

INCORPORATED VILLAGE OF SOUTHAMPTON
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
(WITH INDEPENDENT AUDITORS' REPORT)

For the Year Ended May 31, 2022

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Independent Auditors' Report

**The Honorable Mayor and Board of Trustees
of the Incorporated Village of Southampton, New York**

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Incorporated Village of Southampton, New York ("Village"), as of and for the year ended May 31, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Village, as of May 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The schedule of revenues and other financing sources – budget and actual – general fund, schedule of expenditures and other financing uses – budget and actual – general fund, schedule of increases and decreases – capital projects fund, and schedule of increases and decreases – special revenue fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues and other financing sources – budget and actual – general fund, schedule of expenditures and other financing uses – budget and actual – general fund, schedule of increases and decreases – capital projects fund, and schedule of increases and decreases – special revenue fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2023 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Hauppauge, New York
February 9, 2023

REQUIRED SUPPLEMENTARY INFORMATION
Management's Discussion and Analysis

INCORPORATED VILLAGE OF SOUTHAMPTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2022

As management of the Incorporated Village of Southampton (the "Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended May 31, 2021. We encourage readers to consider the information presented here in conjunction with the Village's financial statements.

FINANCIAL HIGHLIGHTS

- As reflected in the government-wide financial statements, the liabilities and deferred inflows of resources of the Village exceeded its assets and deferred outflows of resources as of May 31, 2022 by \$40,773,710 (net deficit). The components of the net deficit are the Village's net investment in capital assets of \$29,387,751, restricted net position of \$7,418,092, and an unrestricted net deficit of \$77,579,553.
- As reflected in the fund financial statements, as of May 31, 2022, the assets of the Village exceeded its liabilities and deferred inflows of resources by \$29,194,392, an increase in overall fund balance of \$2,851,746 from the prior year. The Village's total fund balance of \$29,194,392 includes \$1,138,631 of nonspendable fund balance, \$7,418,092 of restricted fund balance, \$7,797,295 of assigned fund balance, and \$12,840,374 of unassigned fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the Village's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years.

The government-wide financial statements distinguish function and programs of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from programs that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Village include general government support, public safety, health, transportation, culture and recreation, and home and community services.

Fund Financial Statements

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

INCORPORATED VILLAGE OF SOUTHAMPTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

Governmental Funds

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

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

The Village currently maintains three governmental funds: (1) General Fund, (2) Capital Projects Fund, and (3) Special Revenue Fund. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government and as the resources are not available to support the Village's programs, these funds are not reflected in the government-wide financial statements. The Village has one fiduciary fund, a custodial fund, which primarily accounts for amounts held for others collected through fundraising, as well as amounts due to others for bail.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements, this report contains required supplementary information other than management's discussion and analysis, and other supplementary information following the notes to the financial statements.

INCORPORATED VILLAGE OF SOUTHAMPTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
 May 31, 2022

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Our analysis below focuses on the net position and changes in net position of the Village's governmental activities.

Condensed Statement of Net Position
 Governmental Activities
 as of May 31st,

	2022	2021
Assets		
Current and other assets	\$ 33,442,296	\$ 32,111,084
Noncurrent assets	1,990,346	
Capital assets	36,820,582	36,298,907
Total Assets	72,253,224	68,409,991
Deferred Outflows of Resources	15,895,211	20,713,330
Liabilities		
Current and other liabilities	4,688,760	6,902,609
Long-term liabilities	93,037,198	111,044,906
Total Liabilities	97,725,958	117,947,515
Deferred Inflows of Resources	31,196,187	14,732,440
Net Position (Deficit)		
Net investment in capital assets	29,387,751	27,833,393
Restricted	7,418,092	8,372,043
Unrestricted deficit	(77,579,553)	(79,762,070)
Total Net Position	\$ (40,773,710)	\$ (43,556,634)

Total assets and deferred outflows of resources decreased by \$974,886 when compared to the prior year. This decrease can be attributed to the decrease in deferred outflows of resources relating to actuarial valuations for the net pension liability and other postemployment benefits, offset by increases in cash, prepaids, and the net pension asset – proportionate share for the employees' retirement system, which was a net pension liability in the prior year. Total liabilities and deferred inflows of resources decreased by \$3,757,810 when compared to the prior year. This change is primarily related to decreases in deposits payable, bonds payable, other postemployment benefits payable, and net pension liability- proportionate share, offset by an increase in deferred inflows of resources relating to the actuarial valuation for the other postemployment benefits. This resulted in a net deficit of \$40,773,710, a decrease in the deficit of \$2,782,924.

Currently, the Village's net position includes \$29,387,751 which reflects its net investment in capital assets (e.g., land, buildings, improvements and machinery and equipment) less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

INCORPORATED VILLAGE OF SOUTHAMPTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
 May 31, 2022

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (continued)

Condensed Statement of Activities and Changes in Net Position
 Governmental Activities
 For the years ended May 31st,

	2022	2021
Program Revenues		
Charges for services	\$ 5,766,993	\$ 5,086,088
Operating grants and contributions	225,533	739,557
Capital grants and contributions	2,592,970	1,101,804
	8,585,496	6,927,449
Total Program Revenues		
General Revenues		
Real property taxes and other real property tax items	25,669,109	25,812,834
Non-property tax items	583,676	544,807
State and federal aid	2,325,017	1,651,037
Other	580,623	1,613,796
	29,158,425	29,622,474
Total General Revenues		
	37,743,921	36,549,923
Total Revenues		
Program Expenses		
General government support	8,753,746	8,385,352
Public safety	18,213,522	19,103,801
Health	620,219	504,854
Transportation	3,998,749	3,899,984
Culture and recreation	2,757,754	2,946,611
Home and community services	416,722	426,355
Interest on long-term debt	200,285	225,986
	34,960,997	35,492,943
Total Expenses		
Change in Net Position	\$ 2,782,924	\$ 1,056,980

Program revenues includes charges for services which provide a direct benefit to the purchaser, including fees for the beach access, parking, event fees, building permits, and fire protection services. Revenue contributions by external governments that are restricted to supporting these types of programs are also classified as program revenues as either operating or capital grants.

General revenues include revenues that are available to fund the overall government and to provide a benefit to all taxpayers in the Village. This includes real property taxes and related items, state and federal aid, and miscellaneous funds that may be generated during the course of the year, such as sales on excess equipment and insurance property loss claims received.

