82%	92.52%	93.86%	92.23%	91.17%
Amount Uncollected	\$ 16,063,529	\$ 16,726,672	\$ 13,888,903	\$ 17,806,669	\$ 23,793,827	\$ 21,393,475	\$ 25,479,995	\$ 20,112,647	\$ 25,088,088	\$ 27,711,315
Percent Uncollected	4.09%	4.36%	3.80%	4.95%	6.79%	6.18%	7.48%	6.14%	7.77%	8.83%

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	Total Primary Government	Percentage of Personal Income (1)	Total Debt Per Capita (1)
	General Obligation Bonds, Net	Special Assessment Bonds	Installment Purchase Debt	General Obligation Bonds, Net			
2020	\$ 80,699,843	\$ 798,684	\$ 1,513,357	\$ 7,056,900	\$ 90,068,784	2.68%	\$ 1,505
2019	75,464,443	871,168	1,617,848	7,748,888	85,702,347	2.79%	1,478
2018	100,370,325	939,246	-	6,881,846	108,191,417	3.96%	1,865
2017	107,279,726	54,366	-	5,950,011	113,284,103	4.18%	1,960
2016	115,117,251	67,486	-	5,950,126	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

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
2020	59,852	\$ 73,357,936,700	\$ 88,555,427	\$ 84,114,949	0.11%	\$ 1,405
2019	57,975	67,002,257,604	84,084,499	80,682,000	0.12%	1,392
2018	58,024	63,690,793,873	108,191,417	105,355,000	0.17%	1,816
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

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, 2020**

Governmental Unit	Fiscal Year-End	Gross Indebtedness	Estimated Exclusions	Net Indebtedness	Percentage Applicable	Applicable Net Indebtedness
Town of Southampton	12/31/2020	\$ 88,555,427	\$ 8,951,678	\$ 79,603,749	100.00%	\$ 79,603,749
Total direct debt						<u>79,603,749</u>
County of Suffolk	12/31/2020	1,319,845,000	-	1,319,845,000	22.87%	301,848,552
Villages:						
Quogue	5/31/2020	-	-	-	100.00%	-
Sagaponack	5/31/2020	395,000	-	395,000	100.00%	395,000
Sag Harbor	5/31/2020	6,258,378	-	6,258,378	60.00%	3,755,027
Southampton	5/31/2020	8,015,000	-	8,015,000	100.00%	8,015,000
Westhampton Beach	5/31/2020	10,950,000	-	10,950,000	100.00%	10,950,000
Westhampton Dunes	5/31/2020	1,007,000	-	1,007,000	100.00%	1,007,000
School Districts:						
Bridgehampton	6/30/2020	27,935,000	2,793,500	25,141,500	100.00%	25,141,500
East Quogue	6/30/2020	8,105,000	810,500	7,294,500	100.00%	7,294,500
Eastport-South Manor	6/30/2020	100,468,379	77,862,994	22,605,385	10.71%	2,421,037
Hampton Bays	6/30/2020	38,679,149	3,867,915	34,811,234	100.00%	34,811,234
Riverhead	6/30/2020	69,690,126	23,973,403	45,716,723	14.73%	6,734,073
Sag Harbor	6/30/2020	27,428,500	2,742,850	24,685,650	88.51%	21,849,269
Southampton	6/30/2020	28,201,864	2,820,186	25,381,678	100.00%	25,381,678
Tuckahoe	6/30/2020	375,416	-	375,416	100.00%	375,416
Wainscott	6/30/2020	345,000	34,500	310,500	4.79%	14,873
Westhampton Beach	6/30/2020	18,050,533	1,805,053	16,245,480	100.00%	16,245,480
Fire Districts:						
Bridgehampton	12/31/2020	2,025,000	-	2,025,000	100.00%	2,025,000
Eastport	12/31/2020	-	-	-	50.00%	-
Flanders	12/31/2020	1,028,690	-	1,028,690	100.00%	1,028,690
Riverhead	12/31/2020	5,680,000	-	5,680,000	4.44%	252,192
Westhampton Beach	12/31/2020	<u>12,660,000</u>	<u>-</u>	<u>12,660,000</u>	100.00%	<u>12,660,000</u>
Total overlapping debt						<u>482,205,519</u>
Total direct and overlapping debt		<u>\$ 1,775,698,462</u>	<u>\$ 125,662,580</u>	<u>\$ 1,650,035,882</u>		<u>\$ 561,809,268</u>
Per Capita						<u>\$ 9,387</u>

