

STATEMENT
OF
ANNUAL FINANCIAL AND OPERATING INFORMATION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

TOWN OF SOUTHAMPTON
SUFFOLK COUNTY, NEW YORK

DATED: MAY 27, 2017

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

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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 Burke, Town Attorney
Leonard J. Marchese, CPA, Town Comptroller

* * *

MUNICIPAL ADVISOR

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**STATEMENT OF ANNUAL FINANCIAL
AND OPERATING INFORMATION**

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

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

\$ 16,350,000	Public Improvement (Serial) Bonds, 2007
\$ 20,000,000	Open Space Preservation (Serial) Bonds, 2009
\$ 20,000,000	Open Space Preservation (Serial) Bonds, 2009B
\$ 22,770,000	Public Improvement (Serial) Bonds, 2010
\$ 9,575,000	Refunding (Serial) Bonds, 2010
\$ 14,160,000	Public Improvement (Serial) Bonds, 2011
\$ 2,150,000	Retirement (Taxable) (Serial) Bonds, 2012
\$ 14,870,000	Public Improvement (Refunding) Bonds, 2012
\$ 8,035,000	Public Improvement (Serial) Bonds, 2013
\$ 21,750,000	Erosion Control District (Serial) Bonds, 2013
\$ 4,350,000	Public Improvement (Serial) Bonds, 2014
\$ 9,265,000	Refunding (Serial) Bonds, 2014
\$ 4,968,500	Public Improvement (Serial) Bonds, 2015
\$ 5,210,000	Refunding (Serial) Bonds, 2015
\$ 8,680,000	Public Improvement (Serial) Bonds, 2016
\$ 7,650,000	Public Improvement (Serial) Bonds, 2017

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 44 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 expires on December 31, 2016. The Superior Officers Association represents approximately 19 employees under a contract which expires 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 and the LIPA Population Survey.

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

	Median Household Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2015^a</u>
Town of Southampton	\$43,929	\$65,144	\$89,560	\$ 96,171
County of Suffolk	53,244	72,112	96,220	102,582
State of New York	39,741	51,691	67,405	71,913

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>
2012	8.0	7.8	8.6
2013	7.0	6.5	7.7
2014	5.8	5.3	6.4
2015	5.1	4.8	5.3
2016	4.7	4.3	4.8
2017 (3 Month Average)	6.5	4.6	4.8

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

Trend of Town Indebtedness^a

	<u>Fiscal Year Ending December 31:</u>				
	<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	3,345,650	3,191,640
Subtotal	<u>\$138,562,798</u>	<u>\$145,736,850</u>	<u>\$130,396,303</u>	<u>\$121,525,901</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><u>\$143,237,700</u></u>	<u><u>\$151,152,700</u></u>	<u><u>\$136,432,700</u></u>	<u><u>\$126,999,150</u></u>	<u><u>\$120,751,640</u></u>

a. Does not include refunded bonds.

Details of Short-Term Indebtedness Outstanding
(As of May 27, 2017)

As of the date of this Statement, the Town has bond anticipation notes outstanding in the amount of \$1,790,000 that mature on February 22, 2018. Such amount is expected to be redeemed with grant funds and budgetary appropriations.

Debt Service Requirements – Outstanding Bonds^a

FYE <u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$15,025,000	\$3,875,965	\$18,900,965
2018	15,440,000	3,557,972	18,997,972
2019	15,230,000	2,988,190	18,218,190
2020	14,650,000	2,481,194	17,131,194
2021	11,415,000	1,990,637	13,405,637
2022	11,390,000	1,625,891	13,015,891
2023	8,620,000	1,301,725	9,921,725
2024	5,825,000	1,024,000	6,849,000
2025	5,175,000	856,197	6,031,197
2026	4,940,000	701,718	5,641,718
2027	4,800,000	549,041	5,349,041
2028	4,110,000	397,994	4,507,994
2029	4,120,000	251,982	4,371,982
2030	3,290,000	115,993	3,405,993
2031	805,000	20,306	825,306
2032	375,000	5,156	380,156
Totals	<u>\$125,210,000</u>	<u>\$21,743,959</u>	<u>\$146,953,959</u>

a. Includes \$43,204,516 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 May 27, 2017)

