STATEMENT

OF

ANNUAL FINANCIAL AND OPERATING INFORMATION

TOWN OF SOUTHAMPTON

SUFFOLK COUNTY, NEW YORK

DATED: JUNE 20, 2013

TOWN OF SOUTHAMPTON
SUFFOLK COUNTY, NEW YORK

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TOWN BOARD

Anna Throne-Holst, Town Supervisor

Bridget Fleming
James Malone
Christopher R. Nuzzi
Christine P. Scalera

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

* * *

FINANCIAL ADVISOR

MUNISTAT SERVICES, INC.

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STATEMENT OF ANNUAL FINANCIAL AND OPERATING INFORMATION

TOWN OF SOUTHAMPTON SUFFOLK COUNTY, NEW YORK

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

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

THE TOWN

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

General Information

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

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

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

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

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

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

Recent Events

The Town did not experience the effects of Hurricane Sandy as much as other areas to the west. Although there were outages in most of the Town, 75% of the power was restored within days. In addition, there has been coastal erosion to some of its beaches and significant damage to many homes along the shore. The Town submitted to FEMA approximately $5.3 million in costs due to the storm related to debris removal, overtime, and some minor damage to public buildings and loss of equipment. As of the date of this Statement, the Town has received approximately $1.5 million for such costs.

The Town Board authorized resolutions directing the Town Comptroller to transfer monies from the General Fund to a separate fund to pay all costs associated with the storm, in an approximate amount of $1.7 million. The Town has been in contact with officials on the Federal and State levels and it is expected that much of any storm related expenses will be reimbursed. Because of the Town's strong financial position, the Town did not find it necessary to borrow for such expenses. The current fund balance for the year ending December 31, 2012, does not include any expected reimbursements. See "Results of Operations", herein.

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 16 elected officials, 474 full-time employees and approximately 147 part-time employees. The Town also employs approximately 300 part-time seasonal employees. The Civil Service Employees Association (the "CSEA") represents approximately 283 employees under a contract which expires on December 31, 2013. The Police Benevolent Association (the "PBA") represents approximately 73 employees under a contract which expired on December 31, 2012 and is currently under negotiations. The Superior Officers Association (the "SOA") represents approximately 16 employees under a contract which expires on December 31, 2013. 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:

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

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

Income Data

	Per Capita Money Income			
	1990	2000	2010	2011*
Town of Southampton	$16,726	$31,320	$47,111	$44,284
County of Suffolk	18,481	26,577	35,755	35,609
State of New York	16,501	23,389	30,948	31,206

	Median Family Income			
	1990	2000	2010	2011*
Town of Southampton	$43,929	$65,144	$89,560	$88,380
County of Suffolk	53,244	72,112	96,220	97,065
State of New York	39,741	51,691	67,405	68,161

Source: United State Bureau of the Census.
*Note: Based on American Community Survey Three-Year Estimates (2009-2011).

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.

2008	4,415
2009	3,241
2010	3,820
2011	4,574
2012	5,019

Unemployment Rate Statistics

Annual Averages:	Town of Southampton	Suffolk County	New York State
2008	5.1%	5.0%	5.4%
2009	7.4	7.4	8.3
2010	7.8	7.6	8.6
2011	7.6	7.3	8.0
2012	7.8	7.8	8.6
2013 (3 months)	9.6	7.8	8.8

Source: Department of Labor, State of New York.

Selected Listing of Larger Employers

Name	Type of Business	Number of Employees
Southampton Hospital	Hospital	775
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
Storms Motors	Automotive Dealer	40

INDEBTEDNESS OF THE TOWN

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

Trend of Town Indebtedness[a]

	Fiscal Year Ending December 31:				
	2008	2009	2010	2011	2012
Debt Outstanding End of Year:					
Subject to Debt Limit:					
Bonds	$89,636,200	$119,541,500	$129,984,725	$146,563,440	$132,457,798
Bond Anticipation Notes	13,515,000	24,010,589	7,072,200	-	6,105,000
Sub-Total	103,151,200	143,552,089	137,056,925	146,563,440	138,562,798
Not Subject to Debt Limit:					
Bonds	6,298,800	5,473,500	5,235,245	5,349,260	4,674,902
Bond Anticipation Notes	-	-	-	-	-
Other Notes	-	-	-	-	-
Sub-Total	6,298,800	5,473,500	5,235,245	5,349,260	4,674,902
Total Debt Outstanding	$109,450,000	$149,025,589	$142,292,170	$151,912,700	$138,237,700

a. Does not include refunded bonds.

Details of Short-Term Indebtedness Outstanding
(As of June 20, 2013)

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

Debt Service Requirements – All Outstanding Bonds[a]

Fiscal Year Ending December 31:	Principal	Interest	Total
2013	$15,710,000	$ 4,444,963	$ 20,154,963
2014	16,355,000	4,314,432	20,669,432
2015	15,807,700	3,820,774	19,628,474
2016	12,010,000	3,412,665	15,422,665
2017	11,600,000	3,000,151	14,600,151
2018	11,440,000	2,590,208	14,030,208
2019	11,020,000	2,184,352	13,204,352
2020	10,455,000	1,785,887	12,240,887
2021	7,250,000	1,397,825	8,647,825
2022	7,210,000	1,147,816	8,357,816
2023	4,380,000	926,500	5,306,500
2024	4,055,000	784,513	4,839,513
2025	3,425,000	653,609	4,078,609
2026	3,275,000	534,812	3,809,812
2027	3,375,000	415,453	3,790,453
2028	2,800,000	295,313	3,095,313
2029	2,800,000	180,250	2,980,250
2030	2,200,000	72,875	2,272,875
Totals	$145,167,700	$ 31,962,395	$177,130,095

a. Includes $65,577,700 in bonds issued for the preservation of open space. See "Community Preservation Fund" herein. Does not reflect payments made to date.

Southampton Housing Authority

The Southampton Housing Authority (the "Authority"), a body corporate and politic, is a municipal housing authority created and established for the Town under the Public Housing Law of the State of New York 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 of New York 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, 2012, the Authority had $3,603,500 in bonds outstanding that are guaranteed by the Town.

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of June 20, 2013)

Fiscal Year Ending December 31:	Assessed Valuation	State Equalization Rate	Full Valuation
2009	$52,807,053,580	100.00%	$52,807,053,580
2010	54,445,058,850	100.00	54,445,058,850
2011	55,860,526,117	100.00	55,860,526,117
2012	55,861,991,485	100.00	55,861,991,485
2013	55,225,278,551	100.00	55,225,278,551

Total Five Year Full Valuation	$274,199,908,583
Average Five Year Full Valuation	54,839,981,717
Debt Limit - 7% of Average Full Valuation	3,838,798,720
Inclusions:	
Outstanding Bonds:	
General Purposes[1]	132,665,904
Housing Authority[2]	3,533,500
Water Districts	5,764,702
Sub-Total	141,964,106
Bond Anticipation Notes	0
Total Inclusions	141,964,106
Exclusions:	
Water Debt (Outstanding Bonds)	5,764,702
Bond Appropriations	8,679,053
Total Exclusions	14,443,755
Total Net Indebtedness	127,520,351
Net Debt Contracting Margin	$ 3,711,278,369
Percent of Debt Limit Exhausted	3.32%

1. Includes $64,727,700 in bonds issued for the preservation of open space. See "Community Preservation Fund" herein.
2. See "Southampton Housing Authority" herein.

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Percentage Applicable	Applicable Total Indebtedness	Applicable Net Indebtedness
County of Suffolk	12-05-12	21.12%	$346,917,120	$289,581,358
Villages	05-31-11 or later	Var.	18,771,637	18,771,637
School Districts[a]	06-30-12 or later	Var.	167,377,106	142,232,120
Fire Districts	12-31-11 or later	Var.	9,094,376	9,094,376
Libraries (Est.)	06-30-12	Var.	14,000,000	14,000,000
Totals			$556,160,239	$473,679,491

a. Does not include refunded bonds.
Sources: Annual Reports of the respective units for the most recently completed fiscal year on file with the Office of the State Comptroller or more recently published Statements.

Debt Ratios
(As of June 20, 2013)

	Amount	Per Capita[b]	Percentage Of Full Value[c]
Total Direct Debt	$141,964,106	$ 2,500	0.26%
Net Direct Debt	127,520,351	2,245	0.23
Total Direct & Applicable Total Overlapping Debt	698,124,345	12,293	1.26
Net Direct & Applicable Net Overlapping Debt	601,199,842	10,586	1.09

a. The current estimated population of the Town is 56,790.
b. The full valuation of taxable real property in the Town for 2012-13 is $55,225,278,551.

Authorized And Unissued Debt
(As of June 20, 2013)

As of the date of this Official Statement, the Town has authorized but unissued debt in the aggregate amount of $73,360,150 as follows:

Various Public Improvements	$ 5,625,000
Open Space Preservation	42,427,300
Erosion Control Districts	25,307,850
Total	$73,360,150

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 $64,727,700 in bonds outstanding that have been issued for the preservation of open space and land acquisitions, the Town debt service on which is expected to be paid by the Fund. The expected revenues accruing to the Fund would be sufficient to pay principal and interest on obligations substantially in excess of such amount.

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

Fiscal Year Ending December 31:	Total Revenues
2008	$ 33,948,760
2009	24,805,488
2010	34,225,797
2011	39,218,452
2012	38,064,858
2013 (Budget)	33,000,000

Debt Service Requirements – Community Preservation Fund Only[a]

Fiscal Year Ending December 31:	Principal	Interest	Total
2013	$7,440,000	$2,165,314	$9,605,314
2014	7,595,000	2,041,756	9,636,756
2015	7,187,700	1,900,359	9,088,059
2016	4,275,000	1,754,643	6,029,643
2017	4,325,000	1,590,589	5,915,589
2018	4,510,000	1,418,834	5,928,834
2019	4,535,000	1,238,366	5,773,366
2020	4,710,000	1,050,512	5,760,512
2021	2,000,000	853,063	2,853,063
2022	2,000,000	775,563	2,775,563
2023	2,000,000	695,563	2,695,563
2024	2,000,000	615,563	2,615,563
2025	2,100,000	533,906	2,633,906
2026	2,100,000	447,938	2,547,938
2027	2,200,000	360,250	2,560,250
2028	2,200,000	266,063	2,466,063
2029	2,200,000	170,500	2,370,500
2030	2,200,000	72,875	2,272,875
Totals	$65,577,700	$17,951,651	$83,529,351

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

The Bridgehampton and Sagaponack Beach Erosion Control Districts

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

On November 27, 2012, the Town authorized a resolution 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 is expected to issue general obligation bonds in the third quarter of 2013 to finance the project, and the debt service on the bonds will be included in the annual budget of the BECDs in the 2014 year.

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

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, 2012, 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 OSC conducted an audit entitled "Financial Condition and Internal Controls Over Selected Financial Operations" for the period covering January 1, 2008 through August 31, 2009. Such report is available on the website of the Town - www.southamptontownny.gov and on the website of the OSC – www.osc.state.ny.us.

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 2008-2012 fiscal years.

Fund Structure and Accounts

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

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

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

Basis of Accounting

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

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

Budgetary Procedures

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

Financial Operations

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

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

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

2011 Results of Operations (Audited)

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

2012 Results of Operations (Audited)

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

2013 Budget

The 2013 budget calls for further fiscal constraint consistent with the policy, procedures and controls implemented over the past three years. In addition, the Town has also presented a budget model that projects operations for 2014. The 2013 budget calls for an appropriation of approximately $1.5 million in fund balance from its operating funds and a 0% tax levy increase.

Investment Policy

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

Debt Management Policy

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

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

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

Fund Balance Policies

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

amount of fund balance to achieve at the end of each fiscal year as unanticipated circumstances during the course of a year, shortfalls in projected revenues, and adverse events can have negative effects on non-tax revenues or expenditures or both.

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

Revenues

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

Real Property Taxes

See "Real Property Tax Information," herein.

State Aid

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

The Town received approximately 18% of its total operating revenue from State aid in 2012 and is expected to receive similar amounts in 2013. 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 2008 through 2012 and as budgeted, for 2013.

Year Ended December 31:	Total General Fund Town Revenue	State Aid	State Aid To Revenues (%)
2008	$32,905,156	$9,021,196	27.42%
2009	33,138,113	5,430,095	16.39
2010	34,917,303	5,936,053	17.00
2011	34,825,845	6,249,172	17.94
2012	34,509,183	6,218,858	18.02
2013 (Budget)	34,414,250	6,141,780	17.85

Source: Audited financial statements 2008 through 2012 and the adopted budget for 2013.

Pension Systems

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System ("ERS") or the New York 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 New York 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 in 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
2008	$2,049,204	$1,654,117	$3,703,321
2009	1,859,470	1,758,638	3,618,108
2010	1,872,489	1,783,054	3,655,543
2011	2,564,387	2,094,785	4,659,172
2012	2,820,513	2,455,064	5,275,577
2013 (Budget)	3,052,057	2,571,129	5,623,187

Due to recent poor performance of the investment portfolio of the Retirement System, the employer contribution rates for required pension contribution has increased. To help mitigate the impact of such increases, legislation has been enacted that permits local governments and school districts to amortize a portion of such contributions. The Town has elected to amortize certain contribution costs. As of December 31, 2012, the total payments payable by the Town are as follows:

Fiscal Year Ending December 31		Amount
2013	……..	$ 293,144
2014	……..	304,499
2015	……..	316,295
2016	……..	328,551
2017		341,284
2018-2022	……..	1,721,041
	Total…….	$3,304,814

Due to the significant operating surplus achieved in 2012, the Town has designated a portion of such surplus to pay down the previously amortized portion of the contribution to the Retirement System in the approximate amount of $1,800,000. The Town expects to be able to pay off the remaining portion in the 2014 year.

Other Post Employment Benefits

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

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

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

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

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

As of January 1, 2012, the actuarial accrued liability ("AAL"), the portion of the actuarial present value of the total future benefits based on the employees' service rendered to the measurement date, is $148.5 million. The actuarial value of the Plan's assets was $0, resulting in an UAAL of $148.5 million. For the year ended December 31, 2012, the Town's annual OPEB cost was $11.0 million and the ARC was $10.8 million. The Town is on a pay-as-you-go funding basis and paid $3.6 million for the fiscal year ending December 31, 2012 resulting in a projected year-end Net OPEB obligation of $45.3 million.

The Town's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the Town's finances and could force the Town to reduce services, raise taxes or both. There is no authority in New York 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 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.

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

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

Pension contributions are determined based on an annual actuarial calculation. Based upon accepted actuarial methods and the assumptions used, it has been determined that the contributions for the Westhampton Ware Memorial Ambulance Corporation of $59,797, the Flanders Northampton Volunteer Ambulance Corporation of $63,640, the Hampton Bays Volunteer Ambulance Corporation of $63,222 and the Southampton Volunteer Ambulance Corporation of $42,696 for the year ended December 31,2011 were sufficient to satisfy current and future service award obligations upon eligibility for retirement.

REAL PROPERTY TAX INFORMATION

Real Property Taxes

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

Year Ended December 31:	Total General Fund Town Revenue	Real Property Taxes	Real Property Taxes to Revenues (%)
2008	$32,905,156	$19,183,481	58.30%
2009	33,138,113	22,594,894	68.18
2010	34,917,303	22,991,545	66.85
2011	34,825,845	22,983,270	65.99
2012	34,509,183	21,585,771	62.55
2013 (Budget)	34,414,250	21,925,328	63.71

Source: Audited financial statements 2008 through 2012 and the adopted budget for 2013.

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

Tax Levy and Collection Record

	2009	2010	2011	2012	2013
Tax Levy:					
General Town[a]	$22,557,464	$23,471,265	$24,288,157	$22,048,728	21,907,868
Police	19,792,258	19,122,882	18,787,061	19,510,509	19,717,477
Emergency Dispatching - E911	1,628,786	2,163,032	2,163,471	2,154,216	2,056,667
Zoning	450,560	1,591,613	907,216	1,757,858	2,170,133
Highway[b]	8,805,492	10,203,992	10,757,440	11,458,980	11,048,231
Special Districts:					
Fire & Fire Protection	12,039,733	12,282,939	12,302,370	12,111,213	125,548,005
Lighting	543,516	553,783	564,747	556,046	575,831
Water	1,391,341	1,111,611	1,082,775	1,132,073	1,122,575
Miscellaneous[c]	3,736,414	4,302,159	4,337,653	4,484,099	5,616,172
School and Library Districts	197,196,966	212,480,335	221,311,943	230,672,394	230,856,616
County	15,602,231	14,148,089	16,688,892	15,869,036	19,211,414
Other Items[d]	566,523	518,619	714,871	991,121	819,935
Total Warrant	$284,311,284	$301,950,319	$313,906,596	$322,746,273	$331,493,841
Amount Collected	271,663,915	286,195,281	297,658,185	307,538,277	NA
Returned to County:					
Amount	12,647,369	15,755,038	16,248,411	12,695,891	NA
Percent	4.45%	5.21%	5.19%	4.13%	NA

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

Tax Collection Procedure

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

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

Tax Rates Per $100 of Assessed Valuation

	2009	2010	2011	2012	2013
General Town	$0.43	$0.43	$0.43	$0.39	$0.39
Police	0.56	0.52	0.51	0.52	0.54
Zoning	0.01	0.05	0.03	0.05	0.07
Highway	0.29	0.24	0.26	0.36	0.36
County	0.18	0.18	0.21	0.20	0.2
School and Library Districts[a]	0.02-14.24	0.03-15.62	0.02-18.34	0.02–20.43	0.02–21.34
Special Districts:					
Fire & Fire Protection[a]	0.01-0.84	0.10-0.82	0.10-1.04	0.10-1.05	0.11-1.04
Lighting[a]	0.01-0.16	0.01-0.15	0.01-0.15	0.01-0.15	0.01-0.17
Water[a]	0.26-0.37	0.19-0.36	0.21-0.39	0.22-0.42	0.23-0.42
Miscellaneous[a]	0.01-0.43	0.01-0.53	0.01-0.56	0.01-0.6	0.01-0.7

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 New York State Legislature may from time to time impose additional limitations on the ability to issue new indebtedness or to raise taxes therefor.

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

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

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

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

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

Selected Listing of Large Taxable Properties
2012 Assessment Roll[a]

Name	Type	Assessed Valuation
Blue Turtles, Inc.	Estate	$248,024,100
LIPA	Utility	174,563,517
Leon D. Black	Estate	65,926,800
Keyspan Energy	Utility	62,942,810
Payton Lane Nursing Home, Inc.	Nursing Home	55,465,000
Keyspan Energy	Utility	53,618,810
Yumi & The Kids LLC	Estate	50,010,200
Stephen Perlbinder	Estate	49,584,800
Cheryl G. Krongrad	Estate	48,377,500
		$808,513,537[b]

a. Assessment Roll established in 2012 for levy and collection of taxes during 2013 Fiscal Year.
b. Represents 1.46% of the total taxable assessed valuation of the Town for 2013.

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 "Shinnecocks") commenced an action in the United States District Court, Eastern District of New York, against the Town, the County of Suffolk, the State and several other parties seeking to recover both real property and monetary damages in the amount of fair market value and/or rental value related to various properties in the Town. The Shinnecock Indian Nation claims that such properties, on which the Shinnecocks allegedly had a leasehold interest, were illegally conveyed and that the Shinnecocks should be granted "possessory rights" to such properties including restoration to the Shinnecocks 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 Shinnecocks' complaint in its entirety, pursuant to Fed. R. Civ. P. 12(b)(6), for equitable considerations, including plaintiffs' delay in commencing the action.

The Shinnecocks 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 Shinnecocks' 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 Shinnecocks asserted that a decision in that case could bear heavily on their litigation with the Town.

On August 9, 2010, a decision was rendered by the Second Circuit Court of Appeals in the *Oneida Nation* case, and that decision was forwarded to Judge Platt by defendants, with the advice that in defendants' view, the decision is favorable, and indeed dispositive, of the Shinnecocks' claims against defandants. 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 successive three-month extensions of the indefinite adjournment. Although the last extension expired on February 28, 2013, another request for a three-month extension (to June 1, 2013) has been submitted by the Shinnecocks, and it is anticipated that this request will be granted.

BOND RATINGS

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

FINANCIAL ADVISOR

Munistat Services, Inc. has acted as the financial advisor to the Town in connection with the sale of the Bonds.

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 ANNA THRONE-HOLST
Town Supervisor

June 20, 2013

APPENDIX A

FINANCIAL INFORMATION

Balance Sheets
Governmental Funds
Fiscal Year Ending December 31, 2011

	General	Police District	Highway	Nonmajor Governmental Funds(1)
ASSETS				
Cash and Cash Equivalents	$ 2,555,647	$	$ 679,086	$ 2,615,980
Cash - Restricted	6,529,348	338,738	824,189	7,623,097
Accounts Receivable	669,396	233,167	2,204	755,888
Due from Other Governments	50,016			
Due from Other Funds	2,765,417		1,350	670,389
State and Federal Aid Receivables	119,854	1,946,035	255,367	
Prepaid Charges	1,318,259	859,562	383,051	61,267
Other Assets	0			
Total Assets	$ 14,007,937	$ 3,377,502	$ 2,145,247	$ 11,726,621
LIABILITIES				
Accounts Payable	$ 583,980	$ 66,491	$ 74,170	$ 568,904
Accrued Liabilities	107,635	38,102	73,515	20,768
Bond Anticipation Notes Payable				
Due to Employee Retirement System				
Due to Other Governments	34,125			23,221
Due to Other Funds		1,730,884		507,312
Deferred Revenues				
Total Liabilities	725,740	1,835,477	147,685	1,120,205
Deferred Inflows				
Deferred Property Taxes	333,065	299,588	187,453	154,082
	333,065	299,588	187,453	154,082
Fund Balances (Deficits):				
Nonspendable	1,318,259	859,562	383,051	61,267
Restricted	6,529,348	369,140	824,189	7,623,097
Assigned	465,926	13,735	602,869	2,849,411
Unassigned	4,635,599			(81,441)
Total Fund Balances (Deficits)	12,949,132	1,242,437	1,810,109	10,452,334
Total Liabilities and Fund Balances (Deficits)	$ 14,007,937	$ 3,377,502	$ 2,145,247	$ 11,726,621

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

Source: Audited Annual Financial Report of the Town. (2011).
NOTE: This schedule is NOT audited

Balance Sheets
Governmental Funds
Fiscal Year Ending December 31, 2012

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

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

Source: Audited Annual Financial Report of the Town. (2012)
NOTE: This schedule is NOT audited

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

	Fiscal Year Ended December 31:				
	2008	2009	2010	2011	2012
Revenues:					
Real Property Taxes	$ 19,183,481	$ 22,594,894	22,991,545	22,983,270	21,585,771
Other Real Property Tax Items	274,837		188,612	201,668	196,896
Non-Property Tax Items	1,010,521	1,013,649	1,350,747	1,424,315	1,431,473
Special Assessments		81,834	62,559	51,209	47,332
Departmental Income	241,148	602,651	798,100	671,802	946,798
Intergovernmental Charges	12,129		45,063	119,989	113,778
Use of Money & Property	533,927	278,014	79,437	34,163	48,157
Licenses and Permits	109,541	38,250	251,435	283,346	353,764
Fines and Forfeitures	1,668,459	1,617,193	1,835,927	1,784,553	1,857,009
Sale of Property & Compensation for Loss	28,875			31,969	461
Miscellaneous Local Sources	380,971	921,099	920,335	648,654	795,310
State Aid	9,021,196	5,430,095	5,936,053	6,249,172	6,218,858
Federal Aid	440,071	560,434	457,490	341,735	913,576
Total Revenues	32,905,156	33,138,113	34,917,303	34,825,845	34,509,183
Expenditures:					
General Government Support	13,940,519	13,829,002	13,728,555	12,088,942	11,988,464
Public Safety	2,601,219	2,412,336	2,099,468	2,117,152	2,048,923
Health	26,749	1,125			
Transportation	494,183	109,021			
Econ. Assistance & Opportunity	1,834,219	2,333,279	2,106,919	2,692,197	3,122,582
Culture & Recreation	4,321,927	3,670,156	3,822,787	3,594,108	3,419,562
Home & Community Service	1,354,634	1,202,675	534,566	581,913	509,561
Employee Benefits	5,711,665	5,918,212	6,157,175	7,671,505	7,704,465
Debt Service		4,937,183	4,652,495	5,080,850	5,092,460
Total Expenditures	30,285,115	34,412,989	33,101,965	33,826,667	33,886,017
Excess (Deficiency) of Revenues over Expenditures	2,620,041	(1,274,876)	1,815,338	999,178	623,166
Other Sources (Uses)					
Proceeds from Issuance of Debt			60,000		511,700
Proceeds of Refunding Debt			9,430,000		5,148,530
Premium of Debt Issuance			1,070,569	105,849	582,787
Payment to Refunded Debt Escrow			(10,500,569)		(5,724,554)
Operating Transfers In	1,553,209	5,511,399	1,324,756	1,105,804	740,577
Operating Transfers Out	(8,070,538)	(51,710)	(700,695)	(3,267,382)	(257,373)
Total Other Sources (Uses)	(6,517,329)	5,459,689	684,061	(2,055,729)	1,001,667
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(3,897,288)	4,184,813	2,499,399	(1,056,551)	1,624,833
Fund Balance Beginning of Year	16,657,517	10,575,234	11,634,652	14,005,683	12,949,132
Prior Period Restatement	(2,184,995)	(3,125,395)	(128,368)		
Fund Balance End of Year	$ 10,575,234	$ 11,634,652	14,005,683	12,949,132	14,573,965

Sources: Audited Annual Financial Reports of the Town. (2008-2012)

