

OFFICIAL STATEMENT DATED MARCH 10, 2010

NEW ISSUE - SERIAL BONDS

RATING: MOODY'S INVESTOR SERVICE -

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

The Bonds will be designated by the Village as "qualified tax-exempt obligations" pursuant to the provision of Section 265 of the Code.

\$5,900,000

VILLAGE OF SOUTHAMPTON SUFFOLK COUNTY, NEW YORK (the "Village")

FIREHOUSE SERIAL BONDS - 2010 [BOOK-ENTRY-ONLY BONDS]

Dated: April 1, 2010

**Principal Due: April 1, 2011-2030, inclusive
Interest Due: October 1, 2010 and semi-annually
thereafter on April 1 and October 1**

SEE BOND MATURITY SCHEDULE HEREIN

Security and Sources of Payment: The Bonds will constitute general obligations of the Village and will contain a pledge of its faith and credit for the punctual payment of the principal of and interest on the Bonds, and all the taxable real property within the Village will be subject to the levy of ad valorem taxes, without limitation as to rate or amount, for such purpose.

Prior Redemption: The Bonds maturing on April 1, 2020 and thereafter are subject to redemption, prior to maturity, at the option of the Village, on April 1, 2019, and thereafter on any date, in accordance with terms described herein. See "Optional Redemption" under "The Bonds," herein.

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

Payment: Payment of the principal of and interest on the Bonds will be made by the Village to DTC which will in turn remit such payment to its Participants for subsequent distribution to the Beneficial Owners of the Bonds in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name." Payment to the Beneficial Owners will be the responsibility of the DTC Participant or Indirect Participant and not of DTC or the Village, subject to any statutory and regulatory requirements as may be in effect from time to time. See "Book-entry-only System" under "The Bonds," herein.

Sealed bids for the Bonds will be received at 11:30 A.M. (Prevailing Time) on March 23, 2010, in accordance with the Notice of Sale dated March 10, 2010.

Hawkins Delafield & Wood 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 Bonds are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Village, and certain other conditions. It is expected that delivery of the Bonds in book-entry form will be made through the facilities of DTC on or about April 7, 2010 in New York, New York.

THIS OFFICIAL STATEMENT IS IN A FORM "DEEMED FINAL" BY THE VILLAGE FOR THE PURPOSE OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"). FOR A DESCRIPTION OF THE VILLAGE'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS, AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING" HEREIN.

VILLAGE OF SOUTHAMPTON
SUFFOLK COUNTY, NEW YORK
\$5,900,000 FIREHOUSE SERIAL BONDS - 2010

BOND MATURITY SCHEDULE

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield or Price</u>	<u>CUSIP #</u>
2011	\$ 215,000			
2012	225,000			
2013	230,000			
2014	235,000			
2015	245,000			
2016	250,000			
2017	260,000			
2018	265,000			
2019	275,000			
2020	285,000			
2021	290,000			
2022	300,000			
2023	310,000			
2024	320,000			
2025	330,000			
2026	345,000			
2027	360,000			
2028	370,000			
2029	385,000			
2030	405,000			

*Amounts are subject to adjustment by the Village in accordance with Section 58.00(c)(2) of the Local Finance Law and the Notice of Sale relating to the Bonds.

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

23 Main Street
Southampton, New York 11968-4899
Telephone: 631/283-0247
Fax: 631/283-4990

BOARD OF TRUSTEES

Mark Epley, Mayor

Bonnie M. Cannon
Nancy C. McGann

Paul L. Robinson
Richard Yastrzemski

Stephen Funsch, CPA, Village Clerk/Treasurer

Attorney for the Village

Richard E. DePetris, Esq.
Southampton, New York

* * *

BOND COUNSEL

Hawkins Delafield & Wood LLP
New York, New York

* * *

FINANCIAL ADVISOR

MUNISTAT SERVICES, INC.

Municipal Finance Advisory Service

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

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

OFFICIAL STATEMENT

\$5,900,000

VILLAGE OF SOUTHAMPTON SUFFOLK COUNTY, NEW YORK

FIREHOUSE SERIAL BONDS - 2010 [BOOK-ENTRY-ONLY BONDS]

This Official Statement and the appendices hereto present certain information relating to the Village of Southampton, in the County of Suffolk, in the State of New York (the "Village," "County" and "State," respectively) in connection with the sale of \$5,900,000 Firehouse Improvement Serial Bonds - 2010 (the "Bonds") of the Village.

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

THE BONDS

Description of the Bonds

The Bonds will be dated April 1, 2010, and will mature on April 1, in each of the years 2011 to 2030, inclusive, in the principal amounts as set forth on the inside cover page hereof.

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

Interest on the Bonds will be payable October 1, 2010 and semi-annually thereafter on April 1 and October 1 in each year to maturity. Principal and interest will be paid by the Village to the Securities Depository, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the Village referred to therein.

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

The Village Clerk will act as Paying Agent for the Notes. Paying agent fees, if any, will be paid by the purchaser(s). The Village's contact information is as follows: Stephen Funsch, CPA, Clerk/Treasurer, Village of Southampton, 23 Main Street, Southampton, NY 11968-4899, Phone (631) 283-0247, Fax (631) 283-4990 and email: treasurer@southamptonvillage.org.

Optional Redemption

The Bonds maturing on or before April 1, 2019 are not subject to redemption prior to maturity. The Bonds maturing on or after April 1, 2020 are subject to redemption prior to maturity, at the option of the Village, on April 1, 2019 and thereafter on any date, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at par, plus accrued interest to the date of redemption.

The Bonds shall be redeemable prior to maturity upon the giving of notice which identifies the 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 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 Bonds shall cease to accrue from and after such redemption date.

Book-entry-only System

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

DTC, the world's largest securities depository, 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 securities 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"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Village, 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 bonds 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, Agent, or Issuer, 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 Village, 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.

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Village, on 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 bonds 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 Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Village, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The Village 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.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Village believes to be reliable, but the Village takes no responsibility for the accuracy thereof.

Certificated Bonds

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the Village and discharging its responsibilities with respect thereto under applicable law, or the Village may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, certificated bonds shall be printed and delivered, and the following provisions will apply: The Bonds will be in registered form in denominations of \$5,000, or integral multiples thereof. Principal of and interest on the Bonds when due will be payable at the principal corporate trust office of a bank or trust company to be named by the Village as the fiscal agent. Certificated Bonds may be transferred or exchanged at no cost to the owner of such Bonds at any time prior to maturity at the corporate trust office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the certificate of the Village Treasurer authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law.

Authorization and Purpose

The Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Village Law and the Local Finance Law, and the bond resolution duly adopted by the Board of Trustees on September 10, 2009 and approved as a Proposition at a Special Village Election held on October 9, 2009, authorizing the issuance of serial bonds in an amount not to exceed \$5,900,000 for the construction of a new firehouse in the Village.

For further information regarding bond authorizations of the Village for capital purposes and other matters relating thereto see "Indebtedness of the Village."

Security and Source of Payment

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

The Bonds will be general obligations of the Village and will contain a pledge of the faith and credit of the Village for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest, the Village has the power and statutory authority to levy ad valorem taxes on all the taxable real property within the Village without limitation as to rate or amount. Under Article VIII of the State Constitution, the Village is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and the State Legislature is specifically precluded from restricting the power of the Village to levy taxes on taxable real estate therefor.

Remedies Upon Default

Under current law, provision is made for contract creditors (including the Bondholders) of the Village to enforce payments upon such contracts, if necessary, through court action, although the present statute limits interest on the amount adjudged due to creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates to officials to appropriate and pay judgments out of current funds or the proceeds of a tax levy have been issued.

Remedies for enforcement of payment are not expressly included in the Village's contract with holders of its bonds and notes, although any permanent repeal by statute or constitutional amendment of a Bondholder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

The State has consented that any municipality in the State may file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. Subject to such consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debts, including judicial control over identifiable and unidentifiable creditors.

In recent times, certain events and legislation affecting remedies on default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events, including financial crises as they may occur in the State and in municipalities of the State, require the exercise by the State of its emergency police powers to assure the continuation of essential services.

No principal or interest payments on Village indebtedness are past due. The Village has never defaulted in the payment of the principal of and interest on any indebtedness.

THE VILLAGE

Description

The Village comprises 6.3 square miles with a current estimated population of 4,116 according to the 2008 LIPA population survey. The Village has a high proportion of second-home owners not included in the census data and summer population swells to an estimated 10,000. The Village is the largest of five incorporated villages in the Town of Southampton located in Suffolk County.

Located on the south fork of Long Island, the Village has considerable frontage on the Atlantic Ocean, providing recreational facilities to residents and visitors.

The Village maintains an excellent interior network of roads, and is served by the Long Island Railroad with a station at Southampton.

The Town of Southampton Town Hall is located in the Village, as is the Southampton Hospital.

The largest employers in the Village are Southampton Hospital (700) and the Southampton School District (420).

Governmental Organization

The Village was incorporated in 1894. It maintains its own Police Department and Fire Department, the latter of which contracts with the Town of Southampton to serve a contiguous fire protection district.

Two independently governed school districts are located partially within the Village and rely upon their own taxing powers granted by the State to raise revenues. The school districts use the Town of Southampton assessment roll as the basis of taxation of property located in the Village.

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

Employees

The Village provides services through approximately 110 full-time and part-time employees. Approximately 25 part-time employees are hired during the summer season.

The collective bargaining agents, if any, which represent them and the dates of expirations of the various collective bargaining agreements are as follows:

<u>Approx. No. of Employees</u>	<u>Union</u>	<u>Contract Expiration Date</u>
49	Civil Service Employee Association	5/31/13
34	Police Benevolent Association	5/31/10
6	Police Radio Operators Association	5/31/11

DEMOGRAPHIC AND STATISTICAL INFORMATION

The following tables present certain comparative demographic and statistical information regarding the Village, Town of Southampton and County of Suffolk.

Population

<u>Year</u>	<u>Village</u>	<u>Town</u>	<u>Suffolk County</u>
2000	3,965	55,216	1,419,369
2005	4,069	58,564	1,483,396
2006	4,088	58,876	1,495,697
2007	4,109	59,813	1,504,947
2008	4,116	60,281	1,508,602

Sources: 2000, U.S. Bureau of the Census Population Report; 2005-2008 Long Island Power Authority ("LIPA") Population Estimates.

Income Data

	<u>Per Capita Money Income</u>		
	<u>1990</u>	<u>2000</u>	<u>2008*</u>
Town of Southampton	\$20,684	\$31,320	\$ 51,038
County of Suffolk	18,481	26,577	35,140
State of New York	16,501	23,389	30,804

	<u>Median Household Income</u>		
	<u>1990</u>	<u>2000</u>	<u>2008*</u>
Town of Southampton	\$36,859	\$53,887	\$ 76,376
County of Suffolk	49,128	65,288	84,767
State of New York	32,965	43,393	55,401

Source: United States Bureau of the Census

*Note: Based on American Community Survey 3-Year Estimates (2006-2008)

Unemployment Rate Statistics

Unemployment statistics are not available for the Village as such. The smallest area for which such statistics are available is the Town of Southampton. The information set forth below is included for information purposes only. It should not be implied from the inclusion of such data in this Official Statement that the Village is necessarily representative of the Town or County or vice versa.

	<u>Town of Southampton</u>	<u>Suffolk County</u>	<u>New York State</u>
Annual Averages:			
2004	4.6%	4.7%	5.8%
2005	4.2	4.2	5.0
2006	4.2	4.0	4.6
2007	4.0	3.9	4.5
2008	5.1	5.0	5.4
2009	7.4	7.4	8.3

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE VILLAGE

Constitutional Requirements

The State Constitution limits the power of the Village (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 Village and the Bonds:

Purpose and Pledge. Subject to certain exceptions, the Village 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 Village may contract indebtedness only for a Village 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 or to be paid within three fiscal year periods, 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 determined by statute or, in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which it is contracted. No installment may be more than fifty per centum in excess of the smallest prior installment, unless the Village Board of Trustees provides for substantially level or declining debt service in the manner prescribed by the State Legislature. The Village 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 the amortization and redemption of its bonds and notes.

Debt Limit. Pursuant to the Local Finance Law, the Village has the power to contract indebtedness for any Village purpose authorized by the Legislature of the State provided the aggregate principal amount thereof shall not exceed seven percentum of the average five-year full valuation of the taxable real estate located in the Village and subject to certain enumerated exclusions and deductions such as debt contracted to provide water, self-liquidating facilities and cash or appropriations for current debt service. The Constitutional method for determining full valuation consists of dividing the total assessed valuation of taxable real estate for a particular assessment roll by the final equalization ratio established for such assessment roll by the State Office of Real Property Services (the "ORPS"). The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuations of the last five completed assessment rolls and dividing such sum by five.

