

**STATEMENT  
OF  
ANNUAL FINANCIAL AND OPERATING INFORMATION**

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

**DATED: JUNE 27, 2014**

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

Town Hall  
116 Hampton Road (Rte 27A)  
Southampton, New York 11968  
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**TOWN BOARD**

Anna Throne-Holst, Town Supervisor

Bradley Bender  
Bridget Fleming  
Stan Glinka  
Christine P. Scalera

-----

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

\* \* \*

**FINANCIAL ADVISOR**

MUNISTAT SERVICES, INC.

Municipal Finance Advisory Service

12 Roosevelt Avenue  
Port Jefferson Station, N.Y. 11776  
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**STATEMENT OF ANNUAL FINANCIAL  
AND OPERATING INFORMATION**

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

The material set forth herein, including the cover page, has been prepared by the Town of Southampton, Suffolk County, New York (the "Town," the "County," and the "State," respectively) in connection with its obligation to prepare and submit such material in accordance with its Continuing Disclosure Undertakings and its Statements prepared in connection with the sale and issuance of the following bond issues:

\$ 15,569,000	Public Improvement (Serial) Bonds, 2003.
\$ 19,050,000	Open Space Preservation (Serial) Bonds, 2004.
\$ 18,276,500	Public Improvement (Serial) Bonds, 2004.
\$ 5,930,000	Refunding (Serial) Bonds, 2005.
\$ 11,382,540	Public Improvement (Serial) Bonds, 2006.
\$ 16,350,000	Public Improvement (Serial) Bonds, 2007.
\$ 20,000,000	Open Space Preservation (Serial) Bonds, 2009.
\$ 20,000,000	Open Space Preservation (Serial) Bonds, 2009B.
\$ 22,770,000	Public Improvement (Serial) Bonds, 2010.
\$ 9,575,000	Refunding (Serial) Bonds – 2010.
\$ 14,160,000	Public Improvement (Serial) Bonds, 2011.
\$ 2,150,000	Retirement (Taxable) (Serial) Bonds, 2012
\$ 14,870,000	Public Improvement (Refunding) Bonds, 2012
\$ 8,035,000	Public Improvement (Serial) Bonds, 2013
\$ 21,750,000	Erosion Control District (Serial) Bonds, 2013

**THE TOWN**

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

**General Information**

The Town encompasses an area of approximately 138 square miles and is located on the south fork of Long Island, in the eastern portion of Suffolk County. Present population is estimated at 56,790 (U.S. Census Bureau - 2010).

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

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

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

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

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

## Government

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

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

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

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

## Utilities and Other Services

Electricity and natural gas is supplied to the Town by PSEG Long Island 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, 474 full-time employees and approximately 132 part-time employees. The Town also employs approximately 300 part-time seasonal employees. The Civil Service Employees Association represents approximately 286 employees under a contract which expired on December 31, 2013 and is currently under negotiation. The Police Benevolent Association represents approximately 71 employees under a contract which expired on December 31, 2012 and is currently under negotiations. The Superior Officers Association represents approximately 18 employees under a contract which expires on December 31, 2013 and is currently under negotiations. The Chief of Police is a non-union employee.

## ECONOMIC AND DEMOGRAPHIC INFORMATION

### Population Characteristics

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

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

Source: U.S. Bureau of the Census and the LIPA Population Survey.

## Income Data

	Per Capita Money Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2012*</u>
Town of Southampton	\$16,726	\$31,320	\$47,111	\$46,889
County of Suffolk	18,481	26,577	35,755	36,819
State of New York	16,501	23,389	30,948	32,104

	Median Family Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2012*</u>
Town of Southampton	\$43,929	\$65,144	\$89,560	\$88,380
County of Suffolk	53,244	72,112	96,220	97,065
State of New York	39,741	51,691	67,405	68,161

Source: United State Bureau of the Census.

\*Note: Based on American Community Survey Three-Year Estimates (2010-2012).

## 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.

2009 .....	3,241
2010 .....	3,820
2011 .....	4,574
2012 .....	5,019
2013 .....	5,623

## Unemployment Rate Statistics

	<u>Town of Southampton</u>	<u>Suffolk County</u>	<u>New York State</u>
Annual Averages:			
2009 .....	7.4%	7.4%	8.3%
2010 .....	7.8	7.6	8.6
2011 .....	7.6	7.3	8.0
2012 .....	7.8	7.8	8.6
2013 .....	6.8	6.5	7.7
2014 (4 month average) .....	7.4	5.9	7.1

Source: Department of Labor, State of New York.

**Selected Listing of Larger Employers**

<u>Name</u>	<u>Type of Business</u>	<u>Number of Employees</u>
Southampton Hospital.....	Hospital	775
Southampton UFSD.....	School District	400
Corcoran Group.....	Real Estate	400
Dominican Sisters Family Health Services.....	Home Health Agency	350
Bridgehampton National Bank.....	Commercial Banks	245
Dunn Engineering.....	Engineering	100
Maran Corporate Risk Associates.....	Insurance	93
Southampton Press.....	Newspaper	50
Hampton Coach.....	Limousine Service	50
Southampton Inn.....	Hotel	50
Storms Motors.....	Automotive Dealer	40

**INDEBTEDNESS OF THE TOWN**

The following tables set forth the computation of debt limit and the calculation of total net indebtedness of the Town in accordance with the constitutional requirements hereinabove described.

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

	Fiscal Year Ending December 31:				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt Outstanding End of Year:					
Subject to Debt Limit:					
Bonds	\$119,541,500	\$129,984,725	\$146,563,440	\$132,457,798	\$145,736,850
Bond Anticipation Notes	24,010,589	7,072,200	-	6,105,000	-
Sub-Total	<u>143,552,089</u>	<u>137,056,925</u>	<u>146,563,440</u>	<u>138,562,798</u>	<u>145,736,850</u>
Not Subject to Debt Limit:					
Bonds	5,473,500	5,235,245	5,349,260	4,674,902	5,415,850
Bond Anticipation Notes	-	-	-	-	-
Other Notes	-	-	-	-	-
Sub-Total	<u>5,473,500</u>	<u>5,235,245</u>	<u>5,349,260</u>	<u>4,674,902</u>	<u>5,415,850</u>
<b>Total Debt Outstanding</b>	<u><b>\$149,025,589</b></u>	<u><b>\$142,292,170</b></u>	<u><b>\$151,912,700</b></u>	<u><b>\$138,237,700</b></u>	<u><b>\$140,321,000</b></u>

a. Does not include refunded bonds.