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, 2020**

	Years Ended December 31,	Assessed Valuation	State Equalization Rate	Full Valuation	
	2020	\$ 73,357,936,700	100.00%	\$ 73,357,936,700	
	2019	67,002,257,604	100.00%	67,002,257,604	
	2018	63,690,793,873	100.00%	63,690,793,873	
	2017	60,685,008,854	100.00%	60,685,008,854	
	2016	57,714,211,253	100.00%	<u>57,714,211,253</u>	
Total Five Year Full Valuation				<u>322,450,208,284</u>	
Average Five Year Full Valuation				<u>64,490,041,657</u>	
Debt Limit - 7% of Average Full Valuation				<u>\$ 4,514,302,916</u>	(a)
Inclusions:					
Outstanding Bonds				<u>\$ 88,555,427</u>	
Total Inclusions				<u>88,555,427</u>	
Exclusions:					
Water Debt				<u>8,951,678</u>	
Total Exclusions				<u>8,951,678</u>	
Total Net Indebtedness Subject to the Debt Limit				<u>\$ 79,603,749</u>	(b)
Net Debt Contracting Margin				<u>\$ 4,434,699,167</u>	(a) - (b)
Percent of Debt Limit Exhausted				<u>1.76%</u>	(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
2020	\$ 4,514,302,916	\$ 88,555,427	\$ 8,951,678	\$ 79,603,749	\$ 4,434,699,167	98.24%
2019	4,267,067,708	84,084,499	3,726,032	80,358,467	4,186,709,241	98.12%
2018	4,099,352,760	109,796,417	4,385,129	105,411,288	3,993,941,472	97.43%
2017	3,989,749,526	115,074,103	5,018,005	110,056,098	3,879,693,428	97.24%
2016	3,922,206,768	120,751,640	5,636,300	115,115,340	3,807,091,428	97.07%
2015	3,922,206,768	126,999,140	5,473,275	121,525,865	3,800,680,903	96.90%
2014	3,876,438,635	133,359,998	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	96.61%
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%

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**

Fiscal Year	Population	Income (millions of dollars)	Per Capita Income	Unemployment Rate	Year-Round Households Estimate	Household Size Estimates	Population Density Per Square Mile (1)
2020	59,852	\$ 3,363	\$ 56,189	7.40%	21,602	2.56	426.90
2019	57,975	3,067	52,902	4.10%	21,491	2.55	413.52
2018	58,024	2,729	47,032	4.40%	21,204	2.55	413.87
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	56,960	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

(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**

2020

Rank	Name	Headquarters	Type of Business	Number of Employees	Percentage of Total Town's Employment
1	Southampton Hospital	Southampton	Hospital	1,200	2.00%
2	Southampton Union Free School District	Southampton	School District	523	0.87%
3	Town of Southampton	Southampton	Local Government	507	0.85%
4	Corcoran Group	Bridgehampton	Real Estate	350	0.58%
5	Bridgehampton National Bank	Hampton Bays	Commercial Banks	245	0.41%
6	Dunn Engineering	Bridgehampton	Engineering	100	0.17%
7	Maran Corporate Risk Associates	Westhampton Beach	Insurance	93	0.16%
8	Southampton Inn	Westhampton Beach	Hospitality	90	0.15%
9	Southampton Press	Southampton/East Hampton	Newspaper	50	0.08%
10	Hampton Coach	Southampton	Limousine Service	50	0.08%
				3,208	5.35%

2011

Rank	Name	Headquarters	Type of Business	Number of Employees	Percentage of Total Town's Employment
1	Southampton Hospital	Southampton	Hospital	650	1.09%
2	Town of Southampton	Southampton	Municipality	552	1.00%
3	Corcoran Group	Bridgehampton	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	Westhampton Beach	Newspaper	74	0.12%
7	Dunn Engineering	Southampton	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%
				2,192	3.75%