Statutory Procedure

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

Pursuant to the Local Finance Law, the Village authorizes the incurrence of indebtedness, including bonds and bond anticipation notes issued in anticipation of such bonds, by the adoption of a resolution, approved by at least two-thirds of the members of the Village Board of Trustees, which is the finance board of the Village. Certain bond resolutions may be subject to permissive referendum, or may be submitted to the Village voters at the discretion of the Village Board. If the resolution is submitted to the Village voters, only a three-fifths vote of the Village Board is required for adoption of the bond resolution.

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

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

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

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

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of March 10, 2010)

<u>Fiscal Year Ending May 31:</u>	<u>Assessed Valuation</u>	<u>State Equalization Rate</u>	<u>Full Valuation</u>
2006	\$87,200,285	1.22%	\$7,147,564,344
2007	89,195,771	1.08	8,258,867,685
2008	91,503,886	0.97	9,433,390,309
2009	95,192,227	0.92	10,346,981,196
2010	98,630,606	0.99	<u>9,962,687,475</u>
Total Five Year Full Valuation			45,149,491,009
Average Five Year Full Valuation			9,029,898,201
Debt Limit - 7% of Average Full Valuation			632,092,874
Inclusions:			
Outstanding Bonds:			2,640,000
Bond Anticipation Notes			<u>0</u>
Total Inclusions			<u>2,640,000</u>
Exclusions:			
Appropriations			<u>0</u>
Total Exclusions			<u>0</u>
Total Net Indebtedness Before Issuing the Bonds			<u>2,640,000</u>
The Bonds			<u>5,900,000</u>
Total Net Indebtedness After Issuing the Bonds			<u>8,540,000</u>
Net Debt Contracting Margin			<u>\$623,552,874</u>
Per Cent of Debt Limit Exhausted			1.35%

Details of Short-Term Indebtedness Outstanding
(As of March 10, 2010)

The Village presently has no outstanding short-term indebtedness.

Debt Service Requirements - Outstanding Bonds^a

<u>Fiscal Year Ending May 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 279,000	\$ 100,965	\$ 379,965
2012	283,000	92,628	375,628
2013	287,000	83,648	370,648
2014	281,000	74,025	355,025
2015	300,000	64,134	364,134
2016	215,000	53,025	268,025
2017	215,000	47,650	262,650
2018	210,000	36,900	246,900
2019	210,000	26,400	236,400
2020	210,000	16,950	226,950
2021	<u>150,000</u>	<u>7,500</u>	<u>157,500</u>
Totals	<u>\$ 2,640,000</u>	<u>\$ 603,825</u>	<u>\$ 3,243,825</u>

a. Reflects the effect of the \$2,255,000 Refunding Serial Bonds dated January 14, 2010.

Capital Project Plans

The Village is generally responsible for providing services as required to the citizens on a Village-wide basis. The Village maintains a road system necessitating road resurfacing and improvements and the acquisition of machinery and, from time to time, equipment. Additionally, although not a capital expense, such road system requires annual expenditures for snow removal as well as regular general operating maintenance expenses. In addition, the Village owns, operates, maintains and improves recreation, police, and fire protection facilities. In general, needs for capital funding for the above described projects which the Village has responsibility are anticipated to continue and to be in approximately the same amounts or less than has prevailed in the past.

Authorized But Unissued Indebtedness

The following items are authorized but unissued:

<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount</u>
09-10-09	Construction of a New Firehouse ^a	\$5,900,000
11-18-09	911 Dispatch Equipment ^b	<u>250,000</u>
	Total	<u>\$6,150,000</u>

a. To be financed by the issuance of the Bonds.

b. Expected to be financed by the issuance of Statutory Installment Bonds in April 2010.

Trend of Village Indebtedness

The following table represents the outstanding indebtedness of the Village at the end of the last five preceding fiscal years.

	Fiscal Year Ending May 31:				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt Outstanding End of Year:					
Bonds	\$ 3,080,000	\$2,920,000	\$ 2,750,000	\$ 2,580,000	\$2,410,000
Bond Anticipation Notes	0	0	0	0	0
Other Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	<u>\$3,080,000</u>	<u>\$ 2,920,000</u>	<u>\$ 2,750,000</u>	<u>\$ 2,580,000</u>	<u>\$ 2,410,000</u>

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	08-26-09	2.10%	\$24,345,300	\$20,657,289
Town of Southampton	08-11-09	17.67	27,400,089	25,378,023
Southampton UFSD	07-28-09	54.24	18,352,104	18,352,104
Tuckahoe Common SD	06-30-09	1.00	<u>20,850</u>	<u>20,850</u>
Totals			<u>\$70,118,343</u>	<u>\$64,408,266</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 Official Statements.

FINANCES OF THE VILLAGE

Financial Statements

The financial statements of the Village are audited each year by an independent public accountant. The latest year for which an audit report is available is the fiscal year ended May 31, 2009. A copy of such report is attached hereto as Appendix B.

Investment Policy

The primary objectives of the Village's investment activities are, in priority order,

- to conform with all applicable federal, state and other legal requirements (legal);
- to adequately safeguard principal (safety);
- to provide sufficient liquidity to meet all operating requirements (liquidity); and
- to obtain a reasonable rate of return (yield).

The Board of Trustees' responsibility for administration of the investment program is delegated to the Village Administrator who shall establish procedures for the operation of the investment program consistent with these investment guidelines. Such procedures shall include an adequate internal control structure to provide a satisfactory level of accountability based on a data base or records incorporating description and amounts of investments, transaction dates, and other relevant information and regulate the activities of subordinate employees.

All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Village to govern effectively.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.

All participants involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

It is the policy of the Village to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

It is the policy of the Village for all moneys collected by any officer or employee of the Village to transfer those funds to the Treasurer within 5 days for deposit, or within the time period specified in law, whichever is later.

The Village Treasurer is responsible for establishing and maintaining an internal control structure to provide reasonable assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly, and are managed in compliance with applicable laws and regulations.

In accordance with the provisions of General Municipal Law, §10, all deposits of Village, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured:

1. By a pledge of "eligible securities" with an aggregate "market value", or as provided by General Municipal Law, §10, equal to the aggregate amount of deposits from the categories designated in Appendix A to the policy.
2. By an eligible "irrevocable letter of credit" issued by a qualified bank other than the bank with the deposits in favor of the Village for a term not to exceed 90 days with an aggregate value equal to 140% of the aggregate amount of deposits and the agreed upon interest, if any. A qualified bank is one whose commercial paper and other unsecured short-term debt obligations are rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization or by a bank that is in compliance with applicable federal minimum risk-based capital requirements.
3. By an eligible surety bond payable to the Village for an amount at least equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims-paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations.

Eligible securities used for collateralizing deposits shall be held by the depository and/or a third party bank or trust company subject to security and custodial agreements.

The security agreement shall provide that eligible securities are being pledged to secure Village deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events which will enable the Village to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the Village such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Village's custodial bank.

The custodial agreement shall provide that securities held by the bank or trust company, or agent of and custodian for, the Village, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement should also describe that the custodian shall confirm the receipt, substitution or

release of the securities. The agreement shall provide for the frequency of revaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the Village a perfected interest in the securities.

As authorized by General Municipal Law, §11, the Board of Trustees authorizes and requires the treasurer, or other officer having custody of moneys, to invest moneys not required for immediate expenditure for terms not to exceed the Village's projected cash flow needs in the following types of investments:

- With the exception of funds in the Capital Reserve Fund, all funds shall be invested through MBIA Class which has agreed to comply with all the requirements of General Municipal Law; funds in the Capital Reserve Fund shall be invested in one of the following
- Special time deposit accounts;
- Certificates of deposit;
- Obligations of the United States of America;
- Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America;
- Obligations of the State of New York
- Obligations issued pursuant to the Local Finance Law §24.00 or 25.00 (with approval of the State Comptroller) by any municipality, school district, or district corporation other than the Village.
- Obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agencies where the general State statutes governing such entities or whose specific enabling legislation authorizes such investments.
- Certificates of participation (COPS) issued pursuant to General Municipal Law §109-b
- Obligations of the Village, but only with any moneys in a reserve fund established pursuant to General Municipal Law §6-c, 6-d, 6-e, 6-g, 6-h, 6-j, 6-k, 6-l, 6-m, or 6-n.

All investment obligations shall be payable or redeemable at the option of the Village within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable at the option of the Village within one year of the date of purchase.

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

The Mayor is authorized to contract for the purchase of investments:

1. By participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5G of the General Municipal Law where such program meets all the requirements set forth in the office of the State Comptroller Opinion No. 88-46, and the specific program has been authorized by the Board of Trustees.

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

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

Fund Balance Policy

In recognition of sound fiscal policy, the Village has adopted a formal reserve policy to make all reasonable efforts to maintain an unreserved and unappropriated fund balance in its General Fund at the end of each fiscal year equal to no less than 10% of the total operating budget. Such unreserved/unappropriated fund balance will be exclusive of any reserve funds maintained by the Village. The Village believes that this threshold is a reasonable amount of unreserved/unappropriated 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 unreserved/unappropriated fund balance below 10%, a resolution of the Village Board would be adopted to approve such appropriation. Subsequent to such appropriation, the Board of Trustees will commit to immediately begin the process of reducing expenditures or raising revenues in order to restore the unreserved/unappropriated fund balance in the General Fund to 10% of the total operating expenditures.

The unreserved/unappropriated fund balance in the General Fund above 10% may be appropriated for the purpose of reducing subsequent year's property tax levy, one-time capital expenditures and for emergencies caused by natural occurrences such as hurricanes and blizzards.

Financial Organization and Budgetary Procedures

The Village Treasurer functions as the chief fiscal officer as provided in Section 2 of the Local Finance Law; in this role, the Village Treasurer is responsible for the Village's accounting and financial reporting activities. In addition, the Village Treasurer is also the Village's budget officer and prepares the annual tentative budget for submission to the Village Board. Budgetary control during the year is the responsibility of the Village Treasurer. Pursuant to Section 30 of the Local Finance Law, the Village Treasurer has been authorized to issue or renew certain specific types of notes. As required by law, the Village Treasurer must execute an authorizing certificate which then becomes a matter of public record.

The Board of Trustees, as a whole, serves as the finance board of the Village and is responsible for authorizing, by resolution, all material financial transactions such as operating and capital budgets and bonded debt.

Village finances are operated primarily through the General Fund. All real property taxes and most of the other Village revenues are credited to this fund. Current operating expenditures are paid from this fund subject to available appropriations. Capital projects and selected equipment purchases are accounted for in special capital projects funds. The Village observes a June 1- May 31 fiscal year for operating and reporting purposes.

Fund Structure and Accounts

The General Fund is the general operating fund for the Village and is used to account for substantially all revenues and expenditures of the Village. The Village also maintains a Special Revenue Fund and a Capital Projects Fund.

Basis of Accounting

The Village's governmental funds are accounted for on a modified accrual basis whereby revenues, other than those susceptible ("measurable" and "available" to finance current operations) to accrual, are recorded when received in cash. Revenues susceptible to accrual include real property taxes and State aid. The Village generally records expenditures on the accrual basis when fund liabilities are incurred, except as follows: Interest on general obligation debt which is recorded when it becomes due. Pension costs billed to the Village by the State are recorded as expenditures in full in the fiscal year billed. The estimated unbilled portion of these pension costs for governmental funds are shown as a liability on the balance sheet of the general long-term debt accounts group. Accumulated vacation and sick leave are also accounted for in the general long-term debt account group. Inventories are generally not recorded but expensed at the time of purchase. Fixed assets are recorded at cost; there is no provision for depreciation expense.

Revenues

The Village receives most of its revenues from a real property tax on all non-exempt real property situated within the Village. Other main sources of revenues are Non-Property Taxes, Intergovernmental Charges, Departmental Income and State aid. A summary of such revenues for the five most recently completed fiscal years and estimated revenues for the current fiscal year may be found in Appendix A.

Real Property Taxes

See "Tax Information", herein.

State Aid

The Village is partially dependent upon financial assistance from the State, which comes primarily in the form of a state appropriation for State aid to villages for various purposes. There is no assurance, however, that the State appropriation for State aid to villages will continue, either pursuant to existing formulas or in any form whatsoever and, in any event, if appropriated and apportioned to the Village, payment can be made only if such monies are available therefor. The State is not constitutionally obliged to maintain or continue such aid.

Recent Events Affecting State Aid to School Districts and Municipalities

On October 15, 2009, in response to updated budget projections, the Governor of the State of New York (the "Governor" and the "State") proposed reducing the current 2009-2010 State Budget by \$3.0 billion, including \$480 million in education spending.

