

**NEW ISSUES
SERIAL BONDS – BOOK ENTRY OR REGISTERED BONDS
BOND ANTICIPATION NOTES – BOOK-ENTRY OR REGISTERED NOTES**

**MOODY'S INVESTORS SERVICE:
See "Rating", herein**

In the opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Bonds and the Notes will be excludable from gross income for federal income tax purposes under existing law, and interest on the Bonds and the Notes will not be subject to the alternative minimum tax on individuals. In the further opinion of Bond Counsel, under existing law interest on the Bonds and the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "TAX MATTERS" herein for a description of the opinion of Bond Counsel and certain other tax consequences.

The Bonds and the Notes will be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986 (the "Code").

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

**\$7,650,000* PUBLIC IMPROVEMENT (SERIAL) BONDS – 2017
(the "Bonds")
[BOOK-ENTRY-ONLY BONDS]**

BOND MATURITY SCHEDULE

(See Inside Front Cover)

Prior Redemption: The Bonds maturing on February 15, 2026 and thereafter are subject to redemption, prior to maturity, at the option of the Town, on February 15, 2025, and thereafter on any date, in accordance with terms described herein. See "Optional Redemption" under "The Bonds," herein.

**\$1,790,000* BOND ANTICIPATION NOTES – 2017
(the "Notes")**

Dated Date: February 22, 2017

Maturity Date: February 22, 2018

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

Form and Denomination: At the option of the purchaser, the Bonds and the Notes may be either registered in the name of the purchaser or registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry bonds or notes. Individual purchases of the Bonds and the Notes may be made in denominations of \$5,000 or integral multiples thereof. Bondholders or Noteholders will not receive certificates representing their respective interests in the Bonds and the Notes purchased. See "Book-entry System" herein.

Payment: Payment of the principal of and interest on any Bonds and Notes issued in book-entry form will be made by the Town to DTC which will in turn remit such payment to its Participants for subsequent distribution to the Beneficial Owners of the Bonds or the Notes in accordance with standing instructions and customary practices. Payment to the Beneficial Owners will be the responsibility of the DTC Participant or Indirect Participant and not of DTC or the Town, subject to any statutory and regulatory requirements as may be in effect from time to time. See "Book-entry System" herein. Payment of the principal of and interest on any Bonds and Notes registered in the name of the Purchaser will be payable at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder.

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

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

The Bonds and the Notes are offered when, as and if issued and received by the purchasers and subject to the receipt of the legal opinion as to the validity of the Bonds and the Notes of Norton Rose Fulbright US LLP, Bond Counsel, and certain other conditions. It is anticipated that the Bonds and the Notes will be available for delivery in New York, New York, or at such place as may be agreed upon by the Town and the purchasers on or about February 22, 2017.

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

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

\$7,650,000* PUBLIC IMPROVEMENT (SERIAL) BONDS – 2017

MATURITIES, RATES AND YIELDS

Dated: February 22, 2017

**Principal Due: February 15, 2018-2032, inclusive
Interest Due: February 15, 2018, August 15, 2018 and
semi-annually thereafter in each year to
maturity**

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield or Price</u>	<u>CUSIP #</u>
2018	\$475,000			
2019	600,000			
2020	600,000			
2021	600,000			
2022	600,000			
2023	550,000			
2024	550,000			
2025	550,000			
2026	550,000			
2027	550,000			
2028	425,000			
2029	425,000			
2030	425,000			
2031	375,000			
2032	375,000			

*Preliminary, subject to change.

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

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

Jay Schneiderman, Town Supervisor

John Bouvier
Stan Glinka
Julie Lofstad
Christine P. Scalera

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

* * *

BOND COUNSEL

Norton Rose Fulbright US LLP
New York, New York

* * *

MUNICIPAL ADVISOR

MUNISTAT SERVICES, INC.
Municipal Finance Advisory Service

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

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OFFICIAL STATEMENT

TOWN OF SOUTHAMPTON SUFFOLK COUNTY, NEW YORK

\$7,650,000* PUBLIC IMPROVEMENT (SERIAL) BONDS – 2017 **[BOOK-ENTRY BONDS]**

and

\$1,790,000* BOND ANTICIPATION NOTES - 2017

This Official Statement and the appendices hereto present certain information relating to the Town of Southampton, in the County of Suffolk, in the State of New York (the "Town," "County" and "State," respectively) in connection with the sale of \$7,650,000* Public Improvement (Serial) Bonds - 2017 (the "Bonds") and \$1,790,000* Bond Anticipation Notes - 2017 (the "Notes").

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

THE BONDS

Description of the Bonds

The Bonds will be dated February 22, 2017, and will mature on February 15 in each of the years 2018 to 2032, inclusive, in the principal amounts as set forth on the inside cover page hereof.

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

Interest on the Bonds will be payable on February 15, 2018, August 15, 2018 and semi-annually thereafter in each year to maturity. For Bonds issued as book-entry bonds through DTC, principal and interest will be paid by the Town to the Securities Depository, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the Town referred to therein.

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

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

Optional Redemption

The Bonds maturing on or before February 15, 2025 will not be subject to redemption prior to maturity. The Bonds maturing on February 15, 2026 and thereafter, will be subject to redemption, at the option of the Town, prior to maturity, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), on any date on or after February 15, 2025, at par plus accrued interest to the date of redemption.

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

*Preliminary, subject to change.

Authorization and Purpose for the Bonds

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

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

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Amount</u> <u>Authorized</u>	<u>Total</u> <u>Amount to</u> <u>Be Issued</u>
12/13/2016	Various Information Technology Upgrades	\$ 315,800	\$ 315,800
12/13/2016	Purchase of Pump-Out Boat	30,000	30,000
12/13/2016	Planning Costs for Town Hall Assessment	150,000	150,000
12/13/2016	Reconstruction of Various Town Roads and Bike Paths	2,050,000	2,050,000
12/13/2016	Purchase of Equipment for Parks Department	75,000	75,000
12/13/2016	Construction of Waste Management Attendant Booths	87,000	87,000
12/13/2016	Improvements to Police Headquarters	100,000	100,000
12/13/2016	Improvements to Various Town-Owned Buildings	100,000	100,000
12/13/2016	Construction and Reconstruction of Sidewalks	100,000	100,000
12/13/2016	Reconstruction and Installation of Culverts	150,000	150,000
12/13/2016	Reconstruction or Replacement of Existing Bulkhead	150,000	150,000
12/13/2016	Reconstruction of Existing Bulkhead, Pier and Dock Facilities	300,000	300,000
12/13/2016	Various Drainage Improvements	200,000	200,000
12/13/2016	Various Dredging Improvements	223,500	223,500
12/13/2016	Purchase of Heavy Equipment for Waste Management	245,000	245,000
12/13/2016	Town-Wide Fueling Station Upgrades	366,500	366,500
12/13/2016	Various Beach Facility Improvements	500,000	500,000
12/13/2016	Purchase of Equipment for Highway Department	500,000	500,000
12/9/2014	Construction of Good Ground Park *	1,904,750	1,007,200
12/9/2014	Installation of Public Safety Communication System **	2,480,000	1,000,000
TOTALS		<u>\$10,027,550</u>	<u>\$ 7,650,000</u>

* The Town currently has \$1,805,000 in bond anticipation notes outstanding for the construction of Good Ground Park. Such notes will be redeemed by the issuance of the Notes in the amount of \$730,000, the bonds in the amount of \$1,005,000, and available funds in the amount of \$70,000. In addition, additional new funds for the project in the amount of \$2,200 will be financed by the issuance of the Bonds.

** The Town previously issued \$1,000,000 for the installation of the Public Safety Communication System in 2016. The issuance of the Bonds will finance an additional \$1,000,000 towards this authorization. The date of financing for the balance of the authorization is yet to be determined.

THE NOTES

Description of the Notes

The Notes will be dated February 22, 2017 and will mature, without right of redemption prior to maturity, on February 22, 2018, with interest payable at maturity.

At the option of the purchaser(s), the Notes may be either registered to the purchaser(s) or registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry notes.

For those Notes registered to the purchaser(s), a single note certificate shall be delivered to the purchaser(s), and each such note certificate shall bear a single rate of interest and shall be in a denomination equal to the aggregate amount awarded to such purchaser at such interest rate. Principal of and interest on such Notes will be payable in lawful money of the United States of America (Federal Funds) at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder.

For those Notes issued as book-entry notes registered to Cede & Co., DTC will act as securities depository for the Notes and owners will not receive certificates representing their interest in the Notes. Individual purchases of such registered Notes may be made in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the Town to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. See "Book-Entry System" herein.

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

Optional Redemption

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

Authorization and Purpose for the Notes

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Town Law and the Local Finance Law and various resolutions adopted by the Town Board. The proceeds of the Notes, along with \$396,640 in available monies, and \$1,005,000 in bond proceeds, will be used to redeem \$3,191,640 bond anticipation notes maturing February 23, 2017. The proceeds from the sale of the Notes will be used as follows:

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Amount</u> <u>Outstanding</u>	<u>Amount</u> <u>to be Paid</u>	<u>Amount to</u> <u>Bonds</u>	<u>Amount to</u> <u>be Issued</u>
12/9/14	Demo and Reconstruction of Ponquogue Bridge	\$726,140	\$76,140	\$0	\$650,000
12/9/14	Renovation of Tupper Boat House	456,500	46,500	0	410,000
12/9/14	Construction of New Good Ground Park	1,805,000	70,000	1,005,000	730,000
12/9/14	Riverside Revitalization Study	204,000	204,000	0	0
	TOTAL	<u>\$3,191,640</u>	<u>\$396,640</u>	<u>\$1,005,000</u>	<u>\$1,790,000</u>

BOOK-ENTRY SYSTEM

So long as the Bonds and the Notes remain in the Book-Entry-Only System, as described below, the Town will give such notice only to Cede & Co., or other successor nominee of DTC, as sole registered holder.

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

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

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

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

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

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

Beneficial Owners of the Bonds and the Notes may wish to take certain steps to augment the transmission to them or notices of significant events with respect to the Bonds and the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds and the Notes may wish to ascertain that the nominee holding the Bonds and the Notes for their benefit has agreed to obtain and transmit notices to the Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds and the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds and the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

Source: The Depository Trust Company, New York, New York.

The information contained in the above section concerning DTC and DTC's book-entry system has been obtained from sample offering document language supplied by DTC, but the Town takes no responsibility for the accuracy thereof. In addition, the Town will not have any responsibility or obligation to participants, to indirect participants or to any beneficial owner with respect to: (i) the accuracy of any records maintained by DTC, and participant or any indirect participant; (ii) the payments by DTC or any participant or any indirect participant of any amount with respect to the principal of, or premium, if any, or interest on the bonds or notes or (iii) any notice which is permitted or required to be given to Bondowners and Noteowners.

THE TOWN WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANTS, OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OR ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE BONDS AND THE NOTES; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO HOLDERS; OR (IV) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS AND THE NOTES; OR (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

THE TOWN CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO DIRECT PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS AND THE NOTES (I) PAYMENTS OF THE PRINCIPAL OF OR INTEREST ON THE BONDS AND THE NOTES; (II) CONFIRMATION OF THEIR OWNERSHIP INTEREST IN THE BONDS AND THE NOTES; OR (III) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO. AS NOMINEE, AS REGISTERED OWNER OF THE BONDS AND THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SO SERVE AND ACT IN THE MANNER DESCRIBED IN THE OFFICIAL STATEMENT.

Security and Source of Payment

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

ENFORCEMENT OF REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

No current State law purports to create any collateral or priority for owners of the Bonds and the Notes should the Town be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. The Bonds and the Notes could be deemed unsecured obligations of the Town in a bankruptcy case.

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

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

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

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

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

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

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

Possible Priority of Continuation of Essential Public Services. In prior years, certain events and legislation affecting an owner's remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of note or bond owners, such courts might hold that future events, including financial crises as they may occur in the State and in political subdivisions of the State, require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

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

THE TOWN

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

General Information

The Town encompasses an area of approximately 138 square miles and is located on the south fork of Long Island, in the eastern portion of Suffolk County. Present population is estimated at 57,730 (U.S. Census Bureau - 2015).

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

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

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

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

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

Government

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

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

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

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

Utilities and Other Services

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

Employees

The Town provides services through approximately 17 elected officials, 519 full-time employees including 43 board members and approximately 95 part-time employees. The Town also employs approximately 400 part-time seasonal employees. The Civil Service Employees Association represents approximately 300 employees under a contract which expires on December 31, 2017. The Police Benevolent Association represents approximately 75 employees under a contract which expired on December 31, 2016 and is currently under negotiations. The Superior Officers Association represents approximately 19 employees under a contract which expired on December 31, 2016 and is currently under negotiations. The Chief of Police is a non-union employee.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Characteristics

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

<u>Year</u>	<u>Town of Southampton</u>	<u>Suffolk County</u>	<u>New York State</u>
1970	35,980	1,127,030	18,241,391
1980	43,146	1,284,231	17,557,288
1990	45,066	1,321,864	17,990,455
2000	54,712	1,419,369	18,976,457
2010	56,790	1,493,350	19,378,102
2015	57,730	1,501,373	19,673,174

Source: U.S. Bureau of the Census.

Income Data

	Per Capita Money Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2015^a</u>
Town of Southampton	\$16,726	\$31,320	\$47,111	\$45,188
County of Suffolk	18,481	26,577	35,755	37,634
State of New York	16,501	23,389	30,948	33,236

	Per Capita Money Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2015^a</u>
Town of Southampton	\$16,726	\$31,320	\$47,111	\$45,188
County of Suffolk	18,481	26,577	35,755	37,634
State of New York	16,501	23,389	30,948	33,236

Source: United State Bureau of the Census.

a. Note: Based on American Community Survey Five-Year Estimates (2011-2015).

Summary of Building Activity (Number of Building Permits Issued)

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

<u>Year</u>	<u>Number of Building Permits Issued</u>
2012	5,019
2013	5,678
2014	6,302
2015	6,339
2016	6,571

Unemployment Rate Statistics

<u>Annual Averages:</u>	<u>Town of Southampton (%)</u>	<u>Suffolk County (%)</u>	<u>New York State (%)</u>
2011	7.6	7.3	8.0
2012	7.8	7.8	8.6
2013	6.8	6.5	7.7
2014	5.6	5.3	6.4
2015	5.1	4.8	5.3
2016 (11 Months)	4.6	4.3	4.9

Source: Department of Labor, State of New York.

Selected Listing of Larger Employers

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

INDEBTEDNESS OF THE TOWN

Constitutional and Statutory Requirements

The State Constitution limits the power of the Town (as well as other municipalities and school districts of the State) to issue obligations and contract indebtedness. Such constitutional limitations include the following, in summary form, and are generally applicable to the Town and the Bonds and the Notes:

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

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

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

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

Statutory Procedure

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

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

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

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

Except on rare occasions the Town complies with this estoppels procedure. The estoppel notices for the bond resolutions adopted on December 13, 2016 were published on January 26, 2017. At the time of the closing of the Bonds on February 22, 2017, the Town will be in compliance with the estoppel procedure. It is a procedure that is recommended by Bond Counsel, but is not an absolute legal requirement.

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

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

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

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

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

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

Trends of Town Indebtedness

	Fiscal Year Ending December 31:				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Outstanding End of Year:					
Subject to Debt Limit:					
Bonds	\$132,457,798	\$145,736,850	\$130,396,303	\$118,180,251	\$111,923,700
BANs	6,105,000	0	0	2,745,650	3,191,640
Subtotal	<u>\$138,562,798</u>	<u>\$145,736,850</u>	<u>\$130,396,303</u>	<u>\$120,925,901</u>	<u>\$115,115,340</u>
Not Subject to Debt Limit:					
Bonds	\$4,674,902	\$5,415,850	\$6,036,397	\$5,473,249	\$5,636,300
BANs	0	0	0	0	0
Subtotal	<u>\$4,674,902</u>	<u>\$5,415,850</u>	<u>\$6,036,397</u>	<u>\$5,473,249</u>	<u>\$5,636,300</u>
Total Debt Outstanding	<u>\$143,237,700</u>	<u>\$151,152,700</u>	<u>\$136,432,700</u>	<u>\$126,399,150</u>	<u>\$120,751,640</u>

a. Does not include refunded bonds.

Details of Short-Term Indebtedness Outstanding

(As of January 30, 2017)

As of the date of this Official Statement, the Town has bond anticipation notes outstanding in the amount of \$3,191,640 that mature on February 23, 2017. Such amount will be redeemed with a portion of the Notes, the Bonds and available funds in the amount of \$396,640.

Debt Service Requirements – Outstanding Bonds^a

<u>FYE December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	15,025,000	\$3,875,965	\$18,900,965
2018	14,965,000	3,319,975	\$18,284,975
2019	14,630,000	2,839,734	\$17,469,734
2020	14,050,000	2,344,737	\$16,394,737
2021	10,815,000	1,866,180	\$12,681,180
2022	10,790,000	1,513,435	\$12,303,435
2023	8,070,000	1,200,769	\$9,270,769
2024	5,275,000	934,044	\$6,209,044
2025	4,625,000	777,240	\$5,402,240
2026	4,390,000	633,761	\$5,023,761
2027	4,250,000	492,359	\$4,742,359
2028	3,685,000	351,869	\$4,036,869
2029	3,695,000	215,685	\$3,910,685
2030	2,865,000	90,056	\$2,955,056
2031	430,000	4,838	434,838
Totals	<u>\$117,560,000</u>	<u>\$20,460,647</u>	<u>\$138,020,647</u>

a. Includes \$38,957,456 in bonds issued for the preservation of open space. See “Community Preservation Fund” herein. Does not reflect payments made to date.

Southampton Housing Authority

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

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

As of December 31, 2016, the Authority had \$3,235,000 in bonds outstanding that are guaranteed by the Town.

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of January 30, 2017)

Fiscal Year Ending <u>December 31:</u>	Assessed <u>Valuation</u>	State Equalization <u>Rate (%)</u>	Full <u>Valuation</u>
2013	\$55,225,278,551	100	\$55,225,278,551
2014	55,022,618,428	100	55,022,618,428
2015	55,698,279,015	100	55,698,279,015
2016	57,714,211,253	100	57,714,211,253
2017	60,685,008,854	100	<u>60,685,008,854</u>
Total Five Year Full Valuation			\$284,345,396,101
Average Five Year Full Valuation			56,869,079,220
Debt Limit - 7% of Average Full Valuation			3,980,835,545
Inclusions:			
Outstanding Bonds:			
General Purposes ^a			111,923,700
Housing Authority ^b			3,235,000
Water Districts			<u>5,636,300</u>
Sub-Total			120,795,000
Bond Anticipation Notes			<u>3,191,640</u>
Total Inclusions			<u>123,986,640</u>
Exclusions:			
Water Debt (Outstanding Bonds)			5,636,300
Bond Appropriations			14,406,703
Note Appropriations			<u>396,640</u>
Total Exclusions			20,439,643
Total Net Indebtedness Prior to the Issuance of the Bonds and Notes			<u>103,546,997</u>
The Bonds			7,650,000
The Notes			1,790,000
Less: BANs to be redeemed by the Issuance of the Bonds			1,005,000
Less: BANs to be redeemed by the Issuance of the Notes			1,790,000
Net Effect of the Bonds and Notes			<u>6,645,000</u>
Total Net Indebtedness After the Issuance of the Bonds and Notes			<u>110,191,997</u>
Net Debt Contracting Margin			<u>\$3,870,643,548</u>
Percent of Debt Limit Exhausted			<u>2.77%</u>

a. Includes \$38,957,456 in bonds issued for the preservation of open space. See "Community Preservation Fund" herein.

b. See "Southampton Housing Authority" herein.

Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Suffolk	6/28/2016	22.04	\$484,077,115	\$294,246,569
Villages	5/31/2015 or later	Var.	18,020,474	17,185,474
School Districts	6/30/15 or later	Var.	156,202,315	130,075,968
Fire Districts	12/31/15 or later	Var.	<u>20,113,576</u>	<u>20,113,576</u>
Totals			<u>\$678,413,480</u>	<u>\$461,621,587</u>

a. Does not include refunded bonds.

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

Debt Ratios
(As of January 30, 2017)

	<u>Amount</u>	<u>Per Capita^a</u>	<u>Percentage Of Full Value (%)^b</u>
Total Direct Debt	\$123,986,640	\$2,161	0.20
Net Direct Debt	103,546,997	1,805	0.17
Total Direct & Applicable Total Overlapping Debt	802,400,120	13,984	1.32
Net Direct & Applicable Net Overlapping Debt	565,168,584	9,850	0.93

a. Does not include the Bonds or Notes.

b. The current estimated population of the Town is 57,380.

c. The full valuation of taxable real property in the Town for 2016-17 is \$60,685,008,854.

Authorized And Unissued Debt
(As of January 30, 2016)

As of the date of this Official Statement, the Town has authorized but unissued debt in the aggregate amount of \$48,293,850 as follows:

<u>Purpose</u>	<u>Amount</u>
Various Public Improvements	\$10,866,550
Open Space Preservation	<u>37,427,300</u>
Total:	<u>\$48,293,850</u>

A portion of such authorized but unissued debt in the amount of \$6,645,000 will be financed by the issuance of the Bonds and Notes.

Community Preservation Fund

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

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

As of the date of this Official Statement, there are \$38,957,457 in bonds outstanding that have been issued for the preservation of open space and land acquisitions, the Town debt service on which is expected to be paid by the Fund. The expected revenues accruing to the Fund would be sufficient to pay principal and interest on obligations substantially in excess of such amount.

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

Fiscal Year Ending	<u>Total Revenues</u>
<u>December 31:</u>	
2012	\$38,064,858
2013	58,058,512
2014	56,010,169
2015	60,660,717
2016 (Estimated)	55,083,526

Debt Service Requirements – Community Preservation Fund Only^a

Fiscal Year Ending <u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$4,292,098	\$1,597,915	\$5,890,013
2018	4,477,098	1,426,538	\$5,903,636
2019	4,506,456	1,243,029	\$5,749,485
2020	4,681,805	1,052,852	\$5,734,657
2021	2,000,000	853,063	\$2,853,063
2022	2,000,000	775,563	\$2,775,563
2023	2,000,000	695,563	\$2,695,563
2024	2,000,000	615,563	\$2,615,563
2025	2,100,000	533,906	\$2,633,906
2026	2,100,000	447,938	\$2,547,938
2027	2,200,000	360,250	\$2,560,250
2028	2,200,000	266,063	\$2,466,063
2029	2,200,000	170,500	\$2,370,500
2030	<u>2,200,000</u>	<u>72,875</u>	<u>\$2,272,875</u>
Totals	<u>\$38,957,457</u>	<u>\$10,111,618</u>	<u>\$49,069,075</u>

a. Such debt service requirements are included in the preceding table on page 12. Does not reflect payments made to date.

The Bridgehampton and Sagaponack Beach Erosion Control Districts

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

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

Capital Project Plans

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

FINANCES OF THE TOWN

Independent Audit Procedures

The financial statements of the Town are audited annually by independent accountants. The last such audit made available for public inspection covers the fiscal year ended December 31, 2015, and is attached as Appendix B. In addition, the financial affairs of the Town are subject to periodic compliance review by the Office of the State Comptroller (“OSC”) to ascertain whether the Town has complied with the requirements of various State and Federal statutes.

The Statements of Revenues, Expenditures and Changes in Fund Balances presented in Appendix A of this Statement are based on the audited Annual Financial Reports of the Town for the 2011-2015 fiscal years.

Fund Structure and Accounts

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

There are three basic fund types: (1) governmental funds that are used to account for basic services and capital projects; (2) enterprise funds that account for operations of a commercial nature; and, (3) fiduciary funds that account for assets held in a trustee capacity. Account groups, which do not represent funds, are used to record fixed assets and long-term obligations that are not accounted for in a specific fund.

The Town presently maintains the following major governmental funds: General Fund, Police District, Town Outside Village, Community Preservation, Highway, Public Safety and the Capital Projects Fund. Fiduciary funds consist of a Trust and Agency Fund. There are three enterprise funds - golf course, beaches and marinas, and waste management. Account groups are maintained for fixed assets and long-term debt.

Basis of Accounting

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

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

Budgetary Procedures

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

Financial Operations

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

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

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

2012 Results of Operations (Audited)

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

2013 Results of Operations (Audited)

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

2014 Results of Operations (Audited)

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

2015 Results of Operations (Audited)

For the fiscal year ended December 31, 2015, the audited financial statements show the total revenue including transfers in the General Fund were \$42,277,102 and the total expenditures, including transfers, were \$39,983,732. The total overall fund balance in the General Fund increased from \$14,324,177 to \$16,617,547.

2016 and 2017 Budgets

The 2016 and 2017 budgets call for further fiscal constraint consistent with the policy, procedures and controls implemented over the past several years. In addition, the Town continues to present a two-year budget model that projects operations through 2018. The 2016 budget calls for an appropriation of approximately \$450,000 in fund balance from its general fund and a 0% tax levy increase. The 2017 budget calls for an appropriation of approximately \$450,000 in fund balance from its general fund and a 0% tax levy increase.

Investment Policy

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

Debt Management Policy

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

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

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

Fund Balance Policies

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

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

Revenues

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

Real Property Taxes

See "Real Property Tax Information," herein.

State Aid

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

The Town received approximately 27% of its total operating revenue from State aid in 2015 and is expecting to receive less in 2017. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and, in fact, the State has drastically reduced funding to municipalities and school districts in the last several years in order to balance its own budget.

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

The following table sets forth the percentage of the Town's General Fund revenue comprised of State aid for each of the fiscal years 2011 through 2015 and as budgeted, for 2016 and 2017.

<u>Fiscal Year Ended</u> <u>December 31:</u>	<u>General Fund</u> <u>Total Revenue</u>	<u>State Aid</u>	<u>State Aid To</u> <u>Revenues (%)</u>
2011	\$34,825,845	\$6,249,172	17.94
2012	34,509,183	6,249,172	18.11
2013	37,218,839	7,613,296	20.46
2014	35,770,079	8,040,976	22.48
2015	36,655,708	9,973,836	27.21
2016 (Budgeted)	36,874,765	8,549,221	23.18
2017 (Budgeted)	38,839,430	8,715,896	22.44

Source: Audited financial statements 2011 through 2015 and the adopted budgets for 2016 and 2017.

Pension Systems

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

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

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

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

Chapter 260 provides for the following changes:

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

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

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

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

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

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

Contributions to the Retirement Systems

Fiscal Year Ending December 31:	Employees' Retirement System	Policemen's & Firemen's Retirement System	Total
2012	\$2,820,513	\$2,455,064	\$5,275,577
2013	6,909,172	4,161,628	11,070,800
2014	4,597,792	3,562,253	8,160,045
2015	4,234,378	3,328,508	7,562,886
2016	3,918,549	3,252,976	7,171,525
2017 (Budgeted)	3,731,760	3,215,129	6,946,889

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

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

Other Post-Employment Benefits

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

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

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

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

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

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

<u>Annual OPEB Cost and Net OPEB Obligation</u>	<u>Fiscal Year Ended December 31, 2015</u>
Annual required contribution (ARC)	\$11,129,978
Interest on net OPEB obligation	2,487,932
Less: Adjustments to ARC	<u>(1,188,908)</u>
Annual OPEB cost (expense)	12,429,002
Less: Contributions made	<u>3,882,324</u>
Increase in net OPEB obligation	8,546,678
Net OPEB obligation-beginning of year	<u>62,198,303</u>
Net OPEB obligation-end of year	<u><u>\$70,744,981</u></u>

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

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

Length of Service Award Program

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

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

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

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

Pension contributions are determined based on an annual actuarial calculation. Based upon accepted actuarial methods and the assumptions used, it has been determined that the contributions for the Westhampton War Memorial Ambulance Corporation of \$64,000, the Flanders Northampton Volunteer Ambulance Corporation of \$68,000, the Hampton Bays Volunteer Ambulance Corporation of \$40,253 and the Southampton Volunteer Ambulance Corporation of \$41,000 for the year ended December 31, 2015 were sufficient to satisfy current and future service award obligations upon eligibility for retirement.

REAL PROPERTY TAX INFORMATION

Real Property Taxes

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

<u>Fiscal Year Ended December 31:</u>	<u>Total Revenue</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues (%)</u>
2011	\$34,825,845	\$22,983,270	65.99
2012	34,509,183	21,585,771	62.55
2013	37,218,839	21,449,689	57.63
2014	35,770,079	20,893,485	58.41
2015	36,655,708	20,882,536	56.97
2016 (Budgeted)	36,874,765	21,500,574	58.31
2017 (Budgeted)	38,839,430	22,813,108	58.74

Source: Audited financial statements 2011 through 2015.

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

Tax Levy and Collection Record

	Fiscal Year Ending December 31:				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Tax Levy:					
General Town	\$21,907,868	\$21,420,673	\$21,007,380	\$21,781,343	\$22,860,043
Police	19,717,477	20,241,628	20,966,728	21,598,397	22,077,316
Emergency Dispatching - E911	2,056,667	2,061,604	2,142,364	2,175,565	2,335,087
Part Town Outside Villages	2,170,133	2,132,735	1,854,200	1,325,396	1,248,908
Highway	11,048,231	11,060,920	11,571,887	12,409,657	12,685,058
Special Districts:					
Fire & Fire Protection	12,548,005	12,744,722	13,566,410	14,434,762	14,567,141
Lighting	575,831	602,939	571,833	559,212	563,994
Water	1,122,575	1,181,502	1,126,130	1,250,759	1,283,063
Miscellaneous	5,616,172	7,257,508	6,999,797	7,130,365	7,214,969
School and Library Districts	230,856,616	242,281,065	245,197,938	249,375,510	254,496,086
County	19,211,414	18,906,658	20,269,757	17,585,133	19,194,383
Other Items	819,935	944,029	840,567	892,004	1,082,025
Total Warrant	\$327,650,924	\$340,835,983	\$346,114,991	\$350,518,103	\$359,608,073
Amount Collected	315,005,317	324,507,864	326,724,516	332,138,797	NA
Returned to County:					
Amount	13,671,438	14,384,949	17,571,538	16,532,968	NA
Percent	4.17%	4.22%	5.08%	4.72%	NA

- a. Includes Farmland.
- b. Incorporated villages not subject to levies for these items except for Village of North Haven, which pays Police taxes.
- c. Includes Ambulance District, Park Districts, Public Parking District, Street Improvements, Sagaponack Highway and Coastal Erosion Districts.
- d. Includes apportioned exemptions water arrears, unpaid security alarms, omitted assessments, etc.

Tax Collection Procedure

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

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

Tax Rates Per \$1000 of Assessed Valuation

	Fiscal Year Ending December 31:				
	2013	2014	2015	2016	2017
General Town	\$0.39	\$0.39	\$0.38	\$0.38	\$0.38
Police	0.54	0.55	0.57	0.57	0.55
Part Town Outside Villages	0.07	0.07	0.06	0.04	0.04
Highway	0.36	0.36	0.37	0.39	0.38
County	0.20	0.20	0.21	0.20	0.20
School and Library Districts	0.02-21.34	0.02-22.9	0.03-23.4	0.03-24.1	0.03-23.2
Special Districts:					
Fire & Fire Protection	0.11-1.04	0.11-1.10	0.14-1.06	0.18-1.01	0.17-1.01
Lighting	0.01-0.17	0.01-0.18	0.01-0.16	0.01-0.17	0.01-0.17
Water	0.23-0.42	0.24-0.48	0.23-0.48	0.27-0.48	0.27-0.48
Miscellaneous	0.01-0.70	0.01-0.68	0.02-0.70	0.02-0.68	0.02-0.70

a. If more than one rate, indicates range.

Tax Increase Procedural Limitation Legislation

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

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

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

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

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

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

Selected Listing of Large Taxable Properties
2016 Assessment Roll^a

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
National Grid	Utility	\$306,527,446
Blue Turtles, Inc.	Estate	248,727,800
Old Towne SH Associates, LLC.	Commercial	91,805,800
Leon D. Black	Estate	67,414,900
Yumi & The Kids, LLC.	Commercial	62,548,000
Hampton Center Realty, LLC.	Commercial	55,465,000
Stem Partners, LLC.	Commercial	54,223,600
Stephen Perl binder	Estate	51,097,400
Sagaponack Realty, LLC.	Commercial	50,884,400
Cheryl G. Krongard	Estate	49,219,400
	Total ^a	<u><u>\$1,037,913,746</u></u>

- a. Assessment Roll established in 2016 for levy and collection of taxes during 2017 Fiscal Year.
b. Represents 1.71% of the total taxable assessed valuation of the Town for 2016.

LITIGATION

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

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

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

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

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

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

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

RISK FACTORS

AND

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

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

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

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

ANNUAL AND CONTINUING DISCLOSURE UNDERTAKING

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

On August 6, 2013, the Town filed a material event notice regarding the status of the ratings of the bond insurers on various bonds issued by the Town. Since the fall of 2008, there have been in excess of 25 rating actions on bond insurers reported by Moody's Standard & Poor's and Fitch. Due to widespread knowledge of the downgrades to such bond insurers, material event notices were not filed pursuant to every rating action.

The underlying credit of the Town was not affected by downgrades to the bond insurance companies. The Town is currently rated "Aa1" by Moody's Investor's Service and "AAA" by Standard and Poor's.

On June 4, 2014, the Town filed a material event notice regarding the change to the underlying rating of the Town by Moody's Investors Service, as a result of the recalibration of the U.S. municipal ratings from a municipal scale to the global scale in 2010, which resulted in a recalibrated rating of "Aa1". As this was a system wide recalibration by Moody's, and not considered an upgrade, a material event notice was not filed at the time.

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

<u>Fiscal Year Ending December 31:</u>	<u>Financial & Operating Information</u>	<u>Audited Financial Statements</u>
2011	6/28/2012	6/28/2012
2012	6/18/2013	6/11/2013
2013	6/27/2014	6/27/2014
2014	6/24/2015	6/24/2015
2015	6/27/2016	6/17/2016

TAX MATTERS

Tax Exemption

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

Interest on the Obligations owned by a corporation will be included in such corporation’s adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust (“FASIT”). A corporation’s alternative minimum taxable income is the basis on which the alternative minimum tax imposed by Section 55 of the Code will be computed.

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

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

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

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

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

Tax Accounting Treatment of Discount and Premium on Certain Obligations

The initial public offering price of certain Obligations (the “Discount Obligations”) may be less than the amount payable on such Obligations at maturity. An amount equal to the difference between the initial public offering price of a Discount Obligation (assuming that a substantial amount of the Discount Obligations of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Obligation. A portion of such original issue discount allocable to the holding period of such Discount Obligation by the initial purchaser will, upon the disposition of such Discount Obligation (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income

tax purposes, on the same terms and conditions as those for other interest on the Obligations described above under “Tax Exemption.” Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Obligation, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Obligation and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Obligation by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Obligation in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Obligation was held) is includable in gross income. Owners of Discount Obligations should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Obligations.

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

LEGAL MATTERS

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

RATING

The Notes are not rated. The Town has applied to Moody's Investors Service (“Moody's”), 7 WTC at Greenwich Street, New York, NY, Phone: (212) 553-4055 and Fax: (212) 298-6761, for a rating on the Bonds. Such application is pending at this time. This rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from Moody's. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigation, studies and assumptions by the rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of such ratings could have an adverse effect on the market price of the outstanding bonds and notes or the availability of a secondary market for such bonds and notes.

MUNICIPAL ADVISOR

Munistat Services, Inc. (the “Municipal Advisor”), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the Town on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Bonds and has reviewed and commented on certain legal documents, including this Official Statement.

The advice on the plan of financing and the structuring of the Bonds was based on materials provided by the Town and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the Town or the information set forth in this Official Statement or any other information available to the Town with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the business office of the Town: Town of Southampton, Town Hall, 116 Hampton Road (Rte. 27A), Southampton, NY 11968, telephone number 631/702-1890, Fax 631/287-5709, email: lmarchese@southamptontownny.gov or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888.

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

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

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

The preparation and distribution of this Official Statement has been authorized by a resolution of the Town which delegates to the Supervisor the power to sell and issue the Bonds and the Notes.

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

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

January 30, 2017

APPENDIX A

FINANCIAL INFORMATION

Balance Sheets
Governmental Funds
Fiscal Year Ending December 31, 2015

	<u>General</u>	<u>Police District</u>	<u>Highway</u>	<u>Nonmajor Governmental Funds(1)</u>
ASSETS				
Cash and Cash Equivalents	\$ 11,405,816	\$ 1,986,225	\$ 2,898,199	\$ 5,018,641
Cash - Restricted	4,388,779	40,559	656,488	6,389,658
Accounts Receivable	1,014,017	360,969	2,757	1,146,157
Due from Other Funds	1,304,697		108,852	
Due from Other Governments	18,546		2,435	
State and Federal Aid Receivables	322,633	2,244,561	842,159	
Prepaid Charges	1,890,447	1,129,732	270,787	67,146
	<u>20,344,935</u>	<u>5,762,046</u>	<u>4,781,677</u>	<u>12,621,602</u>
Total Assets	\$ 20,344,935	\$ 5,762,046	\$ 4,781,677	\$ 12,621,602
LIABILITIES				
Accounts Payable	\$ 498,454	\$ 364,123	\$ 496,246	\$ 229,096
Accrued Liabilities	229,685	83,881	15,391	264,377
Due to Other Governments	223,966			
Due to Other Funds		37,566		115,649
	<u>952,105</u>	<u>485,570</u>	<u>511,637</u>	<u>609,122</u>
Total Liabilities	952,105	485,570	511,637	609,122
Deferred Inflows				
Deferred Property Taxes	2,775,283	2,780,267	1,692,193	1,178,606
Unavailable Grant Revenues				231,554
	<u>2,775,283</u>	<u>2,780,267</u>	<u>1,692,193</u>	<u>1,410,160</u>
Fund Balances (Deficits):				
Nonspendable	1,890,447	1,129,732	270,787	67,146
Restricted	4,388,779	40,559	656,488	5,899,516
Assigned	576,131	1,325,918	1,650,572	4,635,658
Unassigned	9,762,190			
	<u>16,617,547</u>	<u>2,496,209</u>	<u>2,577,847</u>	<u>10,602,320</u>
Total Fund Balances (Deficits)	16,617,547	2,496,209	2,577,847	10,602,320
Total Liabilities and Fund Balances (Deficits)	\$ 20,344,935	\$ 5,762,046	\$ 4,781,677	\$ 12,621,602

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

Source: Audited Annual Financial Report of the Town. (2015).