**Details of Short-Term Indebtedness Outstanding**  
(As of June 23, 2014)

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

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

Fiscal Year Ending <u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014 .....	\$18,345,000	\$ 4,931,298	\$ 23,276,298
2015 .....	17,807,700	4,403,524	22,211,224
2016 .....	14,050,000	3,955,415	18,005,415
2017 .....	13,685,000	3,502,101	17,187,101
2018 .....	13,565,000	3,050,558	16,615,558
2019 .....	13,180,000	2,602,302	15,782,302
2020 .....	12,685,000	2,139,037	14,824,037
2021 .....	9,550,000	1,684,225	11,234,225
2022 .....	9,595,000	1,342,416	10,937,416
2023 .....	6,865,000	1,025,700	7,890,700
2024 .....	4,055,000	784,513	4,839,513
2025 .....	3,425,000	653,609	4,078,609
2026 .....	3,275,000	534,812	3,809,812
2027 .....	3,270,000	415,453	3,685,453
2028 .....	2,800,000	295,313	3,095,313
2029 .....	2,800,000	180,250	2,980,250
2030 .....	<u>2,200,000</u>	<u>72,875</u>	<u>2,272,875</u>
 Totals.....	 <u>\$151,152,700</u>	 <u>\$ 31,573,398</u>	 <u>\$182,726,098</u>

a. Includes \$58,137,700 in bonds issued for the preservation of open space. See “Community Preservation Fund” herein. Does not reflect payments made to date.

**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, 2013, the Authority had \$3,527,500 in bonds outstanding that are guaranteed by the Town.

**Computation of Debt Limit and Calculation of Net Debt Contracting Margin**  
(As of June 23, 2014)

Fiscal Year Ending <u>December 31:</u>	<u>Assessed Valuation</u>	State Equalization <u>Rate</u>	<u>Full Valuation</u>
2010 .....	\$54,445,058,850	100.00%	\$54,445,058,850
2011 .....	55,860,526,117	100.00	55,860,526,117
2012 .....	55,861,991,485	100.00	55,861,991,485
2013 .....	55,225,278,551	100.00	55,225,278,551
2014 .....	55,022,618,428	100.00	<u>55,022,618,428</u>
Total Five Year Full Valuation .....			\$276,415,473,431
Average Five Year Full Valuation .....			55,283,094,686
Debt Limit - 7% of Average Full Valuation .....			3,869,816,628
<b>Inclusions:</b>			
Outstanding Bonds:			
General Purposes <sup>1</sup> .....			138,506,463
Housing Authority <sup>2</sup> .....			3,4525,000
Water Districts .....			<u>5,209,150</u>
Sub-Total .....			147,167,613
Bond Anticipation Notes .....			<u>0</u>
Total Inclusions .....			<u>147,167,613</u>
<b>Exclusions:</b>			
Water Debt (Outstanding Bonds) .....			5,209,150
Bond Appropriations .....			<u>10,581,727</u>
Total Exclusions .....			15,790,877
Total Net Indebtedness .....			<u>131,376,736</u>
Net Debt Contracting Margin .....			<u>\$ 3,738,439,892</u>
Percent of Debt Limit Exhausted .....			3.39%

1. Includes \$57,237,700 in bonds issued for the preservation of open space. See "Community Preservation Fund" herein.  
2. 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 .....	03-25-2014	21.12%	\$443,031,072	\$276,017,334
Villages .....	05-31-13 or later	Var.	17,156,485	17,326,485
School Districts <sup>a</sup> .....	06-30-13 or later	Var.	160,886,310	159,926,860
Fire Districts .....	12-31-12 or later	Var.	<u>8,325,107</u>	<u>8,325,107</u>
Totals.....			<u>\$629,398,974</u>	<u>\$461,595,786</u>

a. Does not include refunded bonds.

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

**Debt Ratios**  
(As of June 23, 2014)

	<u>Amount<sup>a</sup></u>	<u>Per Capita<sup>b</sup></u>	<u>Percentage Of Full Value<sup>c</sup></u>
Total Direct Debt.....	\$147,167,613	\$ 2,591	0.27%
Net Direct Debt.....	131,376,736	2,313	0.24
Total Direct & Applicable Total Overlapping Debt.....	776,566,587	13,674	1.41
Net Direct & Applicable Net Overlapping Debt.....	592,972,522	10,441	1.08

a. Include the Bonds

b. The current estimated population of the Town is 56,790.

c. The full valuation of taxable real property in the Town for 2013-14 is \$55,022,618,428.

**Authorized And Unissued Debt**  
(As of June 23, 2014)

As of the date of this Official Statement, the Town has authorized but unissued debt in the aggregate amount of \$49,042,300 as follows:

Various Public Improvements .....	\$ 6,615,000 <sup>a</sup>
Open Space Preservation .....	<u>42,427,300</u>
Total.....	<u>\$49,042,300</u>

a. \$4,350,000 of such amount will be financed by the issuance of Bonds to be issued in July, 2014.

**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 Statement, there are \$57,237,700 in bonds outstanding that have been issued for the preservation of open space and land acquisitions, the Town debt service on which is expected to be paid by the Fund. The expected revenues accruing to the Fund would be sufficient to pay principal and interest on obligations substantially in excess of such amount.