NOTE: This schedule is NOT audited

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

	Fiscal Year Ended December 31:				
	2008	2009	2010	2011	2012
Revenues:					
Real Property Taxes	$ 18,215,226	$ 19,805,381	$ 19,139,406	$ 18,814,396	$ 19,521,100
Other Real Property Tax Items	68,952		133,171	145,486	128,716
Departmental Income	235,016	206,739	182,601	395,909	539,699
Intergovernmental Charges					
Use of Money & Property	101,760	31,372	27,621	9,907	21,364
Licenses and Permits			36,782	62,999	62,201
Compensation for Loss	500	15,399	22,388	2,027	17,697
Miscellaneous Local Sources	34,393	144,038	100,993	135,900	74,772
State Aid	1,647,723	1,871,245	2,085,155	2,286,408	2,016,977
Federal Aid	46,023	31,889	54,512	91,667	174,183
Total Revenues	20,349,593	22,106,063	21,782,629	21,944,699	22,556,709
Expenditures:					
General Government Support					
Public Safety	13,584,411	13,564,566	14,490,428	14,104,920	14,881,727
Employee Benefits	5,319,097	6,449,176	6,126,425	6,822,336	7,043,274
Debt Service		73,031	74,898	22,183	40,481
Total Expenditures	18,903,508	20,086,773	20,691,751	20,949,439	21,965,482
Excess (Deficiency) of Revenues over Expenditures	1,446,085	2,019,290	1,090,878	995,260	591,227
Other Sources (Uses)					
Proceeds From Debt					1,240,550
Premium from Issuance of Debt				12,346	16,397
Operating Transfers In	5,135	2,710			
Operating Transfers Out	(103,043)				
Total Other Sources (Uses)	(97,908)	2,710		12,346	1,256,947
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	1,348,177	2,022,000	1,090,878	1,007,606	1,848,174
Fund Balance Beginning of Year	(4,579,389)	(2,726,212)	(889,720)	234,831	1,242,437
Prior Period Restatement	505,000	(185,508)	33,673		
Fund Balance End of Year	$ (2,726,212)	$ (889,720)	$ 234,831	$ 1,242,437	$ 3,090,611

Sources: Audited Annual Financial Reports of the Town. (2008-2012)

NOTE: This schedule is NOT audited

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

	Fiscal Year Ended December 31:				
	2008	2009	2010	2011	2012
Revenues:					
Real Property Taxes	$ 7,832,960	$ 8,811,706	$ 10,210,657	$ 10,770,010	$ 11,464,017
Other Real Property Tax Items	32,001	31,068	74,604	82,298	75,415
Departmental Income					
Intergovernmental Charges	634,903	622,237	638,995	754,285	750,362
Use of Money & Property	52,755	13,425	14,812	9,529	18,083
Sale of Property & Compensation for Loss				876	1,028
Miscellaneous Local Sources	45,299	118,982	188,151	281,821	49,994
Federal Aid				9,562	144,676
State Aid	657,918	956,789	750,552	684,530	704,123
Total Revenues	9,255,836	10,554,207	11,877,771	12,592,911	13,207,698
Expenditures:					
Transportation	5,749,302	6,337,711	7,025,017	6,648,842	5,887,330
Employee Benefits	1,229,940	1,899,644	2,393,320	2,771,944	2,642,272
Debt Service		2,362,222	2,414,480	2,682,403	3,310,285
Total Expenditures	6,979,242	10,599,577	11,832,817	12,103,189	11,839,887
Excess (Deficiency) of Revenues over Expenditures	2,276,594	(45,370)	44,954	489,722	1,367,811
Other Sources (Uses)					
Proceeds from Debt					210,915
Premium from Issuance of Debt				243,552	3,033
Operating Transfers In	384,801	1,307,952	359,317	8,263	17,607
Operating Transfers Out	(2,144,529)			(414,179)	(1,020,000)
Total Other Sources (Uses)	(1,759,728)	1,307,952	359,317	(162,364)	(788,445)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	516,866	1,262,582	404,271	327,358	579,366
Fund Balance Beginning of Year	(669,567)	11,072	1,106,046	1,482,751	1,810,109
Prior Period Restatement	163,773	(167,608)	(27,566)		
Fund Balance End of Year	$ 11,072	$ 1,106,046	$ 1,482,751	$ 1,810,109	$ 2,389,475

Sources: Audited Annual Financial Reports of the Town. (2008-2012)

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:				
	2008	2009	2010	2011	2012
Revenues:					
Real Property Taxes	4,715,416	5,943,884	6,166,245	6,047,848	6,776,087
Other Real Property Tax Items	59,794	28,391	114,319	115,752	110,010
Departmental Income	2,140,780	2,559,422	2,703,281	2,551,849	2,694,774
Use of Money & Property	361,169	9,972	323,486	312,844	323,009
Sale of Property &	105				
Compensation for Loss			240,300		
Miscellaneous Local Sources	1,294,918	841,986	2,147,000	320,659	1,012,855
State Aid	18,716		32,786	87,446	87,956
Federal Aid	3,729,818	3,736,283	4,522,045	4,276,935	2,948,382
Total Revenues	12,320,716	13,119,938	16,249,462	13,713,333	13,953,073
Expenditures:					
General Government Support	31,585	210,739	123,810	300,105	278,361
Public Safety	924,916	833,070	822,126	783,317	784,534
Health	2,083,951	2,503,997	2,471,220	2,606,820	2,742,820
Transportation	437,763	413,738	419,026	438,430	478,813
Econ. Assistance & Opportunity	2,400	274,126	455	555	420
Culture & Recreation	379,120	440,694	553,035	646,930	721,466
Home & Community Service	6,756,785	6,765,997	6,767,924	6,745,261	6,855,300
Employee Benefits	599,477	425,998	679,202	756,263	770,990
Debt Service	159,879	1,020,644	941,109	948,441	823,906
Total Expenditures	11,375,876	12,889,003	12,777,907	13,226,122	13,456,610
Excess (Deficiency) of Revenues over Expenditures	944,840	230,935	3,471,555	487,211	496,463
Other Sources (Uses)					
Operating Transfers In		384,605	511,873	97,773	147,061
Operating Transfers Out	26,207	(31,650)	(2,132,130)	(515,272)	(124,514)
Premium on Obligations	(1,538,555)			3,527	
Proceeds From Issuance of Debt					
Total Other Sources (Uses)	(1,512,348)	352,955	(1,620,257)	(413,972)	22,547
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(567,508)	583,890	1,851,298	73,239	519,010
Fund Balance Beginning of Year	5,756,391	5,107,769	5,986,202	9,879,095	10,452,334
Prior Period Restatement	(81,114)	294,543	2,041,595	500,000	
Fund Balance End of Year	5,107,769	5,986,202	9,879,095	10,452,334	10,971,344

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

Sources: Audited Annual Financial Reports of the Town. (2008-2012)

NOTE: This schedule is NOT audited

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

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

Source: Adopted Budget of the Town of Southampton

TOWN OF SOUTHAMPTON

APPENDIX B

AUDITED FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2012

TOWN OF SOUTHAMPTON
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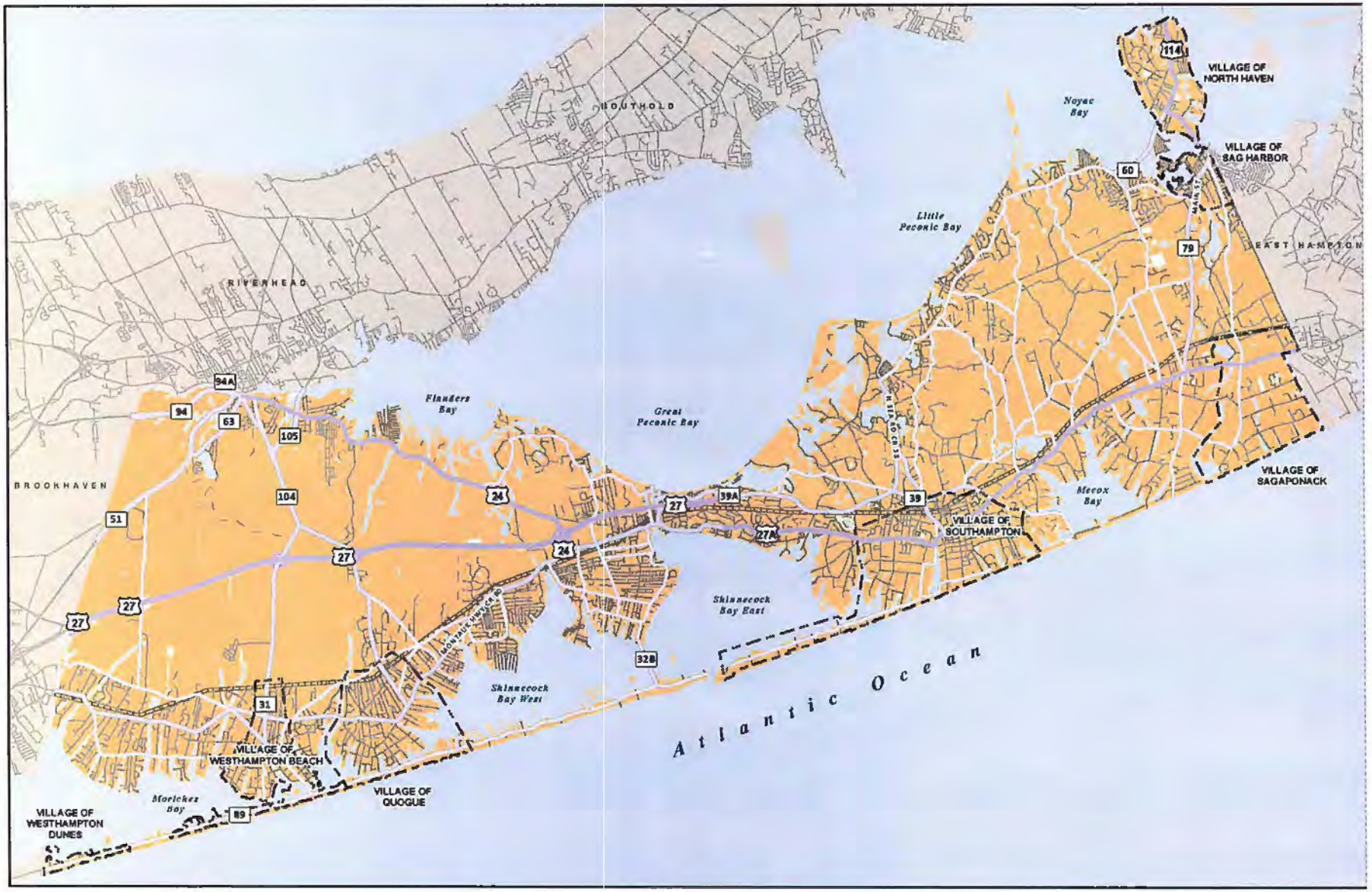
SOUTHOLD
RIVERHEAD
BROOKHAVEN
EAST HAMPTON
VILLAGE OF NORTH HAVEN
VILLAGE OF SAG HARBOR
VILLAGE OF SAGAPONACK
VILLAGE OF SOUTHAMPTON
VILLAGE OF WESTHAMPTON BEACH
VILLAGE OF WESTHAMPTON DUNES
VILLAGE OF QUOGUE
Noyac Bay
Little Peconic Bay
Great Peconic Bay
Flanders Bay
Meeox Bay
Skinnecock Bay East
Skinnecock Bay West
Moriches Bay
Atlantic Ocean
MONTAUK HIGHWAY
MAIN ST
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TOWN OF SOUTHAMPTON

PRINCIPAL OFFICIALS

SUPERVISOR

ANNA THRONE-HOLST

TOWN COUNCIL

COUNCILWOMAN BRIDGET FLEMING

COUNCILMAN JAMES MALONE

COUNCILMAN CHRISTOPHER NUZZI

COUNCILWOMAN 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

ERIC SHULTZ, PRESIDENT

FRED HAVEMEYER, SECRETARY/TREASUER

WILLIAM PELL

JON SEMLEAR

EDWARD WARNER JR.

TOWN ATTORNEY

TIFFANY SCARLATO

TOWN COMPTROLLER

LEONARD J. MARCHESE

TOWN OF SOUTHAMPTON

- Emergency Preparedness
- **SUPERVISOR**
- **TOWN COUNCIL**
  - Constituent Services

- **TOWN CLERK**
  - Records Management
  - Archives & Historian
- **TAX RECEIVER**
- **BOARD OF TRUSTEES**
  - Pump Out Boats
- **HIGHWAY**
  - Highway Admin
  - Maintenance
  - Garage
- **BUSINESS MANAGEMENT**
  - Human Resources
  - Employee Safety & Training
  - Central Services & Printing
  - E&G Channel SEA TV
  - Community Services Domestic Violence
  - Senior Services Admin
    - Adult Day Care
    - Nutrition Program
    - Senior Services
    - Transportation
  - Youth Bureau
- **TOWN COMPTROLLER**
  - Accounting
  - Audit & Control
  - Budget & Finance
  - Payroll
  - Purchasing
  - Information Technology
  - GIS
  - Data Entry
- **TOWN ASSESSOR**
  - Appraisal Systems
  - Board of Assessment Review
- **PARKS & RECREATION**
  - Parks & Recreation Admin
  - Parks Maintenance Hamlet Beautification Street Lighting
  - Recreation Admin Sports & Special Events Youth Services
  - Docks & Marinas
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  - Police - Civilian
  - Court Officers
  - E-911 Dispatch
  - Jail
  - Bay Constables
- **COMMUNITY PRESERVATION**
- **LAND MANAGEMENT**
  - Buildings & Zoning
  - Current Planning
  - Long Range Planning & Economic Development
  - Environmental
  - Appointed Boards
- **JUSTICE COURT**
- **MUNICIPAL WORKS**
  - Buildings & Facilities
  - Intermodal Transportation & Traffic Safety Fleet Management
  - Town Engineer
  - Waste Management Admin Waste Management Post Closure Waste Management Recycling Centers
  - Central Garage
  - Water Districts
  - Office of Energy and Sustainability
- **TOWN ATTORNEY**
  - Investigations & Enforcement
  - Fire Prevention
  - Animal Control/Shelter

ANNA THRONE-HOLST
Supervisor

TOWN OF
SOUTHAMPTON
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athrone-holst@southamptontownny.gov

May 23, 2013

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 (the "Town") for the fiscal year ended December 31, 2012.

Over the past two years, the Town has set a forward-looking course to remedy the problems of the past and to lead to a more effective and efficient Town government. That course has been guided by two fundamental principles: sound financial policies and procedures and effective organizational restructuring. Guided by these principles, the Town has been able to: eliminate approximately $7 million of fund balance deficits, significantly reduce personnel costs and structurally balance both the 2011 and 2012 budgets with no increase in operational spending tax.

The 2013 Tentative Budget continues to move forward on that same course and is guided by the same fundamental principles of responsible financial management and effective restructuring while adding the important third guiding principle of capital program restructuring. Combined, these guidelines have achieved a zero increase, structurally balanced 2013 Tentative Budget, and again, as commenced two years ago, the commitment to not only one, but two year planning, so also a preliminary 2014 budget.

Going forward, sound fiscal management and operational effectiveness continue to be our main focus and healthy fund balances are at the forefront of that focus.

I would like to offer my thanks to the staff in the Comptroller's Office for their efforts in the preparation of this report.

Very truly yours,

Anna Throne-Holst
Supervisor

Town of Southampton
116 HAMPTON ROAD
SOUTHAMPTON, NEW YORK 11968

TOWN COMPTROLLER

LEONARD MARCHESE
TOWN COMPTROLLER

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

May 23, 2013

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, 2012, 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, 2012, 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, provides 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 Circular A*133, Audits of States, Local Governments, and Non-Profit Organizations.* 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 this report, within the required supplementary information section.

Reporting Entity

This report includes government-wide financial statements (the "Town-Wide"), the governmental fund financial statements, proprietary fund financial statements, and fiduciary fund financial statements, which are considered part of the Town of Southampton 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 the 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 are also provided in the Notes to the 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 138 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, Southampton, Westhampton Beach, West Hampton Dues, and Sagaponack, as well as most of the Village of Sag Harbor.

Southampton's present population is estimated at 56,790 (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 contributes 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 seven golf courses including the famous Shinnecock Hills (the oldest golf course in the Country) and home of the U. S. Open in 2004 and the upcoming 2018 U.S. Open. Police protection is provided by the Town 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 Remsenburg, Speonk, Hampton Bays, Westhampton, Quogue, Flanders, Riverside, Northampton, East Quogue, and part of Eastport lie on the west side of the Shinnecock Canal. The communities of North Sea, Bridgehampton, Water Mill, Noyac, Sag Harbor, Shinnecock Hills, Tuckahoe, 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 preside over elections for tribal trustees.

Town Government

The Town was established in 1801. 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, 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 350 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 2013 fiscal year of the Town was adopted by the Town Board on November 20, 2012.

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 20 of the preceding year, which coincides with the Annual Operating Budget process. The 2012-2017 Capital Program was adopted by the Town Board on November 18, 2011.

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.

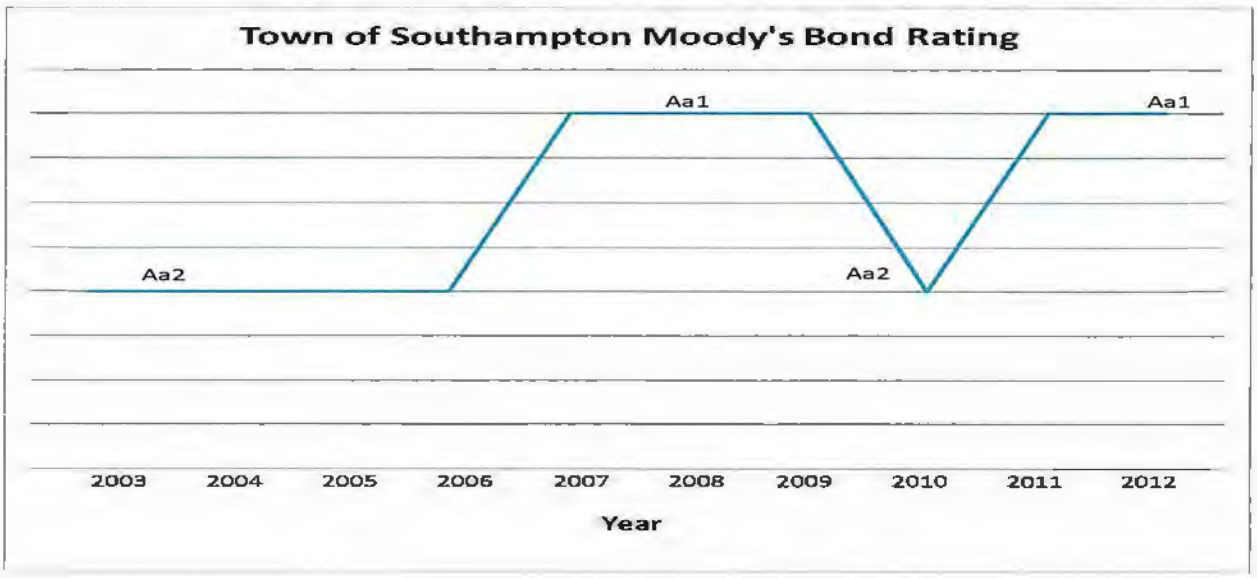
Property taxes for the Town, together with the county, fire district and school district taxes, are collected by the Town Tax Receiver on a single tax bill. The taxes become a lien on December 1 and are payable in two equal payments without penalty by January 10th and May 31st, respectively. Penalties 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 virtually assured of full tax collection.

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 $600 million in net position.

The Town's Bond rating increased from Aa2 in 2010 to Aa1 in 2011 and has remained at Aa1 ever since their rating increased. This commanding economic condition will allow the Town to borrow at low interest rates for present and future projects.

Town of Southampton Moody's Bond Rating



The Town's 2011 and 2012 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 stabilizing economy. The Town's mortgage tax revenues are increasing, building permits are up, and the value of the Town's taxable ratables have remained constant, while in comparison, the overall value in every other Suffolk County Town has decreased. The concerted effort to reduce staffing through two consecutive years of retirement incentives and through attrition (coupled with a firm Town Board commitment to freezing the filling of vacated positions) is now bringing about salary cost stabilization, which is a noteworthy accomplishment that has contributed significantly to the ability to balance the 2013 budget, and will continue to positively impact future budgets.

The Town's strong credit rating, re-affirmed at Aa1 by Moody's, allowed the Town to refinance existing debt. The restructuring of the debt will result in $1.8 million in interest savings over the life of the debt. According to Moody's, "The Aa1 rating reflects the Town's strong financial management practices and demonstrated commitment to the replenishment of the Town's reserves, which is expected to continue in accordance with management's multi-year plan. The rating also incorporates the Town's low debt burden, substantial affluent residential tax base characterized by very high home values and a seasonal economy."

The Town also has made great strides to improve organization and modernization, which have resulted in increased efficiencies and, in some cases, increased revenue. For example, in 2011 the Town collected $1.25 million in beach permit revenues. In 2012, because of improvements in technology and process, the Town collected $1.34 million in beach permit revenues, which represents an approximate increase of $90,000.

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.

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 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 that is reflective of the offerings and activities of the Town. This web site 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

There are various capital projects underway that are expected to further stimulate the Town's economy in 2013 in the amount of $15.8 million in accordance with the 2013 Adopted Capital Budget. Some of the major projects include the following:

- Nathaniel Rogers House Restoration Phase 2 (Community Preservation Fund) $2,100,000 – a Southampton Town Landmark located on the southeast corner of Ocean Road and Montauk Highway.

- Various Road Improvements (Highway) $1,137,769 – reconstruction and improvement of the Town's extensive road network.

- Elevation of Dune Road (Highway) $1,000,000 – phase I of the elevation of Dune Road includes the preliminary analysis and engineering work to determine the full scope and cost of alleviating persistent road flooding.

- Highway Building Compliance (Highway) $587,587 – meant to address structural non conformities with the Westhampton, North Sea, and Hampton Bays Salt Barn Buildings.

- Bridge Lane Bridge Repairs (Highway) $430,015 – ongoing improvements to the historic Bridge Lane Bridge.

- Town Facilities Renovations (Municipal Works) $411,991 – the focus of this project is to make improvements and renovations to underutilized space at Town Hall and other Town Facilities.

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, adopted in 2009, is consistent with the guidelines promulgated by the Office of the State Comptroller, which the Town Board adopts each year.

- Fixed Asset Policy - The Town adopted a Fixed Asset Policy in 2003, which formalizes the responsibility and reporting guidelines for all Town assets. The policy was last updated on March 27, 2007.

- 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.

- 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 (including all enterprise funds and the part-town operating funds), the Town Board believes that the lower percentage of 7% of the total ensuing year's operating threshold is adequate. As a result, the Town's Fund Balance policy has been codified in Chapter 8 Budget by resolution 2013-347 on March 26, 2013 and is in compliance with and conforms to GASB Statement Number 54.

- The Town of Southampton also has updated its Procurement Policy, as of September 22, 2009.

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 for continued interest and support in planning and conducting the financial operations of the Town of Southampton in a responsible and progressive manner.

Respectfully submitted,

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

Nawrocki Smith LLP

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 discretely presented component unit, 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, 2012, 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 purposes 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Southampton, as of December 31, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, on pages 14-25 and 70-76, 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 financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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 financial statements. The accompanying introductory section, other supplemental information and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements.

The introductory section, other supplemental information, statistical section and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section, other supplemental information, statistical section and the schedules of expenditures of federal awards have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Melville, New York
April 26, 2013

Nawrocki Smith LLP

The following is a discussion and analysis of the Town of Southampton's (the "Town") financial performance for the year ended December 31, 2012. 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 AND BUDGETARY HIGHLIGHTS

- The Town experienced a 2012 Total Governmental Operating Funds surplus of $3.8 million (before other financing sources/uses), compared to the Total Governmental Operating Funds surplus of $2.7 million in 2011. Total Fund Balance for the Operating Funds at the end of 2012 was $33.1 million, an increase of 19.4% over the prior year fund balance. Total Unassigned Operating Fund Balance at the end of 2012 was $5.8 million, or 17.5% of Total Operating Fund Balance.

- All Major Operating Funds, Special Revenue Funds and Special District Funds had a positive Fund Balance at the end of 2012. The two Special District Funds that had Fund Deficits in 2011 have positive Fund Balance at the end of 2012.

- The Community Preservation Fund had a negative change in fund balance of $9.3 million, leading to total fund balance at the end of 2012 of $43.8 million. The Town's Capital Fund had a negative change in fund balance of $4.9 million, which was driven by current year spending of the leftover monies from the previous year's long-term serial bonds issuance ($13.9 million issuance).

- Total 2012 Debt Service for the Town's Operating Funds was $9.3 million, or 10.2% of Total Operating Revenues. The Community Preservation Fund Debt Service was $6.0 million in 2012, and it ended the year with a Debt Service Reserve of $9.5 million.

- Total 2012 Revenues for the Town's Operating Funds were $91.8 million, of which $63.3 million or 68.9% was from Property Taxes. Comparatively, in 2011, Total Operating Revenues were $89.3 million, of which 69.0% were from Property Taxes. Year over year, Total Operating Revenues increased 2.8%. In 2012, Federal and State Aid comprised 46.3% of total Non-Property Tax Operating Revenues.

- Total 2012 Expenditures for the Town's Operating Funds were $88.0 million, an increase of $1.4 million over the year 2011. Excluding Debt Service and Special Grant Funds (Housing and Urban Development "HUD" and Community Development Block Grant "CDBG"), Total Town Expenditures were $122.9 million, of which $56.7 million, or 46.2%, were employee related Compensation and Benefits. Total Employee Benefit Costs increased 1.2% between 2011 and 2012.

- The General Fund's total fund balance, as reflected in the fund financial statements, is $14,573,965, which is an increase of $1,624,833 or 12.6% as compared to the prior year (see pages 28 and 30). This was related to net interfund transfer revenue of $483,204, net proceeds from serial bond issuance of $518,463 and a net operating gain of $623,166.

- The General Fund's total revenues, excluding net financing sources, were favorable to the 2012 Revised Budget by $1,078,539, or 3.2%. Total expenditures were favorable to the 2012 Revised Budget by $1,923,436, or 5.4%, due to lower than anticipated expenditures related to General Governmental Support (see page 70).

- The Police District Fund's fund balance, as reflected in the financial statements, was $3,090,611, which is an improvement of $1,848,174, or 148.8%, over the prior year's fund balance. The improvement reflects favorable revenues, excluding net financing sources, to the 2012 Revised Budget of $499,533 due to higher than anticipated departmental income and miscellaneous sources. Operating expenditures were favorable to the 2012 Revised Budget by $1,368,234, or 5.9%, due to lower than anticipated expenditures related to public safety and employee benefits (see page 71).

- The Town Outside Village Fund's total fund balance, as reflected in the financial statements, was $1,348,221, which is an increase of $809,318, or 150.2% over the prior year's fund balance. The improvement reflects favorable revenues, excluding net financing sources, to the 2012 Revised Budget of $549,106, due to higher than anticipated departmental income. Operating expenditures were favorable to the 2012 Adopted Budget by $242,164, or 4.9%, due to lower than anticipated expenditures related to home and community services (see page 72).