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**

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Function:										
General Government	228	220	220	225	221	204	212	221	219	219
Justice and Law Enforcement	161	159	161	167	165	158	158	135	132	140
Public Works	63	61	61	64	67	62	61	99	99	104
Environment, Parks and Education	29	26	31	23	27	24	26	18	16	18
Health and Human Services	43	41	40	38	39	38	37	39	40	42
Total	<u>524</u>	<u>507</u>	<u>513</u>	<u>517</u>	<u>519</u>	<u>486</u>	<u>494</u>	<u>512</u>	<u>506</u>	<u>523</u>

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**

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Function:										
Public Safety -										
Building										
Residential building permits issued	5,440	5,794	6,869	6,864	6,526	6,294	6,232	5,588	4,979	4,526
Commercial building permits issued	47	88	75	44	44	45	70	35	40	48
Police										
Physical arrests	1,256	1,533	1,893	2,142	1,039	1,813	2,125	2,141	2,172	2,512
Traffic and parking violations	10,944	12,163	13,653	15,680	15,558	14,640	13,530	16,390	17,631	19,479
Fire										
Number of fire protection districts	3	3	3	3	3	3	3	3	3	3
Number of calls answered	5,566	5,938	5,713	5,844	5,847	4,826	5,265	5,030	5,207	4,997
Inspections	927	1,800	2,014	1,527	1,467	1,355	1,458	1,029	1,144	1,238
Health -										
Number of ambulance districts	4	4	4	4	4	4	4	4	4	4
Transportation -										
Highway and streets										
Street resurfacing (miles)	16	18	18	17	19	15	20	23	24	22
Culture and recreation -										
Beach permits issued	37,354	46,143	41,656	42,662	43,774	45,775	43,666	41,282	43,609	42,828
Registration for summer programs	938	1,659	1,755	1,820	1,994	2,006	2,126	2,335	2,502	3,024
Home and Community Service -										
Sanitation										
Refuse collected (tons/day)	20.74	17.56	19.50	20.20	20.95	19.62	19.05	18.48	18.03	18.54
Recyclables collected (tons/day)	12.26	9.75	10.40	10.75	10.98	11.08	11.04	10.95	11.23	11.83
Water										
Average daily consumption (thousands of gallons)	3,422	2,941	3,004	2,958	3,200	3,300	2,800	2,700	2,500	2,300

Source: Various departments of the Town of Southampton.

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Function:										
Public Safety -										
Municipal buildings	36	35	35	35	30	30	30	30	29	29
Preserved acreage	4,720	4,511	4,435	4,380	4,246	3,886	3,795	3,643	3,500	3,197
Public Safety -										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	105	104	105	105	99	93	93	90	104	104
Health -										
Number of ambulance districts	4	4	4	4	4	4	4	4	4	4
Transportation -										
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	456	456	456	455
Streetlights	2,585	2,585	2,578	2,734	2,729	2,727	2,727	2,724	2,714	2,714
Traffic signals (1)	46	46	36	36	36	32	32	31	31	31
Culture and recreation -										
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	4	4	4	3	3	3	3	3	2
Boat basin slips	89	89	89	89	80	80	80	80	80	66
Golf courses	1	1	1	1	1	1	1	1	1	1
Tennis courts	11	11	12	12	12	12	12	12	12	12
Community centers	3	3	3	3	3	3	3	3	3	3
Home and Community Services -										
Sanitation										
Transfer stations	4	4	4	4	4	4	4	4	4	4
Vehicles	56	54	50	48	48	45	45	42	43	47
Water										
Water mains (miles)	100	100	100	100	100	105	105	101	100	98
Total yearly pumpage (in millions of gallons)	12,489	10,737	10,966	11,080	11,902	12,345	10,251	9,939	9,649	8,491
Fire hydrants	512	512	540	525	524	525	525	525	515	505

Source: Town of Southampton Police Department, Fire Marshall, 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