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

Fiscal Year Ending <u>December 31:</u>	<u>Total Revenues</u>
2009 .....	\$ 24,805,488
2010 .....	34,225,797
2011 .....	39,218,452
2012 .....	38,064,858
2013 .....	58,058,512

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

Fiscal Year Ending <u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014 .....	\$7,595,000	\$2,041,756	\$9,636,756
2015 .....	7,187,700	1,900,359	9,088,059
2016 .....	4,275,000	1,754,643	6,029,643
2017 .....	4,325,000	1,590,589	5,915,589
2018 .....	4,510,000	1,418,834	5,928,834
2019 .....	4,535,000	1,238,366	5,773,366
2020 .....	4,710,000	1,050,512	5,760,512
2021 .....	2,000,000	853,063	2,853,063
2022 .....	2,000,000	775,563	2,775,563
2023 .....	2,000,000	695,563	2,695,563
2024 .....	2,000,000	615,563	2,615,563
2025 .....	2,100,000	533,906	2,633,906
2026 .....	2,100,000	447,938	2,547,938
2027 .....	2,200,000	360,250	2,560,250
2028 .....	2,200,000	266,063	2,466,063
2029 .....	2,200,000	170,500	2,370,500
2030 .....	<u>2,200,000</u>	<u>72,875</u>	<u>2,272,875</u>
Totals.....	<u>\$58,137,700</u>	<u>\$15,786,338</u>	<u>\$73,924,038</u>

a. Such debt service requirements are included in the preceding table. Does not reflect payments made to date.

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

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

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

### **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, 2013, 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 2009-2013 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.

### **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.

### **2011 Results of Operations (Audited)**

For the fiscal year ended December 31, 2011, the audited financial statements show the total revenue including transfers in the General Fund were \$36,037,498 and the total expenditures, including transfers, were \$37,094,049. The total overall fund balance in the General Fund decreased from \$14,005,683 to \$12,949,132 as planned due to an appropriation of fund balance.

### **2012 Results of Operations (Audited)**

For the fiscal year ending December 31, 2012, the audited financial statements show the total revenue including transfers in the General Fund were \$35,249,760 and the total expenditures, including transfers, were \$34,143,390. The total overall fund balance in the General Fund increased from \$12,949,132 to \$14,573,965.

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

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

### **2014 Budget**

The 2014 budget calls for further fiscal constraint consistent with the policy, procedures and controls implemented over the past four years. In addition, the Town has also presented a budget model that projects operations for 2015. The 2014 budget calls for an appropriation of approximately \$600,000 in fund balance from its operating funds and a 0% tax levy increase.

### **Investment Policy**

Although investment of money is not, in and of itself, a Town Purpose, the Town is permitted to temporarily invest funds pending their application to the Town purposes. Pursuant to State law, including Sections 10 and 11 of the General Municipal Law, and in accordance with its adopted investment policy, the Town is permitted to deposit moneys in banks or trust companies located and authorized to do business in the State, as authorized by the Town Board. The Chief Fiscal Officer of the Town, the Supervisor, has delegated to the Comptroller of the Town the responsibility of depositing and investing Town moneys. The Town's funds may be invested in certificates of deposit, money market deposit accounts, and N.O.W. accounts. 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 the Town does not tax of this revenue.

### **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 and the adopted thresholds, a resolution of the Town Board would be adopted to approve such appropriation. Subsequent to such appropriation, the Town Board will commit to immediately begin the process of reducing expenditures or raising revenues in order to restore the fund balances to adequacy over a reasonable time frame.

### **Revenues**

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

#### *Real Property Taxes*

See "Real Property Tax Information," herein.

### **State Aid**

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

The Town received approximately 20% of its total operating revenue from State aid in 2013 and is expected to receive similar amounts in 2014. 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 2009 through 2013 and as budgeted, for 2014.

<u>Year Ended December 31:</u>	<u>Total General Fund Town Revenue</u>	<u>State Aid</u>	<u>State Aid To Revenues (%)</u>
2009	\$33,138,113	\$5,430,095	16.39%
2010	34,917,303	5,936,053	17.00
2011	34,825,845	6,249,172	17.94
2012	34,509,183	6,218,858	18.02
2013	37,218,839	7,613,296	20.45
2014 (Budget)	35,743,267	7,180,000	20.08

Source: Audited financial statements 2009 through 2013 and the adopted budget for 2014.

### **Pension Systems**

Substantially all employees of the Town are members of the State and Local Employees’ Retirement System (“ERS”) or the State and Local Police and Fire Retirement System (“PFRS” and together with ERS, the “Retirement System”), a cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the State Retirement system and Social Security Law (the “Retirement System Law”). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts, which are collected through annual billings to all participating employers. Generally, all full-time employees, participate in the Retirement System. ERS is non-contributory with respect to members hired prior to July 27, 1976. All ERS members hired on or after July 27, 1976, with less than ten years experience, must contribute 3% of gross annual salary toward the cost of retirement programs. The PFRS is non-contributory for all police and fire fighters.

Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% (percentage dependent on tier) of payroll for the ERS and PFRS, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments. While the Town is aware of the potential negative impact on its budget and will take the appropriate steps to budget accordingly for the increase, there can be no assurance that its financial position will not be negatively impacted.

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and the Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program for the ERS and PFRS. The reform program established a minimum contribution for any local governmental employer equal to 4.5% of pensionable salaries for bills which were due December 15, 2003 and for all fiscal years thereafter, as a minimum annual contribution where the actual rate would otherwise be 4.5% or less due to the investment performance of the fund. In addition, the reform program instituted a billing system to match the budget cycle of municipalities and school districts that will advise such employers over one year in advance concerning actual pension contribution rates for the next annual billing cycle. Under the previous

method, the requisite ERS and PFRS contributions for a fiscal year could not be determined until after the local budget adoption process was complete. Under the revised system, a contribution for a given fiscal year is based on the valuation of the pension fund on April 1 of the calendar year preceding the contribution due date instead of the following April 1 in the year of contribution so that the exact amount may now be included in the budget for the ensuing year.