- The Highway Fund's total fund balance, as reflected in the financial statements, was $2,389,475, which is an improvement of $579,366 over the prior year's fund balance. Real property taxes increased over 2011 by $694,007, and due to vacancies in the Highway Department, employee benefits were under the adopted budget by $408,960. The positive variances were offset by interfund transfer expenses to the Capital Projects Fund for projects and General Fund for Superstorm Sandy related costs in the amount of $1,020,000 (see page 73).

- The Town's total net position, as reflected in the *government-wide* (the "Town-wide") financial statements, increased by $21,136,087 or 3.3% (up from 2011's increase of $3,219,601 or 0.5%). This increase is primarily due to Community Preservation related costs being capitalized in the current year and increases in real property tax revenue. The total unrestricted net position will continue to decline each year due to the annual recognition of post-employment benefits in accordance with GASB.

- The Town's expenses for the year, as reflected in the *government-wide* (the "Town-wide") financial statements, totaled $115,465,111. Of this amount, $60,034,693 (which includes $39,076,386 of Community Preservation revenues) was offset by program charges for services and operating and capital grants. General revenues of $76,566,505 amounted to 56.1% of total revenues (see page 27).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two 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 26 and 27).

- The remaining 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 28 - 31).

    - *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 32 - 34).

    - *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 35).

Reporting the Town as a Whole

The analysis of the Town as a whole begins on page 26. 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 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 statements report the Town's net position and changes in them. You can think of the Town's net position - the difference between assets, deferred outflows, liabilities and deferred inflows - 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 unit* - The component unit is a legally separate organization 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 one discretely presented component unit (Town of Southampton Housing Authority) as a separate column on the Town-wide financial statements. Complete financial statements of the component unit 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 28. Some funds are required to be established by 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 in a reconciliation following each of the governmental fund financial statements (pages 29 and 31).

- *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 32-34).

- *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 35).

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Financial Highlights:

Net position

The Town's total assets (including deferred outflows) on December 31, 2012 were $885.5 million, an increase of $32.6 million over the prior year. Total liabilities (including deferred inflows) were $229.0 million, an increase of $11.5 million from the prior year. The result is a net position of $656.4 million, an increase of $21.1 million over the prior year. Of the Town's net position, $649.0 million were invested in capital assets, net of related debt. Restricted net position was $62.5 million and unrestricted net position was a deficit of $(55.1) million on December 31, 2012.

- Positive working capital of $74.2 million on December 31, 2012 was consistent with the December 31, 2011 positive working capital of $73.2 million.

- Net investment in capital assets of $649.0 million (compared to $617.6 million in 2011) increased primarily due to ongoing bond principal payments, reduction of bond principal payable as a result of bond refunding and ongoing capital projects purchases offset by depreciation charges.

- The Town's bonded indebtedness was $127.1 million which is included in liabilities of which $55.5 million is related to purchases of land by the Community Preservation Fund. The Town also has an outstanding installment purchase debt of $10.1 million related to purchases of land by the Community Preservation Fund.

Change in Net Position

The Town's program revenues for the year ended December 31, 2012 were $60.0 million, a decrease of $0.2 million from 2011, which is primarily related to decreases in operating and capital grants. General revenues of $76.6 million were consistent with last year. Total combined revenues for 2012 were $136.6 million, a decrease of $0.2 million from 2011. Expenses for the year ended December 31, 2012 were $115.5 million reflecting a decrease of $18.1 million which is primarily related to capitalization of the Community Preservation Fund's land purchases. This resulted in a change in net position for the year ended December 31, 2012 in the amount of $21.1 million.

The Town's combined net position increased from a year ago from $635.3 million to $656.4 million. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

Table 1:
Condensed Statements of Net Position
Governmental and Business-type Activities - Primary Government
As of December 31,

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Assets:						
Current assets	$100,584,781	$ 95,075,999	$ 2,121,857	$ 1,629,238	$102,706,638	$ 96,705,237
Capital assets	760,039,555	732,783,020	22,506,141	23,107,653	782,545,696	755,890,673
Total assets	860,624,336	827,859,019	24,627,998	24,736,891	885,252,334	852,595,910
Deferred outflows	199,415	216,424	-	-	199,415	216,424
Total assets and deferred outflows	$860,823,751	$828,075,443	$ 24,627,998	$ 24,736,891	$885,451,749	$852,812,334
Liabilities:						
Current liabilities	$ 27,185,120	$ 22,390,540	$ 1,288,840	$ 1,102,162	$ 28,473,960	$ 23,492,702
Noncurrent liabilities	179,671,525	184,863,710	7,202,514	8,058,623	186,874,039	192,922,333
Total liabilities	206,856,645	207,254,250	8,491,354	9,160,785	215,347,999	216,415,035
Deferred inflows	13,559,055	1,097,594	116,130	7,227	13,675,185	1,104,821
Total liabilities and deferred inflows	$220,415,700	$208,351,844	$ 8,607,484	$ 9,168,012	$229,023,184	$217,519,856
Net position:						
Net investment in capital assets	$634,405,267	$603,043,978	$ 14,584,547	$ 14,506,695	$648,989,814	$617,550,673
Restricted	62,529,907	74,783,204	-	-	62,529,907	74,783,204
Unrestricted	(56,527,123)	(58,103,583)	1,435,967	1,062,184	(55,091,156)	(57,041,399)
Total net position	$640,408,051	$619,723,599	$ 16,020,514	$ 15,568,879	$656,428,565	$635,292,478

Table 2:
Condensed Statements of Activities and Change in Net Position
Governmental and Business-type Activities - Primary Government
For the Years Ended Decemeber 31,

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Program revenues:						
Charges for services	$ 9,926,028	$ 8,470,395	$ 4,521,620	$ 4,452,240	$ 14,447,648	$ 12,922,635
Operating grants and contribitions	44,489,319	46,193,967	265,849	53,642	44,755,168	46,247,609
Capital grants and contributions	831,877	1,045,638	-	-	831,877	1,045,638
Total program revenues	55,247,224	55,710,000	4,787,469	4,505,882	60,034,693	60,215,882
General revenues:						
Real property taxes	63,259,796	61,685,290	476,900	1,333,287	63,736,696	63,018,577
Other real property tax items	536,486	569,203	-	-	536,486	569,203
Non-property tax items	1,431,473	1,424,315	-	-	1,431,473	1,424,315
Interest earnings	617,034	687,758	1,697	2,256	618,731	690,014
State aid - unrestricted	7,893,931	8,193,369	-	-	7,893,931	8,193,369
Other	2,349,188	2,720,844	-	-	2,349,188	2,720,844
Total general revenues	76,087,908	75,280,779	478,597	1,335,543	76,566,505	76,616,322
Total revenues	131,335,132	130,990,779	5,266,066	5,841,425	136,601,198	136,832,204
Program expenses:						
General governmental support	23,735,945	26,940,594	-	-	23,735,945	26,940,594
Public safety	32,672,478	39,135,250	-	-	32,672,478	39,135,250
Health	2,742,820	2,606,820	-	-	2,742,820	2,606,820
Transportation	23,067,768	25,946,066	-	-	23,067,768	25,946,066
Economic assistance and opportunity	4,194,245	4,493,983	-	-	4,194,245	4,493,983
Culture and recreation	6,375,416	8,779,126	-	-	6,375,416	8,779,126
Home and community services	13,857,100	16,478,801	-	-	13,857,100	16,478,801
Interest on debt	3,984,822	4,331,456	303,733	308,632	4,288,555	4,640,088
Beaches and marinas	-	-	1,565,118	1,628,477	1,565,118	1,628,477
Waste management	-	-	2,252,794	2,334,084	2,252,794	2,334,084
Golf course	-	-	712,872	629,314	712,872	629,314
Total expenses	110,630,594	128,712,096	4,834,517	4,900,507	115,465,111	133,612,603
Excess before interfund transfers	20,704,538	2,278,683	431,549	940,918	21,136,087	3,219,601
Interfund transfers	(20,086)	(3,646,360)	20,086	3,646,360	-	-
Change in net position	$ 20,684,452	$ (1,367,677)	$ 451,635	$ 4,587,278	$ 21,136,087	$ 3,219,601

Governmental Activities

Revenues for the Town's governmental activities increased by 0.3% ($0.3 million) while total expenses decreased by 14.0% ($18.1 million). The majority of the increase in revenue is due to an increase in real property taxes (based on total assessed value, not on tax rate increases).

The cost of all governmental activities this year was $142.3 million (page 30). However, as shown in the Statement of Activities (page 27), the amount that taxpayers ultimately financed for these activities through Town taxes was only $63.3 million, because some of the cost was paid by those who directly benefited from the programs ($9.9 million) or by other governments and organizations that subsidized certain programs with grants and contributions ($45.3 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 27).

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

	Total Cost of Services		Program Revenues		Net (Cost) of Services	
	2012	2011	2012	2011	2012	2011
General governmental support	$ 23,735,945	$ 26,940,594	$ 41,373,445	$ 41,060,824	$ 17,637,500	$ 14,120,230
Public safety	32,672,478	39,135,250	836,515	656,434	(31,835,963)	(38,478,816)
Health	2,742,820	2,606,820	-	-	(2,742,820)	(2,606,820)
Transportation	23,067,768	25,946,066	1,932,460	2,895,825	(21,135,308)	(23,050,241)
Economic assistance and opportunity	4,194,245	4,493,983	998,272	414,229	(3,195,973)	(4,079,754)
Culture and recreation	6,375,416	8,779,126	951,361	794,286	(5,424,055)	(7,984,840)
Home and community services	13,857,100	16,478,801	9,155,171	9,888,402	(4,701,929)	(6,590,399)
Interest on debt	3,984,822	4,331,456	-	-	(3,984,822)	(4,331,456)
	$110,630,594	$128,712,096	$ 55,247,224	$ 55,710,000	$ (55,383,370)	$ (73,002,096)

The overall net cost of services decreased over 2011 by $17.6 million. The majority of the decrease in cost of services was due to costs related to public safety decreases and transportation.

Table 4: Sources of Revenues for Fiscal Year 2012 - Governmental Activities

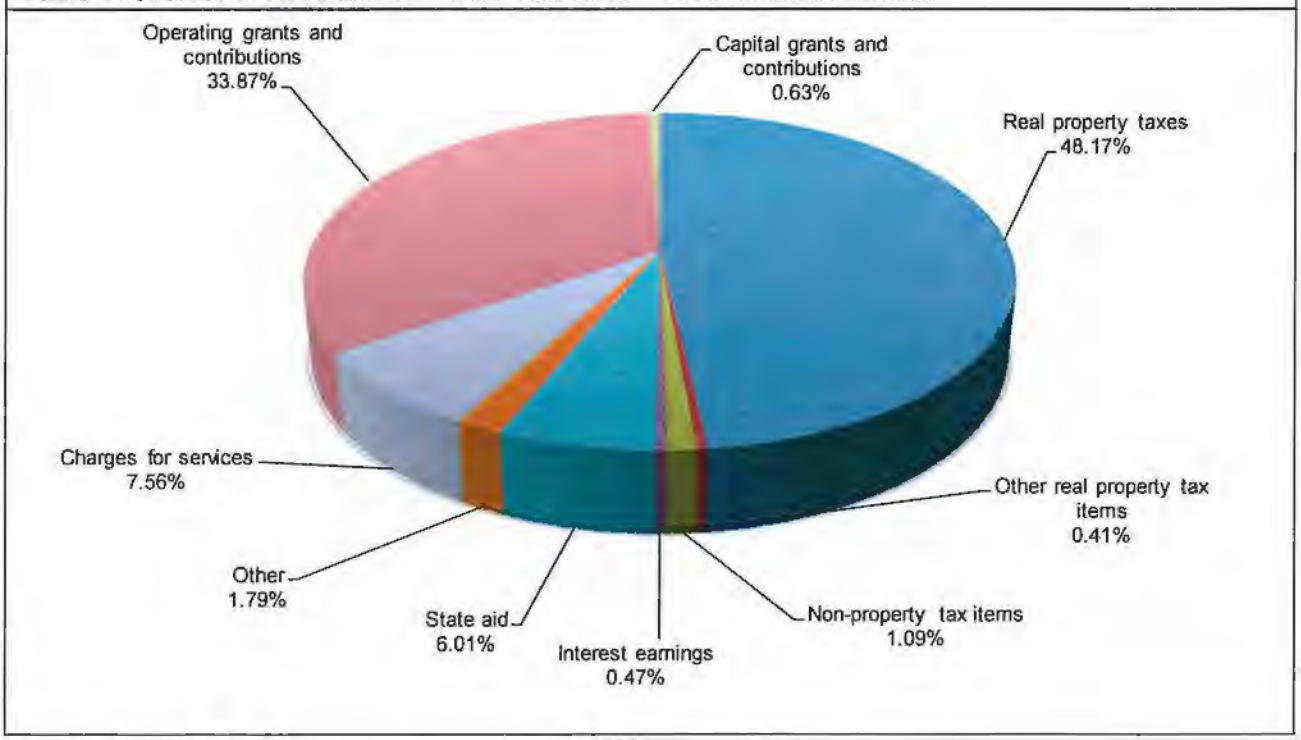
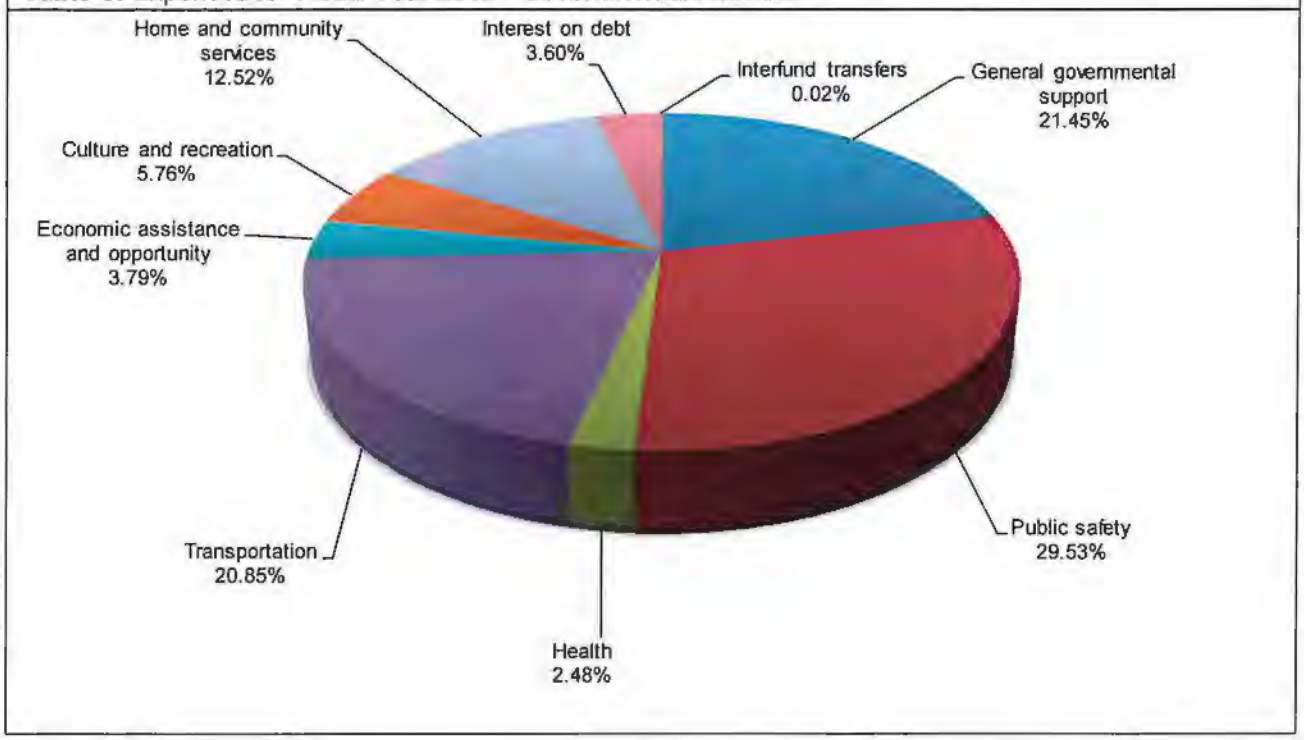


Table 5: Expenses for Fiscal Year 2012 - Governmental Activities



Business-Type Activities

The Town's total revenues from business-type activities decreased by 9.9 percent ($0.6 million) over 2011. Some significant year-end financial data relating to these entities are highlighted as follows:

- Operating revenue in the Beaches and Marinas Fund totaled $2.0 million in 2012. Operating revenue was consistent with 2011. The fund had an increase in net position of approximately $330,000, as compared to an increase of $1.2 million in 2011. The decrease in surplus was driven by the fact that in the previous year, the Beaches and Marinas Fund received interfund transfers from the General Fund of approximately $1.0 million that did not occur in the current year. The transfers were made to supplement the Beaches and Marinas Fund's operating revenues for the cost of the fund's indebtedness associated with maintaining its capital assets (page 33).

- Operating revenue in the Waste Management Fund totaled $2.5 million in 2012. Operating revenue decreased by approximately $0.7 million, and can be primarily attributable to planned decreases in real property taxes. The 2011 real property taxes were increased in order to eliminate the fund's opening fund deficit of $1.3 million, which was eradicated during 2011. Because the deficit was eliminated, the real property tax levy was restored to a normal operating level. The fund had an increase in net position of approximately $64,000 in 2012. The Fund's ending net position was approximately $2.1 million (page 33).

- The Golf Course experienced an increase in operating revenues (of approximately $150,000) and an increase in operating expenses (of approximately $84,000). The fund yielded a net profit of approximately $57,000. In the previous year, the fund incurred a net loss of approximately $10,000. Better management of expenses have attributed to the funds positive growth (page 33).

Table 6: Sources of Revenues for Fiscal Year 2012 - Business-Type Activities

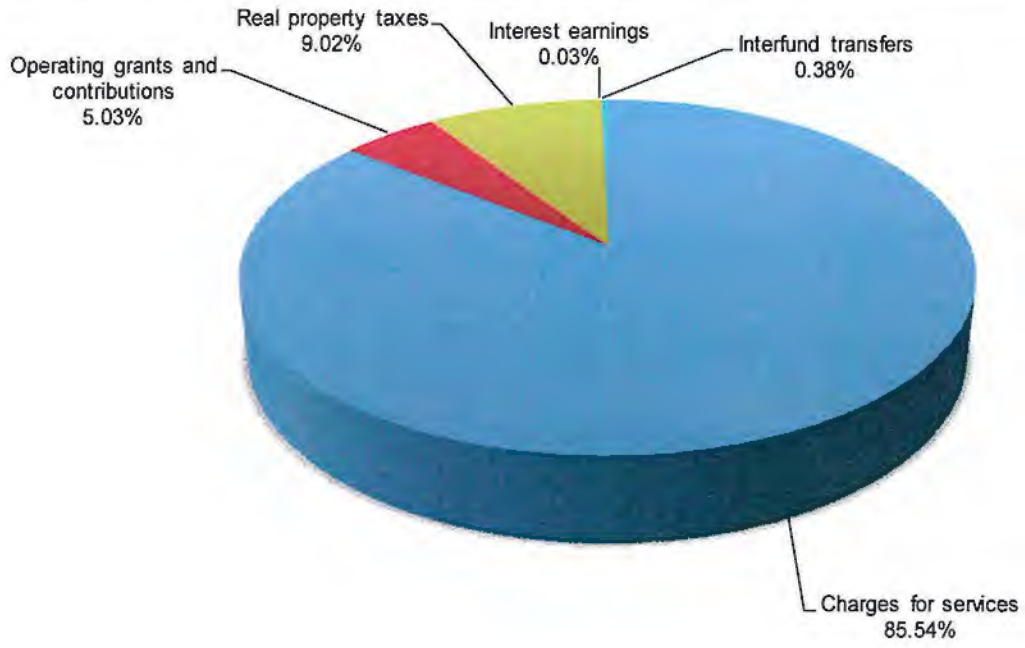
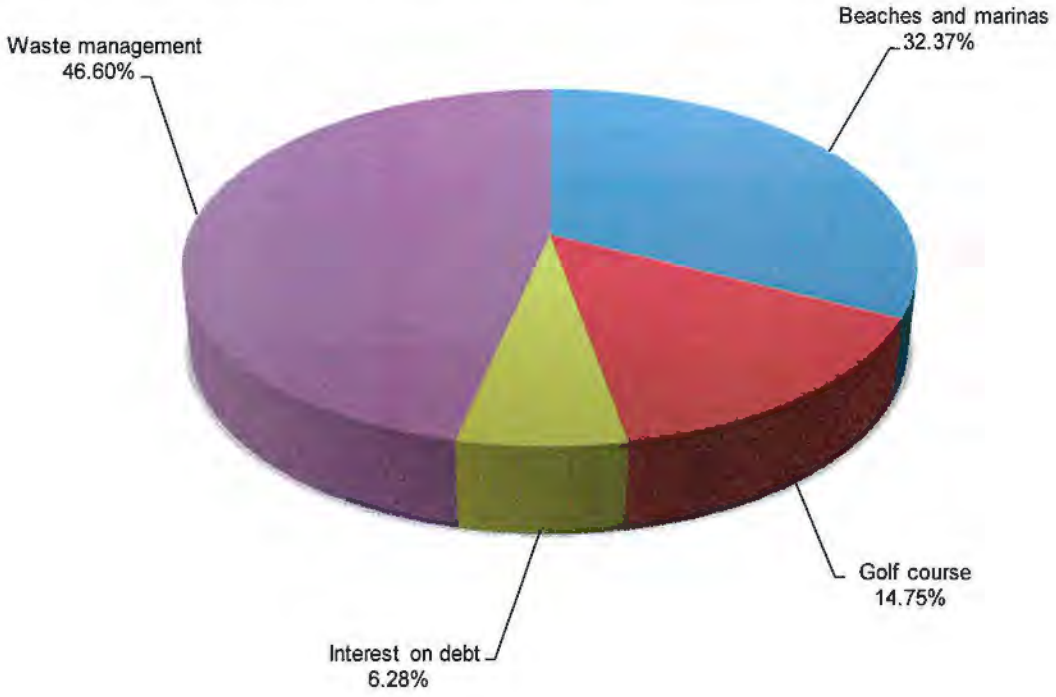


Table 7: Expenses for Fiscal Year 2012 - Business-Type Activities



FINANCIAL ANALYSIS OF CERTAIN TOWN GOVERNMENTAL FUNDS

Governmental Funds

General Fund assets increased by 41.6%, primarily related to a increase in cash and cash equivalents including restricted cash. Liabilities and deferred inflows increased by 396.6%, primarily related to an increase of $0.9 million in accounts payable and an increase of $3.3 million in deferred property taxes. Fund balance increased by $1.6 million, or 12.6%. During 2012, retirement serial bond proceeds recognized in the General Fund were approximately $0.5 million.

The General Fund has an unassigned fund balance of $5.8 million, which represents 17.1% of annual operating general fund expenditures, in addition to a tax stabilization reserve of $5.3 million.

The Police District Fund operated with an excess of approximately $1.8 million in 2012. Revenues increased by $0.6 million and expenditures increased by $1.0 million from 2011. During 2012, retirement serial bond proceeds recognized in the Police Fund were approximately $1.2 million.

The Capital Projects Fund had a decrease in fund balance of $4.9 million. 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.

In the Community Preservation Fund, the fund balance decreased approximately $9.3 million. Overall, expenditures increased by $13.2 million from 2011, mostly related to an increase in land purchases of $13.0 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2012, the Town had $782.5 million invested in a broad range of capital assets, including beaches, land, police equipment, buildings, park facilities, roads, bridges and water infrastructure (See Table 9). Since the inception of the Community Preservation Fund in 1999, the Town of Southampton has acquired preserved land valued at approximately $441.4 million of the Town's total $555.9 million of land. The details of capital assets are shown in Note 7 to the financial statements.

Table 8: Net Investment in Capital Assets for Fiscal Year 2012

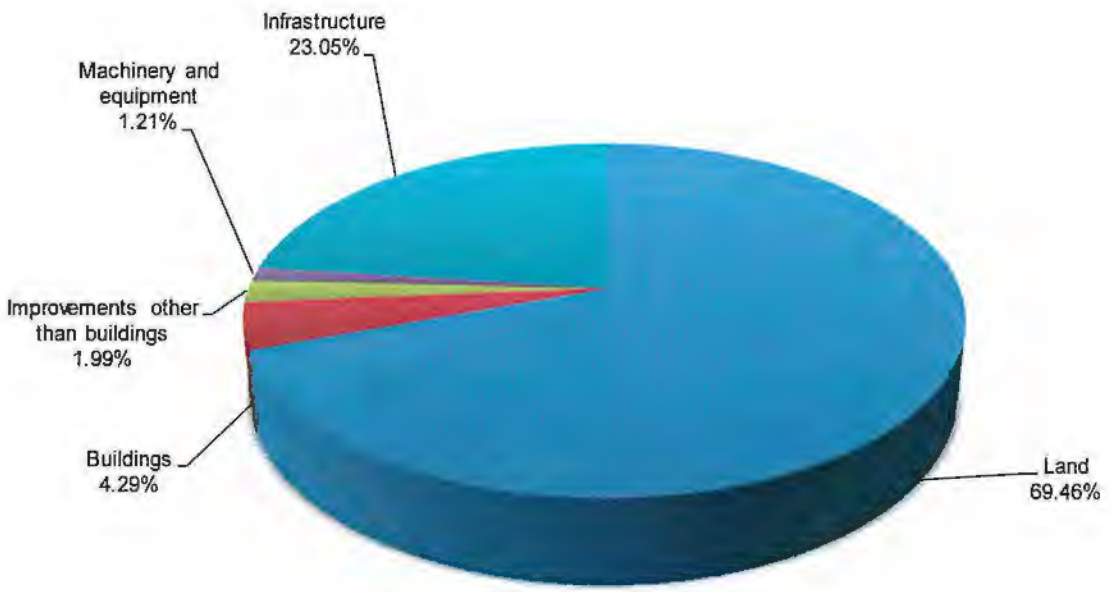


Table 9:
Capital Assets
As of December 31,

Governmental Activities:	2012	2011
Land	$ 544,585,048	$ 505,894,209
Buildings	39,970,898	39,497,877
Improvements other than buildings	15,212,541	14,807,980
Machinery and equipment	27,472,208	27,212,167
Infrastructure -		
Bridges	1,297,496	1,296,471
Landfill	9,412,515	9,412,515
Roads, curbs and sidewalks	352,366,953	349,277,957
Lighting system	1,349,791	1,349,791
Bulkheads, piers and boardwalks	10,228,580	10,150,580
Water and sewer mains	12,650,579	11,407,906
Total capital assets	1,014,546,609	970,307,453
Less accumulated depreciation	254,507,054	237,524,433
Total net capital assets	$ 760,039,555	$ 732,783,020
Business-type Activities:		
Land	$ 11,287,063	$ 11,287,063
Buildings	4,422,433	4,422,433
Improvements other than buildings	9,084,337	9,045,133
Machinery and equipment	2,975,859	2,851,081
Total capital assets	27,769,692	27,605,710
Less accumulated depreciation	5,263,551	4,498,057
Total net capital assets	$ 22,506,141	$ 23,107,653

The Town's fiscal year 2012 capital budget includes the continuation of funding for infrastructure improvements. Of the $15.8 million capital spending plan in 2012, $5.9 million was dedicated to the reconstruction of roads, bridges, and drainage improvement projects. The Town also continued several projects to improve the Town's buildings and parks initiated projects aimed at enhancing efficiency through technology improvements in software and hardware.