INCORPORATED VILLAGE OF SOUTHAMPTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
 May 31, 2022

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (continued)

The Village's total revenues increased by \$1,193,998 or 3.3% when compared to the prior year. The Village recognized \$1,658,047 more in program revenues and \$464,049 less in general revenues. The increase in program revenues can be attributed to an increase in capital grants and contributions due to payments from local utility companies to repave roads in the Village that were damaged during utility work, and an increase in charges for services relating to beach permits and building inspection fees, offset by a decrease in operating grants and contributions due to a prior year grant from Suffolk County to dredge Lake Agawam which did not recur in the current year. The decrease in general revenues is due to a decrease in unrealized gains on program assets for the length of service award programs, offset by an increase in State aid.

The Village's total expenses decreased by \$531,946 or 1.5% from the prior year. Public safety decreased \$890,279 primarily due to a decrease in pension expense for the New York State and Local Employees' Retirement System. This decrease was partially offset by an increase in general government support of \$368,394 due to an increase in claim settlements and expenditures for reimbursement based grants.

Net Cost of Services
 Governmental Activities
 For the year ended May 31st,

	Total Cost of Services		Program Revenues		Net Revenue (Expense) of Services	
	2022	2021	2022	2021	2022	2021
General government support	\$ 8,753,746	\$ 8,385,352	\$ 203,840	\$ 174,654	\$ (8,549,906)	\$ (8,210,698)
Public safety	18,213,522	19,103,801	4,414,433	4,233,071	(13,799,089)	(14,870,730)
Health	620,219	504,854			(620,219)	(504,854)
Transportation	3,998,749	3,899,984	2,269,472	1,159,155	(1,729,277)	(2,740,829)
Culture and recreation	2,757,754	2,946,611	1,134,828	795,265	(1,622,926)	(2,151,346)
Home and community services	416,722	426,355	562,923	565,304	146,201	138,949
Interest on debt	200,285	225,986			(200,285)	(225,986)
	<u>\$ 34,960,997</u>	<u>\$ 35,492,943</u>	<u>\$8,585,496</u>	<u>\$6,927,449</u>	<u>\$ (26,375,501)</u>	<u>\$ (28,565,494)</u>

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

General Fund

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, the total fund balance of the General Fund was \$21,088,149, an increase of \$2,622,733 compared to prior year. This was primarily the result of budgetary savings of \$546,708 and greater than anticipated revenues of \$3,230,375 primarily in State aid for mortgage tax and departmental income. This was offset by a planned deficit of \$1,710,794. Of the total fund balance, \$1,138,631 was not in spendable form, \$6,552,700 was restricted for reserves and length of service award program assets, \$556,444 was assigned for purchase orders, and \$12,840,374 was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 38.5% of annual expenditures and other uses while total fund balance represents approximately 63.3% of total fund expenditures and other uses.

INCORPORATED VILLAGE OF SOUTHAMPTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2022

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS (continued)

Capital Projects Fund

Total revenues and other financing sources in the Capital Projects Fund were \$2,760,816, which includes an interfund transfer from the General Fund of \$1,101,376, miscellaneous local sources of \$1,468,170 relating to payments from utility companies to repave Village roads which were damaged during utility work and local reimbursement based grants, \$185,912 in State aid for reimbursement based grants, and \$5,358 for use of money and property. Total expenditures of \$2,586,719 relate to capital projects including road repair, fire truck purchase, a water quality project, and expenditures for reimbursement based grant projects.

Special Revenue Fund

The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The fund balance in the special revenue fund increased by \$54,916 from the prior year, to an ending fund balance of \$865,392. The increase was primarily due to donations in the amount of \$79,086.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village's General Fund adopted budget for the fiscal year ended May 31, 2022 was \$32,207,925. The primary sources of funding for the budget were real property taxes of \$25,446,979, departmental income of \$2,341,000, intergovernmental charges of \$1,489,559, and State aid of \$1,308,500.

Actual revenues of \$35,951,829 exceeded the modified revenue budget of \$32,721,454, resulting in a positive budget variance of \$3,230,375. This variance was primarily due to higher than anticipated revenues from departmental income and State aid.

Actual expenditures and other financing uses for the year were \$33,329,096. The modified budget was \$34,432,248, including prior year encumbrances of \$627,156. This resulted in a positive expenditure budget variance of \$546,708 which was primarily driven by savings in employee benefits, general government support, and transfers out.

INCORPORATED VILLAGE OF SOUTHAMPTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
 May 31, 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Village's capital assets were \$36,820,582 at May 31, 2022 (net of accumulated depreciation). During the current fiscal year, the Village had additions of \$3,730,937, and recorded depreciation expense of \$3,209,262.

Capital Assets at May 31st,

	2022	2021
Land	\$ 1,819,893	\$ 1,819,893
Construction in progress	334,081	123,231
Buildings	20,642,096	20,574,453
Land Improvements	5,365,310	5,365,310
Machinery and equipment	14,221,810	13,936,993
Vehicles	13,060,238	12,546,653
Infrastructure	29,564,653	26,989,257
Total Capital Assets	85,008,081	81,355,790
Less: Accumulated depreciation	48,187,499	45,056,883
Total Net Capital Assets	\$ 36,820,582	\$ 36,298,907

Debt Administration

The Village borrows money to finance the acquisition of capital assets, including infrastructure, land/buildings, and equipment. Long-term financing plans are designed to allocate the acquisition costs of capital assets to present and future taxpayers receiving the benefit of the capital assets. The Village pledges its full faith and credit for the payment of principal and interest. The following is a schedule of debt for capital purposes:

	May 31st,	
	2022	2021
General obligation bonds payable *	\$ 6,835,000	\$ 7,360,000
	\$ 6,835,000	\$ 7,360,000

* This does not include the bond premium as presented in the Statement of Net Position.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Village has adequate fund balance on hand to finance current operations. The Village is primarily reliant on property tax revenues, along with department revenues, fines/forfeitures, and State aid. The 2023 budgeted appropriations are \$33,182,874, which is an increase of \$974,950 from the current year's original budget. The Village's unassigned fund balance is \$12,840,374 as of May 31, 2022, which represents 38.7% of the subsequent year's budget.