NOTE: This schedule is NOT audited

Balance Sheets
Governmental Funds
Fiscal Year Ending December 31, 2014

	<u>General</u>	<u>Police District</u>	<u>Highway</u>	<u>Nonmajor Governmental Funds(1)</u>
ASSETS				
Cash and Cash Equivalents	\$ 8,047,960	\$ 915,732	\$ 2,444,855	\$ 4,458,612
Cash - Restricted	4,505,755	46,353	180,101	6,862,106
Accounts Receivable	838,041	309,407	2,350	897,446
Due from Fiduciary Funds	1,058,808		155	899
Due from Other Governments	16,246		2,698	
State and Federal Aid Receivables	245,192	2,003,983	484,722	
Prepaid Charges	1,934,210	1,187,293	272,728	69,965
	<u>16,646,212</u>	<u>4,462,768</u>	<u>3,387,609</u>	<u>12,289,028</u>
Total Assets	\$ <u>16,646,212</u>	\$ <u>4,462,768</u>	\$ <u>3,387,609</u>	\$ <u>12,289,028</u>
LIABILITIES				
Accounts Payable	\$ 445,708	\$ 98,037	\$ 229,371	\$ 218,460
Accrued Liabilities	98,997	92,618	87,275	217,758
Due to Other Governments	233,979			
Due to Fiduciary Funds		19,746		810
Deferred Revenues	1,543,351	1,541,839	901,532	799,205
	<u>2,322,035</u>	<u>1,752,240</u>	<u>1,218,178</u>	<u>1,236,233</u>
Total Liabilities	<u>2,322,035</u>	<u>1,752,240</u>	<u>1,218,178</u>	<u>1,236,233</u>
Fund Balances (Deficits):				
Nonspendable	1,934,210	1,187,293	272,728	69,965
Restricted	4,505,755	46,353	180,101	6,535,143
Assigned	381,197	1,476,882	1,716,602	4,447,687
Unassigned	7,503,015			
	<u>14,324,177</u>	<u>2,710,528</u>	<u>2,169,431</u>	<u>11,052,795</u>
Total Fund Balances (Deficits)	<u>14,324,177</u>	<u>2,710,528</u>	<u>2,169,431</u>	<u>11,052,795</u>
Total Liabilities and Fund Balances (Deficits)	\$ <u>16,646,212</u>	\$ <u>4,462,768</u>	\$ <u>3,387,609</u>	\$ <u>12,289,028</u>

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

Source: Audited Annual Financial Report of the Town. (2014)

NOTE: This schedule is NOT audited

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

Fiscal Year Ended December 31:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues:					
Real Property Taxes	22,983,270	21,585,771	21,449,689	20,893,485	20,860,140
Other Real Property Tax Items	201,668	196,896	208,216	226,320	232,724
Non-Property Tax Items	1,424,315	1,431,473	1,530,975	1,643,124	1,700,658
Special Assessments	51,209	47,332	47,335	40,061	37,170
Departmental Income	671,802	946,798	794,720	730,907	717,080
Intergovernmental Charges	119,989	113,778	307,863	317,449	292,401
Use of Money & Property	34,163	48,157	45,405	116,182	146,463
Licenses and Permits	283,346	353,764	357,565	346,110	358,515
Fines and Forfeitures	1,784,553	1,857,009	1,813,642	1,588,383	1,662,579
Sale of Property & Compensation for Loss	31,969	461	132,624	43,260	65,575
Miscellaneous Local Sources	648,654	795,310	725,715	690,195	647,900
State Aid	6,249,172	6,218,858	7,613,296	8,040,976	9,973,836
Federal Aid	341,735	913,576	2,191,794	1,093,627	1,111,243
Total Revenues	<u>34,825,845</u>	<u>34,509,183</u>	<u>37,218,839</u>	<u>35,770,079</u>	<u>37,806,284</u>
Expenditures:					
General Government Support	12,088,942	11,988,464	12,163,259	13,681,005	14,102,599
Public Safety	2,117,152	2,048,923	2,346,882	2,347,153	2,365,285
Health					
Transportation			767,789	797,135	788,445
Econ. Assistance & Opportunity	2,692,197	3,122,582	2,967,070	2,699,222	2,923,125
Culture & Recreation	3,594,108	3,419,562	2,706,126	2,417,846	2,051,708
Home & Community Service	581,913	509,561	581,865	594,210	567,544
Employee Benefits	7,671,505	7,704,465	10,593,823	8,619,623	8,613,634
Debt Service	5,080,850	5,092,460	5,099,743	4,538,280	4,230,991
Total Expenditures	<u>33,826,667</u>	<u>33,886,017</u>	<u>37,226,557</u>	<u>35,694,474</u>	<u>35,643,331</u>
Excess (Deficiency) of Revenues over Expenditures	999,178	623,166	(7,718)	75,605	2,162,953
Other Sources (Uses)					
Proceeds from Issuance of Debt		511,700			
Proceeds of Refunding Debt		5,148,530		2,720,186	3,725,099
Premium of Debt Issuance	105,849	582,787	11,048	328,585	381,753
Payment to Refunded Debt Escrow		(5,724,554)		(3,039,287)	(3,996,598)
Operating Transfers In	1,105,804	740,577	296,611	538,318	363,966
Operating Transfers Out	(3,267,382)	(257,373)	(903,955)	(269,181)	(343,803)
Total Other Sources (Uses)	<u>(2,055,729)</u>	<u>1,001,667</u>	<u>(596,296)</u>	<u>278,621</u>	<u>130,417</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,056,551)	1,624,833	(604,014)	354,226	2,293,370
Fund Balance Beginning of Year	14,005,683	12,949,132	14,573,965	13,969,951	14,324,177
Prior Period Restatement					
Fund Balance End of Year	<u><u>12,949,132</u></u>	<u><u>14,573,965</u></u>	<u><u>13,969,951</u></u>	<u><u>14,324,177</u></u>	<u><u>16,617,547</u></u>

Sources: Audited Annual Financial Reports of the Town. (2011-2015)

NOTE: This schedule is NOT audited

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

Fiscal Year Ended December 31:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues:					
Real Property Taxes	\$ 18,814,396	\$ 19,521,100	\$ 19,738,896	\$ 20,238,896	\$ 20,963,398
Other Real Property Tax Items	145,486	128,716	135,560	139,003	144,942
Departmental Income	395,909	539,699	583,429	524,678	557,822
Use of Money & Property	9,907	21,364	23,781	34,170	51,206
Licenses and Permits	62,999	62,201	190,699	82,007	79,323
Compensation for Loss	2,027	17,697	19,884	11,750	11,221
Miscellaneous Local Sources	135,900	74,772	71,712	254,453	275,392
State Aid	2,286,408	2,016,977	1,944,911	2,849,511	2,246,723
Federal Aid	91,667	174,183	118,966	100,616	45,344
Total Revenues	<u>21,944,699</u>	<u>22,556,709</u>	<u>22,827,838</u>	<u>24,235,084</u>	<u>24,375,371</u>
Expenditures:					
General Government Support					
Public Safety	14,104,920	14,881,727	14,044,870	14,750,872	15,561,415
Employee Benefits	6,822,336	7,043,274	8,976,554	8,520,895	8,660,238
Debt Service	22,183	40,481	476,656	529,157	369,429
Total Expenditures	<u>20,949,439</u>	<u>21,965,482</u>	<u>23,498,080</u>	<u>23,800,924</u>	<u>24,591,082</u>
Excess (Deficiency) of Revenues over Expenditures	995,260	591,227	(670,242)	434,160	(215,711)
Other Sources (Uses)					
Payment to Refund Bond Escrow Agent				(185)	
Proceeds From Debt		1,240,550		166	
Premium from Issuance of Debt	12,346	16,397	6,842	4,159	1,392
Operating Transfers In			45,017		
Operating Transfers Out			(200,000)		
Total Other Sources (Uses)	<u>12,346</u>	<u>1,256,947</u>	<u>(148,141)</u>	<u>4,140</u>	<u>1,392</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	1,007,606	1,848,174	(818,383)	438,300	(214,319)
Fund Balance Beginning of Year	234,831	1,242,437	3,090,611	2,272,228	2,710,528
Prior Period Restatement					
Fund Balance End of Year	\$ <u>1,242,437</u>	\$ <u>3,090,611</u>	\$ <u>2,272,228</u>	\$ <u>2,710,528</u>	\$ <u>2,496,209</u>

Sources: Audited Annual Financial Reports of the Town. (2011-2015)

NOTE: This schedule is NOT audited

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

Fiscal Year Ended December 31:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues:					
Real Property Taxes	\$ 10,770,010	\$ 11,464,017	\$ 11,060,035	\$ 11,059,879	\$ 11,569,402
Other Real Property Tax Items	82,298	75,415	76,359	74,824	78,642
Departmental Income				12,400	15,200
Intergovernmental Charges	754,285	750,362	699,008	714,071	707,682
Use of Money & Property	9,529	18,083	16,589	22,406	30,708
Licenses and Permits					2,553
Sale of Property & Compensation for Loss	876	1,028		18,150	15,450
Miscellaneous Local Sources	281,821	49,994	44,817	40,436	73,380
Federal Aid	9,562	144,676	842,159		
State Aid	684,530	704,123	906,178	1,102,422	1,269,173
Total Revenues	<u>12,592,911</u>	<u>13,207,698</u>	<u>13,645,145</u>	<u>13,044,588</u>	<u>13,762,190</u>
Expenditures:					
Transportation	6,648,842	5,887,330	5,821,241	6,717,890	6,903,220
Employee Benefits	2,771,944	2,642,272	3,420,040	3,051,196	3,017,405
Debt Service	2,682,403	3,310,285	3,756,866	3,852,524	3,925,544
Total Expenditures	<u>12,103,189</u>	<u>11,839,887</u>	<u>12,998,147</u>	<u>13,621,610</u>	<u>13,846,169</u>
Excess (Deficiency) of Revenues over Expenditures	489,722	1,367,811	646,998	(577,022)	(83,979)
Other Sources (Uses)					
Payment to Refund Bond Escrow Agent				(2,919,870)	
Proceeds from Debt		210,915		2,613,307	
Premium from Issuance of Debt	243,552	3,033	70,992	339,607	32,572
Operating Transfers In	8,263	17,607	5,944		872,000
Operating Transfers Out	(414,179)	(1,020,000)	(400,000)		(412,177)
Total Other Sources (Uses)	<u>(162,364)</u>	<u>(788,445)</u>	<u>(323,064)</u>	<u>33,044</u>	<u>492,395</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	327,358	579,366	323,934	(543,978)	408,416
Fund Balance Beginning of Year	1,482,751	1,810,109	2,389,475	2,713,409	2,169,431
Prior Period Restatement					
Fund Balance End of Year	<u>\$ 1,810,109</u>	<u>\$ 2,389,475</u>	<u>\$ 2,713,409</u>	<u>\$ 2,169,431</u>	<u>\$ 2,577,847</u>

Sources: Audited Annual Financial Reports of the Town. (2011-2015)

NOTE: This schedule is NOT audited

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

	Fiscal Year Ended December 31:				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues:					
Real Property Taxes	6,047,848	6,776,087	6,387,244	9,119,255	8,855,324
Other Real Property Tax Items	115,752	110,010	129,667	132,464	134,485
Departmental Income	2,551,849	2,694,774	3,404,486	2,252,686	2,457,809
Use of Money & Property	312,844	323,009	343,970	349,451	368,164
Sale of Property & Compensation for Loss			4,570		14,816
Miscellaneous Local Sources	320,659	1,012,855	1,286,199	777,351	763,456
State Aid	87,446	87,956	12,590	2,148	5,000
Federal Aid	4,276,935	2,948,382	3,867,386	3,903,115	3,946,920
Total Revenues	<u>13,713,333</u>	<u>13,953,073</u>	<u>15,436,112</u>	<u>16,536,470</u>	<u>16,545,974</u>
Expenditures:					
General Government Support	300,105	278,361	254,109	92,059	143,806
Public Safety	783,317	784,534	812,513	816,389	832,112
Health	2,606,820	2,742,820	2,895,640	2,943,708	2,989,335
Transportation	438,430	478,813	511,565	520,836	482,665
Econ. Assistance & Opportunity	555	420	490	22,209	580,217
Culture & Recreation	646,930	721,466	449,462	469,113	628,749
Home & Community Service	6,745,261	6,855,300	26,007,195	11,415,330	6,349,707
Employee Benefits	756,263	770,990	918,584	903,888	843,652
Debt Service	948,441	823,906	908,852	3,487,281	3,549,346
Total Expenditures	<u>13,226,122</u>	<u>13,456,610</u>	<u>32,758,410</u>	<u>20,670,813</u>	<u>16,399,589</u>
Excess (Deficiency) of Revenues over Expenditures	487,211	496,463	(17,322,298)	(4,134,343)	146,385
Other Sources (Uses)					
Operating Transfers In	97,773	147,061	1,988,542	52,979	252,750
Operating Transfers Out	(515,272)	(124,514)	(1,879,127)	(152,061)	(849,610)
Payment to Refund Bond Escrow Agent				(858,157)	
Premium on Obligations	3,527		918,503	106,659	
Proceeds From Issuance of Debt			21,750,000	768,057	
Total Other Sources (Uses)	<u>(413,972)</u>	<u>22,547</u>	<u>22,777,918</u>	<u>(82,523)</u>	<u>(596,860)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	73,239	519,010	5,455,620	(4,216,866)	(450,475)
Fund Balance Beginning of Year	9,879,095	10,452,334	10,971,344	16,426,964	11,052,795
Prior Period Restatement	500,000			(1,157,303)	
Fund Balance End of Year	<u>10,452,334</u>	<u>10,971,344</u>	<u>16,426,964</u>	<u>11,052,795</u>	<u>10,602,320</u>

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

Sources: Audited Annual Financial Reports of the Town. (2011-2015)

NOTE: This schedule is NOT audited

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

Fund	<u>Appropriations</u>	<u>Estimated Revenues</u>	<u>Application of Surplus</u>	<u>Tax Levy</u>
General Fund	\$ 39,289,430	\$ 16,026,322	\$ 450,000	\$ 22,813,108
Police Fund	26,182,262	3,834,521	250,000	22,097,741
Part-Town Fund	5,661,744	5,661,744		
Part-Town Highway	14,621,304	1,749,094	175,000	12,697,210
Part-Town Land Management (03)	2,341,936	432,269	750,000	1,159,667
Part-Town Land Management (22)	4,623,263	4,533,780		89,483
Emergency Dispatch - 911	2,735,686	248,500	150,000	2,337,186
Beaches	1,730,874	1,540,900	189,974	
Conscience Point Marina	464,487	363,325		101,162
East Quogue Marina	16,000	16,000		
Pine Neck Marina	30,100	30,100		
Poxabogue Golf Course	156,000	156,000		
Waste Management	2,549,034	2,285,898	300,000	-36,864
Ambulance Districts	3,410,638	11,251	61,169	3,338,218
Erosion Control District	2,724,950	0	174,180	2,550,770
Fire Protection Districts	904,452	6,450		898,002
Park Districts	550,535	3,205		547,330
Parking Districts	131,462	10,990		120,472
Road Improvement Districts	16,513	1,100	2,350	13,063
Street Lighting Districts	579,947	4,015	12,352	563,580
Water Districts	3,956,052	2,564,601	108,662	1,282,789
CPF Trust	46,536,343	46,536,343		
Total	<u>\$ 159,213,012</u>	<u>\$ 86,016,408</u>	<u>\$ 2,623,687</u>	<u>\$ 61,194,395</u>

Budget Summaries
Governmental and Other Operating Funds
Fiscal Year Ending December 31, 2016

Fund	<u>Appropriations</u>	<u>Estimated Revenues</u>	<u>Application of Surplus</u>	<u>Tax Levy</u>
General Fund	\$ 37,324,765	\$ 15,374,191	\$ 450,000	\$ 21,500,574
Police Fund	25,457,270	3,588,521	250,000	21,618,749
Part-Town Fund	5,661,744	5,661,744		
Part-Town Highway	14,325,780	1,728,133	175,000	12,422,647
Part-Town Land Management (03)	2,034,688	456,304	750,000	828,384
Part-Town Land Management (22)	4,584,382	4,085,468		498,914
Emergency Dispatch - 911	2,572,975	248,500	150,000	2,174,475
Beaches	1,741,000	1,541,000	200,000	
Conscience Point Marina	473,206	363,325		109,881
East Quogue Marina	16,000	16,000		
Pine Neck Marina	30,100	30,100		
Poxabogue Golf Course	156,000	156,000		
Waste Management	2,394,032	1,907,498	300,000	186,534
Ambulance Districts	3,283,563	10,800		3,272,763
Erosion Control District	2,725,750	0	174,728	2,551,022
Fire Protection Districts	902,940	6,450		896,490
Park Districts	553,610	3,205		550,405
Parking Districts	116,558	10,990		105,568
Road Improvement Districts	36,687	1,100	2,434	33,153
Street Lighting Districts	562,934	4,015		558,919
Water Districts	3,809,284	2,558,600		1,250,684
CPF Trust	46,406,343	46,406,343		
Total	\$ 155,169,611	\$ 84,158,287	\$ 2,452,162	\$ 59,043,743

TOWN OF SOUTHAMPTON

APPENDIX B

**FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

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

TOWN OF SOUTHAMPTON LONG ISLAND, NEW YORK
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2015



PREPARED BY:

TOWN COMPTROLLER'S OFFICE

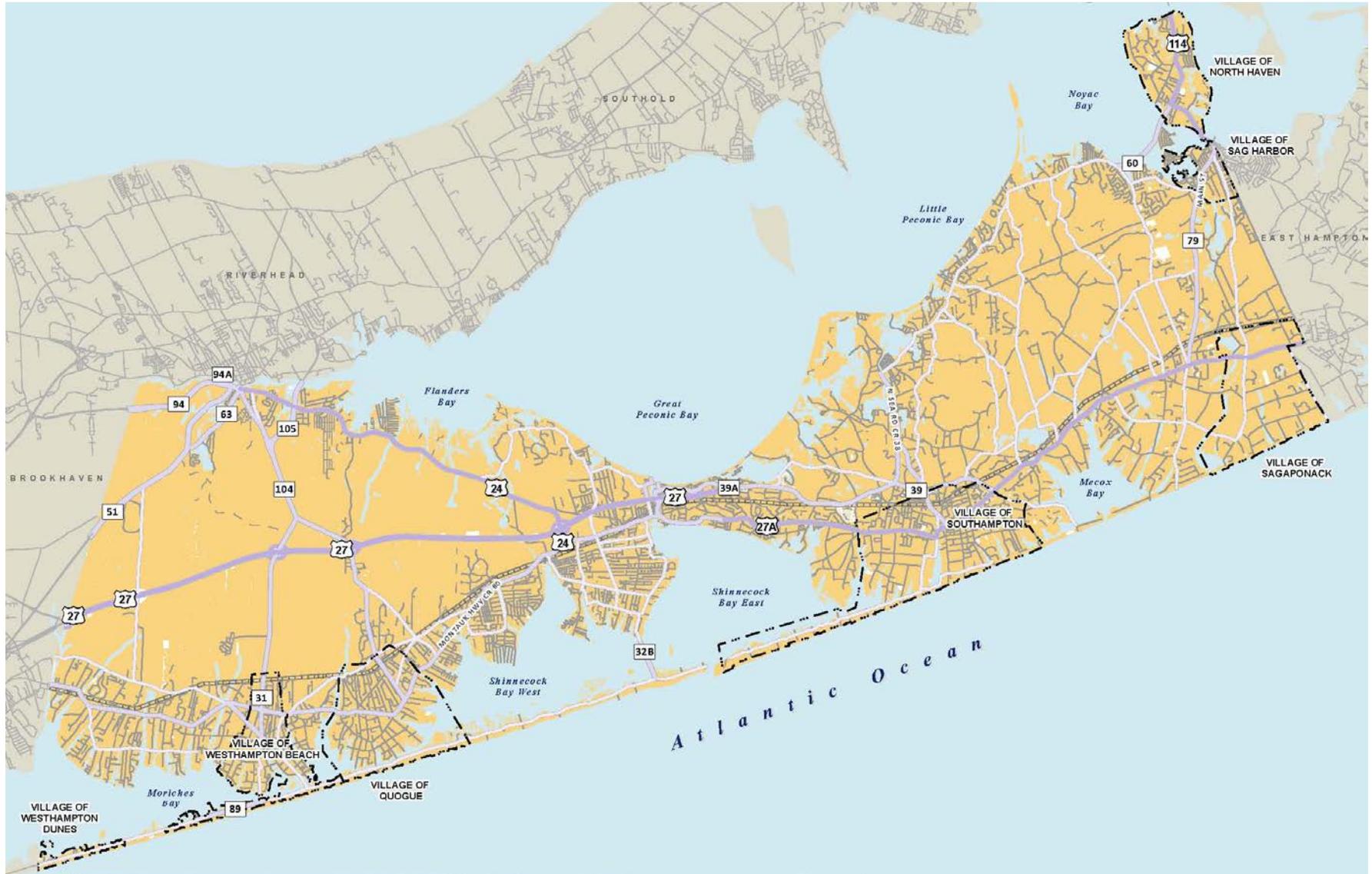
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INTRODUCTORY SECTION



TOWN OF SOUTHAMPTON

PRINCIPAL OFFICIALS

SUPERVISOR

JAY SCHNEIDERMAN

TOWN COUNCIL

JOHN BOUVIER

STAN GLINKA

JULIE LOFSTAD

CHRISTINE PRESTON SCALERA

RECEIVER OF TAXES

THERESA A. KIERNAN

SUPERINTENDENT OF HIGHWAYS

ALEX D. GREGOR

TOWN CLERK

SUNDY SCHERMEYER

TOWN JUSTICES

EDWARD BURKE SR.

DEBORAH KOOPERSTEIN

ANDREA SCHIAVONI

BARBARA WILSON

TOWN TRUSTEES

EDWARD J. WARNER JR., PRESIDENT

SCOTT HOROWITZ, SECRETARY/TREASURER

WILLIAM PELL IV

ERIC SHULTZ

BRUCE STAFFORD

TOWN ATTORNEY

JAMES M. BURKE

TOWN COMPTROLLER

LEONARD J. MARCHESE, MBA, CPA

TOWN OF SOUTHAMPTON

ORGANIZATIONAL CHART



TOWN OF SOUTHAMPTON



JAY SCHNEIDERMAN
Supervisor

TOWN OF
SOUTHAMPTON
116 Hampton Road, Southampton, NY 11968

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jschneiderman@southamptontownny.gov

May 17, 2016

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

I hereby present the Comprehensive Annual Financial Report ("CAFR") of the Town of Southampton, New York, for the fiscal year ended December 31, 2015. This detailed town-wide report is a yearly requirement under federal law.

The report continues to demonstrate that the Town of Southampton maintains a strong financial footing. Our conservative budgeting practices and fiscal controls have earned the town the highest available bond rating, AAA. As the newly elected Southampton Town Supervisor, I am confident we will continue our path of balanced budgets, debt reduction and fiscal oversight that has led to our enviable financial standing. Confidence in the current management team was reflected in the recent reaffirmation of our AAA bond rating by Standard and Poor's. We are blessed with a large inventory of parkland holdings and a strong real estate market that has produced a steady growth in real property valuations. Growth in our tax base has helped Town government meet the needs of the community without increasing general fund tax rates. We continue to maintain excellent public services, promote economic development, improve our infrastructure and enhance public safety. The CAFR details our strict financial policies for investment, asset management, debt reduction, fund balance maintenance and capital project planning.

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

Sincerely,

Jay Schneiderman
Supervisor, Town of Southampton



Town of Southampton
116 HAMPTON ROAD
SOUTHAMPTON, NEW YORK 11968
TOWN COMPTROLLER

LEONARD MARCHESE
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April 29, 2016

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

The Comprehensive Annual Financial Report ("CAFR") of the Town of Southampton, New York (the "Town") for the fiscal year ended December 31, 2015, prepared by the Office of the Comptroller is submitted herewith. General Municipal Law requires the Town to submit an annual report of the financial records and transactions presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The Town of Southampton assumes full responsibility for the completeness and reliability of information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatements. This Comprehensive Annual Financial Report has also been prepared pursuant to the requirements of the Government Finance Officers Association ("GFOA") Certificate of Achievement for Excellence in Financial Reporting program.

The Town's financial statements have been audited by Nawrocki Smith LLP, a firm of licensed certified public accountants, who were selected by the Town Board to perform an independent audit and to form an opinion on the financial statements. The financial statements referred to above present fairly, in all material respects, the financial position of the Town of Southampton, New York as of December 31, 2015, and the changes in financial position for the year then ended in conformity with GAAP.

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

The Town is required to undergo an annual "single audit" in conformity with the provisions of the Federal Single Audit Act Amendments of 1996 and the United States Office of Management and Budget, Uniform Guidance. Information related to this "single audit", including the schedule of expenditures of federal awards, findings and recommendations and the independent auditor's reports on the internal control structure and compliance with applicable laws and regulations are presented in a separate report, dated April 29, 2016.

Reporting Entity

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

General and Historical Information of the Town

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

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

Southampton's population is estimated at 56,790 (according to the U.S. Census Bureau - 2010). The summer population can swell to twice that number or more. The Town of Southampton is considered a popular seasonal resort area drawing thousands of visitors and seasonal residents. Tourism and the vacation home industry drive the economic development engine of the Town. The Town's many commercial facilities - hotels, motels, restaurants and recreational facilities - are associated with this activity. In addition, the Town is historically significant, being the site of the first English settlement (in 1640) in New York State and including the Halsey Homestead, built in 1648 (the oldest English saltbox house in the State); the Windmill at Water Mill, built in 1800; and the Old School House in Quogue, built in 1822. The historic hamlet heritage resources of the Town contribute to its attraction as a resort area, particularly within the hamlet centers and village business areas.

The economy within the Town is also based on real estate and related professional services, construction trades and home maintenance services, and small businesses within hamlet centers relying upon both the year-round population base as well as summer visitors. The local economy is complimented by farming and fishing, with the second largest commercial fishery landing in New York State located in the Hamlet of Hampton Bays at the Shinnecock Inlet. The Town is also home to Gabreski Airport, a county owned facility that also serves as the base of the 106th - Air National Guard Rescue Wing of the United States Air Force. The largest employer within the Town, with over 700 employees, is Southampton Hospital, which provides access to a wide variety of medical specialties for a full range of clinical services. There are also 13 independently-governed school districts within the Town of Southampton, which also contribute to the local economy as public sector employers.

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

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

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

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

Town Government

The Town was established in 1801. Subject to the provisions of the New York State Constitution, the Town operates pursuant to the Town Law, the Local Finance Law, other laws generally applicable to the Town, and any special laws applicable to the Town. Under such laws there is no authority for the Town to have a charter, but pursuant to the Town Law and other laws generally applicable to home rule, the Town may from time-to-time adopt local laws.

The legislative power of the Town is vested in the Town Board. The Town Board consists of five members, including the Supervisor, who is the presiding officer and chief executive officer of the Town. The four Councilpersons are elected for a four year term and the Supervisor is elected for a two year term. The position of Councilperson and Supervisor can only be held for a maximum of eight years under a local law imposing term limits. The terms of the Town Councilpersons are staggered such that two are elected every two years.

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

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

The Supervisor prepares a tentative budget each year that becomes the preliminary budget upon the scheduling of a public hearing thereon. Subsequent to the public hearing, revisions, if any, are made and the budget is then adopted by the Town Board as its final budget for the coming fiscal year. The budget for the 2015 fiscal year of the Town was adopted by the Town Board on November 20, 2014.

Although a Tentative Capital Program is presented by the Supervisor with the Tentative Annual Operating Budget on or before September 30th of each year, the Town adopts the Capital Program on or before November 20th of the preceding year, which coincides with the Annual Operating Budget process. The 2015-2019 Capital Program was adopted by the Town Board on November 20, 2014.

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

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

Town of Southampton Standard and Poor's Credit Rating

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

The Town's strong Standard and Poor's bond rating of AAA (the highest rating on the Standard and Poor's scale) allowed the Town to refinance existing debt and reduce future debt service interest on bonds. The Town's rating has allowed the Town to establish an aggressive pay down strategy for all remaining debt. Equally significant is the strict control on new borrowing, a practice the Town's administration introduced and has resulted in a measurable decrease in debt service over each of the past 5 years, and will continue into 2016. The decrease in borrowing, favorable interest rates, and aggressive treasury management have resulted in a significant cost reduction for the Town and the taxpayer.

Economic Conditions and Outlook

The Town of Southampton enjoys a strong financial condition due to many years of sound fiscal management of Town resources. Revenues have exceeded expenses creating more than \$952 million in government-wide net position.

The Town's 2011 through 2015 budgets controlled spending, adhered to sound budgeting practices, reduced staffing, included new health benefit contributions from employees, and in many areas, reorganized and restructured for greater efficiency. The Town is now beginning to realize the full measure of these steps that were taken, and because of this, is now budgeting from a position of financial strength and stability, rather than from one of weakness and uncertainty. The Town is also beginning to see the benefit of a continuing stabilizing economy. The Town's mortgage tax revenues are increasing (increased \$1.3 million from 2014), building permits are up, and the value of the Town's taxable ratables have remained constant. The concerted effort to reduce staffing through three consecutive years of retirement incentives, through attrition (coupled with a firm Town Board commitment to freezing the filling of vacated positions) and by reorganizing operations to achieve greater efficiencies is now bringing about salary cost stabilization, which is a noteworthy accomplishment that has contributed significantly to the ability to balance budgets, and will continue to positively impact future budgets. The 2016 budget proposes an increase of four position to the Town's staff.

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

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

In 1998, the voters of the five East End towns (East Hampton, Riverhead, Shelter Island, Southampton, and Southold) approved a referendum creating a Community Preservation Fund (the "Fund") for each Town, which is a conservation program to preserve open space and farmland in the five towns. The fund is financed by a 2% tax on most real estate sales. This is a one-time tax that the buyer of real estate is required to pay when purchasing a new or used home or vacant property. In 2006, the voters in all five towns approved a referendum to extend the collection of the tax through 2030. Since the Fund's inception, over 3,900 acres of land has been acquired and preserved in Southampton alone. As of December 31, 2015 the Fund's fund balance totaled \$94,235,375.

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

The Town is generally responsible for providing certain services to the citizens, as required, on a Townwide basis. The Town maintains a Town road system necessitating a regular road resurfacing and improvement program and the acquisition of machinery and equipment. Additionally, although not a capital expense, such road system requires annual expenditures for snow removal as well as regular general operating maintenance expenses. The Town is also primarily responsible for the financing and construction of surface and storm water drainage improvements, and the Town is regularly acquiring and improving recreation facilities. The Town generally has provided the financing for water facilities for the Hampton Bays Water District and maintains primary responsibility for this function. The Town is also responsible for the disposal of certain solid waste generated within the Town and will upgrade its four transfer stations as deemed necessary and appropriate.

Additionally, the Town finances park and community center improvements and technology infrastructure. In general, needs for capital financing for the above described projects for which the Town has responsibility are anticipated to continue and may substantially increase as certain requirements imposed on the Town by New York State or Federal regulations in connection with its disposal of solid waste cause capital expenditures to be necessary.

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

Major Economic Development Initiatives

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

- Roads
- Drainage and storm water management
- Town Hall facilities
- Multiple Town structures located at the Jackson Avenue complex
- Trustee-owned bulkheads
- New well for the Hampton Bays Water District

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

- Beach pavilions
- Town recreational facilities
- The Old Ponquoque Bridge Pier
- The Hampton Bays Community Center
- Dredging projects at Town marinas

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

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

The 2016 budget also provides continuing support for two significant economic revitalization efforts that have been underway for the past several years, namely the Hampton Bays Business District as well as the exciting Riverside Revitalization Action Plan.

For Hampton Bays, this budget continues to provide funding support for the creation of Good Ground Park. Although the Town has been successful in securing over \$1.9 million in grant funding for this project, the budget allocates an additional \$2.4 million toward the completion of this vital component of the overall plan for the revitalization of the Hampton Bays Business District. This project along with the repaving of Main Street, which has been expedited through funding forwarded by the Town, will be transformative, with the knowledge that revitalization efforts such as these have the added dimension of stimulating private investment in a community. We have already begun to see that impact as a result of the Good Ground Park project.

Likewise, the Riverside Revitalization Action Plan recently deemed complete by the Town Board, has begun to generate the same kind of activity in the Flanders/Riverside community. Although this project is not quite as far along as the Good Ground Park Project, a significant amount of planning has been accomplished. To that end, this budget provides funding for the Land Management Department to manage a number of anticipated implementation costs, and provides a potential source for matching fund grants and for smaller capital improvements, that may be required to expedite the overall plan. Setting aside this funding will preclude the need to tap into any fund reserves as these needs arise.

Town Financial Information

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

Financial Policies

- Investment Policy - The Town's policy, was updated and adopted on February 11, 2014, and is consistent with the guidelines promulgated by the New York State Office of the State Comptroller, which the Town Board adopts each year.
- Capital Asset Policy - The Town adopted a Capital Asset Policy ("Asset Management Policy") in 2003, which formalizes the responsibility and reporting guidelines for all Town assets. This policy is detailed in the notes to the financial statements. The policy was updated and adopted on February 11, 2014.
- Debt Management Policy - The Debt Management Policy was implemented in 2004, and is detailed in the Management Discussion and Analysis section of these financial statements. The policy was updated and adopted on February 24, 2009.
- Fund Balance Policy - The Town of Southampton was one of the first towns on Long Island to adopt a Fund Balance Policy, which has become the model for other Town Boards. Such policy was adopted in 2005. The details of this policy can also be found in the Management's Discussion and Analysis section. Town Board enacted a Local Law (No. 6), in recognition of sound fiscal policy and in order to stabilize and preserve the current credit rating of the Town. The Town Board affirms its commitment to make all reasonable efforts to maintain a fund balance in its General Fund at the end of each fiscal year equal to no less than 17% of the total respective ensuing year's operating budget. Such fund balance will be inclusive of the reserve for tax stabilization purposes pursuant to Chapter 8 of the Town Code. For special districts and the part-town operating funds, the Town Board maintains unallocated fund balance of 7% of the total ensuing year's operating threshold. As a result, the Town's Fund Balance policy has been codified in Chapter 8 Budget by resolution 2015-195 on February 10, 2015 and is in compliance with and conforms to GASB Statement Number 54.
- Capital Program Policy - The Town adopted a Capital Program Policy during 2012 and it consists of a plan of capital projects proposed to be undertaken during a six-year period, the priority of their implementation, the estimated cost thereof, and proposed method of financing.

Awards

The GFOA of the United States and Canada awarded the Certificate of Achievement for Excellence in Financial Reporting to the Town for its comprehensive annual financial report for the past three years (2012 through 2014). In order to be awarded a Certificate of Achievement, a government must publish an easily readable and effectively organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable reporting requirements.

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

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

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

Respectfully submitted,

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

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



Government Finance Officers Association

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

Presented to

**Town of Southampton
New York**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Southampton (the "Town"), as of and for the year ended December 31, 2015, and the related notes to financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Southampton, as of December 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

NawrockiSmith

Change in Accounting Principle

As discussed in Note 4, as well as Management's Discussion and Analysis ("MD&A"), in 2015 the Town adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Subsequent to the Measurement Date*. The adoption of these statements resulted in a prior-period adjustment. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, on pages 16-29 and 81-105, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board ("GASB"), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Southampton's basic financial statements. The introductory section, other supplementary information and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2016, on our consideration of the Town of Southampton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Southampton's internal control over financial reporting and compliance.

Melville, New York
April 29, 2016



REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF SOUTHAMPTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015

The following is a discussion and analysis of the Town of Southampton's (the "Town") financial performance for the year ended December 31, 2015. This section is a summary of the Town's financial activities based on currently known facts, decisions and conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the Town's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The Town's primary government total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$952,544,346 (net position). This consists of \$890,784,499 invested in capital assets (net of related debt), \$113,656,682 restricted for specific purposes, offset by a deficit unrestricted portion of \$51,896,835.
- The Town's primary government net position increased \$52,390,152 compared to \$50,502,115, as restated.
- The Town's total bonded indebtedness decreased \$9,673,295 and governmental expenditures related to debt service (principal and interest) decreased \$445,088 from fiscal year ended December 31, 2014. The Town expects future debt service to continue to decrease as the Town continues to take advantage of lower interest rates by refunding eligible debt.
- The Town's total governmental operating funds fund balance increased \$2,749,197 as compared to a decrease of \$2,435,734 in 2014. This is mainly due to the timing of expenditures related to capital improvements in the Coastal Erosion Districts Fund. Total operating funds expenditures decreased by \$2,947,897 mainly as a result of the decrease in non-major governmental funds expenditures as well as, the Town's prudent monitoring of spending.
- The General Fund fund balance increased \$2,293,370 of which \$1,890,447 was nonspendable, \$4,388,779 was restricted, \$576,131 was assigned, and \$9,762,190 was unassigned. The General Fund unassigned fund balance increased by \$2,259,175. The increase is mainly due to increased total revenue (excluding other financing sources) of \$2,036,205.
- As described in Note 4 to the financial statements, "Changes in Accounting Principles", the Town has implemented the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, for the year ended December 31, 2015. The implementation of these statements resulted in a restatement to the opening net position as of January 1, 2015. Prior year balances reflected in MD&A have been updated for comparison purposes.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

- *Fiduciary fund financial statements* provide information about the financial relationships in which the Town acts solely as a trustee or agent for the benefit of others (see page 39).

Reporting the Town as a Whole

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

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

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

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

Reporting the Town's Most Significant Funds

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

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

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

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Financial Highlights:

Net position

The Town's total assets and deferred outflows on December 31, 2015 were approximately \$1.2 billion, an increase of \$54.1 million over the prior year, as restated. Total liabilities and deferred inflows of resources were \$237.4 million, an increase of \$1.8 million from the prior year, as restated. The result is a net position of \$952.5 million, an increase of \$52.4 million over the prior year, as restated.

- Working capital of \$134.0 million on December 31, 2015 compared with the December 31, 2014 working capital of \$105.6 million, as restated, increased primarily due to a \$32.6 million increase in cash (unrestricted and restricted). The change in current liabilities is the result of an increase in accounts payable and the issuance of bond anticipation notes.
- Net investment in capital assets of \$890.8 million (compared to \$860.9 million in 2014, as restated) increased primarily due to a reduction of bond principal payable as a result of debt service payments and bond refunding, offset by capital outlay exceeding current year depreciation charges.
- The Town's restricted net position increased \$18.4 million. This classification represents assets subject to external restrictions. The increase is mainly due to an increase in restricted net position for Community Preservation operations offset by current year uses of the Town's debt service reserve.

	Governmental Activities		Business-type Activities		Totals	
	(As Restated)		(As Restated)		(As Restated)	
	2015	2014	2015	2014	2015	2014
Assets:						
Current assets	\$ 156,919,979	\$ 126,504,565	\$ 2,603,130	\$ 2,813,332	\$ 159,523,109	\$ 129,317,897
Capital assets, net	997,950,368	974,339,593	23,172,592	23,652,758	1,021,122,960	997,992,351
Total assets	\$1,154,870,347	\$1,100,844,158	\$ 25,775,722	\$ 26,466,090	\$1,180,646,069	\$1,127,310,248
Deferred outflows of resources	\$ 8,994,933	\$ 8,267,178	\$ 313,390	\$ 187,323	\$ 9,308,323	\$ 8,454,501
Liabilities:						
Current liabilities	\$ 24,540,331	\$ 22,702,351	\$ 1,008,087	\$ 1,005,464	\$ 25,548,418	\$ 23,707,815
Long-term liabilities	196,617,633	200,398,419	5,788,327	6,404,777	202,405,960	206,803,196
Total liabilities	\$ 221,157,964	\$ 223,100,770	\$ 6,796,414	\$ 7,410,241	\$ 227,954,378	\$ 230,511,011
Deferred inflows of resources	\$ 9,452,687	\$ 5,099,543	\$ 2,981	\$ -	\$ 9,455,668	\$ 5,099,543
Net position:						
Net investment in capital assets	\$ 873,900,018	\$ 844,231,835	\$ 16,884,481	\$ 16,682,301	\$ 890,784,499	\$ 860,914,136
Restricted	113,569,969	95,112,199	86,713	104,394	113,656,682	95,216,593
Unrestricted	(54,215,358)	(58,433,011)	2,318,523	2,456,476	(51,896,835)	(55,976,535)
Total net position	\$ 933,254,629	\$ 880,911,023	\$ 19,289,717	\$ 19,243,171	\$ 952,544,346	\$ 900,154,194

Change in Net Position

The Town's program revenues for the year ended December 31, 2015 were \$85.9 million, a decrease of \$3.7 million from 2014, which is primarily related to decreases in operating grants. General revenues of \$81.8 million were slightly higher (\$2.2 million increase) than last year. Total combined revenues for 2015 were \$167.7 million, a decrease of \$1.5 million from 2014. Expenses for the year ended December 31, 2015 were \$115.3 million reflecting a decrease of \$3.4 million compared to 2014, as restated, which is primarily related to decreases in general governmental support and home and community services expenses, offset by increases in most other categories. This resulted in a change in net position for the year ended December 31, 2015 of approximately \$52.4 million. The table below outlines a comparison of revenues and expenses for the Primary Government for the years ended December 31, 2015 and 2014:

	Governmental Activities		Business-type Activities		Totals	
	(As Restated)		(As Restated)		(As Restated)	
	2015	2014	2015	2014	2015	2014
Program revenues:						
Charges for services, fees, fines and forfeitures	\$ 12,683,102	\$ 12,497,649	\$ 4,294,656	\$ 3,863,814	\$ 16,977,758	\$ 16,361,463
Operating grants and contributions	66,401,212	70,647,232	31,109	782,905	66,432,321	71,430,137
Capital grants and contributions	2,453,459	1,819,374	-	-	2,453,459	1,819,374
Total program revenues	81,537,773	84,964,255	4,325,765	4,646,719	85,863,538	89,610,974
General revenues:						
Real property taxes	66,242,804	65,501,711	142,807	523,037	66,385,611	66,024,748
Other real property tax items	617,813	599,919	-	-	617,813	599,919
Non-property tax items	1,700,658	1,643,124	-	-	1,700,658	1,643,124
Interest earnings	1,034,392	685,415	9,784	9,457	1,044,176	694,872
State aid - unrestricted	11,908,460	10,477,475	-	-	11,908,460	10,477,475
Sale of property and compensation for loss	107,062	73,160	-	-	107,062	73,160
Miscellaneous	38,132	90,962	-	-	38,132	90,962
Total general revenues	81,649,321	79,071,766	152,591	532,494	81,801,912	79,604,260
Total revenues	163,187,094	164,036,021	4,478,356	5,179,213	167,665,450	169,215,234
Program expenses:						
General governmental support	24,266,171	28,458,103	-	-	24,266,171	28,458,103
Public safety	42,493,599	41,732,622	-	-	42,493,599	41,732,622
Health	2,989,335	2,943,708	-	-	2,989,335	2,943,708
Transportation	12,740,333	12,747,929	-	-	12,740,333	12,747,929
Economic assistance and opportunity	5,877,403	5,030,414	-	-	5,877,403	5,030,414
Culture and recreation	4,536,438	4,692,914	-	-	4,536,438	4,692,914
Home and community services	14,686,485	15,385,752	-	-	14,686,485	15,385,752
Interest on debt	3,597,585	3,903,364	206,253	229,882	3,803,838	4,133,246
Beaches and marinas	-	-	1,669,719	1,621,647	1,669,719	1,621,647
Waste management	-	-	2,132,958	1,924,917	2,132,958	1,924,917
Golf course	-	-	79,019	41,867	79,019	41,867
Total expenses	111,187,349	114,894,806	4,087,949	3,818,313	115,275,298	118,713,119
Excess before transfers	51,999,745	49,141,215	390,407	1,360,900	52,390,152	50,502,115
Interfund transfers	343,861	500,000	(343,861)	(500,000)	-	-
Change in net position	\$ 52,343,606	\$ 49,641,215	\$ 46,546	\$ 860,900	\$ 52,390,152	\$ 50,502,115

Governmental Activities

Revenues for the Town’s governmental activities decreased \$848,927, or 0.5%. Program revenues totaling \$81,537,773 accounted for 50% of total governmental activities revenue, and decreased \$3.4 million, primarily due to a decrease in operating grants and contributions offset by an increase in capital grants and contributions. General revenues, which includes revenue from property taxes and other tax items, totaled \$81,649,321, or 50.0% of total revenues, and increased by \$2.6 million mainly as a result of a budgeted increase in property tax revenue and an increase in unrestricted State aid.

- Operating grants and contributions decreased \$4.3 million mainly as a result of decreased revenue from the Community Preservation Fund transfer tax. This revenue fluctuates from year to year in proportion with the amount of real estate sold in the Town.
- Capital grants and contributions increased \$634,085 primarily as a result of increased grant revenues for ongoing capital projects related to the restoration of the Nathaniel Rogers House and the Riverside Revitalization.
- Real property taxes increased mainly due to a slight increase in the Town’s assessed property values, coupled with a slight change in the allocation of property taxes from 2014. This two factors resulted in an increase in the tax levy.

Expenses for the Town’s governmental activities decreased \$3.7 million, or 3.2%. Expenses relating to general governmental support, public safety, transportation and home and community services totaled \$94,186,588 and accounted for 84.7% of total expenses.

- Expenses relating to general governmental support decreased \$4.2 million, or 14.7% as a result of decreases in expenses related to contractual expenses (i.e. utilities, repairs and maintenance, professional services etc.).
- Public safety related expenses increased \$760,977, or 1.8% as a result of increased personnel service costs, and the related employee benefits expense.
- Economic assistance and opportunity expenses increased \$846,989, or 16.8% as a result of increases in program attendance as shown by the increase in program revenues in Table 3.
- Expenses relating to home and community services decreased by \$699,267, or 4.5% due to decreases in spending for contractual expenses.
- Interest expense relating to debt decreased \$305,779, or 7.8% as a result of lower interest payments required for debt that has been advance refunded in prior years.

The cost of all governmental activities this year was \$111.2 million (page 31). However, as shown in the Statement of Activities, the amount that taxpayers ultimately financed for these activities through Town taxes was only \$66.2 million, because some of the cost was paid by those who directly benefited from the programs (\$12.7 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$68.9 million).