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

Chapter 260 provides for the following changes:

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

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

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

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



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

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

**Contributions to the Retirement Systems**

Fiscal Year Ending <u>December 31:</u>	Employees' Retirement <u>System</u>	Policemen's & Firemen's Retirement <u>System</u>	<u>Total</u>
2009.....	\$1,859,470	\$1,758,638	\$3,618,108
2010.....	1,872,489	1,783,054	3,655,543
2011.....	2,564,387	2,094,785	4,659,172
2012.....	2,820,513	2,455,064	5,275,577
2013.....	6,909,172	4,161,628	11,070,800

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

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

**Other Post Employment Benefits**

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

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

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

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

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

As of January 1, 2012, the actuarial accrued liability (“AAL”), the portion of the actuarial present value of the total future benefits based on the employees’ service rendered to the measurement date, is \$148.5 million. The actuarial value of the Plan’s assets was \$0, resulting in an UAAL of \$148.5 million. For the year ended December 31, 2013, the Town’s annual OPEB cost was \$12.6 million and the ARC was \$10.8 million. The Town is on a pay-as-you-go funding basis and paid \$3.7 million for the fiscal year ending December 31, 2013 resulting in a projected year-end Net OPEB obligation of \$54.3 million.

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

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

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

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

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

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

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

Pension contributions are determined based on an annual actuarial calculation. Based upon accepted actuarial methods and the assumptions used, it has been determined that the contributions for the Westhampton Ware Memorial Ambulance Corporation of \$59,797, the Flanders Northampton Volunteer Ambulance Corporation of \$63,640, the Hampton Bays Volunteer Ambulance Corporation of \$63,222 and the Southampton Volunteer Ambulance Corporation of \$42,697 for the year ended December 31, 2012 were sufficient to satisfy current and future service award obligations upon eligibility for retirement.

## REAL PROPERTY TAX INFORMATION

### Real Property Taxes

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

Year Ended December 31:	Total General Fund Town Revenue	Real Property Taxes	Real Property Taxes to Revenues (%)
2008	\$32,905,156	\$19,183,481	58.30%
2009	33,138,113	22,594,894	68.18
2010	34,917,303	22,991,545	66.85
2011	34,825,845	22,983,270	65.99
2012	34,509,183	21,585,771	62.55
2013	37,218,839	21,449,689	57.63

Source: Audited financial statements 2008 through 2013.

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

### Tax Levy and Collection Record

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Tax Levy:</b>					
General Town <sup>a</sup>	\$23,471,265	\$24,288,157	\$22,048,728	\$21,907,868	\$21,420,673
Police	19,122,882	18,787,061	19,510,509	19,717,477	20,241,628
Emergency Dispatching - E911	2,163,032	2,163,471	2,154,216	2,056,667	2,061,604
Part Town Outside Villages	1,591,613	907,216	1,757,858	2,170,133	2,132,735
Highway <sup>b</sup>	10,203,992	10,757,440	11,458,980	11,048,231	11,060,920
<b>Special Districts:</b>					
Fire & Fire Protection	12,282,939	12,302,370	12,111,213	12,548,005	12,744,722
Lighting	553,783	564,747	556,046	575,831	602,939
Water	1,111,611	1,082,775	1,132,073	1,122,575	1,181,502
Miscellaneous <sup>c</sup>	4,302,159	4,337,653	4,484,099	5,616,172	7,257,508
School and Library Districts	212,480,335	221,311,943	230,672,394	230,856,616	242,281,065
County	14,148,089	16,688,892	15,869,036	19,211,414	18,906,658
Other Items <sup>d</sup>	<u>518,619</u>	<u>714,871</u>	<u>991,121</u>	<u>819,935</u>	<u>944,029</u>
<b>Total Warrant</b>	<b>\$301,950,319</b>	<b>\$313,906,596</b>	<b>\$322,746,273</b>	<b>\$331,493,841</b>	<b>\$340,495,644</b>
<b>Amount Collected</b>	<b>286,195,281</b>	<b>297,658,185</b>	<b>307,538,277</b>	<b>315,005,317</b>	<b>NA</b>
<b>Returned to County:</b>					
Amount	13,738,137	14,387,403	12,695,891	13,671,438	NA
Percent	4.55%	4.58%	4.13%	4.12%	NA

a. Includes Farmland.

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

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

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

## Tax Collection Procedure

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

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

### Tax Rates Per \$100 of Assessed Valuation

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Town .....	\$0.43	\$0.43	\$0.39	\$0.39	0.39
Police.....	0.52	0.51	0.52	0.54	0.55
Part Town Outside Villages.....	0.05	0.03	0.05	0.07	0.07
Highway .....	0.24	0.26	0.36	0.36	0.36
County.....	0.18	0.21	0.20	0.2	0.20
School and Library Districts <sup>a</sup> .....	0.03-15.62	0.02-18.34	0.02-20.43	0.02-21.34	0.02-22.9
Special Districts:					
Fire & Fire Protection <sup>a</sup> .....	0.10-0.82	0.10-1.04	0.10-1.05	0.11-1.04	0.11-1.10
Lighting <sup>a</sup> .....	0.01-0.15	0.01-0.15	0.01-0.15	0.01-0.17	0.01-0.18
Water <sup>a</sup> .....	0.19-0.36	0.21-0.39	0.22-0.42	0.23-0.42	0.24-0.48
Miscellaneous <sup>a</sup> .....	0.01-0.53	0.01-0.56	0.01-0.6	0.01-0.7	0.01-0.68

a. If more than one rate, indicates range.

### Tax Increase Procedural Limitation Legislation

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

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limit Law” or the “Law”). The Tax Levy Limit Law generally applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities to levy certain year-to-year increases in real property taxes.

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

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

The Law also provides for adjustments to be made to the Town's Tax Levy Increase Limit based upon changes in the assessed value of the taxable real property in the Town. Additionally, the Town will be permitted to carry forward a certain portion of its unused tax levy capacity from the prior year.