Fiscal Year Ending December 31:	Assessed Valuation	State Equalization Rate (%)	Full Valuation
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			<u>3,980,835,545</u>
Inclusions:			
Outstanding Bonds:			
General Purposes ¹			112,516,450
Housing Authority ²			3,170,000
Water Districts			<u>5,402,807</u>
Sub-Total			121,089,257
Bond Anticipation Notes			<u>1,790,000</u>
Total Inclusions			<u>122,879,257</u>
Exclusions:			
Water Debt (Outstanding Bonds)			5,402,807
Bond Appropriations			7,349,453
Note Appropriations			<u>396,640</u>
Total Exclusions			13,148,900
Total Net Indebtedness			<u>109,730,357</u>
Net Debt Contracting Margin			<u>\$3,871,105,188</u>
Percent of Debt Limit Exhausted			2.76%

1. Includes \$38,007,456 in bonds issued for the preservation of open space. See "Community Preservation Fund" herein.

2. See "Southampton Housing Authority" herein.

Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Suffolk	06/28/2016	22.04	\$484,077,115	\$294,246,569
Villages	05/31/2015 or later	Var.	18,020,474	17,185,474
School Districts	06/30/15 or later	Var.	156,202,315	130,075,968
Fire Districts	12/31/15 or later	Var.	20,113,576	20,113,576
Totals			\$678,413,480	\$461,621,587

a. Does not include refunded bonds.

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

Debt Ratios
(As of May 27, 2017)

	<u>Amount</u>	<u>Per Capita^a</u>	<u>Percentage Of Full Value (%)^b</u>
Total Direct Debt	\$122,879,257	\$2,129	0.20
Net Direct Debt	109,730,357	1,901	0.18
Total Direct & Applicable Total Overlapping Debt	801,292,737	13,880	1.32
Net Direct & Applicable Net Overlapping Debt	571,351,944	9,897	0.94

a. Does not include the Bonds or Notes.

b. The current estimated population of the Town is 57,730.

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 May 27, 2017)

As of the date of this Official Statement, the Town has authorized but unissued debt in the aggregate amount of \$42,651,050 as follows:

<u>Purpose</u>	<u>Amount</u>
Various Public Improvements	\$5,223,750
Open Space Preservation	37,427,300
Total:	\$42,651,050

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 2016, the voters in all five towns approved a referendum to extend the collection of the tax through 2050.

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 \$38,007,456 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>December 31:</u>	<u>Total Revenues</u>
2012	\$38,064,858
2013	58,058,512
2014	56,010,169
2015	60,660,717
2016	55,083,465

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 5. 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, 2016, 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 2012-2016 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.

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 Results of Operations (Audited)

For the fiscal year ended December 31, 2016, the audited financial statements show the total revenue including transfers in the General Fund were \$39,651,324 and the total expenditures, including transfers, were \$35,999,760. The total overall fund balance in the General Fund increased from \$16,617,547 to \$20,269,111.

2017 Budget

The 2017 budget calls for further fiscal constraint consistent with the policy, procedures and controls implemented over the past four years. In addition, the Town continues to present a two-year budget model that projects operations through 2018. 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 or future years, the Town may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments.

The Town received approximately 25.45% of its total general fund operating revenue from State aid in 2015 and is expected to receive similar amount 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 2012 through 2016 and as budgeted, for 2017.