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

Table 3:
 Net Costs of Services
 Governmental Activities
 For the Years Ended December 31,

	Total Cost of Services		Program Revenues		Net (Cost) of Services	
	2015	2014	2015	2014	2015	2014
General governmental support	\$ 24,266,171	\$ 28,458,103	\$ 62,467,638	\$ 66,635,893	\$ 38,201,467	\$ 38,177,790
Public safety	42,493,599	41,732,622	3,010,808	2,931,164	(39,482,791)	(38,801,458)
Health	2,989,335	2,943,708	-	-	(2,989,335)	(2,943,708)
Transportation	12,740,333	12,747,929	2,564,619	2,240,292	(10,175,714)	(10,507,637)
Economic assistance and opportunity	5,877,403	5,030,414	1,680,800	1,560,349	(4,196,603)	(3,470,065)
Culture and recreation	4,536,438	4,692,914	685,070	730,256	(3,851,368)	(3,962,658)
Home and community services	14,686,485	15,385,752	11,128,838	11,066,301	(3,557,647)	(4,319,451)
Interest on debt	3,597,585	3,903,364	-	-	(3,597,585)	(3,903,364)
	<u>\$ 111,187,349</u>	<u>\$ 114,894,806</u>	<u>\$ 81,537,773</u>	<u>\$ 85,164,255</u>	<u>\$ (29,649,576)</u>	<u>\$ (29,730,551)</u>

Table 4: Sources of Revenues for Fiscal Year 2015 - Governmental Activities

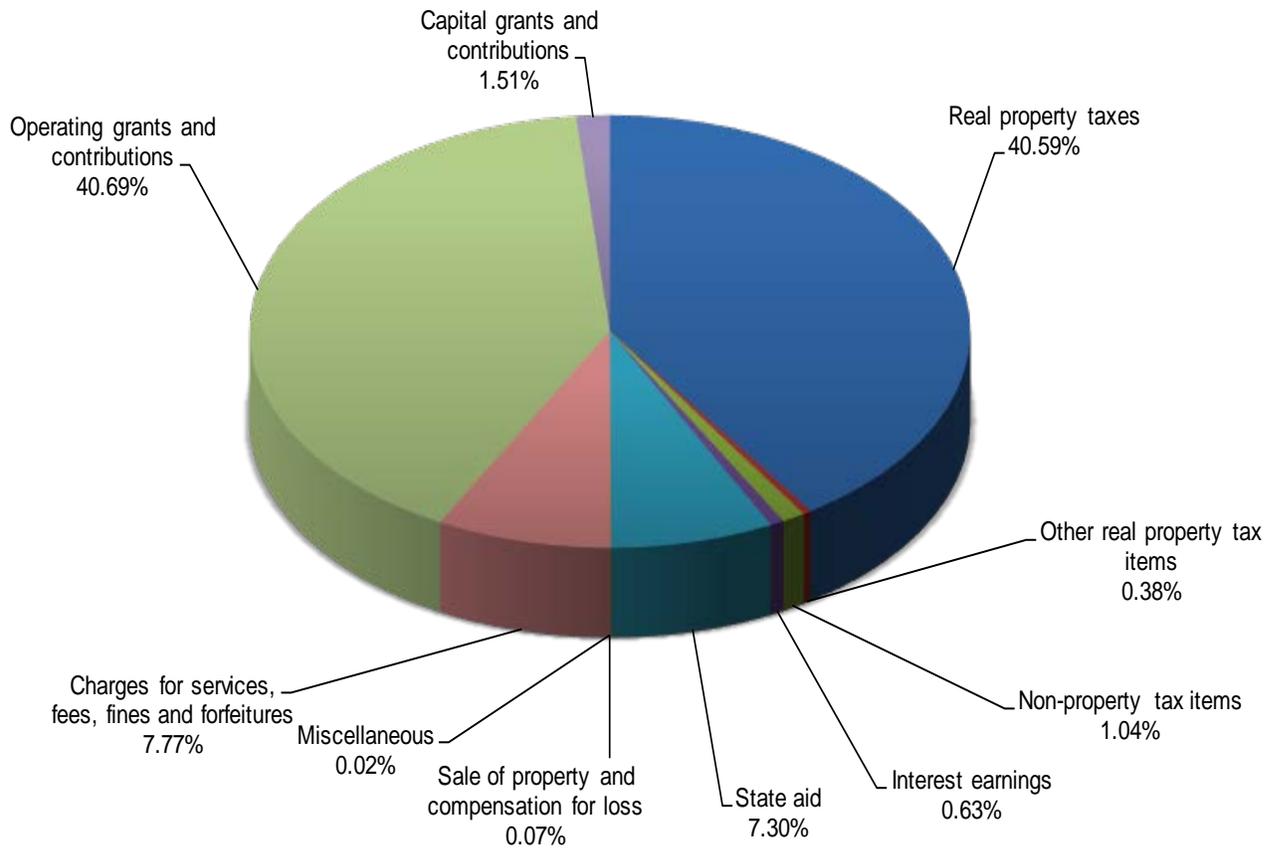
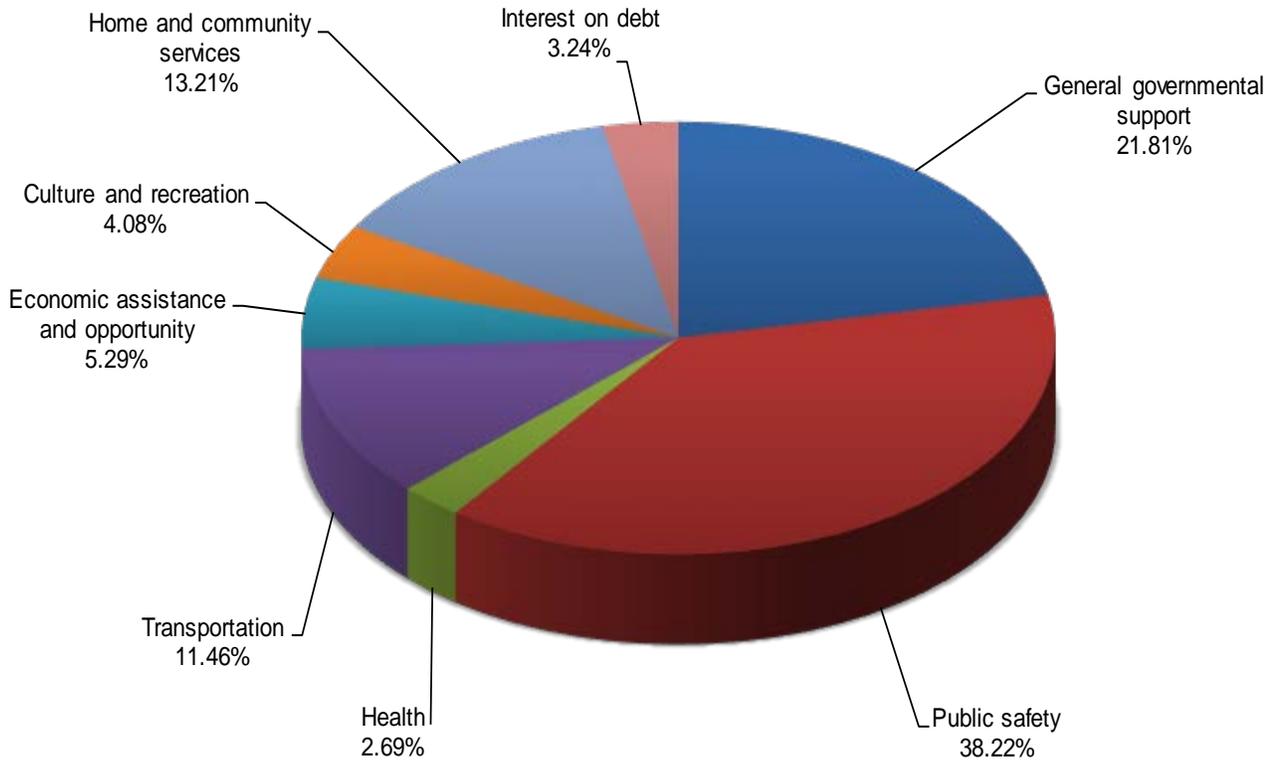


Table 5: Expenses for Fiscal Year 2015 - Governmental Activities



Business-Type Activities

The Town's total program revenues from business-type activities increased by \$320,954, or 6.9% over 2014. Some significant year-end financial data relating to these entities are highlighted as follows:

- Operating revenues in the Beaches and Marinas Fund totaled \$2.2 million in 2015. Operating revenue was more than 2014, due to an increase in charges for services as a result of an increase in fees and an increase in sales. The fund increased net position \$423,120, as compared to an increase of \$234,802 in 2014. Operating expenses were comparable year over year (see page 37).
- Operating revenue in the Waste Management Fund totaled \$2.0 million in 2015 which is consistent with 2014. Net position decreased \$345,058 in 2015. The decrease in net position is mostly due to an increase in operating expenses and non-operating items. Non-operating revenues in 2014 were significantly higher than 2015 as a result of the Town receiving grant funding from New York State to subsidize the cost of disposing hazardous materials. The grant funding did not reoccur in 2015, causing the variance. The Fund's ending net position was approximately \$2.4 million (see page 37).
- The Golf Course experienced a slight increase in operating revenues and a decrease in operating expenses. However, non-operating items contributed a net loss of \$98,818 as a result of interfund transfers made to the General Fund of \$100,000. The fund realized an operating gain of approximately \$67,000 in 2015 compared with a gain of approximately \$93,000. The decrease in operating income is due to an increase in operating expenses of approximately \$37,000 due to increases in repairs and other contractual expenses. Total net position for 2015 was \$5.9 million (see page 37).

Table 6: Sources of Revenues for Fiscal Year 2015 - Business-Type Activities

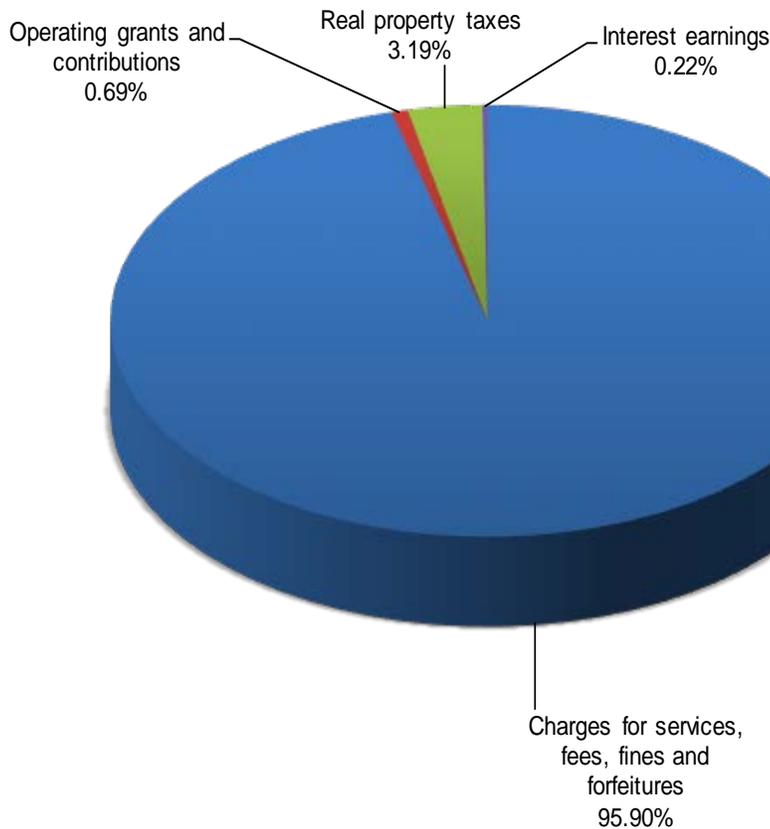
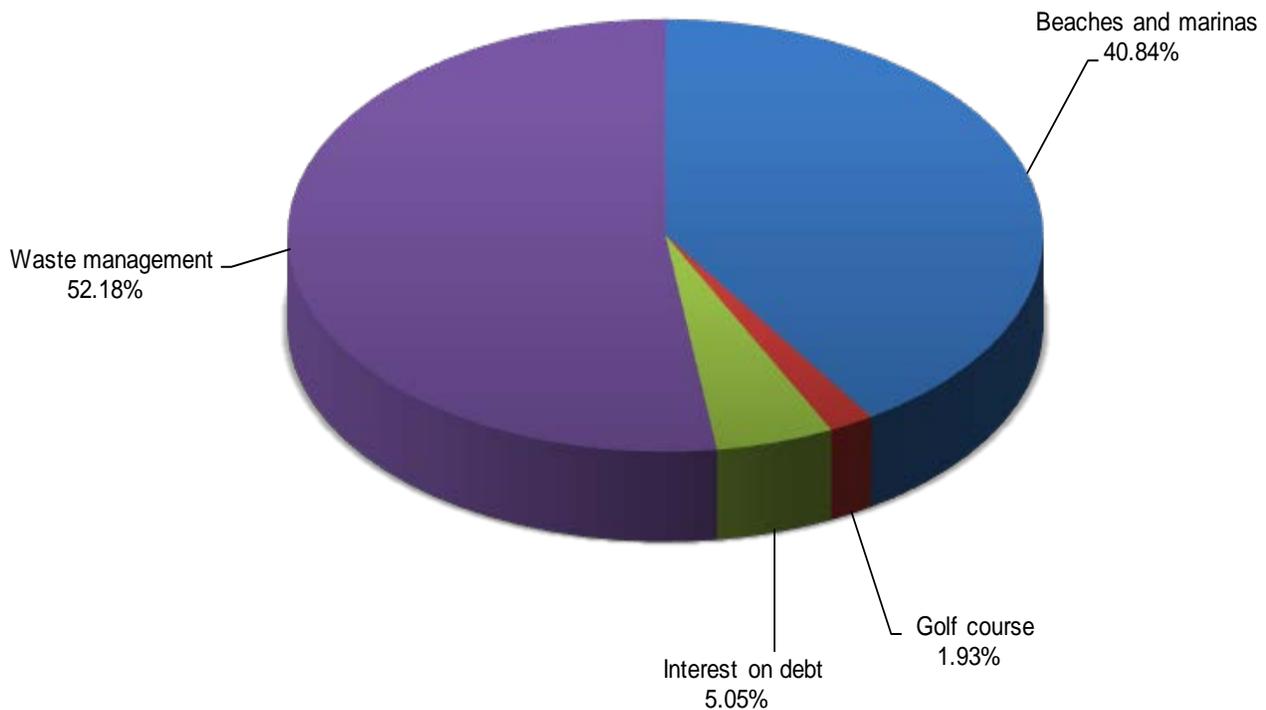


Table 7: Expenses for Fiscal Year 2015 - Business-Type Activities



FINANCIAL ANALYSIS OF CERTAIN TOWN GOVERNMENTAL FUNDS

Governmental Funds

General Fund assets increased by \$3.7 million mainly as a result of increased cash and cash equivalents. The increase in cash and cash equivalents is due partly to the increase in revenues increasing approximately \$2.0 million while expenditures stayed consistent, and due to the increase in property taxes paid in advance of \$1.2 million (deferred inflows of resources). Total liabilities increased slightly due to increases in accounts payable and accrued liabilities as a result of the timing of payments made near year-end.

Increases in the General Fund's revenue were mostly the result of an increase in State aid. State aid revenue derived from mortgage taxes that are received by the Town quarterly, increased by \$1.3 million. This increase accompanied by the Town's receipt of residual grant funds (approximately \$300,000) from the New York State Department of Homeland Security for expenses incurred during Superstorm Sandy, resulted in an increase in State aid for the General Fund. Other increases in revenues are for collections of fines and forfeitures from the Town's Justice Court, a total increase of approximately \$75,000.

General Fund expenditures decreased slightly by approximately \$51,000. However, debt service expenditures (principal and interest) were reduced by \$307,289 as a result of decreased interest expense from the advanced refunding of serial bonds in prior years. Other financing sources for the general fund totaled \$130,417 (compared to \$278,621 in 2014). The decrease in other financing sources is due to an increase in interfund transfers out (in accordance with the revised budget).

The General Fund's spendable fund balance consists of \$9.8 million in unassigned funds, restricted reserves of \$4.4 million, and \$576,000 in assigned fund balance, which combined, represents 41.3% of annual General Fund operating expenditures.

Assets in the Police District Fund increased by \$1,299,278, which was driven mainly by an increase in cash and cash equivalents as a result of an increase in property taxes paid in advance (deferred inflows of resources). Liabilities increased by \$275,169 as a result of an increase in accounts payable, mainly as a result of the timing of payments made near year-end.

The Police District Fund fund balance decreased by \$214,319 as a result of an increase in expenditures of \$790,158 offset only by a slight increase in revenues of \$140,287. The increase in expenditures is the result of an increase in the cost of police protection services, including salaries and the related employee benefits. Spendable fund balance in the Police Fund consists of \$40,559 restricted for future debt service, and \$1,325,918 in assigned fund balance.

The Town Outside Village Fund assets increased \$560,997 mainly driven by an increase in cash and cash equivalents as a result of an increase in property taxes paid in advance (deferred inflows of resources). Liabilities increased by \$12,376 due to an increase in accounts payable.

The Town Outside Village Fund total revenue decreased by \$478,914 from a budgeted decrease in the property tax allocation to this fund of \$277,096 and a decrease in revenues from departmental income and licenses and permits. The increase in expenditures, \$382,679, was less than the decrease in revenue allowing the fund to record a positive change in fund balance of \$479,900. Fund balance at year-end was \$3,444,076.

The Highway Fund assets increased \$1,394,068 due to an increase in cash and cash equivalents and restricted cash of \$929,731, along with an increase in State and federal aid receivables of \$357,437. The increase in cash and cash equivalents is the result of an increase in property taxes paid in advance (deferred inflows of resources). The increase in restricted cash is due to an increase in the fund's debt service reserve as a result of projects being closed out or cancelled in the Capital Projects Fund. The increase in State and federal aid receivable is the result of the Town submitting a voucher for payment in December 2015 to the New York State Department of Transportation for the reimbursement of road repair expenses under the Consolidated Highway Improvement Program ("CHIPS"). Liabilities in the Highway Fund increased by \$194,991 from increases in accounts payable.

Highway Fund revenues increased \$717,602 mainly due to increases in State aid revenue. State funding for roadwork performed on Springville Road in Hampton Bays is being funded by the New York State Department of Transportation. Expenses (and the reimbursements) related to those funds increased in 2015. Property tax allocations were budgeted higher in 2015 by \$509,523 also contributing to the increase in revenue. Highway Fund expenditures were slightly higher in 2015 by \$224,559 as a result of increased spending on road repair and equipment. Interfund transfers totaled \$872,000 and were related to the transfer of bond proceeds that were not used for the intended capital projects. As discussed above, the transfer was offset by an increase in the restricted debt service reserve. Total fund balance at year-end was \$2,577,847.

Public Safety Communication Fund assets increased \$359,756. The increase is driven by an increase in cash and cash equivalents of \$366,971 from an increase in property taxes paid in advance (\$125,134) and a positive change in fund balance of \$232,305.

Revenues in the Public Safety Communications Fund were slightly higher than 2014 by \$85,703 as a result of increased property tax revenue per the budgeted allocation of the tax levy. Expenditures in the fund were generally consistent year over year. Interfund transfers in increased by \$147,921 as a result of a budgeted transfer from the Town's special revenue fund. Total fund balance at year-end was \$812,235.

The Capital Projects Fund had an increase in fund balance of \$149,612. This is due to the timing of when revenues are recorded from the issuance of long-term debt, and when the expenditures for the related projects are incurred. During 2015, the Town issued \$4.9 million in public improvement serial bonds for capital project purposes. The Town also issued \$3.3 million in bond anticipation notes for various capital improvements and equipment purchases. Capital outlay increased \$2,317,870 as a result of the increased financing for ongoing capital projects. Other financing sources increased slightly as a result of increased appropriation from other funds (part of the revised budget).

In the Community Preservation Fund, fund balance increased by \$18.6 million as a result of excess revenues over expenditures. Revenues in the fund decreased by \$4,236,634 mainly as a result of a decrease in receipt from the 2% transfer tax for real estate sold within the Town. Expenditures in the fund decreased by \$8,731,994 since the fund did not purchase as much land for conservation as in 2014. In 2014, the Community Preservation Fund purchased \$35.7 million in land, and in 2015 the fund purchased \$23.3 million in land. Total fund balance restricted for the Community Preservation Fund operations was \$94,235,375.

Total assets in the non-major governmental funds totaled \$12,621,602 in 2015 which is \$332,574 higher than 2014. The increase is due to an increase in cash and cash equivalents as a result of an increase in property taxes paid in advance of \$526,755, and an increase in accounts receivable, net of \$248,711, offset by a decrease in restricted cash of \$472,448. The decrease in restricted cash is mainly due to the use of cash for expenditures in the Town's Special Fund.

Non-major funds fund balance decreased by \$450,475 as result of expenditures exceeding revenues in the Town's Special Fund and the Coastal Erosion District Fund. The Town's Special Fund holds restricted revenues that are externally restricted for specific uses. The Town's Coastal Erosion District Fund is used to account for debt service payments resulting from an Erosion Control District Bond issued in 2013 and to account for projects pertaining to the Erosion Control of certain Town beaches. Expenditures in both of these funds will vary from year to year. Total fund balance for the Town's non-major governmental funds totaled \$10,602,320 at December 31, 2015.

At December 31, 2015, the Town's governmental funds had a combined fund balance of \$139,059,760, which is an increase of \$21.5 million from the previous year. Fund balances for the Town's governmental funds for the past two years were as follows:

<u>Governmental Funds:</u>	<u>2015</u>	<u>2014</u>
General Fund	\$ 16,617,547	\$ 14,324,177
Police District Fund	2,496,209	2,710,528
Town Outside Village Fund	3,444,076	2,964,176
Highway Fund	2,577,847	2,169,431
Public Safety Communications Fund	812,235	579,930
Capital Projects Fund	8,274,151	8,124,539
Community Preservation Fund	94,235,375	75,633,404
Non-Major Governmental Funds	<u>10,602,320</u>	<u>11,052,795</u>
Total fund balances	<u>\$ 139,059,760</u>	<u>\$ 117,558,980</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

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

	<u>Budgeted Amounts</u>		<u>Actual Including Encumbrances</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Revised</u>		
Revenues	\$ 36,339,017	\$ 36,426,870	\$ 37,806,284	\$ 1,379,414
Expenditures	37,064,995	37,208,198	35,767,028	1,441,170
Other financing sources	<u>725,978</u>	<u>781,328</u>	<u>130,417</u>	<u>(650,911)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,169,673</u>	<u>\$ 2,169,673</u>

Overall the General Fund performed better than anticipated by \$2,169,673. The performance was driven by greater than anticipated total revenues of \$1.4 million, a savings in expenditures of \$1.4 million, and more than anticipated other sources of financing of approximately \$650,000. The Town originally budgeted for a \$372,117 loss (appropriated fund balance), but performed better by \$2.5 million. Some highlights include:

- Franchise fees were more than revised budget by \$86,001 due to higher than anticipated reimbursements from cable providers. These fees are generally based on subscribers which can vary from year to year.
- Departmental income was greater than anticipated by \$29,640 mainly due to an increase in program participants for the Town's various community programs.

- Use of money and property was higher than expected by \$59,463 as a result of increases in interest and earnings. The Town has taken advantage of the highest interest rates by moving money to different banks when possible. Commercial dock rentals were also higher due to more use by boaters.
- Revenues from State aid were \$1.6 million greater than expected as a result of higher than anticipated mortgage tax aid and residual reimbursements from Superstorm Sandy from the New York State Department of Homeland Security.
- After encumbrances general governmental support expenditures recorded a savings of \$692,004, spending in almost all categories was less than anticipated.
- Public safety expenditures were less than anticipated by \$165,380. Utility expenditures were less than revised budget by approximately \$91,000 accounting for the majority of the savings.
- Employee benefit expenses in the General Fund were less than anticipated by \$276,701. Expenditures for salaries part-time and full-time in the General Fund were generally less than budgeted, therefore the related employee benefit expenditures were also under budget.

A budgetary comparison schedule within the required supplementary information section of this report has been provided for further analysis in regards to the General Fund budget on pages 81-87.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015, the Town had \$1.0 billion invested in a broad range of capital assets, including beaches, land, police equipment, buildings, park facilities, roads, bridges and water infrastructure (See Table 10).

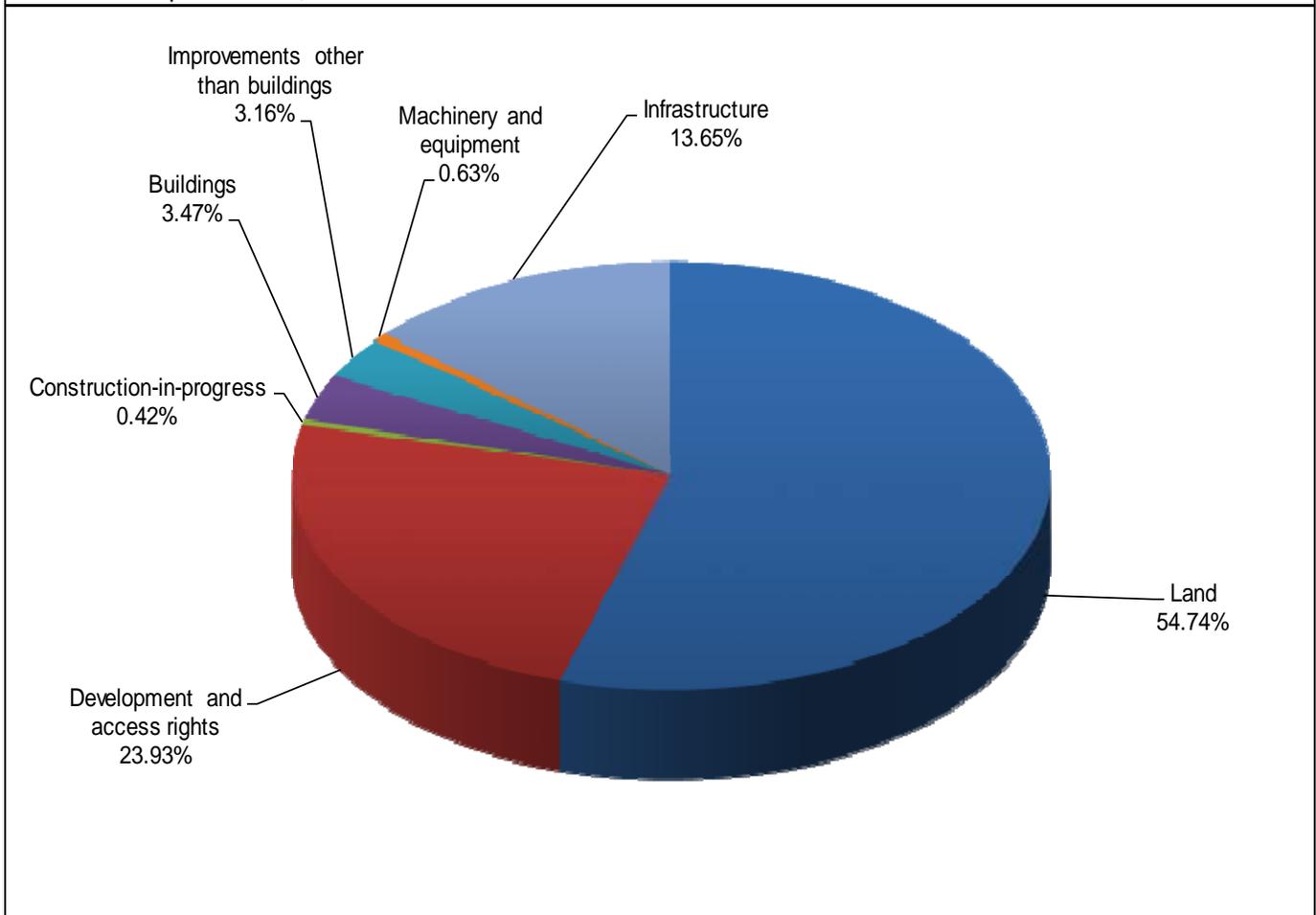
The Town's fiscal year 2015 capital budget included the continuation of funding for infrastructure improvements. Of the \$21.2 million capital spending plan in 2015, \$4.7 million was dedicated to the reconstruction of roads, bridges, and drainage improvement projects, \$3.8 million was dedicated to municipal works projects, \$3.8 million was dedicated to parks and recreation and other revitalization programs, and the remainder of the budget was allocated to various information technology upgrades and other general business improvements.

Table 10:

Capital Assets
As of December 31,

<u>Governmental Activities:</u>	2015	(As Restated) 2014
Land	\$ 545,653,162	\$ 522,319,967
Development and access rights	244,344,289	236,073,020
Construction-in-progress	4,273,875	1,075,208
Buildings	32,243,410	32,423,445
Improvements other than buildings	26,522,394	28,170,048
Machinery and equipment	5,514,927	5,417,212
Infrastructure	139,398,311	148,860,693
Total	<u>\$ 997,950,368</u>	<u>\$ 974,339,593</u>
 <u>Business-type Activities:</u>		
Land	\$ 13,329,090	\$ 13,329,090
Construction-in-progress	4,157	85,065
Buildings	3,191,467	3,287,627
Improvements other than buildings	5,773,003	6,070,910
Machinery and equipment	874,875	880,066
Total	<u>\$ 23,172,592</u>	<u>\$ 23,652,758</u>

Table 11: Capital Assets, Net for Fiscal Year 2015



Long-Term Debt

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

The Town's debt management policy limits the Town's debt service funded by taxpayers to not more than 15% of operating expenditures, excluding the Community Preservation Fund. For 2015, the Town's governmental funds total debt service was approximately \$13.9 million, of which \$4.1 million was paid by the Community Preservation Fund, resulting in taxpayer supported debt service of approximately \$9.8 million. Governmental funds debt service expenditures including interest in 2015, excluding CPF, was 11.4% of operating expenditures.

The Town of Southampton's current outstanding bonded indebtedness was \$123.6 million at year-end 2015, of which \$43.2 million was related to the Community Preservation Fund land purchases, \$17.8 million to the Coastal Erosion District Fund, \$27.1 million related to highway improvements, \$5.4 million for the Hampton Bays Water District and the remaining \$30.1 million related to various other improvements and equipment acquisitions.

Pursuant to New York State Local Finance Law §104, the Town's outstanding long-term debt must be no more than 7% of the five-year average full valuation of real property. This is also known as the "constitutional debt limit". At December 31, 2015, the Town had exhausted 3.10% of its limit.

The Town has accrued a \$62.2 million obligation for other post-employment benefits in accordance with GASB Pronouncements on the Town-wide financial statements. Note 13 to the financial statements shows the details of the Town's long-term liabilities in this area.

Union Contracts

The Town provides services through approximately 17 elected officials, 481 full-time employees and approximately 133 part-time employees. The Town employs approximately 300 part-time seasonal employees. The Town also has 44 appointed Board members. The Civil Service Employees Association (“CSEA”) represents approximately 291 employees under a contract which expires on December 31, 2017. The Police Benevolent Association (“PBA”) represents approximately 73 employees under a contract which expires on December 31, 2016. The Superior Officers Association (“SOA”) represents approximately 18 employees under a contract which expired on December 31, 2013. The Chief of Police is a non-union employee. Accordingly, the Town has accrued for any potential retroactive payments (when material) related to unresolved contract negotiations that may have an adverse effect on the Town’s operating results when such contracts are finalized.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

The Town’s elected officials considered many factors when setting the fiscal-year 2016 budget, tax rates and fees to be charged for the business-type activities. The 2016 Adopted Operating Budget was primarily structurally balanced and the only funds with appropriated fund balance were the General Fund (\$452,434), Police District Fund (\$250,000), Town Outside Village Fund (\$750,000), Highway Fund (\$175,000), Public Safety Communications Fund (\$150,000) and the Coastal Erosion District Fund (\$174,728). In 2003, the Town Board mandated a 5% cap on any increases in the Town tax rate in any given year. Beginning in 2012, New York State mandated a 2% cap on any increases in the Town tax rate in any given year. The 2016 Operating Budget was projected to meet the 2% Tax Levy cap enacted by the New York State Governor.

See pages 81 through 98, as well as pages 109 through 116 for budget versus actual comparisons.

Tax Collection

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

As of May 31,	Total Tax Levy	To Town Supervisor	To County Treasurer	Uncollected Returned
2015	\$ 345,901,340	\$ 325,906,413	\$ 19,994,927	\$ 19,252,164
2014	340,835,983	322,100,896	18,735,087	14,384,949
2013	331,493,841	315,112,728	16,381,113	13,671,438
2012	322,746,273	307,538,277	15,207,996	12,695,891
2011	313,906,596	297,658,185	16,248,411	14,387,403

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

Business-Type Activities

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

- The adopted budget for the Beaches and Marina Fund projects revenue of \$1.9 million, (consistent with the budget for 2016), and an expense budget of \$2.1 million, calling for a use of net position of \$200,000. At the time the budget was built there was a projected surplus of approximately \$700,000 (before depreciation expense). Using the performance of 2015 as a baseline, the fund should self-sustain for 2016.
- The Waste Management Fund’s net position during 2015 decreased. For 2016, the Town anticipates similar performance as projected revenues are \$2.1 million and projected expenses are expected to be \$2.4 million. The deficiency will be funded by the Fund’s net position. The adopted budget is consistent with the actual performance of 2015.

FACTOR'S BEARING ON THE FUTURE OF THE TOWN

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

- The "Tax Levy Limitation Law" which was enacted on June 24, 2011, restricts the amount of property taxes that may be levied in a particular year. Although there are exceptions, exemptions, and overrides to the limitation, the Law has made budgetary decisions more difficult. Local governments may override the tax levy limit by first passing a local law that allows for the tax levy limit to be exceeded, which requires a 60% vote of the total voting power of the governing board. The Town has complied with this law and has not required an override vote. The Law was extended in July of 2015, and is now set to expire on June 15, 2020.
- In July 2014, the New York State Department of Taxation and Finance introduced the "Property Tax Freeze Credit" program. This program is a two-year tax relief program that reimburses qualifying New York State homeowners for increases in local property taxes on their primary residences. As a result, more pressure is placed on the Town to stay within the current tax levy limitation, making budgetary decisions more difficult.
- Changes in accounting principles which are set to be implemented in subsequent years will force the Town to recognize the full obligation due under other post-employment benefit arrangements. This could adversely affect the Town's Statement of Net Position by increasing the amount reported for total liabilities.
- Changes in the New York State Employee's Retirement System assumed rate of return and required employer contributions rates, could affect the amount of the Town's net pension liability on their Statement of Net Position. The assumed rate of return is currently 7.5% however, in September 2015 the New York State Comptroller lowered the assumed rate of return to 7.0%. These changes will impact the Town's current resource measurement as well as their economic resource measurement.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Comptroller's Office at Town of Southampton, 116 Hampton Road, Southampton, NY 11968 (631) 283-6000.

FINANCIAL SECTION

TOWN OF SOUTHAMPTON
STATEMENT OF NET POSITION
DECEMBER 31, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Town of Southampton Housing Authority	Trustees of the Freeholders and Commonalty
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 25,575,055	\$ 2,199,125	\$ 27,774,180	\$ 47,369	\$ 1,069,303
Restricted cash	114,637,788	86,713	114,724,501	285,151	-
Accounts receivable, net	4,834,278	144,361	4,978,639	-	507
Due from Southampton Community Development Corporation	-	-	-	91,759	-
State and federal aid receivables	3,444,346	-	3,444,346	-	-
Due from fiduciary funds	1,513,549	148,086	1,661,635	-	-
Due from other governments	5,058,218	-	5,058,218	33,540	-
Prepaid expenses	1,856,745	14,845	1,871,590	17,615	-
Inventory of materials and supplies	-	10,000	10,000	-	-
Other assets	-	-	-	11,586	-
Noncurrent assets:					
Loan receivable	-	-	-	500,000	-
Due from Southampton Community Development Corporation	-	-	-	150,000	-
Tenant security deposits	-	-	-	15,300	-
Bond proceeds held by fiscal agent	-	-	-	103,002	-
Capital assets:					
Non-depreciable capital assets	794,271,326	13,333,247	807,604,573	683,700	-
Depreciable capital assets, net	203,679,042	9,839,345	213,518,387	2,642,441	-
Total assets	1,154,870,347	25,775,722	1,180,646,069	4,581,463	1,069,810
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge from refunding bonds	556,257	114,830	671,087	-	-
Pension related	8,438,676	198,560	8,637,236	-	-
Total deferred outflows of resources	8,994,933	313,390	9,308,323	-	-
LIABILITIES					
Current liabilities:					
Accounts payable	2,526,817	88,065	2,614,882	20,031	67,875
Accrued liabilities	603,194	-	603,194	28,716	-
Accrued interest payable	1,183,880	58,554	1,242,434	-	-
Bond anticipation notes payable	3,345,640	-	3,345,640	-	-
Due to fiduciary funds	1,566,056	-	1,566,056	-	-
Due to other governments	223,966	-	223,966	-	-
Unearned revenue	-	38,120	38,120	1,680	8,456
Noncurrent liabilities due within one year:					
General obligation bonds payable, net	14,464,730	813,348	15,278,078	74,030	-
Special assessment bonds with governmental commitment	32,598	-	32,598	-	-
Compensated absences	200,000	10,000	210,000	-	-
Judgments and claims payable	274,950	-	274,950	-	-
Estimated liability for landfill closure and post-closure care costs	118,500	-	118,500	-	-
Noncurrent liabilities due in more than one year:					
General obligation bonds payable, net	106,696,160	5,589,593	112,285,753	3,271,922	-
Special assessment bonds with governmental commitment	67,479	-	67,479	-	-
Note payable	-	-	-	650,000	-
Compensated absences	8,988,588	66,825	9,055,413	-	-
Retainages held	85,485	-	85,485	-	-
Judgments and claims payable	2,667,550	-	2,667,550	-	-
Net pension liability - proportionate share	4,309,054	131,909	4,440,963	-	-
Other post-employment benefits	70,744,981	-	70,744,981	-	-
Tenant security deposits	-	-	-	15,300	-
Estimated liability for landfill closure and post-closure care costs	3,058,336	-	3,058,336	-	-
Total liabilities	221,157,964	6,796,414	227,954,378	4,061,679	76,331
DEFERRED INFLOWS OF RESOURCES					
Property taxes	8,933,820	-	8,933,820	-	-
Pension related	287,313	2,981	290,294	-	-
Unavailable grant revenues	231,554	-	231,554	-	-
Total deferred inflows of resources	9,452,687	2,981	9,455,668	-	-
NET POSITION					
Net investment in capital assets	873,900,018	16,884,481	890,784,499	265,340	-
Restricted:					
Debt service	7,421,818	86,713	7,508,531	-	-
Tax stabilization	3,732,476	-	3,732,476	-	-
Capital projects	8,274,151	-	8,274,151	-	-
Community preservation operations	88,338,767	-	88,338,767	-	-
Community and park improvements	5,704,934	-	5,704,934	285,151	-
HUD grants	97,823	-	97,823	-	-
Unrestricted	(54,215,358)	2,318,523	(51,896,835)	(30,707)	993,479
Total net position	\$ 933,254,629	\$ 19,289,717	\$ 952,544,346	\$ 519,784	\$ 993,479

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

TOWN OF SOUTHAMPTON
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Revenues				Net Revenues (Expenses) and Changes in Net Position			Component Units	
	Expenses	Charges for Services Fees, Fines and Forfeitures	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Town of Southampton Housing Authority	Trustees of the Freeholders and Commonalty
Functions and programs:									
Primary Government -									
Governmental activities:									
General governmental support	\$ 24,266,171	\$ 821,385	\$ 60,669,122	\$ 977,131	\$ 38,201,467	\$ -	\$ 38,201,467		
Public safety	42,493,599	2,690,072	320,736	-	(39,482,791)	-	(39,482,791)		
Health	2,989,335	-	-	-	(2,989,335)	-	(2,989,335)		
Transportation	12,740,333	1,017,836	73,380	1,473,403	(10,175,714)	-	(10,175,714)		
Economic assistance and opportunity	5,877,403	934,721	746,079	-	(4,196,603)	-	(4,196,603)		
Culture and recreation	4,536,438	37,170	647,900	-	(3,851,368)	-	(3,851,368)		
Home and community services	14,686,485	7,181,918	3,943,995	2,925	(3,557,647)	-	(3,557,647)		
Interest on debt	3,597,585	-	-	-	(3,597,585)	-	(3,597,585)		
Total governmental activities	<u>111,187,349</u>	<u>12,683,102</u>	<u>66,401,212</u>	<u>2,453,459</u>	<u>(29,649,576)</u>	<u>-</u>	<u>(29,649,576)</u>		
Business-type activities:									
Beaches and marinas	1,669,719	2,180,432	7,358	-	-	518,071	518,071		
Waste management	2,132,958	1,969,182	22,472	-	-	(141,304)	(141,304)		
Golf course	79,019	145,042	1,279	-	-	67,302	67,302		
Interest on debt	206,253	-	-	-	-	(206,253)	(206,253)		
Total business-type activities	<u>4,087,949</u>	<u>4,294,656</u>	<u>31,109</u>	<u>-</u>	<u>-</u>	<u>237,816</u>	<u>237,816</u>		
Total primary government	<u>\$ 115,275,298</u>	<u>\$ 16,977,758</u>	<u>\$ 66,432,321</u>	<u>\$ 2,453,459</u>	<u>(29,649,576)</u>	<u>237,816</u>	<u>(29,411,760)</u>		
Component Units -									
Town of Southampton									
Housing Authority:									
Economic assistance and opportunity	<u>\$ 1,003,742</u>	<u>\$ 361,854</u>	<u>\$ 589,696</u>	<u>\$ -</u>				<u>\$ (52,192)</u>	
Trustees of the Freeholders and Commonalty:									
Home and community	<u>\$ 673,031</u>	<u>\$ 851,848</u>	<u>\$ -</u>	<u>\$ -</u>					<u>\$ 178,817</u>
General revenues:									
Real property taxes					66,242,804	142,807	66,385,611	-	-
Other real property tax items					617,813	-	617,813	-	-
Non-property tax items					1,700,658	-	1,700,658	-	-
Interest earnings					1,034,392	9,784	1,044,176	401	851
State aid - unrestricted					11,908,460	-	11,908,460	-	-
Sale of property and compensation for loss					107,062	-	107,062	350	-
Miscellaneous					38,132	-	38,132	-	4,212
Total general revenues					<u>81,649,321</u>	<u>152,591</u>	<u>81,801,912</u>	<u>751</u>	<u>5,063</u>
Excess revenues over expenses before transfers					51,999,745	390,407	52,390,152	(51,441)	183,880
Interfund transfers					343,861	(343,861)	-	-	-
Change in net position					52,343,606	46,546	52,390,152	(51,441)	183,880
Total net position, beginning of year, as restated (see note 18)					<u>880,911,023</u>	<u>19,243,171</u>	<u>900,154,194</u>	<u>571,225</u>	<u>809,599</u>
Total net position, end of year					<u>\$ 933,254,629</u>	<u>\$ 19,289,717</u>	<u>\$ 952,544,346</u>	<u>\$ 519,784</u>	<u>\$ 993,479</u>

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

TOWN OF SOUTHAMPTON
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	MAJOR FUNDS						MAJOR FUNDS			
	General Fund	Police District Fund	Town Outside Village Fund	Highway Fund	Public Safety Communications Fund	Non-Major Governmental Funds	Total Operating Funds	Capital Projects Fund	Community Preservation Fund	Total Governmental Funds
ASSETS										
Cash and cash equivalents	\$ 11,405,816	\$ 1,986,225	\$ 3,299,177	\$ 2,898,199	\$ 966,997	\$ 5,018,641	\$ 25,575,055	\$ -	\$ -	\$ 25,575,055
Restricted cash	4,388,779	40,559	75,698	656,488	3,616	6,389,658	11,554,798	13,887,820	89,195,170	114,637,788
Accounts receivable, net	1,014,017	360,969	1,500	2,757	8,545	1,146,157	2,533,945	-	54,610	2,588,555
State and federal aid receivables	322,633	2,244,561	-	842,159	34,993	-	3,444,346	-	-	3,444,346
Due from fiduciary funds	1,304,697	-	100,000	108,852	-	-	1,513,549	-	-	1,513,549
Due from other governments	18,546	-	-	2,435	-	-	20,981	-	5,037,237	5,058,218
Prepaid items	1,890,447	1,129,732	220,870	270,787	90,101	67,146	3,669,083	-	4,213	3,673,296
Total assets	<u>\$ 20,344,935</u>	<u>\$ 5,762,046</u>	<u>\$ 3,697,245</u>	<u>\$ 4,781,677</u>	<u>\$ 1,104,252</u>	<u>\$ 12,621,602</u>	<u>\$ 48,311,757</u>	<u>\$ 13,887,820</u>	<u>\$ 94,291,230</u>	<u>\$ 156,490,807</u>
LIABILITIES										
Accounts payable	\$ 498,454	\$ 364,123	\$ 23,484	\$ 496,246	\$ 4,581	\$ 229,096	\$ 1,615,984	\$ 857,344	\$ 53,489	\$ 2,526,817
Accrued liabilities	229,685	83,881	4,798	15,391	2,956	264,377	601,088	-	2,106	603,194
Bond anticipation notes payable	-	-	-	-	-	-	-	3,345,640	-	3,345,640
Due to fiduciary funds	-	37,566	-	-	1,896	115,649	155,111	1,410,685	260	1,566,056
Due to other governments	223,966	-	-	-	-	-	223,966	-	-	223,966
Total liabilities	<u>952,105</u>	<u>485,570</u>	<u>28,282</u>	<u>511,637</u>	<u>9,433</u>	<u>609,122</u>	<u>2,596,149</u>	<u>5,613,669</u>	<u>55,855</u>	<u>8,265,673</u>
DEFERRED INFLOWS OF RESOURCES										
Property taxes	2,775,283	2,780,267	224,887	1,692,193	282,584	1,178,606	8,933,820	-	-	8,933,820
Unavailable grant revenues	-	-	-	-	-	231,554	231,554	-	-	231,554
Total deferred inflows of resources	<u>2,775,283</u>	<u>2,780,267</u>	<u>224,887</u>	<u>1,692,193</u>	<u>282,584</u>	<u>1,410,160</u>	<u>9,165,374</u>	<u>-</u>	<u>-</u>	<u>9,165,374</u>
FUND BALANCE										
Fund balance:										
Nonspendable	1,890,447	1,129,732	220,870	270,787	90,101	67,146	3,669,083	-	4,213	3,673,296
Restricted	4,388,779	40,559	75,698	656,488	3,616	5,899,516	11,064,656	8,274,151	94,231,162	113,569,969
Assigned	576,131	1,325,918	3,147,508	1,650,572	718,518	4,635,658	12,054,305	-	-	12,054,305
Unassigned	9,762,190	-	-	-	-	-	9,762,190	-	-	9,762,190
Total fund balance	<u>16,617,547</u>	<u>2,496,209</u>	<u>3,444,076</u>	<u>2,577,847</u>	<u>812,235</u>	<u>10,602,320</u>	<u>36,550,234</u>	<u>8,274,151</u>	<u>94,235,375</u>	<u>139,059,760</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 20,344,935</u>	<u>\$ 5,762,046</u>	<u>\$ 3,697,245</u>	<u>\$ 4,781,677</u>	<u>\$ 1,104,252</u>	<u>\$ 12,621,602</u>	<u>\$ 48,311,757</u>	<u>\$ 13,887,820</u>	<u>\$ 94,291,230</u>	<u>\$ 156,490,807</u>

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

TOWN OF SOUTHAMPTON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2015

Total Fund Balance - Governmental Funds \$ 139,059,760

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

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

Capital assets:		
Non-depreciable	\$ 794,271,326	
Depreciable	512,037,035	
Accumulated depreciation	<u>(308,357,993)</u>	997,950,368

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported in the governmental fund financial statements.