**ANNUAL AND CONTINUING DISCLOSURE
UNDERTAKING CERTIFICATE
PURSUANT TO RULE 15c2-12 OF THE
SECURITIES AND EXCHANGE COMMISSION**

On the date hereof, the Town of Southampton, Suffolk County, New York (the “Issuer”) is issuing its Obligations (as defined herein). To facilitate compliance with Rule 15c2-12 of the Securities and Exchange Commission (the “SEC”) promulgated under the Securities Exchange Act of 1934, as amended by the underwriter (as defined in the Rule), the Issuer hereby undertakes for the benefit of the owners of record and beneficial owners from time to time of the Obligations (the “Holders”) to provide:

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

“*Bonds*” means the Issuer’s Public Improvement Refunding (Serial) Bonds – 2022 Series A, and Public Improvement (Serial) Bonds – 2022 Series B, each dated March 9, 2022.

“*Financial Obligation*” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii); provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Notes*” means the Issuer’s Bond Anticipation Notes – 2022, dated March 9, 2022.

“*Obligations*” means the Bonds and the Notes.

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

“*SEC*” means the United States Securities and Exchange Commission.

“*Undertaking*” means this Annual and Continuing Disclosure Undertaking Certificate.

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 February 24, 2022 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 **APPENDIX A**, and (2) if not provided as part of such financial information and operating data, audited financial statements of the Issuer, when and if available. If audited financial statements are not available at that time the 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.* With respect to the Obligations, the Issuer shall electronically file with the MSRB notice of any of the following events with respect to the Obligations in a timely manner and not more than ten business days after occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax-exempt status of the Obligations, or other material events affecting the tax status of the Obligations;
- (7) Modifications to rights of holders of the Obligations, if material;
- (8) Bond 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, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For these purposes, any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

The Issuer shall electronically file with the MSRB, in a timely manner, notice of any failure by the Issuer to provide *financial* information or operating data in accordance with this Undertaking by the time required by this Undertaking.

D. Filings with the MSRB. All financial information, operating data, financial statements, notices, and other documents provided to the MSRB in accordance with this Undertaking shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

E. Limitations, Disclaimers, and Amendments. The Issuer shall be obligated to observe and perform the covenants specified in this Undertaking for so long as, but only for so long as, the Issuer remains an “obligated person” with respect to the 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 Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS UNDERTAKING, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the Issuer in observing or performing its obligations under this Undertaking shall constitute a breach of or default on the 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 Bonds 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 Bonds 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.

IN WITNESS WHEREOF, I have hereunto set my hand this March 9, 2022.

Supervisor

APPENDIX D

FORM OF OPINION OF NORTON ROSE FULBRIGHT US LLP

March 9, 2022

Town of Southampton,
County of Suffolk,
State of New York

Norton Rose Fulbright US LLP
1301 Avenue of the Americas
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
\$4,195,000 Public Improvement Refunding (Serial) Bonds – 2022 Series A
\$10,167,000 Public Improvement (Serial) Bonds – 2022 Series B
\$4,700,000 Bond Anticipation Notes - 2022

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of \$4,195,000 Public Improvement Refunding (Serial) Bonds – 2022 Series A, \$10,167,000 Public Improvement (Serial) Bonds – 2022 Series B and \$4,700,000 Bond Anticipation Notes - 2022 (collectively, the “Obligation”), of the Town of Southampton, County of Suffolk, State of New York (the “Obligor”), dated March 9, 2022.

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

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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 in certain cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said state or the federal government affecting the enforcement of creditors' rights.
- (c) Under existing law, interest on the Obligation (1) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof for Federal income tax purposes, pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, assuming continuing compliance after the date hereof by the Obligor with the provisions of the Tax Certificate, and (2) will not be included in computing the Federal alternative minimum taxable income of the owners thereof. Under existing law, interest on the Obligation is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

We express no opinion with respect to any other federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Obligation. Ownership of tax-exempt obligations such as the Obligation may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

The scope of our engagement in relation to the issuance of the Obligation has extended solely to the examination of the facts and law incident to rendering the opinion expressed herein. Such opinion is not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligation as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligation for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligation, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,