Fiscal Year Ended December 31:	General Fund Total Revenue	State Aid	State Aid To Revenues (%)
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	39,133,105	9,959,551	25.45
2017 (Budgeted)	38,839,430	8,715,896	22.44

Source: Audited financial statements 2012 through 2016 and the adopted budget for 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 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 contact 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	3,900,418	3,182,546	7,082,964
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, 2016</u>
Annual required contribution (ARC)	\$11,738,193
Interest on net OPEB obligation	2,829,799
Less: Adjustments to ARC	<u>(472,998)</u>
Annual OPEB cost (expense)	14,094,994
Less: Contributions made	<u>4,275,412</u>
Increase in net OPEB obligation	9,819,582
Net OPEB obligation-beginning of year	<u>70,744,981</u>
Net OPEB obligation-end of year	<u><u>\$80,564,563</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 \$63,315, the Flanders Northampton Volunteer Ambulance Corporation of \$58,260, the Hampton Bays Volunteer Ambulance Corporation of \$53,473 and the Southampton Volunteer Ambulance Corporation of \$40,312 for the year ended December 31, 2016 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.

Fiscal Year Ended December 31:	Total Revenue	Real Property Taxes	Real Property Taxes to Revenues (%)
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	39,133,105	21,500,574	54.94
2017 (Budgeted)	38,839,430	22,813,108	58.74

Source: Audited financial statements 2012 through 2016.

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:				
	2013	2014	2015	2016	2017
Tax Levy:					
General Town	\$21,907,868	\$21,416,522	\$21,007,380	\$21,796,989	\$22,860,043
Police	19,717,477	20,238,896	20,966,728	21,618,749	22,077,316
Emergency Dispatching	2,056,667	2,059,311	2,142,364	2,174,475	2,335,087
Zoning	2,170,133	2,130,885	1,854,200	1,327,298	1,248,908
Highway	11,048,231	11,059,879	11,571,887	12,422,647	12,685,058
Fire & Fire Protection	12,548,005	12,744,610	13,566,410	14,436,406	14,567,141
Lighting	575,831	602,374	571,833	558,919	563,994
Water	1,122,575	1,181,369	1,126,131	1,250,684	1,283,063
Miscellaneous	5,616,172	6,506,283	6,996,235	6,392,002	7,214,969
School and Library Districts	230,856,616	242,270,737	245,197,938	249,613,770	254,496,086
County	19,211,414	18,384,417	19,994,927	17,270,445	19,194,383
Other Items	819,935	1,890,029	905,306	1,655,959	1,082,025
Total Tax Levy	\$327,650,924	\$340,485,312	\$345,901,339	\$350,518,343	\$359,608,073
Amount Collected	315,005,317	324,507,864	326,724,516	326,724,516	NA
Percentage Collected	96.14%	95.31%	94.46%	93.21%	NA
Amount Uncollected	12,645,607	15,977,448	19,176,823	23,793,827	NA
Percentage Uncollected	3.86%	4.69%	5.54%	6.79%	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>\$1,037,913,746</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 2017.

LITIGATION

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

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

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

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

The Shinnecoicks 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 Shinnecoicks' 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 Shinnecoicks' 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.

BOND RATINGS

Moody's Investors Service ("Moody's"), 7 WTC at Greenwich Street, New York, NY, Phone: (212) 553-4055 and Fax: (212) 298-6761, has assigned a rating of "Aaa" to the Bonds. 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. Standard & Poor's Corporation ("S&P") 55 Water Street, New York, NY 10041, Telephone: (877) 299-2569 and Fax: (212) 438-5153, has assigned a rating of "AAA" to the Bonds. This rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from S&P. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigation, studies and assumptions by the rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of such ratings could have an adverse effect on the market price of the outstanding bonds or the availability of a secondary market for such bonds.

MUNICIPAL ADVISOR

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

OTHER MATTERS

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

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

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

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

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

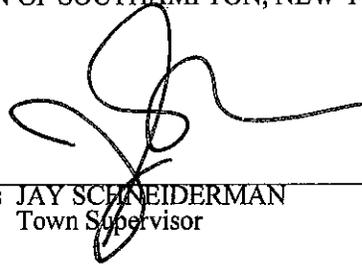
ADDITIONAL INFORMATION

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

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

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

TOWN OF SOUTHAMPTON, NEW YORK



By: s/s JAY SCHNEIDERMAN
Town Supervisor

May 27, 2017

APPENDIX A

FINANCIAL INFORMATION

Balance Sheets
Governmental Funds
Fiscal Year Ending December 31, 2016

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

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

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

NOTE: This schedule is NOT audited

Balance Sheets
Governmental Funds
Fiscal Year Ending December 31, 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