However, these liabilities are included in the Statement of Net Position:

General obligation bonds payable, net	(121,160,890)	
Special assessment bonds with governmental commitment	(100,077)	
Compensated absences	(9,188,588)	
Judgments and claims payable	(2,942,500)	
Retainages held	(85,485)	
Other post-employment benefits	(70,744,981)	
Estimated liability for landfill closure and post-closure care costs	<u>(3,176,836)</u>	(207,399,357)

Deferred charge on refunding bonds 556,257

Pension related items are not reported in the governmental fund financial statements since they are not related to current financial resources. The pension related items included in governmental activities consist of the following:

Net pension liability - proportionate share	(4,309,054)	
Deferred outflow of resources	6,622,125	
Deferred inflow of resources	<u>(287,313)</u>	2,025,758

Revenue that was not accrued on the governmental fund financial statements because it does not meet the availability criteria under the modified accrual basis of accounting is included in the Statement of Net Position. 2,245,723

Interest payable applicable to the Town's governmental activities is not due and payable in the current period and accordingly, is not reported in the governmental fund financial statements. However, this liability is included in the Statement of Net Position. (1,183,880)

Net Position - Governmental Activities \$ 933,254,629

TOWN OF SOUTHAMPTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	MAJOR FUNDS						MAJOR FUNDS			
	General Fund	Police District Fund	Town Outside Village Fund	Highway Fund	Public Safety Communications Fund	Non-Major Governmental Funds	Total Operating Funds	Capital Projects Fund	Community Preservation Fund	Total Governmental Funds
REVENUES										
Real property taxes	\$ 20,860,140	\$ 20,963,398	\$ 1,853,789	\$ 11,569,402	\$ 2,140,751	\$ 8,855,324	\$ 66,242,804	\$ -	\$ -	\$ 66,242,804
Other real property tax items	232,724	144,942	13,654	78,642	13,366	134,485	617,813	-	-	617,813
Non-property tax items	1,700,658	-	-	-	-	-	1,700,658	-	60,660,717	62,361,375
Special assessments	37,170	-	-	-	-	-	37,170	-	-	37,170
Departmental income	717,080	557,822	1,662,841	15,200	136,138	2,457,809	5,546,890	-	-	5,546,890
Intergovernmental charges	292,401	-	-	707,682	-	-	1,000,083	-	-	1,000,083
Use of money and property	146,463	51,206	18,164	30,708	7,795	368,164	622,500	47,952	363,940	1,034,392
Licenses and permits	358,515	79,323	3,061,268	2,553	-	-	3,501,659	-	-	3,501,659
Fines and forfeitures	1,662,579	-	-	-	-	-	1,662,579	-	-	1,662,579
Sale of property and compensation for loss	65,575	11,221	-	15,450	-	14,816	107,062	-	-	107,062
Miscellaneous local sources	647,900	275,392	4,205	73,380	20	763,456	1,764,353	364,653	8,405	2,137,411
State aid	9,973,836	2,246,723	-	1,269,173	143,515	5,000	13,638,247	204,230	-	13,842,477
Federal aid	1,111,243	45,344	-	-	-	3,946,920	5,103,507	-	-	5,103,507
Total revenues	37,806,284	24,375,371	6,613,921	13,762,190	2,441,585	16,545,974	101,545,325	616,835	61,033,062	163,195,222
EXPENDITURES										
General governmental support	14,102,599	-	-	-	-	143,806	14,246,405	-	34,465,309	48,711,714
Public safety	2,365,285	15,561,415	613,467	-	1,644,303	832,112	21,016,582	-	-	21,016,582
Health	-	-	-	-	-	2,989,335	2,989,335	-	-	2,989,335
Transportation	788,445	-	-	6,903,220	-	482,665	8,174,330	-	-	8,174,330
Economic assistance and opportunity	2,923,125	-	-	-	-	580,217	3,503,342	-	-	3,503,342
Culture and recreation	2,051,708	-	-	-	-	628,749	2,680,457	-	-	2,680,457
Home and community services	567,544	-	3,382,724	-	-	6,349,707	10,299,975	-	-	10,299,975
Employee benefits	8,613,634	8,660,238	1,873,371	3,017,405	707,698	843,652	23,715,998	-	155,367	23,871,365
Capital outlay	-	-	-	-	-	-	-	7,754,713	-	7,754,713
Debt service -										
Principal	3,542,987	334,013	112,815	3,120,899	5,000	2,737,540	9,853,254	-	4,090,899	13,944,153
Interest	688,004	35,416	8,227	804,645	1,200	811,806	2,349,298	-	1,762,340	4,111,638
Total expenditures	35,643,331	24,591,082	5,990,604	13,846,169	2,358,201	16,399,589	98,828,976	7,754,713	40,473,915	147,057,604
Excess (deficiency) of revenues over (under) expenditures	2,162,953	(215,711)	623,317	(83,979)	83,384	146,385	2,716,349	(7,137,878)	20,559,147	16,137,618
OTHER FINANCING SOURCES (USES)										
Payment to refunded bond escrow agent	(3,996,598)	-	-	-	-	-	(3,996,598)	-	-	(3,996,598)
Refunding bond issuance	3,725,099	-	-	-	-	-	3,725,099	-	-	3,725,099
Serial bond issuance	-	-	-	-	-	-	-	4,873,500	-	4,873,500
Premium on obligations	381,753	1,392	1,583	32,572	-	-	417,300	-	-	417,300
Interfund transfers in	363,966	-	5,000	872,000	148,921	252,750	1,642,637	3,578,264	-	5,220,901
Interfund transfers out	(343,803)	-	(150,000)	(412,177)	-	(849,610)	(1,755,590)	(1,164,274)	(1,957,176)	(4,877,040)
Total other financing sources (uses)	130,417	1,392	(143,417)	492,395	148,921	(596,860)	32,848	7,287,490	(1,957,176)	5,363,162
Change in fund balance	2,293,370	(214,319)	479,900	408,416	232,305	(450,475)	2,749,197	149,612	18,601,971	21,500,780
Fund balance, beginning of year	14,324,177	2,710,528	2,964,176	2,169,431	579,930	11,052,795	33,801,037	8,124,539	75,633,404	117,558,980
Fund balance, end of year	\$ 16,617,547	\$ 2,496,209	\$ 3,444,076	\$ 2,577,847	\$ 812,235	\$ 10,602,320	\$ 36,550,234	\$ 8,274,151	\$ 94,235,375	\$ 139,059,760

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

TOWN OF SOUTHAMPTON
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015

Net Change in Fund Balance - Governmental Funds		\$ 21,500,780
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlay exceeds depreciation in the current period is:</p>		
Capital outlay, net of reclassifications and retirements	\$ 41,397,186	
Depreciation expense	<u>(17,786,411)</u>	23,610,775
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(24,658)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.</p>		
Proceeds from issuance of refunding bond	(3,725,099)	
Premiums on obligations	(400,770)	
Payment to refunded bond escrow agent	3,682,200	
Deferred charge from refunding bond	314,398	
Serial bond issuance	(4,873,500)	
Repayment of bond principal	13,910,941	
Repayment of special assessment bonds	33,212	
Repayment of installment purchase debt payable	<u>3,072,700</u>	12,014,082
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:</p>		
Other post-employment benefits	(8,546,678)	
Compensated absences	796,367	
Judgments and claims payable	632,500	
Estimated liability for landfill closure and post-closure care costs	(61,236)	
Retainages held	(85,485)	
Pension related	1,993,106	
Amortization of deferred charges from bond refunding	(30,092)	
Amortization of bond premiums and discounts	491,759	
Accrued interest costs	<u>52,386</u>	<u>(4,757,373)</u>
Net Change in Net Position - Governmental Activities		<u>\$ 52,343,606</u>

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

TOWN OF SOUTHAMPTON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015

	MAJOR BUSINESS-TYPE ACTIVITIES		NON-MAJOR BUSINESS-TYPE ACTIVITIES	Total Proprietary Funds
	Beaches and Marinas	Waste Management	Golf Course	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 561,652	\$ 1,359,528	\$ 277,945	\$ 2,199,125
Restricted cash	42,400	44,313	-	86,713
Accounts receivable, net	-	133,988	10,373	144,361
Due from fiduciary funds	37,832	110,254	-	148,086
Prepaid expenses	1,549	13,296	-	14,845
Inventory of materials and supplies	-	10,000	-	10,000
Noncurrent assets:				
Non-depreciable capital assets	8,028,947	169,100	5,135,200	13,333,247
Depreciable capital assets, net of depreciation	4,739,243	4,567,880	532,222	9,839,345
Total assets	13,411,623	6,408,359	5,955,740	25,775,722
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge from refunding bonds	55,459	59,371	-	114,830
Pension contributions	49,640	148,920	-	198,560
Total deferred outflows of resources	105,099	208,291	-	313,390
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	9,612	71,225	7,228	88,065
Accrued interest payable	21,336	37,218	-	58,554
Unearned fees for services	14,131	23,989	-	38,120
Noncurrent liabilities due within one year -				
General obligation bonds payable, net	377,964	435,384	-	813,348
Compensated absences	2,000	8,000	-	10,000
Noncurrent liabilities due in more than one year:				
General obligation bonds payable, net	2,160,771	3,428,822	-	5,589,593
Compensated absences	2,117	64,708	-	66,825
Net pension liability - proportionate share	32,977	98,932	-	131,909
Total liabilities	2,620,908	4,168,278	7,228	6,796,414
DEFERRED INFLOWS OF RESOURCES				
Pension related	745	2,236	-	2,981
NET POSITION				
Net investment in capital assets	10,284,914	932,145	5,667,422	16,884,481
Restricted for debt service	42,400	44,313	-	86,713
Unrestricted	567,755	1,469,678	281,090	2,318,523
Total net position	\$ 10,895,069	\$ 2,446,136	\$ 5,948,512	\$ 19,289,717

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

TOWN OF SOUTHAMPTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>MAJOR BUSINESS-TYPE ACTIVITIES</u>		<u>NON-MAJOR BUSINESS-TYPE ACTIVITIES</u>	<u>Total Proprietary Funds</u>
	<u>Beaches and Marinas</u>	<u>Waste Management</u>	<u>Golf Course</u>	
OPERATING REVENUES:				
Charges for services	\$ 2,180,432	\$ 1,969,182	\$ 145,042	\$ 4,294,656
Other	2,315	924	1,279	4,518
Total operating revenues	<u>2,182,747</u>	<u>1,970,106</u>	<u>146,321</u>	<u>4,299,174</u>
OPERATING EXPENSES:				
Beaches and marinas	1,204,485	-	-	1,204,485
Waste management	-	1,428,360	-	1,428,360
Golf course	-	-	56,207	56,207
Depreciation	302,550	366,542	22,812	691,904
Employee benefits	<u>162,684</u>	<u>338,056</u>	<u>-</u>	<u>500,740</u>
Total operating expenses	<u>1,669,719</u>	<u>2,132,958</u>	<u>79,019</u>	<u>3,881,696</u>
Operating income (loss)	<u>513,028</u>	<u>(162,852)</u>	<u>67,302</u>	<u>417,478</u>
NON-OPERATING REVENUES (EXPENSES):				
Real property taxes	120,410	22,397	-	142,807
Operating grants	5,043	21,548	-	26,591
Interfund transfers out	(125,000)	(118,861)	(100,000)	(343,861)
Interest income	2,343	6,259	1,182	9,784
Interest on debt	<u>(92,704)</u>	<u>(113,549)</u>	<u>-</u>	<u>(206,253)</u>
Total non-operating revenues (expenses)	<u>(89,908)</u>	<u>(182,206)</u>	<u>(98,818)</u>	<u>(370,932)</u>
Change in net position	423,120	(345,058)	(31,516)	46,546
Total net position, beginning of year, as restated (see Note 18)	<u>10,471,949</u>	<u>2,791,194</u>	<u>5,980,028</u>	<u>19,243,171</u>
Total net position, end of year	<u>\$ 10,895,069</u>	<u>\$ 2,446,136</u>	<u>\$ 5,948,512</u>	<u>\$ 19,289,717</u>

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

TOWN OF SOUTHAMPTON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	MAJOR BUSINESS-TYPE ACTIVITIES		NON-MAJOR BUSINESS-TYPE ACTIVITIES	Total Proprietary Funds
	Beaches and Marinas	Waste Management	Golf Course	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Revenue collected:				
Cash receipts from customers	\$ 2,185,762	\$ 1,876,689	\$ 144,630	\$ 4,207,081
Other operating cash receipts	2,315	924	1,279	4,518
Payments for expenses:				
Cash payments to other suppliers of goods or services	(1,203,583)	(1,397,183)	(60,968)	(2,661,734)
Cash payments to employees for services and related expenses	(186,600)	(407,285)	-	(593,885)
Other operating cash receipts	16,608	99,123	-	115,731
Net cash provided by operating activities	<u>814,502</u>	<u>172,268</u>	<u>84,941</u>	<u>1,071,711</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Purchase of capital assets	(67,077)	(144,661)	-	(211,738)
Principal paid on capital debt	(444,584)	(346,263)	-	(790,847)
Payments made to refunded bond escrow agent	(708,900)	(758,900)	-	(1,467,800)
Serial bond proceeds	767,155	812,739	-	1,579,894
Premium on bonds payable, net of amortization	49,173	62,060	-	111,233
Increase in deferred charge from refunding bonds	(55,459)	(59,371)	-	(114,830)
Interest paid on debt	(97,103)	(117,849)	-	(214,952)
Interfund transfer	(125,000)	(118,861)	(100,000)	(343,861)
Net cash used by capital financing activities	<u>(681,795)</u>	<u>(671,106)</u>	<u>(100,000)</u>	<u>(1,452,901)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Real property taxes	120,410	22,397	-	142,807
Operating grants	5,043	21,548	-	26,591
Net cash provided by non-capital financing activities	<u>125,453</u>	<u>43,945</u>	<u>-</u>	<u>169,398</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and earnings received	2,343	6,259	1,182	9,784
Net cash provided by investing activities	<u>2,343</u>	<u>6,259</u>	<u>1,182</u>	<u>9,784</u>
Net increase (decrease) in cash and cash equivalents	260,503	(448,634)	(13,877)	(202,008)
Cash and cash equivalents, beginning of year	343,549	1,852,475	291,822	2,487,846
Cash and cash equivalents, end of year	<u>\$ 604,052</u>	<u>\$ 1,403,841</u>	<u>\$ 277,945</u>	<u>\$ 2,285,838</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ 513,028	\$ (162,852)	\$ 67,302	\$ 417,478
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	302,550	366,542	22,812	691,904
(Increase) decrease in accounts receivable	55	(116,482)	(412)	(116,839)
Decrease in due from fiduciary funds	16,608	99,123	-	115,731
Decrease in prepaid expenses	18,736	27,342	-	46,078
Decrease in inventory	-	10,057	-	10,057
Increase in pension contributions	(14,517)	(43,551)	-	(58,068)
Decrease in accounts payable and accrued liabilities	(17,834)	(6,222)	(4,761)	(28,817)
Decrease in unearned fees for services	5,275	23,989	-	29,264
Increase in compensated absences	991	5,489	-	6,480
Increase in pension related deferred inflows	745	2,236	-	2,981
Decrease in net pension liability	(11,135)	(33,403)	-	(44,538)
Net cash provided by operating activities	<u>\$ 814,502</u>	<u>\$ 172,268</u>	<u>\$ 84,941</u>	<u>\$ 1,071,711</u>

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

TOWN OF SOUTHAMPTON
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2015

ASSETS	Agency Funds
Cash	\$ 109,782,193
Due from governmental funds	1,566,056
Service award program assets	<u>2,747,257</u>
Total assets	<u><u>\$ 114,095,506</u></u>
LIABILITIES	
Due to proprietary funds	\$ 148,086
Due to governmental funds	1,513,549
Due to school districts	53,511,721
Service award program liabilities	2,747,257
Other agency liabilities	<u>56,174,893</u>
Total liabilities	<u><u>\$ 114,095,506</u></u>

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

NOTES TO FINANCIAL STATEMENTS

TOWN OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

1. BACKGROUND

The Town of Southampton (the "Town"), was established in 1801 and is governed by Town Law and other general laws of the State of New York and various local laws. The Town Board is the legislative body responsible for overall operations. The Town Board consists of the Supervisor who is elected for a term of two years and four council members who are elected for terms of four years. The Town Board appoints the Town Attorney, Comptroller, and the Assessor, whose terms are fixed by Town Law. The Town Clerk, the Superintendent of Highways and Receiver of Taxes are elected and serve for four years. The Town Board appoints various department heads.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Southampton have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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

A. Reporting entity

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

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

The Trustees of the Freeholders and Commonalty of the Town of Southampton (the "Trustees") are independently elected and are responsible for the receipt, maintenance and safety of legally specified property. Operations are supported by user fee revenues established by the Trustees and derived from the issuance of building, mooring and boat ramp permits, as well as budgeted appropriations from the Town. The Town approves the hiring of employees and records the compensation of employees, as well as all of the capital projects of the Trustees on the books of the Town. As a result of the Town providing financial support for the Trustees employees and capital additions, it is determined that they are fiscally dependent on the Town. Accordingly, the Trustees are determined to be a component unit of the Town and is presented discretely in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. Complete financial statements of the Trustees can be obtained from their administrative office: The Trustees of the Freeholders and Commonalty of the Town of Southampton, 116 Hampton Road, Southampton, N.Y. 11968.

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

B. Excluded from the reporting entity

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

C. Basis of presentation

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

1. Government-wide financial statements

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

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

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

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

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

2. Fund financial statements

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

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues, and expenditures, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds are presented by type in the fund financial statements. Accordingly, the Town maintains the following fund types:

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

The Town reports the following major governmental funds:

General Fund: is the principal operating fund of the Town. This fund is used to account for all financial resources except those required to be accounted for in other funds.

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

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

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

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

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

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

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

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

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

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

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

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

3. Proprietary Fund financial statements

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

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

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

The Town applies all provisions of the Accounting Standards Codification (“ASC”) of the Financial Accounting Standards Board (“FASB”) and interpretations except those that conflict with or contradict GASB pronouncements to its business-type activities.

The Town reports the following major proprietary funds:

Enterprise Funds: used to account for the following operations:

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

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

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

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

4. Fiduciary Funds:

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

The Town reports the following fiduciary funds:

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

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

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

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

D. Measurement focus and basis of accounting

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

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

In the fund financial statements, governmental funds use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (measurable and available to finance current operations). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers all revenues available if they are collected within 60 days after the year end. Application of "susceptible to accrual" criterion requires judgment, consideration of the materiality of the item in question, and due regard for the practicality of accrual, as well as consistency in application.

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

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded for budgetary control purposes in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Appropriations for all governmental funds except the Capital Projects Fund lapse at year-end. However, encumbrances reserved against fund balances are re-appropriated in the ensuing year. Encumbrances are generally reported as assigned fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

E. Property taxes

In Suffolk County ("County"), the assessment and lien of real property for taxation is done by the County Department of Assessment. The Town assessment rolls are used for the levy of real property taxes by the Town and the school districts, as well as by the County and by special districts of the County and the Town.

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

F. Interfund transactions

Interfund transactions have been eliminated from the government-wide financial statements. In the fund financial statements, interfund transactions include:

1. Interfund revenues

Interfund revenues represent amounts charged for services or facilities provided by one fund to another fund. The amounts paid by the fund receiving the benefits of the service or facilities are reflected as an expenditure of the fund receiving the service.

2. Operating transfers

Operating transfers represent payments to other funds for their appropriate share of capital projects.

G. Estimates

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

H. Cash and cash equivalents/investments

Cash consists of funds deposited in demand accounts, time deposit accounts and certificates of deposit with maturities of less than three months from the date acquired by the Town.

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

I. Receivables

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

J. Inventory - materials and supplies

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

K. Prepaid expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid expenses in the Balance Sheet and Statement of Net Position represent amounts paid in advance for employee retirement benefits and insurance.

L. Restricted assets

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

M. Capital assets

Capital assets purchased or acquired with an original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

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

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

N. Deferred outflows of resources

In addition to assets, the Balance Sheet or Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until that time.

O. Deferred inflows of resources/unearned revenues

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

P. Interfund receivables and payables

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

Q. Long-term obligations

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

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

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

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

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

S. Other benefits

Town employees participate in the New York State Employees' Retirement System and the New York State Police and Fire Retirement System.

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

T. Notes payable

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

U. Equity classifications:

Government-wide financial statements

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

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

Fund financial statements

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

1. Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes prepaid expenses recorded in the Town's various funds in the amount of \$3,673,296.
2. Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The Town reports the following restricted fund balances:

Debt Service

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

A summary of the activity in the Debt Service Reserve for the year ended December 31, 2015 is as follows:

Balance - beginning	\$	10,154,348
Board approved transfer of fund balance		506,846
Liquidation of reserve for debt service payments		<u>(3,239,376)</u>
Balance - ending	\$	<u>7,421,818</u>

Tax Stabilization

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

Community Preservation

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

Capital

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

Special Revenue - Park Improvements

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

Grants

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

3. Committed - Includes amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Town Board is the decision-making authority that can, by Board resolution, commit fund balance. The Town has no committed fund balances as of December 31, 2015.
4. Assigned - Includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed, except for tax stabilization agreements. The intent can be expressed by the Board or through the Board delegating this responsibility to the Town administration through the budgetary process. The classification also includes the remaining positive fund balances for all governmental funds except for the General Fund.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriation, is employed in the governmental funds. Appropriations for all governmental funds lapse at year-end. However, encumbrances reserved against fund balances are re-appropriated in the ensuing year. Encumbrances are reported as assigned fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

5. Unassigned - Includes all other General Fund fund balance that does not meet the definition of the above four classifications and are deemed to be available for general use by the Town. The unassigned classification also includes negative residual balances of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

Fund balances for all the major and nonmajor governmental funds as of December 31, 2015, were distributed as follows:

	General Fund	Police District Fund	Town Outside Village Fund	Highway Fund	Public Safety Communications Fund	Capital Projects Fund	Community Preservation Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable									
Prepaid items	\$ 1,890,447	\$ 1,129,732	\$ 220,870	\$ 270,787	\$ 90,101	\$ -	\$ 4,213	\$ 67,146	\$ 3,673,296
Total nonspendable	1,890,447	1,129,732	220,870	270,787	90,101	-	4,213	67,146	3,673,296
Restricted									
Debt reserve	656,303	40,559	75,698	656,488	3,616	-	5,892,395	96,759	7,421,818
Tax stabilization	3,732,476	-	-	-	-	-	-	-	3,732,476
Capital projects	-	-	-	-	-	8,274,151	-	-	8,274,151
Community preservation	-	-	-	-	-	-	88,338,767	-	88,338,767
Park improvements	-	-	-	-	-	-	-	5,704,934	5,704,934
HUD grants	-	-	-	-	-	-	-	97,823	97,823
Total restricted	4,388,779	40,559	75,698	656,488	3,616	8,274,151	94,231,162	5,899,516	113,569,969
Assigned									
Appropriated for subsequent year's expenditures	452,434	250,000	750,000	175,000	150,000	-	-	174,728	1,952,162
Encumbrances	123,697	45,885	38,824	135,000	-	-	-	28,013	371,419
Unappropriated fund balance	-	1,030,033	2,358,684	1,340,572	568,518	-	-	4,432,917	9,730,724
Total assigned	576,131	1,325,918	3,147,508	1,650,572	718,518	-	-	4,635,658	12,054,305
Unassigned	9,762,190	-	-	-	-	-	-	-	9,762,190
Total	\$ 16,617,547	\$ 2,496,209	\$ 3,444,076	\$ 2,577,847	\$ 812,235	\$ 8,274,151	\$ 94,235,375	\$ 10,602,320	\$ 139,059,760

Net position and fund balance flow assumptions

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

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

Minimum fund balance policy

In 2015, the Town Board adopted a minimum fund balance policy for the General Fund. The policy requires the unassigned fund balance at fiscal year-end to be at least 7% of the ensuing years General Fund operating budget.

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

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

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

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

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

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

1. Long-term revenue/expense differences

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

2. Capital related differences

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

3. Long-term debt transaction differences

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

4. Pension differences

Pension differences occur as a result of changes in the Town's proportion of the collective net pension liability and differences between the Town's contributions and its proportionate share of the total contributions to the pension systems.

4. CHANGES IN ACCOUNTING PRINCIPLES

For the year ended December 31, 2015, the Town implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions (Amendment to GASB Statement 27) and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. The implementation of the Statements requires the Town to report a liability for its portion of the collective net pension liability in the NYSERS and NYSPFRS systems. The implementation of these Statements also requires the Town to report a deferred outflow or inflow of resources for the effect of the net change in the Town's proportion of the collective net pension liability and difference during the measurement period between the Town's contributions and its proportionate share of total contributions to the pension systems not include in pension expenses. Also included as a deferred outflow of resources is the Town contributions to the pension systems subsequent to the measurement date. See Note 18 for the financial statement impact of the implementation of these Statements.

5. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary data

The Town follows the procedures enumerated below in establishing the budgetary data (pages 81 through 98, as well as pages 109 through 116) reflected in the financial statements:

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

B. Fund balances

Assignment of fund balance

Portions of the assigned fund balances at December 31, 2015 were appropriated for the subsequent year's operating budgets as follows:

Fund	Total Assigned Fund Balance	Fund Balance Appropriated For Subsequent Year
Major Governmental Funds:		
General Fund	\$ 576,131	\$ 452,434
Police District Fund	1,325,918	250,000
Town Outside Village Fund	3,147,508	750,000
Highway Fund	1,650,572	175,000
Public Safety Communications Fund	718,518	150,000
Non-Major Governmental Funds	<u>4,635,658</u>	<u>174,728</u>
Total	<u>\$ 12,054,305</u>	<u>\$ 1,952,162</u>

Fund deficits

As of December 31, 2015, there were no deficit fund balances in any governmental funds.

6. CASH AND CASH EQUIVALENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS

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

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

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

Custodial credit risk - deposits/investments: Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, a government may be unable to recover deposits, or recover collateral securities that are in possession of an outside agency. Custodial credit risk for investments exists when, in the event of the failure of the counterparty, a government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

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

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

At December 31, 2015, the Town's book balances were \$252,280,874. The Town's bank deposit balances were \$255,642,177, of which \$39,993,162 was covered by the Federal Deposit Insurance Corporation, \$215,649,015 was covered by collateral held by the Town's agent, a third-party financial institution, in the Town's name. Bank accounts operated and held by the Town of Southampton Housing Authority on behalf of the Town of Southampton are held with a separate collateral agreement. Those bank balances amounted to \$334,997 as of December 31, 2015. Bank accounts operated and held by the Trustees of the Freeholders on behalf of the Town of Southampton are held with a separate collateral agreement. Those balances amounted to \$1,073,816 as of December 31, 2015.

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

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

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

As of December 31, 2015, the Town did not have any investments subject to credit risk, interest-rate risk or concentration of credit risk.

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances for the primary government at December 31, 2015 primarily represent the payment of operating expenditures that will be reimbursed subsequent to year end and are stated as follows:

	Amount Receivable	Amount Payable
Major Governmental Funds:		
General Fund	\$ 1,304,697	\$ -
Police District Fund	-	37,566
Town Outside Village Fund	100,000	-
Highway Fund	108,852	-
Public Safety Communications Fund	-	1,896
Capital Projects Fund	-	1,410,685
Community Preservation Fund	-	260
Non-Major Governmental Funds	-	115,649
Major Business-Type Funds:		
Beaches and Marinas	37,832	-
Waste Management	110,254	-
Agency Funds	1,566,056	1,661,635
	<u>\$ 3,227,691</u>	<u>\$ 3,227,691</u>
Total		

Interfund transfer balances for the primary government at December 31, 2015 primarily represent the payment of operating and capital expenditures in addition to general obligation bond and bond anticipation note principal and interest and are stated as follows:

	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	\$ 363,966	\$ 343,803
Town Outside Village Fund	5,000	150,000
Highway Fund	872,000	412,177
Public Safety Communications Fund	148,921	-
Capital Projects Fund	3,578,264	1,164,274
Community Preservation Fund	-	1,957,176
Non-Major Governmental Funds	252,750	849,610
Major Business-Type Funds:		
Beaches and Marinas	-	125,000
Waste Management	-	118,861
Golf Course	-	100,000
	<u>\$ 5,220,901</u>	<u>\$ 5,220,901</u>
Total		

8. CAPITAL ASSETS

Governmental activities, capital asset balances and activity for the year ended December 31, 2015 were as follows:

	(As Restated) Beginning Balance	Additions	Reclassifications/ Adjustments	Ending Balance
Capital assets not being depreciated:				
Land	\$ 522,319,967	\$ 23,333,195	\$ -	\$ 545,653,162
Development and access rights	236,073,020	8,271,269	-	244,344,289
Construction-in-progress	1,075,208	3,615,788	(417,121)	4,273,875
Total	\$ 759,468,195	\$ 35,220,252	\$ (417,121)	794,271,326
Depreciable capital assets:				
Buildings	\$ 50,286,750	\$ 662,682	\$ 110,670	51,060,102
Improvements other than buildings	38,754,160	28,199	85,875	38,868,234
Machinery and equipment	22,661,658	1,453,306	(1,501,511)	22,613,453
Infrastructure -				
Bridges	1,293,410	-	(218,161)	1,075,249
Landfill	9,401,652	-	-	9,401,652
Roads, curbs and sidewalks	357,664,134	3,244,701	-	360,908,835
Lighting system	1,349,791	-	-	1,349,791
Bulkheads, piers and boardwalks	11,577,970	778,489	-	12,356,459
Water and sewer mains	14,194,935	188,520	19,805	14,403,260
Total depreciable capital assets	\$ 507,184,460	\$ 6,355,897	\$ (1,503,322)	512,037,035
Less accumulated depreciation:				
Buildings	\$ 17,863,305	\$ 953,387	\$ -	18,816,692
Improvements other than buildings	10,584,112	1,761,728	-	12,345,840
Machinery and equipment	17,244,446	1,512,663	(1,658,583)	17,098,526
Infrastructure -				
Bridges	321,885	36,060	(82,897)	275,048
Landfill	6,233,603	313,389	-	6,546,992
Roads, curbs and sidewalks	227,524,641	12,576,491	-	240,101,132
Lighting system	1,338,165	3,392	-	1,341,557
Bulkheads, piers and boardwalks	7,058,292	332,835	-	7,391,127
Water and sewer mains	4,144,613	296,466	-	4,441,079
Total accumulated depreciation	\$ 292,313,062	\$ 17,786,411	\$ (1,741,480)	308,357,993
Total depreciable capital assets, net				203,679,042
Total capital assets, net				\$ 997,950,368

Depreciation expense was charged to governmental functions as follows:

General governmental support	\$ 4,090,875
Public safety	8,181,749
Transportation	2,134,369
Economic assistance and opportunity	889,321
Culture and recreation	711,456
Home and community services	<u>1,778,641</u>
Total governmental activities depreciation expense	<u>\$ 17,786,411</u>

Business-type activities, capital asset balances and activity for the year ended December 31, 2015 were as follows:

	(As Restated) Beginning Balance	Additions	Reclassifications/ Adjustments	Ending Balance
Capital assets not being depreciated:				
Land	\$ 13,329,090	\$ -	\$ -	\$ 13,329,090
Construction-in-progress	<u>85,065</u>	<u>67,077</u>	<u>(147,985)</u>	<u>4,157</u>
Total	<u>\$ 13,414,155</u>	<u>\$ 67,077</u>	<u>\$ (147,985)</u>	<u>13,333,247</u>
Depreciable capital assets:				
Buildings	\$ 4,815,423	\$ -	\$ -	4,815,423
Improvements other than buildings	8,769,865	-	147,985	8,917,850
Machinery and equipment	<u>2,457,068</u>	<u>144,661</u>	<u>(21,158)</u>	<u>2,580,571</u>
Total depreciable capital assets	<u>\$ 16,042,356</u>	<u>\$ 144,661</u>	<u>\$ 126,827</u>	<u>16,313,844</u>
Less accumulated depreciation:				
Buildings	\$ 1,527,796	\$ 96,160	\$ -	1,623,956
Improvements other than buildings	2,698,955	445,892	-	3,144,847
Machinery and equipment	<u>1,577,002</u>	<u>149,852</u>	<u>(21,158)</u>	<u>1,705,696</u>
Total accumulated depreciation	<u>\$ 5,803,753</u>	<u>\$ 691,904</u>	<u>\$ (21,158)</u>	<u>6,474,499</u>
Total depreciable capital assets, net				<u>9,839,345</u>
Total capital assets, net				<u>\$ 23,172,592</u>

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

Beaches and marinas	\$ 302,550
Waste management	366,542
Golf course	<u>22,812</u>
Total business-type activities depreciation expense	<u>\$ 691,904</u>

The Town of Southampton evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The Town's policy is to record an impairment loss in the period when the Town determines that the carrying amount of the asset will not be recoverable. At December 31, 2015, the Town has not recorded any such impairment losses.

Discretely presented component unit's capital asset balances and activity for the year ended December 31, 2015 were as follows:

	Beginning Balance	Additions	Reclassifications/ Adjustments	Ending Balance
Capital assets not being depreciated:				
Land	\$ 683,700	\$ -	\$ -	\$ 683,700
Total	<u>\$ 683,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>683,700</u>
Depreciable capital assets:				
Buildings	\$ 2,435,796	\$ -	\$ -	2,435,796
Equipment	169,979	4,800	-	174,779
Building improvements	1,033,097	11,197	-	1,044,294
Total depreciable capital assets	<u>\$ 3,638,872</u>	<u>\$ 15,997</u>	<u>\$ -</u>	<u>3,654,869</u>
Less accumulated depreciation:				
Buildings	\$ 578,548	\$ 61,989	\$ -	640,537
Equipment	165,664	53,945	-	219,609
Building improvements	132,292	19,990	-	152,282
Total accumulated depreciation	<u>\$ 876,504</u>	<u>\$ 135,924</u>	<u>\$ -</u>	<u>1,012,428</u>
Total depreciable capital assets, net				<u>2,642,441</u>
Total capital assets, net				<u>\$ 3,326,141</u>
Depreciation expense was charged as follows:				
Economic assistance and opportunity				<u>\$ 135,924</u>

During 2015, the Town hired a third-party company to perform an inventory of their fixed asset records. As a result the Town's opening capital asset balances for the governmental and business-type activities have been restated to show the effects of the inventory taken. See Note 18 for the effect on the Town's opening net position balances.

9. SHORT-TERM DEBT

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

A summary of changes in short-term debt for the Town for the year ended December 31, 2015 is as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
BAN maturing on 2/24/16 @ 1.00%	\$ -	\$ 2,745,640	\$ -	\$ 2,745,640
BAN maturing on 10/1/16 @ 0.91%	-	600,000	-	600,000
Total:	<u>\$ -</u>	<u>\$ 3,345,640</u>	<u>\$ -</u>	<u>\$ 3,345,640</u>

10. LONG-TERM DEBT OBLIGATIONS

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

	Beginning Balance	Increases	Reductions	Ending Balance	Amounts Due Within One Year	Noncurrent Liabilities
Governmental activities:						
General obligation bonds payable	\$ 126,368,984	\$ 8,598,599	\$ 17,593,141	\$ 117,374,442	\$ 13,952,754	\$ 103,421,688
Unamortized bond discounts and premiums	3,877,437	400,770	491,759	3,786,448	511,976	3,274,472
Total general obligation bonds, net	130,246,421	8,999,369	18,084,900	121,160,890	14,464,730	106,696,160
Special assessment bonds						
with governmental commitment	133,289	-	33,212	100,077	32,598	67,479
Installment purchase debt payable	3,072,700	-	3,072,700	-	-	-
Compensated absences	9,984,955	-	796,367	9,188,588	200,000	8,988,588
Judgments and claims payable	3,575,000	334,051	966,551	2,942,500	274,950	2,667,550
Other post-employment benefits	62,198,303	12,429,002	3,882,324	70,744,981	-	70,744,981
Retainages held	-	85,485	-	85,485	-	85,485
Estimated liability for landfill closure and post-closure care costs	3,115,600	210,986	149,750	3,176,836	118,500	3,058,336
Total governmental activities	\$ 212,326,268	\$ 22,058,893	\$ 26,985,804	\$ 207,399,357	\$ 15,090,778	\$ 192,308,579
Business-type activities:						
General obligation bonds payable	\$ 6,857,734	\$ 1,579,894	\$ 2,258,647	\$ 6,178,981	\$ 784,271	\$ 5,394,710
Unamortized bond premiums	112,729	134,036	22,805	223,960	29,077	194,883
Compensated absences	70,345	16,480	10,000	76,825	10,000	66,825
Total business-type activities	\$ 7,040,808	\$ 1,730,410	\$ 2,291,452	\$ 6,479,766	\$ 823,348	\$ 5,656,418
Discretely presented component unit:						
General obligation bonds payable	\$ 3,452,000	\$ -	\$ 75,000	\$ 3,377,000	\$ 75,000	\$ 3,302,000
Unamortized bond discounts	(32,017)	-	(969)	(31,048)	(970)	(30,078)
Notes payable	650,000	-	-	650,000	-	650,000
Total discretely presented component unit	\$ 4,069,983	\$ -	\$ 74,031	\$ 3,995,952	\$ 74,030	\$ 3,921,922

General obligation bonds - The Town borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are backed by the full faith and credit of the Town, bear interest at various rates from 1.031% to 5.350% and have maturity dates in 2016 through 2030.

In February 2015, the Town issued \$4,968,500 in public improvement serial bonds with an interest rate of 1.00% increasing to 2.50%. The proceeds of the bond were used for various capital improvements and to acquire various equipment. The total purchase price of the bonds were \$5,037,660 with an original issue premium of \$69,160, which will be amortized over the life of the bonds on a straight line basis as a component of interest expense in the Statement of Activities.

In April 2015, the Town issued \$5,210,000 in public improvement refunding serial bonds with an interest rate of 2.00% increasing to 3.00%. The proceeds of the bond were used to refund \$5,150,000 of the 2007 public improvements serial bonds. The total purchase price of the bonds were \$5,675,647 with an original issue premium of \$465,647, which will be amortized over the life of the new bonds on a straight-line basis as a component of interest expense in the Statement of Activities. As a result, the 2007 public improvement serial bonds are considered legally defeased and the liability for those bonds has been removed from the Statement of Net Position.

The reacquisition price of the refunding bond exceeded the net carrying amount of the refunded debt by \$429,228. This amount (net of current year amortization) is reported on the Statement of Net Position as a deferred outflow of resources and the premiums as identified in the paragraphs above have been added to the new bonds and will be amortized over the remaining life of the refunded debt.

Special assessment bonds - The Town has \$100,077 of special assessment debt outstanding to provide funds for road improvements. These bonds will be repaid from amounts levied against the property owners benefited by these improvements. In the event that a deficiency exists because of unpaid delinquent special assessments at the time a debt service payment is due, and although the Town is not directly liable, the Town must provide resources to cover the deficiency until other resources are received. The bonds have interest rates ranging from 2.00% to 5.00% and are payable over the next 8 years.