The State Legislature convened in Special Session to consider the Governor's deficit reduction plan and to develop other proposals to address the imbalance in the State's 2009-2010 Budget, which has been estimated to be between \$3.2 billion and \$4.0 billion.

On December 2, 2009 the State Legislature adopted a \$2.7 billion deficit reduction plan to partially reduce the State's projected budget deficit, without impacting any State aid funding to public school districts.

On December 13, 2009 the Governor announced that he would unilaterally withhold \$750 million in scheduled payments to schools and local governments and instructed the Division of the Budget to delay aid payments to school districts in order to eliminate the total projected State deficit.

The Village cannot predict at this time whether there will be any reductions in State aid in the current year or in future fiscal years or whether there will be additional Federal Stimulus Act monies made available for State aid in future years. In the event that there is a reduction in the Village's anticipated State aid allotment during its 2009-2010 fiscal year and beyond, the Village could mitigate the impact of any reductions by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing.

Expenditures

The major categories of expenditure for the Village are General Government Support, Public Safety, Transportation, Home & Community Services and Employee Benefits. A summary of the expenditures for the five most recently completed fiscal years and the estimated expenditures for the current fiscal year may be found in Appendix A.

Employee Pension System

The Village participates in the New York State and Local Employees' Retirement System (ERS). This is a cost sharing multiple employer retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of its funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

On September 3, 2009, the State Comptroller announced that the employer contribution rates for the Employees' Retirement System and the Police and Fire Retirement System will increase in 2011. Due to recent market performance, the New York State Common Retirement Fund (Fund) had a negative 26.3% return for the fiscal year ended March 31, 2009. The average ERS rate will be 11.9% (up from 7.4% in 2010) and the average PFRS rates will be 18.2% (up from 15.1% in 2010).

The Village is required to contribute an actuarially determined rate. The Village's contributions made to the System were equal to 100% of the contributions required for each year. The required contributions for the five most recently completed fiscal years are as follows:

Payments to the Pension Systems

Fiscal Year Ending <u>May 31:</u>	<u>Employees'</u> <u>Retirement</u> <u>System</u>
2005	472,787
2006	902,167
2007	812,449
2008	1,174,716
2009	1,000,193

Other Post Employment Benefits

It should also be noted that the Village provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that will require governmental entities, such as the Village, to account for post-retirement healthcare benefits as it accounts for vested pension benefits. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), described below, requires such accounting. Although GASB 45 encourages earlier adoption, implementation is required by the following dates, based on the size of government measured by annual revenue:

Annual Revenue	Effective for Fiscal Year Ending After:
Greater than \$100 million	December 15, 2006
Between \$10 million and \$100 million	December 15, 2007
Less than \$10 million	December 15, 2008

School Districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. This protection from unilateral reduction of benefits has been extended annually until recently when legislation was enacted to make permanent these health insurance benefit protections for retirees. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

GASB 45 and OPEB. OPEB refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, 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.

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 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 former 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 advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC. The Village expects to be in compliance with the requirements of GASB 45 by or before the applicable effective date.

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

The Village has contracted with an independent actuarial firm, in compliance with the terms of GASB 45.

REAL PROPERTY TAX INFORMATION

Real Property Taxes

The Village derives its power to levy an ad valorem real property tax from the Constitution of the State. The Village's power to levy real property taxes, other than for debt service and certain other purposes, is limited by the State Constitution to two percent of the five-year average full valuation of taxable property of the Village. (See "Tax Limit" herein.) The State Board of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation or debt contracting and real property taxing limitations.

Tax Collection Procedure

Real property tax payments are payable on June 1 each year, payable without penalty to July 1. A 5% penalty is added to taxes paid in July. Thereafter the penalty added to delinquent taxes is one-twelfth the rate of interest determined by the State Commissioner of Taxation and Finance. This rate is determined each year by July 15 based on the one-year constant maturity yield index for United States Treasury securities for the quarter year ending on the immediately preceding June 30. The rate is effective for a twelve month period commencing November 1 each year and in no event will be less than ten per centum per annum. Tax sales are conducted in March each year.

Tax Limit

The Constitution limits the amount that may be raised by the Village ad valorem tax levy on real estate in any fiscal year to two per centum (2%) of the five-year average full valuation of taxable real estate of the Village plus (1) the amounts required for principal and interest on all capital indebtedness, and (2) current appropriations for certain capital purposes. The tax limit for the Village for the 2009-2010 fiscal year is as follows;

Five-year Average Full Valuation	\$9,029,898,201
Tax Limit - 2% thereof	180,597,964
Tax Levy for General Village Purposes	14,380,342
Less: Town Exclusions	0
Tax Levy Subject to Tax Limit	<u>\$ 14,380,507</u>
Constitutional Tax Margin	<u>\$ 166,217,633</u>

Tax Levy and Collection Record and Tax Rates

Fiscal Year Ending May 31:

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Tax Levy	\$11,493,558	\$12,112,786	\$12,966,100	\$13,622,007	\$14,380,342
Tax Collections	11,493,558	12,112,786	12,966,100	13,622,007	14,380,342
Tax Rate Per \$100 of Assessed Valuation	\$13.41	\$13.58	\$14.17	\$14.31	\$14.58

**Selected Listing of Large Taxable Properties
2009-2010 Assessment Roll**

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Payton Lane Nursing Home	Nursing Home	\$1,561,584
JKA LLC D/B/D JKA Meadow	Residential	727,096
Meadow Club	Tennis Club	438,000
The Rab Marital Target	Residential	408,000
Trustee of Leon Beltzer	Residential	370,796
Hamptons Real Property	Residential	339,102
Howard Gittis	Residential	326,560
David Koch	Residential	303,908
Joshua and Marjorie Harris	Residential	302,396
James C. Cowles	Residential	<u>299,068</u>
		<u>\$ 5,076,510¹</u>

1. Represents 5.15% of the total taxable assessed valuation for 2009-10.

LITIGATION

In common with other municipalities, the Village from time to time receives notices of claim and is party to litigation. In the opinion of the Village, after consultation with the Village 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 Village has not asserted a substantial and adequate defense, nor which, if determined against the Village, would have an adverse material effect on the financial condition of the Village.

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

There are certain potential risks associated with an investment in the Bonds, and investors should be thoroughly familiar with this Official Statement, including its appendices, in order to make an informed investment decision. Investors should consider, in particular, the following factors:

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

In addition, if and when a holder of any of the Bonds should elect to sell a Bond prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any Bonds. The price or principal value of the Bonds is dependent on the prevailing level of interest rates. If interest rates should increase, the price of a bond or note may decline causing the bond or noteholder to potentially incur a capital loss if such bond or note is sold prior to its maturity.

The financial condition of the Village as well as the market for the Bonds could be affected by a variety of factors, some of which are beyond the Village's control. There can be no assurance that adverse events in the State, including, for example, the seeking by a municipality of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Bonds. If a significant default or other financial crisis should occur in the affairs of the State or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the Village to arrange for additional borrowings and the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

The Village is dependent in part on financial assistance from the State in the form of State aid. In some recent years, the Village's receipt of State aid was delayed as a result of the State's delay in adopting its budget and appropriating State aid to municipalities and school districts. Should the Village fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies and not by a cut in State aid, the Village is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid. (See also "State Aid")

Future amendments to applicable statutes affecting the treatment of interest paid on municipal bonds, including the Bonds, for income taxation purposes could have an adverse effect on the market value of the Bonds (see "Tax Matters" herein).

TAX MATTERS

Opinion of Bond Counsel

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

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

Bond Counsel to the Village expresses no opinion regarding any other Federal or state tax consequences with respect to the Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in

reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Bonds, or on the exemption from state and local tax law of interest on the Bonds.

Certain Ongoing Federal Tax Requirements and Certifications

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

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

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

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

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

Bond Premium

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

purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

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

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

Miscellaneous

Tax legislation, administrative action taken by tax authorities, and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds.

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

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

Absence of Litigation

Upon delivery of the Bonds, the Village shall furnish a certificate of the Village Attorney, dated the date of delivery of the Bonds, to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds, and further stating that there is no controversy or litigation of any nature now pending or threatened by or against the Village wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Village or adversely affect the power of the Village to levy, collect and enforce the collection of taxes or other revenues for the payment of the Bonds, which has not been disclosed in this Official Statement.

Legal Matters

Legal matters incident to the authorization, issuance and sale of the Bonds will be subject to the final approving opinion of Hawkins Delafield & Wood LLP, Bond Counsel. Such opinion will be available at the time of delivery of the Bonds and will be to the effect that the Bonds are valid and legally binding general obligations of the Village for which the Village has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Village is subject to the levy of ad valorem real estate taxes to pay the Bonds and interest thereon without limitation of rate or amount. Said opinion shall also contain further statements to the effect that (a) the enforceability of rights or remedies with respect to such Bonds may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted, and (b) said law firm has not been requested to examine or review and has not examined or reviewed the accuracy or sufficiency of the Official Statement, or any additional proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the Village which have been or may be furnished or disclosed to purchasers of the Bonds, and expresses no opinion with respect to such financial or other information, or the accuracy or sufficiency thereof.

Closing Certificates

Upon the delivery of the Bonds, the Purchaser will be furnished with the following items: (i) a Certificate of the Village Treasurer to the effect that as of the date of this Official Statement and at all times subsequent thereto, up to and including the time of delivery of the Bonds, this Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, and further stating that there has been no adverse material change in the financial condition of the Village since the date of this Official Statement up to and including the time of delivery of the Bonds, and having attached thereto a copy of this Official Statement; (ii) a Certificate signed by the Village Treasurer evidencing payment for the Bonds; (iii) a Signature Certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending or threatened, restraining or enjoining the issuance and delivery of the Bonds or the levy and collection of taxes to pay the principal of and interest thereon, nor in any manner questioning the proceedings and authority under which the Bonds were authorized or affecting the validity of the Bonds thereunder, (b) neither the corporate existence or boundaries of the Village nor the title of any of the officers thereof to their respective offices is being contested,

and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (iv) the Arbitrage and Use of Proceeds Certificate executed by the Village Treasurer, as described under "Tax Matters".

DISCLOSURE UNDERTAKING

At the time of the delivery of the Bonds, pursuant to Securities and Exchange Commission Rule 15c2-12 (the "Rule"), the Village will provide an executed copy of its "Undertaking to Provide Limited Disclosure" (the "Undertaking"). Said Undertaking will constitute a written agreement or contract of the Village for the benefit of holders of and owners of beneficial interests in the Bonds, to provide, or cause to be provided to the Electronic Municipal Market Access ("EMMA") System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking:

- (1) (i) the audited financial statement, if any, of the Village for each fiscal year commencing with the fiscal year ending May 31, 2010 shall be provided on or prior to the 180th day following the end of each fiscal year, unless such audited financial statement, if any, shall not then be available in which case the unaudited financial statement shall be provided and an audited financial statement shall be provided within 30 days after it becomes available and in no event later than 360 days after the end of each fiscal year, or (ii) the Village's Annual Update Document filed by the Village with the New York State, in the event that the Village does not customarily prepare audited financial statements;
- (2) the adopted budget of the Village for each fiscal year commencing with the fiscal year ending May 31, 2011;
- (3) any other financial information or operating data regarding the Village, which is customarily prepared by the Village and is publicly available;
- (4) timely notice of the occurrence of any of the following events, if such event is material:
 - (i) principal and interest payment delinquencies; (ii) non-payment related defaults; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform (vi) adverse tax opinions or events affecting the tax-exempt status of the Bonds; (vii) modifications to the rights of holders of Bonds; (viii) bond calls; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Bonds and (xi) rating changes.

The Village may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if the Village determines that any such other event is material with respect to the Bonds; but the Village does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

- (5) in a timely manner, notice of a failure to provide the annual financial information by the date specified.

Additional Information Upon Request. In addition to the foregoing, upon request, the Village shall provide certain annual financial information and operating data, in a form generally consistent with the information contained or cross-referenced in this Official Statement under the headings: "The Village"; "Demographic and Statistical Information"; "Indebtedness of the Village"; "Finances of the Village"; "Real Property Tax Information" and "Litigation"; and in Appendix A. Following any such request, such financial information and operating data with respect to any fiscal year will be so provided to the requesting party and to EMMA prior to the later of either (i) 90 days following the receipt of such request or (ii) the end of the sixth month of the succeeding fiscal year. All such requests should be directed to the Stephen Funsch, CPA, Clerk/Treasurer, Village of Southampton, 23 Main Street, Southampton, NY 11968-4899, Phone (631) 283-0247, Fax (631) 283-4990 and email: treasurer@southamptonvillage.org.