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues:					
Real Property Taxes	21,585,771	21,449,689	20,893,485	20,860,140	21,500,574
Other Real Property Tax Items	196,896	208,216	226,320	232,724	231,173
Non-Property Tax Items	1,431,473	1,530,975	1,643,124	1,700,658	1,846,425
Special Assessments	47,332	47,335	40,061	37,170	33,153
Departmental Income	946,798	794,720	730,907	717,080	1,097,848
Intergovernmental Charges	113,778	307,863	317,449	292,401	221,095
Use of Money & Property	48,157	45,405	116,182	146,463	108,493
Licenses and Permits	353,764	357,565	346,110	358,515	487,749
Fines and Forfeitures	1,857,009	1,813,642	1,588,383	1,662,579	1,572,067
Sale of Property & Compensation for Loss	461	132,624	43,260	65,575	259,243
Miscellaneous Local Sources	795,310	725,715	690,195	647,900	744,183
State Aid	6,218,858	7,613,296	8,040,976	9,973,836	9,959,551
Federal Aid	913,576	2,191,794	1,093,627	1,111,243	1,071,551
Total Revenues	<u>34,509,183</u>	<u>37,218,839</u>	<u>35,770,079</u>	<u>37,806,284</u>	<u>39,133,105</u>
Expenditures:					
General Government Support	11,988,464	12,163,259	13,681,005	14,102,599	14,162,985
Public Safety	2,048,923	2,346,882	2,347,153	2,365,285	2,455,819
Health					
Transportation		767,789	797,135	788,445	868,780
Econ. Assistance & Opportunity	3,122,582	2,967,070	2,699,222	2,923,125	2,768,458
Culture & Recreation	3,419,562	2,706,126	2,417,846	2,051,708	2,238,320
Home & Community Service	509,561	581,865	594,210	567,544	611,801
Employee Benefits	7,704,465	10,593,823	8,619,623	8,613,634	8,798,064
Debt Service	5,092,460	5,099,743	4,538,280	4,230,991	4,009,105
Total Expenditures	<u>33,886,017</u>	<u>37,226,557</u>	<u>35,694,474</u>	<u>35,643,331</u>	<u>35,913,332</u>
Excess (Deficiency) of Revenues over Expenditures	623,166	(7,718)	75,605	2,162,953	3,219,773
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	582,787	11,048	328,585	381,753	88,979
Payment to Refunded Debt Escrow	(5,724,554)		(3,039,287)	(3,996,598)	
Operating Transfers In	740,577	296,611	538,318	363,966	429,240
Operating Transfers Out	(257,373)	(903,955)	(269,181)	(343,803)	(86,428)
Total Other Sources (Uses)	<u>1,001,667</u>	<u>(596,296)</u>	<u>278,621</u>	<u>130,417</u>	<u>431,791</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	1,624,833	(604,014)	354,226	2,293,370	3,651,564
Fund Balance Beginning of Year	12,949,132	14,573,965	13,969,951	14,324,177	16,617,547
Prior Period Restatement					
Fund Balance End of Year	<u>14,573,965</u>	<u>13,969,951</u>	<u>14,324,177</u>	<u>16,617,547</u>	<u>20,269,111</u>

Sources: Audited Annual Financial Reports of the Town. (2012-2016)