Installment purchase obligation - During 2011, the Town entered into a \$19,572,000 installment purchase obligation to finance the cost of acquisition of certain permanent interest in land through the Community Preservation Fund. As of December 31, 2015, the installment purchase obligation was fully satisfied.

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

Governmental activities:

General obligations bonds payable -

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding December 31, 2015
NYS EFC bonds	7/1/97	6/15/17	3.750%-5.350%	\$ 70,000
NYS EFC bonds	3/13/03	4/15/20	1.031%-4.551%	265,000
NYS EFC bonds	3/4/04	3/4/16	1.056%-4.235%	935,000
Refunding serial bonds	2/24/05	5/1/16	3.000%-5.000%	165,000
Public improvement serial bonds	9/15/07	9/15/22	3.875%-4.125%	1,408,800
Open space preservation serial bonds	1/15/09	1/15/30	3.000%-4.375%	15,200,000
Open space preservation serial bonds	4/1/09	4/1/30	3.000%-4.500%	15,200,000
Refunding serial bonds	5/1/10	5/1/22	2.000%-4.500%	4,010,200
Public improvement serial bonds	8/12/10	8/12/29	2.000%-3.250%	13,485,000
Public improvement serial bonds	4/28/11	4/15/22	2.000%-4.000%	8,195,000
Refunding serial bonds	8/8/12	10/1/23	2.000%-5.000%	8,916,785
Retirement serial bonds	11/27/12	11/15/22	2.000%-2.400%	1,545,000
Public improvement serial bonds	4/17/13	4/15/27	2.000%-2.375%	6,550,000
Erosion control district serial bonds	9/4/13	9/1/23	2.000%-4.000%	17,785,000
Refunding EFC serial bond	5/2/14	11/16/20	4.061%-4.235%	3,950,000
Public improvement serial bonds	7/9/14	4/1/29	2.000%-3.000%	4,055,000
Refunding serial bonds	9/4/14	11/1/24	2.000%-5.000%	7,040,058
Public improvement serial bonds	2/24/15	2/15/30	1.000%-2.500%	4,873,500
Refunding serial bonds	4/28/15	3/15/22	2.000%-3.000%	3,725,099
				<u>\$ 117,374,442</u>

Special assessment bonds -

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding December 31, 2015
Refunding serial bonds	5/1/10	5/1/22	2.000%-4.500%	\$ 20,404
Public improvement serial bonds	8/12/10	8/12/23	2.000%-3.250%	39,000
Refunding serial bonds	9/4/14	11/1/24	2.000%-5.000%	40,673
				<u>\$ 100,077</u>

Business-type activities:
General obligation bonds payable -

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding December 31, 2015
Public improvement serial bonds	9/15/07	9/15/22	3.875%-4.125%	\$ 541,200
Refunding serial bonds	5/1/10	5/1/22	2.000%-4.500%	114,390
Public improvement serial bonds	8/12/10	8/12/29	2.000%-3.250%	1,881,000
Public improvement serial bonds	4/28/11	4/15/22	2.000%-4.000%	205,000
Refunding serial bonds	8/8/12	10/1/23	2.000%-5.000%	198,222
Public improvement serial bonds	4/17/13	4/15/27	2.000%-2.375%	400,000
Public improvement serial bonds	7/9/14	4/1/29	2.000%-3.000%	140,000
Refunding serial bonds	9/4/14	11/1/24	2.000%-5.000%	1,119,275
Public improvement serial bonds	2/24/15	2/15/30	1.000%-2.500%	95,000
Refunding serial bonds	4/28/15	3/15/22	2.000%-3.000%	1,484,894
				<u>\$ 6,178,981</u>

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

Governmental activities:
General obligations bonds payable -

Year ended December 31,	Principal	Interest	Total
2016	\$ 13,952,754	\$ 4,007,788	\$ 17,960,542
2017	13,586,252	3,559,535	17,145,787
2018	13,466,989	3,091,907	16,558,896
2019	13,167,080	2,623,695	15,790,775
2020	12,642,477	2,144,438	14,786,915
2021-2025	34,698,890	5,634,232	40,333,122
2026-2030	15,860,000	1,581,767	17,441,767
	<u>\$ 117,374,442</u>	<u>\$ 22,643,362</u>	<u>\$ 140,017,804</u>

Special assessment bonds -

Year ended December 31,	Principal	Interest	Total
2016	\$ 32,598	\$ 5,729	\$ 38,327
2017	13,120	2,293	15,413
2018	13,120	1,868	14,988
2019	13,120	1,362	14,482
2020	13,120	849	13,969
2021-2023	14,999	594	15,593
	<u>\$ 100,077</u>	<u>\$ 12,695</u>	<u>\$ 112,772</u>

Business-type activities:
 General obligations bonds payable -

Year ended December 31,	Principal	Interest	Total
2016	\$ 784,271	\$ 202,458	\$ 986,729
2017	789,505	174,760	964,265
2018	779,889	142,036	921,925
2019	724,802	113,511	838,313
2020	704,403	87,285	791,688
2021-2025	1,691,111	197,845	1,888,956
2026-2030	705,000	42,325	747,325
	<u>\$ 6,178,981</u>	<u>\$ 960,220</u>	<u>\$ 7,139,201</u>

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

Interest paid	\$ 4,111,638
Less interest accrued in the prior year	(1,236,266)
Plus interest accrued in the current year	1,183,880
Amortization of discounts, premiums and deferred charges	<u>(461,667)</u>
Total expense	<u>\$ 3,597,585</u>

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

Interest paid	\$ 214,952
Less interest accrued in the prior year	(67,253)
Plus interest accrued in the current year	<u>58,554</u>
Total expense	<u>\$ 206,253</u>

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

Notes payable - In May 2013, the Town of Southampton Housing Authority (the "Authority") issued \$650,000 in notes payable at an interest rate of 2.95%, which is below the prime rate of 3.25%. The proceeds were used to pay off a project developer's existing mortgage obligation, provide additional funding for the development of a future project (to the same project developer) and to reconstruct, furnish and equip a single family low income rental housing project. The notes is set to mature in May 2017.

In December 2012, the Authority issued \$3,500,000 of revenue bonds at various interest rates ranging from 1.5% to 3.5%. The proceeds were used to pay off existing mortgage obligations and to issue new monies for future projects related to the Hampton Bays Apartments. The bond is guaranteed by the Town of Southampton, which also acts as the fiscal agent, remitting payment to the registered owners of the bonds on the applicable payment dates. The bond is due to mature in December of 2047. The outstanding balance as of December 31, 2015 is \$3,300,000.

In June 2010, the Authority issued \$110,000 of general obligation bonds at an interest rate of 3.55%. The proceeds were used to reconstruct, furnish and equip a single family low income rental housing project located within the Town of Southampton. The outstanding balance as of December 31, 2015 is \$77,000.

The following is a summary of maturing debt service requirements:

Year ended <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 75,000	\$ 104,402	\$ 179,402
2017	80,000	103,072	183,072
2018	80,000	101,660	181,660
2019	88,000	99,990	187,990
2020	89,000	98,189	187,189
2021-2025	380,000	462,171	842,171
2026-2030	445,000	408,606	853,606
2031-2035	510,000	338,294	848,294
2036-2040	600,000	253,734	853,734
2041-2045	710,000	144,288	854,288
2046-2047	320,000	25,113	345,113
	<u>\$ 3,377,000</u>	<u>\$ 2,139,519</u>	<u>\$ 5,516,519</u>

11. PENSION PLANS

Plan description

The Town of Southampton participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") which are collectively referred to as New York State and Local Retirement System (the "System"). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York (the "Comptroller") serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2014, he was elected for a new term commencing January 1, 2015. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("RSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Town also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Benefits provided

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

Tiers 1 and 2

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

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

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

Tiers 3, 4, and 5

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

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

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

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

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

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

Special Plans

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

Ordinary Disability Benefits

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

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS and PFRS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits

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

Post-Retirement Benefit Increases

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

Contributions

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

<u>Year</u>	<u>NYSERS</u>	<u>NYSPFRS</u>
2015	\$ 4,285,670	\$ 3,151,539
2014	4,683,082	3,499,468
2013	4,765,453	3,283,356

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

At December 31, 2015, the Town reported a liability of \$4,440,963 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2014. Update procedures were used to roll forward the pension liability to March 31, 2015. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2015, the Town's proportion was 0.097617% for ERS and 0.415329% for PFRS. The Town's proportion was consistent with December 31, 2014.

For the year ended December 31, 2015, the Town recognized pension expense of \$5,573,672. At December 31, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources - NYSERS	Deferred Outflows of Resources - NYSPFRS	Deferred Inflows of Resources - NYSERS	Deferred Inflows of Resources - NYSPFRS
Differences between expected experience and actual experience	\$ 105,564	\$ 137,867	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	572,774	383,822	-	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	-	-	74,528	215,766
Employer contributions made subsequent to the measurement date	4,285,670	3,151,539	-	-
Total	<u>\$ 4,964,008</u>	<u>\$ 3,673,228</u>	<u>\$ 74,528</u>	<u>\$ 215,766</u>

Deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	NYSERS	NYSPFRS
<u>For the year ended:</u>		
2016	\$ 150,952	\$ 80,376
2017	150,952	80,376
2018	150,953	80,376
2019	150,953	80,375
2020	-	(15,580)

Actuarial assumptions

The total pension liability at March 31, 2015 was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liability to March 31, 2015. The actuarial valuation used the following actuarial assumptions:

	NYSERS	NYSPFRS
Measurement date	March 31, 2015	March 31, 2015
Actuarial valuation date	April 1, 2014	April 1, 2014
Interest rate	7.50%	7.50%
Salary scale	4.90%	6.00%
Decrement tables	April 1, 2005 - March 31, 2010 System's Experience	April 1, 2005 - March 31, 2010 System's Experience
Inflation rate	2.70%	2.70%

Annuitant mortality rates are based on April 1, 2005 – March 31, 2010 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 – March 31, 2010.

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 are summarized below:

NYSERS and NYSPFRS		
Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return strategies	3.00%	7.00%
Bonds and mortgages	18.00%	4.00%
Cash	2.00%	2.25%
Domestic equity	38.00%	7.30%
Inflation-indexed bonds	2.00%	4.00%
International equity	13.00%	8.55%
Opportunistic portfolio	3.00%	8.60%
Private equity	10.00%	11.00%
Real assets	3.00%	8.65%
Real estate	8.00%	8.25%
	<u>100.00%</u>	

Discount rate

The discount rate used to calculate the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability

Sensitivity of the proportionate share of the net pension liability to the discount rate assumption

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

<u>NYSERS</u>	<u>1% Decrease (6.50%)</u>	<u>Current assumption (7.50%)</u>	<u>1% Increase (8.50%)</u>
Employer's proportionate share of the net pension liability (asset)	\$ 21,980,784	\$ 3,297,728	\$ (12,475,404)

<u>NYSPPFRS</u>	<u>1% Decrease (6.50%)</u>	<u>Current assumption (7.50%)</u>	<u>1% Increase (8.50%)</u>
Employer's proportionate share of the net pension liability (asset)	\$ 15,221,573	\$ 1,143,235	\$ (10,655,262)

Pension plan fiduciary net position

The components of the current-year net pension liability of the employers as of March 31, 2015, were as follows:

	(Dollars in Thousands)		
	<u>NYSERS</u>	<u>NYSPPFRS</u>	<u>Total</u>
Employers' total pension liability	\$ 164,591,504	\$ 28,474,417	\$ 193,065,921
Plan net position	<u>(161,213,259)</u>	<u>(28,199,157)</u>	<u>(189,412,416)</u>
Employers' net pension liability	<u>\$ 3,378,245</u>	<u>\$ 275,260</u>	<u>\$ 3,653,505</u>
Ratio of plan net position to the Employers' total pension liability	-97.95%	-99.03%	-98.11%

Deferred compensation plan

The Town has established a deferred compensation plan, administered by New York State Deferred Compensation Plan, in accordance with Internal Revenue Code § 457 for all employees. The date that employees are eligible to participate in the plan is the same as the date they begin their employment with the Town. The Town makes no contributions into this plan. The amount deferred by eligible employees for the year ended December 31, 2015 totaled \$1,601,548. A report for this plan may be obtained by writing to N.Y.S. Deferred Compensation Plan, 385 Jordon Road, Troy, NY 12180.

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

Program Description

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

Funding Policy

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

Participation, vesting and service credit

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

Benefits

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

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 ambulance company having members who participate in the program. Each ambulance company must maintain all required records on forms prescribed by the governing board.

The Plans are administered by Penflex, Inc. with all provisions and amendments subject to approval of the Town Board. An annual actuarial valuation report for the Plans can be obtained from the Town of Southampton Comptroller's Office. None of the pension plans issue separate audited reports on the pension plans. The designated programs administrator's functions include Installation Assistance including: Specimen Adoption Agreement; Specimen Master Plan; Insurance Applications; Participant Enrollment Forms; Explanation of Benefits; Benefit Certificates and Administrative Assistance: Reminder Letter to Sponsor with Census for current anniversary date provided annually; Participant's Benefit Calculation at the time of termination or retirement for verification by the Plan Sponsor; Member Census and Premium Analysis Report provided annually; Valuation and Recommended Deposit provided annually; Summary of Required Contribution; Actuarial review; and Recommended Program Enhancement as appropriate. Disbursements of program assets for the payment of benefits or administrative expenses must be approved. The following is an explanation of the process for approving disbursements:

A. Payment of benefits

1. Entitlement benefits

Penflex, Inc. prepares and submits to the Sponsor a Verification of Benefits Statement and an Annuity Enrollment Form for participants active at entitlement age and for vested participants upon being terminated from the program. Following review for accuracy, the Sponsor signs and returns the paperwork to Penflex, Inc. to disburse entitlement benefits.

2. Death benefits

Upon notification from the Sponsor of a participant death, Penflex, Inc. prepares a Verification of Benefits Statement and a Lump Sum Death Benefit Form. Following review for accuracy, the Sponsor signs and returns the paperwork accompanied by a death certificate to Penflex, Inc. authorizing Penflex, Inc. to disburse a death benefit.

3. Disability benefits

Upon notification from the Sponsor of a participants' total and permanent disability, Penflex, Inc. prepares a Verification of Benefits Statement, a Physician Statement Form and a Lump Sum Disability Benefit Form. Following review for accuracy, the Sponsor signs and returns the paperwork authorizing Penflex, Inc. to disburse a disability benefit.

B. Payment of administrative expenses

Per the executed Service Fee Agreement, the Sponsor agrees to payment as contracted.

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 GML Article 11A 217(j).

Authority to invest program assets is vested in the Glen Falls Bank and Trust Company. Subject to restrictions in the program document, program assets are invested in accordance with a statutory "prudent person" rule.

The Sponsor is required to retain an actuary to determine the amount of the Sponsor's contributions to the Plans. The actuary retained by the Sponsor for this purpose is Penflex, Inc. Portions of the following information are derived from reports prepared by the actuary dated July 23, 2015.

Plan contributions

Pension contributions are determined based on an annual actuarial calculation. The required contribution for the Plans consists of two components. The first component is the annual prior service cost which equals the level annual payment required to fund over the prior service funding period and the portion of the current participants' projected benefits at entitlement age which is based on the service credit ambulance workers earned before the effective date of the Service Award Program. The second component is the "normal cost," which is equal to the level annual payment required to fund the portion of the current participants' projected benefits based on their service credit earned after the effective date of the Service Award Program. Based upon accepted actuarial methods and the assumptions used, it has been determined that the annual costs for the Westhampton War Memorial Ambulance Corporation of \$64,000, the Flanders Northampton Volunteer Ambulance Corporation of \$68,000, the Hampton Bays Volunteer Ambulance Corporation of \$40,253 and the Southampton Volunteer Ambulance Corporation of \$41,000 for the year ended December 31, 2015 were sufficient to satisfy current and future service award obligations upon eligibility for retirement.

The percentage of annual cost contributed to the plan for the year ended December 31, 2015 and the two preceding years is as follows:

<u>Year</u>	<u>Annual Cost</u>	<u>Annual Contribution Made</u>	<u>Percentage Contributed</u>
2015	\$ 213,253	\$ 213,253	100.00%
2014	261,000	261,000	100.00%
2013	226,822	226,822	100.00%

Program financial condition (As of December 31, 2014)

Westhampton War Memorial Ambulance Corporation -

Actuarial present value of vested benefits	<u>\$ 724,790</u>
Net assets available for benefit	<u>\$ 651,840</u>

Flanders Northampton Volunteer Ambulance Corporation -

Actuarial present value of vested benefits	<u>\$ 703,773</u>
Net assets available for benefit	<u>\$ 738,234</u>

Program financial condition (As of December 31, 2014) - continued

Hampton Bays Volunteer Ambulance Corporation -

Actuarial present value of vested benefits	\$	617,613
Net assets available for benefit	\$	742,697

Southampton Volunteer Ambulance Corporation -

Actuarial present value of vested benefits	\$	538,860
Net assets available for benefit	\$	614,486

Receipts and disbursements (For the year ended December 31, 2014)

Westhampton War Memorial Ambulance Corporation -

Program net assets, beginning of year	\$	571,391
Changes during the year:		
Plan contributions	\$	69,000
Investment income earned		40,329
Benefits paid		(22,080)
Trustee fees		(2,965)
Administrative fees		(3,835)
		<u>80,449</u>
Program net assets, end of year	\$	<u>651,840</u>

Contributions -

Recommended actuarial contribution	\$	53,011
Amount of sponsor's actual contribution	\$	69,000

Flanders Northampton Volunteer Ambulance Corporation -

Program net assets, beginning of year	\$	634,500
Changes during the year:		
Plan contributions	\$	73,000
Investment income earned		45,243
Benefits paid		(7,764)
Trustee fees		(3,315)
Administrative fees		(3,430)
		<u>103,734</u>
Program net assets, end of year	\$	<u>738,234</u>

Contributions -

Recommended actuarial contribution	\$	57,761
Amount of sponsor's actual contribution	\$	73,000

Hampton Bays Volunteer Ambulance Corporation -

Program net assets, beginning of year		\$	671,783
Changes during the year:			
Plan contributions	\$	70,000	
Investment income earned		47,052	
Benefits paid		(38,262)	
Trustee fees		(3,456)	
Administrative fees		(4,420)	70,914
			<u>70,914</u>
Program net assets, end of year		\$	<u>742,697</u>

Contributions -

Recommended actuarial contribution	\$	43,368
Amount of sponsor's actual contribution	\$	<u>70,000</u>

Southampton Volunteer Ambulance Corporation -

Program net assets, beginning of year		\$	535,696
Changes during the year:			
Plan contributions	\$	49,000	
Investment income earned		38,071	
Benefits paid		(2,000)	
Trustee fees		(2,791)	
Administrative fees		(3,490)	78,790
			<u>78,790</u>
Program net assets, end of year		\$	<u>614,486</u>

Contributions -

Recommended actuarial contribution	\$	32,052
Amount of sponsor's actual contribution	\$	<u>49,000</u>

Funding methodology and actuarial assumptions

Westhampton War Memorial Ambulance Corporation -

Valuation Date	December 31, 2014
Actuarial Cost Method	Attained Age Normal Frozen Initial Liability
Amortization Method	Level Dollar, open
Pre-entitlement Age Mortality Table	None assumed
Post-entitlement Age Mortality Table	1994 U.S. Uninsured Pensioner 50/50 M/F Mortality Table projected to 2007
Remaining Amortization Period	-0- Years
Asset Valuation Method	Fair Market Value
Actuarial Assumptions:	
Investment Rate of Return	6.25%

Flanders Northampton Volunteer Ambulance Corporation -

Valuation Date	December 31, 2014
Actuarial Cost Method	Attained Age Normal Frozen Initial Liability
Amortization Method	Level Dollar, open
Pre-entitlement Age Mortality Table	None assumed
Post-entitlement Age Mortality Table	1994 U.S. Uninsured Pensioner 50/50 M/F Mortality Table projected to 2007
Remaining Amortization Period	-0- Years
Asset Valuation Method	Fair Market Value
Actuarial Assumptions:	
Investment Rate of Return	6.25%

Hampton Bays Volunteer Ambulance Corporation -

Valuation Date	December 31, 2014
Actuarial Cost Method	Attained Age Normal Frozen Initial Liability
Amortization Method	Level Dollar, open
Pre-entitlement Age Mortality Table	None assumed
Post-entitlement Age Mortality Table	1994 U.S. Uninsured Pensioner 50/50 M/F Mortality Table projected to 2007
Remaining Amortization Period	-0- Years
Asset Valuation Method	Fair Market Value
Actuarial Assumptions:	
Investment Rate of Return	6.25%

Southampton Volunteer Ambulance Corporation -

Valuation Date	December 31, 2014
Actuarial Cost Method	Attained Age Normal Frozen Initial Liability
Amortization Method	Level Dollar, open
Pre-entitlement Age Mortality Table	None assumed
Post-entitlement Age Mortality Table	1994 U.S. Uninsured Pensioner 50/50 M/F Mortality Table projected to 2007
Remaining Amortization Period	-0- Years
Asset Valuation Method	Fair Market Value
Actuarial Assumptions:	
Investment Rate of Return	6.25%

13. POST-EMPLOYMENT BENEFITS

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

The Town provides post-employment (health insurance, life insurance, etc.) coverage to retired employees and their survivors in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the Town's contractual agreements.

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

Currently, 276 retired employees receive health benefits from the Town. Retirees contribute 0% to 20% for coverage depending on position held, date of hire, years of service, and fiscal year of retirement.

The Town recognizes the cost of providing health insurance annually as expenditures in the applicable funds of the fund financial statements as payments are made. For the year ended December 31, 2015, the Town recognized \$3,882,324 for its share of insurance premiums for currently enrolled retirees.

The Town has obtained an actuarial valuation report as of January 1, 2014 which indicates that the total liability for other post-employment benefits is \$147,335,207 (\$62,444,747 related to retirees and \$84,890,460 related to employees).

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

	For the Year Ended December 31, 2015
Annual required contribution	\$ 11,129,978
Interest on net OPEB obligation	2,487,932
Adjustment to ARC	<u>(1,188,908)</u>
Annual OPEB cost	12,429,002
Contributions made	<u>3,882,324</u>
Increase in net OPEB obligation	8,546,678
Net OPEB obligation, beginning of year	<u>62,198,303</u>
Net OPEB obligation, end of year	<u>\$ 70,744,981</u>

Funded status and funding progress

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended December 31, 2015 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2015	\$ 12,429,002	31.2%	\$ 70,744,981
12/31/2014	11,643,664	32.5%	62,198,303
12/31/2013	12,615,326	29.0%	54,338,267

The funded status of the plan as of January 1, 2014 is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Accrued Liability (AAL)- Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
01/01/14	\$ -	\$ 147,335,207	\$ 147,335,207	0%	\$ 38,943,443	378.33%
01/01/12	-	148,511,000	148,511,000	0%	37,953,261	391.30%
01/01/11	-	149,490,000	149,490,000	0%	37,513,001	398.50%

As of January 1, 2014, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$147,335,207 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$147,335,207. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions

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

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

In the January 1, 2014 actuarial valuation, the projected unit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses) and an inflation rate which coincides with the rate of increase in medical premiums, and is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.0% initially, reduced by decrements to an ultimate rate of 5.0% after 8 years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 30 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2015 was 23 years.

14. COMPENSATED ABSENCES

Town employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation, and sick leave, subject to certain limitations.

Estimated vacation, sick leave and compensatory absences accumulated by governmental fund type employees have been recorded in the Statement of Net Position. Payment of vacation time and sick leave is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation, sick leave and compensatory absences when such payments become due. As of December 31, 2015, the value of the accumulated vacation time and sick leave for governmental activities and business-type activities was \$9,265,413.

15. COMMITMENTS AND CONTINGENCIES

A. Risk management

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

In common with other municipalities, the Town receives numerous notices of claims. The Town carries base general liability insurance coverage of \$1,000,000 per occurrence with a \$2,000,000 annual aggregate. The Town carries an umbrella policy which provides additional insurance coverage of \$10,000,000 per occurrence with a \$20,000,000 annual aggregate. Although the eventual outcome of these claims cannot presently be determined, the Town is of the opinion that the ultimate settlement of the outstanding claims will not result in a material adverse effect on the Town's financial position.

The Town is insured for worker's compensation insurance and disability insurance.

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

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

	<u>2015</u>	<u>2014</u>
Unpaid claims and claim adjustment expenditures at the beginning of the year	<u>\$ 3,575,000</u>	<u>\$ 4,460,000</u>
Incurred claims and claim adjustment expenditures:		
Provision (adjustment) for insured events of the current year and increases in provision for insured events of prior years	<u>(298,449)</u>	<u>(725,141)</u>
Total incurred claims and claim adjustment expenditures	<u>3,276,551</u>	<u>3,734,859</u>
Payments:		
Claims and claim adjustment expenditures attributable to insured events of the current and prior years	<u>334,051</u>	<u>159,859</u>
Total payments	<u>334,051</u>	<u>159,859</u>
Unpaid claims and claim adjustment expenditures at the end of the year	<u>\$ 2,942,500</u>	<u>\$ 3,575,000</u>

B. Litigation

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

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

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

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

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

The Shinnecocks have withdrawn their motion for reconsideration, but have requested that Judge Platt continue the indefinite adjournment of their motion for leave to amend, to accommodate the possibility that the United States might agree to intervene in the action on behalf of the Shinnecocks. Judge Platt has granted multiple extensions, and the plaintiff has pursued its appeal by filing a brief and appendix with the Second Circuit Court of Appeals. The Shinnecocks, as well as other named Defendants-Appellees, filed opposition briefs, and Plaintiff-Appellant filed a reply brief. The appeal was argued orally before the Court of Appeals on October 14, 2015, and by Summary Order dated October 27, 2015, the Court of Appeals affirmed the judgment of dismissal issued by the District Court. Plaintiff-Appellant filed a petition for a Writ of Certiorari to the United States Supreme Court on March 25, 2016. The Shinnecocks, and all other Defendants-Respondents currently have until April 28, 2016 to file any opposition to the petition.

C. Landfill closure and post-closure care costs

New York State and federal laws and regulations require the Town to place a final cover on landfill sites and to perform certain maintenance and monitoring activities at landfill sites for at least thirty years after closure. The North Sea Landfill site stopped receiving waste in 1995. Accordingly, as of December 31, 2015, the Town has recorded a liability of \$3,176,836 in the government-wide financial statements which represents the provision to be made in future budgets for unfunded closure and post-closure landfill costs. Actual costs may be higher or lower due to inflation, changes in technology or changes in regulations. These amounts are based on what it would cost to perform all closure and post-closure care as of December 31, 2015.

D. Government grants

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

E. Property tax cap

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

F. Lease commitments and leased assets

Operating leases

The Town is committed under a non-cancellable operating lease for the Hampton Bays Town Center. Total rental expenditures on the lease for the year ended December 31, 2015 totaled approximately \$336,000.

The Town is also committed under various other operating leases that expire on various dates through December 31, 2023. Total rental expenditures on these leases for the year ended December 31, 2015 were approximately \$38,000.

Future minimum operating lease commitments are as follows:

<u>Year ended December 31,</u>		
2016	\$	349,313
2017		349,313
2018		378,422
2019		392,976
2020		392,976
2021-2023		<u>916,946</u>
	<u>\$</u>	<u>2,779,946</u>

G. Service concession arrangements

Poxabogue Golf Course

In accordance with GASB, the Town is required to recognize a liability for certain obligations to sacrifice financial resources (i.e. capital improvements) under the terms of a service concession arrangement or, a deferred inflow for up-front or installment payments received from the operator in advance of the revenue being earned. The Town had one such arrangement, with Steven Lee PGA Golf for the operations of the Poxabogue Golf Center that ended in October 2015. In March 2016, the Town entered into a license agreement with Pin High Golf Management, LLC for the operation of the golf course. The agreement provides the Town with a share of the revenue based upon a sliding scale. The agreement expires on February 29, 2024, and has an option to renew for two additional three year periods. Management of the Town determined that the agreement does not require any additional recognition of a deferred outflow or inflow of resources in the financial statements.

16. TWO PERCENT (2%) TRANSFER TAX

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

For the year ended December 31, 2015, and for the four previous years, the Town has the following 2% transfer tax revenue and expenses associated with environmental or historic preservation purposes:

<u>Year ended December 31,</u>	<u>Revenues</u>	<u>Expenditures</u>
2015	\$ 60,660,717	\$ 42,431,091
2014	65,110,117	51,927,326
2013	58,058,512	39,776,047
2012	38,064,858	48,794,391
2011	39,218,452	35,766,085

17. CONDENSED FINANCIAL STATEMENTS FOR THE DISCRETELY PRESENTED COMPONENT UNITS

The following represents condensed financial statements for the discretely presented component units, as of and for the year ended December 31, 2015:

Condensed Statement of Net Position:

	<u>Assets and Deferred Outflows</u>			<u>Liabilities, Deferred Inflows and Net Position</u>			
	<u>Current Assets</u>	<u>Non-Current Assets</u>	<u>Deferred Outflows</u>	<u>Current Liabilities</u>	<u>Bonds and Other Long-Term Liabilities</u>	<u>Deferred Inflows</u>	<u>Net Position</u>
Town of Southampton Housing Authority	\$ 487,020	\$4,094,443	\$ -	\$ 124,457	\$3,937,222	\$ -	\$ 519,784
Trustees of the Freeholders	\$1,069,810	\$ -	\$ -	\$ 76,331	\$ -	\$ -	\$ 993,479

Condensed Statement of Activities:

	<u>Program</u>			<u>Other</u>	<u>Change</u>	<u>Net Position</u>
	<u>Expenses</u>	<u>Revenue</u>	<u>Net Revenues</u>			
Town of Southampton Housing Authority	\$1,003,742	\$ 951,550	\$ (52,192)	\$ 751	\$ (51,441)	\$ 519,784
Trustees of the Freeholders	\$ 673,031	\$ 851,848	\$ 178,817	\$ 5,063	\$ 183,880	\$ 993,479

18. PRIOR PERIOD ADJUSTMENTS

During 2015, The Town contracted with a third-party company to perform a full inventory and valuation of the Town’s fixed assets. Also, for the year ended December 31, 2015, as explained in Note 3, the Town implemented GASB Statement No. 68 and GASB Statement No. 71. As a result, the Town’s financial statements have been restated as of January 1, 2015 to give effect to the following:

	<u>Governmental Activities Net Position</u>	<u>Business-Type Activities Net Position</u>
Balance as of January 1, 2015, as reported	\$ 728,695,514	\$ 19,103,400
Add: change in capital assets, net, as a result of capital asset inventory	152,182,858	175,725
GASB Statement No. 68 implementation:		
Less: Net Pension Liability - Proportionate share	(5,963,769)	(176,446)
GASB Statement No. 71 implementation:		
Beginning deferred outflow of resources for contributions made subsequent to the measurement date:	5,996,420	140,492
Balance as of January 1, 2015, as restated	<u>\$ 880,911,023</u>	<u>\$ 19,243,171</u>

19. NEW ACCOUNTING STANDARDS TO BE IMPLEMENTED

GASB has issued Statement No. 72, Fair Value Measurement and Application, which addresses accounting and financial reporting issues related to fair value measurements. The Statement will require disclosures regarding the level of fair value hierarchy and valuation techniques. It will also require additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent). The Town is currently studying the Statement and plans on adoption when required, which will be for the year ending December 31, 2016.

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

GASB has issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles ("GAAP") for State and Local Governments, which identifies the hierarchy of generally accepted accounting principles, by reducing the hierarchy to two categories of authoritative GAAP and the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The Town is currently studying the Statement and plans on adoption when required, which will be for the year ending December 31, 2016.

GASB has issued Statement No. 77, Tax Abatement Disclosures, which will require the disclosure regarding tax abatement agreements, specifically: a brief description, the gross dollar amount of taxes abated, and commitments made by the government, other than to abate taxes, as part of a tax abatement agreement. The Town is currently studying the Statement and plans on adoption when required, which will be for the year ending December 31, 2016.

GASB has issued Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans, which amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local employees, and (3) has no predominant state or local governmental employer. The Town is currently studying the Statement and plans on adoption when required, which will be for the year ending December 31, 2016.

GASB has issued Statement No. 80, Blending Requirements For Certain Component Units - An Amendment of GASB No. 14, which amends the blending requirements for the financial statement presentation of component units of all state and local governments. The new criteria will require blending of a component unit incorporated as not-for-profit Corporation in which the primary government is the sole corporate member. The Town is currently studying the Statement and plans on adoption when required, which will be for the year ending December 31, 2017.

GASB has issued Statement No. 82, Pension Issues - an amendment of GASB Statement No. 67, No. 68, and No. 73, which addresses the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from actuarial standards, and the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Town is currently studying the Statement and plans on adoption when required, which will be for the year ending December 31, 2018.

20. SUBSEQUENT EVENTS

The Town has evaluated subsequent events occurring after the Statement of Net Position through the date of April 29, 2016, which is the date the financial statements were available to be issued. Based on this evaluation, the Town has determined the following subsequent events have occurred, which require disclosure in the financial statements:

In February 2016, the Town issued Public Improvement Serial Bonds in the amount of \$8,680,000 maturing on February 15, 2031. The proceeds of the bonds will be used for various capital improvements, to acquire capital equipment and to redeem outstanding bond anticipation notes in the amount of \$600,000 maturing on May 12, 2016.

In February 2016, the Town issued Bond Anticipation Notes in the amount of \$3,191,640 maturing on February 23, 2017. The proceeds from the sale of the notes will be used to provide additional original funds for capital improvements, to acquire capital equipment and to redeem outstanding bond anticipation notes in the amount of \$2,745,640 maturing on February 24, 2016.

The Town's Community Preservation Fund purchased several pieces of property subsequent to year-end for approximately \$14.4 million dollars. The property will be added to the Town's fixed asset records for the year ending December 31, 2016.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

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

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

Schedule of Employer Contributions - Service Award Program

Schedule of Funding Progress - Service Award Program

Schedule of Funding Progress For Retiree Health Plan

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

Schedule of Town Pension Contributions - NYSERS and NYSPFRS

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

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

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
REVENUES					
Real property taxes	\$ 20,882,536	\$ 20,860,140	\$ 20,860,140		\$ -
Other real property tax items:					
Federal payments in lieu of taxes	15,000	15,000	20,099		5,099
Other payments in lieu of taxes	80,000	80,000	65,150		(14,850)
Interest and penalties - real property taxes	120,000	120,000	147,475		27,475
Total other real property tax items	215,000	215,000	232,724		17,724
Non-property tax items:					
Franchise fees	1,591,716	1,614,657	1,700,658		86,001
Total non-property tax items	1,591,716	1,614,657	1,700,658		86,001
Special assessments	37,170	37,170	37,170		-
Departmental income:					
Town Clerk fees	110,000	110,000	103,530		(6,470)
Alarm billing	65,000	65,000	81,200		16,200
Departmental income	40,240	40,240	27,117		(13,123)
Inspection contracts	2,200	2,200	5,710		3,510
Engineering fees	100,000	100,000	95,900		(4,100)
Program fees	370,000	370,000	403,623		33,623
Total departmental income	687,440	687,440	717,080		29,640
Intergovernmental charges:					
Intergovernmental revenue	247,342	247,342	248,886		1,544
Revenue from other governments	50,866	50,866	43,515		(7,351)
Total intergovernmental charges	298,208	298,208	292,401		(5,807)
Use of money and property:					
Shinnecock commercial dock rental	37,000	37,000	50,458		13,458
Interest and earnings	50,000	50,000	96,005		46,005
Total use of money and property	87,000	87,000	146,463		59,463
Licenses and permits:					
Dog licenses	9,000	9,000	8,675		(325)
Public safety permits	225,000	225,000	253,410		28,410
Taxi permits	85,000	85,000	80,815		(4,185)
Animal control permit fees	1,100	1,100	800		(300)
Special event permits	10,000	10,000	-		(10,000)
LT parking permits	13,000	13,000	14,815		1,815
Total licenses and permits	343,100	343,100	358,515		15,415
Fines and forfeitures:					
Justice court fines and fees	2,054,439	2,055,283	1,662,579		(392,704)
Total fines and forfeitures	2,054,439	2,055,283	1,662,579		(392,704)

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
Sale of property and compensation for loss:					
Program fees	\$ 48,000	\$ 48,000	\$ 47,020		\$ (980)
Insurance recoveries	50,000	57,586	18,555		(39,031)
Total sale of property and compensation for loss	98,000	105,586	65,575		(40,011)
Miscellaneous local sources:					
Rentals	21,530	21,530	40,782		19,252
Miscellaneous tax receipts	140,000	140,000	82,074		(57,926)
Contract revenue	30,000	30,000	1,885		(28,115)
Donations - adult transportation	25,000	25,000	17,864		(7,136)
Donations - nutrition program	155,000	155,000	105,291		(49,709)
Donations - residential repair	2,500	2,500	2,815		315
Donations - senior day care	120,000	120,000	101,578		(18,422)
Miscellaneous	153,598	161,318	178,306		16,988
Professional fees	90,000	90,000	117,305		27,305
Total miscellaneous local sources	737,628	745,348	647,900		(97,448)
State aid:					
State aid - revenue sharing	180,000	180,000	184,491		4,491
State aid - mortgage tax	7,500,000	7,500,000	8,838,268		1,338,268
State aid nutrition program	859,000	435,957	435,957		-
EISEP grant	15,500	15,500	9,780		(5,720)
State aid - residential repair	19,380	19,380	16,496		(2,884)
County aid	81,900	81,900	153,846		71,946
State aid - court facilities	-	-	5,200		5,200
State aid - property tax	80,000	80,000	-		(80,000)
State aid - adult day care	15,000	-	2,448		2,448
State aid - youth programs	6,000	6,000	6,000		-
State aid - human services youth	12,000	12,000	17,167		5,167
State aid - emergency disaster	-	-	304,183		304,183
Total state aid	8,768,780	8,330,737	9,973,836		1,643,099
Federal aid:					
Federal aid nutrition program	-	438,042	498,765		60,723
Federal aid - public safety	8,000	8,000	-		(8,000)
Pump-out boats - clean vessel grant	30,000	30,000	25,000		(5,000)
Federal grants - FEMA	500,000	571,159	587,478		16,319
Total federal aid	538,000	1,047,201	1,111,243		64,042
Total revenues	36,339,017	36,426,870	37,806,284		1,379,414
EXPENDITURES					
General governmental support:					
Salaries	8,199,227	8,181,760	8,124,974	\$ -	56,786
Overtime	25,000	31,823	16,298	-	15,525
Severance pay	-	170,535	170,472	-	63
Accumulated sick/personal days	11,680	7,078	4,951	-	2,127
Part time salaries	218,678	299,960	221,608	-	78,352
Longevity	162,741	163,279	160,269	-	3,010
Other pay	5,500	3,000	3,000	-	-
Cash in lieu of health benefits	16,000	24,371	20,658	-	3,713
Human resources - wellness reimbursement	800	800	130	-	670

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
General governmental support, cont'd:					
Vehicles	\$ 150,000	\$ 155,080	\$ 154,111	\$ -	\$ 969
Equipment	59,500	106,307	96,213	6,676	3,418
Contracts	200,000	195,376	187,960	-	7,416
Contracts - other	1,361,293	1,310,107	1,196,347	2,449	111,311
Gasoline	35,950	31,686	22,787	-	8,899
Electric	279,300	280,800	252,935	-	27,865
Fuel oil	119,700	131,763	115,774	-	15,989
Repair equipment	28,650	33,619	19,983	-	13,636
Repair building	33,750	43,150	23,507	4,934	14,709
Repair vehicle	117,000	115,790	67,460	-	48,330
Copier supplies	15,000	15,000	11,988	-	3,012
Postage	94,350	109,893	101,682	-	8,211
Printing and stationery	39,300	32,714	29,807	-	2,907
Publications	80,295	81,315	61,617	-	19,698
Rentals	415,000	421,711	421,002	-	709
Telephone	52,500	51,348	47,975	-	3,373
Travel, dues and related	24,476	22,008	14,580	-	7,428
Uniforms	5,100	7,035	4,955	-	2,080
Microfilming	200	200	-	-	200
Other	132,530	65,730	47,079	-	18,651
Legal notices	13,794	14,919	13,844	-	1,075
Small equipment (non-capital)	54,750	56,074	38,897	-	17,177
Taxes - town property	30,000	30,000	19,181	-	10,819
Office supplies	19,065	26,781	23,723	-	3,058
Supplies - other	36,775	36,880	28,674	-	8,206
Drug court expense	20,000	10,000	7,131	-	2,869
Legal fees	649,000	549,000	455,398	-	93,602
Interpreters	80,000	87,000	79,950	-	7,050
Stenographer	100,000	95,000	83,906	-	11,094
Youth services - programs	40,000	40,000	37,767	-	2,233
Mileage reimbursement	1,100	2,100	881	-	1,219
Schools and training	29,140	23,379	7,774	-	15,605
Document restoration	4,500	4,500	4,483	-	17
Background investigations	750	750	44	-	706
Municipal dues	2,600	2,600	1,950	-	650
Telephone - wireless	13,575	14,864	13,195	-	1,669
Advertising	2,100	600	358	-	242
Other - landfill charges	3,500	4,004	3,353	-	651
Copier leases	31,375	31,456	24,548	-	6,908
Consultants	200,720	186,393	126,039	14,230	46,124
Tires	61,450	61,550	50,799	-	10,751
Lube oil	17,000	18,800	13,528	-	5,272
Insurance - unallocated	1,223,356	1,452,230	1,467,054	19,225	(34,049)
Total general governmental support	14,518,070	14,842,118	14,102,599	47,514	692,005
Public safety:					
Salaries	1,554,069	1,552,755	1,551,847	-	908
Overtime	145,500	140,862	129,792	-	11,070
Accumulated sick/personal days	13,920	12,320	11,611	-	709
Part time salaries	132,114	106,998	98,187	-	8,811
Longevity	67,476	70,375	70,371	-	4
Cash in lieu of health benefits	5,000	5,000	5,000	-	-
Clothing cleaning	4,800	4,800	4,750	-	50
Equipment	15,000	15,000	7,426	-	7,574