Debt Administration

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 2012, the Town's total debt service was approximately $15.4 million, of which $6.0 million was paid by the Community Preservation Fund, resulting in taxpayer supported debt service of approximately $9.4 million. Debt service in 2012, excluding CPF, was 10.6% of operating expenditures.

The Town of Southampton current outstanding bonded indebtedness was $127.1 million at year-end 2012, of which $55.5 million was related to the Community Preservation Fund land purchases, $40.5 million for various Governmental Fund capital assets, $26.5 million related to highway improvements and $4.6 million for the Hampton Bays Water District.

During 2012, the Town issued $14.9 million in serial bonds to advance refund its outstanding 2003 Public Improvement Serial Bonds of $6.1 million and 2004 Open Space Preservation Serial Bonds of $10.4 million. There was also one retirement serial bond issuance during 2012, an original issuance of approximately $2.2 million.

The Town has accrued a $45.4 million obligation for other post-employment benefits in accordance with GASB on the Town-wide financial statements. Note 9 to the financial statements shows the details of the Town's long-term liabilities.

Union Contracts

The Town provides services through approximately 16 elected officials, 500 full-time employees and approximately 132 part-time employees. The Town also employs approximately 300 part-time seasonal employees. The Town also has 44 appointed Board members. The Civil Service Employee Association (the "CSEA") represents approximately 280 employees under a contract which expires on December 31, 2013. The Police Benevolent Association (the "PBA") represents approximately 73 employees under a contract which expired on December 31, 2012. The Superior Officers Association (the "SOA") represents approximately 16 employees under a contract which expires on December 31, 2013. The Chief of Police is a non-union employee.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Budget Procedures

The Town's elected officials considered many factors when setting the fiscal-year 2012 budget, tax rates and fees to be charged for the business-type activities. The 2012 Adopted Operating Budget was primarily structurally balanced and the only funds with appropriated fund balance were the General Fund ($443,356), Police District Fund ($12,346), Town Outside Village Fund ($9,497), Highway Fund ($243,552), Public Safety Communications ($1,357) and Water Districts Fund ($23,358). 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.

As the economy recovers from one of the worst economic recessions in decades affecting our taxpayers, a more cost efficient budget was adopted for 2012, which sought to minimize the property tax increases. The Town Board appropriated approximately $0.7 million to balance the 2012 Adopted Operating Budget. The 2013 Operating Budget was projected to meet the proposed 2% Tax Levy cap proposed by the New York State Governor, and appropriated approximately $0.4 million to balance the 2013 Adopted Operating Budget.

See pages 14-15 for discussion regarding significant budget variances and see pages 70 through 73 for budget versus actual comparisons.

Tax Collection

Property taxes for the Town, together with the County, fire 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
2012	$ 322,928,919	$ 307,538,277	$ 15,390,642	$ 15,530,402
2011	313,966,597	297,658,185	16,308,412	16,347,606
2010	303,357,256	286,374,105	16,983,151	15,576,863
2009	285,515,366	269,892,478	15,622,888	13,851,451
2008	263,554,592	248,575,719	14,978,873	11,749,256
2007	247,855,948	234,400,547	13,455,401	10,285,056

The Town Receiver distributes the collected 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 is thereby assured of full tax collection.

Business-Type Activities

As for the Town's business-type activities, it is expected that the 2013 results will continue to improve based on these rate decisions:

- The Beach and Marinas Enterprise Fund performed better than 2011 (comparing operating income), with property taxes continuing to be collected and allocated to pay for debt service and high beach parking receipts. It is expected that property taxes will continue to be required to further subsidize the debt service payments.

- The Waste Management Enterprise Fund eliminated its net deficit of $1.3 million at the end of 2011, and ended up with a net position of $2.1 million. The 2012 budget continued the practice of matching revenues and expenditures in order not to incur an operating deficit.

- As of December 31, 2011 the Poxabogue Golf Course was jointly owned with the Town of East Hampton. Revenues increased in 2011 due to the opening of a new restaurant. During 2012, the Town Board approved the Town's purchase of the portion of the Golf Course that was owned by the Town of East Hampton for approximately $2.2 million, however, as of the date of the financial statements, the actual sale had not yet occurred.

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.

TOWN OF SOUTHAMPTON
STATEMENT OF NET POSITION
DECEMBER 31, 2012

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Current assets:				
Cash and cash equivalents	$ 21,328,055	$ 1,919,394	$ 23,247,449	$ 246,654
Restricted cash	64,031,680	-	64,031,680	594,486
Accounts receivable, net	3,313,606	24,135	3,337,741	87,654
State and federal aid receivables	2,269,030	-	2,269,030	-
Due from fiduciary funds	1,028,354	110,346	1,138,700	-
Due from other governments	5,913,243	-	5,913,243	-
Prepaid expenses	2,700,813	47,925	2,748,738	22,876
Inventory of materials and supplies	-	20,057	20,057	-
Other assets	-	-	-	745
Total current assets	100,584,781	2,121,857	102,706,638	952,415
Capital assets:				
Non-depreciable capital assets	544,585,048	11,287,063	555,872,111	778,467
Depreciable capital assets, net	215,454,507	11,219,078	226,673,585	2,546,798
Total capital assets	760,039,555	22,506,141	782,545,696	3,325,265
Total assets	860,624,336	24,627,998	885,252,334	4,277,680
DEFERRED OUTFLOWS				
Other outflows	-	-	-	15,761
Deferred outflow from issuance of debt	199,415	-	199,415	116,322
Total deferred outflows	199,415	-	199,415	132,083
Total assets and deferred outflows	$ 860,823,751	$ 24,627,998	$ 885,451,749	$ 4,409,763
LIABILITIES				
Current liabilities:				
Accounts payable	$ 3,000,735	$ 131,992	$ 3,132,727	$ 33,897
Accrued liabilities	708,718	-	708,718	51,519
Accrued interest payable	1,124,291	76,303	1,200,594	-
Bond anticipation notes payable	6,065,000	40,000	6,105,000	-
Due to employees' retirement system	293,144	-	293,144	-
Due to fiduciary funds	803,141	-	803,141	-
Due to other governments	44,485	285,121	329,606	-
Noncurrent liabilities due within one year:				
General obligation bonds payable	11,410,076	755,424	12,165,500	76,500
Special assessment bonds with governmental commitment	44,500	-	44,500	-
Installment purchase debt payable	3,500,000	-	3,500,000	-
Compensated absences	33,419	-	33,419	-
Estimated liability for landfill closure and post-closure care costs	157,611	-	157,611	-
Total current liabilities	27,185,120	1,288,840	28,473,960	161,916
Noncurrent liabilities:				
General obligation bonds payable	107,634,548	7,090,740	114,725,288	3,527,000
Special assessment bonds with governmental commitment	124,711	-	124,711	-
Installment purchase debt payable	6,572,700	-	6,572,700	
Due to employees' retirement system	3,011,670	-	3,011,670	
Compensated absences	10,519,432	111,774	10,631,206	-
Judgments and claims payable	3,120,000	-	3,120,000	-
Other post-employment benefits	45,383,143	-	45,383,143	-
Estimated liability for landfill closure and post-closure care costs	3,305,321	-	3,305,321	-
Total noncurrent liabilities	179,671,525	7,202,514	186,874,039	3,527,000
Total liabilities	206,856,645	8,491,354	215,347,999	3,688,916
DEFERRED INFLOWS				
Rents and other inflows	-	-	-	17,680
Fees for services	-	80,700	80,700	-
Property taxes	10,854,187	-	10,854,187	-
Deferred inflows from issuance of bond, net of amortization	2,704,868	35,430	2,740,298	-
Total deferred inflows	13,559,055	116,130	13,675,185	17,680
NET POSITION				
Net investment in capital assets	634,405,267	14,584,547	648,989,814	432,573
Restricted:				
Debt reserve	11,888,716	-	11,888,716	-
Tax stabilization	8,316,509	-	8,316,509	-
Capital projects	914,918	-	914,918	-
Community preservation operations	34,327,081	-	34,327,081	-
Restricted for specific project	6,695,793	-	6,695,793	-
Restricted for specific grant	386,890	-	386,890	-
Unrestricted	(56,527,123)	1,435,967	(55,091,156)	270,594
Total net position	640,408,051	16,020,514	656,428,565	703,167
Total liabilities, deferred inflows and net position	$ 860,823,751	$ 24,627,998	$ 885,451,749	$ 4,409,763

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

TOWN OF SOUTHAMPTON
STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2012

		Program Revenues			Net Expenses and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Unit
Functions and programs:								
Primary Government -								
Governmental activities:								
General governmental support	$ 23,735,945	$ 2,268,068	$ 38,443,027	$ 662,350	$ 17,637,500	$ -	$ 17,637,500	
Public safety	32,672,478	539,699	296,816	-	(31,835,963)	-	(31,835,963)	
Health	2,742,820	-	-	-	(2,742,820)	-	(2,742,820)	
Transportation	23,067,768	864,140	898,793	169,527	(21,135,308)	-	(21,135,308)	
Economic assistance and opportunity	4,194,245	-	998,272	-	(3,195,973)	-	(3,195,973)	
Culture and recreation	6,375,416	47,332	904,029	-	(5,424,055)	-	(5,424,055)	
Home and community services	13,857,100	6,206,789	2,948,382	-	(4,701,929)	-	(4,701,929)	
Interest on debt	3,984,822	-	-	-	(3,984,822)	-	(3,984,822)	
Total governmental activities	110,630,594	9,926,028	44,489,319	831,877	(55,383,370)	-	(55,383,370)	
Business-type activities:								
Beaches and marinas	1,565,118	1,833,090	8,602	-	-	276,574	276,574	
Waste management	2,252,794	2,018,483	157,726	-	-	(76,585)	(76,585)	
Golf course	712,872	670,047	99,521	-	-	56,696	56,696	
Interest on debt	303,733	-	-	-	-	(303,733)	(303,733)	
Total business-type activities	4,834,517	4,521,620	265,849	-	-	(47,048)	(47,048)	
Total primary government	$ 115,465,111	$ 14,447,648	$ 44,755,168	$ 831,877	(55,383,370)	(47,048)	(55,430,418)	
Component Unit -								
Economic assistance and opportunity	$ 771,963	$ 168,739	$ 364,882	$ -				$ (238,342)
General revenues:								
Real property taxes					63,259,796	476,900	63,736,696	-
Other real property tax items					536,486	-	536,486	-
Non-property tax items					1,431,473	-	1,431,473	-
Interest earnings					617,034	1,697	618,731	2,108
State aid - unrestricted					7,893,931	-	7,893,931	-
Other					2,349,188	-	2,349,188	371,102
Transfers					(20,086)	20,086	-	-
Total general revenues					76,067,822	498,683	76,566,505	373,210
Change in net position					20,684,452	451,635	21,136,087	134,868
Total net position, beginning of year					619,723,599	15,568,879	635,292,478	568,299
Total net position, end of year					$ 640,408,051	$ 16,020,514	$ 656,428,565	$ 703,167

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

TOWN OF SOUTHAMPTON
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	MAJOR FUNDS							MAJOR FUNDS		
	General Fund	Police District Fund	Town Outside Village Fund	Highway Fund	Public Safety Communications	Non-Major Governmental Funds	Total Operating Funds	Capital Projects Fund	Community Preservation Fund	Total Governmental Funds
ASSETS										
Cash and cash equivalents	$ 10,466,894	$ 2,300,089	$ 1,087,550	$ 3,253,841	$ 849,058	$ 3,370,623	$ 21,328,055	$ -	$ -	$ 21,328,055
Restricted cash	6,405,740	1,579,502	401,051	1,105,084	168,619	8,305,708	17,965,704	8,264,926	37,801,050	64,031,680
Accounts receivable, net	700,786	396,687	-	1,465	6,814	811,266	1,917,018	-	117,000	2,034,018
State and federal aid receivables	243,314	1,951,169	-	-	-	74,547	2,269,030	-	-	2,269,030
Due from fiduciary funds	698,356	-	-	6,056	-	323,942	1,028,354	-	-	1,028,354
Due from other governments	-	-	-	-	-	-	-	-	5,913,243	5,913,243
Prepaid expenses	1,317,335	850,750	160,369	220,793	96,607	51,229	2,697,083	-	3,730	2,700,813
Total assets	$ 19,832,425	$ 7,078,197	$ 1,648,970	$ 4,587,239	$ 1,121,098	$ 12,937,315	$ 47,205,244	$ 8,264,926	$ 43,835,023	$ 99,305,193
LIABILITIES										
Accounts payable	$ 1,484,763	$ 139,743	$ 3,359	$ 179,126	$ 7,921	$ 444,033	$ 2,258,945	$ 691,552	$ 50,238	$ 3,000,735
Accrued liabilities	75,780	494,204	8,244	23,526	4,505	17,739	623,998	84,720	-	708,718
Bond anticipation notes payable	-	-	-	-	-	-	-	6,065,000	-	6,065,000
Due to fiduciary funds	-	4,615	4,026	-	2,400	281,904	292,945	508,736	1,460	803,141
Due to other governments	44,485	-	-	-	-	-	44,485	-	-	44,485
Total liabilities	1,605,028	638,562	15,629	202,652	14,826	743,676	3,220,373	7,350,008	51,698	10,622,079
DEFERRED INFLOWS										
Property taxes	3,653,432	3,349,024	285,120	1,995,112	349,204	1,222,295	10,854,187	-	-	10,854,187
Total deferred inflows	3,653,432	3,349,024	285,120	1,995,112	349,204	1,222,295	10,854,187	-	-	10,854,187
FUND BALANCE										
Fund balance:										
Nonspendable	1,317,335	850,750	160,369	220,793	96,607	51,229	2,697,083	-	3,730	2,700,813
Restricted	6,405,740	1,579,502	401,051	1,105,084	168,619	8,175,398	17,835,394	914,918	43,779,595	62,529,907
Assigned	1,064,819	660,359	786,801	1,063,598	491,842	2,744,717	6,812,136	-	-	6,812,136
Unassigned	5,786,071	-	-	-	-	-	5,786,071	-	-	5,786,071
Total fund balance	14,573,965	3,090,611	1,348,221	2,389,475	757,068	10,971,344	33,130,684	914,918	43,783,325	77,828,927
Total liabilities, deferred inflows and fund balance	$ 19,832,425	$ 7,078,197	$ 1,648,970	$ 4,587,239	$ 1,121,098	$ 12,937,315	$ 47,205,244	$ 8,264,926	$ 43,835,023	$ 99,305,193

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, 2012

Total Fund Balance - Governmental Funds		$ 77,828,927
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	$ 544,585,048	
Depreciable	469,961,561	
Accumulated depreciation	(254,507,054)	760,039,555
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	(119,044,624)	
Special assessment bonds with governmental commitment	(169,211)	
Installment purchase debt payable	(10,072,700)	
Due to employees' retirement system	(3,304,814)	
Compensated absences	(10,552,851)	
Judgments and claims payable	(3,120,000)	
Other post-employment benefits	(45,383,143)	
Estimated liability for landfill closure and post-closure care costs	(3,462,932)	(195,110,275)
Deferred outflows included in the Statement of Net Position		199,415
Deferred inflows from issuance of bonds, net of amortization		(2,704,868)
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.		1,279,588
Interest payable 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.		(1,124,291)
Net Position - Governmental Activities		$ 640,408,051

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

TOWN OF SOUTHAMPTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	MAJOR FUNDS							MAJOR FUNDS		
	General Fund	Police District Fund	Town Outside Village Fund	Highway Fund	Public Safety Communications	Non-Major Governmental Funds	Total Operating Funds	Capital Projects Fund	Community Preservation Fund	Total Governmental Funds
REVENUES										
Real property taxes	$ 21,585,771	$ 19,521,100	$ 1,758,082	$ 11,464,017	$ 2,154,739	$ 6,776,087	$ 63,259,796	$ -	$ -	$ 63,259,796
Other real property tax items	196,896	128,716	12,655	75,415	12,794	110,010	536,486	-	-	536,486
Non-property tax items	1,431,473	-	-	-	-	-	1,431,473	-	38,064,858	39,496,331
Special assessments	47,332	-	-	-	-	-	47,332	-	-	47,332
Departmental income	946,798	539,699	3,512,015	-	-	2,694,774	7,693,286	-	-	7,693,286
Intergovernmental charges	113,778	-	-	750,362	-	-	864,140	-	-	864,140
Use of money and property	48,157	21,364	3,909	18,083	4,163	323,009	418,685	23,979	174,370	617,034
Licenses and permits	353,764	62,201	-	-	-	-	415,965	-	-	415,965
Fines and forfeitures	1,857,009	-	-	-	-	-	1,857,009	-	-	1,857,009
Sale of property and compensation for loss	461	17,697	-	1,028	-	-	19,186	-	-	19,186
Miscellaneous local sources	795,310	74,772	13,782	49,994	108,719	1,012,855	2,055,432	28,991	334,178	2,418,601
State aid	6,218,858	2,016,977	25,695	704,123	-	87,956	9,053,609	169,527	15,000	9,238,136
Federal aid	913,576	174,183	-	144,676	-	2,948,382	4,180,817	-	662,350	4,843,167
Total revenues	34,509,183	22,556,709	5,326,138	13,207,698	2,280,415	13,953,073	91,833,216	222,497	39,250,756	131,306,469
EXPENDITURES										
General governmental support	11,988,464	-	-	-	-	278,361	12,266,825	-	42,113,039	54,379,864
Public safety	2,048,923	14,881,727	122,757	-	1,568,087	784,534	19,406,028	-	-	19,406,028
Health	-	-	-	-	-	2,742,820	2,742,820	-	-	2,742,820
Transportation	-	-	-	5,887,330	-	478,813	6,366,143	-	-	6,366,143
Economic assistance and opportunity	3,122,582	-	-	-	-	420	3,123,002	-	-	3,123,002
Culture and recreation	3,419,562	-	-	-	-	721,466	4,141,028	-	-	4,141,028
Home and community services	509,561	-	3,028,530	-	-	6,855,300	10,393,391	-	-	10,393,391
Employee benefits	7,704,465	7,043,274	1,480,863	2,642,272	614,602	770,990	20,256,466	-	106,748	20,363,214
Capital outlay	-	-	-	-	-	-	-	6,004,465	-	6,004,465
Debt service -										
Principal	4,070,008	18,700	50,000	2,267,783	-	604,145	7,010,636	-	4,070,000	11,080,636
Interest	1,022,452	21,781	13,975	1,042,502	2,269	219,761	2,322,740	-	1,963,604	4,286,344
Total expenditures	33,886,017	21,965,482	4,696,125	11,839,887	2,184,958	13,456,610	88,029,079	6,004,465	48,253,391	142,286,935
Excess (deficiency) of revenues over (under) expenditures	623,166	591,227	630,013	1,367,811	95,457	496,463	3,804,137	(5,781,968)	(9,002,635)	(10,980,466)
OTHER FINANCING SOURCES (USES)										
Proceeds from issuance of refunding bond	5,148,530	-	-	-	-	-	5,148,530	-	9,270,000	14,418,530
Payment to refunded bond escrow agent	(5,724,554)	-	-	-	-	-	(5,724,554)	-	(10,815,000)	(16,539,554)
Premium on refunding bond issuance	576,024	-	-	-	-	-	576,024	-	1,545,000	2,121,024
Serial bond proceeds	511,700	1,240,550	186,835	210,915	-	-	2,150,000	-	-	2,150,000
Premium on debt issuance	6,763	16,397	2,470	3,033	-	-	28,663	-	-	28,663
Interfund transfers in	740,577	-	-	17,607	4,987	147,061	910,232	1,288,343	194,925	2,393,500
Interfund transfers out	(257,373)	-	(10,000)	(1,020,000)	(96,000)	(124,514)	(1,507,887)	(364,699)	(541,000)	(2,413,586)
Total other financing sources (uses)	1,001,667	1,256,947	179,305	(788,445)	(91,013)	22,547	1,581,008	923,644	(346,075)	2,158,577
Changes in fund balance	1,624,833	1,848,174	809,318	579,366	4,444	519,010	5,385,145	(4,858,324)	(9,348,710)	(8,821,889)
Fund balance, beginning of year	12,949,132	1,242,437	538,903	1,810,109	752,624	10,452,334	27,745,539	5,773,242	53,132,035	86,650,816
Fund balance, end of year	$ 14,573,965	$ 3,090,611	$ 1,348,221	$ 2,389,475	$ 757,068	$ 10,971,344	$ 33,130,684	$ 914,918	$ 43,783,325	$ 77,828,927

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

TOWN OF SOUTHAMPTON
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

Net change in fund balance - governmental funds		$ (8,821,889)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlay exceeds depreciation in the current period is:		
Capital outlay, net of reclassifications	$ 45,167,254	
Depreciation expense	(17,910,719)	27,256,535
Other assets not available to pay for current period expenditures and, therefore, are deferred in the Statement of Net Position.		(189,638)
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.		
Proceeds from issuance of refunding bond	(14,418,530)	
Deferred inflows from issuance of bonds, net of amortization	(1,986,310)	
Payment to refunded bond escrow agent (principal portion)	16,013,101	
Serial bond proceeds	(2,150,000)	
Repayment of bond principal	11,047,816	
Repayment of special assessment bonds	32,820	
Repayment of installment purchase debt	3,500,000	12,038,897
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:		
Other post-employment benefits	(7,381,371)	
Employees' retirement system	(1,919,597)	
Compensated absences	169,597	
Judgments and claims payable	(1,420,000)	
Estimated liability for landfill closure and post-closure care costs	650,396	
Accrued interest costs	301,522	(9,599,453)
Net change in net position - governmental activities		$ 20,684,452

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

TOWN OF SOUTHAMPTON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2012

	MAJOR BUSINESS-TYPE ACTIVITIES		NON-MAJOR BUSINESS-TYPE ACTIVITIES	
	Beaches and Marinas	Waste Management	Golf Course	Total Proprietary Funds
ASSETS				
Current assets:				
Cash and cash equivalents	$ 224,464	$ 1,073,684	$ 621,246	$ 1,919,394
Accounts receivable, net	275	14,998	8,862	24,135
Due from fiduciary funds	53,791	56,555	-	110,346
Prepaid expenses	13,605	34,320	-	47,925
Inventory of materials and supplies	-	20,057	-	20,057
Total current assets	292,135	1,199,614	630,108	2,121,857
Non-current assets:				
Non-depreciable capital assets	8,024,789	169,100	3,093,174	11,287,063
Depreciable capital assets, net of depreciation	5,465,630	5,347,252	406,196	11,219,078
Total non-current assets	13,490,419	5,516,352	3,499,370	22,506,141
Total assets	$ 13,782,554	$ 6,715,966	$ 4,129,478	$ 24,627,998
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	$ 27,328	$ 62,771	$ 41,893	$ 131,992
Accrued interest payable	33,498	42,805	-	76,303
Bond anticipation notes payable	-	40,000	-	40,000
Due to other governments	-	-	285,121	285,121
Non-current liabilities due within one year - General obligation bonds payable	439,311	316,113	-	755,424
Total current liabilities	500,137	461,689	327,014	1,288,840
Non-current liabilities:				
General obligation bonds payable	3,118,937	3,971,803	-	7,090,740
Compensated absences	2,559	109,215	-	111,774
Total non-current liabilities	3,121,496	4,081,018	-	7,202,514
Total liabilities	3,621,633	4,542,707	327,014	8,491,354
DEFERRED INFLOWS				
Fees for services	23,081	57,619	-	80,700
Deferred inflow from issuance of debt	35,430	-	-	35,430
Total deferred inflows	58,511	57,619	-	116,130
NET POSITION				
Net investment in capital assets	9,896,741	1,188,436	3,499,370	14,584,547
Unrestricted	205,669	927,204	303,094	1,435,967
Total net position	10,102,410	2,115,640	3,802,464	16,020,514
Total liabilities, deferred inflows and net position	$ 13,782,554	$ 6,715,966	$ 4,129,478	$ 24,627,998

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, 2012

	MAJOR BUSINESS-TYPE ACTIVITIES		NON-MAJOR BUSINESS-TYPE ACTIVITIES	
	Beaches and Marinas	Waste Management	Golf Course	Total Proprietary Funds
OPERATING REVENUES:				
Real property taxes	$ 188,410	$ 288,490	$ -	$ 476,900
Charges for services	1,833,090	2,018,483	670,047	4,521,620
Other	8,602	157,726	99,521	265,849
Total operating revenues	2,030,102	2,464,699	769,568	5,264,369
OPERATING EXPENSES:				
Beaches and marinas	1,115,184	-	-	1,115,184
Waste management	-	1,423,457	-	1,423,457
Golf course	-	-	694,900	694,900
Depreciation	289,036	458,486	17,972	765,494
Employee benefits	160,898	370,851	-	531,749
Total operating expenses	1,565,118	2,252,794	712,872	4,530,784
Operating income	464,984	211,905	56,696	733,585
NON-OPERATING REVENUES (EXPENSES):				
Interfund transfers in	47,886	-	-	47,886
Interfund transfers out	(27,800)	-	-	(27,800)
Interest income	997	444	256	1,697
Interest on debt	(155,157)	(148,576)	-	(303,733)
Total non-operating revenues (expenses)	(134,074)	(148,132)	256	(281,950)
Change in net position	330,910	63,773	56,952	451,635
Total net position, beginning of year	9,771,500	2,051,867	3,745,512	15,568,879
Total net position, end of year	$ 10,102,410	$ 2,115,640	$ 3,802,464	$ 16,020,514

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, 2012

	MAJOR BUSINESS-TYPE ACTIVITIES		NON-MAJOR BUSINESS-TYPE ACTIVITIES	
	Beaches and Marinas	Waste Management	Golf Course	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Revenue collected:				
Real property taxes	$ 188,410	$ 288,490	$ -	$ 476,900
Cash receipts from customers	1,853,094	2,092,672	662,413	4,608,179
Other operating cash receipts	8,602	157,726	99,521	265,849
Payments for expenses:				
Cash payments to other suppliers of goods or services	(1,103,545)	(1,408,501)	(656,708)	(3,168,754)
Cash payments to employees for services and related expenses	(185,568)	(348,372)	-	(533,940)
Other operating cash payments	(32,281)	567,132	56,953	591,804
Net cash provided by operating activities	728,712	1,349,147	162,179	2,240,038
CASH FLOWS FROM FINANCING ACTIVITIES:				
Purchase of capital assets	(39,203)	(124,782)	-	(163,985)
Principal paid on bond anticipation note	-	40,000	-	40,000
Principal paid on capital debt	(422,957)	(296,406)	-	(719,363)
Interest paid on capital debt	(155,157)	(148,576)	-	(303,733)
Interfund transfer	20,086	-	-	20,086
Net cash used by financing activities	(597,231)	(529,764)	-	(1,126,995)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and earnings received	997	444	256	1,697
Net cash provided by investing activities	997	444	256	1,697
Net increase in cash and cash equivalents	132,478	819,827	162,435	1,114,740
Cash and cash equivalents, beginning of year	91,986	253,857	458,811	804,654
Cash and cash equivalents, end of year	$ 224,464	$ 1,073,684	$ 621,246	$ 1,919,394
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	$ 464,984	$ 211,905	$ 56,696	$ 733,585
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	289,036	458,486	17,972	765,494
Accounts receivable	(275)	20,995	(7,634)	13,086
Due from fiduciary funds	22,405	567,132	-	589,537
Prepaid expenses	6,546	12,953	-	19,499
Accounts payable and accrued liabilities	5,093	2,003	38,192	45,288
Due to fiduciary funds	(54,686)	-	-	(54,686)
Due to other governments	-	-	56,953	56,953
Fees for services	20,279	53,194	-	73,473
Compensated absences	(24,670)	22,479	-	(2,191)
Net cash provided by operating activities	$ 728,712	$ 1,349,147	$ 162,179	$ 2,240,038

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, 2012

		Agency Funds
ASSETS		
Cash	$	80,380,110
Accounts receivable, net		3,528
Due from governmental funds		803,141
Service award program assets		1,575,945
Total assets	$	82,762,724
LIABILITIES		
Due to proprietary funds	$	110,346
Due to governmental funds		1,028,354
Due to school districts		39,045,098
Due to Law Enforcement Services		32,370
Due to Justices		190,834
Bail liability		538,556
Service award program liabilities		1,575,945
Other agency liabilities		40,241,221
Total liabilities	$	82,762,724

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

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, Assessor and the Commissioner of Public Works 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 more 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 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. The Trustees are accounted for as a blended component unit of the Town and are reported as a special revenue fund in the non-major governmental funds. 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 that is backed by the full faith and credit of the Town, and other fiscal matters result in a fiscal interdependency with 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 responsibilities to them and cannot influence their operations.