**INCORPORATED VILLAGE OF SOUTHAMPTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2022**

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. Questions concerning any information provided in this report should be directed to:

Charlene Kagel-Betts
Village Administrator
Incorporated Village of Southampton
23 Main Street
Southampton, NY 11968

BASIC FINANCIAL STATEMENTS

INCORPORATED VILLAGE OF SOUTHAMPTON
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET POSITION
 May 31, 2022

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 22,149,826
Restricted cash	2,110,032
Tax sale certificates	436,851
Accounts receivable, net	46,292
Due from other governments	833,935
Due from State and federal	503,099
Prepays	1,138,631
Total Current Assets	27,218,666
Non-Current Assets:	
Non-depreciable capital assets	2,153,974
Depreciable capital assets, net of depreciation	34,666,608
Net pension asset - proportionate share - ERS	1,990,346
Length of service award programs plan assets	6,223,630
Total Non-Current Assets	45,034,558
Total Assets	72,253,224
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	9,338,412
Other postemployment benefits	3,725,752
Length of service award programs	2,831,047
Total Deferred Outflows of Resources	15,895,211
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities	1,526,017
Unearned revenue	1,131,444
Accrued interest payable	41,387
Due to state and local retirement system	310,542
Due to other governments	3,127
Deposits payable	855,366
Non-current liabilities due within one year	
General obligation bonds payable	545,000
Due to state and local retirement system	101,128
Compensated absences	174,749
Total Current Liabilities	4,688,760
Non-Current Liabilities:	
General obligation bonds payable, inclusive of unamortized premiums	6,587,585
Due to state and local retirement system	108,207
Compensated absences	6,596,915
Other postemployment benefits payable	68,460,284
Net pension liability - proportionate share - PFRS	783,896
Length of service award programs liability	10,500,311
Total Non-Current Liabilities	93,037,198
Total Liabilities	97,725,958
DEFERRED INFLOWS OF RESOURCES	
Pensions	13,520,576
Other postemployment benefits	16,636,597
Length of service award programs	1,039,014
Total Deferred Inflows of Resources	31,196,187
NET POSITION (DEFICIT)	
Net investment in capital assets	29,387,751
Restricted for:	
NYS Reserves	329,070
Special reserves	865,392
Length of service award programs	6,223,630
Unrestricted (deficit)	(77,579,553)
Total Net Position (Deficit)	\$ (40,773,710)

See notes to the financial statements.

INCORPORATED VILLAGE OF SOUTHAMPTON
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF ACTIVITIES
Year Ended May 31, 2022

<u>Function/Program</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Revenue (Expense) and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
General government support	\$ 8,753,746	\$ 146,216	\$ 57,624		\$ (8,549,906)
Public safety	18,213,522	4,246,524	167,909		(13,799,089)
Health	620,219				(620,219)
Transportation	3,998,749	133,495		\$ 2,135,977	(1,729,277)
Culture and recreation	2,757,754	1,134,828			(1,622,926)
Home and community services	416,722	105,930		456,993	146,201
Interest on debt	200,285				(200,285)
Total Governmental Activities	<u>\$ 34,960,997</u>	<u>\$ 5,766,993</u>	<u>\$ 225,533</u>	<u>\$ 2,592,970</u>	<u>(26,375,501)</u>

GENERAL REVENUES

Real property taxes	25,428,012
Other real property tax items	241,097
Non-property tax items	583,676
Interest income	47,847
Rental of Village property	30,000
State Aid - unrestricted	2,325,017
AIM Related Payments	311,893
Miscellaneous	190,883

Total General Revenues 29,158,425

Change in Net Position 2,782,924

Net Position at Beginning of Year (43,556,634)

Net Position at End of Year \$ (40,773,710)

See notes to the financial statements.

INCORPORATED VILLAGE OF SOUTHAMPTON
GOVERNMENTAL FUNDS
BALANCE SHEET
 May 31, 2022

	General	Capital Projects	Special Revenue	Totals
ASSETS				
Cash and cash equivalents	\$ 16,814,903	\$ 5,334,923		\$ 22,149,826
Restricted cash		1,244,640	\$ 865,392	2,110,032
Tax sale certificates	436,851			436,851
Accounts receivable, net	46,292			46,292
Due from other funds	205,561	1,632,764		1,838,325
Due from other governments	635,440	198,495		833,935
Due from State and federal	317,187	185,912		503,099
Other assets				-0-
Prepays	1,138,631			1,138,631
Length of service award programs plan assets	6,223,630			6,223,630
Total Assets	<u>\$ 25,818,495</u>	<u>\$ 8,596,734</u>	<u>\$ 865,392</u>	<u>\$ 35,280,621</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,225,771	\$ 300,246		\$ 1,526,017
Due to other funds	1,632,764	205,561		1,838,325
Due to other governments	3,127			3,127
Due to NYS Employee Retirement System	310,542			310,542
Security deposits	5,290	850,076		855,366
Unearned revenue	961,855			961,855
Other current liabilities	169,589			169,589
Total Liabilities	<u>4,308,938</u>	<u>1,355,883</u>	<u>\$ -0-</u>	<u>5,664,821</u>
DEFERRED INFLOWS OF RESOURCES				
Tax sale certificates	421,408			421,408
Total Deferred Inflows of Resources	<u>421,408</u>	<u>-0-</u>	<u>-0-</u>	<u>421,408</u>
FUND BALANCE				
Nonspendable	1,138,631			1,138,631
Restricted	6,552,700		865,392	7,418,092
Assigned	556,444	7,240,851		7,797,295
Unassigned	12,840,374			12,840,374
Total Fund Balance	<u>21,088,149</u>	<u>7,240,851</u>	<u>865,392</u>	<u>29,194,392</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 25,818,495</u>	<u>\$ 8,596,734</u>	<u>\$ 865,392</u>	<u>\$ 35,280,621</u>

See notes to the financial statements.

INCORPORATED VILLAGE OF SOUTHAMPTON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
 May 31, 2022

Total Fund Balance - Governmental Funds \$ 29,194,392

Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Capital assets - non-depreciable	\$ 2,153,974	
Capital assets - depreciable	82,854,107	
Accumulated depreciation	<u>(48,187,499)</u>	
		36,820,582

Amounts reported for the proportionate share of the Village's net pension asset are not considered a current available resource and are therefore not reported in the funds. 1,990,346

Deferred outflows of resources are included in the Statement of Net Position. 15,895,211

Interest payable on long-term debt and retainage payable does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet. (41,387)

Long-term liabilities applicable to the Village's governmental activities are not due and payable in the current period and accordingly are not reported in the funds. However, these liabilities are included in the Statement of Net Position:

Due to state and local retirement system	(209,335)	
Compensated absences	(6,771,664)	
General obligation bonds payable, inclusive of unamortized premiums	(7,132,585)	
Other postemployment benefits payable	(68,460,284)	
Net pension liability - proportionate share	(783,896)	
Length of service award programs liability	<u>(10,500,311)</u>	
		(93,858,075)

Deferred inflows of resources are included in the Statement of Net Position (31,196,187)

Revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 421,408

Net Position of Governmental Activities \$ (40,773,710)

See notes to the financial statements.