The Village's Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Bonds shall have been paid in full or in the event that those portions of the Rule which require the Undertaking, or such provision, as the case may be, do not or no longer apply to the Bonds. In addition, the Village reserves the right to terminate its obligation to provide the aforescribed, if and when the Village no longer remains an obligated person with respect to the Bonds within the meaning of the Rule.

The Village acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds (including holders of beneficial interests in the Bonds). The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the Village, and no person or entity, including a Holder of the Bonds, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the Village to comply with the Undertaking will not constitute a default with respect to the Bonds.

The Village reserves the right to amend or modify the Undertaking under certain circumstances set forth therein; provided that any such amendment or modification will be done in a manner consistent with Rule 15c2-12, as amended.

The Village is in compliance in all material respects with all previous undertakings made pursuant to Rule 15c2-12.

BOND RATING

Moody's currently has a "Aa3" assigned to the outstanding bonds of the Village. The Village has applied for a rating from Moody's Investors Service for the Bonds and such rating is pending at this time. This rating will reflect only the view of such rating agency and an explanation of the significant of such rating should be obtained from Moody's Investors Service. There can be no assurance that such rating will not be revised or withdrawn, if in the judgement of Moody's Investors Service circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price of the Bonds or the availability of a secondary market for the Bonds.

FINANCIAL ADVISOR

Munistat Services, Inc. has assisted the Village as financial advisor in certain matters with respect to the sale and issuance of the Bonds.

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the office of the Village Clerk/Treasurer of the Village of Southampton, 23 Main Street, Southampton, New York 11968-4899, telephone number 631/283-0247 and email: treasurer@southamptonvillage.org 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 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 Village and the original purchasers or owners of any of the Bonds.

Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Village, expresses no opinion on the accuracy or completeness of information in any documents prepared by or on behalf of the Village for use in connection with the offer and sale of the Bonds, including the financial or statistical information in this Official Statement and the appendices hereto.

The preparation and distribution of this Official Statement has been authorized by the applicable tax anticipation note resolution of the Village which delegates to the President of the Board of Education the power to sell and issue the Bonds.

VILLAGE OF SOUTHAMPTON, NEW YORK

By: s/s STEPHEN FUNSCH, CPA
Clerk/Treasurer and Chief Fiscal Officer

March 10, 2010

APPENDIX A

FINANCIAL INFORMATION

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

	Fiscal Years Ending May 31:				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues:					
Real Property Taxes	\$ 10,780,736	\$ 11,690,314	\$ 12,112,233	\$ 12,966,267	\$ 13,517,072
Other Real Property Tax Items	57,114	67,696	63,310	77,485	72,841
Non-Property Tax Items	400,197	279,568	275,563	283,397	300,420
Departmental Income	1,101,725	1,386,964	1,185,822	2,198,802	1,605,259
Intergovernmental Charges	558,247	842,990	739,289	768,775	774,530
Use of Money and Property	149,768	353,907	640,261	525,378	166,337
Licenses & Permits	15,861	23,720	39,113	60,513	57,093
Fines and Forfeitures	372,386	393,951	415,373	473,991	622,651
Sale of Property and Compensation for Loss	14,774	17,024	53,098	28,151	117,504
Refund of Prior Year's Expenditures			27,194	21,283	93,566
Miscellaneous	6,343	31,478	61,700	36,858	38,925
Federal Aid	27,000	30,000	43,949	44,085	43,002
State Aid	1,497,021	1,806,157	2,161,587	1,729,877	1,671,584
Total Revenues	<u>14,981,172</u>	<u>16,923,769</u>	<u>17,818,492</u>	<u>19,214,862</u>	<u>19,080,784</u>
Expenditures:					
General Government Support	2,381,184	2,861,839	3,593,918	3,880,808	4,168,925
Public Safety	5,597,740	5,283,290	7,888,985	7,207,628	7,456,022
Health	44,055	41,758	53,147	139,625	415,983
Transportation	1,354,834	1,092,912	1,907,862	1,730,765	2,386,607
Culture & Recreation	869,222	822,976	1,175,818	1,074,061	943,305
Home & Community Service	140,567	152,614	206,818	174,298	151,634
Employee Benefits	2,778,894	3,397,026	3,586,931	4,433,303	4,509,468
Debt Service	538,548	477,785	342,380	332,375	363,367
Total Expenditures	<u>13,705,044</u>	<u>14,130,200</u>	<u>18,755,859</u>	<u>18,972,863</u>	<u>20,395,311</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,276,128</u>	<u>2,793,569</u>	<u>(937,367)</u>	<u>241,999</u>	<u>(1,314,527)</u>
Other Financing Sources (Uses)					
BAN Proceeds					
Operating Transfers In			31,616		141,950
Operating Transfers Out	(850,000)	(1,243,000)	(666,685)	(32,107)	
Total Other Financing Sources (Uses)	<u>(850,000)</u>	<u>(1,243,000)</u>	<u>(635,069)</u>	<u>(32,107)</u>	<u>141,950</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Financing Uses	426,128	1,550,569	(1,572,437)	209,892	(1,172,577)
Retated Beginning of Year Fund Balance	4,007,811		7,606,070 ¹		
Prior Period Adjustment	(1,250,941)		381,940		
Fund Balance Beginning of Year	<u>2,756,870</u>	<u>3,182,998</u>	<u>7,606,070</u>	<u>6,415,572</u>	<u>6,625,464</u>
Fund Equity - End of Year	\$ <u>3,182,998</u>	\$ <u>4,733,567</u>	\$ <u>6,415,572</u>	\$ <u>6,625,464</u>	\$ <u>5,452,887</u>

1. Fund Balance was restated on June 1, 2006 to adjust for correct accounting for reserves in General Fund

Sources: Audited Annual Financial Reports of the Village (2005 - 2009)

NOTE: This Schedule NOT audited

**Balance Sheet-General Fund
Fiscal Year Ending May 31**

	<u>2009</u>
Assets:	
Unrestricted cash	\$ 5,908,022
Receivables:	
Tax sale certificates	113,816
Due from other funds	
Due from other governments	36,527
Prepaid items	403,903
Accounts receivables	<u>84,568</u>
Total Assets:	<u><u>6,546,836</u></u>
Liabilities:	
Accounts Payable	321,266
Accrued Liabilities	381,681
Due to Other Funds	
Due to NYS Retirement System	162,853
Due to Other Governments	7
Deferred Revenue	<u>228,141</u>
Total Liabilities	<u>1,093,948</u>
Fund Equity:	
Reserved for encumbrances	213,236
Capital Reserves	2,160,517
Insurance Loss Reserves	57,365
Employee Benefits	1,022,382
Unreserved, undesignated	1,999,388
Undesignated Fund Balance	<u>5,452,888</u>
Total fund balance	<u>5,452,888</u>
Total liabilities and fund balance	<u>\$ 6,546,836</u>

Sources: Audited Annual Financial Reports of the Village (2009)

General Fund Budget Summaries
Fiscal Year Ending May 31:

	<u>2008-2009</u>	<u>2009-2010</u>
Revenues:		
Real Property Taxes	\$ 13,644,787	\$ 14,314,223
Other Tax Items	75,000	75,000
Non-Property Taxes	425,000	460,000
Departmental Income	2860000	2270000
Fines & Forfeitures	400,000	550,000
Use of Money and Property	438,500	163,500
Licenses & Permits	200,000	125,000
State Aid (Mortgage Tax)	1,300,000	1,000,000
State Aid (Per Capita Aid)	20,000	25,000
Federal Aid (General)	10,000	10,000
Miscellaneous	75,700	112,344
Sale of Property & compensation for Loss	15,000	80,000
	<hr/>	<hr/>
Total Revenues	\$ <u>19,463,987</u>	\$ <u>19,185,067</u>
Expenditures:		
Legislative & Executive	\$ 515,478	\$ 496,863
Village Clerk	661,609	688,544
Public Works	151,384	156,923
Bldg Maintenance	1,008,436	1,038,667
Central Garage	575,643	576,423
Police Department	5,390,009	5,691,304
Fire Department	532,339	517,189
Building Department	690,834	701,036
Highway/Beaches	1,689,203	1,734,409
Parks Department	746,197	766,994
Coopers Beach	175,200	163,200
Justice Court	321,300	266,000
SVVA	200,300	198,300
Employee Benefits	4,608,085	4,520,986
Miscellaneous Services	115,600	105,864
Other Financials	1,760,000	1,230,000
Debt Service	322,370	332,365
	<hr/>	<hr/>
Total Expenditures	\$ <u>19,463,987</u>	\$ <u>19,185,067</u>

Source: Adopted Budgets of the Village

VILLAGE OF SOUTHAMPTON

APPENDIX B

**FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2009**

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

**INCORPORATED VILLAGE OF SOUTHAMPTON
COUNTY OF SUFFOLK - STATE OF NEW YORK**

Year Ended May 31, 2009

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LUNDY & Co., CPA's, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
333 JERICO TURNPIKE, SUITE 103
JERICO, N.Y. 11753

(516) 938-0466
TELECOPIER (516) 938-6715

JOHN L. LUNDY, CPA
RICHARD P. PETER, CPA

FRANCIS J. WERBER, CPA (1978-2000)

INDEPENDENT AUDITOR'S REPORT

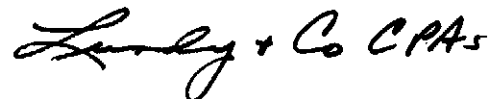
To the Honorable Mayor and Board of Trustees of the
Incorporated Village of Southampton:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Incorporated Village of Southampton, Southampton, New York (the "Village") as of and for the year ended May 31, 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village management. Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Incorporated Village of Southampton, as of May 31, 2009, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2 through 8 and other information on pages 35 and 36 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.



LUNDY & CO., CPA's, P.C.

Jericho, New York
November 5, 2009

INCORPORATED VILLAGE OF SOUTHAMPTON

Management's Discussion and Analysis
For Year Ended May 31, 2009
(Unaudited)

As management of the Incorporated Village of Southampton (the "Village"), we offer readers of the Village's financial statement this narrative overview and analysis of the financial activities of the Village for the fiscal year ended May 31, 2009. The Village implemented Governmental Accounting Standards Board Statement 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

FINANCIAL HIGHLIGHTS

- The assets of the Village exceeded its liabilities at May 31, 2009 fiscal year by \$16,865,090 (net assets). Of this amount, negative \$1,794,625 from governmental activities is considered unrestricted, which means the Village must meet its ongoing obligations to citizens and creditors from future revenue. This deficit is caused by properly recording the liability for future employee termination benefits.
- The Village's total net assets decreased by \$62,174.
- As of the close of the current fiscal year, the Village's governmental funds reported an ending fund balance of \$7,082,238 (a decrease of \$778,027 in comparison with prior year). Of this amount, \$1,999,388 is unreserved and available for use within the Village's designation and policies.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,999,388 or 10% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

INCORPORATED VILLAGE OF SOUTHAMPTON

Management's Discussion and Analysis
For Year Ended May 31, 2009
(Unaudited)

The Statement of Activities presents information showing how the Village's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Both of the government-wide financial statements distinguish function/programs of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from programs that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, police, fire and ambulance protection, justice court, roads and highways, beach, parks and recreation, and building department. The Village has no business-type activities.

The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories – governmental funds and fiduciary.

Governmental Funds – Governmental funds are used to account for essentially the same function/programs reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Village maintains 3 governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Capital Fund, and Special Revenue Fund.

The Village adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for this fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 11 - 16 of this report.

INCORPORATED VILLAGE OF SOUTHAMPTON

Management's Discussion and Analysis
For Year Ended May 31, 2009
(Unaudited)

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are not available to support the Village's own programs.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 - 32 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. At May 31, 2009, the Village's assets exceeded liabilities by \$16,865,090.

Currently, the largest portion of the Village's net assets of \$14,869,848 reflects its investment in capital assets e.g. land, building improvements and machinery and equipment. Capital assets are used to provide service to citizens; consequently these assets are not available for future spending. Although the Village's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

VILLAGE'S NET ASSETS

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Current and Other Assets	\$ 8,176,187	\$ 8,868,591
Capital Assets	<u>17,354,830</u>	<u>16,407,538</u>
Total Assets	<u>25,531,017</u>	<u>25,276,128</u>
Long Term Liabilities	7,259,555	7,047,059
Other Liabilities	<u>1,406,372</u>	<u>1,301,806</u>
Total Liabilities	<u>8,665,927</u>	<u>8,348,865</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	14,869,848	13,718,302
Restricted	3,789,867	4,661,832
Unrestricted	<u>(1,794,625)</u>	<u>(1,452,871)</u>
Total Net Assets	<u>\$16,865,090</u>	<u>\$16,927,263</u>

INCORPORATED VILLAGE OF SOUTHAMPTON

Management's Discussion and Analysis
For Year Ended May 31, 2009
(Unaudited)

A portion of the Village's net assets (22%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets deficit of \$1,794,625 means the government must meet its ongoing obligations to citizens and creditors from future revenues. This deficit is caused by properly recording the liability for future police termination benefits.