NOTE: This schedule is NOT audited

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues:					
Real Property Taxes	\$ 19,521,100	\$ 19,738,896	\$ 20,238,896	\$ 20,963,398	\$ 21,618,749
Other Real Property Tax Items	128,716	135,560	139,003	144,942	147,684
Departmental Income	539,699	583,429	524,678	557,822	537,959
Use of Money & Property	21,364	23,781	34,170	51,206	46,924
Licenses and Permits	62,201	190,699	82,007	79,323	88,950
Compensation for Loss	17,697	19,884	11,750	11,221	41,112
Miscellaneous Local Sources	74,772	71,712	254,453	275,392	340,522
State Aid	2,016,977	1,944,911	2,849,511	2,246,723	2,548,699
Federal Aid	174,183	118,966	100,616	45,344	265,439
Total Revenues	<u>22,556,709</u>	<u>22,827,838</u>	<u>24,235,084</u>	<u>24,375,371</u>	<u>25,636,038</u>
Expenditures:					
General Government Support					
Public Safety	14,881,727	14,044,870	14,750,872	15,561,415	16,082,237
Employee Benefits	7,043,274	8,976,554	8,520,895	8,660,238	9,030,571
Debt Service	40,481	476,656	529,157	369,429	236,054
Total Expenditures	<u>21,965,482</u>	<u>23,498,080</u>	<u>23,800,924</u>	<u>24,591,082</u>	<u>25,348,862</u>
Excess (Deficiency) of Revenues over Expenditures	591,227	(670,242)	434,160	(215,711)	287,176
Other Sources (Uses)					
Payment to Refund Bond Escrow Agent			(185)		
Proceeds From Debt	1,240,550		166		
Premium from Issuance of Debt	16,397	6,842	4,159	1,392	2,436
Operating Transfers In		45,017			
Operating Transfers Out		<u>(200,000)</u>			
Total Other Sources (Uses)	<u>1,256,947</u>	<u>(148,141)</u>	<u>4,140</u>	<u>1,392</u>	<u>2,436</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	1,848,174	(818,383)	438,300	(214,319)	289,612
Fund Balance Beginning of Year	1,242,437	3,090,611	2,272,228	2,710,528	2,496,209
Prior Period Restatement					
Fund Balance End of Year	<u>\$ 3,090,611</u>	<u>\$ 2,272,228</u>	<u>\$ 2,710,528</u>	<u>\$ 2,496,209</u>	<u>\$ 2,785,821</u>

Sources: Audited Annual Financial Reports of the Town. (2012-2016)

NOTE: This schedule is NOT audited

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues:					
Real Property Taxes	\$ 11,464,017	\$ 11,060,035	\$ 11,059,879	\$ 11,569,402	\$ 12,422,647
Other Real Property Tax Items	75,415	76,359	74,824	78,642	85,335
Departmental Income			12,400	15,200	20,200
Intergovernmental Charges	750,362	699,008	714,071	707,682	752,113
Use of Money & Property	18,083	16,589	22,406	30,708	32,850
Licenses and Permits				2,553	
Sale of Property & Compensation for Loss	1,028		18,150	15,450	200,900
Miscellaneous Local Sources	49,994	44,817	40,436	73,380	49,301
Federal Aid	144,676	842,159			87,112
State Aid	704,123	906,178	1,102,422	1,269,173	842,272
Total Revenues	<u>13,207,698</u>	<u>13,645,145</u>	<u>13,044,588</u>	<u>13,762,190</u>	<u>14,492,730</u>
Expenditures:					
Transportation	5,887,330	5,821,241	6,717,890	6,903,220	6,811,035
Employee Benefits	2,642,272	3,420,040	3,051,196	3,017,405	3,121,087
Debt Service	3,310,285	3,756,866	3,852,524	3,925,544	4,148,612
Total Expenditures	<u>11,839,887</u>	<u>12,998,147</u>	<u>13,621,610</u>	<u>13,846,169</u>	<u>14,080,734</u>
Excess (Deficiency) of Revenues over Expenditures	1,367,811	646,998	(577,022)	(83,979)	411,996
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	3,033	70,992	339,607	32,572	43,909
Operating Transfers In	17,607	5,944		872,000	250,100
Operating Transfers Out	(1,020,000)	(400,000)		(412,177)	(250,405)
Total Other Sources (Uses)	<u>(788,445)</u>	<u>(323,064)</u>	<u>33,044</u>	<u>492,395</u>	<u>43,604</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	579,366	323,934	(543,978)	408,416	455,600
Fund Balance Beginning of Year	1,810,109	2,389,475	2,713,409	2,169,431	2,577,847
Prior Period Restatement					
Fund Balance End of Year	<u>\$ 2,389,475</u>	<u>\$ 2,713,409</u>	<u>\$ 2,169,431</u>	<u>\$ 2,577,847</u>	<u>\$ 3,033,447</u>