INCORPORATED VILLAGE OF SOUTHAMPTON
GOVERNMENTAL FUNDS - STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year Ended May 31, 2022

	General	Capital Projects	Special Revenue	Totals
REVENUES				
Real property taxes	\$ 25,355,534			\$ 25,355,534
Other real property tax items	241,097			241,097
Non-property tax items	583,676			583,676
Departmental income	3,735,741			3,735,741
Intergovernmental charges	1,326,665			1,326,665
Use of money and property	91,401	\$ 5,358	\$ 1,088	97,847
Licenses and permits	243,001			243,001
Fines and forfeitures	455,085			455,085
Sale of property and compensation for loss	176,856			176,856
Miscellaneous local sources	383,544	1,468,170	79,086	1,930,800
State aid	3,359,229	185,912		3,545,141
Total Revenues	<u>35,951,829</u>	<u>1,659,440</u>	<u>80,174</u>	<u>37,691,443</u>
EXPENDITURES				
Current:				
General government support	6,096,627			6,096,627
Public safety	10,609,764			10,609,764
Health	620,219			620,219
Transportation	2,921,408			2,921,408
Culture and recreation	1,601,113		25,258	1,626,371
Home and community services	341,230			341,230
Employee benefits	9,295,340			9,295,340
Capital outlay		2,586,719		2,586,719
Debt service:				
Principal	525,000			525,000
Interest	217,019			217,019
Total Expenditures	<u>32,227,720</u>	<u>2,586,719</u>	<u>25,258</u>	<u>34,839,697</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>3,724,109</u>	<u>(927,279)</u>	<u>54,916</u>	<u>2,851,746</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		1,101,376		1,101,376
Transfers out	(1,101,376)			(1,101,376)
Total Other Financing Sources	<u>(1,101,376)</u>	<u>1,101,376</u>	<u>-0-</u>	<u>-0-</u>
Net Change in Fund Balances	2,622,733	174,097	54,916	2,851,746
Fund Balances at Beginning of Year	<u>18,465,416</u>	<u>7,066,754</u>	<u>810,476</u>	<u>26,342,646</u>
Fund Balances at End of Year	<u>\$ 21,088,149</u>	<u>\$ 7,240,851</u>	<u>\$ 865,392</u>	<u>\$ 29,194,392</u>

See notes to the financial statements.

INCORPORATED VILLAGE OF SOUTHAMPTON
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
Year Ended May 31, 2022

Net Change in Fund Balance \$ 2,851,746

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 depreciation exceeds capital outlay in the current period is:

Capital outlay	\$ 3,730,937	
Depreciation expense	<u>(3,209,262)</u>	521,675

Net change in deferred outflows of resources not reported in the governmental fund statements related to:

Pensions	(2,399,285)	
Other postemployment benefits	(2,409,285)	
Length of service award programs	<u>(9,549)</u>	(4,818,119)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

52,478

The issuance of long-term debt and increase in obligations under capital leases provides current financial resources to governmental funds, while the repayment of the principal of long-term debt and capital leases consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.

Repayment of bond principal	525,000	
Amortization of bond premium	<u>34,478</u>	559,478

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. This includes:

Net pension asset - proportionate share	1,990,346	
Due to other governments	94,512	
Compensated absences	(127,084)	
Other postemployment benefits payable	16,681,850	
Net pension liability - proportionate share	1,572,676	
Length of service award programs liability	(136,412)	
Accrued interest	<u>3,525</u>	20,079,413

Net change in deferred inflows of resources not reported in the governmental fund statements related to:

Pensions	611,937	
Other postemployment benefits	(16,636,597)	
Length of service award programs	<u>(439,087)</u>	(16,463,747)

Change in Net Position of Governmental Activities

\$ 2,782,924

See notes to the financial statements.

INCORPORATED VILLAGE OF SOUTHAMPTON
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND
 May 31, 2022

		<u>Custodial Fund</u>
ASSETS		
Cash		\$ 116,670
	Total Assets	<u>116,670</u>
LIABILITIES		
Due to Bailees		14,062
	Total Liabilities	<u>14,062</u>
NET POSITION		
Restricted for individuals, organizations, and other governments		<u>102,608</u>
	Total Net Position	<u>\$ 102,608</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND
 Year Ended May 31, 2022

		<u>Custodial Fund</u>
ADDITIONS		
Donations		\$ 64,945
Bail collections		25,932
Interest Earnings		326
		<u>91,203</u>
DEDUCTIONS		
Bail remittances		25,932
Disbursements for various community programs		<u>40,790</u>
	Change in Net Position	<u>24,481</u>
Net Position at Beginning of Year		<u>78,127</u>
	Net Position at End of Year	<u>\$ 102,608</u>

See notes to the financial statements.

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
May 31, 2022

Note 1 - Summary of Significant Accounting Policies

The Incorporated Village of Southampton, New York ("Village") was established in 1894 and is governed by New York State Village Law and other general municipal laws of the State of New York and various local laws. The Village Board of Trustees is the legislative body responsible for overall operations and consists of the Mayor and four trustees elected for two-year terms. The Mayor serves as the Chief Executive Officer and the Treasurer serves as the Chief Financial Officer. The Village provides a full range of municipal services including police, fire and ambulance protection, justice court, roads and highways, beach, parks and recreation, building department, and general and administrative services.

The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Village's significant accounting policies are described below:

A. Financial Reporting Entity

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

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the Village's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria the Village has no component units, either blended or discretely presented.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on the Village as a whole, exclusive of the fiduciary activities.

In the government-wide Statement of Net Position, the Village'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 Village's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functional categories (general government support, public safety, health, transportation, culture and recreation, and home and community services), which are otherwise supported by general government revenues (real property taxes, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.).

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
May 31, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

B. Government-Wide Financial Statements (continued)

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants 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 revenue (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. Sales and purchases of goods and services for a price approximating their external value are not eliminated between the funds in the government-wide financial statements.