As of May 31, 2009 and 2008, the Village was not able to report a positive balance in all of the three categories of net assets.

Analysis of the Village's Operations – The following table provides a summary of the Village's operations for the years ended May 31, 2009 and 2008. Governmental activities decreased the Village's net assets by \$62,174.

VILLAGE'S CHANGES IN NET ASSETS

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Revenues:		
Program Revenues/Charges for Services	\$ 3,066,385	\$ 3,547,546
Operating Grants	128,820	144,758
Capital Grants	377,757	-
General Revenues:		
Property Taxes	13,589,914	13,043,752
Unrestricted Investment Earnings	147,828	544,284
Rental of Village Property	33,675	30,600
State Aid	1,246,154	1,629,204
Miscellaneous	<u>1,307,015</u>	<u>1,038,777</u>
Total Revenues	<u>19,897,548</u>	<u>19,978,921</u>
Expenses:		
General Government	4,715,238	4,511,537
Police, Fire and Ambulance	9,805,961	10,119,465
Justice Court	417,637	352,505
Roads and Highways	2,398,212	1,943,065
Beach, Parks and Recreation	1,497,966	1,533,983
Building Department	970,466	877,240
Interest and Long-Term Debt	<u>154,262</u>	<u>163,835</u>
Total Expenses	<u>19,959,742</u>	<u>19,501,630</u>
Increases (Decreases) in Net Assets	(62,174)	477,291
Net Assets – June 1 st	<u>16,927,264</u>	<u>16,449,973</u>
Net Assets – May 31 st	<u>\$16,865,090</u>	<u>\$16,927,264</u>

INCORPORATED VILLAGE OF SOUTHAMPTON

Management's Discussion and Analysis
For Year Ended May 31, 2009
(Unaudited)

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds – The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Village's governmental funds reported an ending fund balance of \$7,082,238, a decrease of \$778,027 in comparison to the prior year. Of this amount \$1,999,388 (28%) constitutes unreserved fund balance. Of the unreserved balance, \$-0- has been designated by the Board for subsequent year's expenditures and other uses leaving an unreserved, undesignated amount of \$1,999,388. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay for special reserves (\$331,575), capital reserves (\$2,160,517), insurance loss (\$57,365), employee benefits (\$1,022,382), encumbrances (\$213,236) and Parkland Trust (\$1,297,775).

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$1,999,388 and total fund balance was \$5,452,888. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to the fund's total operational expenditures. Unreserved fund balance represents 10% of total expenditures.

The General Fund's fund balance decreased by \$1,172,577 during the current fiscal year. Of this amount, \$633,777 represents the use of unreserved fund balance during the year and \$310,711 represents the use of reserve funds. The balance of \$228,089 represents the decrease in encumbrances.

The Special Revenue Fund's fund balance increased by \$461,123 during the current fiscal year primarily due to parkland contributions.

The Capital Fund's fund balance decreased by \$66,573 during the current fiscal year. This represents bond issue proceeds for various projects that have been expended.

General Fund Budgetary Highlights – The General Fund budget was increased by \$1,612,944, primarily to reflect the use of capital reserve expenditures and encumbrances carried-forward from the previous year.

During the year revenues were less than budgetary estimates thus the need to draw upon existing fund balance.

INCORPORATED VILLAGE OF SOUTHAMPTON

Management's Discussion and Analysis
For Year Ended May 31, 2009
(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION

The Village's investment in capital assets for its governmental activities as of May 31, 2009, amounts to \$17,354,830 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, and infrastructure.

Capital Assets at Year-End Net of Accumulated Depreciation

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Land	\$ 1,819,893	\$ 1,819,893
Buildings	4,704,724	4,753,409
Infrastructure	4,699,239	4,139,849
Land Improvements	1,385,200	1,457,945
Machinery and Equipment	1,825,297	1,453,351
Vehicles	2,882,067	2,749,555
Construction in Progress	<u>38,410</u>	<u>33,535</u>
Total	<u>\$17,354,830</u>	<u>\$16,407,537</u>

Additional information on the Village's capital assets can be found in Note 5 on page 24 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the Village had total bonded indebtedness of \$2,410,000.

Outstanding Debt at Year End

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
General Obligation Bonds	<u>\$ 2,410,000</u>	<u>\$ 2,580,000</u>
Total	<u>\$ 2,410,000</u>	<u>\$ 2,580,000</u>

Additional information on the Village's long term-debt can be found in footnote 6.

INCORPORATED VILLAGE OF SOUTHAMPTON

Management's Discussion and Analysis
For Year Ended May 31, 2009
(Unaudited)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In the 2010 budget, General Fund revenues are budgeted to decrease by 1.4% from the 2009 budget year with general property taxes making up about 70% of general fund budgeted revenues.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with general overview of the Village's finances. Questions concerning any information provided in this report should be addressed to the Village at 23 Main Street, Southampton, NY 11968.

**INCORPORATED VILLAGE OF SOUTHAMPTON
COUNTY OF SUFFOLK - STATE OF NEW YORK**

STATEMENT OF NET ASSETS

May 31, 2009

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash	\$ 7,537,373
Tax Sale Certificates	113,816
Accounts Receivable	84,568
Due From Other Governments	36,527
Prepaid Expenses	403,903
Capital Assets:	
Land	1,819,893
Other Capital Assets, Net of Depreciation	<u>15,534,937</u>
Total Assets	<u>25,531,017</u>
<u>LIABILITIES</u>	
Accounts Payable	321,267
Accrued Liabilities	381,681
Due to Other Governments	7
Due to NYS Retirement System	162,853
Deferred Revenue	228,141
Accrued Interest Payable	50,734
Long-Term Liabilities:	
Due Within One Year	261,689
Due In More Than One Year	<u>7,259,555</u>
Total Liabilities	<u>8,665,927</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	14,869,848
Restricted for:	
Capital Reserves	2,160,517
Parkland Trust	1,297,775
Special Reserves	331,575
Unrestricted	<u>(1,794,625)</u>
Total Net Assets	<u>\$ 16,865,090</u>

See notes to financial statements.

**INCORPORATED VILLAGE OF SOUTHAMPTON
COUNTY OF SUFFOLK - STATE OF NEW YORK**

STATEMENT OF ACTIVITIES

Year Ended May 31, 2009

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and Changes</u>
		<u>Services</u>	<u>Grants</u>	<u>Grants</u>	<u>In Net Assets</u>
					<u>Governmental</u>
					<u>Activities</u>
Governmental Activities:					
General Government	\$ 4,715,238	\$ 158,665	\$ 43,002	\$ -	\$ (4,513,571)
Police, Fire and Ambulance	9,805,961	792,345	85,818	-	(8,927,798)
Justice Court	417,637	584,506	-	-	166,869
Roads and Highways	2,398,212	-	-	377,757	(2,020,455)
Beach, Parks and Recreation	1,497,966	647,415	-	-	(850,551)
Building Department	970,466	883,474	-	-	(86,992)
Interest on Long-Term Debt	154,262	-	-	-	(154,262)
Total Governmental Activities	\$ 19,959,742	\$ 3,066,405	\$ 128,820	\$ 377,757	(16,386,760)
General Revenues:					
Taxes:					
					13,589,914
Property Taxes-levied for general purposes					147,828
Unrestricted Investment Earnings					33,675
Rental of Village Property					1,246,154
State Aid					1,307,015
Miscellaneous					
					<u>16,324,586</u>
Total General Revenues, Special Items and Transfers					
					<u>16,324,586</u>
Change In Net Assets					(62,174)
Net Assets - Beginning					<u>16,927,264</u>
Net Assets - Ending					<u>\$ 16,865,090</u>

See notes to financial statements.

**INCORPORATED VILLAGE OF SOUTHAMPTON
COUNTY OF SUFFOLK - STATE OF NEW YORK**

GOVERNMENTAL FUNDS BALANCE SHEET

May 31, 2009

	Governmental Fund Types			Total (memorandum only)
	General	Capital Projects	Special Revenue	
<u>ASSETS</u>				
Cash	\$ 5,908,022	\$ -	\$ 1,629,350	\$ 7,537,372
Tax Sale Certificates	113,816	-	-	113,816
Accounts Receivable	84,568	-	-	84,568
Prepaid Expenses	403,903	-	-	403,903
Due From Other Governments	36,527	-	-	36,527
TOTAL ASSETS	\$ 6,546,836	\$ -	\$ 1,629,350	\$ 8,176,186

See notes to financial statements

**INCORPORATED VILLAGE OF SOUTHAMPTON
COUNTY OF SUFFOLK - STATE OF NEW YORK**

GOVERNMENTAL FUNDS BALANCE SHEET

May 31, 2009

	Governmental Fund Types			Total (memorandum only)
	General	Capital Projects	Special Revenue	
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts Payable	\$ 321,266	\$ -	\$ -	\$ 321,266
Accrued Liabilities	381,681	-	-	381,681
Due to Other Governments	7	-	-	7
Due to NYS Retirement System	162,853	-	-	162,853
Deferred Revenue	228,141	-	-	228,141
Total Liabilities	<u>1,093,948</u>	<u>-</u>	<u>-</u>	<u>1,093,948</u>
Fund Equity:				
Fund Balance - Reserved:				
Special Reserves	-	-	331,575	331,575
Capital Reserves	2,160,517	-	-	2,160,517
Insurance Loss Reserve	57,365	-	-	57,365
Employee Benefits Reserve	1,022,382	-	-	1,022,382
Encumbrances	213,236	-	-	213,236
Parkland Trust	-	-	1,297,775	1,297,775
Fund Balance - Unreserved:				
Fund Balance - Unreserved and Undesignated	1,999,388	-	-	1,999,388
Total Fund Equity	<u>5,452,888</u>	<u>-</u>	<u>1,629,350</u>	<u>7,082,238</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 6,546,836</u>	<u>\$ -</u>	<u>\$ 1,629,350</u>	<u>\$ 8,176,186</u>

See notes to financial statements

**INCORPORATED VILLAGE OF SOUTHAMPTON
COUNTY OF SUFFOLK - STATE OF NEW YORK**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS**

May 31, 2009

Total fund balance - total governmental funds	\$ 7,082,238
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	17,354,830
Interest payable on long-term debt does not require current financial resources. Therefore interest payable is not reported as a liability in the governmental funds balance sheet.	(50,734)
Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	<u>(7,521,244)</u>
Net assets of governmental activities	<u>\$ 16,865,090</u>

See notes to financial statements

**INCORPORATED VILLAGE OF SOUTHAMPTON
COUNTY OF SUFFOLK - STATE OF NEW YORK**

**GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

Year Ended May 31, 2009

	<u>Governmental Fund Types</u>			Total (memorandum only)
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	
Revenues:				
Real Property Taxes	\$ 13,517,072	\$ -	\$ -	\$ 13,517,072
Other Tax Items	72,841	-	-	72,841
Non Property Tax Items	300,420	-	-	300,420
Departmental Income	1,605,259	-	45,267	1,650,526
Intergovernmental Charges	774,530	-	-	774,530
Use of Money and Property	166,337	-	15,161	181,498
Licenses and Permits	57,093	-	-	57,093
Fines and Forfeitures	622,651	-	-	622,651
Sale of Property and Compensation for Loss	117,504	-	-	117,504
Refund of Prior Year's Expenditures	93,566	-	-	93,566
Miscellaneous Local Sources	38,925	-	152,000	190,925
Function Revenues	-	-	604,350	604,350
State Aid	1,671,584	-	-	1,671,584
Federal Aid	43,002	-	-	43,002
Total Revenues	<u>19,080,784</u>	<u>-</u>	<u>816,778</u>	<u>19,897,562</u>
Expenditures:				
Current:				
General Government Support	4,168,925	-	-	4,168,925
Public Safety	7,456,022	-	5,102	7,461,124
Health	415,983	-	-	415,983
Transportation	2,386,607	-	26,599	2,413,206
Culture and Recreation	943,305	-	182,004	1,125,309
Home and Community Services	151,634	-	-	151,634
Employee Benefits	4,509,468	-	-	4,509,468
Total Current	<u>20,031,944</u>	<u>-</u>	<u>213,705</u>	<u>20,245,649</u>
Debt Service:				
Principal	204,254	-	-	204,254
Interest	159,113	-	-	159,113
Total Debt Service	<u>363,367</u>	<u>-</u>	<u>-</u>	<u>363,367</u>
Capital Outlay	<u>-</u>	<u>66,573</u>	<u>-</u>	<u>66,573</u>
Total Expenditures	<u>\$ 20,395,311</u>	<u>\$ 66,573</u>	<u>\$ 213,705</u>	<u>\$ 20,675,589</u>

See notes to financial statements.