The Town does not exercise oversight responsibility over these entities and their financial statements are not part of the Town's combined financial statements.

C. Undivided interest

An "undivided interest" (also known as a joint operation) is an arrangement that resembles a joint venture but no entity or organization is created by the participants. An undivided interest is an ownership arrangement in which two or more parties own property in which title is held individually to the extent of each party's interest. Implied in that definition is that each participant is also liable for specific, identifiable obligations (if any) of the operation. Because an undivided interest is not a legal entity, borrowing to finance its operations often is done individually by each participant. The Town participates in the following undivided interest:

The Town of Southampton and the Town of East Hampton entered into an inter-municipal agreement to purchase and operate a public golf course, driving range, and related facilities, known as the Poxabogue Golf Course. The Towns share equal and undivided ownership of the Golf Course and share equally all profits or losses of operating and maintaining the Golf Course. The Poxabogue Golf Course is presented as a non-major fund in the proprietary fund financial statements. Complete financial statements for the Town of East Hampton can be obtained from the Town of East Hampton, 159 Pantigo Road, East Hampton, NY 11937.

D. 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 statements include the financial activities of the overall government except for fiduciary activities. Eliminations of internal activity have been made in these statements. The primary government is reported separately from the legally separate component unit 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, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues to produce the net cost of each program. Program revenues include (a) charges for services 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 income, 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, liabilities, 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.

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.

Highway Fund: is used to account for revenues and expenditures for highway purposes.

Public Safety Communications: is used to account for financial resources for the operation of the E-911 communication facility.

Capital Projects Fund: is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

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).

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.

Trustees of the Freeholders and Commonalty: is used to account for financial resources for the preservation and protection of the waterways.

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:	
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 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 present 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 enterprise 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.

Waste Management: used to account for operations related to the Town's refuse.

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

Golf Course: used to account for operations related to Poxabogue Golf Course.

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

Town Clerk Agency Fund: accounts for amounts due to other governments for license and permit fees.

Justice Court Agency Fund: accounts for amounts due to other governments and bail liability.

E. 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 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.

F. Property taxes

In Suffolk County ("County"), the assessment and lien of real property for taxation is done by the County Department of Assessment. The County 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.

G. 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. Transfers

Interfund transfers represent payments to/from other funds for reimbursement of costs paid by one fund for another fund or funding for capital projects.

H. 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 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.

I. 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.

J. 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.

K. Inventory - materials and supplies

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

L. Prepaid expenses

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

M. Restricted assets

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

N. 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	25-50 years
Improvements other than buildings	20 years
Machinery and equipment	5-30 years
Infrastructure -	
Bridges	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	25 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.

O. Premiums on debt issuance

Premiums related to the issuance of long-term debt are amortized on a straight-line basis over the life of the issue and are presented as part of deferred inflows. Premiums considered to be immaterial are not amortized. In the fund financial statements, premiums are recognized during the current period as other financing sources.

P. Deferred outflows

Deferred outflows of resources are defined as a consumption of net position by the government that is applicable to future periods. Discounts related to the issuance of long-term debt and any loss on the early retirement of refunded debt are amortized on a straight-line basis over the life of the later issue, and are presented net of accumulated amortization, in the government-wide financial statements as deferred outflows of resources. Bond issuance costs are not amortized. In the fund financial statements, bond issuance costs are recognized during the current period as expenditures.

Q. Deferred inflows

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. Deferred inflows also arise when the Town receives resources before it has legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. 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.

R. 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.

S. Long-term obligations

The liabilities for long-term obligations consisting of general obligation bonds payable, special assessment bonds payable, installment purchase debt payable, amounts due to Employees' Retirement System, compensated absences, judgments and claims, other post-employment benefits and liability for landfill closure and post-closure care costs are recognized in the government-wide financial statements.

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.

T. 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.

U. 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.

V. Equity classifications:

Government-wide financial statements

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

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.

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.

Unrestricted: is the amount of net position, 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 $2,700,813.

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 has established the following restricted fund balances:

   Debt Service

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

   A summary of the activity in the debt service reserve for the year ended December 31, 2012 is as follows:

Balance - beginning	$ 11,557,953
Board approved transfer of fund balance	1,015,933
Liquidation of reserve for debt service payments	(685,170)
Balance - ending	$ 11,888,716

   Encumbrances

   Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the Major Funds, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

   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.

   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.

Community Preservation Fund

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.

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, 2012.

4. Assigned - Includes amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. They also include constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance, except for tax stabilization arrangements.

5. Unassigned - Includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the Town.

Fund balances for all the major and nonmajor governmental funds as of December 31, 2012, were distributed as follows:

	General Fund	Police District Fund	Town Outside Village Fund	Highway Fund	Public Safety Communications	Capital Projects Fund	Community Preservation Fund	Non-Major Funds	Total Governmental Funds
Nonspendable									
Prepaid expenses	$ 1,317,335	$ 850,750	$ 160,369	$ 220,793	$ 96,607	$ -	$ 3,730	$ 51,229	$ 2,700,813
Total nonspendable	1,317,335	850,750	160,369	220,793	96,607	-	3,730	51,229	2,700,813
Restricted									
Debt reserve	1,096,415	11,223	8,547	221,411	5,891	-	9,452,514	1,092,715	11,888,716
Tax stabilization	5,309,325	1,568,279	392,504	883,673	162,728	-	-	-	8,316,509
Capital projects	-	-	-	-	-	914,918	-	-	914,918
Community preservation operations	-	-	-	-	-	-	34,327,081	-	34,327,081
Restricted for specific project	-	-	-	-	-	-	-	6,695,793	6,695,793
Restricted for specific grant	-	-	-	-	-	-	-	386,890	386,890
Total restricted	6,405,740	1,579,502	401,051	1,105,084	168,619	914,918	43,779,595	8,175,398	62,529,907
Assigned									
Designated for subsequent year's expenditures	981,250	-	-	360,400	160,000	-	-	80,000	1,581,650
Encumbrances	83,569	3,230	-	-	-	-	-	-	86,799
Designated for special purpose	-	657,129	786,801	703,198	331,842	-	-	2,664,717	5,143,687
Total assigned	1,064,819	660,359	786,801	1,063,598	491,842	-	-	2,744,717	6,812,136
Unassigned	5,786,071	-	-	-	-	-	-	-	5,786,071
Total	$ 14,573,965	$ 3,090,611	$ 1,348,221	$ 2,389,475	$ 757,068	$ 914,918	$ 43,783,325	$ 10,971,344	$ 77,828,927

Order of use of fund balance

The Town's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

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 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 three 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. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary data

The Town follows the procedures enumerated below in establishing the budgetary data (pages 70-73) 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 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 supplemental 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 and the Trustees of the Freeholders and Commonalty do not have annually adopted budgets.

B. Fund balances

Designation of fund balance

Portions of the assigned fund balances at December 31, 2012 were designated for the subsequent year's operating budgets as follows:

Fund	Total Assigned Fund Balance	Fund Balance Designated For Subsequent Year
Major governmental funds:		
General Fund	$ 1,064,819	$ 981,250
Police District Fund	660,359	-
Town Outside Village Fund	786,801	-
Highway Fund	1,063,598	360,400
Public Safety Communications	491,842	160,000
Non-Major governmental funds:		
Fire Protection Districts	56,376	-
Lighting Districts	460,603	-
Public Parking Districts	165,986	-
Water Districts	1,111,737	80,000
Ambulance Districts	268,191	-
Coastal Erosion	376,975	-
Parks Districts	304,849	-
Total	$ 6,812,136	$ 1,581,650

Fund deficits

As of December 31, 2012, there were no deficit fund balances in any governmental funds.

5. 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, 2012, the Town's book balances were $167,659,239. The Town's bank deposit balances were $169,537,302, of which $77,450,768 was covered by the Federal Deposit Insurance Corporation, $60,134,796 was covered by collateral held by the Town's agent, a third-party financial institution, in the Town's name and $40,078,539 was collateralized with securities held by the pledging financial institution, or its trust, in the name of the Town.

At December 31, 2012, the Town's component units' bank balances were covered by the Federal Deposit Insurance Corporation.

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, 2012, the Town did not have any investments subject to credit risk, interest-rate risk or concentration of credit risk.

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances for the primary government at December 31, 2012 represent primarily 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	$ 698,356	$ -
Police District Fund	-	4,615
Town Outside Village Fund	-	4,026
Highway Fund	6,056	-
Public Safety Communications	-	2,400
Capital Projects Fund	-	508,736
Community Preservation Fund	-	1,460
Non-Major Governmental Funds	323,942	281,904
Major Business-Type Funds:		
Beaches and Marinas	53,791	-
Waste Management	56,555	-
Agency Funds	803,141	1,138,700
	$ 1,941,841	$ 1,941,841

Interfund transfer balances for the primary government at December 31, 2012 represent primarily 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	$ 740,577	$ 257,373
Town Outside Village Fund	-	10,000
Highway Fund	17,607	1,020,000
Public Safety Communications	4,987	96,000
Capital Projects Fund	1,288,343	364,699
Community Preservation Fund	194,925	541,000
Non-Major Governmental Funds	147,061	124,514
Major Business-Type Funds:		
Beaches and Marinas	47,886	27,800
	$ 2,441,386	$ 2,441,386

7. CAPITAL ASSETS

Governmental funds capital asset balances and activity for the year ended December 31, 2012 were as follows:

	Beginning Balance	Additions	Adjustments	Ending Balance
Capital assets not being depreciated:				
Land	$ 505,894,209	$ 38,690,839	$ -	$ 544,585,048
Total	$ 505,894,209	$ 38,690,839	$ -	544,585,048
Depreciable capital assets:				
Buildings	$ 39,497,877	$ 473,021	$ -	39,970,898
Improvements other than buildings	14,807,980	404,561	-	15,212,541
Machinery and equipment	27,212,167	1,199,486	(939,445)	27,472,208
Infrastructure -				
Bridges	1,296,471	1,025	-	1,297,496
Landfill	9,412,515	-	-	9,412,515
Roads, curbs and sidewalks	349,277,957	3,088,996	-	352,366,953
Lighting system	1,349,791	-	-	1,349,791
Bulkheads, piers and boardwalks	10,150,580	78,000	-	10,228,580
Water and sewer mains	11,407,906	1,242,673	-	12,650,579
Total depreciable capital assets	$ 464,413,244	$ 6,487,762	$ (939,445)	469,961,561
Less accumulated depreciation:				
Buildings	$ 9,030,069	$ 788,354	$ -	9,818,423
Improvements other than buildings	6,735,861	579,576	-	7,315,437
Machinery and equipment	18,953,372	2,056,076	(928,098)	20,081,350
Infrastructure -				
Bridges	218,421	36,236	-	254,657
Landfill	5,275,614	313,751	-	5,589,365
Roads, curbs and sidewalks	187,536,177	13,607,751	-	201,143,928
Lighting system	1,309,050	16,405	-	1,325,455
Bulkheads, piers and boardwalks	5,153,520	271,665	-	5,425,185
Water and sewer mains	3,312,349	240,905	-	3,553,254
Total accumulated depreciation	$ 237,524,433	$ 17,910,719	$ (928,098)	254,507,054
Total depreciable capital assets, net				215,454,507
Total capital assets, net				$ 760,039,555

Depreciation expense was charged to governmental functions as follows:

General governmental support	$ 1,378,695
Public safety	706,764
Transportation	14,573,937
Economic assistance and opportunity	62,119
Culture and recreation	345,638
Home and community services	843,566
Total governmental activities depreciation expense	$ 17,910,719

Enterprise Funds capital asset balances and activity for the year ended December 31, 2012 were as follows:

	Beginning Balance	Additions	Adjustments	Ending Balance
Capital assets not being depreciated:				
Land	$ 11,287,063	$ -	$ -	$ 11,287,063
Total	$ 11,287,063	$ -	$ -	11,287,063
Depreciable capital assets:				
Buildings	$ 4,422,433	$ -	$ -	4,422,433
Improvements other than buildings	9,045,133	39,204	-	9,084,337
Machinery and equipment	2,851,081	124,778	-	2,975,859
Total depreciable capital assets	$ 16,318,647	$ 163,982	$ -	16,482,629
Less accumulated depreciation:				
Buildings	$ 1,053,302	$ 91,434	$ -	1,144,736
Improvements other than buildings	1,668,954	437,053	-	2,106,007
Machinery and equipment	1,775,801	237,007	-	2,012,808
Total accumulated depreciation	$ 4,498,057	$ 765,494	$ -	5,263,551
Total depreciable capital assets, net				11,219,078
Total capital assets, net				$ 22,506,141

Depreciation expense was charged to enterprise functions as follows:	
Waste management	$ 458,486
Beaches and marinas	289,036
Golf course	17,972
Total enterprise funds depreciation expense	$ 765,494

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, 2012, 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, 2012 were as follows:

	Beginning Balance	Additions	Adjustments	Ending Balance
Capital assets not being depreciated:				
Land	$ 683,700	$ -	$ -	$ 683,700
Construction-in-progress	33,873	60,894	-	94,767
Total	$ 717,573	$ 60,894	$ -	778,467
Depreciable capital assets:				
Buildings	$ 2,435,796	$ -	$ -	2,435,796
Equipment	165,666	225	-	165,891
Building improvements	322,620	227,014	-	549,634
Total depreciable capital assets	$ 2,924,082	$ 227,239	$ -	3,151,321
Less accumulated depreciation:				
Buildings	$ 392,586	$ 61,988	$ -	454,574
Equipment	60,499	24,151	-	84,650
Building improvements	36,574	28,725	-	65,299
Total accumulated depreciation	$ 489,659	$ 114,864	$ -	604,523
Total depreciable capital assets, net				2,546,798
Total capital assets, net				$ 3,325,265
Depreciation expense was charged as follows:				
Economic assistance and opportunity				$ 114,864

8. SHORT-TERM DEBT

Bond anticipation notes ("BANs") are used as a temporary means of financing capital expenditures in the Capital Projects Fund and land acquisitions in the Community Preservation 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 and Community Preservation Fund. BANs were 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, 2012 is as follows:

	Beginning Balance	Increases	Reductions	Ending Balance
Bond anticipation notes @ .50% maturing on April 18, 2013	$ -	$ 6,105,000	$ -	$ 6,105,000

There was no interest paid on short-term debt during the year ended December 31, 2012.

9. LONG-TERM DEBT OBLIGATIONS

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

	Beginning Balance	Increases	Reductions	Ending Balance	Amounts Due Within One Year	Noncurrent Liabilities
Governmental activities:						
General obligation bonds payable	$ 129,537,011	$ 16,568,530	$ 27,060,917	$ 119,044,624	$ 11,410,076	$ 107,634,548
Total general obligation bonds payable	129,537,011	16,568,530	27,060,917	119,044,624	11,410,076	107,634,548
Special assessment bonds with governmental commitment	202,031	-	32,820	169,211	44,500	124,711
Installment purchase debt payable	13,572,700	-	3,500,000	10,072,700	3,500,000	6,572,700
Due to employees' retirement system	1,385,217	2,036,978	117,381	3,304,814	293,144	3,011,670
Compensated absences	10,722,448	-	169,597	10,552,851	33,419	10,519,432
Judgments and claims payable	1,700,000	1,690,458	270,458	3,120,000	-	3,120,000
Other post-employment benefits	38,001,772	11,053,371	3,672,000	45,383,143	-	45,383,143
Estimated liability for landfill closure and post-closure care costs	4,113,328	-	650,396	3,462,932	157,611	3,305,321
Total governmental activities	$ 199,234,507	$ 31,349,337	$ 35,473,569	$ 195,110,275	$ 15,438,750	$ 179,671,525
Business-type activities:						
General obligation bonds payable	$ 8,600,958	$ 451,470	$ 1,206,264	$ 7,846,164	$ 755,424	$ 7,090,740
Total general obligation bonds payable	8,600,958	451,470	1,206,264	7,846,164	755,424	7,090,740
Compensated absences	113,965	-	2,191	111,774	-	111,774
Total business-type activities	$ 8,714,923	$ 451,470	$ 1,208,455	$ 7,957,938	$ 755,424	$ 7,202,514
Discretely presented component unit:						
Mortgages payable	$ 2,927,692	$ -	$ 2,927,692	$ -	$ -	$ -
Revenue bonds	110,000	3,500,000	6,500	3,603,500	76,500	3,527,000
Total discretely presented component unit	$ 3,037,692	$ 3,500,000	$ 2,934,192	$ 3,603,500	$ 76,500	$ 3,527,000

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 5.550% and have maturity dates in 2015 through 2030.

On August 8, 2012, the Town issued $14,870,000 in serial bonds with an interest rate of 2.00% increasing to 5.00% to advance refund its outstanding 2003 Serial Bonds of $6,100,000 and 2004 Serial Bonds of $10,400,000. The net proceeds of $17,036,122 (after payment of $141,533 in underwriting fees, insurance and other issuance costs) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased, and the liability for those bonds has been removed from the Town's financial statements. The bonds were called on October 1, 2012. The economic gain on the transaction (the difference between the present values of the debt service payments on the old and new debt) was approximately $1,795,000.

On May 1, 2010, the Town issued $9,430,000 in serial bonds with an interest rate of 2.00% increasing to 5.00% to advance refund its outstanding 1997 Serial Bonds of $875,000, 1998 Serial Bonds of $750,000, 1999 Serial Bonds of $650,000, 2000 Serial Bonds of $1,250,000, 2001 Serial Bonds of $1,425,000 and 2002 Serial Bonds of $5,175,000. The net proceeds of $10,392,961 (after payment of $107,608 in underwriting fees, insurance and other issuance costs) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased, and the liability for those bonds has been removed from the Town's financial statements. The bonds were called on September 29, 2010. The economic gain on the transaction (the difference between the present values of the debt service payments on the old and new debt) was approximately $980,000.

Special assessment bonds - The Town has $169,211 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, the government 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.

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

Primary governmental activities

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 2012
NYS EFC bonds	6/1/1995	5/15/2015	3.700% - 5.550%	$ 120,000
NYS EFC bonds	7/1/1997	6/15/2017	3.750% - 5.350%	175,000
NYS EFC bonds	3/13/2003	4/15/2020	1.031% - 4.551%	415,000
NYS EFC bonds	3/4/2004	3/4/2020	1.056% - 4.235%	7,560,000
Open space preservation serial bonds	4/15/2004	4/15/2020	3.750% - 4.375%	9,490,300
Refunding serial bonds	2/24/2005	5/1/2016	3.000% - 5.000%	1,330,000
Public improvement serial bonds	2/1/2006	12/1/2020	3.250% - 4.000%	3,038,300
Public improvement serial bonds	9/15/2007	9/15/2022	3.875% - 4.125%	7,041,600
Open space preservation serial bonds	1/15/2009	1/15/2030	3.000% - 4.375%	17,700,000
Open space preservation serial bonds	4/1/2009	4/1/2030	3.000% - 4.500%	17,700,000
Refunding serial bonds	5/1/2010	5/1/2022	2.000% - 5.000%	7,425,684
Public improvement serial bonds	8/12/2010	8/12/2029	2.000% - 3.250%	17,975,000
Public improvement serial bonds	4/28/2011	4/15/2022	2.000% - 4.000%	13,184,000
Refunding serial bonds	8/8/2012	10/1/2023	2.000% - 5.000%	13,739,740
Retirement serial bonds	11/27/2012	11/15/2022	2.000% - 2.400%	2,150,000
				$ 119,044,624

Primary business-type activities

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 2012
Public improvement serial bonds	11/1/2004	11/1/2024	3.125% - 4.125%	$ 109,700
Public improvement serial bonds	2/1/2006	12/1/2020	3.250% - 4.000%	1,792,900
Public improvement serial bonds	9/15/2007	9/15/2022	3.875% - 4.125%	2,758,400
Refunding serial bonds	5/1/2010	5/1/2022	2.000% - 4.500%	303,904
Public improvement serial bonds	8/12/2010	8/12/2029	2.000% - 3.250%	2,210,000
Public improvement serial bonds	4/28/2011	4/15/2022	2.000% - 4.000%	291,000
Refunding serial bonds	8/8/2012	10/1/2023	2.000% - 5.000%	380,260
				$ 7,846,164

Special assessment bonds

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 2012
Public improvement serial bonds	2/1/2006	12/1/2020	3.250% - 4.000%	$ 68,800
Refunding serial bonds	5/1/2010	5/1/2016	2.000% - 5.000%	100,411
				$ 169,211

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

Primary governmental activities:

Year ended December 31,	Principal	Interest	Total
2013	$ 11,410,076	$ 3,998,939	$ 15,409,015
2014	11,292,538	3,673,797	14,966,335
2015	10,960,531	3,318,943	14,279,474
2016	10,697,135	2,972,049	13,669,184
2017	10,008,861	2,622,117	12,630,978
2018-2022	41,369,240	8,065,247	49,434,487
2023-2027	15,806,243	3,049,343	18,855,586
2028-2030	7,500,000	538,688	8,038,688
	$ 119,044,624	$ 28,239,123	$ 147,283,747

Primary business-type activities:

Year ended December 31,	Principal	Interest	Total
2013	$ 755,424	$ 281,395	$ 1,036,819
2014	700,844	255,605	956,449
2015	724,065	229,164	953,229
2016	776,353	199,725	976,078
2017	736,030	171,016	907,046
2018-2022	3,066,764	462,851	3,529,615
2023-2027	786,684	105,263	891,947
2028-2030	300,000	9,750	309,750
	$ 7,846,164	$ 1,714,769	$ 9,560,933

Special assessment bonds:

Year ended December 31,	Principal	Interest	Total
2013	$ 44,500	$ 10,941	$ 55,441
2014	31,605	7,017	38,622
2015	29,199	5,585	34,784
2016	29,107	4,840	33,947
2017	8,700	1,392	10,092
2018-2020	26,100	2,088	28,188
	$ 169,211	$ 31,863	$ 201,074

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

Interest paid	$	4,286,344
Less interest accrued in the prior year		(1,425,813)
Plus interest accrued in the current year		1,124,291
Total expense	$	3,984,822

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

Interest paid	$	303,733
Less interest accrued in the prior year		(76,303)
Plus interest accrued in the current year		76,303
Total expense	$	303,733

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. The outstanding balance of the obligation as of December 31, 2012 is $10,072,700. Costs associated with the total obligation equaled $19,572,000.

Terms of the obligation include an initial principal payment of $6,000,000, with annual principal installments of $3,500,000 due on October 1, 2012 through 2014, and a final principal payment of $3,072,700 on October 1, 2015. The installment purchase obligation is non-interest bearing. If in the event, any installment of principal is not paid by the due date, it shall bear interest from such date at a rate of 5% per annum to the date of payment. Management of the Town has determined that any imputed interest charges related to this loan would be immaterial and therefore no such charges have been recorded within the financial statements. Terms of the installment purchase obligation do not allow for prepayment of the obligation.

Other long-term debt - Liabilities for claims and judgments, other post-employment benefits and landfill closure and post-closure care costs are liquidated through future budgetary appropriations in the General Fund. The liabilities for compensated absences and due to Employees' Retirement System 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.

Mortgages payable - The Housing Authority received a mortgage through a bank for $1,800,000 (30 years) which was secured by an apartment complex, payable in monthly installments of $10,792 and guaranteed by the Town of Southampton. Interest was calculated at 6.00% and the mortgage was set to mature on August 23, 2035. During 2012, the Authority issued a revenue bond which was used to retire the outstanding mortgage obligation.