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

C. Fund Financial Statements

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

The Village reports the following major governmental funds:

General Fund - is the principal operating fund of the Village. This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Capital Projects Fund – is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Special Revenue Fund - is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
May 31, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

C. Fund Financial Statements

Fiduciary Funds (Not included in government-wide financial statements) - Fiduciary Funds are used to account for assets held by the Village in a trustee or custodial capacity.

The Village reports the following fiduciary fund:

Custodial Fund - is used to account for amounts due to others collected through fundraising, as well as amounts due to others for bail.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the Fiduciary fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenue when the expenditure is made and the amounts are expected to be collected within one year of the fiscal year end. A sixty day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, certain claims and judgments, tax certiorari, net pension liabilities, LOSAP liability, and other postemployment benefit liability are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Receivables – Receivables include amounts due from Federal, State, and other governments or entities for services provided by the Village. Receivables are recorded, and revenues recognized as earned or as specific program expenditures are incurred.

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
 May 31, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances (continued)

Prepays – Prepays in the general fund represent insurance premiums paid for coverage and other vendor prepayments that will benefit the subsequent period.

Capital Assets – Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant and equipment of the Village are depreciated using the straight-line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings	20 - 50
Land Improvements	20
Machinery and equipment	5 - 20
Vehicles	7 - 20
Infrastructure	10-100

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

Unearned Revenues – Unearned revenues arise when assets are received before revenue recognition criteria have been satisfied. In the government-wide financial statements and fund financial statements, unearned revenues consist of revenue received in advance and/or revenue from grants received before the eligibility requirements have been met.

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
May 31, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances (continued)

Deferred Outflows/Inflows of Resources – In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. In this category, the Village reports amounts related to pensions – New York State and Local Retirement System, which consists of differences between expected and actual experience, changes in assumptions, changes in proportion and differences between the Village's contributions and proportionate share of contributions and the Village's contributions made subsequent to the measurement date. The Village also reports amounts related to pensions - Length of Service Award Program, which consists of differences between expected and actual experience, changes in assumptions or other inputs, benefit payments and administrative expenses made subsequent to the measurement date. The Village also reports amounts related to other postemployment benefit obligations reported in the government-wide Statement of Net Position. This represents the differences between expected and actual experience.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. In this category, the Village reports amounts related to pensions – New York State and Local Retirement System, which consists of differences between expected and actual experience, changes in assumptions, net difference between projected and actual earnings on pension plan investments, and changes in proportion and differences between the Village's contributions and proportionate share of contributions. The Village also reports amounts related to pensions - Length of Service Award Program, which consists of differences between expected and actual experience, and changes in assumptions or other inputs. The Village also reports amounts related to other postemployment benefit obligations reported in the government-wide Statement of Net Position. This represents changes in assumptions or other inputs.

On the governmental funds Balance Sheet, the unavailable revenue relates to real property taxes which were not collected within the period of availability. These revenues are deferred in the governmental funds and will be recognized as an inflow of resources in the period that the amounts become available. On the government-wide Statement of Activities, these revenues are recognized as revenues in the period they are earned.

Long-Term Obligations – The liabilities for long-term obligations consisting of general obligation bonds payable, due to New York State and Local Retirement System, compensated absences, other postemployment benefits payable, net pension liability - proportionate share, and length of service award program liability are recognized in the government-wide financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of applicable bond premium or discount.

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
May 31, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances (continued)

Long-Term Obligations (continued)

In the fund statements, long-term obligations are not reported as liabilities. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures. Debt related to installment purchases are reported as other financing sources and expenditures in the governmental funds.

NET POSITION AND FUND BALANCE CLASSIFICATIONS

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a) Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net position - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net position - all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources; they are (a) nonspendable, (b) restricted, (c) committed, (d) assigned, or (e) unassigned.

- a) Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form (i.e. prepaid items or inventories), or (b) will not convert to cash within the current period (i.e. long-term receivables and financial assets held for resale), or (c) legally or contractually required to be maintained intact (i.e. the principal of a permanent fund).

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

- b) Restricted fund balance reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
May 31, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances (continued)

NET POSITION AND FUND BALANCE CLASSIFICATIONS (continued)

- c) Committed fund balance reflects amounts that can only be used for specific purposes by a government using its highest and most binding level of decision-making authority. The Village's highest decision-making authority is the Village Board, who by adoption of a Village ordinance prior to year-end, can commit fund balance. Those committed amounts cannot be used for any other purpose unless the Village Board removes or changes the specified use by taking the same type of action imposing the commitment.
- d) Assigned fund balance reflects the amounts constrained by the Village's "intent" to be used for specific purposes but are neither restricted nor committed. The Village Board has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.
- e) Unassigned fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

NET POSITION AND FUND BALANCE FLOW ASSUMPTIONS

When outlays for a particular purpose can be funded from both restricted and unrestricted net position resources in the government-wide financial statements, it is the Village's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

When both restricted and unrestricted resources are available for use in the fund level financial statements, it is the Village's policy to use restricted resources first, and then unrestricted resources - committed, assigned and unassigned - in order as needed.

F. REVENUES AND EXPENDITURES

Property Taxes – Village real property taxes and special assessments are levied on May 15 and are due in an annual installment on June 1. Payments must be received on or before July 1. Penalties are imposed thereafter at the rate of 5% for the first month and 1% per month thereafter. Unpaid taxes become a lien during the second week in February in the ensuing year. Property tax bills that relate to the ensuing fiscal year are recorded as deferred inflows of resources.

Interfund Transactions – Interfund transactions have been eliminated from the government-wide financial statements. In the fund statements interfund transactions include transfers. Transfers represent primarily the funding of capital projects.

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
May 31, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

F. REVENUES AND EXPENDITURES (continued)

Compensated Absences – Village 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 and unused compensatory absences 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 noncurrent obligations in the government-wide statements. The current portion of this debt is estimated based on historical trends. The compensated absence liability and expenditure is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

The amount that is expected to be liquidated with expendable available financial resources is reported as expenditure and a liability in the fund financial statements in the respective fund that will pay it.

Other Postemployment Benefits – In addition to providing pension benefits, the Village provides certain health insurance coverage and survivor benefits for retired employees and their survivors. The Village recognizes the cost of providing these benefits by recording its share of insurance premiums as an expenditure in the governmental funds in the year paid.

In addition, the Village provides life insurance benefits for volunteer firefighters. The benefits provide the fire fighters with either \$10,000 or \$20,000 in life insurance depending on the firefighter's age and vesting status. The Village is self-insured for these benefits and recognizes the cost of providing these benefits by recording the actual cost of the life insurance benefit as an expenditure in the governmental funds in the year paid.