**INCORPORATED VILLAGE OF SOUTHAMPTON
COUNTY OF SUFFOLK - STATE OF NEW YORK**

**GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

Year Ended May 31, 2009

	<u>Governmental Fund Types</u>			<u>Total (memorandum only)</u>
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	
Other Financing Sources (Uses):				
Operating Transfers In	\$ 141,950	\$ -	\$ -	\$ 141,950
Operating Transfers (Out)	-	-	(141,950)	(141,950)
Total Other Financing Sources (Uses)	<u>141,950</u>	<u>-</u>	<u>(141,950)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(1,172,577)	(66,573)	461,123	(778,027)
Fund Balances, June 1, 2008	<u>6,625,465</u>	<u>66,573</u>	<u>1,168,227</u>	<u>7,860,265</u>
Fund Balances, May 31, 2009	<u>\$ 5,452,888</u>	<u>\$ -</u>	<u>\$ 1,629,350</u>	<u>\$ 7,082,238</u>

See notes to financial statements.

**INCORPORATED VILLAGE OF SOUTHAMPTON
COUNTY OF SUFFOLK - STATE OF NEW YORK**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES**

Year Ended May 31, 2009

Net change in fund balances - total governmental funds	\$ (778,027)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	2,305,338
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds.	(1,358,045)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	237,894
Accrued interest payable is recognized for governmental activities, but is not due and payable in the current period and therefore is not reported as a liability in the governmental funds. The change in the liability is recognized.	4,852
Some expenses in the Statement of Activities do not require the use of financial resources and therefore are not reported as expenditures in the governmental funds:	
Change in Long-Term Compensated Absences	<u>(474,186)</u>
Change in net assets of governmental activities	<u>\$ (62,174)</u>

See notes to financial statements.

INCORPORATED VILLAGE OF SOUTHAMPTON
COUNTY OF SUFFOLK - STATE OF NEW YORK

STATEMENT OF FIDUCIARY NET ASSETS

May 31, 2009

	<u>Agency Funds</u>	<u>Fire Dept. LOSAP</u>	<u>Ambulance LOSAP</u>
<u>ASSETS</u>			
Cash / Plan Assets	\$ 338,031	\$ 788,144	\$ 101,666
TOTAL ASSETS	<u>\$ 338,031</u>	<u>\$ 788,144</u>	<u>\$ 101,666</u>
<u>LIABILITIES</u>			
Deposits Held and Due To Others	\$ 338,031	\$ -	\$ -
TOTAL LIABILITIES	<u>\$ 338,031</u>	<u>-</u>	<u>-</u>
<u>NET ASSETS</u>			
Held in Trust for Pension Benefits and Other Purposes		<u>\$ 788,144</u>	<u>\$ 101,666</u>

See notes to financial statements.

**INCORPORATED VILLAGE OF SOUTHAMPTON
COUNTY OF SUFFOLK - STATE OF NEW YORK**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Year Ended May 31, 2009

	Fire Dept. LOSAP	Ambulance LOSAP
<u>Revenues:</u>		
LOSAP Contributions	\$ 260,262	\$ 35,240
Investment Income	40,820	(36,993)
Total Revenues	301,082	(1,753)
<u>Expenditures:</u>		
Benefit Payments	228,679	-
Administrative Fees	3,656	3,118
Total Expenditures	232,335	3,118
Excess (Deficiency) of Revenues Over Expenditures	68,747	(4,871)
Fund Balance - June 1	719,397	106,537
Fund Balance - May 31	\$ 788,144	\$ 101,666

See notes to financial statements.

**INCORPORATED VILLAGE OF SOUTHAMPTON
COUNTY OF SUFFOLK - STATE OF NEW YORK**

**NOTES TO FINANCIAL STATEMENTS
May 31, 2009**

Note 1. Summary of Significant Accounting Policies

The financial statements of the Incorporated Village of Southampton, Southampton, NY (the "Village") were prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Village are discussed below.

(A) Financial Reporting Entity

The Village of Southampton, which was established in 1894, is governed by the Village Law and other General laws of the State of New York and various local laws. The Board of Trustees is the legislative body responsible for overall operations, the Mayor serves as chief executive officer and the Treasurer serves as chief fiscal officer.

The following basic services are provided:

Roads and Highways	Village Justice Court	Ambulance
Building Department	Beach, Parks and Recreation	Fire Protection
General Government	Police Protection	

All governmental activities and function/programs performed for the Village of Southampton are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of (a) the primary government which is the Village 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 in GASB Statement 14.

The decision to include a potential component unit in the Village's reporting entity is based on several criteria set forth in GASB 14 including legal standing, fiscal dependency, and financial accountability.

(B.) Basic Financial Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's general government, police, fire and ambulance protection, justice court, roads and highways, beach, parks and recreation, and building department are classified as governmental activities. The Village has no business-type activities.

1. Government-wide Financial Statements

In the government-wide Statement of Net Assets, the governmental activities 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 Village's net assets are reported in three parts-invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Village first utilizes restricted resources to finance qualifying activities.

Note 1. Summary of Significant Accounting Policies (Continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's function/programs. The function/programs are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues. Program revenues must be directly associated with the function/programs (government support, public safety, etc.).

The net costs (by function/programs) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

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

2. Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Village:

a. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Village:

1. *General fund* is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.
2. *Capital fund* is used to account for financial resources to be used for the acquisition or construction of major capital assets.
3. *Special Revenue 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.

b. Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Village programs. The reporting focus is on net assets and changes in net assets. The generally accepted accounting principles applicable are those similar to a business in the private sector.

The emphasis in fund financial statements is on the major funds. GASB No. 34 set forth minimum criteria for the determination of major funds. The Village electively added funds, as major funds, which either had debt outstanding or specific community focus.

The Village maintains several agency funds that are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Note 1. Summary of Significant Accounting Policies (Continued)

(C.) Basis of Accounting

Basis of accounting refers to when revenues and expenditures/expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures or expenses.

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred, except that:

- a. Expenditures for prepaid expenses and inventory-type items are recognized at the time of purchase.
- b. Principal and interest on indebtedness are not recognized as an expenditure until due.
- c. Compensated absences such as vacation and sick leave which vests or accumulates, are charged as an expenditure when paid.

(D.) Budgetary Data

Budgets are adopted annually. All budget amounts provided in this report have been modified where necessary. The Village's procedures in establishing the budgetary data reflected in the financial statements are as follows:

- a. On or before March 31st, the budget officer prepares estimates for each administrative unit.
- b. No later than March 31st, the budget officer submits a tentative budget to the Board of Trustees for the fiscal year commencing the following June 1st. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- c. A public hearing is conducted by the Board of Trustees to obtain comments.
- d. No later than May 1st, the Board of Trustees adopts the budget of the Incorporated Village of Southampton.
- e. All modifications of the budget must be approved by the Board of Trustees. (However, the Treasurer is authorized to transfer certain budget amounts within departments).

(E.) Investments

Investments are stated at cost, which approximates market.

(F.) Insurance

The Village insures the liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

Note 1. Summary of Significant Accounting Policies (Continued)

(G.) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(H.) Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Land Improvements	20 years
Buildings	20-50 years
Machinery and Equipment	5-20 years
Infrastructure	10-100 years

Note 2. Real Property Taxes

Village real property taxes are levied annually no later than May 15th, and become a lien on the first day of the levy year. Taxes are recorded as a receivable on June 1st, and are payable by July 1st without penalty or interest. Thereafter penalty and interest are imposed pursuant to the Real Property Tax Law.

After the return of the tax warrant and certification to the Board of Trustees of the uncollected tax items, an annual sale of the tax liens is held pursuant to the provisions of the Real Property Tax Law.

Note 3. Cash And Investments

The Village investment policies are governed by state statutes. In addition, the Village has its own written investment policy. Village monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the United States Treasury and United States agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit at 100 percent of 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.

The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least 100 percent of the cost of the repurchase agreement.

Deposits and investments at year-end were entirely covered by federal deposit insurance and/or by collateral held by a custodial bank in the Village's name.

Note 3. Cash And Investments (Continued)

The Village participates in a multi-municipal cooperation investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants. The pool is authorized to invest in various securities issued by the United States and its agencies. The Village's share of investments at May 31, 2009 was \$5,576,545. These investments are not subject to risk categorization. Additional information concerning the Cooperative is presented in the annual report of the Cooperative Liquid Asset Securities System (CLASS), which may be obtained from MBIA Municipal Investors Service Corp., 113 King Street, Armonk, NY 10504.

Bank balances for the Village's deposits with financial institutions as at May 31, 2009 totaled \$7,938,745 categorized as follows:

Checking Accounts - Non-Interest Bearing	\$ 37,677
Checking Accounts - Interest Bearing	357,779
Money Market Accounts - Interest Bearing	1,910,494
Time Certificates of Deposits - Interest Bearing	56,250
CLASS Accounts – Interest Bearing	<u>5,576,545</u>
Total Balances	<u>\$ 7,938,745</u>
Collateral	\$ 5,302,722
Amount Covered By FDIC	451,719
CLASS Accounts	<u>5,576,545</u>
	<u>\$11,330,986</u>

Note 4. Fund Equity

Encumbrances are commitments to expend resources and are recorded as a reservation of the Village's general or capital fund balances when purchase commitments are incurred by year-end, awaiting approved vendor performance.

Portions of governmental fund equity are also segregated for other future uses, and are therefore not available for further appropriation or expenditure. Amounts reserved represent portions of fund equity, which are segregated in accordance with law or generally accepted accounting principles. Designation of unreserved fund balances in governmental funds indicates the utilization of these resources in the subsequent year's budget.

The General Fund includes a reserve for insurance of \$57,365 established to fund future payments of insurance claims in excess of budgeted amounts; a reserve for employee benefits of \$1,022,382 established to fund future payments of employee termination pay; and Capital and Other Reserves of \$2,160,517. A separate schedule is provided on page 35.

The following is a schedule of General Fund Reserves:

	Capital and Other Reserves	Employee Benefits Reserve	Insurance Reserve
Balance June 1, 2008	\$2,471,226	\$1,022,382	\$57,365
Revenues/Increases	664,269	-	-
Expenditures	<u>974,978</u>	<u>-</u>	<u>-</u>
Balance May 31, 2009	<u>\$2,160,517</u>	<u>\$1,022,382</u>	<u>\$57,365</u>

Note 5. Capital Assets

Capital assets consist of the following:

	<u>Balance</u> <u>June 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>May 31, 2009</u>
Non Depreciable Capital Assets				
Land	\$ 1,819,893	\$ -	\$ -	\$ 1,819,893
Construction in Progress	<u>33,535</u>	<u>4,875</u>	<u>-</u>	<u>38,410</u>
Total Non Depreciable Capital Assets	<u>1,853,428</u>	<u>\$ 4,875</u>	<u>\$ -</u>	<u>1,858,303</u>
Depreciable Capital Assets				
Buildings	6,453,540	\$ 78,798	\$ -	6,532,338
Infrastructure	14,759,560	922,503	-	15,682,063
Land Improvements	2,823,602	66,579	-	2,890,181
Machinery and Equipment	2,579,850	619,447	-	3,199,297
Vehicles	<u>3,771,028</u>	<u>613,136</u>	<u>-</u>	<u>4,384,164</u>
Total Depreciable Capital Assets	<u>30,387,580</u>	<u>\$2,300,463</u>	<u>\$ -</u>	<u>32,688,043</u>
Less Accumulated Depreciation				
Buildings	1,700,131	\$ 127,482	\$ -	1,827,613
Infrastructure	10,619,711	363,112	-	10,982,823
Land Improvements	1,365,657	139,324	-	1,504,981
Machinery and Equipment	1,126,499	247,502	-	1,374,001
Vehicles	<u>1,021,473</u>	<u>480,625</u>	<u>-</u>	<u>1,502,098</u>
Total Accumulated Depreciation	<u>15,833,471</u>	<u>\$1,358,045</u>	<u>\$ -</u>	<u>17,191,516</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>14,554,109</u>			<u>15,496,527</u>
Total Net Capital Assets	<u>\$16,407,537</u>			<u>\$17,354,830</u>

Depreciation expense was charged to functions/programs as follows:

	<u>2009</u>	<u>2008</u>
General Government	\$ 145,785	\$ 145,354
Police Department	115,254	90,418
Fire Department	283,543	258,017
Ambulance	52,041	33,534
Justice Court	492	492
Roads and Highways	587,362	515,928
Beach, Parks and Recreation	159,770	147,696
Building Department	<u>13,798</u>	<u>10,564</u>
	<u>\$1,358,045</u>	<u>\$1,202,003</u>

Note 6. Long-Term Debt

(a) Serial Bonds

The Village borrows money in order to acquire land, construct buildings and improvements or purchase equipment. This policy enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefits of these capital assets.