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

**Selected Listing of Large Taxable Properties**  
2013 Assessment Roll<sup>a</sup>

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Blue Turtles, Inc. ....	Estate	\$248,024,100
LIPA .....	Utility	210,943,222
Leon D. Black.....	Estate	65,926,800
Keyspan Energy Corp.....	Utility	58,233,140
Payton Lane Nursing Home, Inc. ....	Nursing Home	55,465,000
Stephen Perl binder.....	Estate	51,047,400
Yumi & The Kids LLC.....	Estate	50,225,100
Cheryl G. Krongrad .....	Estate	48,377,500
Debra R. Black .....	Estate	45,918,700
Kimco Realty.....	Commercial	<u>45,688,700</u>
		<u>\$879,849,662<sup>b</sup></u>

a. Assessment Roll established in 2013 for levy and collection of taxes during 2014 Fiscal Year.  
b. Represents 1.60% of the total taxable assessed valuation of the Town for 2014.

**LITIGATION**

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

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

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

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

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

The Shinnecoaks' appeal, as well as their motions for reconsideration and leave to amend, have been held in abeyance pending a decision from the Second Circuit Court of Appeals, in the case of *Oneida Nation of New York v. State of New York*, as the Shinnecoaks asserted that a decision in that case could bear heavily on their litigation with the Town.

On August 9, 2010, a decision was rendered by the Second Circuit Court of Appeals in the *Oneida Nation* case, and that decision was forwarded to Judge Platt by defendants, with the advice that in defendants' view, the decision is favorable, and indeed dispositive, of the Shinnecoaks' claims against defendants. The Shinnecoaks have withdrawn their motion for reconsideration, but have requested that Judge Platt continue the indefinite adjournment of their motion for leave to amend, to accommodate the possibility that the United States might agree to intervene in the action on behalf of the Shinnecoaks. Judge Platt has granted successive three-month extensions of the indefinite adjournment. The current extension expires on June 1, 2014.

### **BOND RATINGS**

Moody's Investors Service has assigned a rating of "Aa1" and Standard & Poor's Corporation has assigned a rating of "AAA" to the outstanding bonds of the Town. This rating reflects only the view of such rating agencies and an explanation of the significance of such ratings should be obtained from Moody's Investors Service and Standard & Poor's Corporation. There can be no assurance that such ratings will not be revised or withdrawn, if in the judgment of Moody's Investors Service and Standard & Poor's Corporation circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price of the outstanding bonds of the Town or the availability of a secondary market for the bonds.

### **FINANCIAL ADVISOR**

Munistat Services, Inc. has acted as the financial advisor to the Town in connection with preparation of this Statement.

### **OTHER MATTERS**

The statutory authority for the power to spend money for the objects or purposes, or to accomplish the objects or purposes, for which the Bonds are to be issued is the Education Law and the Local Finance Law.

The estoppels procedure provided in Title 6 of Article 2 of the Local Finance Law will have been complied with in all material respects by the date of delivery of the Bonds.

There is no bond or note of the Town on which principal or interest is past due.

The fiscal year of the Town is January 1 to December 31.

This Statement does not include the financial data of any political subdivision of the State of New York having power to levy taxes within the Town, except as expressed in the "Calculation of Estimated Overlapping and Underlying Indebtedness."

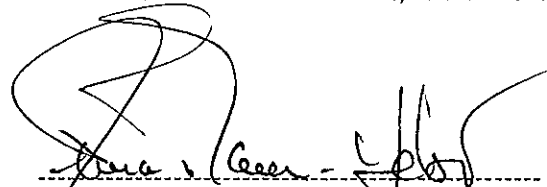
**ADDITIONAL INFORMATION**

Additional information may be obtained upon request from the office of Leonard J. Marchese, the Town Comptroller, Town of Southampton, Town Hall, 116 Hampton Road, Southampton, New York 11968, telephone number 631/702-1890, or from the office of Munistat Services Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888.

Any statements in this Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized.

This Statement is submitted only in connection with the Town's "Undertaking to Provide Continuing Disclosure" pursuant to Rule 15c2-12 as promulgated by the Securities and Exchange Commission and may not be reproduced or used in whole or in part for any other purpose.

TOWN OF SOUTHAMPTON, NEW YORK

A handwritten signature in black ink, appearing to read "Anna Throne-Holst", is written over a horizontal dashed line.

By: s/s ANNA THRONE-HOLST  
Town Supervisor

June 27, 2014

**APPENDIX A**

**FINANCIAL INFORMATION**



**Balance Sheets**  
**Governmental Funds**  
**Fiscal Year Ending December 31, 2013**

	<u>General</u>	<u>Police District</u>	<u>Highway</u>	Nonmajor Governmental Funds(1)
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 9,757,506	\$ 1,901,382	\$ 3,055,808	\$ 12,749,147
Cash - Restricted	7,131,432	1,686,592	1,134,136	7,547,927
Accounts Receivable	778,763	358,387	6,511	843,009
Due from Other Funds		1,061		1,027,537
State and Federal Aid Receivables	259,134	1,980,343	498,882	
Prepaid Charges	<u>1,420,951</u>	<u>894,507</u>	<u>220,614</u>	<u>55,841</u>
<b>Total Assets</b>	<b><u>\$ 19,347,786</u></b>	<b><u>\$ 6,822,272</u></b>	<b><u>\$ 4,915,951</u></b>	<b><u>\$ 22,223,461</u></b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 470,428	\$ 81,856	\$ 77,725	\$ 3,938,699
Accrued Liabilities	1,587,082	1,488,145	384,224	316,388
Due to Other Governments	216,554			
Due to Other Funds	<u>10,224</u>	<u>                    </u>	<u>7,777</u>	<u>49,531</u>
<b>Total Liabilities</b>	<b><u>2,284,288</u></b>	<b><u>1,570,001</u></b>	<b><u>469,726</u></b>	<b><u>4,304,618</u></b>
<b>Deferred Inflows</b>				
Deferred Property Taxes	<u>3,093,547</u>	<u>2,980,043</u>	<u>1,732,816</u>	<u>1,491,879</u>
	3,093,547	2,980,043	1,732,816	1,491,879
<b>Fund Balances (Deficits):</b>				
Nonspendable	1,420,951	894,507	220,614	55,841
Restricted	7,131,432	1,686,592	1,134,136	7,946,025
Assigned	766,818		1,358,659	8,425,098
Unassigned	<u>4,650,750</u>	<u>(308,871)</u>	<u>                    </u>	<u>                    </u>
<b>Total Fund Balances (Deficits)</b>	<b><u>13,969,951</u></b>	<b><u>2,272,228</u></b>	<b><u>2,713,409</u></b>	<b><u>16,426,964</u></b>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<b><u>\$ 19,347,786</u></b>	<b><u>\$ 6,822,272</u></b>	<b><u>\$ 4,915,951</u></b>	<b><u>\$ 22,223,461</u></b>

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

Source: Audited Annual Financial Report of the Town. (2013).