The Housing Authority assumed and adjusted the existing mortgage through the United States Department of Agriculture and Rural Housing Services in the amount of $1,332,038 which was secured by an apartment complex and payable in monthly installments of $6,407. Interest was calculated at 5.38% with a subsidy credit of $3,581 and the mortgage would have ballooned in 2035 with approximately $941,039 remaining. During 2012, the Authority issued a revenue bond which was used to retire the outstanding mortgage obligation.

Bond payable - In June 2010, the Housing Authority issued $110,000 of general obligation bonds at an interest rate of 3.55%. The proceeds will be used to reconstruct, furnish and equip a single family low income rental housing project located at 203 Ludlum Avenue in the Town of Southampton. The outstanding balance as of December 31, 2012 is $103,500.

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. 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, 2012 is $3,500,000.

The following is a summary of maturing debt service requirements:

Year ended December 31,	Principal	Interest	Total
2013	$ 76,500	$ 101,072	$ 177,572
2014	75,000	105,732	180,732
2015	75,000	104,402	179,402
2016	75,000	103,072	178,072
2017	80,000	101,660	181,660
2018-2022	407,000	480,784	887,784
2023-2027	395,000	432,484	827,484
2028-2032	475,000	367,881	842,881
2033-2037	540,000	289,972	829,972
2038-2042	645,000	190,838	835,838
2043-2047	760,000	68,425	828,425
	$ 3,603,500	$ 2,346,322	$ 5,949,822

10. PENSION PLANS

The Town of Southampton participates in the New York State and Local Employees' Retirement System ("NYSERS") and the New York State Local Police and Fire Retirement System ("NYSPFRS") (collectively the "Systems"). These are cost-sharing, multiple-employer public employee retirement systems. The Systems offer 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.

The NYSERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law ("NYSRSSL") governs obligations of employers and employees to contribute, and benefits to employees. The NYSERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244.

Obligations of employers and employees to contribute and benefits to employees are governed by the NYSRSSL. As set forth in the NYSRSSL, the Comptroller of the State of New York ("Comptroller") serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for custody and control of their funds.

The Systems are noncontributory for the employee, except for those who joined the Systems after July 27, 1976, who contribute 3% of their salary and after ten years are no longer required to contribute. Prior to October 1, 2000, all employees who joined the System after July 27, 1976 were required to contribute 3% of their salary. Effective January 1, 2010, new employees joining the System will contribute 3.5% of their salary and will contribute for their entire career. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

The Town is required to contribute at a rate determined actuarially by the Systems. The Town contributions made to the Systems also include additional contributions to fund various early retirement incentives made available to the Town employees. The credits and miscellaneous adjustments represent modifications made by the NYSERS and NYSPFRS for prior year's contributions. Required contributions for the current and two preceding years were:

	NYSERS			NYSPFRS			
Year Ended	Annual Required Contribution	Incentive/ Rate Amortization	Reconciliation and Miscellaneous Adjustments	Annual Required Contribution	Incentive/ Rate Amortization	Reconciliation and Miscellaneous Adjustments	Total Payment
2012	$ 4,137,521	$ 1,469,784	$ (2,557,650)	$ 2,841,541	$ 567,195	$ (1,132,937)	$ 5,325,454
2011	3,496,931	797,438	(1,376,854)	2,431,653	436,216	(763,025)	5,022,359
2010	2,743,049	164,654	(282,667)	1,931,364	-	(188,141)	4,368,259

The State Legislature allows local governments to amortize certain contribution costs. The cost of the amortization is billed and paid over a ten year period and includes an interest rate of 5.00%. As of December 31, 2012 the total principal payments payable by the Town are as follows:

Year ended December 31,	
2013	$ 293,144
2014	304,499
2015	316,295
2016	328,551
2017	341,284
2018-2022	1,721,041
	$ 3,304,814

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

Program Description

The Town of Southampton 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.

Funding Policy

The Plans are established under New York State Law Section 565-B, A7635-B, Article 11AAA. The Plans are non-contributory. 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 nonforfeitable 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 termination 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 participant 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 plan. 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, 2012.

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 contributions for the Westhampton War Memorial Ambulance Corporation of $59,797, the Flanders Northampton Volunteer Ambulance Corporation of $63,640, the Hampton Bays Volunteer Ambulance Corporation of $63,222 and the Southampton Volunteer Ambulance Corporation of $42,696 for the year ended December 31, 2011 were sufficient to satisfy current and future service award obligations upon eligibility for retirement.

Program financial condition (As of December 31, 2011)

Westhampton War Memorial Ambulance Corporation -	
Actuarial present value of vested benefits	$ 542,927
Net assets available for benefit	$ 387,046
Flanders Northampton Volunteer Ambulance Corporation -	
Actuarial present value of vested benefits	$ 523,730
Net assets available for benefit	$ 431,787
Hampton Bays Volunteer Ambulance Corporation -	
Actuarial present value of vested benefits	$ 446,966
Net assets available for benefit	$ 417,227
Southampton Volunteer Ambulance Corporation -	
Actuarial present value of vested benefits	$ 347,346
Net assets available for benefit	$ 339,885

Receipts and disbursements (For the year ended December 31, 2011)

Westhampton War Memorial Ambulance Corporation -

Program net assets, beginning of year			$	333,233
Changes during the year:				
Plan contributions	$	58,535		
Investment income earned		2,868		
Benefits paid		(3,000)		
Trustee fees		(1,728)		
Administrative fees		(2,862)		53,813
Program net assets, end of year			$	387,046
Contributions -				
Amount of sponsor's contribution recommended by actuary			$	59,797
Amount of sponsor's actual contribution			$	58,535

Flanders Northampton Volunteer Ambulance Corporation -

Program net assets, beginning of year			$	372,924
Changes during the year:				
Plan contributions	$	63,238		
Investment income earned		3,272		
Benefits paid		(2,985)		
Trustee fees		(1,928)		
Administrative fees		(2,734)		58,863
Program net assets, end of year			$	431,787
Contributions -				
Amount of sponsor's contribution recommended by actuary			$	63,640
Amount of sponsor's actual contribution			$	63,238

Hampton Bays Volunteer Ambulance Corporation -

Program net assets, beginning of year			$	361,607
Changes during the year:				
Plan contributions	$	59,169		
Investment income earned		3,087		
Benefits paid		(1,729)		
Trustee fees		(1,869)		
Administrative fees		(3,038)		55,620
Program net assets, end of year			$	417,227
Contributions -				
Amount of sponsor's contribution recommended by actuary			$	63,222
Amount of sponsor's actual contribution			$	59,169

Southampton Volunteer Ambulance Corporation -

Program net assets, beginning of year		$ 301,044
Changes during the year:		
Plan contributions	$ 41,019	
Investment income earned	2,330	
Benefits paid	(240)	
Trustee fees	(1,547)	
Administrative fees	(2,721)	38,841
Program net assets, end of year		$ 339,885

Contributions -

Amount of sponsor's contribution recommended by actuary	$ 42,696
Amount of sponsor's actual contribution	$ 41,019

Funding methodology and actuarial assumptions

Westhampton War Memorial Ambulance Corporation -

Valuation Date	December 31, 2011
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 US Uninsured Pensioner 50/50 M/F Mortality Table
Remaining Amortization Period	-0- Years
Asset Valuation Method	Fair Market Value
Actuarial Assumptions:	
Investment Rate of Return	6.5%

Flanders Northampton Volunteer Ambulance Corporation -

Valuation Date	December 31, 2011
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 US Uninsured Pensioner 50/50 M/F Mortality Table
Remaining Amortization Period	-0- Years
Asset Valuation Method	Fair Market Value
Actuarial Assumptions:	
Investment Rate of Return	6.5%

Hampton Bays Volunteer Ambulance Corporation -

Valuation Date	December 31, 2011
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 US Uninsured Pensioner 50/50 M/F Mortality Table
Remaining Amortization Period	-0- Years
Asset Valuation Method	Fair Market Value
Actuarial Assumptions:	
Investment Rate of Return	6.5%

Southampton Volunteer Ambulance Corporation -

Valuation Date	December 31, 2011
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 US Uninsured Pensioner 50/50 M/F Mortality Table
Remaining Amortization Period	-0- Years
Asset Valuation Method	Fair Market Value
Actuarial Assumptions:	
Investment Rate of Return	6.5%

12. 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 Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions, (which was superseded when GASB codified the standards in 2012) 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, 226 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, 2012, the Town recognized $3,672,000 for its share of insurance premiums for currently enrolled retirees.

The Town has obtained an actuarial valuation report as of January 1, 2012 which indicates that the total liability for other post-employment benefits is $148,511,000 ($69,865,000 related to retirees and $78,646,000 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 Statement No. 45. 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, 2012
Annual required contribution	$ 10,800,000
Interest on net OPEB obligation	1,520,071
Adjustment to ARC	(1,266,700)
Annual OPEB cost	11,053,371
Contributions made	3,672,000
Increase in net OPEB obligation	7,381,371
Net OPEB obligation, beginning of year	38,001,772
Net OPEB obligation, end of year	$ 45,383,143

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, 2012 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2010	$ 12,528,170	21.2%	$ 27,742,065
12/31/2011	$ 13,518,683	24.1%	$ 38,001,772
12/31/2012	$ 11,053,371	33.2%	$ 45,383,143

Funded status and funding progress

As of January 1, 2012, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was $148,511,000 and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $148,511,000. 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 the 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

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, 2012 actuarial valuation, the projected unit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which 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 7.9% initially, reduced by decrements to an ultimate rate of 4.4% after 83 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, 2012 was 25 years.

13. COMPENSATED ABSENCES

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

Estimated vacation, sick leave and compensatory absences accumulated by governmental fund type employees have been recorded in the Statements 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, 2012 the value of the accumulated vacation time and sick leave for governmental activities and business-type activities was $10,664,625.

14. COMMITMENTS AND CONTINGENCIES

A. Risk management

The Town has adopted GASB Statement No. 10 Accounting and Financial Reporting for Risk Financing and Related Insurance Issues (which was superseded when GASB codified the standards in 2012). The Statement 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 schedule below 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.

	2012	2011
Unpaid claims and claim adjustment expenditures at the beginning of the year	$ 1,700,000	$ 1,808,500
Incurred claims and claim adjustment expenditures:		
Provision for insured events of the current year and increases in provision for insured events of prior years	1,690,458	150,115
Total incurred claims and adjustment expenditures	3,390,458	1,958,615
Payments:		
Claims and claim adjustment expenditures attributable to insured events of the current and prior years	270,458	258,615
Total payments	270,458	258,615
Unpaid claims and claim adjustment expenditures at the end of the year	$ 3,120,000	$ 1,700,000

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 "Shinnecocks") 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 Shinnecocks allegedly had a leasehold interest, were illegally conveyed and that the Shinnecocks should be granted "possessory rights" to such properties including restoration to the Shinnecocks 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 Shinnecocks' complaint in its entirety, pursuant to Fed. R. Civ. P.12(b)(6), for equitable considerations, including plaintiffs' delay in commencing the action.

The Shinnecocks 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 Shinnecocks' 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 Shinnecocks 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 successive three-month extensions of the indefinite adjournment. Although the last extension expired on February 28, 2013, another request for three-month extension (to June 1, 2013) has been submitted by the Shinnecocks, and it is anticipated that this request will be granted.

C. Landfill closure and post-closure care costs

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, 2012, the Town has recorded a liability of $3,462,932 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, 2012.

D. Government grants

The Town has received grants, which are subject to audit by agencies of the State and federal governments. 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, subsequent to the adoption of the 2011 Town budget but prior to the adoption of the 2012 Town budget, 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, growth 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 (but not less than 1 percent), 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.

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, 2012 totaled approximately $310,000.

The Town is also committed under various other operating leases that expire on various dates through December 31, 2015. Total rental expenditures on these leases for the year ended December 31, 2012 was approximately $59,000.

Future minimum operating lease commitments are as follows:

Year ended December 31,		
2013	$	383,471
2014		387,934
2015		382,297
2016		349,313
2017		349,313
2018-2022		1,950,328
2023		130,992
	$	3,933,648

G. Service concession arrangements

Poxabogue Golf Course

In accordance with GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements (which was superseded when GASB codified the standards in 2012), 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, which expired on December 31, 2012. As of December 31, 2012, no liability or deferred inflow was reflected on the Town's financial statements as a result of their expiring arrangement. The Town issued a Request for Proposals for the operation of the Poxabogue Golf Facility on October 9, 2012. On April 23, 2013, the Town entered into contract with Steven Lee PGA Golf.

15. TWO PERCENT (2%) TRANSFER TAX

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

For the year ended December 31, 2012, and for the four previous years, the Town has the following 2% transfer tax revenue and expenses associated with environmental or historic preservation purposes:

Year ended December 31,	Revenues	Expenditures
2012	$ 38,064,858	$ 48,794,391
2011	39,218,452	35,766,085
2010	34,225,797	20,334,329
2009	24,805,488	31,066,640
2008	33,948,760	80,636,665

16. CONDENSED FINANCIAL STATEMENTS FOR THE DISCRETELY PRESENTED COMPONENT UNIT

The following represents condensed financial statements for the Town of Southampton Housing Authority, a discretely presented component unit, as of and for the year ended December 31, 2012:

Condensed Statement of Net Position:

	Assets and Deferred Outflows			Liabilities, Deferred Inflows and Net Position			
	Current Assets	Non-Current Assets	Deferred Outflows	Current Liabilities	Bonds and Other Long-Term Liabilities	Deferrred Inflows	Net Position
Town of Southampton Housing Authority	$ 952,415	$ 3,325,265	$ 132,083	$ 161,916	$ 3,527,000	$ 17,680	$ 703,167

Condensed Statement of Activities:

	Program					
	Expenses	Revenue	Net Revenues	Other	Change	Net Position
Town of Southampton Housing Authority	$ 771,963	$ 533,621	$ (238,342)	$ 373,210	$ 134,868	$ 703,167

17. NEW ACCOUNTING STANDARDS NOT YET IMPLEMENTED

GASB has issued Statement No. 66, Technical Corrections (effective for periods beginning after December 15, 2012), which resolves conflicting guidance that resulted from the issuance of two recent pronouncements; GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The Town is currently studying the Statement and plans on adoption when required, which will be for the 2013 financial statements.

GASB has issued Statement No. 67, Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25, which is to improve financial reporting by State and local governmental pension plans. The Town is currently studying the Statement and plans on adoption when required, which will be for the 2014 financial statements.

GASB has issued Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, which is to improve accounting and financial reporting by State and local governments for pensions. The Town is currently studying the Statement and plans on adoption when required, which will be for the 2015 financial statements.

18. SUBSEQUENT EVENTS

The Town has evaluated subsequent events occurring after the Statement of Net Position through the date of April 26, 2013, 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:

The Town issued $8,035,000 of Public Improvement Serial Bonds on April 15, 2013. The proceeds, together with $950,000 in available funds were used to redeem the Town's $6,105,000 outstanding bond anticipation notes and provide original funds in the amount of $2,880,000.

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Budget Amounts				Variance Favorable (Unfavorable)
	Original Budget	Revised Budget	Actual	Year-end Encumbrances	To Revised Budget
REVENUES					
Real property taxes	$ 21,591,824	$ 21,585,771	$ 21,585,771		$ -
Other real property tax items	185,000	185,000	196,896		11,896
Non-property tax items	1,350,000	1,350,000	1,431,473		81,473
Special assessments	-	-	47,332		47,332
Departmental income	734,940	734,940	946,798		211,858
Intergovernmental charges	147,802	120,815	113,778		(7,037)
Use of money and property	50,000	50,000	48,157		(1,843)
Licenses and permits	292,500	292,500	353,764		61,264
Fines and forfeitures	1,800,000	1,818,570	1,857,009		38,439
Sale of property and compensation for loss	-	461	461		-
Miscellaneous local sources	628,044	630,394	795,310		164,916
State aid	5,850,400	5,888,539	6,218,858		330,319
Federal aid	700,000	773,654	913,576		139,922
Total revenues	33,330,510	33,430,644	34,509,183		1,078,539
EXPENDITURES					
General governmental support	12,561,102	12,756,175	11,988,464	$ 83,569	684,142
Public safety	2,265,081	2,237,527	2,048,923	-	188,604
Economic assistance and opportunity	1,918,281	3,202,943	3,122,582	-	80,361
Culture and recreation	3,673,150	3,656,947	3,419,562	-	237,385
Home and community services	607,389	607,464	509,561	-	97,903
Employee benefits	8,325,996	8,364,099	7,704,465	-	659,634
Debt service -					
Principal	4,019,433	4,032,190	4,070,008	-	(37,818)
Interest	1,048,434	1,035,677	1,022,452	-	13,225
Total expenditures	34,418,866	35,893,022	33,886,017	83,569	1,923,436
Excess (deficiency) of revenues over (under) expenditures	(1,088,356)	(2,462,378)	623,166	(83,569)	3,001,975
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of refunding bond	-	-	5,148,530	-	5,148,530
Payment to refunded bond escrow agent	-	-	(5,724,554)	-	(5,724,554)
Premium on refunding bond issuance	-	-	576,024		576,024
Serial bond proceeds	660,000	511,700	511,700	-	-
Premium on debt issuance	-	-	6,763	-	6,763
Interfund transfers in	10,000	740,577	740,577	-	-
Interfund transfers out	(25,000)	(257,373)	(257,373)	-	-
Appropriated reserves	443,356	1,467,474	-	-	(1,467,474)
Total other financing sources (uses)	1,088,356	2,462,378	1,001,667	-	(1,460,711)
Changes in fund balance	-	-	1,624,833	$ (83,569)	$ 1,541,264
Fund balance, beginning of year	12,949,132	12,949,132	12,949,132		
Fund balance, end of year	$ 12,949,132	$ 12,949,132	$ 14,573,965		

The accompanying notes to financial statements should be read in conjunction with this schedule.

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - POLICE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Budget Amounts				Variance Favorable (Unfavorable)
	Original Budget	Revised Budget	Actual	Year-end Encumbrances	To Revised Budget
REVENUES					
Real property taxes	$ 19,521,100	$ 19,521,100	$ 19,521,100		$ -
Other real property tax items	120,000	120,000	128,716		8,716
Departmental income	293,000	333,000	539,699		206,699
Use of money and property	12,000	12,000	21,364		9,364
Licenses and permits	60,000	60,000	62,201		2,201
Sale of property and compensation for loss	-	-	17,697		17,697
Miscellaneous local sources	-	-	74,772		74,772
State aid	1,943,561	1,949,561	2,016,977		67,416
Federal aid	61,515	61,515	174,183		112,668
Total revenues	22,011,176	22,057,176	22,556,709		499,533
EXPENDITURES					
Public safety	15,716,994	15,639,983	14,881,727	$ 3,230	755,026
Employee benefits	7,616,047	7,656,482	7,043,274	-	613,208
Debt service -					
Principal	18,700	18,700	18,700	-	-
Interest	21,781	21,781	21,781	-	-
Total expenditures	23,373,522	23,336,946	21,965,482	3,230	1,368,234
Excess (deficiency) of revenues over (under) expenditures	(1,362,346)	(1,279,770)	591,227	(3,230)	1,867,767
OTHER FINANCING SOURCES					
Serial bond proceeds	1,350,000	1,240,550	1,240,550	-	-
Premium on debt issuance	-	-	16,397	-	16,397
Appropriated reserves	12,346	39,220	-	-	(39,220)
Total other financing sources	1,362,346	1,279,770	1,256,947	-	(22,823)
Changes in fund balance	-	-	1,848,174	$ (3,230)	$ 1,844,944
Fund balance, beginning of year	1,242,437	1,242,437	1,242,437		
Fund balance, end of year	$ 1,242,437	$ 1,242,437	$ 3,090,611		

The accompanying notes to financial statements should be read in conjunction with this schedule.

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, 2012

	Budget Amounts				Variance Favorable (Unfavorable)
	Original Budget	Revised Budget	Actual	Year-end Encumbrances	To Revised Budget
REVENUES					
Real property taxes	$ 1,758,082	$ 1,758,082	$ 1,758,082		$ -
Other real property tax items	8,000	8,000	12,655		4,655
Departmental income	3,003,950	3,003,950	3,512,015		508,065
Use of money and property	7,000	7,000	3,909		(3,091)
Miscellaneous local sources	-	-	13,782		13,782
State aid	-	-	25,695		25,695
Total revenues	4,777,032	4,777,032	5,326,138		549,106
EXPENDITURES					
Public safety	151,534	192,026	122,757	$ -	69,269
Home and community services	3,175,766	3,144,407	3,028,530	-	115,877
Employee benefits	1,535,254	1,537,881	1,480,863	-	57,018
Debt service -					
Principal	50,000	50,000	50,000	-	-
Interest	13,975	13,975	13,975	-	-
Total expenditures	4,926,529	4,938,289	4,696,125	-	242,164
Excess (deficiency) of revenues over (under) expenditures	(149,497)	(161,257)	630,013	-	791,270
OTHER FINANCING SOURCES (USES)					
Serial bond proceeds	150,000	150,000	186,835	-	36,835
Premium on debt issuance	-	-	2,470	-	2,470
Interfund transfers out	(10,000)	(10,000)	(10,000)	-	-
Appropriated reserves	9,497	21,257	-	-	(21,257)
Total other financing sources (uses)	149,497	161,257	179,305	-	18,048
Changes in fund balance	-	-	809,318	$ -	$ 809,318
Fund balance, beginning of year	538,903	538,903	538,903		
Fund balance, end of year	$ 538,903	$ 538,903	$ 1,348,221		

The accompanying notes to financial statements should be read in conjunction with this schedule.

TOWN OF SOUTHAMPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Budget Amounts				Variance Favorable (Unfavorable)
	Original Budget	Revised Budget	Actual	Year-end Encumbrances	To Revised Budget
REVENUES					
Real property taxes	$ 11,464,017	$ 11,464,017	$ 11,464,017		$ -
Other real property tax items	65,000	65,000	75,415		10,415
Intergovernmental charges	750,362	750,362	750,362		-
Use of money and property	10,000	10,000	18,083		8,083
Sale of property and compensation for loss	-	-	1,028		1,028
Miscellaneous local sources	20,000	20,000	49,994		29,994
State aid	650,000	659,563	704,123		44,560
Federal aid	11,500	11,500	144,676		133,176
Total revenues	12,970,879	12,980,442	13,207,698		227,256
EXPENDITURES					
Transportation	6,992,992	6,987,396	5,887,330	$ -	1,100,066
Employee benefits	3,051,232	3,078,218	2,642,272	-	435,946
Debt service -					
Principal	2,257,061	2,267,783	2,267,783	-	-
Interest	1,113,146	1,102,424	1,042,502	-	59,922
Total expenditures	13,414,431	13,435,821	11,839,887	-	1,595,934
Excess (deficiency) of revenues over (under) expenditures	(443,552)	(455,379)	1,367,811	-	1,823,190
OTHER FINANCING SOURCES (USES)					
Serial bond proceeds	200,000	200,000	210,915	-	10,915
Premium on debt issuance	-	-	3,033	-	3,033
Interfund transfers in	-	17,607	17,607	-	-
Interfund transfers out	-	(1,020,000)	(1,020,000)	-	-
Appropriated reserves	243,552	1,257,772	-	-	(1,257,772)
Total other financing sources (uses)	443,552	455,379	(788,445)	-	(1,243,824)
Changes in fund balance	-	-	579,366	$ -	$ 579,366
Fund balance, beginning of year	1,810,109	1,810,109	1,810,109		
Fund balance, end of year	$ 1,810,109	$ 1,810,109	$ 2,389,475		

The accompanying notes to financial statements should be read in conjunction with this schedule.

TOWN OF SOUTHAMPTON
SCHEDULE OF EMPLOYER CONTRIBUTIONS - SERVICE AWARD PROGRAM
DECEMBER 31, 2012

Westhampton War Memorial Ambulance Corporation:

Year Ended Dec. 31	Annual Required Contribution	Actual Contribution	Percentage Contributed
2011	$ 59,797	$ 58,535	97.89%
2010	58,535	57,192	97.71%
2009	57,192	51,822	90.61%

Flanders Northampton Volunteer Ambulance Corporation:

Year Ended Dec. 31	Annual Required Contribution	Actual Contribution	Percentage Contributed
2011	$ 63,640	$ 63,238	99.37%
2010	63,238	71,750	113.46%
2009	71,750	76,287	106.32%

Hampton Bays Volunteer Ambulance Corporation:

Year Ended Dec. 31	Annual Required Contribution	Actual Contribution	Percentage Contributed
2011	$ 63,222	$ 59,169	93.59%
2010	59,169	58,325	98.57%
2009	58,325	54,081	92.72%

Southampton Volunteer Ambulance Corporation:

Year Ended Dec. 31	Annual Required Contribution	Actual Contribution	Percentage Contributed
2011	$ 42,696	$ 41,019	96.07%
2010	41,019	42,723	104.15%
2009	42,723	47,707	111.67%

The accompanying notes to financial statements should be read in conjunction with this schedule.

TOWN OF SOUTHAMPTON
SCHEDULE OF FUNDING PROGRESS - SERVICE AWARD PROGRAM
DECEMBER 31, 2012

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]
2011	$ 387,046	$ 542,927	$ 155,881	71.29%	N/A*	N/A*
2010	333,233	481,804	148,571	69.16%	N/A*	N/A*
2009	251,076	412,171	161,095	60.92%	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]
2011	$ 431,787	$ 523,730	$ 91,943	82.44%	N/A*	N/A*
2010	372,924	468,900	95,976	79.53%	N/A*	N/A*
2009	274,960	422,693	147,733	65.05%	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]
2011	$ 417,227	$ 446,966	$ 29,739	93.35%	N/A*	N/A*
2010	361,607	391,923	30,316	92.26%	N/A*	N/A*
2009	277,402	341,666	64,264	81.19%	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]
2011	$ 339,885	$ 347,346	$ 7,461	97.85%	N/A*	N/A*
2010	301,044	333,679	32,635	90.22%	N/A*	N/A*
2009	235,835	295,322	59,487	79.86%	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.

TOWN OF SOUTHAMPTON
SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN
FOR THE YEAR ENDED DECEMBER 31, 2012

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)
01/01/09	$ -	$ 145,399,000	$ 145,399,000	0%	$ 37,330,904	389.49%
01/01/10	-	149,490,000	149,490,000	0%	38,278,198	390.54%
01/01/11	-	149,490,000	149,490,000	0%	37,513,001	398.50%
01/01/12	-	148,511,000	148,511,000	0%	37,953,261	391.30%

The accompanying notes to financial statements should be read in conjunction with this schedule.