(b) Compensated Absences

Estimated vacation, sick leave and compensatory absences accumulated by governmental fund type employees have been recorded in the statements of net assets. 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 and sick leave when such payments become due. As of May 31, 2009, the estimated value of the accumulated vacation time and sick leave totaled \$4,796,005. The Village has established an Employee Benefit Reserve Fund pursuant to Section 6-P of The General Municipal Law. At May 31, 2009, \$1,022,382 of this liability has been funded and reserved.

Civil Service Employees Association (CSEA)

Upon retirement at age 55 or over, or upon death, an employee or his/her estate or his/her written designated beneficiary shall receive a sum equal to 100% of his/her accumulated sick leave with a maximum of sixty days for up to 20 years service; seventy-five days between 20-25 years service; one hundred days between 25-30 years service; one-hundred and ninety days after 30 years service, one hundred and fifty paid at 100% and payment of one (1) day for every two (2) days up to a maximum of twenty additional days for the remaining 40 days accumulated.

Police Benevolent Association (PBA)

A police officer retiring from the police force under a state retirement plan shall be paid for any accrued vacation time plus an additional five days after 20 years of service additionally he shall be paid for unused compensatory and personal time. Accumulated sick time shall be paid on a straight time basis up to a maximum of two hundred days and paid one (1) day for every two (2) days accumulated beyond two hundred days. Any unused vacation, sick, compensatory and personal time shall be paid to the estate of the officer who dies before retirement, on a straight time basis.

Radio Operators Association (ROA)

Upon retirement, employees can be paid for sick time as follows: one hundred days at full pay and one hundred days at half pay for a total of one hundred and fifty days. In addition the three bonus days received if a member does not take sick time during the year shall be put in a separate category and paid in full. Vacation days can be accumulated up to a maximum of fifty days (these are in addition to the employee's retirement year entitlement). The schedule is as follows: 1 year of service ten days, 4 years of service sixteen days, 10 years of service twenty-one days, 15 years of service twenty-three days, 20 or more years of service twenty-five days.

(c) Capital Lease – Equipment Purchase

The Village is obligated under a capital lease for a street sweeper for annual lease payments in the amount of \$40,997, including interest, through September 14, 2010. Original principal amount of this lease was \$182,495. The principal remaining at May 31, 2009 was \$74,982.

Note 6. Long-Term Debt (Continued)

A summary of the components of long-term debt at May 31, 2009 is as follows:

Serial Bonds	\$2,410,000
Compensated Absences	4,796,005
Capital Lease - Equipment Purchase	74,982
Due to Employees Retirement System	<u>240,258</u>
 Total Long-Term Liabilities	 <u>\$7,521,245</u>

Changes in Long-Term Debt - The following is a summary of changes in long-term liabilities for the year ended May 31, 2009:

	Balance June 1st	Issues or Additions	Payments or Decreases	Balance May 31st	Due within One Year
Governmental Fund Types					
Serial Bonds	\$2,580,000	\$ -	\$170,000	\$2,410,000	\$190,000
Compensated Absences	4,321,819	702,276	228,090	4,796,005	-
Capital Lease – Equipment Purchase	109,236	-	34,254	74,982	36,368
Due to Employees Retirement System	<u>273,898</u>	<u>-</u>	<u>33,640</u>	<u>240,258</u>	<u>35,321</u>
 Total Governmental Fund Types	 <u>\$7,284,953</u>	 <u>\$702,276</u>	 <u>\$465,984</u>	 <u>\$7,521,245</u>	 <u>\$251,689</u>

At May 31, 2009 bonds payable consisted of the following individual issues:

Description of Issue	Original Issue	Issued Date	Final Maturity	Rate	Amount Outstanding
<u>Serial Bonds</u>					
Public Improvements	\$ 950,000	6/00	2/20	6%-6.1%	\$ 590,000
Public Improvements	\$2,800,000	6/00	2/21	5.8%-5.875%	<u>1,820,000</u>
 Total Serial Bonds					 <u>\$2,410,000</u>

The following table summarizes the Village's future debt service requirements as of May 31, 2009:

Fiscal Year Ending	Serial Bonds		Total
	Principal	Interest	
2010	\$ 190,000	\$142,365	\$ 332,365
2011	190,000	131,175	321,175
2012	190,000	119,985	309,985
2013	190,000	108,795	298,795
2014	190,000	97,605	287,605
2015-2019	1,080,000	306,040	1,386,040
2020-2021	<u>380,000</u>	<u>31,860</u>	<u>411,860</u>
	<u>\$2,410,000</u>	<u>\$937,825</u>	<u>\$3,347,825</u>

Note 6. Long-Term Debt (Continued)

At May 31, 2009 the capital lease-equipment purchase consisted of the following individual issue:

<u>Description of Issue</u>	<u>Original Issue</u>	<u>Issued Date</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Amount Outstanding</u>
<i>Capital Lease</i>					
Street Sweeper	\$ 182,495	9/06	9/10	6.005%	\$ 74,982
Total Capital Lease					<u>\$ 74,982</u>

The following is a schedule of payments due on the capital lease-equipment purchase outstanding as of May 31, 2009:

<u>Fiscal Year Ending</u>	<u>Capital Lease</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2010	\$ 36,368	\$ 4,629	\$ 40,997
2011	<u>38,614</u>	<u>2,383</u>	<u>40,997</u>
	<u>\$ 74,982</u>	<u>\$ 7,012</u>	<u>\$ 81,994</u>

Authorized But Unissued Debt

Subsequent to the Balance Sheet date, the residents approved a bond issue in the amount of \$5,900,000 for the construction of a new Village Firehouse.

Note 7. Pension Plans

Plan Description

The Village of Southampton participates in the New York State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS) and the Public Employees' Group Life Insurance Plan (Systems). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issued a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

Funding Policy

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% of their salary for their first ten years of enrollment. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

The Village is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

2009	\$1,000,193
2008	\$1,174,716
2007	\$ 812,449

Note 7. Pension Plans(Continued)

The Village’s contributions made to the Systems were equal to 100 percent of the contributions required for each year.

Since 1989, the System’s billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System’s fiscal years ending March 31, 1988 and 1989 (which otherwise were to have been paid on June 30, 1989 and 1990 respectively) over a 17-year period, with an 8.75% interest factor added. Local Governments were given the option to prepay this liability. The Village elected to make the full payment on December 15, 1989.

Pursuant to Chapter 69 of the Laws of 2002, the State Legislature authorized local governments to make available various retirement programs. The cost of the programs are being billed and paid over five years beginning 2002 and payments include interest at 8.00%. The total incentive payment incurred by the Village during the year ending May 31, 2009 including interest was \$20,900.

Pursuant to Chapter 49 of the Laws of 2003 of the State of New York was enacted which made the following changes to the Systems:

- Requires minimum contributions by employers of 4.5% of payroll every year, including years in which the investment performance would make a lower contribution possible.
- Changes the cycle of annual billing such that the contribution for a given year will be based on the value of the pension fund on the prior April 1st (e.g. billings due February 2005 would be based on the pension value as of March 31, 2004).

Pursuant to Chapter 260 of the Laws of 2004 the State of New York was enacted that allows local employers to bond or amortize a portion of their retirement bill for up to 10 years in accordance with the following schedule:

- For State fiscal year (SFY) 2004-05, the amount in excess of 7 percent of employees’ covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the bonding/amortization was instituted.
- For SFY 2005-06, the amount in excess of 9.5 percent of employees’ covered pensionable salaries.
- For SFY 2006-07, the amount in excess of 10.5 percent of employees’ covered pensionable salaries.

This law requires participating employees to make payments on a current basis, while bonding or amortizing existing unpaid amounts relating to the System’s fiscal years ending March 31, 2007 through 2009. The total amount paid by the Village during the year ending May 31, 2009 including interest was \$16,199 for ERS and \$31,136 PFRS. The total unpaid liability at the end of the fiscal year was \$82,220 for ERS and \$158,038 for PFRS.

The total payments to be made by the Village are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 35,321	\$12,014	\$ 47,335
2011	37,088	10,247	47,335
2012	38,943	8,393	47,336
2013	40,890	6,445	47,335
2014	42,935	4,401	47,336
2015	<u>45,081</u>	<u>2,255</u>	<u>47,336</u>
	<u>\$240,258</u>	<u>\$43,755</u>	<u>\$284,013</u>

Note 8. Service Awards Programs

The Village's financial statements are for the year ended May 31, 2009. The information contained in this note is based on information for the Length of Service Awards Program for the plan year ending on June 30, 2008, which is the most recent plan year for which complete information is available.

Length of Service Awards Program – LOSAP

The Village established a defined benefit LOSAP for the active volunteer firefighters of the Southampton Volunteer Fire Department. The program took effect on July 1, 1991. The program was established pursuant to Article 11-A of the General Municipal Law. The program provides municipally-funded-pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Village is the sponsor of the program.

Program Description

Participation, Vesting and Service Credit

Active volunteer firefighters who have reached the age of 18 and who have completed the sponsor's required probationary period are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with 5 years of firefighting service or upon attaining the program's entitlement age. The program's entitlement age is age 65 with 1 year of plan participation. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates 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 firefighting service rendered prior to the establishment of the program.

Benefits

A participant's benefit under the program is the monthly payment for life with 120 payments guaranteed equal to \$30 multiplied by the person's total number of years of firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed thirty. Benefits are not payable until the first day of the month following entitlement age. 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.

Fiduciary Investment and Control

Service credit is determined by the governing board of the sponsor, based on information certified to the governing board by each fire company having members who participate in the program. Each fire company must maintain all required records on forms prescribed by the governing board.

The governing board of the sponsor has retained and designated VFIS to assist in the administration of the program. The designated program administrator's functions include maintaining all records of investments and earnings, and making all program disbursements. In addition, the administrator maintains all participant information. Disbursements of program assets for the payment of benefits or administrative expenses must be approved by the Plan Administrator defined as the Incorporated Village of Southampton.

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. Program assets are held in compliance with NY GML Article 11-A(j).

Authority to invest program assets is vested in the Board of Trustees in compliance with NY GML Article 11-A 217(k). Subject to restrictions in the program document, program assets are invested in accordance with a statutory "prudent person" rule. Assets are currently invested in a Group Annuity Contract.

Note 8. Service Awards Programs (Continued)

The sponsor is required to retain an actuary to determine the amount of the sponsor's contributions to the plan. The actuary retained by the sponsor for this purpose is Gerald R. Shea. Portions of the following information are derived from a report prepared by the actuary.

Program Financial Condition

Assets and Liabilities

Actuarial Present Value of Benefits at July 1, 2007		<u>\$2,939,288</u>
Less: Assets Available for Benefits		
Group Annuity Contracts	100%	658,881
Less: Liabilities		<u> -</u>
Total Net Assets Available for Benefits		<u> 658,881</u>
Total Unfunded Benefits		<u>\$2,280,407</u>
Remaining Unfunded Liability for Prior Service		<u>\$ -</u>
Unfunded Accrued Benefits (PVAB) less Assets)		<u>\$ 742,115</u>
Unfunded Vested Accrued Benefits (PVVAB) less Assets)		<u>\$ 718,982</u>

Prior Service Costs

Prior service costs have been amortized over 20 years.

Receipts and Disbursements

Plan Net Assets, beginning of year		\$ 489,505
Changes during the year:		
Plan Contributions		165,069
Investment Income Earned		29,078
Plan Benefit Withdrawals		(1,680)
Administrative and Other Fees/Charges		(3,668)
Life Insurance Premium		<u>(19,423)</u>
Plan Net Assets, end of year		<u>\$ 658,881</u>

Contributions

Amount of sponsor's contribution recommended by actuary:	<u>\$ 259,840</u>
Amount of sponsor's actual contribution:	<u>\$ 165,069</u>

Administration Fees

Fess paid to designated program administrator:	<u>\$ 3,668</u>
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Note 8. Service Awards Programs (Continued)

Funding Methodology and Actuarial Assumptions

Normal Costs

The actuarial valuation methodology used by the actuary to determine the sponsor's contribution is the Entry Age Normal. The assumptions used by the actuary to determine the sponsor's contribution and the actuarial present value of benefits are:

Assumed rate of return on investment 6%

Mortality Tables used for

Withdrawal	G7100
Retirement	G7100
Death (Actives)	G7100
Death (Inactives)	G7100

Volunteer Ambulance Workers Service Award Program

The Village sponsored and established residents authorized the establishment of a defined contribution service award program for active volunteer ambulance workers pursuant to Article 11-AA of the General Municipal Law of New York State, "the Plan," a trust to provide retirement benefits for the participants in the Plan. The office of the State Comptroller acts as administrator of this plan. Any active volunteer ambulance worker who has attained age 18 and completes at least one year of ambulance service by earning 50 response points is eligible to participate as of July 1st. A participant becomes 100% vested in the Plan after reaching five years of service.