NOTE: This schedule is NOT audited

**Balance Sheets**  
**Governmental Funds**  
**Fiscal Year Ending December 31, 2012**

	<u>General</u>	<u>Police District</u>	<u>Highway</u>	<u>Nonmajor Governmental Funds(1)</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 10,466,894	\$ 2,300,089	\$ 3,253,841	\$ 3,370,623
Cash - Restricted	6,405,740	1,579,502	1,105,084	8,305,708
Accounts Receivable	700,786	396,687	1,465	811,266
Due from Fiduciary Funds	698,356		6,056	323,942
State and Federal Aid Receivables	243,314	1,951,169		74,547
Prepaid Charges	<u>1,317,335</u>	<u>850,750</u>	<u>220,793</u>	<u>51,229</u>
 Total Assets	 <u>\$ 19,832,425</u>	 <u>\$ 7,078,197</u>	 <u>\$ 4,587,239</u>	 <u>\$ 12,937,315</u>
 <b>LIABILITIES</b>				
Accounts Payable	\$ 1,484,763	\$ 139,743	\$ 179,126	\$ 444,033
Accrued Liabilities	75,780	494,204	23,526	17,739
Due to Other Governments	44,485			
Due to Fiduciary Funds		4,615		281,904
Deferred Revenues	<u>3,653,432</u>	<u>3,349,024</u>	<u>1,995,112</u>	<u>1,222,295</u>
 Total Liabilities	 <u>5,258,460</u>	 <u>3,987,586</u>	 <u>2,197,764</u>	 <u>1,965,971</u>
 Fund Balances (Deficits):				
Nonspendable	1,317,335	850,750	220,793	51,229
Restricted	6,405,740	1,579,502	1,105,084	8,175,398
Assigned	1,064,819	660,359	1,063,598	2,744,717
Unassigned	<u>5,786,071</u>			
 Total Fund Balances (Deficits)	 <u>14,573,965</u>	 <u>3,090,611</u>	 <u>2,389,475</u>	 <u>10,971,344</u>
 Total Liabilities and Fund Balances (Deficits)	 <u>\$ 19,832,425</u>	 <u>\$ 7,078,197</u>	 <u>\$ 4,587,239</u>	 <u>\$ 12,937,315</u>

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

Source: Audited Annual Financial Report of the Town. (2012)

NOTE: This schedule is NOT audited

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

Fiscal Year Ended December 31:

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Revenues:</b>					
Real Property Taxes	\$ 22,594,894	22,991,545	22,983,270	21,585,771	21,449,689
Other Real Property Tax Items		188,612	201,668	196,896	208,216
Non-Property Tax Items	1,013,649	1,350,747	1,424,315	1,431,473	1,530,975
Special Assessments	81,834	62,559	51,209	47,332	47,335
Departmental Income	602,651	798,100	671,802	946,798	794,720
Intergovernmental Charges		45,063	119,989	113,778	307,863
Use of Money & Property	278,014	79,437	34,163	48,157	45,405
Licenses and Permits	38,250	251,435	283,346	353,764	357,565
Fines and Forfeitures	1,617,193	1,835,927	1,784,553	1,857,009	1,813,642
Sale of Property & Compensation for Loss			31,969	461	132,624
Miscellaneous Local Sources	921,099	920,335	648,654	795,310	725,715
State Aid	5,430,095	5,936,053	6,249,172	6,218,858	7,613,296
Federal Aid	560,434	457,490	341,735	913,576	2,191,794
<b>Total Revenues</b>	<u>33,138,113</u>	<u>34,917,303</u>	<u>34,825,845</u>	<u>34,509,183</u>	<u>37,218,839</u>
<b>Expenditures:</b>					
General Government Support	13,829,002	13,728,555	12,088,942	11,988,464	12,163,259
Public Safety	2,412,336	2,099,468	2,117,152	2,048,923	2,346,882
Health	1,125				
Transportation	109,021				767,789
Econ. Assistance & Opportunity	2,333,279	2,106,919	2,692,197	3,122,582	2,967,070
Culture & Recreation	3,670,156	3,822,787	3,594,108	3,419,562	2,706,126
Home & Community Service	1,202,675	534,566	581,913	509,561	581,865
Employee Benefits	5,918,212	6,157,175	7,671,505	7,704,465	10,593,823
Debt Service	4,937,183	4,652,495	5,080,850	5,092,460	5,099,743
<b>Total Expenditures</b>	<u>34,412,989</u>	<u>33,101,965</u>	<u>33,826,667</u>	<u>33,886,017</u>	<u>37,226,557</u>
Excess (Deficiency) of Revenues over Expenditures	(1,274,876)	1,815,338	999,178	623,166	(7,718)
<b>Other Sources (Uses)</b>					
Proceeds from Issuance of Debt		60,000		511,700	
Proceeds of Refunding Debt		9,430,000		5,148,530	
Premium of Debt Issuance		1,070,569	105,849	582,787	11,048
Payment to Refunded Debt Escrow		(10,500,569)		(5,724,554)	
Operating Transfers In	5,511,399	1,324,756	1,105,804	740,577	296,611
Operating Transfers Out	(51,710)	(700,695)	(3,267,382)	(257,373)	(903,955)
<b>Total Other Sources (Uses)</b>	<u>5,459,689</u>	<u>684,061</u>	<u>(2,055,729)</u>	<u>1,001,667</u>	<u>(596,296)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	4,184,813	2,499,399	(1,056,551)	1,624,833	(604,014)
Fund Balance Beginning of Year	10,575,234	11,634,652	14,005,683	12,949,132	14,573,965
Prior Period Restatement	(3,125,395)	(128,368)			
<b>Fund Balance End of Year</b>	<u>\$ 11,634,652</u>	<u>14,005,683</u>	<u>12,949,132</u>	<u>14,573,965</u>	<u>13,969,951</u>