The liability for these other postemployment benefits payable is recorded as a long-term liability in the government-wide statements.

New York State and Local Employees' Retirement Plan – The Village, as a participant in the New York State and Local Employees' Retirement System, recognizes the proportionate share of the net pension liability, deferred outflows of resources and deferred inflows of resources in the government-wide financial statements, using the accrual basis of accounting, regardless of the amount recognized as pension expenditures in the fund financial statements. The amounts recognized have been determined on the same basis as reported by the System, utilizing the year end of March 31st.

G. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purpose, is employed in the governmental funds. Encumbrances are reported as restrictions, commitments, or assignments of 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.

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
May 31, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

H. USE OF 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 amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

I. ADOPTION OF ACCOUNTING STANDARD

The Village has adopted all of the current GASB statements that are applicable.

J. SUBSEQUENT EVENTS

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through February 9, 2023, which is the date the financial statements were available to be issued.

Note 2 – Stewardship, Compliance and Accountability

A. BUDGETARY INFORMATION

The Village follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- a) No later than March 31st, the budget officer submits a tentative budget to the Board of Trustees for the fiscal year commencing the following June 1st. The tentative budget includes proposed expenditures and the proposed means of financing for the general and library fund.
- b) After public hearings are conducted to obtain taxpayer comments, no later than May 1st, the Board of Trustees adopts the budget.
- c) All modifications of the budget must be approved by the Board of Trustees.
- d) Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

In June 2011, New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which includes a 2.00% property tax cap for municipalities, however there are permitted exceptions and adjustments that can increase the property tax cap percentage. Beginning in 2012, no local government is authorized to increase its property tax levy by more than the calculated property tax cap; however, local governments can exceed the property tax cap limit by a 60% vote of the governing body and annually adopting a local law. In 2021-2022, the Village did not override the tax cap.

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
 May 31, 2022

Note 2 – Stewardship, Compliance and Accountability (continued)

B. FUND EQUITY

The fund balance section of the balance sheets of the governmental funds focus on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The components of fund balance include the following items, as needed:

(1) nonspendable, (2) restricted, (3) committed, (4) assigned, or (5) unassigned.

The following table provides the detail regarding fund balance categories and classifications for the governmental funds which show components of nonspendable fund balances, as well as the purposes for restricted, and assigned fund balance, if applicable. The unassigned fund balance is also shown.

	General Fund	Capital Projects Fund	Special Revenue Fund	Total
Fund Balances:				
Nonspendable:				
Prepaid items	\$ 1,138,631			\$ 1,138,631
Total Nonspendable	<u>1,138,631</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>1,138,631</u>
Restricted for:				
Grantor restrictions				
Health			9,130	9,130
Transportation			85,278	85,278
Culture and recreation			303,318	303,318
Home and community			467,666	467,666
NYS Reserves				
Insurance reserve	50,181			50,181
Employee benefit reserve	278,889			278,889
Service award program	6,223,630			6,223,630
Total Restricted	<u>6,552,700</u>	<u>-0-</u>	<u>865,392</u>	<u>7,418,092</u>
Assigned to:				
Purchases on order	556,444			556,444
Capital projects		7,240,851		7,240,851
Total Assigned	<u>556,444</u>	<u>7,240,851</u>	<u>-0-</u>	<u>7,797,295</u>
Unassigned, reported in				
General fund	12,840,374			12,840,374
Total Unassigned	<u>12,840,374</u>	<u>-0-</u>	<u>-0-</u>	<u>12,840,374</u>
Total Fund Balance	<u>\$ 21,088,149</u>	<u>\$ 7,240,851</u>	<u>\$ 865,392</u>	<u>\$ 29,194,392</u>

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
May 31, 2022

Note 3 – Detailed Notes on All Funds

A. CASH AND CASH EQUIVALENTS

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

Collateral is required for all bank or trust company accounts and certificate of deposit amounts in excess of amounts covered by federal deposit insurance. The collateral shall be delivered to the Village or a custodial bank with which the Village has entered into a custodial agreement. 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 unable to recover the value of its investments or collateral securities that are in possession of an outside party.

Deposits are 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 Village's name.

None of the Village's bank balances that were not covered by Federal deposit insurance were exposed to custodial credit risk as described above.

At May 31, 2022, the Village's cash book balances were \$24,376,258. The Village's bank deposit balances were \$24,548,573, of which \$733,337 was covered by the Federal Deposit Insurance Corporation, and \$23,815,236 was covered by collateral held by the Village's agent, a third-party financial institution, in the Village's name.

See Note 3.G. for information on the Restricted Length of Service Award Program (LOSAP) investments.

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
 May 31, 2022

Note 3 – Detailed Notes on All Funds (continued)

B. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances for the Village at May 31, 2022 primarily represent temporary borrowings that will be reimbursed subsequent to year end and are composed of the following:

	Amount Receivable	Amount Payable
General fund	\$ 205,561	\$ 1,632,764
Capital projects fund	1,632,764	205,561
Total	\$ 1,838,325	\$ 1,838,325

Interfund transfer for the Village during the year ended May 31, 2022 represent funding for capital projects.

	Transfers In	Transfers Out
General fund		\$ 1,101,376
Capital projects fund	\$ 1,101,376	
Total	\$ 1,101,376	\$ 1,101,376

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
 May 31, 2022

Note 3 – Detailed Notes on All Funds (continued)

C. CAPITAL ASSETS

A summary of changes within the governmental capital assets for the year ended May 31, 2022 are as follows:

	Balance 6/1/21	Additions	Deletions / Reclassifications	Balance 5/31/22
Capital assets not being depreciated:				
Land	\$ 1,819,893			\$ 1,819,893
Construction in progress	123,231	\$ 210,850		334,081
Total capital assets not being depreciated	1,943,124	210,850	\$ -	2,153,974
Depreciable capital assets:				
Buildings	20,574,453	67,643		20,642,096
Land Improvements	5,365,310			5,365,310
Machinery and equipment	13,936,993	285,868	(1,051)	14,221,810
Vehicles	12,546,653	591,180	(77,595)	13,060,238
Infrastructure	26,989,257	2,575,396		29,564,653
Total depreciable capital assets	79,412,666	3,520,087	(78,646)	82,854,107
Less accumulated depreciation:				
Buildings	4,906,892	501,121		5,408,013
Land Improvements	3,626,159	145,844		3,772,003
Machinery and equipment	9,730,626	924,457	(1,051)	10,654,032
Vehicles	8,573,195	660,800	(77,595)	9,156,400
Infrastructure	18,220,011	977,040		19,197,051
Total accumulated depreciation	\$45,056,883	\$ 3,209,262	\$ (78,646)	48,187,499
Total net depreciable capital assets				34,666,608
Total net capital assets				\$36,820,582
Depreciation expense was charged to governmental functions as follows:				
General government support				\$ 313,898
Public safety				1,463,856
Transportation				1,190,954
Culture and recreation				240,554
Total governmental activities depreciation expense				\$ 3,209,262

Depreciation is recorded on the straight-line basis over the estimated useful lives, in years, of the respective assets.