TOWN OF SOUTHAMPTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

Federal Grantor/ Pass - Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Total Federal Expenditures
Highway Safety Cluster		
U.S. Department of Transportation		
Passed - through Office of the New York State Comptroller:		
State and Community Highway Safety	20.600	$ 9,347
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	34,282
		43,629
Aging Cluster		
U.S. Department of Health and Human Services		
Passed - through Suffolk County Administration on Aging:		
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	372,740
Nutrition Services Incentive Program	93.053	62,564
		435,304
U.S. Department of Housing and Urban Development		
Section 8 Housing Choice Vouchers Program	14.871	2,410,196
Passed - through Suffolk County:		
Community Development Block Grant	14.218	538,186
		2,948,382
U.S. Department of Justice		
Bulletproof Vest Partnership Program	16.607	20,618
Passed - through Suffolk County:		
Public Safety Partnership and Community Policing Grants	16.710	2,987
		23,605
U.S. Department of Transportation		
Passed - through Office of the New York State Comptroller:		
Highway Planning and Construction (Federal Emergency Management Agency)	20.205	144,676
U.S. Department of Health and Human Services		
Passed - through Suffolk County Administration on Aging:		
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers	93.052	7,500
U.S. Department of Homeland Security		
Emergency Management Performance Grants	97.042	1,125
Disaster Grants Public Assistance (Presidentially Declared Disasters)	97.036	645,507
		646,632
U.S. Department of Commerce		
Coastal Zone Management Administration Awards	11.419	662,350
TOTAL FEDERAL EXPENDITURES		$ 4,912,078

TOWN OF SOUTHAMPTON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs administered by the Town of Southampton (the "Town"), an entity as defined in Note 1 to the Town's financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through government agencies, are included on the Schedule of Expenditures of Federal Awards.

2. Basis of Accounting

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

The amounts reported as federal expenditures generally were obtained from appropriate federal financial reports for the applicable program and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program. These records are periodically reconciled to the general ledger which is the source of the financial statements.

3. Indirect Costs

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented.

4. Matching Costs

Matching costs (i.e. the Town's share of certain program costs) are not included in the reported expenditures.

5. Major Program Determination

The Town has determined that all federal programs with expenditures of $300,000 or more are Type A Programs for purposes of determining Major Programs.

Nawrocki Smith LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2012, and the related notes to the financial statements, which collectively comprise the Town's financial statements, and have issued our report thereon dated April 26, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Southampton's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Southampton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Melville, New York
April 26, 2013

Nawrocki Smith LLP

Nawrocki Smith LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Southampton's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 *Compliance Supplement* that could have a direct and material effect on the Town's major federal programs for the year ended December 31, 2012. The Town's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Southampton's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Southampton's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those changed with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, however material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Melville, New York
April 26, 2013

Nawrocki Smith LLP

TOWN OF SOUTHAMPTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion (unmodified) on the financial statements.
2. No deficiencies or material weaknesses were disclosed during the audit of the financial statements.
3. No instances of noncompliance were disclosed during the audit.
4. No deficiencies or material weaknesses were disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for the Town of Southampton express an unqualified opinion (unmodified).
6. No audit findings relative to the major federal award programs that are required to be reported in accordance with section 510(a) of OMB Circular A-133, were disclosed during the audit.
7. The programs tested as major programs were as follows:

CFDA Number	Name of Federal Program
	U.S. Department of Housing and Urban Development -
14.871	Section 8 Housing Choice Vouchers Program
14.218	Community Development Block Grant
	U.S. Department of Commerce
11.419	Coastal Zone Management Administration Awards
	U.S. Department of Homeland Security
97.036	Disaster Grants Public Assistance
	U.S. Department of Health and Human Services
93.045	Special Programs for the Aging
	Title III, Part C- Nutrition Services
93.053	Nutrition Services Incentive Program

8. The threshold for distinguishing Types A and B programs was $300,000.
9. Auditee was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None reported.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None reported.

TOWN OF SOUTHAMPTON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012

Findings - Financial Statement Audit

07-03 Recommendation - It was recommended that the Town should establish policies to ensure that interfund loans are repaid by the close of the next fiscal year in which the advances were made.

Status - We noted this recommendation was implemented.

Findings And Questioned Costs - Major Federal Award Programs Audit

None reported.

TOWN OF SOUTHAMPTON
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
JUSTICE COURT
FOR THE YEAR ENDED DECEMBER 31, 2012

	Town Justices							
	Justice Kooperstein	Justice Wilson	Justice Burke	Justice Schiavoni	Bail Accounts	Special Accounts	Parking Accounts	Totals
Cash balance, beginning of year	$ 47,829	$ 47,161	$ 41,364	$ 44,128	$ 421,189	$ 14,575	$ 22,603	$ 638,849
Collections:								
Traffic, criminal fines, civil and surcharge	541,882	606,548	604,517	583,512	-	-	-	2,336,459
Parking fines	117,090	123,445	166,220	139,970	-	-	8,692	555,417
Bail	-	-	-	-	630,257	-	-	630,257
Miscellaneous	25	25	26	26	-	10,157	1,075	11,334
Total collections	658,997	730,018	770,763	723,508	630,257	10,157	9,767	3,533,467
Disbursements:								
Town of Southampton	664,549	721,127	762,080	725,178	-	-	-	2,872,934
Return of bail and other	-	-	-	-	512,890	-	-	512,890
Miscellaneous	-	-	-	-	-	4,546	-	4,546
Total disbursements	664,549	721,127	762,080	725,178	512,890	4,546	-	3,390,370
Cash balance, end of year	$ 42,277	$ 56,052	$ 50,047	$ 42,458	$ 538,556	$ 20,186	$ 32,370	$ 781,946

The accompanying notes to financial statements should be read in conjunction with this schedule.

TOWN OF SOUTHAMPTON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	Special Revenue Funds			Special Districts Funds							
	Special Grant Fund	Special Fund	Trustees of the Freeholders and Commonalty	Fire Protection Districts	Lighting Districts	Public Parking Districts	Water Districts	Ambulance Districts	Coastal Erosion	Parks Districts	Total Non-Major Governmental Funds
ASSETS											
Cash and cash equivalents	$ -	$ 269,468	$ -	$ 225,651	$ 580,177	$ 127,455	$ 578,676	$ 792,910	$ 379,205	$ 417,081	$ 3,370,623
Restricted cash	454,830	5,787,790	908,003	-	-	62,370	1,092,715	-	-	-	8,305,708
Accounts receivable, net	306,738	48,372	-	-	-	-	456,156	-	-	-	811,266
State and federal aid receivables	-	74,547	-	-	-	-	-	-	-	-	74,547
Due from fiduciary funds	-	-	-	-	-	-	323,942	-	-	-	323,942
Prepaid expenses	-	688	-	-	7,814	-	42,727	-	-	-	51,229
Total assets	$ 761,568	$ 6,180,865	$ 908,003	$ 225,651	$ 587,991	$ 189,825	$ 2,494,216	$ 792,910	$ 379,205	$ 417,081	$ 12,937,315
LIABILITIES											
Accounts payable	$ 2,332	$ 324,624	$ -	$ 21,312	$ 21,714	$ 3,147	$ 55,312	$ -	$ 2,230	$ 13,362	$ 444,033
Accrued liabilities	16,450	-	-	-	-	-	1,289	-	-	-	17,739
Due to fiduciary funds	222,315	59,355	-	-	234	-	-	-	-	-	281,904
Total liabilities	241,097	383,979	-	21,312	21,948	3,147	56,601	-	2,230	13,362	743,676
DEFERRED INFLOWS											
Property taxes	133,581	8,408	-	147,963	97,626	20,692	190,436	524,719	-	98,870	1,222,295
Total deferred inflows	133,581	8,408	-	147,963	97,626	20,692	190,436	524,719	-	98,870	1,222,295
FUND BALANCE											
Fund balance:											
Nonspendable	-	688	-	-	7,814	-	42,727	-	-	-	51,229
Restricted	386,890	5,787,790	908,003	-	-	-	1,092,715	-	-	-	8,175,398
Assigned	-	-	-	56,376	460,603	165,986	1,111,737	268,191	376,975	304,849	2,744,717
Total fund balance	386,890	5,788,478	908,003	56,376	468,417	165,986	2,247,179	268,191	376,975	304,849	10,971,344
Total liabilities, deferred inflows and fund balance	$ 761,568	$ 6,180,865	$ 908,003	$ 225,651	$ 587,991	$ 189,825	$ 2,494,216	$ 792,910	$ 379,205	$ 417,081	$ 12,937,315

The accompanying notes to financial statements should be read in conjunction with this schedule.

TOWN OF SOUTHAMPTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Special Revenue Funds			Special Districts Funds							
	Special Grant Fund	Special Fund	Trustees of the Freeholders and Commonalty	Fire Protection Districts	Lighting Districts	Public Parking Districts	Water Districts	Ambulance Districts	Coastal Erosion	Parks Districts	Total Non-Major Governmental Funds
REVENUES											
Real property taxes	$ -	$ 20,000	$ -	$ 896,183	$ 555,648	$ 121,956	$ 1,132,081	$ 2,947,545	$ 510,657	$ 592,017	$ 6,776,087
Other real property tax items	-	-	-	5,824	2,079	174	31,532	69,186	-	1,215	110,010
Departmental income	-	-	707,200	-	-	-	1,987,574	-	-	-	2,694,774
Use of money and property	906	15,870	1,350	666	1,712	566	296,933	2,386	1,107	1,513	323,009
Miscellaneous local sources	7,760	839,228	159,044	-	437	-	6,386	-	-	-	1,012,855
State aid	-	87,956	-	-	-	-	-	-	-	-	87,956
Federal aid	2,948,382	-	-	-	-	-	-	-	-	-	2,948,382
Total revenues	2,957,048	963,054	867,594	902,673	559,876	122,696	3,454,506	3,019,117	511,764	594,745	13,953,073
EXPENDITURES											
General governmental support	-	278,361	-	-	-	-	-	-	-	-	278,361
Public safety	-	-	-	784,534	-	-	-	-	-	-	784,534
Health	-	-	-	-	-	-	-	2,742,820	-	-	2,742,820
Transportation	-	-	-	-	385,124	93,689	-	-	-	-	478,813
Economic assistance and opportunity	-	420	-	-	-	-	-	-	-	-	420
Culture and recreation	-	145,105	-	-	-	-	-	-	112,769	463,592	721,466
Home and community services	4,025,233	18,324	699,645	-	-	-	2,112,098	-	-	-	6,855,300
Employee benefits	-	22,843	-	-	70,567	-	448,223	229,357	-	-	770,990
Debt service -											
Principal	-	-	-	-	34,515	18,346	475,035	12,206	-	64,043	604,145
Interest	-	-	-	2,342	13,857	3,654	167,982	4,553	-	27,373	219,761
Total expenditures	4,025,233	465,053	699,645	786,876	504,063	115,689	3,203,338	2,988,936	112,769	555,008	13,456,610
Excess (deficiency) of revenues over (under) expenditures	(1,068,185)	498,001	167,949	115,797	55,813	7,007	251,168	30,181	398,995	39,737	496,463
OTHER FINANCING SOURCES											
Interfund transfers in	-	147,061	-	-	-	-	-	-	-	-	147,061
Interfund transfers out	-	(124,514)	-	-	-	-	-	-	-	-	(124,514)
Total other financing sources	-	22,547	-	-	-	-	-	-	-	-	22,547
Changes in fund balance	(1,068,185)	520,548	167,949	115,797	55,813	7,007	251,168	30,181	398,995	39,737	519,010
Fund balance (deficit), beginning of year,	1,455,075	5,267,930	740,054	(59,421)	412,604	158,979	1,996,011	238,010	(22,020)	265,112	10,452,334
Fund balance, end of year	$ 386,890	$ 5,788,478	$ 908,003	$ 56,376	$ 468,417	$ 165,986	$ 2,247,179	$ 268,191	$ 376,975	$ 304,849	$ 10,971,344

The accompanying notes to financial statements should be read in conjunction with this schedule.

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 supplemental 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, and required supplemental 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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
GOVERNMENTAL ACTIVITIES:										
Net position -										
Net investment in capital assets	$ 634,405,267	$ 603,043,978	$ 581,511,256	$ 576,456,907	$ 598,483,191	$ 548,126,307	$ 490,458,661	$ 460,410,585	$ 406,450,015	$ 407,881,517
Restricted	62,529,907	74,783,204	55,806,221	42,827,892	2,000,000	42,881,535	55,381,291	38,862,009	21,155,815	409,494
Unrestricted	(56,527,123)	(58,103,583)	(16,226,201)	(11,486,346)	10,120,175	4,204,695	10,633,964	9,086,181	36,157,397	19,549,251
Total net position	$ 640,408,051	$ 619,723,599	$ 621,091,276	$ 607,798,453	$ 610,603,366	$ 595,212,537	$ 556,473,916	$ 508,358,775	$ 463,763,227	$ 427,840,262
BUSINESS-TYPE ACTIVITIES:										
Net position -										
Net investment in capital assets	$ 14,584,547	$ 14,506,695	$ 14,385,599	$ 16,345,063	$ 14,054,090	$ 14,908,073	$ 14,506,091	$ 19,103,706	$ 18,040,105	$ 17,547,592
Restricted	-	-	-	-	1,217,763	-	-	-	-	-
Unrestricted	1,435,967	1,062,184	(3,403,998)	(6,153,916)	(680,933)	3,065,043	3,510,089	1,879,794	2,358,847	2,647,062
Total net position	$ 16,020,514	$ 15,568,879	$ 10,981,601	$ 10,191,147	$ 14,590,920	$ 17,973,116	$ 18,016,180	$ 20,983,500	$ 20,398,952	$ 20,194,654
PRIMARY GOVERNMENT:										
Net position -										
Net investment in capital assets	$ 648,989,814	$ 617,550,673	$ 595,896,855	$ 592,801,970	$ 612,537,281	$ 563,034,380	$ 504,964,752	$ 479,514,291	$ 424,490,120	$ 425,429,109
Restricted	62,529,907	74,783,204	55,806,221	42,827,892	3,217,763	42,881,535	55,381,291	38,862,009	21,155,815	409,494
Unrestricted	(55,091,156)	(57,041,399)	(19,630,199)	(17,640,262)	9,439,242	7,269,738	14,144,053	10,965,975	38,516,244	22,196,313
Total net position	$ 656,428,565	$ 635,292,478	$ 632,072,877	$ 617,989,600	$ 625,194,286	$ 613,185,653	$ 574,490,096	$ 529,342,275	$ 484,162,179	$ 448,034,916

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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
EXPENSES:										
Governmental activities:										
General governmental support	$ 23,735,945	$ 26,940,594	$ 25,074,740	$ 23,697,473	$ 22,212,560	$ 21,613,601	$ 21,073,386	$ 13,749,510	$ 11,807,826	$ 8,110,320
Public safety	32,672,478	39,135,250	31,543,786	29,768,091	27,954,384	26,068,407	24,505,847	23,985,814	22,723,700	21,813,848
Health	2,742,820	2,606,820	2,471,220	2,507,258	2,112,910	1,884,709	1,931,639	1,863,163	1,684,902	1,716,474
Transportation	23,067,768	25,946,066	23,815,305	24,024,518	22,949,170	20,775,342	20,505,468	20,786,907	21,654,671	22,195,902
Economic assistance and opportunity	4,194,245	4,493,983	3,126,172	3,660,663	2,699,959	2,138,101	1,965,077	1,652,804	2,146,850	1,629,254
Culture and recreation	6,375,416	8,779,126	7,438,142	7,471,413	7,850,068	6,704,058	7,733,883	7,039,429	5,377,096	8,146,330
Home and community services	13,857,100	16,478,801	15,196,972	17,378,146	12,843,426	13,468,932	11,283,722	14,702,455	11,997,058	11,164,794
Interest on debt	3,984,822	4,331,456	5,265,610	4,370,036	3,641,720	3,555,930	3,806,224	3,732,362	3,201,246	2,187,037
Total governmental activities	110,630,594	128,712,096	113,931,947	112,877,598	102,264,197	96,209,080	92,805,246	87,512,444	80,593,349	76,963,959
Business-type activities:										
Beaches and marinas	1,565,118	1,628,477	1,591,250	1,515,979	1,515,342	1,546,966	1,219,006	1,022,301	968,888	808,880
Waste management	2,252,794	2,334,084	2,354,890	2,197,650	2,093,351	2,342,016	2,484,078	2,252,638	1,978,748	1,684,519
Building and zoning	-	-	-	-	3,587,303	3,328,637	4,008,239	3,292,541	2,832,910	1,218,804
Golf course	712,872	629,314	650,647	633,436	702,164	647,353	603,471	613,757	526,887	-
Interest on debt	303,733	308,632	280,637	318,940	293,167	-	-	-	-	-
Total business-type activities	4,834,517	4,900,507	4,877,424	4,666,005	8,191,327	7,864,972	8,314,794	7,181,237	6,307,433	3,712,203
Total expenses	115,465,111	133,612,603	118,809,371	117,543,603	110,455,524	104,074,052	101,120,040	94,693,681	86,900,782	80,676,162
PROGRAM REVENUES:										
Governmental activities:										
Charges for services -										
General governmental support	2,268,068	1,410,236	1,255,590	1,163,085	1,047,045	1,295,227	1,148,280	1,392,928	1,305,664	1,099,951
Public safety	539,699	395,909	182,601	206,739	327,202	383,220	326,611	236,171	427,912	212,296
Transportation	864,140	874,274	684,058	622,237	-	12,500	28,750	23,600	49,010	-
Culture and recreation	47,332	51,209	62,559	81,834	98,160	98,859	264,194	225,494	-	-
Home and community services	6,206,789	5,738,767	5,721,557	5,451,000	1,799,608	2,224,198	2,207,920	2,395,959	2,017,685	2,513,140
Operating grants and contributions	44,489,319	46,193,967	42,090,351	31,720,088	42,334,202	59,483,982	57,699,159	57,171,559	49,091,891	33,296,505
Capital grants and contributions	831,877	1,045,638	235,547	495,052	61,851	150,164	292,004	289,634	1,228,882	564,197
Total governmental activities	55,247,224	55,710,000	50,232,263	39,740,035	45,668,068	63,648,150	61,966,918	61,735,345	54,121,044	37,686,089
Business-type activities:										
Charges for services -										
Beaches and marinas	1,833,090	1,702,160	1,633,128	1,569,862	1,363,697	1,359,631	1,286,899	1,172,782	934,195	872,049
Waste management	2,018,483	2,131,435	2,210,232	1,791,992	1,965,197	1,698,440	1,611,109	1,471,354	1,359,829	1,137,494
Building and zoning	-	-	-	-	3,348,958	4,487,872	4,224,260	4,172,109	3,775,742	1,649,401
Golf course	670,047	618,645	547,325	729,464	807,998	748,612	708,097	835,012	723,630	-
Operating grants and contributions	265,849	53,642	54,563	30,655	117,642	54,020	-	-	-	-
Total business-type activities	4,787,469	4,505,882	4,445,248	4,121,973	7,603,492	8,348,575	7,830,365	7,651,257	6,793,396	3,658,944
Total program revenues	60,034,693	60,215,882	54,677,511	43,862,008	53,271,560	71,996,725	69,797,283	69,386,602	60,914,440	41,345,033
Net (expense)/revenue	$ (55,430,418)	$ (73,396,721)	$ (64,131,860)	$ (73,681,595)	$ (57,183,964)	$ (32,077,327)	$ (31,322,757)	$ (25,307,079)	$ (25,986,342)	$ (39,331,129)

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

See accompanying independent auditor's report on financial statements
and supplemental information.

TOWN OF SOUTHAMPTON
CHANGE IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
NET (EXPENSE)/REVENUE:										
Governmental activities	$ (55,383,370)	$ (73,002,096)	$ (63,699,684)	$ (73,137,563)	$ (56,596,129)	$ (32,560,930)	$ (30,838,328)	$ (25,777,099)	$ (26,472,305)	$ (39,277,870)
Business-type activities	(47,048)	(394,625)	(432,176)	(544,032)	(587,835)	483,603	(484,429)	470,020	485,963	(53,259)
Net (expense)/revenue	$ (55,430,418)	$ (73,396,721)	$ (64,131,860)	$ (73,681,595)	$ (57,183,964)	$ (32,077,327)	$ (31,322,757)	$ (25,307,079)	$ (25,986,342)	$ (39,331,129)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Governmental activities:										
Real property taxes	$ 63,259,796	$ 61,685,290	$ 62,263,733	$ 59,192,549	$ 53,161,189	$ 50,764,207	$ 53,544,496	$ 50,303,869	$ 44,323,448	$ 44,259,783
Other real property tax items	536,486	569,203	536,037	65,223	446,647	440,318	505,080	461,227	468,583	579,069
Non-property tax items	1,431,473	1,424,315	1,350,747	1,013,649	1,010,521	894,303	825,080	630,384	508,821	472,196
Interest earnings	617,034	687,758	720,489	568,086	2,116,151	4,036,759	3,938,725	2,208,410	1,061,710	599,631
Local government assistance - County	-	-	-	-	-	1,501,061	-	-	-	-
State aid-unrestricted	7,893,931	8,193,369	8,053,994	7,301,340	11,108,990	12,276,742	14,217,209	13,931,716	14,032,079	11,066,539
Other	2,349,188	2,720,844	4,295,472	4,420,251	1,807,480	2,117,575	3,276,254	2,837,041	1,308,629	1,110,292
Transfers	(20,086)	(3,646,360)	(427,733)	-	1,213,366	701,446	2,646,625	-	692,000	-
Total governmental activities	76,067,822	71,634,419	76,792,739	72,561,098	70,864,344	72,732,411	78,953,469	70,372,647	62,395,270	58,087,510
Business-type activities:										
Real property taxes	476,900	1,333,287	492,017	-	-	-	-	-	-	-
Investment earnings	1,697	2,256	3,200	5,664	88,371	174,779	163,734	114,528	40,335	19,646
Transfers	20,086	3,646,360	427,733	-	(1,213,366)	(701,446)	(2,646,625)	-	(692,000)	-
Total business-type activities	498,683	4,981,903	922,950	5,664	(1,124,995)	(526,667)	(2,482,891)	114,528	(651,665)	19,646
Total general revenues and other changes in net position	$ 76,566,505	$ 76,616,322	$ 77,715,689	$ 72,566,762	$ 69,739,349	$ 72,205,744	$ 76,470,578	$ 70,487,175	$ 61,743,605	$ 58,107,156
CHANGE IN NET POSITION:										
Governmental activities	$ 20,684,452	$ (1,367,677)	$ 13,093,055	$ (576,465)	$ 14,268,215	$ 40,171,481	$ 48,115,141	$ 44,595,548	$ 35,922,965	$ 18,809,640
Business-type activities	451,635	4,587,278	490,774	(538,368)	(1,712,830)	(43,064)	(2,967,320)	584,548	(165,702)	(33,613)
Total change in net position	$ 21,136,087	$ 3,219,601	$ 13,583,829	$ (1,114,833)	$ 12,555,385	$ 40,128,417	$ 45,147,821	$ 45,180,096	$ 35,757,263	$ 18,776,027

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

See accompanying independent auditor's report on financial statements
and supplemental information.

TOWN OF SOUTHAMPTON
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
GENERAL FUND:										
Reserved			$ 5,725,525	$ 7,019,673	$ 471,089	$ 3,655,975	$ 3,430,741	$ 3,409,561	$ 3,215,268	$ 281,740
Unreserved			8,280,158	4,486,611	6,978,750	13,001,542	16,099,406	12,967,982	15,914,194	16,162,141
Total general fund			$ 14,005,683	$ 11,506,284	$ 7,449,839	$ 16,657,517	$ 19,530,147	$ 16,377,543	$ 19,129,462	$ 16,443,881
ALL OTHER GOVERNMENTAL FUNDS:										
Reserved			$ 50,448,390	$ 35,838,615	$ (3,516,835)	$ 43,506,414	$ 55,930,534	$ 41,883,796	$ 3,277,429	$ 2,879,781
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	1,244,861	24,682,060	16,820,170
Capital projects funds			334,683	(14,404,950)	(1,059,891)	1,404,997	(5,410,068)	(5,994,844)	19,831,679	(15,190,920)
Total all other governmental funds			$ 62,814,875	$ 29,159,220	$ 95,889	$ 47,422,085	$ 53,710,820	$ 37,133,813	$ 47,791,168	$ 4,509,031
GENERAL FUND										
Nonspendable	$ 1,317,335	$ 1,318,259								
Restricted	6,405,740	6,529,348								
Assigned	1,064,819	465,926								
Unassigned	5,786,071	4,635,599								
Total general fund	$ 14,573,965	$ 12,949,132								
ALL OTHER GOVERNMENTAL FUNDS:										
Nonspendable	$ 1,383,478	$ 1,529,744								
Restricted	56,124,167	68,253,856								
Assigned	5,747,317	3,999,525								
Unassigned	-	(81,441)								
Total all other governmental funds	$ 63,254,962	$ 73,701,684								

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

See accompanying independent auditor's report on financial statements
and supplemental information.