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
Public safety, cont'd.:					
Contracts	\$ 260,752	\$ 246,757	\$ 243,356	\$ -	\$ 3,401
Gasoline	70,000	55,705	41,816	-	13,889
Electric	139,000	138,745	91,075	-	47,670
Fuel oil	60,000	60,000	30,188	-	29,812
Repair equipment	8,200	11,298	7,854	-	3,444
Repair building	16,500	15,539	11,686	-	3,853
Postage	100	100	-	-	100
Printing and stationery	1,750	6,250	5,481	-	769
Publications	500	3,204	3,108	-	96
Travel, dues and related	1,025	1,037	212	-	825
Photography	100	100	-	-	100
Uniforms	10,594	11,594	6,406	795	4,393
Other	11,300	11,261	3,089	-	8,172
Bay constables - small equipment	13,800	12,251	7,380	1,564	3,307
Office supplies	1,400	2,086	1,674	-	412
Supplies - other	1,176	1,464	1,295	-	169
Safety equipment	11,500	12,892	12,891	-	1
Food	5,650	5,500	3,997	-	1,503
Schools and training	3,900	467	85	-	382
Telephone - wireless	6,900	6,322	4,250	-	2,072
Copier leases	2,900	2,212	742	-	1,470
Marine charges	14,000	14,000	6,616	-	7,384
Veterinarian fees	1,500	1,500	1,400	-	100
Signs	1,000	1,000	-	-	1,000
Consultants	6,250	3,630	1,700	-	1,930
Total public safety	2,587,676	2,533,024	2,365,285	2,359	165,380
Transportation:					
Salaries	659,506	642,533	634,264	-	8,269
Accumulated sick/personal days	1,980	1,980	1,825	-	155
Part time salaries	84,600	62,258	51,558	-	10,700
Longevity	20,839	20,839	19,968	-	871
Cash in lieu of health benefits	10,000	10,000	6,250	-	3,750
Gasoline	55,000	45,000	38,641	-	6,359
Electric	800	800	-	-	800
Repair vehicle	42,616	42,616	32,683	-	9,933
Uniforms	800	800	-	-	800
Diesel fuel	17,000	1,000	615	-	385
Schools and training	1,500	1,500	-	-	1,500
Other	-	71,159	1,734	71,159	(1,734)
Copier leases	1,085	1,085	907	-	178
Total transportation	895,726	901,570	788,445	71,159	41,966
Economic assistance and opportunity:					
Salaries	1,607,306	1,535,580	1,520,731	-	14,849
Overtime	-	790	790	-	-
Accumulated sick/personal days	3,000	4,778	4,228	-	550
Part time salaries	218,200	269,229	263,094	-	6,135
Longevity	48,841	48,977	48,815	-	162
Cash in lieu of health benefits	5,000	5,000	5,000	-	-
Contracts	335,500	334,767	329,964	-	4,803

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
Economic assistance and opportunity, cont'd.:					
Electric	\$ 3,500	\$ 5,700	\$ 5,596	\$ -	\$ 104
Fuel oil	1,800	1,800	928	-	872
Repair equipment	7,000	9,571	8,494	300	777
Repairs	500	500	497	-	3
Postage	5,150	5,070	3,835	-	1,235
Printing and stationery	250	55	41	-	14
Publications	400	400	196	-	204
Travel, dues and related	5,400	1,411	1,092	-	319
Uniforms	2,000	1,347	1,039	-	308
Other	178,000	181,470	257,523	-	(76,053)
Office supplies	3,080	4,682	4,585	-	97
Supplies - other	45,000	47,670	47,663	-	7
Youth services - programs	20,500	23,605	23,605	-	-
Mileage reimbursement	10,600	10,400	9,439	-	961
Food	310,000	338,279	337,126	-	1,153
Schools and training	700	700	-	-	700
Telephone - wireless	2,150	2,150	2,047	-	103
Advertising	500	800	572	-	228
Copier leases	5,230	3,926	3,693	-	233
Contingency	15,095	13,595	-	-	13,595
Program expenses	44,100	43,016	42,532	-	484
	2,878,802	2,895,268	2,923,125	300	(28,157)
Culture and recreation:					
Salaries	1,192,846	1,130,658	1,129,745	-	913
Overtime	15,000	24,294	23,930	-	364
Accumulated sick/personal days	7,080	7,940	6,180	-	1,760
Part time salaries	289,368	311,198	250,760	-	60,438
Longevity	39,743	39,890	37,614	-	2,276
Cash in lieu of health benefits	2,500	2,500	2,500	-	-
Equipment	2,500	4,000	3,891	-	109
Contracts	65,721	67,750	56,241	-	11,509
Gasoline	47,500	28,250	25,323	-	2,927
Electric	122,800	114,800	105,971	-	8,829
Fuel oil	33,400	31,650	14,414	-	17,236
Repair equipment	18,300	18,850	14,805	-	4,045
Repair building	49,200	63,400	61,704	-	1,696
Repair vehicle	19,910	37,810	36,538	-	1,272
Postage	6,550	7,125	6,288	-	837
Printing and stationery	10,392	10,392	9,609	-	783
Publications	198	198	45	-	153
Rentals	15,913	15,913	15,432	-	481
Telephone	3,000	3,000	2,624	-	376
Travel, dues and related	1,000	584	70	-	514
Uniforms	4,970	4,970	1,850	-	3,120
Other	9,000	17,420	13,839	2,365	1,216
Legal notices	100	100	-	-	100
Small equipment (non-capital)	980	6,245	5,883	-	362
Office supplies	3,010	2,874	2,270	-	604
Supplies - other	30,180	25,715	25,115	-	600
Diesel fuel	26,000	19,500	14,716	-	4,784
Salt	8,000	8,050	8,025	-	25
Mileage reimbursement	100	100	-	-	100
Telephone - wireless	1,700	1,700	1,415	-	285

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
Culture and recreation, cont'd:					
Program expenses	\$ 185,000	\$ 175,083	\$ 146,156	\$ -	\$ 28,927
Other - landfill charges	30,000	30,000	22,365	-	7,635
P and R chargeback - watering	5,200	6,747	6,001	-	746
Copier leases	600	600	389	-	211
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total culture and recreation	2,247,761	2,219,306	2,051,708	2,365	165,233
Home and community services:					
Salaries	257,110	192,690	172,678	-	20,012
Overtime	12,500	32,500	24,785	-	7,715
Accumulated sick/personal days	2,540	2,540	-	-	2,540
Part time salaries	66,004	62,076	59,358	-	2,718
Longevity	8,695	8,754	8,752	-	2
Contracts - other	3,000	3,000	-	-	3,000
Contracts	159,682	152,542	117,895	-	34,647
Gasoline	13,000	10,479	10,365	-	114
Electric	2,500	2,500	2,190	-	310
Fuel oil	4,000	4,000	-	-	4,000
Repair equipment	35,000	48,021	47,992	-	29
Repair building	2,500	2,500	1,630	-	870
Rentals	2,500	2,500	-	-	2,500
Uniforms	900	-	-	-	-
Other	5,000	8,000	7,675	-	325
Small equipment (non-capital)	3,000	3,500	3,040	-	460
Office supplies	500	1,000	997	-	3
Supplies - other	2,000	640	582	-	58
Diesel fuel	65,000	65,000	65,000	-	-
Municipal dues	20,000	12,000	1,171	-	10,829
Telephone - wireless	3,240	3,239	2,379	-	860
Copier leases	1,800	1,800	800	-	1,000
Marine charges	8,000	2,900	2,737	-	163
Consultants	50,000	50,000	37,518	-	12,482
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Total home and community services	728,471	672,181	567,544	-	104,637
Employee benefits:					
Employee retirement - active	2,322,051	2,470,415	2,469,895	-	520
FICA tax expenditure	1,149,482	1,165,844	1,106,310	-	59,534
MTA tax	51,543	52,419	49,455	-	2,964
Worker's compensation	408,452	402,826	368,720	-	34,106
Medical insurance - active employees	3,427,218	3,332,594	3,235,489	-	97,105
Health insurance - retirees	1,067,180	960,967	948,084	-	12,883
Medicare part B - retirees	165,100	165,100	149,565	-	15,535
Dental and optical	292,706	289,695	261,801	-	27,894
N.Y.S unemployment insurance	75,000	39,190	19,590	-	19,600
Disability	11,500	11,285	4,725	-	6,560
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Total employee benefits	8,970,232	8,890,335	8,613,634	-	276,701
Debt service:					
Principal	3,542,977	3,556,589	3,542,987	-	13,602
Interest	695,280	697,807	688,004	-	9,803
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total debt service	4,238,257	4,254,396	4,230,991	-	23,405
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	37,064,995	37,208,198	35,643,331	123,697	1,441,170
Excess (deficiency) of revenues over (under) expenditures	<hr/> (725,978) <hr/>	<hr/> (781,328) <hr/>	<hr/> 2,162,953 <hr/>	<hr/> \$ 123,697 <hr/>	<hr/> 2,820,584 <hr/>

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Year-end Encumbrances</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Revised Budget</u>			
OTHER FINANCING SOURCES (USES)					
Payment to refunded bond escrow agent	\$ -	\$ (3,996,598)	\$ (3,996,598)		\$ -
Refunding bond issuance	-	3,737,712	3,725,099		(12,613)
Premium on obligations	-	320,320	381,753		61,433
Interfund transfer in	353,861	363,297	363,966		669
Interfund transfer out	-	(343,803)	(343,803)		-
Appropriated fund balance	<u>372,117</u>	<u>700,400</u>	<u>-</u>		<u>(700,400)</u>
Total other financing sources (uses)	<u>725,978</u>	<u>781,328</u>	<u>130,417</u>		<u>(650,911)</u>
Change in fund balance	-	-	2,293,370		<u>\$ 2,169,673</u>
Fund balance, beginning of year	<u>14,324,177</u>	<u>14,324,177</u>	<u>14,324,177</u>		
Fund balance, end of year	<u>\$ 14,324,177</u>	<u>\$ 14,324,177</u>	<u>\$ 16,617,547</u>		

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - POLICE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
REVENUES					
Real property taxes	\$ 20,963,398	\$ 20,963,398	\$ 20,963,398		\$ -
Other real property tax items:					
Other payments in lieu of taxes	75,000	75,000	82,992		7,992
Interest and penalties - real property taxes	55,000	55,000	61,950		6,950
Total other real property tax items	130,000	130,000	144,942		14,942
Departmental income:					
Departmental income	3,000	3,000	2,428		(572)
Towing fees	150,000	150,000	104,469		(45,531)
Alarm billing	375,000	375,000	450,925		75,925
Total departmental income	528,000	528,000	557,822		29,822
Use of money and property:					
Interest and earnings	15,000	15,000	51,206		36,206
Total use of money and property	15,000	15,000	51,206		36,206
Licenses and permits:					
Special event permits	60,000	60,000	79,323		19,323
Total licenses and permits	60,000	60,000	79,323		19,323
Sale of property and compensation for loss:					
Insurance recoveries	-	-	11,221		11,221
Total sale of property and compensation for loss	-	-	11,221		11,221
Miscellaneous local sources:					
Miscellaneous tax receipts	100,000	100,000	193,696		93,696
Miscellaneous	20,548	22,548	81,696		59,148
Total miscellaneous local sources	120,548	122,548	275,392		152,844
State aid:					
State aid - sales tax	2,211,561	2,211,561	2,238,561		27,000
State aid - public safety	75,460	75,460	6,000		(69,460)
State aid - emergency disaster	-	-	2,162		2,162
Total state aid	2,287,021	2,287,021	2,246,723		(40,298)
Federal aid:					
Stop DWI	34,500	34,500	17,481		(17,019)
NYS speed enforcement	-	-	10,920		10,920
Bullet proof vest program	12,000	12,000	5,094		(6,906)
Federal aid, other public safety	-	-	11,849		11,849
Total federal aid	46,500	46,500	45,344		(1,156)
Total revenues	24,150,467	24,152,467	24,375,371		222,904

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - POLICE DISTRICT FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
EXPENDITURES					
Public safety:					
Salaries	\$ 11,066,383	\$ 11,168,623	\$ 11,157,818	\$ -	\$ 10,805
Overtime	843,570	973,570	948,875	-	24,695
Severance pay	77,504	336,646	336,627	-	19
Accumulated sick/personal days	94,655	70,852	67,617	-	3,235
Holiday	615,574	555,573	550,637	-	4,936
Part time salaries	430,021	451,753	451,692	-	61
Pay differential special units	38,656	38,656	36,909	-	1,747
Shift differential	332,014	362,014	361,994	-	20
Longevity	431,895	414,695	412,957	-	1,738
Training	93,861	93,861	63,301	-	30,560
Instructor - shift differential	9,000	9,000	7,000	-	2,000
Cash in lieu of health benefits	22,000	23,000	23,000	-	-
Payment differential - sergeants supervisor	17,000	31,155	31,155	-	-
Clothing cleaning	1,200	1,200	1,200	-	-
Clothing allowance	101,986	101,986	87,399	-	14,587
Equipment	-	3,983	3,983	-	-
Vehicles	407,880	432,144	369,820	45,885	16,439
Emergency services team gear	2,000	2,000	1,851	-	149
Contracts	149,850	101,265	89,829	-	11,436
Gasoline	240,000	160,000	132,263	-	27,737
Electric	80,000	70,000	59,016	-	10,984
Fuel oil	33,000	33,000	19,203	-	13,797
Repair equipment	8,000	7,888	3,659	-	4,229
Repair building	25,000	20,000	17,302	-	2,698
Repair vehicle	20,000	30,000	24,892	-	5,108
Postage	5,000	5,000	4,384	-	616
Printing and stationery	11,000	11,000	8,453	-	2,547
Publications	5,000	5,000	4,949	-	51
Rentals	1,000	1,000	516	-	484
Telephone	9,000	9,000	7,383	-	1,617
Travel, dues and related	3,000	10,500	9,890	-	610
Photography	1,500	1,500	1,476	-	24
Uniforms	50,000	50,000	45,418	-	4,582
Other	20,000	25,000	21,544	-	3,456
Office supplies	8,000	8,000	6,813	-	1,187
Supplies - other	7,500	7,500	7,327	-	173
Towing	100,000	110,000	82,285	-	27,715
Ammunition	20,000	39,795	39,795	-	-
Flares and medical supplies	12,000	12,000	4,235	-	7,765
Safety equipment	45,000	45,000	29,942	-	15,058
Youth services - programs	8,000	8,000	2,949	-	5,051
Diesel fuel	2,000	2,000	678	-	1,322
Food	1,000	1,000	801	-	199
Schools and training	6,000	4,500	2,894	-	1,606
Telephone - wireless	3,100	3,100	2,735	-	365
Landfill charges	-	10	10	-	-
Copier leases	6,000	5,990	3,545	-	2,445
Uniform cleaning	20,000	20,000	13,394	-	6,606
Total public safety	15,485,149	15,877,759	15,561,415	45,885	270,459

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - POLICE DISTRICT FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
Employee benefits:					
Employee retirement - active	\$ 3,086,931	\$ 3,328,509	\$ 3,328,509	\$ -	\$ -
FICA tax expenditure	866,981	927,731	904,364	-	23,367
MTA tax	48,348	49,548	47,458	-	2,090
Worker's compensation	406,574	402,370	401,896	-	474
Life insurance	11,676	11,676	11,664	-	12
Medical insurance - active employees	1,850,736	1,840,736	1,835,220	-	5,516
Health insurance - retirees	1,930,000	1,716,321	1,715,933	-	388
Medicare part B - retirees	146,000	119,000	113,103	-	5,897
Dental and optical	159,102	143,102	124,115	-	18,987
Dental and optical retirees	177,000	165,287	165,287	-	-
NYS unemployment insurance	8,000	9,162	9,162	-	-
Disability	4,541	4,541	3,527	-	1,014
Total employee benefits	8,695,889	8,717,983	8,660,238	-	57,745
Debt service:					
Principal	334,013	334,013	334,013	-	-
Interest	35,416	35,416	35,416	-	-
Total debt service	369,429	369,429	369,429	-	-
Total expenditures	24,550,467	24,965,171	24,591,082	45,885	328,204
Excess (deficiency) of revenues over (under) expenditures	(400,000)	(812,704)	(215,711)	<u>\$ 45,885</u>	551,108
OTHER FINANCING SOURCES					
Premium on obligations	-	-	1,392		1,392
Appropriated fund balance	400,000	812,704	-		(812,704)
Total other financing sources	400,000	812,704	1,392		(811,312)
Change in fund balance	-	-	(214,319)		<u>\$ (260,204)</u>
Fund balance, beginning of year	2,710,528	2,710,528	2,710,528		
Fund balance, end of year	<u>\$ 2,710,528</u>	<u>\$ 2,710,528</u>	<u>\$ 2,496,209</u>		

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - TOWN OUTSIDE VILLAGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
REVENUES					
Real property taxes	\$ 1,853,789	\$ 1,853,789	\$ 1,853,789		\$ -
Other real property tax items:					
Other payments in lieu of taxes	7,000	7,000	8,022		1,022
Interest and penalties - real property taxes	5,000	5,000	5,632		632
Total other real property tax items	12,000	12,000	13,654		1,654
Departmental income:					
Electrical inspections	415,000	415,000	623,021		208,021
Rental permits	151,652	210,020	200,000		(10,020)
Zoning fees	82,500	82,500	104,150		21,650
Wetland fees	325,829	352,827	268,800		(84,027)
Old filed maps	3,340	3,340	2,080		(1,260)
Planning zoning amendments	10,020	10,020	2,500		(7,520)
Other PB scheduling fees	50,100	50,100	89,025		38,925
Land Management planning division - site plan - fees	133,600	133,600	229,449		95,849
Special exceptions planning fee	10,020	10,020	9,450		(570)
Photocopy fees	9,300	9,300	14,146		4,846
Sub division planning fees	128,169	128,169	120,220		(7,949)
Total departmental income	1,319,530	1,404,896	1,662,841		257,945
Use of money and property:					
Interest and earnings	3,500	3,500	18,164		14,664
Total use of money and property	3,500	3,500	18,164		14,664
Licenses and permits:					
Licensing	156,000	156,000	132,675		(23,325)
Building permit fee	2,539,241	2,559,811	2,928,593		368,782
Total licenses and permits	2,695,241	2,715,811	3,061,268		345,457
Miscellaneous local sources:					
Miscellaneous tax receipts	-	-	3,705		3,705
Miscellaneous revenue	50,000	50,000	500		(49,500)
Total miscellaneous local sources	50,000	50,000	4,205		(45,795)
Total revenues	5,934,060	6,039,996	6,613,921		573,925
EXPENDITURES					
Public safety:					
Salaries	509,230	522,140	502,551	\$ -	19,589
Overtime	20,500	50,500	43,553	-	6,947
Part time salaries	-	19,273	19,053	-	220
Longevity	7,862	7,905	7,904	-	1
Cash in lieu of health benefits	2,500	2,500	2,500	-	-
Clothing cleaning	2,400	2,400	2,100	-	300
Contracts	2,244	2,244	1,613	-	631
Gasoline	20,000	17,559	11,719	-	5,840
Repair equipment	3,000	1,424	-	-	1,424
Printing and stationery	1,500	1,500	804	-	696
Publication	-	153	153	-	-
Uniforms	2,000	9,088	4,547	-	4,541
Small equipment (non-capital)	1,000	6,000	3,560	-	2,440
Office supplies	800	3,876	3,230	-	646

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - TOWN OUTSIDE VILLAGE FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
Public safety, cont'd:					
Legal fees	\$ 43,465	\$ 9,068	\$ 1,845	\$ -	\$ 7,223
Schools and training	3,500	3,500	1,990	-	1,510
Telephone - wireless	3,500	3,800	3,659	-	141
Other	5,000	400	-	-	400
Copier Lease	3,000	3,000	2,686	-	314
Total public safety	631,501	666,330	613,467	-	52,863
Home and community services:					
Salaries	2,779,135	2,797,291	2,749,562	-	47,729
Overtime	13,000	33,782	32,428	-	1,354
Severance pay	-	4,810	4,797	-	13
Accumulated sick/personal days	6,700	6,700	5,113	-	1,587
Part time salaries	61,360	48,105	17,017	-	31,088
Longevity	61,581	62,248	61,738	-	510
Cash in lieu of health benefits	16,500	18,070	17,070	-	1,000
Equipment	-	27,455	13,961	-	13,494
Vehicles	50,000	30,005	30,005	-	-
Contracts	131,100	125,290	26,985	-	98,305
Gasoline	26,500	16,258	12,870	-	3,388
Repair equipment	395	395	-	-	395
Repair vehicle	2,000	2,000	-	-	2,000
Copier supplies	450	450	171	-	279
Printing and stationery	10,800	10,800	9,366	-	1,434
Publications	4,950	4,950	1,252	-	3,698
Travel, dues and related	3,485	7,985	6,262	-	1,723
Other	6,150	6,150	4,836	-	1,314
Legal notices	9,700	11,200	10,940	-	260
Small equipment (non-capital)	500	1,100	932	-	168
Office supplies	5,500	6,600	6,589	-	11
Supplies - other	370	870	719	-	151
Safety equipment	1,400	1,400	1,396	-	4
Schools and training	870	2,820	2,060	-	760
Telephone - wireless	5,300	5,300	4,480	-	820
Landfill charges	360,400	360,400	293,296	-	67,104
Copier leases	13,380	13,380	9,936	-	3,444
Consultants	-	114,500	58,943	38,824	16,733
Total home and community services	3,571,526	3,720,314	3,382,724	38,824	298,766
Employee benefits:					
Employee retirement - active	535,520	569,624	569,616	-	8
FICA tax expenditure	263,100	272,728	256,424	-	16,304
MTA tax	11,855	12,305	11,456	-	849
Worker's compensation	60,410	60,378	54,533	-	5,845
Medical insurance - active employees	741,182	711,935	660,325	-	51,610
Health insurance - retirees	293,000	293,000	232,799	-	60,201
Medicare part B - retirees	57,000	57,000	29,666	-	27,334
Dental and optical	67,773	65,344	57,331	-	8,013
NYS unemployment insurance	10,000	4,900	-	-	4,900
Disability	2,678	2,666	1,221	-	1,445
Total employee benefits	2,042,518	2,049,880	1,873,371	-	176,509

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - TOWN OUTSIDE VILLAGE FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
Debt service:					
Principal	\$ 112,815	\$ 112,815	\$ 112,815	\$ -	\$ -
Interest	8,226	8,226	8,227	-	(1)
Total debt service	121,041	121,041	121,042	-	(1)
Total expenditures	6,366,586	6,557,565	5,990,604	38,824	528,137
Excess (deficiency) of revenues over (under) expenditures	(432,526)	(517,569)	623,317	\$ (38,824)	1,102,062
OTHER FINANCING SOURCES (USES)					
Premium on obligations	-	-	1,583		1,583
Interfund transfer in	-	5,000	5,000		-
Interfund transfer out	(10,000)	(150,000)	(150,000)		-
Appropriated fund balance	442,526	662,569	-		(662,569)
Total other financing sources (uses)	432,526	517,569	(143,417)		(660,986)
Change in fund balance	-	-	479,900		\$ 441,076
Fund balance, beginning of year	2,964,176	2,964,176	2,964,176		
Fund balance, end of year	\$ 2,964,176	\$ 2,964,176	\$ 3,444,076		

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
REVENUES					
Real property taxes	\$ 11,569,402	\$ 11,569,402	\$ 11,569,402		\$ -
Other real property tax items:					
Other payments in lieu of taxes	46,000	46,000	50,483		4,483
Interest and penalties - real property taxes	25,000	25,000	28,159		3,159
Total other real property tax items	71,000	71,000	78,642		7,642
Departmental income:					
Engineering fees	14,000	14,000	15,200		1,200
Total departmental income	14,000	14,000	15,200		1,200
Intergovernmental charges:					
Intergovernmental revenue	688,156	688,156	688,156		-
Revenue from other governments	-	6,500	19,526		13,026
Total intergovernmental charges	688,156	694,656	707,682		13,026
Use of money and property:					
Interest and earnings	15,000	17,553	30,708		13,155
Total use of money and property	15,000	17,553	30,708		13,155
Licenses and permits:					
Licences and permits	-	-	2,553		2,553
Total licenses and permits	-	-	2,553		2,553
Sale of property and compensation for loss:					
Insurance recoveries	-	3,800	15,450		11,650
Total sale of property and compensation for loss	-	3,800	15,450		11,650
Miscellaneous local sources:					
Miscellaneous tax receipts	-	22,177	36,108		13,931
Miscellaneous	23,000	36,700	37,272		572
Total miscellaneous local sources	23,000	58,877	73,380		14,503
State aid:					
Consolidated highway aid	842,159	963,775	1,200,447		236,672
State aid - emergency disaster	-	-	68,726		68,726
Total state aid	842,159	963,775	1,269,173		305,398
Federal aid:					
Federal grants - FEMA	-	125,000	-		(125,000)
Total federal aid	-	125,000	-		(125,000)
Total revenues	13,222,717	13,518,063	13,762,190		244,127

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - HIGHWAY FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
EXPENDITURES					
Transportation:					
Salaries	\$ 3,204,678	\$ 3,079,496	\$ 3,079,490	\$ -	\$ 6
Overtime	202,000	458,000	453,344	-	4,656
Severance pay	-	17,387	17,296	-	91
Accumulated sick/personal days	17,274	7,059	6,927	-	132
Part time salaries	-	4,030	2,760	-	1,270
Longevity	195,893	196,508	184,148	-	12,360
Cash in lieu of health benefits	17,500	17,300	17,292	-	8
Equipment	100,000	235,000	99,927	135,000	73
Road reconstruction	842,159	963,775	963,775	-	-
Road improvements	-	44,064	14,860	-	29,204
Contracts - other	200,000	304,000	301,407	-	2,593
Gasoline	70,000	76,500	45,562	-	30,938
Recharge Basin	25,000	-	-	-	-
Electric	40,000	41,675	41,188	-	487
Fuel oil	65,000	65,000	40,553	-	24,447
Repair equipment	206,000	348,170	336,003	-	12,167
Repair building	51,000	56,416	52,254	-	4,162
Postage	1,300	1,503	1,481	-	22
Publications	3,300	2,800	1,772	-	1,028
Rentals	31,500	31,540	21,559	-	9,981
Telephone	4,700	4,700	4,378	-	322
Uniforms	6,750	4,200	3,751	-	449
Other	22,000	12,880	12,015	-	865
Legal notices	3,500	4,000	3,938	-	62
Small equipment (non-capital)	4,500	12,155	10,359	-	1,796
Office supplies	2,200	2,236	2,226	-	10
Supplies - other	45,000	57,256	54,361	-	2,895
Tree and stump removal	75,000	75,000	74,110	-	890
Safety equipment	20,000	20,776	20,193	-	583
Hardware	45,000	45,000	42,066	-	2,934
Diesel fuel	232,000	226,770	161,811	-	64,959
Mileage reimbursement	2,400	3,900	3,714	-	186
Sand	75,000	113,730	113,728	-	2
Salt	200,000	396,000	395,164	-	836
Chemicals	-	6,106	6,106	-	-
Road repairs	100,000	99,471	84,298	-	15,173
Schools and training	2,500	2,900	2,891	-	9
Telephone - wireless	4,700	4,700	3,756	-	944
Townwide line striping	150,000	156,741	156,738	-	3
Copier leases	4,200	4,200	2,671	-	1,529
Tires	25,000	44,600	41,368	-	3,232
Lube oil	20,000	21,980	21,980	-	-
Total transportation	6,317,054	7,269,524	6,903,220	135,000	231,304

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - HIGHWAY FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
Employee benefits:					
Employee retirement - active	\$ 566,833	\$ 606,047	\$ 606,047	\$ -	\$ -
FICA tax expenditure	278,273	290,064	283,444	-	6,620
MTA tax	12,400	13,090	12,600	-	490
Worker's compensation	712,926	651,005	643,575	-	7,430
Medical insurance - active employees	841,960	845,107	843,002	-	2,105
Health insurance - retirees	551,900	512,685	492,873	-	19,812
Medicare part B - retirees	91,000	91,000	67,435	-	23,565
Dental and optical	66,960	68,708	67,614	-	1,094
NYS unemployment insurance	11,000	11,000	690	-	10,310
Disability	1,699	1,699	125	-	1,574
Total employee benefits	<u>3,134,951</u>	<u>3,090,405</u>	<u>3,017,405</u>	<u>-</u>	<u>73,000</u>
Debt service:					
Principal	3,120,899	3,120,899	3,120,899	-	-
Interest	820,556	820,556	804,645	-	15,911
Total debt service	<u>3,941,455</u>	<u>3,941,455</u>	<u>3,925,544</u>	<u>-</u>	<u>15,911</u>
Total expenditures	<u>13,393,460</u>	<u>14,301,384</u>	<u>13,846,169</u>	<u>135,000</u>	<u>320,215</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(170,743)</u>	<u>(783,321)</u>	<u>(83,979)</u>	<u>\$ (135,000)</u>	<u>564,342</u>
OTHER FINANCING SOURCES (USES)					
Premium on obligations	-	-	32,572		32,572
Interfund transfer in	-	371,834	872,000		500,166
Interfund transfer out	(390,000)	(412,177)	(412,177)		-
Appropriated fund balance	560,743	823,664	-		(823,664)
Total other financing sources (uses)	<u>170,743</u>	<u>783,321</u>	<u>492,395</u>		<u>(290,926)</u>
Change in fund balance	-	-	408,416		<u>\$ 273,416</u>
Fund balance, beginning of year	<u>2,169,431</u>	<u>2,169,431</u>	<u>2,169,431</u>		
Fund balance, end of year	<u>\$ 2,169,431</u>	<u>\$ 2,169,431</u>	<u>\$ 2,577,847</u>		

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - PUBLIC SAFETY COMMUNICATIONS FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
REVENUES					
Real property taxes	\$ 2,140,751	\$ 2,140,751	\$ 2,140,751		\$ -
Other real property tax items:					
Other payments in lieu of taxes	7,000	7,000	7,734		734
Interest and penalties - real property taxes	5,000	5,000	5,632		632
Total other real property tax items	12,000	12,000	13,366		1,366
Departmental income:					
Rentals	100,000	100,000	136,138		36,138
Total departmental income	100,000	100,000	136,138		36,138
Use of money and property:					
Interest and earnings	3,000	3,000	7,795		4,795
Total use of money and property	3,000	3,000	7,795		4,795
Miscellaneous local sources:					
Insurance recoveries	-	-	20		20
Total miscellaneous local sources	-	-	20		20
State aid:					
State aid - other public safety	100,000	100,000	143,515		43,515
Total state aid	100,000	100,000	143,515		43,515
Total revenues	2,355,751	2,355,751	2,441,585		85,834
EXPENDITURES					
Public safety:					
Salaries	1,221,929	1,167,538	1,166,124	\$ -	1,414
Overtime	50,964	95,964	89,522	-	6,442
Holiday	11,025	12,025	11,749	-	276
Pay differential - shift	55,503	54,503	47,563	-	6,940
Longevity	64,139	64,139	58,049	-	6,090
Cash in lieu of health benefits	9,000	9,000	7,000	-	2,000
Uniform cleaning allowance	6,300	6,300	5,700	-	600
Contracts	173,321	174,154	126,180	-	47,974
Electric	7,203	7,203	5,505	-	1,698
Repair equipment	8,200	1,846	315	-	1,531
Rentals	111,044	111,044	103,044	-	8,000
Telephone	1,000	1,000	717	-	283
Uniforms	8,000	8,000	4,513	-	3,487
Small equipment (non-capital)	900	5,754	5,382	-	372
Office supplies	300	300	160	-	140
Schools and training	7,000	7,000	3,313	-	3,687
Contracts - copier lease	5,880	5,880	4,998	-	882
Unallocated - severance	-	4,485	4,469	-	16
Total public safety	1,741,708	1,736,135	1,644,303	-	91,832

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - PUBLIC SAFETY COMMUNICATIONS FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
Employee benefits:					
Employee retirement - active	\$ 234,112	\$ 249,018	\$ 249,018	\$ -	\$ -
FICA tax expenditure	108,542	108,542	104,339	-	4,203
MTA tax	4,824	4,824	4,637	-	187
Worker's compensation	4,888	4,888	4,412	-	476
Medical insurance - active employees	283,068	273,068	268,267	-	4,801
Dental and optical	27,392	27,392	22,238	-	5,154
Disability	605	605	10	-	595
Health insurance - retirees	75,000	75,000	49,427	-	25,573
Medicare part B - retirees	19,000	19,000	5,350	-	13,650
Total employee benefits	757,431	762,337	707,698	-	54,639
Debt service:					
Principal	5,000	5,000	5,000	-	-
Interest	1,200	1,200	1,200	-	-
Total debt service	6,200	6,200	6,200	-	-
Total expenditures	2,505,339	2,504,672	2,358,201	-	146,471
Excess (deficiency) of revenues over (under) expenditures	(149,588)	(148,921)	83,384	\$ -	232,305
OTHER FINANCING SOURCES					
Interfund transfer in	149,588	148,921	148,921		-
Total other financing sources	149,588	148,921	148,921		-
Change in fund balance	-	-	232,305		<u>\$ 232,305</u>
Fund balance, beginning of year	579,930	579,930	579,930		
Fund balance, end of year	<u>\$ 579,930</u>	<u>\$ 579,930</u>	<u>\$ 812,235</u>		

**REQUIRED
SUPPLEMENTARY
INFORMATION**

TOWN OF SOUTHAMPTON
SCHEDULE OF EMPLOYER CONTRIBUTIONS - SERVICE AWARD PROGRAM
DECEMBER 31, 2015

Westhampton War Memorial Ambulance Corporation:

Year Ended Dec. 31	Annual Required Contribution	Actual Contribution	Percentage Contributed
2015	\$ 55,444	64,000	115.43%
2014	53,011	69,000	130.16%
2013	63,616	63,616	100.00%

Flanders Northampton Volunteer Ambulance Corporation:

Year Ended Dec. 31	Annual Required Contribution	Actual Contribution	Percentage Contributed
2015	\$ 57,984	\$ 68,000	117.27%
2014	57,761	73,000	126.38%
2013	56,932	56,932	100.00%

Hampton Bays Volunteer Ambulance Corporation:

Year Ended Dec. 31	Annual Required Contribution	Actual Contribution	Percentage Contributed
2015	\$ 40,092	\$ 40,253	100.40%
2014	43,368	70,000	161.41%
2013	63,246	63,246	100.00%

Southampton Volunteer Ambulance Corporation:

Year Ended Dec. 31	Annual Required Contribution	Actual Contribution	Percentage Contributed
2015	\$ 32,100	\$ 41,000	127.73%
2014	32,052	49,000	152.88%
2013	43,028	43,028	100.00%

**TOWN OF SOUTHAMPTON
SCHEDULE OF FUNDING PROGRESS - SERVICE AWARD PROGRAM
DECEMBER 31, 2015**

Westhampton War Memorial Ambulance Corporation:

Actuarial Valuation Date Dec. 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded (Overfunded) Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b-a)/c]
2014	\$ 651,840	\$ 724,790	\$ 72,950	89.94%	N/A*	N/A*
2013	571,391	646,636	75,245	88.36%	N/A*	N/A*
2012	474,227	600,807	126,580	78.93%	N/A*	N/A*

Flanders Northampton Volunteer Ambulance Corporation:

Actuarial Valuation Date Dec. 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded (Overfunded) Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b-a)/c]
2014	\$ 738,234	\$ 703,773	\$ (34,461)	104.90%	N/A*	N/A*
2013	634,500	622,327	(12,173)	101.96%	N/A*	N/A*
2012	495,444	536,142	40,698	92.41%	N/A*	N/A*

Hampton Bays Volunteer Ambulance Corporation:

Actuarial Valuation Date Dec. 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded (Overfunded) Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b-a)/c]
2014	\$ 742,697	\$ 617,613	\$ (125,084)	120.25%	N/A*	N/A*
2013	671,783	574,142	(97,641)	117.01%	N/A*	N/A*
2012	520,178	499,802	(20,376)	104.08%	N/A*	N/A*

Southampton Volunteer Ambulance Corporation:

Actuarial Valuation Date Dec. 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded (Overfunded) Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b-a)/c]
2014	\$ 614,486	\$ 538,860	\$ (75,626)	114.03%	N/A*	N/A*
2013	535,696	475,081	(60,615)	112.76%	N/A*	N/A*
2012	417,354	418,773	1,419	99.66%	N/A*	N/A*

* There is no covered payroll due to the fact that this is a volunteer ambulance corporation. Benefits are determined based off service credits earned. The amount of the monthly retirement income payable to a volunteer ambulance worker eligible for normal retirement benefits is equal to \$20 multiplied by the total years of service, which is not to exceed 40 years.

Note: Prior to 2007 all plans were defined contribution plans.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

TOWN OF SOUTHAMPTON
SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN
FOR THE YEAR ENDED DECEMBER 31, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
01/01/14	\$ -	\$ 147,335,207	\$ 147,335,207	0%	\$ 38,943,443	378.33%
01/01/12	-	148,511,000	148,511,000	0%	37,953,261	391.30%
01/01/11	-	149,490,000	149,490,000	0%	37,513,001	398.50%

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

	<u>2015</u>	<u>2014</u>	<u>**2013</u>	<u>**2012</u>	<u>**2011</u>	<u>**2010</u>	<u>**2009</u>	<u>**2008</u>	<u>**2007</u>	<u>**2006</u>
Town's proportionate share of the net pension liability	0.09762%	0.09762%	N/A							
Town's proportionate share of the net pension liability	\$ 3,298	\$ 4,411	N/A							
Town's covered payroll	\$ 25,436	\$ 24,346	N/A							
Town's proportionate share of the net pension liability as a percentage of covered payroll	12.96%	18.12%	N/A							
Plan fiduciary net position as a percentage of the total pension liability	97.95%	97.15%	N/A							

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

Not Available = N/A

****Note to Required Supplementary Information**

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

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

	<u>2015</u>	<u>2014</u>	<u>**2013</u>	<u>**2012</u>	<u>**2011</u>	<u>**2010</u>	<u>**2009</u>	<u>**2008</u>	<u>**2007</u>	<u>**2006</u>
Town's proportionate share of the net pension liability	0.41533%	0.41533%	N/A							
Town's proportionate share of the net pension liability	\$ 1,143	\$ 1,729	N/A							
Town's covered payroll	\$ 12,692	\$ 12,371	N/A							
Town's proportionate share of the net pension liability as a percentage of covered payroll	9.01%	13.98%	N/A							
Plan fiduciary net position as a percentage of the total pension liability	99.03%	98.48%	N/A							

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

Not Available = N/A

****Note to Required Supplementary Information**

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

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**TOWN OF SOUTHAMPTON
SCHEDULE OF TOWN PENSION CONTRIBUTIONS - NYSERS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually required contribution	\$ 4,285,670	\$ 4,683,082	\$ 4,765,453	\$ 4,519,439	\$ 3,489,546	\$ 2,650,410	\$ 1,872,489	\$ 2,049,204	\$ 2,041,831	\$ 2,113,533
Contributions in relation to the contractually required contribution	<u>4,285,670</u>	<u>4,683,082</u>	<u>6,138,921</u>	<u>4,449,690</u>	<u>2,692,108</u>	<u>2,485,758</u>	<u>1,872,489</u>	<u>2,049,204</u>	<u>2,041,831</u>	<u>2,113,533</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,373,468)</u>	<u>\$ 69,749</u>	<u>\$ 797,438</u>	<u>\$ 164,652</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 25,436,049	\$ 24,346,118	\$ 23,442,704	\$ 22,741,318	\$ 23,457,759	\$ 23,611,163	\$ 24,716,060	\$ 24,330,075	\$ 22,858,341	\$ 20,964,720
Contributions as a percentage of covered-employee payroll	16.85%	19.24%	26.19%	19.57%	11.48%	10.53%	7.58%	8.42%	8.93%	10.08%

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

REQUIRED
SUPPLEMENTARY
INFORMATION

TOWN OF SOUTHAMPTON
SCHEDULE OF TOWN PENSION CONTRIBUTIONS - NYSPFRS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>**2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually required contribution	\$ 3,151,539	\$ 3,499,468	\$ 3,283,356	\$ 2,842,994	\$ 2,541,060	\$ 1,760,075	\$ 1,783,054	\$ 1,654,117	\$ 1,733,315	\$ 1,983,260
Contributions in relation to the contractually required contribution	<u>3,151,539</u>	<u>3,499,468</u>	<u>3,818,036</u>	<u>2,679,736</u>	<u>2,104,844</u>	<u>1,760,075</u>	<u>1,783,054</u>	<u>1,654,117</u>	<u>1,733,315</u>	<u>1,983,260</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (534,680)</u>	<u>\$ 163,258</u>	<u>\$ 436,216</u>	<u>\$ -</u>				
Town's covered-employee payroll	\$ 12,692,066	\$ 12,370,922	\$ 11,742,650	\$ 11,653,522	\$ 12,254,205	\$ 11,652,175	\$ 11,337,244	\$ 10,913,218	\$ 10,600,966	\$ 10,265,008
Contributions as a percentage of covered-employee payroll	24.83%	28.29%	32.51%	23.00%	17.18%	15.11%	15.73%	15.16%	16.35%	19.32%