The Village evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of capital assets has occurred. The Village's policy is to record an impairment loss in the period when the Village determines that the carrying amount of the asset will not be recoverable. At May 31, 2022, the Village has not recorded any such impairment losses.

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
 May 31, 2022

Note 3 – Detailed Notes on All Funds (continued)

D. INDEBTEDNESS

LONG-TERM DEBT

The following is a summary of changes in long-term debt liabilities for the year ended May 31, 2022:

	Balance 6/1/21	Increases	Reductions	Balance 5/31/22	Non-Current Liabilities Due within One Year	Non-Current Liabilities
General obligation bonds	\$ 7,360,000		\$ 525,000	\$ 6,835,000	\$ 545,000	\$ 6,290,000
Premium on issuance	332,063		34,478	297,585		297,585
	7,692,063	-	559,478	7,132,585	545,000	6,587,585
Compensated absences	6,644,580	\$ 127,084		6,771,664	174,749	6,596,915
Due to State and Local Retirement System	303,847		94,512	209,335	101,128	108,207
Net pension liability - proportionate share	2,356,572		1,572,676	783,896		783,896
Length of Service Award Programs	10,363,899	877,312	740,900	10,500,311		10,500,311
Other postemployment benefits payable	85,142,134	5,714,183	22,396,033	68,460,284		68,460,284
Totals	\$ 112,503,095	\$ 6,718,579	\$ 25,363,599	\$ 93,858,075	\$ 820,877	\$ 93,037,198

The liabilities for long-term obligations consisting of general obligation bonds payable, due to Employees' Retirement System, compensated absences, due to state and local retirement system, other postemployment benefits payable, net pension liability - proportionate share and length of service award programs are liquidated through future budgetary appropriations in the general fund.

General Obligation Bonds - The Village borrows money in order to finance capital improvements. This enables the cost of 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 Village, are recorded as a governmental activity in the government-wide financial statements. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

Description	Original Date Issued	Original Amount	Interest Rate (%)	Final Maturity Date	Outstanding 5/31/22
Public Improvements -	3/14/2019	\$ 3,430,000	2.0%-5.0%	4/1/2030	\$ 2,660,000
Public Improvements -	3/8/2016	5,650,000	2.0%-3.0%	3/1/2036	4,175,000
Total General Obligation Bonds					\$ 6,835,000

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
 May 31, 2022

Note 3 – Detailed Notes on All Funds (continued)

D. INDEBTEDNESS (continued)

LONG-TERM DEBT (continued)

The following is a summary of general obligation bonds with corresponding maturity schedules:

Future principal and interest payments are as follows:

	Principal	Interest	Total
Years ending May 31, 2023	\$ 545,000	\$ 198,419	\$ 743,419
2024	565,000	178,969	743,969
2025	580,000	158,669	738,669
2026	605,000	137,768	742,768
2027	630,000	115,769	745,769
2028-2032	2,580,000	365,262	2,945,262
2033-2036	1,330,000	100,150	1,430,150
Total	<u>\$ 6,835,000</u>	<u>\$ 1,255,006</u>	<u>\$ 8,090,006</u>

Prior Year Defeasance of Debt

In prior years, the Village defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Village's financial statements. At May 31, 2022, \$2,825,000 of bonds outstanding are considered defeased.

Compensated Absences

Village employees are granted vacation and sick leave and earn compensatory absences in varying amounts, the terms of which must comply with the current collective bargaining agreements. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation, personal leave and sick leave at various rates subject to certain maximum limitations.

Estimated vacation, sick leave and compensatory absences accumulated by governmental fund type employees have been recorded in the Statement of Net Position. Payment of vacation time and sick leave is dependent upon many factors, therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation, sick leave and compensatory absences when such payments become due.

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
 May 31, 2022

Note 3 – Detailed Notes on All Funds (continued)

D. INDEBTEDNESS (continued)

Due to New York State and Local Retirement System

Pursuant to Chapter 674 of the Laws of 2003, the State of New York allows participating employers to allow certain Tier 2 police officers and firefighters to retire early without a reduction upon the attainment of age 55. Electing this benefit results in a past service cost, which the Village can pay back over a period of 5 years.

Future principal and interest payments to maturity for past service cost are as follows:

	Principal	Interest	Total Principal and Interest
Year Ending May 31, 2023	\$ 101,128	\$ 14,653	\$ 115,781
2024	108,207	7,575	115,782
Total	\$ 209,335	\$ 22,228	\$ 231,563

E. RETIREMENT SYSTEM

New York State and Local Retirement System

The Village participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") which are collectively referred to as the New York State and Local Retirement System ("System"). These are cost-sharing, multiple-employer defined benefit pension plans. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Village also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
 May 31, 2022

Note 3 – Detailed Notes on All Funds (continued)

E. RETIREMENT SYSTEM (continued)

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2022 are as follows:

	Tier/Plan	Rate
ERS	3 A14	18.0%
	4 A15	18.0
	5 A15	15.0
	6 A15	10.5
	Tier/Plan	Rate
PFRS	2 384D	30.9%
	5 384D	25.9
	6 384D	20.2

At May 31, 2022, the Village reported the following for its proportionate share of the net pension asset (liability) for ERS and PFRS:

	Measurement Date	Net Pension Asset (Liability)	Employer Allocation Percentage	Change in Employer Allocation Percentage Since Prior Measurement Date
ERS	March 31, 2022	\$ 1,990,346	0.0243480%	0.0000507%
PFRS	March 31, 2022	\$ (783,896)	0.1379991%	0.0036669%

The net pension asset (liability) was measured as of March 31, 2022 and the total pension liability used to calculate the net pension asset (liability) was determined by an actuarial valuation as of that date. The Village's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members.