Sources: Audited Annual Financial Reports of the Town. (2009-2013)

NOTE: This schedule is NOT audited

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

	Fiscal Year Ended December 31:				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Revenues:</b>					
Real Property Taxes	\$ 19,805,381	\$ 19,139,406	\$ 18,814,396	\$ 19,521,100	\$ 19,738,896
Other Real Property Tax Items		133,171	145,486	128,716	135,560
Departmental Income	206,739	182,601	395,909	539,699	583,429
Use of Money & Property	31,372	27,621	9,907	21,364	23,781
Licenses and Permits		36,782	62,999	62,201	190,699
Compensation for Loss	15,399	22,388	2,027	17,697	19,884
Miscellaneous Local Sources	144,038	100,993	135,900	74,772	71,712
State Aid	1,871,245	2,085,155	2,286,408	2,016,977	1,944,911
Federal Aid	31,889	54,512	91,667	174,183	118,966
<b>Total Revenues</b>	<u>22,106,063</u>	<u>21,782,629</u>	<u>21,944,699</u>	<u>22,556,709</u>	<u>22,827,838</u>
<b>Expenditures:</b>					
General Government Support					
Public Safety	13,564,566	14,490,428	14,104,920	14,881,727	14,044,870
Employee Benefits	6,449,176	6,126,425	6,822,336	7,043,274	8,976,554
Debt Service	73,031	74,898	22,183	40,481	476,656
<b>Total Expenditures</b>	<u>20,086,773</u>	<u>20,691,751</u>	<u>20,949,439</u>	<u>21,965,482</u>	<u>23,498,080</u>
Excess (Deficiency) of Revenues over Expenditures	2,019,290	1,090,878	995,260	591,227	(670,242)
<b>Other Sources (Uses)</b>					
Proceeds From Debt				1,240,550	
Premium from Issuance of Debt			12,346	16,397	6,842
Operating Transfers In	2,710				45,017
Operating Transfers Out					(200,000)
<b>Total Other Sources (Uses)</b>	<u>2,710</u>		<u>12,346</u>	<u>1,256,947</u>	<u>(148,141)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	2,022,000	1,090,878	1,007,606	1,848,174	(818,383)
Fund Balance Beginning of Year	(2,726,212)	(889,720)	234,831	1,242,437	3,090,611
Prior Period Restatement	(185,508)	33,673			
<b>Fund Balance End of Year</b>	<u>\$ (889,720)</u>	<u>\$ 234,831</u>	<u>\$ 1,242,437</u>	<u>\$ 3,090,611</u>	<u>\$ 2,272,228</u>

Sources: Audited Annual Financial Reports of the Town. (2009-2013)

NOTE: This schedule is NOT audited

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

Fiscal Year Ended December 31:

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Revenues:</b>					
Real Property Taxes	\$ 8,811,706	\$ 10,210,657	\$ 10,770,010	\$ 11,464,017	\$ 11,060,035
Other Real Property Tax Items	31,068	74,604	82,298	75,415	76,359
Intergovernmental Charges	622,237	638,995	754,285	750,362	699,008
Use of Money & Property	13,425	14,812	9,529	18,083	16,589
Sale of Property & Compensation for Loss			876	1,028	
Miscellaneous Local Sources	118,982	188,151	281,821	49,994	44,817
Federal Aid			9,562	144,676	842,159
State Aid	956,789	750,552	684,530	704,123	906,178
<b>Total Revenues</b>	<u>10,554,207</u>	<u>11,877,771</u>	<u>12,592,911</u>	<u>13,207,698</u>	<u>13,645,145</u>
<b>Expenditures:</b>					
Transportation	6,337,711	7,025,017	6,648,842	5,887,330	5,821,241
Employee Benefits	1,899,644	2,393,320	2,771,944	2,642,272	3,420,040
Debt Service	2,362,222	2,414,480	2,682,403	3,310,285	3,756,866
<b>Total Expenditures</b>	<u>10,599,577</u>	<u>11,832,817</u>	<u>12,103,189</u>	<u>11,839,887</u>	<u>12,998,147</u>
Excess (Deficiency) of Revenues over Expenditures	(45,370)	44,954	489,722	1,367,811	646,998
<b>Other Sources (Uses)</b>					
Proceeds from Debt				210,915	
Premium from Issuance of Debt			243,552	3,033	70,992
Operating Transfers In	1,307,952	359,317	8,263	17,607	5,944
Operating Transfers Out			(414,179)	(1,020,000)	(400,000)
<b>Total Other Sources (Uses)</b>	<u>1,307,952</u>	<u>359,317</u>	<u>(162,364)</u>	<u>(788,445)</u>	<u>(323,064)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	1,262,582	404,271	327,358	579,366	323,934
Fund Balance Beginning of Year	11,072	1,106,046	1,482,751	1,810,109	2,389,475
Prior Period Restatement	(167,608)	(27,566)			
<b>Fund Balance End of Year</b>	<u>\$ 1,106,046</u>	<u>\$ 1,482,751</u>	<u>\$ 1,810,109</u>	<u>\$ 2,389,475</u>	<u>\$ 2,713,409</u>

Sources: Audited Annual Financial Reports of the Town. (2009-2013)