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

OTHER SUPPLEMENTARY INFORMATION

TOWN OF SOUTHAMPTON
SCHEDULE OF OPEN PROJECTS - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

Project Number	Project Title	Expenditures					Methods of Financing					Fund Balance December 31, 2015	
		Original	Revised	Prior	Current	Unexpended	Prior	Current Year			Total		
		Appropriation	Appropriation	Years	Year			Balance	Years	Obligations			State Aid
9947	Unallocated	\$ 6,145	\$ 60,948	\$ 6,130	\$ 4,979	\$ 11,109	\$ 71,054	\$ 27,360	\$ -	\$ -	\$ 54,803	\$ 82,163	\$ 71,054
C110	Nathaniel Rodgers House	850,000	6,485,910	2,366,794	186,669	2,553,463	3,932,447	4,829,032	-	70,000	1,586,878	6,485,910	3,932,447
C115	Town Hall Facilities	40,000	-	40,000	-	40,000	-	40,000	-	-	-	40,000	-
C118	Beach Nourishment	100,000	100,000	62,946	-	62,946	37,054	100,000	-	-	-	100,000	37,054
C120	Public Safety Phase II	420,729	315,081	264,888	45,133	309,821	5,260	310,581	-	-	4,500	315,081	5,260
C123	Solid Waste Management	100,000	100,000	79,684	9,799	89,483	10,517	100,000	-	-	-	100,000	10,517
C134	NS Landfill Post Closure	350,000	350,000	100,306	26,969	127,275	222,725	350,000	-	-	-	350,000	222,725
C144	Local Waterfront Revenue	209,652	325,477	229,704	-	229,704	95,773	325,477	-	-	-	325,477	95,773
C152	Records Management Microfilming	221,433	161,280	161,280	-	161,280	-	161,280	-	-	-	161,280	-
C201	Reeves Bay	200,000	200,000	-	-	-	200,000	200,000	-	-	-	200,000	200,000
C205	Bridge Maintenance	97,050	97,050	64,325	-	64,325	32,725	97,050	-	-	-	97,050	32,725
C206	Code Enforcement Mobile Equipment	8,945	8,945	-	-	-	8,945	-	-	-	-	8,945	-
C215	Town Facilities Renovation	206,844	427,094	391,179	35,915	427,094	-	427,094	-	-	-	427,094	-
C218	Sebonac Bulkhead	136,000	136,900	117,035	-	117,035	19,865	136,900	-	-	-	136,900	19,865
C220	Roadway Improvements	174,546	3,680,639	3,680,639	-	3,680,639	-	3,680,639	-	-	-	3,680,639	-
C221	Network Infrastructure	5,980	373,390	373,390	-	373,390	-	373,390	-	-	-	373,390	-
C223	Arc GIS Image Service	8,686	68,264	68,264	-	68,264	-	68,264	-	-	-	68,264	-
C225	Park Improvements	234,200	348,127	348,127	-	348,127	-	348,127	-	-	-	348,127	-
C231	Bus Shelter	217,024	217,694	197,293	20,401	217,694	-	217,694	-	-	670	217,694	-
C232	Information Technology Security	200,000	155,704	155,704	-	155,704	-	155,704	-	-	-	155,704	-
C233	Dredging Park Facilities	46,499	121,499	93,200	-	93,200	28,299	121,499	-	-	-	121,499	28,299
C240	Water Main Extension	1,365,000	2,465,000	2,465,000	-	2,465,000	-	2,465,000	-	-	-	2,465,000	-
C242	Time and Attendance	38,000	176,847	98,965	67,925	166,890	9,957	121,000	-	-	55,847	176,847	9,957
C305	Animal Shelter HVAC	60,000	313,140	39,465	404,210	443,675	(130,535)	63,140	250,000	-	-	313,140	(130,535)
C307	Town Hall Heating	112,000	112,000	112,000	-	112,000	-	112,000	-	-	-	112,000	-
C313	NS Park Restrooms	50,000	28,389	50,000	-	50,000	47,588	75,781	-	-	-	75,781	47,588
C316	ICAD	200,000	500,000	55,619	384,500	440,119	59,881	400,000	100,000	-	-	500,000	59,881
C321	Elevation of Dune Road	100,000	1,050,000	75,000	975,000	1,050,000	-	1,050,000	-	-	-	1,050,000	-
C327	AA Museum	341,000	463,725	-	-	-	463,725	463,725	-	-	-	463,725	463,725
C328	Blue Barn	170,000	170,000	-	-	-	170,000	170,000	-	-	-	170,000	170,000
C401	Shuttle Busses	101,596	101,596	101,596	-	101,596	-	101,596	-	-	-	101,596	-
C402	Lyzon Hat Shop	62,650	616,378	12,018	59,743	71,761	544,617	487,528	-	-	128,850	616,378	544,617
C404	Improvement of Unimproved Roads	150,000	150,000	150,000	53,941	53,941	96,059	150,000	-	-	-	150,000	96,059
C405	Virtual Desk Top	85,000	-	85,000	-	85,000	-	85,000	-	-	-	85,000	-
C411	Victorian Barn at Big Duck	217,000	224,125	224,125	-	224,125	-	224,125	-	-	-	224,125	-
C412	Code Services Software	77,500	82,500	82,500	-	82,500	-	82,500	-	-	-	82,500	-
C413	Town Facilities Improvements	300,000	300,000	110,609	19,076	129,685	170,315	300,000	-	-	-	300,000	170,315
C500	Board Room Technology	33,000	37,500	6,027	31,473	37,500	-	33,000	-	-	4,500	37,500	-
C501	Email Solution	70,000	70,000	42,037	42,037	27,963	-	70,000	-	-	-	70,000	27,963
C502	Jackson Avenue Security System	118,271	120,771	82,216	38,555	120,771	-	118,271	-	-	2,500	120,771	-
C503	Licensing	10,000	10,000	3,281	-	3,281	6,719	10,000	-	-	-	10,000	6,719
C504	Technology Improvements	13,770	42,052	27,309	14,743	42,052	-	42,052	-	-	-	42,052	-
C505	Virtual Env. Update	60,000	65,116	30,176	34,940	65,116	-	60,000	-	-	5,116	65,116	-
C506	Riverside Rev. Action Plan	68,969	68,969	68,560	-	68,560	-	68,560	-	-	-	68,560	-
C507	Beach Facility Upgrade	155,564	155,564	-	-	-	5,564	155,564	-	-	-	155,564	5,564
C508	Parks Heavy Equipment	2,674	162,457	162,457	-	162,457	-	162,457	-	-	-	162,457	-
C509	Shinnecock Dock Repair	75,000	75,000	-	-	-	75,000	75,000	-	-	-	75,000	-
C510	Highway Equipment	1,264	770,817	770,817	-	770,817	-	770,817	440,000	-	-	1,264	440,000
C511	Highway Salt Barn Improvements	17,107	217,107	4,965	313,656	318,621	(101,514)	217,107	-	-	-	217,107	(101,514)
C512	Town-wide Bulkhead Improvements	34,093	34,093	34,093	-	34,093	-	34,093	-	-	-	34,093	-
C513	Town-wide Drainage Improvements	30,169	205,169	155,027	-	155,027	-	155,027	-	-	-	155,027	-
C514	Town-wide Road Improvements	356,977	1,256,977	1,232,554	-	1,232,554	-	1,232,554	-	-	-	1,232,554	-
C515	Town-wide Sidewalks	1,021	100,758	100,758	-	100,758	-	100,758	-	-	-	100,758	-
C516	Fleet Management Software	40,000	40,000	-	40,000	40,000	-	40,000	-	-	-	40,000	-
C517	Waste Management Equipment	224,454	-	-	-	-	-	-	-	-	-	-	-
C518	PD Heavy Trucks	16,111	91,111	91,111	-	91,111	-	91,111	-	-	-	91,111	-
C519	Bay Constable Patrol Boat	175,000	306,500	174,209	129,934	304,143	2,357	175,000	130,000	-	1,500	306,500	2,357
C520	Canoe Place Chapel Rest.	296,689	296,689	2,800	67,640	70,440	226,249	296,689	-	-	-	296,689	226,249
C522	Good Ground Park	258,000	583,005	141,847	94,882	236,729	270,790	182,514	-	75,005	250,000	507,519	270,790
C523	Riverside Pedestrian Bridge	85,875	85,875	82,721	3,155	85,876	(85,876)	-	-	-	-	-	(85,876)
C524	Tiana Lifesaving Station	20,000	584,601	10,800	128,250	139,050	445,551	20,000	-	-	564,601	584,601	445,551
C525	Tiana Beach Levee	81,787	81,787	-	769,689	769,689	(687,902)	-	-	-	81,787	81,787	(687,902)
C600	Town-wide Emergency Equipment	50,000	50,000	-	-	-	50,000	-	50,000	-	-	50,000	-
C601	Network Infrastructure	50,000	50,000	24,787	24,787	25,213	-	50,000	-	-	-	50,000	25,213
C602	Phone System	20,000	20,000	-	-	-	20,000	-	20,000	-	-	20,000	-
C603	Remote Data Storage	26,000	26,000	-	7,128	7,128	-	18,872	-	-	26,000	18,872	-
C604	Server Room Power	40,000	40,000	-	-	-	40,000	-	40,000	-	-	40,000	-
C605	Storage Area Network	55,000	55,000	-	-	-	55,000	-	55,000	-	-	55,000	-
C606	Brownfield Area	59,225	-	-	201,711	201,711	(142,486)	-	-	59,225	-	59,225	(142,486)
C608	Park Improvements	310,000	310,000	-	334,131	334,131	(24,131)	-	-	-	310,000	310,000	(24,131)
C609	Heavy Trucks	277,500	277,500	151,113	-	151,113	126,387	277,500	-	-	-	277,500	126,387
C610	Highway Equipment	547	372,724	372,724	-	372,724	-	547	350,000	-	22,177	372,724	-
C611	Town-wide Bulkhead Improvements	84,093	186,256	8,586	177,670	84,093	8,586	50,000	-	-	52,163	186,256	177,670
C612	Town-wide Drainage Improvements	50,142	188,520	188,520	-	188,520	-	50,142	-	-	88,378	188,520	-
C613	Town-wide Road Improvements	24,433	2,093,529	2,093,529	-	2,093,529	-	24,433	1,129,096	-	940,000	2,093,529	-
C614	Town-wide Sidewalks	262	100,262	-	100,262	100,262	-	262	-	-	-	100,262	-
C616	Fueling Station Upgrade	300,000	300,000	-	-	-	300,000	-	300,000	-	-	300,000	-
C618	Jackson Avenue Campus Phase 1	260,000	260,000	47,446	47,446	212,554	-	260,000	-	-	260,000	212,554	-
C617	Ponquogue Bridge	-	-	-	41,500	41,500	-	-	-	-	-	-	41,500
C618	Heavy Trucks	150,000	150,000	28,688	121,312	150,000	-	150,000	-	-	-	150,000	121,312
C619	Town Hall Assessment	128,723	343,723	-	11,500	11,500	332,223	128,723	215,000	-	-	343,723	332,223
C620	Town Facilities Improvements	100,000	100,000	-	-	-	100,000	-	100,000	-	-	100,000	-
C621	Upper Boat House	-	-	-	838	838	-	(838)	-				

TOWN OF SOUTHAMPTON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015

SPECIAL REVENUE FUNDS

	SPECIAL DISTRICTS FUNDS								Total Non-Major Governmental Funds	
	Special Grant Fund	Special Fund	Fire Protection Districts	Lighting Districts	Public Parking Districts	Water Districts	Ambulance Districts	Coastal Erosion Districts		Parks Districts
ASSETS										
Cash and cash equivalents	\$ -	\$ -	\$ 259,593	\$ 690,946	\$ 180,413	\$ 1,002,009	\$ 738,315	\$ 1,531,848	\$ 615,517	\$ 5,018,641
Restricted cash	176,371	5,054,158	-	-	62,370	1,096,759	-	-	-	6,389,658
Accounts receivable, net	257,944	9,601	-	-	6,475	872,137	-	-	-	1,146,157
Prepaid items	-	-	-	7,410	-	59,736	-	-	-	67,146
Total assets	<u>\$ 434,315</u>	<u>\$ 5,063,759</u>	<u>\$ 259,593</u>	<u>\$ 698,356</u>	<u>\$ 249,258</u>	<u>\$ 3,030,641</u>	<u>\$ 738,315</u>	<u>\$ 1,531,848</u>	<u>\$ 615,517</u>	<u>\$ 12,621,602</u>
LIABILITIES										
Accounts payable	\$ 69,168	\$ 24,575	\$ 22,379	\$ 24,461	\$ 2,702	\$ 28,394	\$ -	\$ 46,507	\$ 10,910	\$ 229,096
Accrued liabilities	35,770	219,001	-	-	-	9,606	-	-	-	264,377
Due to fiduciary funds	-	115,011	-	138	-	500	-	-	-	115,649
Total liabilities	<u>104,938</u>	<u>358,587</u>	<u>22,379</u>	<u>24,599</u>	<u>2,702</u>	<u>38,500</u>	<u>-</u>	<u>46,507</u>	<u>10,910</u>	<u>609,122</u>
DEFERRED INFLOWS OF RESOURCES										
Property taxes	-	238	115,208	71,879	13,577	169,240	409,606	328,073	70,785	1,178,606
Unavailable grant revenues	<u>231,554</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>231,554</u>
Total deferred inflows of resources	<u>231,554</u>	<u>238</u>	<u>115,208</u>	<u>71,879</u>	<u>13,577</u>	<u>169,240</u>	<u>409,606</u>	<u>328,073</u>	<u>70,785</u>	<u>1,410,160</u>
FUND BALANCE										
Fund balance:										
Nonspendable	-	-	-	7,410	-	59,736	-	-	-	67,146
Restricted	97,823	4,704,934	-	-	-	1,096,759	-	-	-	5,899,516
Assigned	-	-	122,006	594,468	232,979	1,666,406	328,709	1,157,268	533,822	4,635,658
Total fund balance	<u>97,823</u>	<u>4,704,934</u>	<u>122,006</u>	<u>601,878</u>	<u>232,979</u>	<u>2,822,901</u>	<u>328,709</u>	<u>1,157,268</u>	<u>533,822</u>	<u>10,602,320</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 434,315</u>	<u>\$ 5,063,759</u>	<u>\$ 259,593</u>	<u>\$ 698,356</u>	<u>\$ 249,258</u>	<u>\$ 3,030,641</u>	<u>\$ 738,315</u>	<u>\$ 1,531,848</u>	<u>\$ 615,517</u>	<u>\$ 12,621,602</u>

TOWN OF SOUTHAMPTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

SPECIAL REVENUE FUNDS

	SPECIAL DISTRICTS FUNDS								Total Non-Major Governmental Funds	
	Special Grant Fund	Special Fund	Fire Protection Districts	Lighting Districts	Public Parking Districts	Water Districts	Ambulance Districts	Coastal Erosion Districts		Parks Districts
REVENUES										
Real property taxes	\$ -	\$ 20,000	\$ 849,215	\$ 571,456	\$ 120,699	\$ 1,126,007	\$ 3,142,029	\$ 2,488,477	\$ 537,441	\$ 8,855,324
Other real property tax items	-	-	5,781	2,047	190	28,976	96,380	-	1,111	134,485
Departmental income	-	-	-	-	-	2,457,809	-	-	-	2,457,809
Use of money and property	59	22,572	1,161	3,409	1,097	319,925	4,947	11,722	3,272	368,164
Sale of property and compensation for loss	-	-	-	-	14,816	-	-	-	-	14,816
Miscellaneous local sources	3,850	746,079	-	-	-	13,527	-	-	-	763,456
State aid	-	5,000	-	-	-	-	-	-	-	5,000
Federal aid	3,943,995	-	-	-	-	2,925	-	-	-	3,946,920
Total revenues	3,947,904	793,651	856,157	576,912	136,802	3,949,169	3,243,356	2,500,199	541,824	16,545,974
EXPENDITURES										
General governmental support	-	143,806	-	-	-	-	-	-	-	143,806
Public safety	-	-	832,112	-	-	-	-	-	-	832,112
Health	-	-	-	-	-	-	2,989,335	-	-	2,989,335
Transportation	-	-	-	378,351	104,314	-	-	-	-	482,665
Economic assistance and opportunity	-	580,217	-	-	-	-	-	-	-	580,217
Culture and recreation	-	241,378	-	-	-	-	-	-	387,371	628,749
Home and community services	3,906,198	39,306	-	-	-	2,285,895	-	118,308	-	6,349,707
Employee benefits	-	845	-	64,178	-	565,376	213,253	-	-	843,652
Debt service -										
Principal	-	-	15,000	47,862	20,221	569,201	17,800	2,000,000	67,456	2,737,540
Interest	-	-	675	9,364	2,047	192,324	4,558	582,750	20,088	811,806
Total expenditures	3,906,198	1,005,552	847,787	499,755	126,582	3,612,796	3,224,946	2,701,058	474,915	16,399,589
Excess (deficiency) of revenues over (under) expenditures	41,706	(211,901)	8,370	77,157	10,220	336,373	18,410	(200,859)	66,909	146,385
OTHER FINANCING SOURCES (USES)										
Interfund transfers in	-	252,750	-	-	-	-	-	-	-	252,750
Interfund transfers out	-	(711,110)	-	-	-	(100,000)	-	-	(38,500)	(849,610)
Total other financing sources (uses)	-	(458,360)	-	-	-	(100,000)	-	-	(38,500)	(596,860)
Change in fund balance	41,706	(670,261)	8,370	77,157	10,220	236,373	18,410	(200,859)	28,409	(450,475)
Fund balance, beginning of year	56,117	5,375,195	113,636	524,721	222,759	2,586,528	310,299	1,358,127	505,413	11,052,795
Fund balance, end of year	\$ 97,823	\$ 4,704,934	\$ 122,006	\$ 601,878	\$ 232,979	\$ 2,822,901	\$ 328,709	\$ 1,157,268	\$ 533,822	\$ 10,602,320

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - FIRE PROTECTION DISTRICTS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
REVENUES					
Real property taxes	\$ 849,868	\$ 849,868	\$ 849,215		\$ (653)
Other real property tax items:					
Other payments in lieu of taxes	5,500	5,500	5,781		281
Total other real property tax items	5,500	5,500	5,781		281
Use of money and property:					
Interest and earnings	600	600	1,161		561
Total use of money and property	600	600	1,161		561
Total revenues	855,968	855,968	856,157		189
EXPENDITURES					
Public safety:					
Contracts - other	789,527	789,527	787,574	\$ -	1,953
Electric	50,766	50,766	44,538	-	6,228
Total public safety	840,293	840,293	832,112	-	8,181
Debt service:					
Principal	15,000	15,000	15,000	-	-
Interest	675	675	675	-	-
Total debt service	15,675	15,675	15,675	-	-
Total expenditures	855,968	855,968	847,787	\$ -	8,181
Change in fund balance	-	-	8,370		\$ 8,370
Fund balance, beginning of year	113,636	113,636	113,636		
Fund balance, end of year	\$ 113,636	\$ 113,636	\$ 122,006		

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - LIGHTING DISTRICTS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Year-end Encumbrances</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Revised Budget</u>			
REVENUES					
Real property taxes	\$ 571,456	\$ 571,456	\$ 571,456		\$ -
Other real property tax items:					
Other payments in lieu of taxes	1,997	1,997	2,047		50
Total other real property tax items	1,997	1,997	2,047		50
Use of money and property:					
Interest and earnings	1,198	1,198	3,409		2,211
Total use of money and property	1,198	1,198	3,409		2,211
Total revenues	<u>574,651</u>	<u>574,651</u>	<u>576,912</u>		<u>2,261</u>
EXPENDITURES					
Public Safety:					
Contracts	35,000	35,000	-	\$ -	35,000
Total public safety	35,000	35,000	-	-	35,000
Transportation:					
Salaries	112,000	113,018	113,013	-	5
Contracts	-	-	5,974	-	(5,974)
Longevity	4,011	4,042	4,038	-	4
Electric	263,736	262,701	225,711	-	36,990
Other	29,600	26,627	14,915	-	11,712
Small equipment (non-capital)	10,000	39,700	14,700	-	25,000
Total transportation	419,347	446,088	378,351	-	67,737
Employee benefits:					
Employee retirement	19,142	22,084	22,080	-	4
FICA tax expense	8,876	8,876	8,624	-	252
MTA tax expense	392	409	406	-	3
Worker's compensation	4,480	4,480	4,044	-	436
Medical insurance	27,132	27,132	26,574	-	558
Dental and optical	2,610	2,610	2,450	-	160
Disability	58	58	-	-	58
Total employee benefits	62,690	65,649	64,178	-	1,471
Debt service:					
Principal	47,862	47,862	47,862	-	-
Interest	9,752	9,752	9,364	-	388
Total debt service	57,614	57,614	57,226	-	388
Total expenditures	<u>574,651</u>	<u>604,351</u>	<u>499,755</u>	<u>-</u>	<u>104,596</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(29,700)</u>	<u>77,157</u>	<u>\$ -</u>	<u>106,857</u>
OTHER FINANCING SOURCES					
Appropriated fund balance	-	29,700	-		(29,700)
Total other financing sources	-	29,700	-		(29,700)
Change in fund balance	-	-	77,157		<u>\$ 77,157</u>
Fund balance, beginning of year	472,450	472,450	524,721		
Fund balance, end of year	<u>\$ 472,450</u>	<u>\$ 472,450</u>	<u>\$ 601,878</u>		

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - PUBLIC PARKING DISTRICTS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
REVENUES					
Real property taxes	\$ 120,699	\$ 120,699	\$ 120,699		\$ -
Other real property tax items:					
Other payments in lieu of taxes	-	-	190		190
Total other real property tax items	-	-	190		190
Use of money and property:					
Interest and earnings	525	525	1,097		572
Total use of money and property	525	525	1,097		572
Miscellaneous local sources:					
Sales, other	5,000	5,000	14,816		9,816
Total miscellaneous local sources	5,000	5,000	14,816		9,816
Total revenues	<u>126,224</u>	<u>126,224</u>	<u>136,802</u>		<u>10,578</u>
EXPENDITURES					
Transportation:					
P & R CB Water	16,450	12,736	12,040	\$ -	696
Contracts	86,305	96,493	83,875	-	12,618
Landscaping	-	-	7,714	-	(7,714)
Electric	1,200	726	685	-	41
Total transportation	<u>103,955</u>	<u>109,955</u>	<u>104,314</u>	<u>-</u>	<u>5,641</u>
Debt service:					
Principal	20,221	20,221	20,221	-	-
Interest	2,048	2,048	2,047	-	1
Total debt service	<u>22,269</u>	<u>22,269</u>	<u>22,268</u>	<u>-</u>	<u>1</u>
Total expenditures	<u>126,224</u>	<u>132,224</u>	<u>126,582</u>	<u>\$ -</u>	<u>5,642</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(6,000)</u>	<u>10,220</u>		<u>16,220</u>
OTHER FINANCING SOURCES					
Appropriated fund balance	-	6,000	-		(6,000)
Total other financing sources	<u>-</u>	<u>6,000</u>	<u>-</u>		<u>(6,000)</u>
Change in fund balance	-	-	10,220		<u>\$ 10,220</u>
Fund balance, beginning of year	<u>222,759</u>	<u>222,759</u>	<u>222,759</u>		
Fund balance, end of year	<u>\$ 222,759</u>	<u>\$ 222,759</u>	<u>\$ 232,979</u>		

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - WATER DISTRICTS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
REVENUES					
Real property taxes	\$ 1,126,007	\$ 1,126,007	\$ 1,126,007		\$ -
Other real property tax items:					
Other payments in lieu of taxes	20,655	20,655	24,471		3,816
Interest and penalties - real property taxes	4,000	4,000	4,505		505
Total other real property tax items	24,655	24,655	28,976		4,321
Departmental income:					
Metered water sales	2,085,000	2,085,000	2,457,809		372,809
Total departmental income	2,085,000	2,085,000	2,457,809		372,809
Use of money and property:					
Interest and earnings	3,000	3,000	8,310		5,310
Rentals	325,000	325,000	311,615		(13,385)
Total use of money and property	328,000	328,000	319,925		(8,075)
Miscellaneous local sources:					
Refunds of prior years	-	-	13,527		13,527
Total miscellaneous local sources	-	-	13,527		13,527
Federal aid:					
Federal grants - FEMA	-	-	2,925		2,925
Total federal aid	-	-	2,925		2,925
Total revenues	3,563,662	3,563,662	3,949,169		385,507
EXPENDITURES					
Home and community services:					
Salaries	776,887	780,665	780,665	\$ -	-
Overtime	10,000	1,762	1,762	-	-
Accumulated sick/personal time	1,300	-	-	-	-
Part time salaries	34,478	38,908	31,893	-	7,015
Longevity	31,445	31,651	31,651	-	-
Cash in lieu of health benefits	2,500	2,500	2,500	-	-
Contracts	517,563	503,719	472,353	-	31,366
Postage	15,200	15,800	14,410	-	1,390
Publicity and public notices	295	45	45	-	-
Gasoline	-	13,000	8,325	-	4,675
Office supplies	1,090	1,072	1,072	-	-
Meter settings	45,000	45,000	36,852	-	8,148
Electric	273,000	273,000	257,674	-	15,326
Fuel oil	35,000	24,000	9,533	-	14,467
Repair equipment	36,000	67,000	66,797	-	203
Vehicle repair	6,500	7,500	6,860	-	640
Telephone	6,000	6,000	4,988	-	1,012
Travel, dues and related	1,200	4,713	3,999	-	714
Uniforms	2,000	3,600	3,600	-	-
Small equipment (non capital)	24,300	9,300	6,547	-	2,753
Safety equipment	1,800	1,800	1,324	-	476
Diesel fuel	8,000	7,000	5,055	-	1,945
Chemicals	170,675	155,325	138,004	-	17,321
Water analysis	49,000	49,000	48,430	-	570
Engineering fees	35,000	40,100	35,853	-	4,247
Wireless telephone	1,800	1,800	1,347	-	453
Landfill charges	3,000	3,000	2,152	-	848
Other	-	650	650	-	-
Cost of water	300,000	312,000	311,554	-	446
Total home and community services	2,389,033	2,399,910	2,285,895	-	114,015

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - WATER DISTRICTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
Employee benefits:					
Employee retirement	\$ 134,002	\$ 142,535	\$ 142,535	\$ -	\$ -
FICA tax expense	65,546	65,421	63,676	-	1,745
MTA tax expense	2,918	2,954	2,830	-	124
Worker's compensation	63,931	59,531	57,714	-	1,817
Medical insurance	203,160	209,175	204,379	-	4,796
Medical insurance - retiree	82,000	73,467	65,498	-	7,969
Medicare reimbursement - part B	15,000	15,000	12,588	-	2,412
Dental and optical	16,942	16,540	15,935	-	605
Disability	461	461	221	-	240
Total employee benefits	583,960	585,084	565,376	-	19,708
Debt service:					
Principal	569,201	569,201	569,201	-	-
Interest	196,468	196,467	192,324	-	4,143
Total debt service	765,669	765,668	761,525	-	4,143
Total expenditures	3,738,662	3,750,662	3,612,796	-	137,866
Excess (deficiency) of revenues over (under) expenditures	(175,000)	(187,000)	336,373	\$ -	523,373
OTHER FINANCING SOURCES (USES)					
Interfund transfer out	(100,000)	(100,000)	(100,000)		-
Appropriated fund balance	275,000	287,000	-		(287,000)
Total other financing sources (uses)	175,000	187,000	(100,000)		(287,000)
Change in fund balance	-	-	236,373		\$ 236,373
Fund balance, beginning of year	2,586,528	2,586,528	2,586,528		
Fund balance, end of year	\$ 2,586,528	\$ 2,586,528	\$ 2,822,901		

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - AMBULANCE DISTRICTS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
REVENUES					
Real property taxes	\$ 3,228,693	\$ 3,228,693	\$ 3,142,029		\$ (86,664)
Other real property tax items:					
Other payments in lieu of taxes	6,900	6,900	96,380		89,480
Total other real property tax items	6,900	6,900	96,380		89,480
Use of money and property:					
Interest and earnings	2,100	2,100	4,947		2,847
Total use of money and property	2,100	2,100	4,947		2,847
Total revenues	<u>3,237,693</u>	<u>3,237,693</u>	<u>3,243,356</u>		<u>5,663</u>
EXPENDITURES					
Health:					
Contracts	2,989,335	2,989,335	2,989,335	\$ -	-
Total health	2,989,335	2,989,335	2,989,335	-	-
Employee benefits:					
LOSAP	226,000	226,000	213,253	-	12,747
Total employee benefits	226,000	226,000	213,253	-	12,747
Debt service:					
Principal	17,800	17,800	17,800	-	-
Interest	4,558	4,558	4,558	-	-
Total debt service	22,358	22,358	22,358	-	-
Total expenditures	<u>3,237,693</u>	<u>3,237,693</u>	<u>3,224,946</u>	<u>\$ -</u>	<u>12,747</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	18,410		18,410
Change in fund balance	-	-	18,410		<u>\$ 18,410</u>
Fund balance, beginning of year	310,299	310,299	310,299		
Fund balance, end of year	<u>\$ 310,299</u>	<u>\$ 310,299</u>	<u>\$ 328,709</u>		

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - COASTAL EROSION DISTRICTS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
REVENUES					
Real property taxes	\$ 2,488,477	\$ 2,488,477	\$ 2,488,477		\$ -
Use of money and property:					
Interest and earnings	-	-	11,722		11,722
Total use of money and property	-	-	11,722		11,722
Total revenues	<u>2,488,477</u>	<u>2,488,477</u>	<u>2,500,199</u>		<u>11,722</u>
EXPENDITURES					
Home and community services:					
Other	23,000	23,000	81	\$ -	22,919
Consultants	120,000	128,853	118,227	9,170	1,456
Total home and community services	<u>143,000</u>	<u>151,853</u>	<u>118,308</u>	<u>9,170</u>	<u>24,375</u>
Debt service:					
Principal	2,000,000	2,000,000	2,000,000	-	-
Interest	582,750	582,750	582,750	-	-
Total debt service	<u>2,582,750</u>	<u>2,582,750</u>	<u>2,582,750</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,725,750</u>	<u>2,734,603</u>	<u>2,701,058</u>	<u>9,170</u>	<u>24,375</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(237,273)</u>	<u>(246,126)</u>	<u>(200,859)</u>	<u>\$ 9,170</u>	<u>36,097</u>
OTHER FINANCING SOURCES					
Appropriated fund balance	<u>237,273</u>	<u>246,126</u>	<u>-</u>		<u>(246,126)</u>
Total other financing sources	<u>237,273</u>	<u>246,126</u>	<u>-</u>		<u>(246,126)</u>
Change in fund balance	-	-	(200,859)		<u>\$ (210,029)</u>
Fund balance, beginning of year	<u>1,358,127</u>	<u>1,358,127</u>	<u>1,358,127</u>		
Fund balance, end of year	<u>\$ 1,358,127</u>	<u>\$ 1,358,127</u>	<u>\$ 1,157,268</u>		

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - PARKS DISTRICTS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			
REVENUES					
Real property taxes	\$ 537,441	\$ 537,441	\$ 537,441		\$ -
Other real property tax items:					
Other payments in lieu of taxes	1,000	1,000	1,111		111
Total other real property tax items	1,000	1,000	1,111		111
Use of money and property:					
Interest and earnings	1,100	1,100	3,272		2,172
Total use of money and property	1,100	1,100	3,272		2,172
Total revenues	539,541	539,541	541,824		2,283
EXPENDITURES					
Culture and recreation:					
Contracts	442,000	448,537	387,371	\$ -	61,166
Building repair	10,000	5,000	-	-	5,000
Total culture and recreation	452,000	453,537	387,371	-	66,166
Debt service:					
Principal	67,456	67,456	67,456	-	-
Interest	20,085	20,088	20,088	-	-
Total debt service	87,541	87,544	87,544	-	-
Total expenditures	539,541	541,081	474,915	-	66,166
Excess (deficiency) of revenues over (under) expenditures	-	(1,540)	66,909	\$ -	68,449
OTHER FINANCING SOURCES (USES)					
Interfund transfer out	-	(38,500)	(38,500)		-
Appropriated fund balance	-	40,040	-		(40,040)
Total other financing sources (uses)	-	1,540	(38,500)		(40,040)
Change in fund balance	-	-	28,409		\$ 28,409
Fund balance, beginning of the year	505,413	505,413	505,413		
Fund balance, end of year	\$ 505,413	\$ 505,413	\$ 533,822		

**OTHER
SUPPLEMENTARY
INFORMATION**

**TOWN OF SOUTHAMPTON
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2015**

	Town Agency Fund	Town Clerk Agency Fund	Town Receiver of Taxes Agency Fund	Total Agency Funds
ASSETS				
Cash	\$ 2,719,585	\$ 39,166	\$ 107,023,442	\$ 109,782,193
Due from governmental funds	1,566,056	-	-	1,566,056
Service award program assets	2,747,257	-	-	2,747,257
	\$ 7,032,898	\$ 39,166	\$ 107,023,442	\$ 114,095,506
LIABILITIES				
Due to proprietary funds	\$ 148,086	\$ -	\$ -	\$ 148,086
Due to governmental funds	1,513,549	-	-	1,513,549
Due to school districts	-	-	53,511,721	53,511,721
Service award program liabilities	2,747,257	-	-	2,747,257
Other agency liabilities	2,624,006	39,166	53,511,721	56,174,893
	\$ 7,032,898	\$ 39,166	\$ 107,023,442	\$ 114,095,506

TOWN OF SOUTHAMPTON
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2015

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
ASSETS				
Town Agency Fund				
Cash	\$ 2,471,909	\$ 88,071,103	\$ 87,823,427	\$ 2,719,585
Due from governmental funds	1,377,842	1,566,056	1,377,842	1,566,056
Service award program assets	2,413,371	333,886	-	2,747,257
Total assets - Town Agency Fund	<u>6,263,122</u>	<u>89,971,045</u>	<u>89,201,269</u>	<u>7,032,898</u>
Town Clerk Agency Fund				
Cash	33,843	39,166	33,843	39,166
Total assets - Town Clerk Agency Fund	<u>33,843</u>	<u>39,166</u>	<u>33,843</u>	<u>39,166</u>
Town Receiver of Taxes Agency Fund				
Cash	80,908,508	107,023,442	80,908,508	107,023,442
Total assets - Town Receiver of Taxes Agency Fund	<u>80,908,508</u>	<u>107,023,442</u>	<u>80,908,508</u>	<u>107,023,442</u>
Total assets	<u>\$ 87,205,473</u>	<u>\$ 197,033,653</u>	<u>\$ 170,143,620</u>	<u>\$ 114,095,506</u>
LIABILITIES				
Town Agency Fund				
Due to proprietary funds	\$ 263,817	\$ 148,086	\$ 263,817	\$ 148,086
Due to governmental funds	1,059,862	1,513,549	1,059,862	1,513,549
Service award program liabilities	2,413,371	333,886	-	2,747,257
Other agency liabilities	2,526,072	87,975,524	87,877,590	2,624,006
Total liabilities - Town Agency Fund	<u>6,263,122</u>	<u>89,971,045</u>	<u>89,201,269</u>	<u>7,032,898</u>
Town Clerk Agency Fund				
Other agency liabilities	33,843	39,166	33,843	39,166
Total liabilities - Town Clerk Agency Fund	<u>33,843</u>	<u>39,166</u>	<u>33,843</u>	<u>39,166</u>
Town Receiver of Taxes Agency Fund				
Other agency liabilities	40,454,254	53,511,721	40,454,254	53,511,721
Due to school districts	40,454,254	53,511,721	40,454,254	53,511,721
Total liabilities - Town Receiver of Taxes Agency Fund	<u>80,908,508</u>	<u>107,023,442</u>	<u>80,908,508</u>	<u>107,023,442</u>
Total liabilities	<u>\$ 87,205,473</u>	<u>\$ 197,033,653</u>	<u>\$ 170,143,620</u>	<u>\$ 114,095,506</u>

STATISTICAL SECTION

TOWN OF SOUTHAMPTON
OBJECTIVES OF STATISTICAL INFORMATION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

	Fiscal Year									
	2015	(As Restated) 2014	(As Restated) 2013	2012	2011	2010	2009	2008	2007	2006
GOVERNMENTAL ACTIVITIES:										
Net position -										
Net investment in capital assets	\$ 873,900,018	\$ 844,231,835	\$ 654,433,516	\$ 634,405,267	\$ 603,043,978	\$ 581,511,256	\$ 576,456,907	\$ 598,483,191	\$ 548,126,307	\$ 490,458,661
Restricted	113,569,969	95,112,199	87,166,036	62,529,907	74,783,204	55,806,221	42,827,892	2,000,000	42,881,535	55,381,291
Unrestricted	(54,215,358)	(58,433,011)	(62,713,908)	(56,527,123)	(58,103,583)	(16,226,201)	(11,486,346)	10,120,175	4,204,695	10,633,964
Total net position	<u>\$ 933,254,629</u>	<u>\$ 880,911,023</u>	<u>\$ 678,885,644</u>	<u>\$ 640,408,051</u>	<u>\$ 619,723,599</u>	<u>\$ 621,091,276</u>	<u>\$ 607,798,453</u>	<u>\$ 610,603,366</u>	<u>\$ 595,212,537</u>	<u>\$ 556,473,916</u>
BUSINESS-TYPE ACTIVITIES:										
Net position -										
Net investment in capital assets	\$ 16,884,484	\$ 16,682,301	\$ 16,569,181	\$ 14,584,547	\$ 14,506,695	\$ 14,385,599	\$ 16,345,063	\$ 14,054,090	\$ 14,908,073	\$ 14,506,091
Restricted	86,713	104,394	121,358	-	-	-	-	1,217,763	-	-
Unrestricted	2,318,520	2,456,476	1,696,425	1,435,967	1,062,184	(3,403,998)	(6,153,916)	(680,933)	3,065,043	3,510,089
Total net position	<u>\$ 19,289,717</u>	<u>\$ 19,243,171</u>	<u>\$ 18,386,964</u>	<u>\$ 16,020,514</u>	<u>\$ 15,568,879</u>	<u>\$ 10,981,601</u>	<u>\$ 10,191,147</u>	<u>\$ 14,590,920</u>	<u>\$ 17,973,116</u>	<u>\$ 18,016,180</u>
PRIMARY GOVERNMENT:										
Net position -										
Net investment in capital assets	\$ 890,784,502	\$ 860,914,136	\$ 671,002,697	\$ 648,989,814	\$ 617,550,673	\$ 595,896,855	\$ 592,801,970	\$ 612,537,281	\$ 563,034,380	\$ 504,964,752
Restricted	113,656,682	95,216,593	87,287,394	62,529,907	74,783,204	55,806,221	42,827,892	3,217,763	42,881,535	55,381,291
Unrestricted	(51,896,838)	(55,976,535)	(61,017,483)	(55,091,156)	(57,041,399)	(19,630,199)	(17,640,262)	9,439,242	7,269,738	14,144,053
Total net position	<u>\$ 952,544,346</u>	<u>\$ 900,154,194</u>	<u>\$ 697,272,608</u>	<u>\$ 656,428,565</u>	<u>\$ 635,292,478</u>	<u>\$ 632,072,877</u>	<u>\$ 617,989,600</u>	<u>\$ 625,194,286</u>	<u>\$ 613,185,653</u>	<u>\$ 574,490,096</u>

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

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

	Fiscal Year									
	2015	(As Restated) 2014	(As Restated) 2013	2012	2011	2010	2009	2008	2007	2006
EXPENSES:										
Governmental activities:										
General governmental support	\$ 24,266,171	\$ 28,458,103	\$ 23,891,061	\$ 23,735,945	\$ 26,940,594	\$ 25,074,740	\$ 23,697,473	\$ 22,212,560	\$ 21,613,601	\$ 21,073,386
Public safety	42,493,599	41,732,622	35,628,311	32,672,478	39,135,250	31,543,786	29,768,091	27,954,384	26,068,407	24,505,847
Health	2,989,335	2,943,708	2,895,640	2,742,820	2,606,820	2,471,220	2,507,258	2,112,910	1,884,709	1,931,639
Transportation	12,740,333	12,747,929	24,374,926	23,067,768	25,946,066	23,815,305	24,024,518	22,949,170	20,775,342	20,505,468
Economic assistance and opportunity	5,877,403	5,030,414	4,667,705	4,194,245	4,493,983	3,126,172	3,660,663	2,699,959	2,138,101	1,965,077
Culture and recreation	4,536,438	4,692,914	5,638,303	6,375,416	8,779,126	7,438,142	7,471,413	7,850,068	6,704,058	7,733,883
Home and community services	14,686,485	15,385,752	14,790,555	13,857,100	16,478,801	15,196,972	17,378,146	12,843,426	13,468,932	11,283,722
Interest on debt	3,597,585	3,903,364	3,963,461	3,984,822	4,331,456	5,265,610	4,370,036	3,641,720	3,555,930	3,806,224
Total governmental activities	111,187,349	114,894,806	115,849,962	110,630,594	128,712,096	113,931,947	112,877,598	102,264,197	96,209,080	92,805,246
Business-type activities:										
Beaches and marinas	1,669,719	1,621,647	1,602,784	1,565,118	1,628,477	1,591,250	1,515,979	1,515,342	1,546,966	1,219,006
Waste management	2,132,958	1,924,917	2,302,072	2,252,794	2,334,084	2,354,890	2,197,650	2,093,351	2,342,016	2,484,078
Building and zoning	-	-	-	-	-	-	-	3,587,303	3,328,637	4,008,239
Golf course	79,019	41,867	636,375	712,872	629,314	650,647	633,436	702,164	647,353	603,471
Interest on debt	206,253	229,882	281,595	303,733	308,632	280,637	318,940	293,167	-	-
Total business-type activities	4,087,949	3,818,313	4,822,826	4,834,517	4,900,507	4,877,424	4,666,005	8,191,327	7,864,972	8,314,794
Total expenses	115,275,298	118,713,119	120,672,788	115,465,111	133,612,603	118,809,371	117,543,603	110,455,524	104,074,052	101,120,040
PROGRAM REVENUES:										
Governmental activities:										
Charges for services -										
General governmental support	821,385	826,664	910,917	2,390,682	1,410,236	1,255,590	1,163,085	1,047,045	1,295,227	1,148,280
Public safety	2,690,072	2,576,095	2,946,557	2,679,889	395,909	182,601	206,739	327,202	383,220	326,611
Transportation	1,017,836	1,043,920	1,006,871	864,140	874,274	684,058	622,237	-	12,500	28,750
Economic assistance and opportunity	934,721	847,723	880,127	-	-	-	-	-	-	-
Culture and recreation	37,170	40,061	55,938	57,502	51,209	62,559	81,834	98,160	98,859	264,194
Home and community services	7,181,918	7,163,186	5,706,851	6,206,789	5,738,767	5,721,557	5,451,000	1,799,608	2,224,198	2,207,920
Operating grants and contributions	66,401,212	70,647,232	64,285,558	44,489,319	46,193,967	42,090,351	31,720,088	42,334,202	59,483,982	57,699,159
Capital grants and contributions	2,453,459	1,819,374	3,568,519	831,877	1,045,638	235,547	495,052	61,851	150,164	292,004
Total governmental activities	81,537,773	84,964,255	79,361,338	57,520,198	55,710,000	50,232,263	39,740,035	45,668,068	63,648,150	61,966,918
Business-type activities:										
Charges for services -										
Beaches and marinas	2,180,432	1,809,694	1,693,806	1,833,090	1,702,160	1,633,128	1,569,862	1,363,697	1,359,631	1,286,899
Waste management	1,969,182	1,919,588	1,859,264	2,018,483	2,131,435	2,210,232	1,791,992	1,965,197	1,698,440	1,611,109
Building and zoning	-	-	-	-	-	-	-	3,348,958	4,487,872	4,224,260
Golf course	145,042	134,532	655,867	670,047	618,645	547,325	729,464	807,998	748,612	708,097
Operating grants and contributions	31,109	782,905	207,864	265,849	53,642	54,563	30,655	117,642	54,020	-
Total business-type activities	4,325,765	4,646,719	4,416,801	4,787,469	4,505,882	4,445,248	4,121,973	7,603,492	8,348,575	7,830,365
Total program revenues	85,863,538	89,610,974	83,778,139	62,307,667	60,215,882	54,677,511	43,862,008	53,271,560	71,996,725	69,797,283
Net (expense)/revenue	\$ (29,411,760)	\$ (29,102,145)	\$ (36,894,649)	\$ (53,157,444)	\$ (73,396,721)	\$ (64,131,860)	\$ (73,681,595)	\$ (57,183,964)	\$ (32,077,327)	\$ (31,322,757)