Generally, the Plan calls for the Village to make regular contributions to the trust. Contributions actuarially calculated in accordance with the trust provisions. For the year ended May 31, 2009, the Village contributed \$35,240. Trust assets at May 31, 2009 were \$101,666 and are maintained by the Plan Administrator. These assets are accounted for in the Agency Fund. During the year the Trust lost \$36,993 in investment income and paid \$-0- in benefits to participants.

Note 9. Commitments and Contingencies

(A) State Grants

The Village is a recipient of various state grants. These grants are administered by various agencies. These grants are subject to various compliance and financial audits by the respective agencies administering the grants, which could result in certain disallowances. The Board believes that they have substantially complied with the rules and regulations as specified under the various grant agreements as well as the rules and regulations of the respective agency for each grant.

(B) Tax Certiorari

There are presently pending against the Village of Southampton a number of real property tax review proceedings requesting reductions in assessed valuations of various properties for both past and current years. The financial exposure in these cases are indeterminable at this time.

(C) Other

The Village is subject to litigation in the ordinary conduct of its affairs. Management does not believe however, that such litigation, individually or in the aggregate, is likely to have a material effect on the financial statements.

Note 10. Post Employment Benefits Other Than Pensions

In addition to providing pension benefits, the Village of Southampton provides health insurance coverage for retired employees and their survivors. Substantially all Village employees and survivors may become eligible for these benefits if they reach normal retirement age while working for the Village. Health care benefits are provided through an insurance company whose premiums are based on the benefits paid. The Village recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. During the year \$695,232 was paid on behalf of 57 retirees and recorded as an expenditure in the general fund.

In June 2004, the Government Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for reporting non-pension postemployment benefits, such as health care premiums for retirees. The Village will be required to adopt the Statement for the year ending May 31, 2010. As of May 31, 2009, the Village has not completed the process of evaluating the impact that will result from the adoption of this Statement.

Note 11. Interfund Receivables and Payables

Individual Fund Disclosure

Interfund receivables and payables at May 31, 2009 were as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$1,295	\$ -
Trust Fund	-	<u>1,295</u>
Total	<u>\$1,295</u>	<u>\$1,295</u>

Note 12. Village Justice Fund

These funds are the only accounts, which are not under the control of the Village Treasurer. Fines collected through this fund are remitted directly to New York State by the Village Justice and, in accordance with the provisions of State Finance Law, Section 99-a, are subsequently returned, in major part, to the Village as revenue (fines and forfeited bail) in the General Fund. This fund is audited in a separate report.

Note 13. Lease Commitments

On October 1, 2007, the Village of Southampton entered into a lease agreement with Southampton Catcove, LLC for office space at a base rate of \$44,625 per year, plus an 8.5% share of the common charges, expiring on September 30, 2008. The Village can terminate this lease after twelve months upon giving 120 days notice in writing. This lease was extended to December 31, 2009 at a base rent of \$3,793 per month. Total rental expenditures on this lease for the year ended May 31, 2009 was \$52,620.

**INCORPORATED VILLAGE OF SOUTHAMPTON
COUNTY OF SUFFOLK - STATE OF NEW YORK**

**SUPPLEMENTAL INFORMATION
SCHEDULE OF INCREASES AND DECREASES**

CAPITAL AND OTHER RESERVE FUNDS - GENERAL FUND

Fiscal Year Ended May 31, 2009

	<u>Fire Facility</u>	<u>ADA</u>	<u>Office Equipment</u>	<u>Facilities Acquisition</u>	<u>Fire Truck</u>	<u>Fire Equipment</u>	<u>Major Equipment</u>	<u>Beach</u>	<u>Lighting</u>	<u>Total</u>
Increases:										
Interest Earnings	\$ 7,176	\$ 123	\$ 91	\$ 1,890	\$ 5,196	\$ 1,334	\$ 6,459	\$ 50	\$ -	\$ 22,319
Transfer From Special Revenue	-	-	-	-	-	-	141,950	-	-	141,950
Budgeted Transfers In	-	-	-	-	500,000	-	-	-	-	500,000
Transfers Between Reserves	(500,000)	(11,595)	-	-	300,000	200,000	25,911	-	(14,316)	-
Total Increases	<u>(492,824)</u>	<u>(11,472)</u>	<u>91</u>	<u>1,890</u>	<u>805,196</u>	<u>201,334</u>	<u>174,320</u>	<u>50</u>	<u>(14,316)</u>	<u>664,269</u>
Decreases:										
Project Expenditures	6,344	-	-	93,766	132,059	95,453	598,279	-	-	925,901
Capital Lease Payment	-	-	-	-	-	-	49,077	-	-	49,077
Total Decreases	<u>6,344</u>	<u>-</u>	<u>-</u>	<u>93,766</u>	<u>132,059</u>	<u>95,453</u>	<u>647,356</u>	<u>-</u>	<u>-</u>	<u>974,978</u>
Excess (Deficiency) of Increases over Decreases	(499,168)	(11,472)	91	(91,876)	673,137	105,881	(473,036)	50	(14,316)	(310,709)
Balances at Beginning of Year	762,813	21,594	7,482	175,044	443,157	135,204	907,550	4,066	14,316	2,471,226
Balances at End of Year	<u>\$ 263,645</u>	<u>\$ 10,122</u>	<u>\$ 7,573</u>	<u>\$ 83,168</u>	<u>\$ 1,116,294</u>	<u>\$ 241,085</u>	<u>\$ 434,514</u>	<u>\$ 4,116</u>	<u>\$ -</u>	<u>\$ 2,160,517</u>

See notes to financial statements

**INCORPORATED VILLAGE OF SOUTHAMPTON
COUNTY OF SUFFOLK - STATE OF NEW YORK**

**SUPPLEMENTAL INFORMATION
SCHEDULE OF INCREASES AND DECREASES**

SPECIAL REVENUE FUNDS

Fiscal Year Ended May 31, 2009

	<u>Parkland</u>	<u>Ambulance</u>	<u>Ambulance</u>	<u>Comm For</u>	<u>Off</u>	<u>Access</u>	<u>Children's</u>	<u>Street</u>	<u>Handicap</u>	<u>CPF/Afric</u>		
	<u>Deposits</u>	<u>Ambulance</u>	<u>Facility</u>	<u>The Arts</u>	<u>Street</u>	<u>For</u>	<u>]</u>	<u>Lighting</u>	<u>Parking</u>	<u>] Amer.</u>	<u>Total</u>	
					<u>Parking</u>	<u>Handicap</u>	<u>Fund</u>			<u>Museum</u>		
Increases:												
Interest Earnings	\$ 12,076	\$ 37	\$ 9	\$ 301	\$ 82	\$ 121	\$ 19	\$ 1,796	\$ 651	\$ 11	\$ 58	15,161
Donations	-	151,000	1,000	-	-	-	-	-	-	-	-	152,000
Function Revenues	<u>604,350</u>	<u>-</u>	<u>-</u>	<u>11,247</u>	<u>-</u>	<u>34,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>	<u>-</u>	<u>649,617</u>
Total Increases	<u>616,426</u>	<u>151,037</u>	<u>1,009</u>	<u>11,548</u>	<u>82</u>	<u>34,121</u>	<u>19</u>	<u>1,796</u>	<u>651</u>	<u>31</u>	<u>58</u>	<u>816,778</u>
Decreases:												
Program Expenditures	158,100	5,102	-	13,114	-	26,599	-	10,790	-	-	-	213,705
Transfer to General Fund	<u>-</u>	<u>141,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,950</u>
Total Decreases	<u>158,100</u>	<u>147,052</u>	<u>-</u>	<u>13,114</u>	<u>-</u>	<u>26,599</u>	<u>-</u>	<u>10,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>355,655</u>
Excess (Deficiency) of												
Increases over Decreases	458,326	3,985	1,009	(1,566)	82	7,522	19	(8,994)	651	31	58	461,123
Balances at Beg. of Year	<u>839,449</u>	<u>-</u>	<u>-</u>	<u>33,883</u>	<u>8,741</u>	<u>5,502</u>	<u>2,031</u>	<u>201,961</u>	<u>69,365</u>	<u>1,116</u>	<u>6,179</u>	<u>1,168,227</u>
Balances at End of Year	<u>\$ 1,297,775</u>	<u>\$ 3,985</u>	<u>\$ 1,009</u>	<u>\$ 32,317</u>	<u>\$ 8,823</u>	<u>\$ 13,024</u>	<u>\$ 2,050</u>	<u>\$ 192,967</u>	<u>\$ 70,016</u>	<u>\$ 1,147</u>	<u>\$ 6,237</u>	<u>\$ 1,629,350</u>

See notes to financial statements

**INCORPORATED VILLAGE OF SOUTHAMPTON
COUNTY OF SUFFOLK - STATE OF NEW YORK**

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended May 31, 2009

	Original Budget	Modified Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
Revenues:					
Real Property Taxes	\$ 13,650,286	\$ 13,650,286	\$ 13,517,072	\$ -	\$ (133,214)
Other Tax Items	75,000	75,000	72,841	-	(2,159)
Non Property Tax Items	275,000	275,000	300,420	-	25,420
Departmental Income	2,240,000	2,240,000	1,605,259	-	(634,741)
Intergovernmental Charges	770,000	770,000	774,530	-	4,530
Use of Money and Property	433,000	433,000	166,337	-	(266,663)
Licenses and Permits	50,000	50,000	57,093	-	7,093
Fines and Forfeitures	400,000	400,000	622,651	-	222,651
Sale of Property and Compensation for Loss	15,000	15,000	117,504	-	102,504
Refund of Prior Year's Expenditures	5,000	5,000	93,566	-	88,566
Miscellaneous Local Sources	-	-	38,925	-	38,925
State Aid	1,516,700	1,713,342	1,671,584	-	(41,758)
Federal Aid	34,000	34,000	43,002	-	9,002
Total Revenues	<u>19,463,986</u>	<u>19,660,628</u>	<u>19,080,784</u>	<u>\$ -</u>	<u>\$ (579,844)</u>
Other Financing Sources:					
Transfer From Special Revenue Fund	-	-	141,950		
Appropriated Reserves (Budget)	-	974,978	-		
Appropriated Fund Balance (Budget)	-	441,325	-		
Total Revenues and Other Sources	<u>\$ 19,463,986</u>	<u>\$ 21,076,930</u>	<u>\$ 19,222,734</u>		
Expenditures:					
Current					
General Government Support	\$ 3,845,350	\$ 4,169,057	\$ 4,168,925	\$ 5,443	\$ (5,311)
Public Safety	6,488,767	7,457,171	7,456,022	124,191	(123,042)
Health	200,300	418,348	415,983	36,969	(34,604)
Transportation	1,870,203	2,460,928	2,386,607	33,000	41,321
Culture and Recreation	982,997	943,979	943,305	7,903	(7,229)
Home and Community Services	165,915	166,365	151,634	5,730	9,001
Employee Benefits	4,788,084	4,597,413	4,509,468	-	87,945
Debt Service					
Principal	170,000	204,500	204,254	-	246
Interest	152,370	159,170	159,113	-	57
Total Expenditures	<u>18,663,986</u>	<u>20,576,930</u>	<u>20,395,311</u>	<u>213,236</u>	<u>(31,616)</u>
Other Financing Uses:					
Budgetary Provision for Reserve Funds	800,000	500,000	500,000	-	-
Total Expenditures and Uses	<u>\$ 19,463,986</u>	<u>\$ 21,076,930</u>	<u>\$ 20,895,311</u>	<u>\$ 213,236</u>	<u>\$ (31,616)</u>

See notes to financial statements.

**INCORPORATED VILLAGE OF SOUTHAMPTON
COUNTY OF SUFFOLK - STATE OF NEW YORK**

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended May 31, 2009

**Explanation of differences between budgetary Expenditures and Other Uses and
GAAP Expenditures and Other Uses:**

Actual total expenditures budgetary basis (above)	\$ 20,895,311
Differences - Budget to GAAP	
Budgetary Provision for Reserve Funds	<u>(500,000)</u>
Total Expenditures and Other Uses as reported on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	<u>\$ 20,395,311</u>

See notes to financial statements.