NOTE: This schedule is NOT audited

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

	Fiscal Year Ended December 31:				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues:					
Real Property Taxes	5,943,884	6,166,245	6,047,848	6,776,087	6,387,244
Other Real Property Tax Items	28,391	114,319	115,752	110,010	129,667
Departmental Income	2,559,422	2,703,281	2,551,849	2,694,774	3,404,486
Use of Money & Property	9,972	323,486	312,844	323,009	343,970
Sale of Property & Compensation for Loss		240,300			4,570
Miscellaneous Local Sources	841,986	2,147,000	320,659	1,012,855	1,286,199
State Aid		32,786	87,446	87,956	12,590
Federal Aid	3,736,283	4,522,045	4,276,935	2,948,382	3,867,386
<b>Total Revenues</b>	<u>13,119,938</u>	<u>16,249,462</u>	<u>13,713,333</u>	<u>13,953,073</u>	<u>15,436,112</u>
Expenditures:					
General Government Support	210,739	123,810	300,105	278,361	254,109
Public Safety	833,070	822,126	783,317	784,534	812,513
Health	2,503,997	2,471,220	2,606,820	2,742,820	2,895,640
Transportation	413,738	419,026	438,430	478,813	511,565
Econ. Assistance & Opportunity	274,126	455	555	420	490
Culture & Recreation	440,694	553,035	646,930	721,466	449,462
Home & Community Service	6,765,997	6,767,924	6,745,261	6,855,300	26,007,195
Employee Benefits	425,998	679,202	756,263	770,990	918,584
Debt Service	1,020,644	941,109	948,441	823,906	908,852
<b>Total Expenditures</b>	<u>12,889,003</u>	<u>12,777,907</u>	<u>13,226,122</u>	<u>13,456,610</u>	<u>32,758,410</u>
Excess (Deficiency) of Revenues over Expenditures	230,935	3,471,555	487,211	496,463	(17,322,298)
Other Sources (Uses)					
Operating Transfers In	384,605	511,873	97,773	147,061	1,988,542
Operating Transfers Out	(31,650)	(2,132,130)	(515,272)	(124,514)	(1,879,127)
Premium on Obligations			3,527		918,503
Proceeds From Issuance of Debt					21,750,000
<b>Total Other Sources (Uses)</b>	<u>352,955</u>	<u>(1,620,257)</u>	<u>(413,972)</u>	<u>22,547</u>	<u>22,777,918</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	583,890	1,851,298	73,239	519,010	5,455,620
Fund Balance Beginning of Year	5,107,769	5,986,202	9,879,095	10,452,334	10,971,344
Prior Period Restatement	294,543	2,041,595	500,000		
<b>Fund Balance End of Year</b>	<u>5,986,202</u>	<u>9,879,095</u>	<u>10,452,334</u>	<u>10,971,344</u>	<u>16,426,964</u>

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

Sources: Audited Annual Financial Reports of the Town. (2009-2013)

NOTE: This schedule is NOT audited

**Budget Summaries**  
**Governmental and Other Operating Funds**  
Fiscal Year Ending December 31, 2013

Fund	<u>Appropriations</u>	<u>Estimated Revenues</u>	<u>Application of Surplus</u>	<u>Tax Levy</u>
General Fund	\$ 39,611,574	\$ 16,711,698	\$ 974,548	\$ 21,925,328
Police Fund	22,186,176	2,665,076	0	19,521,100
Part-Town Fund	5,661,744	3,336,859	0	2,324,885
Part-Town Highway	12,962,476	1,472,024	360,400	11,130,052
Emergency Dispatch - 911	2,324,682	106,500	160,000	2,058,182
Beaches	1,377,686	1,377,686	0	0
Conscience Point Marina	515,239	379,200	0	136,039
East Quogue Marina	16,000	16,000	0	0
Pine Neck Marina	25,000	25,000	0	0
Waste Management	2,288,851	1,949,250	0	339,601
Ambulance Districts	3,137,544	8,300	0	3,129,244
Fire Protection Districts	878,881	6,200	0	872,681
Park Districts	584,731	2,000	0	582,731
Parking Districts	121,956	0	0	121,956
Road Improvement Districts	60,522	0	0	60,522
Street Lighting Districts	578,599	3,195	0	575,404
Water Districts	3,456,899	2,254,484	80,000	1,122,415
CPF Trust	33,156,343	33,156,343	0	0
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$ 128,944,903</u>	<u>\$ 63,469,815</u>	<u>\$ 1,574,948</u>	<u>\$ 56,959,547</u>

Source: Adopted Budget of the Town of Southampton

**Budget Summaries**  
**Governmental and Other Operating Funds**  
Fiscal Year Ending December 31, 2014

Fund	<u>Appropriations</u>	<u>Estimated Revenues</u>	<u>Application of Surplus</u>	<u>Tax Levy</u>
General Fund	\$ 36,315,448	\$ 14,802,264	\$ 572,181	\$ 20,941,003 x
Police Fund	23,349,209	2,755,521	354,792	20,238,896 x
Part-Town Fund	5,661,744	5,661,744		
Part-Town Highway	13,270,309	1,673,654	536,776	11,059,879 x
Part-Town Land Management (03)	1,734,643	498,854	216,159	1,019,630 x
Part-Town Land Management (22)	4,061,788	2,950,534	0	1,111,254 x
Emergency Dispatch - 911	2,374,913	185,000	130,602	2,059,311 x
Beaches	1,340,500	1,340,500		x
Conscience Point Marina	487,354	364,050		123,304 x
East Quogue Marina	16,000	16,000		x
Pine Neck Marina	32,000	32,000		x
Poxabogue Golf Course	125,900	125,900		x
Waste Management	2,210,913	1,858,698		352,215 x
Ambulance Districts	3,225,671	9,000		3,216,671 x
Erosion Control District	2,701,868	4,950		2,696,918 x
Fire Protection Districts	836,450	6,600		829,850 x
Park Districts	542,502	2,650		539,852 x
Parking Districts	122,277	5,525		116,752 x
Road Improvement Districts	43,624			43,624 x
Street Lighting Districts	605,569	3,195		602,374 x
Water Districts	3,607,787	2,426,418		1,181,369 x
CPF Trust	33,620,363	33,620,363		x
<b>Total</b>	<u>\$ 136,286,832</u>	<u>\$ 68,343,420</u>	<u>\$ 1,810,510</u>	<u>\$ 56,429,973</u>

Source: Adopted Budget of the Town of Southampton



**TOWN OF SOUTHAMPTON**

**APPENDIX B**

**AUDITED FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2013**