TOWN OF SOUTHAMPTON
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues										
Real property taxes	$ 63,259,796	$ 61,685,290	$ 62,263,733	$ 59,192,549	$ 53,161,189	$ 50,764,207	$ 53,544,496	$ 50,303,869	$ 44,323,448	$ 44,259,783
Other real property tax items	536,486	569,203	536,037	65,223	446,647	440,318	505,080	461,227	468,583	579,069
Non-property tax items	39,496,331	40,642,767	35,576,544	25,819,137	1,010,521	894,303	825,080	630,384	508,821	472,196
Special assessments	47,332	51,209	62,559	81,834	8,039	75,274	87,934	73,286	-	-
Departmental income	7,693,286	6,692,946	6,702,258	3,368,812	2,616,944	2,509,855	2,307,197	2,351,812	2,435,463	2,816,020
Intergovernmental charges	864,140	987,806	684,058	622,237	647,032	2,135,212	59,205	20,056	24,317	2,818
Use of money and property	617,034	687,758	720,489	568,086	2,116,151	4,290,876	4,178,880	2,426,708	1,273,001	812,927
License and permits	415,965	346,345	288,217	38,250	109,541	95,961	113,199	96,474	117,774	167,921
Fines and forfeitures	1,857,009	1,784,553	1,835,927	1,617,193	1,668,459	1,084,514	1,017,563	1,024,257	1,103,014	866,970
Sale of property and compensation for loss	19,186	34,872	262,688	15,399	29,480	38,164	20,808	109,285	426,005	323,867
Miscellaneous local sources	2,418,601	1,492,190	3,985,516	2,213,889	37,881,727	55,502,865	3,638,911	3,513,225	1,822,789	1,228,125
State aid	9,238,136	10,769,638	8,955,588	8,753,181	11,407,404	14,193,569	66,969,209	66,105,231	58,336,170	39,424,868
Federal aid	4,843,167	4,726,149	5,143,552	4,328,606	4,215,912	4,462,548	5,271,827	4,782,374	4,661,764	4,234,674
Total revenues	131,306,469	130,470,726	127,017,166	106,684,396	115,319,046	136,487,866	138,539,389	131,898,188	115,501,149	95,189,438
Expenditures										
Current:										
General governmental support	54,379,864	41,188,029	24,779,811	33,896,121	86,296,399	74,639,186	44,055,660	46,386,601	39,361,443	32,273,096
Public safety	19,406,028	18,527,638	19,067,239	16,287,036	18,709,082	18,324,645	17,488,758	17,499,935	15,516,401	16,630,515
Health	2,742,820	2,606,820	2,471,220	2,505,122	2,110,700	1,925,061	1,927,102	1,767,490	1,680,104	1,680,117
Transportation	6,366,143	7,087,272	7,444,043	6,860,470	6,681,248	6,375,348	7,031,824	7,361,579	7,109,323	7,269,521
Economic assistance and opportunity	3,123,002	2,692,752	2,107,374	2,607,405	1,836,619	1,728,207	1,647,758	1,750,367	1,598,221	1,429,712
Culture and recreation	4,141,028	4,241,038	4,375,822	4,110,850	5,231,407	5,290,288	5,155,503	4,934,401	3,715,785	3,097,396
Home and community service	10,393,391	10,390,084	10,236,731	8,688,200	8,845,066	8,606,388	6,954,653	8,359,553	8,225,007	9,935,676
Employee benefits	20,363,214	20,122,235	17,218,161	15,616,014	13,570,763	15,942,268	14,596,798	13,731,018	12,665,816	9,368,253
Capital outlay	6,004,465	9,695,990	6,878,197	9,753,807	16,079,769	12,068,690	13,020,704	30,630,441	21,774,807	29,907,261
Debt service :										
Principal	11,080,636	10,549,825	11,687,500	12,833,040	9,991,940	10,582,811	10,931,007	9,419,814	7,304,000	6,146,000
Interest	4,286,344	4,274,478	4,833,281	4,370,036	3,679,405	3,580,816	3,860,857	3,466,263	3,083,955	2,058,513
Bond issuance costs	-	-	-	-	-	-	-	91,483	-	-
Advance refunding escrow	-	-	-	-	-	-	-	309,695	-	-
Total expenditures	142,286,935	131,376,161	111,099,379	119,528,101	173,032,418	159,063,708	126,670,624	145,708,640	122,034,862	119,798,260
Excess (deficiency) of revenues over (under) expenditures	(10,980,466)	(905,435)	15,917,787	(12,843,705)	(57,713,372)	(22,576,042)	11,868,765	(13,810,452)	(6,533,713)	(24,608,822)
Other financing sources (uses)										
Interfund transfers in	2,393,500	2,422,820	3,615,996	9,991,492	22,991,549	23,778,450	20,524,232	18,217,776	3,721,814	1,604,000
Interfund transfers out	(2,413,586)	(6,069,180)	(4,043,729)	(9,991,492)	(21,776,183)	(23,077,004)	(20,960,337)	(18,217,776)	(3,029,814)	(1,604,000)
Serial bond proceeds	2,150,000	-	-	-	-	-	-	-	-	-
Proceeds from issuance of refunding bond	14,418,530	-	9,430,000	2,720,000	-	-	-	5,930,000	-	-
Debt proceeds (bonds or installment)	-	13,862,000	20,345,000	40,000,000	-	12,675,000	8,177,540	-	51,809,431	15,541,552
Premium on debt issuance (including refunding bonds)	2,149,687	376,128	1,070,569	5,159	-	38,231	119,451	146,178	-	-
Bond anticipation notes redeemed from appropriations	-	143,925	70,000	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	(16,539,554)	-	(10,500,569)	-	-	-	-	(5,675,000)	-	-
Total other financing sources (uses)	2,158,577	10,735,693	19,967,267	42,725,159	1,213,366	13,414,677	7,860,886	401,178	52,501,431	15,541,552
Net change in fund balances	$ (8,821,889)	$ 9,830,258	$ 35,905,054	$ 29,881,454	$ (56,500,006)	$ (9,161,365)	$ 19,729,651	$ (13,409,274)	$ 45,967,718	$ (9,067,270)
Debt service as a percentage of noncapital expenditures	15.82%	15.57%	17.39%	18.59%	15.66%	15.61%	17.80%	15.54%	15.12%	11.82%

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

See accompanying independent auditor's report on financial statements
and supplemental information.

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	Commerical Property	Total Taxable Assessed Valuation	State Equalization Rate	Full Valuation	Total Direct Tax Rate
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	2.05
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	2.01
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	2.02
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	1.97
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	1.91
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	2.35
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	2.87
2005	29,410,723,608	465,023,840	104,363,672	1,494,822,000	34,520,611,624	100.00%	34,520,611,624	2.53
2004	420,829,035	6,878,517	3,982,246	29,566,846	495,512,831	1.63%	30,399,560,184	13.98
2003	411,319,508	6,663,901	4,942,244	29,684,071	487,898,517	1.89%	25,814,736,349	13.52

Source: Office of the Comptroller and the Official Statements of the Town of Southampton.

Note: Years 2007-2012 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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Town	0.39	0.43	0.43	0.43	0.38	0.38	0.59	0.57	3.41	3.21
Police	0.52	0.51	0.52	0.56	0.54	0.54	0.72	0.62	3.71	3.58
Zoning	0.05	0.03	0.05	0.01	0.01	0.01	0.02	0.06	0.38	0.50
Highway	0.26	0.26	0.24	0.29	0.26	0.26	0.42	0.43	2.58	2.43
County	0.21	0.21	0.18	0.18	0.24	0.30	0.32	0.33	2.20	1.79
School and Library Districts	0.02 - 20.43	0.02 - 18.34	0.03 - 15.62	0.02 - 14.24	0.04 - 14.04	0.04 - 14.04	0.03 - 16.94	0.03 - 16.85	3.86 - 114.43	3.92 - 108.37
Special Districts:										
Fire and Fire Protection	0.10 - 1.05	0.10 - 1.04	0.10 - 0.82	0.01 - 0.84	0.09 - 1.67	0.09 - 1.67	0.12 - 0.96	0.11 - 0.77	0.84 - 4.60	0.73 - 3.82
Lighting	0.01 - 0.15	0.01 - 0.15	0.01 - 0.15	0.01 - 0.16	0.01 - 0.13	0.01 - 0.13	0.01 - 0.18	0.01 - 0.15	0.07 - 0.56	0.05 - 0.38
Water	0.22 - 0.42	0.21 - 0.39	0.19 - 0.36	0.26 - 0.37	0.17 - 0.38	0.17 - 0.38	0.25 - 0.58	0.28 - 0.64	1.68 - 2.54	0.62 - 2.53
Miscellaneous	0.01 - 0.60	0.01 - 0.56	0.01 - 0.53	0.01 - 0.43	0.01 - 0.42	0.01 - 0.42	0.01 - 0.91	0.01 - 0.55	0.01 - 2.69	0.04 - 2.31
Total Town Direct Rate	2.05	2.01	2.02	1.97	1.91	2.35	2.87	2.53	13.98	13.52
Total Overlapping Rates	4.52	4.29	4.23	4.13	3.98	7.30	8.78	8.74	57.49	54.02

Source: Office of the Comptroller and the Official Statements of the Town of Southampton.

TOWN OF SOUTHAMPTON
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO

2012

Name	Type	Assessed Valuation	Percentage of Total Taxable Assessed Valuation
Blue Turtles Inc.	Estate	$ 248,024,100	0.44%
LIPA	Utility	174,563,517	0.31%
Leon D. Black	Estate	65,926,800	0.12%
Keyspan Energy	Utility	62,942,810	0.11%
Payton Lane Nursing Home, Inc.	Nursing Home	55,465,000	0.10%
Keyspan Energy Corp.	Utility	53,618,810	0.10%
Yumi & The Kids, LLC	Estate	50,010,200	0.09%
Stephen Perlbinder	Estate	49,584,800	0.09%
Cheryl G. Krongard	Estate	48,377,500	0.09%
Southampton Town	Municipality	48,053,100	0.09%

2003

Name	Type	Assessed Valuation	Percentage of Total Taxable Assessed Valuation
Verizon New York	Utility	$ 1,482,110	2.90%
LIPA	Utility	1,130,188	2.20%
Southampton Town	Municipality	942,903	1.90%
Keyspan Energy	Utility	657,581	1.30%
East End Operating Corp.	Commercial	580,006	1.10%
Permelynn of Bridgehampton Corp.	Vacant Commercial	456,289	0.90%
National Golf Links of America	Golf Course	441,628	0.80%
Yumi & the Kids, LLC	Estate	425,992	0.80%
Shinnecock Hills Golf Club, Inc.	Golf Course	425,608	0.80%
Atlantic Golf Club, Inc.	Golf Course	422,360	0.80%

Source: Office of the Comptroller and the Official Statements of the Town of Southampton.

Note: 2012 reflects reassessment to full valuation expressed as per $1,000 of Assessed Valuation.

See accompanying independent auditor's report on financial statements
and supplemental information.

TOWN OF SOUTHAMPTON
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Tax Levy:										
General Town	$ 22,048,728	$ 24,288,157	$ 23,471,265	$ 22,557,464	$ 19,239,157	$ 18,978,117	$ 20,663,244	$ 19,604,255	$ 16,872,212	$ 17,528,949
Police	19,510,509	18,787,061	19,122,882	19,792,258	18,186,288	17,191,432	16,343,605	14,043,380	12,483,146	11,862,014
Emergency Dispatching - E911	2,154,216	2,163,471	2,163,032	1,628,786	2,588,154	2,436,540	2,295,454	2,121,269	1,534,487	1,188,621
Zoning	1,757,858	907,216	1,591,613	450,560	292,927	248,754	487,392	1,206,542	1,226,877	1,570,320
Highway	11,458,980	10,757,440	10,203,992	8,805,492	7,735,936	7,768,227	9,133,104	9,277,745	8,320,165	7,722,956
Fire and Fire Protection Districts	12,111,213	12,302,370	12,282,939	12,039,733	11,555,033	10,373,416	9,766,082	8,713,767	7,553,637	6,974,811
Lighting District	556,046	564,747	553,783	543,516	54,733	772,994	383,712	294,329	306,258	231,985
Water Districts	1,132,073	1,082,775	1,111,611	1,391,341	1,025,209	914,969	1,016,584	1,100,917	1,080,987	868,253
Miscellaneous Special Districts	4,484,099	4,337,653	4,302,159	3,736,414	3,897,952	2,403,311	2,792,482	2,029,226	1,905,126	1,813,477
School and Library Districts	230,672,394	221,311,943	212,480,335	197,196,966	183,430,049	172,669,473	162,235,333	152,678,810	141,172,853	130,625,510
County of Suffolk	15,869,036	16,688,892	14,148,089	15,602,231	14,945,935	13,455,401	11,053,902	11,343,873	10,871,276	9,810,540
Other Items	991,121	714,871	518,619	566,523	603,218	643,314	427,272	327,907	313,273	187,328
Total tax levy	$ 322,746,273	$ 313,906,596	$ 301,950,319	$ 284,311,284	$ 263,554,591	$ 247,855,948	$ 236,598,166	$ 222,742,020	$ 203,640,297	$ 190,384,764
Amount Collected	$ 307,538,277	$ 297,658,185	$ 286,195,281	$ 271,663,915	$ 251,805,335	$ 237,570,892	$ 227,126,954	$ 213,974,818	$ 193,526,561	$ 188,909,597
Percentage Collected	95.29%	94.82%	94.78%	95.55%	95.54%	95.85%	96.00%	96.06%	95.03%	99.23%
Returned to County:										
Amount Uncollected	$ 12,695,891	$ 14,387,403	$ 13,738,138	$ 12,005,252	$ 11,749,256	$ 10,285,056	$ 9,471,212	$ 8,767,202	$ 10,113,736	$ 1,475,167
Percent Uncollected	3.93%	4.58%	4.55%	4.22%	4.46%	4.15%	4.00%	3.94%	4.97%	0.77%
Collections in Subsequent Years	$ 7,343,785	$ 10,296,397	$ 10,864,888	$ 8,586,176	$ 5,801,507	$ 6,783,047	$ 7,453,237	$ 8,181,438	$ 9,856,023	$ 1,428,332
Total Collections to Date:										
Amount	$ 314,882,062	$ 307,954,582	$ 297,060,169	$ 280,250,091	$ 257,606,842	$ 244,353,939	$ 234,580,191	$ 222,156,256	$ 203,382,584	$ 190,337,929
Percent	97.56%	98.10%	98.38%	98.57%	97.74%	98.59%	99.15%	99.74%	99.87%	99.98%

Source: Office of the Comptroller and the Official Statements of the Town of Southampton.

See accompanying independent auditor's report on financial statements
and supplemental information.

TOWN OF SOUTHAMPTON
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	Governmental Activities					Business-Type Activities				
Fiscal Year	General Obligation Bonds	Special Assessment Bonds	Bond Anticipation Notes	Installment Purchase Debt	Capital Leases	General Obligation Bonds	Bond Anticipation Notes	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
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
2005	99,129,131	516,800	12,696,000	-	90,067	848,500	-	113,280,498	5.14%	1,934
2004	108,241,556	521,400	3,868,000	-	137,855	900,000	-	113,668,811	5.44%	1,971
2003	64,257,525	-	36,370,745	-	187,579	900,000	-	101,715,849	5.10%	1,785

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

(1) - See the schedule of Demographic and Economic Statistics for personal income and population

TOWN OF SOUTHAMPTON
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	Population	Taxable Assessed Valuation	Gross Bonded Debt	Net Bonded Debt	Percentage of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2012	56,790	$ 55,861,991,485	$ 127,059,999	$ 127,059,999	0.23%	2,237
2011	56,800	55,860,526,117	138,340,000	138,340,000	0.25%	2,436
2010	60,668	54,445,058,850	135,220,000	135,220,000	0.25%	2,229
2009	60,007	52,803,053,580	125,285,000	125,285,000	0.24%	2,088
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	106,235,000	0.22%	1,776
2006	58,876	34,751,503,793	100,722,931	100,722,931	0.29%	1,711
2005	58,564	34,520,611,624	100,494,431	100,494,431	0.29%	1,716
2004	57,659	495,512,831	109,662,956	109,662,956	22.13%	1,902
2003	56,991	487,898,517	65,157,525	65,157,525	13.35%	1,143

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 figures, which were derived from the Town of Southampton's Assessor's Office.

See accompanying independent auditor's report on financial statements and supplemental information.

TOWN OF SOUTHAMPTON
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2012

Governmental Unit	Date of Report	Gross Indebtedness	Estimated Exclusions	Net Indebtedness	Percentage Applicable	Applicable Net Indebtedness
Town of Southampton	12/31/2012	$ 143,237,699	$ -	$ 143,237,699	100.00%	$ 143,237,699
County of Suffolk	12/5/2012	346,917,120	289,581,358	57,335,762	21.12%	12,109,313
Villages:						
North Haven	5/31/2012	-	-	-	100.00%	-
Quogue	5/31/2012	2,940,000	-	2,940,000	100.00%	2,940,000
Sag Harbor	5/31/2012	2,485,000	-	2,485,000	30.00%	745,500
Southampton	5/31/2012	7,907,000	-	7,907,000	100.00%	7,907,000
Westhampton Beach	5/31/2012	3,276,943	-	3,276,943	100.00%	3,276,943
Westhampton Dunes	5/31/2012	520,000	-	520,000	100.00%	520,000
School Districts:						
Bridgehampton	6/30/2012	1,350,000	-	1,350,000	100.00%	1,350,000
East Quogue	6/30/2012	3,225,000	-	3,225,000	100.00%	3,225,000
Eastport-South Manor	6/30/2012	141,365,650	-	141,365,650	14.48%	20,469,746
Hampton Bays	6/30/2012	40,678,246	-	40,678,246	100.00%	40,678,246
Quogue	6/30/2012	445,123	-	445,123	100.00%	445,123
Remsenburg-Speonk	6/30/2012	36,508	-	36,508	100.00%	36,508
Riverhead	6/30/2012	9,352,500	-	9,352,500	15.50%	1,449,638
Sagaponack	6/30/2012	-	-	-	100.00%	-
Sag Harbor	6/30/2012	10,145,000	-	10,145,000	88.51%	8,979,340
Southampton	6/30/2012	48,099,689	-	48,099,689	100.00%	48,099,689
Tuckahoe	6/30/2012	1,427,136	-	1,427,136	100.00%	1,427,136
Wainscott	6/30/2012	1,015,000	-	1,015,000	4.79%	48,619
Westhampton Beach	6/30/2012	40,434,485	-	40,434,485	100.00%	40,434,485
Fire Districts:						
Bridgehampton	12/31/2011	3,900,000	-	3,900,000	100.00%	3,900,000
Eastport	12/31/2011	330,490	-	330,490	100.00%	330,490
East Quogue	12/31/2011	-	-	-	100.00%	-
Flanders	12/31/2011	518,046	-	518,046	100.00%	518,046
Hampton Bays	12/31/2011	1,750,000	-	1,750,000	100.00%	1,750,000
North Sea	12/31/2011	-	-	-	100.00%	-
Riverhead	12/31/2011	12,300,000	-	12,300,000	4.46%	548,580
Westhampton Beach	12/31/2011	1,850,000	-	1,850,000	100.00%	1,850,000
Totals		$ 825,506,635	$ 289,581,358	$ 535,925,277		$ 346,277,100
Per Capita						$ 2,522

Source: Office of the Comptroller and the Official Statements of the Town of Southampton.

See accompanying independent auditor's report on financial statements
and supplemental information.

TOWN OF SOUTHAMPTON
DEBT LIMIT MARGIN INFORMATION
DECEMBER 31, 2012

Years Ended December 31,	Assessed Valuation	State Equalization Rate	Full Valuation
2008	$ 50,324,763,975	89.70%	$ 56,103,415,803
2009	52,803,053,580	100.00%	52,803,053,580
2010	54,445,058,850	100.00%	54,445,058,850
2011	55,860,526,117	100.00%	55,860,526,117
2012	55,861,991,485	100.00%	55,861,991,485

Total Five Year Full Valuation	275,074,045,835	
Average Five Year Full Valuation	55,014,809,167	
Debt Limit - 7% of Average Full Valuation	$ 3,851,036,642	(a)
Inclusions:		
Outstanding Bonds	$ 127,059,999	
Bond Anticipation Notes	6,105,000	
Total Inclusions	133,164,999	
Exclusions:		
Water Debt	4,753,103	
Bond Appropriations	2,596,800	
Total Exclusions	7,349,903	
Total Net Indebtedness Subject to the Debt Limit	$ 125,815,096	(b)
Net Debt Contracting Margin	$ 3,725,221,546	(a) - (b)
Percent of Debt Limit Exhausted	3.27%	(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
2012	$ 3,851,036,642	$ 133,164,999	$ 7,349,903	$ 125,815,096	$ 3,725,221,546	96.73%
2011	3,753,800,763	140,442,200	15,493,460	124,948,740	3,628,852,023	96.67%
2010	3,458,274,451	142,292,170	5,235,245	137,056,925	3,321,217,526	96.04%
2009	3,179,332,190	149,025,589	5,473,500	143,552,089	3,035,780,101	95.48%
2008	2,865,627,282	109,450,000	6,298,800	103,151,200	2,762,476,082	96.40%
2007	2,441,587,176	115,126,000	6,768,200	108,357,800	2,333,229,376	95.56%
2006	2,037,822,222	112,265,931	5,940,000	106,325,931	1,931,496,291	94.78%
2005	1,786,970,756	113,190,431	5,269,400	107,921,031	1,679,049,725	93.96%
2004	1,510,489,449	113,530,956	5,989,700	107,541,256	1,402,948,193	92.88%
2003	1,258,675,343	101,528,270	6,581,300	94,946,970	1,163,728,373	92.46%

Source: Office of the Comptroller and the Official Statements of the Town of Southampton.

See accompanying independent auditor's report on financial statements
and supplemental information.

TOWN OF SOUTHAMPTON
DEMOGRAPHICS AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population	Income (millions of dollars)	Per Capita Income	Unemployment Rate	Year-Round Households Estimate	Household Size Estimates	Population Density Per Square Mile (1)
2012	56,790	$ 2,710	$ 44,100	8.10%	21,735	2.60	405.06
2011	56,800	2,710	44,107	7.60%	21,419	2.59	405.14
2010	60,668	2,895	47,111	7.80%	23,219	2.51	432.72
2009	60,007	3,495	48,238	7.40%	23,035	2.54	428.01
2008	59,777	2,852	46,419	5.10%	23,278	2.52	426.37
2007	59,813	2,336	39,053	3.90%	23,200	2.50	426.63
2006	58,876	2,299	39,053	4.00%	22,921	2.50	419.94
2005	58,564	2,204	37,637	3.50%	22,739	2.49	417.72
2004	57,659	2,090	36,240	3.90%	22,411	2.49	411.26
2003	56,991	1,995	35,000	4.10%	22,129	2.48	406.50

(1) Numbers based off of 140.2 square mileage obtained from the Town Clerk's office.

Source: Office of the Comptroller and the Official Statements of the Town of Southampton.

TOWN OF SOUTHAMPTON
PRINCIPAL EMPLOYERS
CURRENT YEAR

2012

Rank	Name	Headquarters	Type of Business	Number of Employees	Percentage of Total Town's Employment
1	Southampton Hospital	Southampton	Hospital	775	1.36%
2	Corcoran Group	Bridgehampton	Real Estate	400	0.70%
3	Dominican Sisters Family Health Services	Hampton Bays	Home Health Agency	350	0.58%
4	Bridgehampton National Bank	Bridgehampton	Commercial Banks	245	0.41%
5	Dunn Engineering	Westhampton Beach	Engineering	100	0.17%
6	Maran Corporate Risk Associates	Southampton/East Hampton	Insurance	93	0.16%
7	Southampton Press	Southampton	Newspaper	50	0.08%
8	Hampton Coach	Hampton Bays	Limousine Service	50	0.08%
9	Storms Motors	Southampton	Automotive Dealer	40	0.07%
10	Hamptons State Bank	Southampton	Bank	40	0.07%
				2,143	3.68%

Source: The 2012 Long Island Business News Book of Lists.

TOWN OF SOUTHAMPTON
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Function:										
General Government	219	219	224	234	267	248	121	131	106	102
Justice and Law Enforcement	132	140	145	142	153	170	186	178	149	161
Public Works	99	104	104	112	114	116	73	72	63	63
Economic Assistance and Opportunity	-	-	-	-	-	7	5	5	5	5
Environment, Parks and Education	16	18	20	19	25	33	30	29	27	25
Health and Human Services	40	42	47	45	36	49	135	135	100	94
Total	506	523	540	552	595	623	550	550	450	450

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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Function:										
Public Safety -										
Building										
Residential building permits issued	4,979	4,526	3,765	3,203	4,364	4,372	4,804	5,902	4,755	4,508
Commercial building permits issued	40	48	55	38	36	121	84	106	133	125
Police										
Physical arrests	2,172	2,512	2,588	2,341	2,213	2,117	2,062	1,945	2,033	1,808
Traffic and parking violations	17,631	19,479	20,383	20,401	18,830	17,806	15,483	20,505	20,554	27,196
Fire										
Number of fire protection districts	3	3	3	3	3	3	3	3	3	4
Number of calls answered	5,207	4,997	5,017	4,863	4,907	6,166	5,506	5,694	5,857	5,923
Inspections	1,144	1,238	1,275	1,736	1,093	1,052	1,552	1,625	1,641	1,439
Health -										
Number of ambulance districts	4	4	4	4	4	4	4	4	4	4
Transportation -										
Highway and streets										
Street resurfacing (miles)	24	22	23	22	13	43	33	33	27	26
Culture and recreation -										
Beach permits issued	43,609	42,828	42,340	39,892	40,287	43,294	39,927	39,140	35,184	34,059
Registration for summer programs	2,502	3,024	2,989	2,331	2,408	7,260	3,028	2,863	2,537	1,758
Home and Community Service -										
Sanitation										
Refuse collected (tons/day)	18.03	18.54	18.36	18.70	19.24	21.10	18.16	21.78	26.39	17.15
Recyclables collected (tons/day)	11.23	11.83	11.50	11.50	12.16	13.00	12.34	12.75	11.86	15.65
Water										
Average daily consumption (thousands of gallons)	2,500	2,300	2,600	2,100	2,600	2,755	2,603	2,396	2,396	2,022

Source: Various departments of the Town of Southampton.

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Function:										
Public Safety -										
Municipal buildings	29	29	29	29	29	2	2	2	2	2
Preserved acreage	3,500	3,197	3,006	2,946	2,904	2,817	2,373	2,198	1,945	1,575
Public Safety -										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	104	104	104	104	104	95	97	96	96	95
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	455	453	452	450	429	445	444	442	441
Streetlights	2,714	2,714	2,714	2,714	2,714	2,400	3,535	3,500	3,485	3,470
Traffic signals	31	31	31	29	26	22	22	22	22	21
Culture and recreation -										
Number of park districts	3	3	3	3	3	3	3	3	2	2
Parks and open space	4,009	4,009	4,009	4,009	4,009	4,009	3,845	3,500	-	-
Beaches	8	8	8	8	8	8	8	8	8	8
Marinas	3	2	2	2	2	3	3	2	2	2
Boat basin slips	80	66	66	66	66	95	101	90	90	90
Swimming pools	-	-	-	-	-	1	1	1	-	-
Golf courses	1	1	1	1	1	1	1	1	1	-
Tennis courts	12	12	12	12	12	10	11	10	10	10
Community centers	3	3	3	3	3	5	5	5	5	4
Home and Community Services -										
Sanitation										
Transfer stations	4	4	4	4	4	4	3	3	3	3
Vehicles	43	47	46	46	46	4	4	4	4	4
Water										
Water mains (miles)	100	98	96	94	94	101	100	99	92	91
Total yearly pumpage (in millions of gallons)	9,649	8,491	9,760	7,631	9,500	1,006	950	875	875	738
Fire hydrants	515	505	500	490	487	515	459	456	N/A	N/A

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.