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

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

	Fiscal Year									
	2015	(As Restated) 2014	(As Restated) 2013	2012	2011	2010	2009	2008	2007	2006
NET (EXPENSE)/REVENUE:										
Governmental activities	\$ (29,649,576)	\$ (29,930,551)	\$ (36,488,624)	\$ (53,110,396)	\$ (73,002,096)	\$ (63,699,684)	\$ (73,137,563)	\$ (56,596,129)	\$ (32,560,930)	\$ (30,838,328)
Business-type activities	237,816	828,406	(406,025)	(47,048)	(394,625)	(432,176)	(544,032)	(587,835)	483,603	(484,429)
Net (expense)/revenue	<u>\$ (29,411,760)</u>	<u>\$ (29,102,145)</u>	<u>\$ (36,894,649)</u>	<u>\$ (53,157,444)</u>	<u>\$ (73,396,721)</u>	<u>\$ (64,131,860)</u>	<u>\$ (73,681,595)</u>	<u>\$ (57,183,964)</u>	<u>\$ (32,077,327)</u>	<u>\$ (31,322,757)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Governmental activities:										
Real property taxes	\$ 66,242,804	\$ 65,501,711	\$ 62,863,930	\$ 63,259,796	\$ 61,685,290	\$ 62,263,733	\$ 59,192,549	\$ 53,161,189	\$ 50,764,207	\$ 53,544,496
Other real property tax items	617,813	599,919	577,961	536,486	569,203	536,037	65,223	446,647	440,318	505,080
Non-property tax items	1,700,658	1,643,124	1,530,975	1,431,473	1,424,315	1,350,747	1,013,649	1,010,521	894,303	825,080
Interest earnings	1,034,392	685,415	580,245	617,034	687,758	720,489	568,086	2,116,151	4,036,759	3,938,725
Local government assistance - County	-	-	-	-	-	-	-	-	1,501,061	-
State aid-unrestricted	11,908,460	10,477,475	10,418,900	7,893,931	8,193,369	8,053,994	7,301,340	11,108,990	12,276,742	14,217,209
Sale of property and compensation for loss	107,062	73,160	137,893	-	-	-	-	-	-	-
Other	38,132	90,962	15,044	76,214	2,720,844	4,295,472	4,420,251	1,807,480	2,117,575	3,276,254
Transfers	343,861	500,000	(250,728)	(20,086)	(3,646,360)	(427,733)	-	1,213,366	701,446	2,646,625
Total governmental activities	<u>81,993,182</u>	<u>79,571,766</u>	<u>75,874,220</u>	<u>73,794,848</u>	<u>71,634,419</u>	<u>76,792,739</u>	<u>72,561,098</u>	<u>70,864,344</u>	<u>72,732,411</u>	<u>78,953,469</u>
Business-type activities:										
Real property taxes	142,807	523,037	475,640	476,900	1,333,287	492,017	-	-	-	-
Investment earnings	9,784	9,457	4,080	1,697	2,256	3,200	5,664	88,371	174,779	163,734
Transfer of capital	-	-	2,042,027	-	-	-	-	-	-	-
Transfers	(343,861)	(500,000)	250,728	20,086	3,646,360	427,733	-	(1,213,366)	(701,446)	(2,646,625)
Total business-type activities	<u>(191,270)</u>	<u>32,494</u>	<u>2,772,475</u>	<u>498,683</u>	<u>4,981,903</u>	<u>922,950</u>	<u>5,664</u>	<u>(1,124,995)</u>	<u>(526,667)</u>	<u>(2,482,891)</u>
Total general revenues and other changes in net position	<u>\$ 81,801,912</u>	<u>\$ 79,604,260</u>	<u>\$ 78,646,695</u>	<u>\$ 74,293,531</u>	<u>\$ 76,616,322</u>	<u>\$ 77,715,689</u>	<u>\$ 72,566,762</u>	<u>\$ 69,739,349</u>	<u>\$ 72,205,744</u>	<u>\$ 76,470,578</u>
CHANGE IN NET POSITION:										
Governmental activities	\$ 52,343,606	\$ 49,641,215	\$ 39,385,596	\$ 20,684,452	\$ (1,367,677)	\$ 13,093,055	\$ (576,465)	\$ 14,268,215	\$ 40,171,481	\$ 48,115,141
Business-type activities	46,546	860,900	2,366,450	451,635	4,587,278	490,774	(538,368)	(1,712,830)	(43,064)	(2,967,320)
Total change in net position	<u>\$ 52,390,152</u>	<u>\$ 50,502,115</u>	<u>\$ 41,752,046</u>	<u>\$ 21,136,087</u>	<u>\$ 3,219,601</u>	<u>\$ 13,583,829</u>	<u>\$ (1,114,833)</u>	<u>\$ 12,555,385</u>	<u>\$ 40,128,417</u>	<u>\$ 45,147,821</u>

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

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

	Fiscal Year									
	2015	2014	(As Restated) 2013	2012	2011	2010	2009	2008	2007	2006
GENERAL FUND										
Nonspendable	\$ 1,890,447	\$ 1,934,210	\$ 1,420,951	\$ 1,317,335	\$ 1,318,259					
Restricted	4,388,779	4,505,755	7,131,432	6,405,740	6,529,348					
Assigned	576,131	381,197	766,818	1,064,819	465,926					
Unassigned	9,762,190	7,503,015	4,650,750	5,786,071	4,635,599					
Total general fund	<u>\$ 16,617,547</u>	<u>\$ 14,324,177</u>	<u>\$ 13,969,951</u>	<u>\$ 14,573,965</u>	<u>\$ 12,949,132</u>					
ALL OTHER GOVERNMENTAL FUNDS:										
Nonspendable	\$ 1,782,849	\$ 1,850,522	\$ 1,437,253	\$ 1,383,478	\$ 1,529,744					
Restricted	109,181,190	90,606,444	78,877,301	56,124,167	68,253,856					
Assigned	11,478,174	10,777,837	10,858,328	5,747,317	3,999,525					
Unassigned	-	-	(308,871)	-	(81,441)					
Total all other governmental funds	<u>\$ 122,442,213</u>	<u>\$ 103,234,803</u>	<u>\$ 90,864,011</u>	<u>\$ 63,254,962</u>	<u>\$ 73,701,684</u>					
GENERAL FUND:										
Reserved						\$ 5,725,525	\$ 7,019,673	\$ 471,089	\$ 3,655,975	\$ 3,430,741
Unreserved						8,280,158	4,486,611	6,978,750	13,001,542	16,099,406
Total general fund						<u>\$ 14,005,683</u>	<u>\$ 11,506,284</u>	<u>\$ 7,449,839</u>	<u>\$ 16,657,517</u>	<u>\$ 19,530,147</u>
ALL OTHER GOVERNMENTAL FUNDS:										
Reserved						\$ 50,448,390	\$ 35,838,615	\$ (3,516,835)	\$ 43,506,414	\$ 55,930,534
Unreserved reported in:										
Other major funds						1,652,707	(302,242)	2,079,748	-	-
Special revenue funds						10,379,095	8,027,797	2,592,867	2,510,674	3,190,354
Capital projects funds						334,683	(14,404,950)	(1,059,891)	1,404,997	(5,410,068)
Total all other governmental funds						<u>\$ 62,814,875</u>	<u>\$ 29,159,220</u>	<u>\$ 95,889</u>	<u>\$ 47,422,085</u>	<u>\$ 53,710,820</u>

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

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

	Fiscal Year									
	2015	2014	(As Restated)* 2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Real property taxes	\$ 66,242,804	\$ 65,501,711	\$ 62,863,930	\$ 63,259,796	\$ 61,685,290	\$ 62,263,733	\$ 59,192,549	\$ 53,161,189	\$ 50,764,207	\$ 53,544,496
Other real property tax items	617,813	599,919	577,961	536,486	569,203	536,037	65,223	446,647	440,318	505,080
Non-property tax items	62,361,375	66,753,241	59,589,487	39,496,331	40,642,767	35,576,544	25,819,137	1,010,521	894,303	825,080
Special assessments	37,170	40,061	47,335	47,332	51,209	62,559	81,834	8,039	75,274	87,934
Departmental income	5,546,890	8,561,846	7,211,022	7,693,286	6,692,946	6,702,258	3,368,812	2,616,944	2,509,855	2,307,197
Intergovernmental charges	1,000,083	1,031,520	1,006,871	864,140	987,806	684,058	622,237	647,032	2,135,212	59,205
Use of money and property	1,034,392	685,415	580,245	617,034	687,758	720,489	568,086	2,116,151	4,290,876	4,178,880
License and permits	3,501,659	428,117	548,264	415,965	346,345	288,217	38,250	109,541	95,961	113,199
Fines and forfeitures	1,662,579	1,588,383	1,813,642	1,857,009	1,784,553	1,835,927	1,617,193	1,668,459	1,084,514	1,017,563
Sale of property and compensation for loss	107,062	73,160	164,755	19,186	34,872	262,688	15,399	29,480	38,164	20,808
Miscellaneous local sources	2,137,411	1,824,346	2,256,831	2,418,601	1,492,190	3,985,516	2,213,889	37,881,727	55,502,865	3,638,911
State aid	13,842,477	12,196,339	10,535,956	9,238,136	10,769,638	8,955,588	8,753,181	11,407,404	14,193,569	66,969,209
Federal aid	5,103,507	5,097,358	7,153,799	4,843,167	4,726,149	5,143,552	4,328,606	4,215,912	4,462,548	5,271,827
Total revenues	163,195,222	164,381,416	154,350,098	131,306,469	130,470,726	127,017,166	106,684,396	115,319,046	136,487,666	138,539,389
Expenditures										
Current:										
General governmental support	48,711,714	56,863,297	45,197,974	54,379,864	41,188,029	24,779,811	33,896,121	86,296,399	74,639,186	44,055,660
Public safety	21,016,582	20,041,887	19,315,488	19,406,028	18,527,638	19,067,239	18,287,036	18,709,082	18,324,645	17,488,758
Health	2,989,335	2,943,708	2,895,640	2,742,820	2,606,820	2,471,220	2,505,122	2,110,700	1,925,061	1,927,102
Transportation	8,174,330	8,035,861	7,100,595	6,366,143	7,087,272	7,444,043	6,860,470	6,681,248	6,375,348	7,031,824
Economic assistance and opportunity	3,503,342	2,721,431	2,967,560	3,123,002	2,692,752	2,107,374	2,607,405	1,836,619	1,728,207	1,647,758
Culture and recreation	2,680,457	2,886,959	3,155,588	4,141,028	4,241,038	4,375,822	4,110,850	5,231,407	5,290,288	5,155,503
Home and community service	10,299,975	15,175,424	28,560,085	10,393,391	10,390,084	10,236,731	8,688,200	8,845,066	8,606,388	6,954,653
Employee benefits	23,871,365	23,813,336	26,958,754	20,363,214	20,122,235	17,218,161	15,616,014	13,570,763	15,942,268	14,596,798
Capital outlay	7,754,713	5,436,843	4,905,920	6,004,465	9,695,990	6,878,197	9,753,807	16,079,789	12,068,690	13,020,704
Debt service :										
Principal	13,944,153	14,100,073	12,399,576	11,080,636	10,549,825	11,687,500	12,833,040	9,991,940	10,582,811	10,931,007
Interest	4,111,638	4,400,806	4,032,820	4,286,344	4,274,478	4,833,281	4,370,036	3,679,405	3,580,816	3,860,857
Total expenditures	147,057,604	156,419,625	157,490,000	142,286,935	131,376,161	111,099,379	119,528,101	173,032,418	159,063,708	126,670,624
Excess (deficiency) of revenues over (under) expenditures	16,137,618	7,961,791	(3,139,902)	(10,980,466)	(905,435)	15,917,787	(12,843,705)	(57,713,372)	(22,576,042)	11,868,765
Other financing sources (uses)										
Payment to refunded bond escrow agent	(3,996,598)	(13,058,151)	-	(16,539,554)	-	(10,500,569)	-	-	-	-
Refunding bond issuance	3,725,099	12,079,286	-	-	-	-	-	-	-	-
Serial bond issuance	4,873,500	4,200,000	29,350,000	2,150,000	-	-	-	-	-	-
Premium on obligations	417,300	1,042,092	1,008,668	2,149,687	376,128	1,070,569	5,159	-	38,231	119,451
Interfund transfers in	5,220,901	4,087,066	4,851,356	2,393,500	2,422,820	3,615,996	9,991,492	22,991,549	23,778,450	20,524,232
Interfund transfers out	(4,877,040)	(3,587,066)	(5,102,084)	(2,413,586)	(6,069,180)	(4,043,729)	(9,991,492)	(21,778,183)	(23,077,004)	(20,960,337)
Proceeds from issuance of refunding bond	-	-	-	14,418,530	-	9,430,000	2,720,000	-	-	-
Debt proceeds (bonds or installment)	-	-	-	-	13,862,000	20,345,000	40,000,000	-	12,675,000	8,177,540
Bond anticipation notes redeemed from appropriations	-	-	945,000	-	143,925	70,000	-	-	-	-
Total other financing sources (uses)	5,363,162	4,763,227	31,052,940	2,158,577	10,735,693	19,987,267	42,725,159	1,213,366	13,414,677	7,860,886
Net change in fund balances	\$ 21,500,780	\$ 12,725,018	\$ 27,913,038	\$ (8,821,889)	\$ 9,830,258	\$ 35,905,054	\$ 29,881,454	\$ (56,500,006)	\$ (9,161,365)	\$ 19,729,651
Debt service as a percentage of noncapital expenditures	17.12%	16.99%	15.32%	15.65%	15.57%	17.39%	18.59%	15.66%	15.61%	17.80%

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

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

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

Fiscal Year	Residential Property	Condo and Co-Op Property	Utility and Special Franchise	Commercial Property	Total Taxable Assessed Valuation	State Equalization Rate	Full Valuation	Total Effective Tax Rate*
2015	\$ 53,603,516,352	\$ 753,232,777	\$ 324,878,941	\$ 2,888,884,976	\$ 57,714,211,253	100.00%	\$ 57,714,211,253	1.40
2014	51,629,656,232	674,400,483	318,771,198	2,886,676,483	55,698,279,015	100.00%	55,698,279,015	1.43
2013	48,136,241,163	653,305,392	359,589,779	2,910,810,381	55,022,618,428	100.00%	55,022,618,428	1.42
2012	48,483,708,541	658,630,789	336,723,277	2,362,232,070	55,861,991,485	100.00%	55,861,991,485	1.36
2011	48,548,282,347	677,866,346	335,332,412	2,386,324,938	55,860,526,117	100.00%	55,860,526,117	1.35
2010	47,208,430,906	609,171,656	336,538,380	2,424,623,298	54,445,058,850	100.00%	54,445,058,850	1.38
2009	45,695,742,348	568,920,040	332,080,500	2,393,991,338	52,803,053,580	100.00%	52,803,053,580	1.35
2008	43,890,296,013	568,228,045	307,109,345	1,542,253,885	50,324,763,975	89.70%	56,103,415,803	1.16
2007	40,500,000,000	4,499,658,289	489,126,720	3,423,887,045	48,912,672,054	100.00%	48,912,672,054	1.26
2006	29,674,556,695	477,233,252	227,609,767	1,500,768,049	34,751,503,793	100.00%	34,751,503,793	1.82

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

Source: Office of the Comptroller.

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

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

Fiscal Year	Total Effective Tax Rate*	Overlapping Rates			
		School Districts and Libraries - Range			Suffolk County
2015	1.40	0.03	-	23.40	0.21
2014	1.43	0.03	-	22.90	0.20
2013	1.42	0.02	-	21.34	0.20
2012	1.36	0.02	-	20.45	0.21
2011	1.35	0.02	-	18.34	0.21
2010	1.38	0.03	-	15.62	0.18
2009	1.35	0.02	-	14.24	0.18
2008	1.16	0.04	-	14.04	0.24
2007	1.26	0.04	-	14.04	0.30
2006	1.82	0.03	-	16.94	0.32

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

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

TOWN OF SOUTHAMPTON
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO

2015

Name	Type	Assessed Valuation	Percentage of Total Taxable Assessed Valuation
National Grid	Utility	\$ 285,566,946	0.49%
Blue Turtles, Inc.	Estate	248,684,000	0.43%
Leon D. Black	Estate	64,807,700	0.11%
Olde Towne SH Associates LLC	Comercial	59,233,500	0.10%
Hampton Center Realty LLC	Comercial	55,465,000	0.10%
Sagaponack Realty LLC	Comercial	54,482,500	0.09%
Stem Partners, LLC	Comercial	54,223,600	0.09%
Stephen Perl binder	Estate	51,097,400	0.09%
Yumi & The Kids, LLC	Comercial	50,256,700	0.09%
Cheryl G. Krongard	Estate	49,219,400	0.09%

2006

Name	Type	Assessed Valuation	Percentage of Total Taxable Assessed Valuation
Blue Turtles, Inc.	Estate	\$ 198,906,800	0.57%
The Links at East Quogue	Golf Course	121,632,100	0.35%
Marketspan Gas Corporation	Utility	80,694,417	0.23%
Verizon New York Inc.	Utility	68,710,608	0.20%
Keyspan Energy Corp.	Utiliity	60,040,735	0.17%
Daniel Hedges, LLC	Commercial	57,719,600	0.17%
Hampton Hills Associates	Commercial	52,688,100	0.15%
Yumi & The Kids, LLC	Estate	48,206,800	0.14%
Leon D. Black	Estate	45,549,100	0.13%
Long Island Power Authority	Utility	42,324,729	0.12%

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

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Tax Levy:										
General Town	\$ 21,007,380	\$ 21,416,522	\$ 21,907,868	\$ 22,048,728	\$ 24,288,157	\$ 23,471,265	\$ 22,557,464	\$ 19,239,157	\$ 18,978,117	\$ 20,663,244
Police	20,966,728	20,238,896	19,717,477	19,510,509	18,787,061	19,122,882	19,792,258	18,186,288	17,191,432	16,343,605
Emergency Dispatching - E911	2,142,364	2,059,311	2,056,667	2,154,216	2,163,471	2,163,032	1,628,786	2,588,154	2,436,540	2,295,454
Zoning	1,854,200	2,130,885	2,170,133	1,757,858	907,216	1,591,613	450,560	292,927	248,754	487,392
Highway	11,571,887	11,059,879	11,048,231	11,458,980	10,757,440	10,203,992	8,805,492	7,735,936	7,768,227	9,133,104
Fire and Fire Protection Districts	13,566,410	12,744,610	12,548,005	12,111,213	12,302,370	12,282,939	12,039,733	11,555,033	10,373,416	9,766,082
Lighting District	571,833	602,374	575,831	556,046	564,747	553,783	543,516	54,733	772,994	383,712
Water Districts	1,126,131	1,181,369	1,122,575	1,132,073	1,082,775	1,111,611	1,391,341	1,025,209	914,969	1,016,584
Miscellaneous Special Districts	6,996,235	6,506,283	5,616,172	4,484,099	4,337,653	4,302,159	3,736,414	3,897,952	2,403,311	2,792,482
School and Library Districts	245,197,938	242,270,737	230,856,616	230,672,394	221,311,943	212,480,335	197,196,966	183,430,049	172,669,473	162,235,333
County of Suffolk	19,994,927	18,384,417	19,211,414	15,869,036	16,688,892	14,148,089	15,602,231	14,945,935	13,455,401	11,053,902
Other Items	905,306	1,890,029	819,935	991,121	714,871	518,619	566,523	603,218	643,314	427,272
Total tax levy	\$345,901,339	\$340,485,312	\$327,650,924	\$322,746,273	\$313,906,596	\$301,950,319	\$284,311,284	\$263,554,591	\$247,855,948	\$236,598,166
Amount Collected	\$326,724,516	\$324,507,864	\$315,005,317	\$307,538,277	\$297,658,185	\$286,195,281	\$271,663,915	\$251,805,335	\$237,570,892	\$227,126,954
Percentage Collected	94.46%	95.31%	96.14%	95.29%	94.82%	94.78%	95.55%	95.54%	95.85%	96.00%
Returned to County:										
Amount Uncollected	\$ 17,571,538	\$ 14,384,949	\$ 13,671,438	\$ 12,695,891	\$ 14,387,403	\$ 13,738,138	\$ 12,005,252	\$ 11,749,256	\$ 10,285,056	\$ 9,471,212
Percent Uncollected	5.08%	4.22%	4.17%	3.93%	4.58%	4.55%	4.22%	4.46%	4.15%	4.00%
Collections in Subsequent Years	\$ 1,925,216	\$ 1,316,071	\$ 7,664,719	\$ 7,343,785	\$ 10,296,397	\$ 10,864,888	\$ 8,586,176	\$ 5,801,507	\$ 6,783,047	\$ 7,453,237
Total Collections to Date:										
Amount	\$328,649,732	\$325,823,935	\$322,670,036	\$314,882,062	\$307,954,582	\$297,060,169	\$280,250,091	\$257,606,842	\$244,353,939	\$234,580,191
Percent	95.01%	95.69%	98.48%	97.56%	98.10%	98.38%	98.57%	97.74%	98.59%	99.15%

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

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

Fiscal Year	Governmental Activities					Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Total Debt Per Capita (1)
	General Obligation Bonds, Net	Special Assessment Bonds	Bond Anticipation Notes	Installment Purchase Debt	Capital Leases	General Obligation Bonds, Net	Bond Anticipation Notes			
2015	\$ 121,160,890	\$ 100,077	\$ 3,345,640	\$ -	\$ -	\$ 6,402,941	\$ -	\$ 131,009,548	4.83%	\$ 2,291
2014	130,246,420	133,289	-	3,072,700	-	6,970,455	-	140,422,864	5.18%	2,456
2013	136,937,548	171,711	-	6,572,700	-	7,525,740	-	151,207,699	5.58%	2,655
2012	119,044,624	169,211	6,065,000	10,072,700	-	7,846,164	40,000	143,237,699	5.29%	2,522
2011	129,537,011	202,031	-	13,572,700	-	8,600,958	-	151,912,700	5.61%	2,675
2010	126,399,762	246,638	6,992,200	-	-	8,573,600	80,000	142,292,200	4.92%	2,345
2009	118,249,320	314,900	21,430,589	-	-	6,720,780	2,580,000	149,295,589	4.27%	2,488
2008	88,252,100	397,400	25,865,000	-	-	7,239,540	-	121,754,040	4.27%	2,037
2007	98,220,400	466,600	8,891,000	-	-	7,548,000	-	115,126,000	4.93%	1,925
2006	96,005,971	544,700	11,543,000	-	44,140	4,172,260	-	112,310,071	4.88%	1,908

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

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

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Taxable Assessed Valuation</u>	<u>Gross Bonded Debt</u>	<u>Net Bonded Debt</u>	<u>Percentage of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2015	57,180	\$ 57,714,211,253	\$ 127,663,908	\$ 120,242,091	0.21%	\$ 2,103
2014	57,180	55,698,279,015	137,350,164	127,195,816	0.23%	2,224
2013	56,960	55,022,618,428	144,634,999	132,728,634	0.24%	2,330
2012	56,790	55,861,991,485	127,059,999	115,171,283	0.21%	2,028
2011	56,800	55,860,526,117	138,340,000	126,719,677	0.23%	2,231
2010	60,668	54,445,058,850	135,220,000	129,584,853	0.24%	2,136
2009	60,007	52,803,053,580	125,285,000	118,974,008	0.23%	1,983
2008	59,777	50,324,763,975	95,889,040	95,889,040	0.19%	1,604
2007	59,813	48,912,672,054	106,235,000	104,398,488	0.21%	1,745
2006	58,876	34,751,503,793	100,722,931	99,343,718	0.29%	1,687

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

Note: Population numbers come from the LIPA Population Survey, except 2012 - 2015 figures, which were derived from the Town of Southampton's Assessor's Office.

TOWN OF SOUTHAMPTON
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2015

Governmental Unit		Gross Indebtedness	Estimated Exclusions	Net Indebtedness	Percentage Applicable	Applicable Net Indebtedness
Town of Southampton	12/31/2015	\$ 124,606,607	\$ 19,659,800	\$ 104,946,807	100.00%	\$ 104,946,807
Total direct debt						<u>104,946,807</u>
County of Suffolk	3/19/2015	2,161,120,066	849,350,222	1,311,769,844	21.12%	277,045,791
Villages:						
Quogue	5/31/2015	1,855,000	-	1,855,000	100.00%	1,855,000
Sagaponack	5/31/2015	720,000	-	720,000	100.00%	720,000
Sag Harbor	5/31/2015	1,930,000	-	1,930,000	30.00%	579,000
Southampton	5/31/2015	7,484,000	-	7,484,000	100.00%	7,484,000
Westhampton Beach	5/31/2015	1,803,870	-	1,803,870	100.00%	1,803,870
Westhampton Dunes	5/31/2015	415,000	-	415,000	100.00%	415,000
School Districts:						
Bridgehampton	6/30/2015	925,000	-	925,000	100.00%	925,000
East Quogue	6/30/2015	1,940,000	-	1,940,000	100.00%	1,940,000
Eastport-South Manor	6/30/2015	31,655,255	-	31,655,255	14.48%	4,583,681
Hampton Bays	6/30/2015	35,580,000	-	35,580,000	100.00%	35,580,000
Riverhead	6/30/2015	55,697,347	15,560,000	40,137,347	15.50%	6,221,289
Sag Harbor	6/30/2015	6,870,000	-	6,870,000	88.51%	6,080,637
Southampton	6/30/2015	46,611,997	-	46,611,997	100.00%	46,611,997
Tuckahoe	6/30/2015	892,335	-	892,335	100.00%	892,335
Wainscott	6/30/2015	750,000	-	750,000	4.79%	35,925
Westhampton Beach	6/30/2015	32,338,045	-	32,338,045	100.00%	32,338,045
Fire Districts:						
Bridgehampton	12/31/2014	4,200,000	-	4,200,000	100.00%	4,200,000
Eastport	12/31/2014	131,583	-	131,583	100.00%	131,583
Flanders	12/31/2014	299,000	-	299,000	100.00%	299,000
Hampton Bays	12/31/2014	450,000	-	450,000	100.00%	450,000
Riverhead	12/31/2014	10,250,000	-	10,250,000	4.46%	457,150
Westhampton Beach	2/23/2015	3,960,000	300,000	3,660,000	100.00%	3,660,000
Total overlapping debt						<u>434,309,303</u>
Total direct and overlapping debt		<u>\$ 2,532,485,105</u>	<u>\$ 884,870,022</u>	<u>\$ 1,647,615,083</u>		<u>\$ 539,256,110</u>
Per Capita						<u>\$ 2,291</u>

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

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

TOWN OF SOUTHAMPTON
DEBT LIMIT MARGIN INFORMATION
DECEMBER 31, 2015

	Years Ended December 31,	Assessed Valuation	State Equalization Rate	Full Valuation	
	2015	\$ 57,714,211,253	100.00%	\$ 57,714,211,253	
	2014	55,698,279,015	100.00%	55,698,279,015	
	2013	55,022,618,428	100.00%	55,022,618,428	
	2012	55,861,991,485	100.00%	55,861,991,485	
	2011	55,860,526,117	100.00%	55,860,526,117	
Total Five Year Full Valuation				<u>280,157,626,298</u>	
Average Five Year Full Valuation				<u>56,031,525,260</u>	
Debt Limit - 7% of Average Full Valuation				<u>\$ 3,922,206,768</u>	(a)
Inclusions:					
Outstanding Bonds				<u>\$ 126,999,140</u>	
Total Inclusions				<u>126,999,140</u>	
Exclusions:					
Water Debt				<u>5,473,275</u>	
Total Exclusions				<u>5,473,275</u>	
Total Net Indebtedness Subject to the Debt Limit				<u>\$ 121,525,865</u>	(b)
Net Debt Contracting Margin				<u>\$ 3,800,680,903</u>	(a) - (b)
Percent of Debt Limit Exhausted				<u>3.10%</u>	(b)/(a)

Last Ten Years

Year	Constitutional Debt Limit	Outstanding Indebtedness December 31	Less: Exclusions	Indebtedness Subject to Debt Limit	Net Contracting Margin	Percent of Net Debt Contracting Margin Available
2015	\$ 3,922,206,768	\$ 126,999,140	\$ 5,473,275	\$ 121,525,865	\$ 3,800,680,903	96.90%
2014	3,876,438,635	133,359,998	14,715,450	118,644,548	3,757,794,087	96.94%
2013	3,835,961,478	144,634,999	14,443,755	130,191,244	3,705,770,234	96.61%
2012	3,851,036,642	127,059,999	7,349,903	119,710,096	3,731,326,546	96.89%
2011	3,753,800,763	138,340,000	15,493,460	122,846,540	3,630,954,223	96.73%
2010	3,458,274,451	135,220,000	5,235,245	129,984,755	3,328,289,696	96.24%
2009	3,179,332,190	125,285,000	5,473,500	119,811,500	3,059,520,690	96.23%
2008	2,865,627,282	95,889,040	6,298,800	89,590,240	2,776,037,042	96.87%
2007	2,441,587,176	106,235,000	6,768,200	99,466,800	2,342,120,376	95.93%
2006	2,037,822,222	100,722,931	5,940,000	94,782,931	1,943,039,291	95.35%

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

TOWN OF SOUTHAMPTON
DEMOGRAPHICS AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population</u>	<u>Income (millions of dollars)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Year-Round Households Estimate</u>	<u>Household Size Estimates</u>	<u>Population Density Per Square Mile (1)</u>
2015	57,180	\$ 2,710	\$ 47,394	5.10%	21,735	2.46	407.85
2014	57,180	2,710	47,394	5.60%	21,735	2.46	407.85
2013	56,960	2,710	47,577	6.60%	21,735	2.46	406.28
2012	56,790	2,710	47,720	8.10%	21,735	2.60	405.06
2011	56,800	2,710	47,711	7.60%	21,419	2.59	405.14
2010	60,668	2,895	47,719	7.80%	23,219	2.51	432.72
2009	60,007	3,495	58,243	7.40%	23,035	2.54	428.01
2008	59,777	2,852	47,711	5.10%	23,278	2.52	426.37
2007	59,813	2,336	39,055	3.90%	23,200	2.50	426.63
2006	58,876	2,299	39,048	4.00%	22,921	2.50	419.94

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

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

TOWN OF SOUTHAMPTON
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO

2015

Rank	Name	Headquarters	Type of Business	Number of Employees	Percentage of Total Town's Employment
1	Southampton Hospital	Southampton	Hospital	775	1.36%
2	Town of Southampton	Southampton	Municipality	486	0.85%
3	Southampton Union Free School District	Southampton	School District	400	0.70%
4	Corcoran Group	Bridgehampton	Real Estate	400	0.70%
5	Dominican Sisters Family Health Services	Hampton Bays	Home Health Agency	350	0.61%
6	Bridgehampton National Bank	Bridgehampton	Commercial Banks	245	0.43%
7	Dunn Engineering	Westhampton Beach	Engineering	100	0.17%
8	Maran Corporate Risk Associates	Southampton/East Hampton	Insurance	93	0.16%
9	Southampton Press	Southampton	Newspaper	50	0.09%
10	Hampton Coach	Southampton	Limousine Service	50	0.09%
				2,949	5.16%

2006

Rank	Name	Headquarters	Type of Business	Number of Employees	Percentage of Total Town's Employment
1	Southampton Hospital	Southampton	Hospital	628	2.12%
2	Town of Southampton	Southampton	Municipality	550	1.86%
3	Corcoran Group	Bridgehampton	Real Estate	250	0.85%
4	Bridgehampton National Bank	Bridgehampton	Bank	120	0.41%
5	Dominican Sisters Family Health Services	Hampton Bays	Home Health Agency	97	0.33%
6	Dunn Engineering	Westhampton Beach	Engineering	73	0.25%
7	Hamptons State Bank	Southampton	Bank	60	0.20%
8	Southampton Press	Southampton	Newspaper	55	0.19%
9	Maran Corporate Risk Associates	Southampton/East Hampton	Insurance	43	0.15%
10	Hampton Coach	Southampton	Limousine Service	40	0.14%
				1,916	6.50%

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

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Function:										
General Government	204	212	221	219	219	224	234	267	248	121
Justice and Law Enforcement	158	158	135	132	140	145	142	153	170	186
Public Works	62	61	99	99	104	104	112	114	116	73
Economic Assistance and Opportunity	-	-	-	-	-	-	-	-	7	5
Environment, Parks and Education	24	26	18	16	18	20	19	25	33	30
Health and Human Services	38	37	39	40	42	47	45	36	49	135
Total	<u>486</u>	<u>494</u>	<u>512</u>	<u>506</u>	<u>523</u>	<u>540</u>	<u>552</u>	<u>595</u>	<u>623</u>	<u>550</u>

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

TOWN OF SOUTHAMPTON
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Function:										
Public Safety -										
Building										
Residential building permits issued	6,294	6,232	5,588	4,979	4,526	3,765	3,203	4,364	4,372	4,804
Commercial building permits issued	45	70	35	40	48	55	38	36	121	84
Police										
Physical arrests	1,813	2,125	2,141	2,172	2,512	2,588	2,341	2,213	2,117	2,062
Traffic and parking violations	14,640	13,530	16,390	17,631	19,479	20,383	20,401	18,830	17,806	15,483
Fire										
Number of fire protection districts	3	3	3	3	3	3	3	3	3	3
Number of calls answered	4,826	5,265	5,030	5,207	4,997	5,017	4,863	4,907	6,166	5,506
Inspections	1,355	1,458	1,029	1,144	1,238	1,275	1,736	1,093	1,052	1,552
Health -										
Number of ambulance districts	4	4	4	4	4	4	4	4	4	4
Transportation -										
Highway and streets										
Street resurfacing (miles)	15	20	23	24	22	23	22	13	43	33
Culture and recreation -										
Beach permits issued	45,775	43,666	41,282	43,609	42,828	42,340	39,892	40,287	43,294	39,927
Registration for summer programs	2,006	2,126	2,335	2,502	3,024	2,989	2,331	2,408	7,260	3,028
Home and Community Service -										
Sanitation										
Refuse collected (tons/day)	19.62	19.05	18.48	18.03	18.54	18.36	18.70	19.24	21.10	18.16
Recyclables collected (tons/day)	11.08	11.04	10.95	11.23	11.83	11.50	11.50	12.16	13.00	12.34
Water										
Average daily consumption (thousands of gallons)	3,300	2,800	2,700	2,500	2,300	2,600	2,100	2,600	2,755	2,603

Source: Various departments of the Town of Southampton.

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Function:										
Public Safety -										
Municipal buildings	30	30	30	29	29	29	29	29	2	2
Preserved acreage	3,886	3,795	3,643	3,500	3,197	3,006	2,946	2,904	2,817	2,373
Public Safety -										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	93	93	90	104	104	104	104	104	95	97
Health -										
Number of ambulance districts	4	4	4	4	4	4	4	4	4	4
Transportation -										
Highways and streets										
Number of street lighting districts	9	9	9	9	9	9	9	9	9	9
Streets (miles)	456	456	456	456	455	453	452	450	429	445
Streetlights	2,727	2,727	2,724	2,714	2,714	2,714	2,714	2,714	2,400	3,535
Traffic signals (1)	32	32	31	31	31	31	29	26	22	22
Culture and recreation -										
Number of park districts	3	3	3	3	3	3	3	3	3	3
Parks and open space	4,009	4,009	4,009	4,009	4,009	4,009	4,009	4,009	4,009	3,845
Beaches	8	8	8	8	8	8	8	8	8	8
Marinas	3	3	3	3	2	2	2	2	3	3
Boat basin slips	80	80	80	80	66	66	66	66	95	101
Swimming pools	-	-	-	-	-	-	-	-	1	1
Golf courses	1	1	1	1	1	1	1	1	1	1
Tennis courts	12	12	12	12	12	12	12	12	10	11
Community centers	3	3	3	3	3	3	3	3	5	5
Home and Community Services -										
Sanitation										
Transfer stations	4	4	4	4	4	4	4	4	4	3
Vehicles	45	45	42	43	47	46	46	46	4	4
Water										
Water mains (miles)	105	105	101	100	98	96	94	94	101	100
Total yearly pumpage (in millions of gallons)	12,345	10,251	9,939	9,649	8,491	9,760	7,631	9,500	1,006	950
Fire hydrants	525	525	525	515	505	500	490	487	515	459

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

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

APPENDIX C

FORM OF ANNUAL AND CONTINUING DISCLOSURE UNDERTAKING

Continuing Disclosure Undertaking

FORM OF ANNUAL AND CONTINUING DISCLOSURE UNDERTAKING

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

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

“Bonds” means the Issuer’s \$7,650,000* Public Improvement (Serial) Bonds – 2017, dated February 22, 2017.

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

“MSRB” means the Municipal Securities Rulemaking Board.

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

“Notes” means the Issuer’s \$1,790,000 Bond Anticipation Notes – 2017, dated February 22, 2017.

“Obligations” means the Bonds and Notes.

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

“Undertaking” means this Annual and Continuing Disclosure Undertaking.

B. Annual Reports. With respect to the Bonds, the Issuer shall electronically file annually with the MSRB, (1) within six months after the end of each fiscal year ending after the date hereof, financial information and operating data with respect to the Issuer of the general type contained in or cross referenced in the Issuer’s final Official Statement, dated February 1, 2016 under the headings “**THE TOWN**”, “**ECONOMIC AND DEMOGRAPHIC INFORMATION**”, “**INDEBTEDNESS OF THE TOWN**”, “**FINANCES OF THE TOWN**”, “**REAL PROPERTY TAX INFORMATION**”, and “**LITIGATION**”, and in **APPENDICES A AND B**, and (2) if not provided as part such financial information and operating data, audited financial statements of the Issuer, when and if available. If audited financial statements are not available at that time the Town will electronically file unaudited financial statements when available. Any financial statements so to be electronically filed shall be prepared in accordance with the accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation, and shall be audited, if the Issuer commissions an audit of such statements and the audit is completed within the period during which they must be provided.

If the Issuer changes its fiscal year, it will electronically file with the MSRB notice of the change (and of the date of the new fiscal year end) prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data pursuant to this Undertaking.

The financial information and operating data to be electronically filed pursuant to this Undertaking may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB’s Internet Web site or filed with the SEC.

C. Event Notices. The Issuer shall electronically file with the MSRB notice of any of the following events with respect to the Obligations in a timely manner and not more than ten business days after occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;

- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax- status of the Obligations, or other material events affecting the tax status of the Obligations;
- (7) Modifications to rights of holders of the Obligations, if material;
- (8) Obligation calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Obligations, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the Issuer*;
- (13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

* An event of this nature is considered to occur upon the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

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

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

E. Limitations, Disclaimers, and Amendments. The Issuer shall be obligated to observe and perform the covenants specified in this Undertaking for so long as, but only for so long as, the Issuer remain an “obligated person” with respect to the Obligations within the meaning of the Rule.

The provisions of this Undertaking are for the sole benefit of the holders and beneficial owners of the Obligations, and nothing in this Undertaking, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Issuer undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Undertaking and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Issuer’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Undertaking or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Obligations at any future date.

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

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

Nothing in this Undertaking is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

The provisions of this Undertaking may be amended by the Issuer from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, but only if (1) the provisions of this Undertaking, as so amended, would have permitted an underwriter to purchase or sell Obligations in the primary offering of the Obligations in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of the Obligations consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the holders and beneficial owners of the Obligations. The Issuer may also repeal or amend the provisions of this Undertaking if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the Issuer also may amend the provisions of this Undertaking in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Obligations in the primary offering of the Obligations, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the Issuer so amends the provisions of this Undertaking, the Issuer shall include with any amended financial information or operating data next provided in accordance with this Undertaking an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

APPENDIX D

FORM OF OPINION OF NORTON ROSE FULBRIGHT US LLP

February 22, 2017

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

Norton Rose Fulbright US LLP
1301 Avenue of the Americas, 30th Floor
New York, New York 10019-6022
United States

Tel +1 212 318 3000
Fax +1 212 318 3400
nortonrosefulbright.com

Re: Town of Southampton, Suffolk County, New York
\$7,650,000 Public Improvement (Serial) Bonds - 2017

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$7,650,000 Public Improvement (Serial) Bonds - 2017 (the "Obligation"), of the Town of Southampton, Suffolk County, State of New York (the "Obligor"), dated February 22, 2017.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986 (the "Code"), including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder;
- (3) a tax certificate (the "Tax Certificate") executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation not to be includable in the gross income of the owners thereof for federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligation and investment earnings thereon, making required payments to the federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligation to be includable in the gross income of the owners thereof for federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligation and investment earnings thereon on certain specified purposes; and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligation, including the form of the Obligation. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants

contained in the Tax Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount, except as to certain statutory limitations which may result from the application of Chapter 97 of the Laws of 2011 of the State of New York, as amended, provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said state or the federal government affecting the enforcement of creditors' rights; and (ii) may be subject to the exercise of judicial discretion.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said state or the federal government affecting the enforcement of creditors' rights.
- (c) Under existing law, interest on the Obligation (1) will be excludable from the gross income, as defined in Section 61 of the Code, of the owners thereof for federal income tax purposes, pursuant to Section 103 of the Code and existing regulations, published rulings, and court decisions, assuming continuing compliance after the date hereof by the Obligor with the provisions of the Tax Certificate, and (2) will not be included in computing the federal alternative minimum taxable income of the owners thereof who are individuals. We call to your attention that interest on the Obligation owned by a corporation (other than an "S" corporation or a qualified mutual fund, real estate mortgage investment conduit, real estate investment trust or a financial asset securitization investment trust (FASIT)) will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation. A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by Section 55 of the Code is computed. Under existing law, interest on the Obligation is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

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

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

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

Very truly yours,

February 22, 2017

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

Norton Rose Fulbright US LLP
1301 Avenue of the Americas, 30th Floor
New York, New York 10019-6022
United States

Tel +1 212 318 3000
Fax +1 212 318 3400
nortonrosefulbright.com

Re: Town of Southampton, Suffolk County, New York
\$1,790,000 Bond Anticipation Notes - 2017

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$1,790,000 Bond Anticipation Notes - 2017 (the "Obligation"), of the Town of Southampton, Suffolk County, State of New York (the "Obligor"), dated February 22, 2017.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986 (the "Code"), including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder;
- (3) a tax certificate (the "Tax Certificate") executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation not to be includable in the gross income of the owners thereof for federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligation and investment earnings thereon, making required payments to the federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligation to be includable in the gross income of the owners thereof for federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligation and investment earnings thereon on certain specified purposes; and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligation, including the form of the Obligation. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Tax

Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount, except as to certain statutory limitations which may result from the application of Chapter 97 of the Laws of 2011 of the State of New York, as amended, provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said state or the federal government affecting the enforcement of creditors' rights; and (ii) may be subject to the exercise of judicial discretion.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said state or the federal government affecting the enforcement of creditors' rights.
- (c) Under existing law, interest on the Obligation (1) will be excludable from the gross income, as defined in Section 61 of the Code, of the owners thereof for federal income tax purposes, pursuant to Section 103 of the Code and existing regulations, published rulings, and court decisions, assuming continuing compliance after the date hereof by the Obligor with the provisions of the Tax Certificate, and (2) will not be included in computing the federal alternative minimum taxable income of the owners thereof who are individuals. We call to your attention that interest on the Obligation owned by a corporation (other than an "S" corporation or a qualified mutual fund, real estate mortgage investment conduit, real estate investment trust or a financial asset securitization investment trust (FASIT)) will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation. A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by Section 55 of the Code is computed. Under existing law, interest on the Obligation is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

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

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

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

Very truly yours,