Sources: Audited Annual Financial Reports of the Town. (2012-2016)

NOTE: This schedule is NOT audited

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues:					
Real Property Taxes	6,776,087	6,387,244	9,119,255	8,855,324	9,097,436
Other Real Property Tax Items	110,010	129,667	132,464	134,485	118,132
Departmental Income	2,694,774	3,404,486	2,252,686	2,457,809	2,377,595
Use of Money & Property	323,009	343,970	349,451	368,164	385,001
Fines and Forfeitures					20,055
Sale of Property & Compensation for Loss		4,570		14,816	378,060
Miscellaneous Local Sources	1,012,855	1,286,199	777,351	763,456	650,401
State Aid	87,956	12,590	2,148	5,000	5,000
Federal Aid	2,948,382	3,867,386	3,903,115	3,946,920	4,094,125
Total Revenues	<u>13,953,073</u>	<u>15,436,112</u>	<u>16,536,470</u>	<u>16,545,974</u>	<u>17,125,805</u>
Expenditures:					
General Government Support	278,361	254,109	92,059	143,806	89,991
Public Safety	784,534	812,513	816,389	832,112	892,040
Health	2,742,820	2,895,640	2,943,708	2,989,335	3,067,786
Transportation	478,813	511,565	520,836	482,665	485,800
Econ. Assistance & Opportunity	420	490	22,209	580,217	622,556
Culture & Recreation	721,466	449,462	469,113	628,749	542,203
Home & Community Service	6,855,300	26,007,195	11,415,330	6,349,707	6,341,329
Employee Benefits	770,990	918,584	903,888	843,652	874,224
Debt Service	823,906	908,852	3,487,281	3,549,346	3,511,857
Total Expenditures	<u>13,456,610</u>	<u>32,758,410</u>	<u>20,670,813</u>	<u>16,399,589</u>	<u>16,427,786</u>
Excess (Deficiency) of Revenues over Expenditures	496,463	(17,322,298)	(4,134,343)	146,385	698,019
Other Sources (Uses)					
Operating Transfers In	147,061	1,988,542	52,979	252,750	228,230
Operating Transfers Out	(124,514)	(1,879,127)	(152,061)	(849,610)	(893,778)
Payment to Refund Bond Escrow Agent			(858,157)		10,897
Premium on Obligations		918,503	106,659		
Proceeds From Issuance of Debt		21,750,000	768,057		
Total Other Sources (Uses)	<u>22,547</u>	<u>22,777,918</u>	<u>(82,523)</u>	<u>(596,860)</u>	<u>(654,651)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	519,010	5,455,620	(4,216,866)	(450,475)	43,368
Fund Balance Beginning of Year	10,452,334	10,971,344	16,426,964	11,052,795	10,602,320
Prior Period Restatement			(1,157,303)		
Fund Balance End of Year	<u>10,971,344</u>	<u>16,426,964</u>	<u>11,052,795</u>	<u>10,602,320</u>	<u>10,645,688</u>

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

Sources: Audited Annual Financial Reports of the Town. (2012-2016)

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	\$ 159,213,012	\$ 86,016,408	\$ 2,623,687	\$ 61,194,395

Source: Adopted Budget of the Town of Southampton

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	<u>\$ 155,169,611</u>	<u>\$ 84,158,287</u>	<u>\$ 2,452,162</u>	<u>\$ 59,043,743</u>

Source: Adopted Budget of the Town of Southampton

TOWN OF SOUTHAMPTON

APPENDIX B

**FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

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.