For the year ended May 31, 2022, the Village recognized its proportionate share of pension expense in the government-wide financial statements of \$106,158 for ERS, and \$785,832 for PFRS. Pension expenditures of \$1,050,671 for ERS and \$1,720,289 for PFRS were recorded in the fund financial statements and were charged to the general fund.

At May 31, 2022, the Village reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
 May 31, 2022

Note 3 – Detailed Notes on All Funds (continued)

E. RETIREMENT SYSTEM (continued)

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	PFRS	ERS	PFRS
Differences between expected and actual experience	\$ 150,732	\$ 422,604	\$ 195,507	\$ -0-
Changes of assumptions	3,321,664	4,691,789	56,049	-0-
Net difference between projected and actual earnings on pension plan investments	-0-	-0-	6,517,548	6,586,777
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	46,249	394,832	8,574	156,121
Village's contribution subsequent to the measurement date	117,836	192,706	-0-	-0-
Total	\$ 3,636,481	\$ 5,701,931	\$ 6,777,678	\$ 6,742,898

The Village's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the plan's year ended March 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and PFRS will be recognized in pension expense as follows:

	Governmental Activities	
	ERS	PFRS
Plan years ending March 31, 2023	\$ (487,198)	\$ (269,140)
2024	(723,038)	(458,288)
2025	(1,693,085)	(1,454,834)
2026	(355,712)	895,048
2027	53,541	53,541
	\$ (3,259,033)	\$ (1,233,673)

The total pension liability for the ERS and PFRS as of the measurement date was determined by using an actuarial valuation date as noted below, with update procedures used to roll forward the total pension liabilities to that measurement date. Significant actuarial assumptions used in the valuation were as follows:

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
 May 31, 2022

Note 3 – Detailed Notes on All Funds (continued)

E. RETIREMENT SYSTEM (continued)

	ERS	PFRS
Measurement date	March 31, 2022	March 31, 2022
Actuarial valuation date	April 1, 2021	April 1, 2021
Interest rate	5.9%	5.9%
Salary increases	4.4%	6.2%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience	April 1, 2015 - March 31, 2020 System's Experience
Inflation rate	2.7%	2.7%

Annuitant mortality rates are based on the System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020.

The actuarial assumptions used in the valuation are based on the result of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	32.0%	3.30%
International equity	15.0%	5.85%
Private equity	10.0%	6.50%
Real estate	9.0%	5.00%
Opportunistic portfolio	3.0%	4.10%
Credit	4.0%	3.78%
Real assets	3.0%	5.80%
Domestic fixed income securities	23.0%	0.00%
Cash and cash equivalents	1.0%	-1.00%
	<u>100.0%</u>	

The real rate of return is net of the long-term inflation assumption of 2.7%.

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
 May 31, 2022

Note 3 – Detailed Notes on All Funds (continued)

E. RETIREMENT SYSTEM (continued)

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Village's proportionate share of the net pension asset (liability) calculated using the discount rate of 5.9%, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (4.9%) or 1 percentage point higher (6.9%) than the current rate:

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
ERS	\$ (5,123,128)	\$ 1,990,346	\$ 7,940,423
PFRS	(8,719,637)	(783,896)	5,784,790

The components of the collective net pension liability as of the March 31, 2022 measurement date were as follows:

	(Dollars in Thousands)	
	ERS	PFRS
Valuation date	April 1, 2021	April 1, 2021
Employers' total pension (liability)	\$ (223,874,888)	\$ (42,237,292)
Plan fiduciary net position	232,049,473	41,669,250
Employers' net pension asset (liability)	\$ 8,174,585	\$ (568,042)
Ratio of plan fiduciary net position to the Employers' total pension liability	103.65%	98.66%

Employer contributions to ERS and PFRS are paid annually and cover the period through the end of the System's fiscal year, which is March 31st. Accrued retirement contributions as of May 31, 2022 represent the employer contribution for the period of April 1, 2022 through May 31, 2022 based on paid ERS and PFRS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly. Accrued retirement contributions to ERS and PFRS were \$117,836 and \$192,706 respectively as of May 31, 2022.

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
May 31, 2022

Note 3 – Detailed Notes on All Funds (continued)

F. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”)

Plan Description

The Village sponsors a single employer health care plan that provides postemployment medical benefits for eligible retirees and their spouses through the New York State Health Insurance Plan (NYSHIP) (the “Plan”). Substantially all of the Village’s employees may become eligible for these benefits if they reach normal retirement age while working for the Village. The Village does not issue a publicly available financial report for the Plan, however, the financial activities of NYSHIP are included with the statements of the State of New York.

Benefits Provided

The Village contributes 100% of the cost of premiums for eligible retired plan members hired prior to January 1995. For those hired after January 1995, plan members will contribute 50% of the premium if they have less than 10 years of service, 30% if they have between 10 and 19 years of service, and 20% if they have 20 or more years of service. Upon the death of the employee, surviving spouses must pay 100% of the premium. The Village recognizes the cost of providing benefits by recording its share of insurance premiums as expenditures in the year paid.

Employees Covered by Benefit Terms

The number of participants as of June 1, 2020, the effective date of the OPEB valuation, is as follows:

Active employees	114
Inactive employees or beneficiaries	
currently receiving benefits	82
Total	<u>196</u>

There have been no significant changes in the number of participants or the type of coverage since the last published valuation.

Total OPEB Liability

The Village’s total OPEB liability of \$68,460,284 was measured as of May 31, 2022 and was determined by an actuarial valuation as of June 1, 2020, with update procedures used to rollforward the OPEB liability to the measurement date.

Funding Policy

The Village currently pays for other postemployment benefits on a pay-as-you-go basis.

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
 May 31, 2022

Note 3 – Detailed Notes on All Funds (continued)

F. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) (continued)

Actuarial Assumptions and Other Inputs

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 benefit costs between the employer and plan members to that point.

The total OPEB liability in the June 1, 2020 valuation was determined using the following actuarial assumptions and other inputs:

Salary increases	2.5%
Discount rate	3.4%
Healthcare cost trend rates	
Pre-65	6.25% for January 1, 2020, decreasing per year to an ultimate rate of 4.5% in 2026
Post-65	7.25% for January 1, 2020, decreasing per year to an ultimate rate of 4.5% in 2026

The discount rate was based on the 20 Year AA Municipal GO Bond Rate Index as of June 1, 2021 for the rate as of June 1, 2021. The discount rate as of May 31, 2022 was based on the same index as of May 31, 2022.

Mortality rates were based on the SOA RP-2014 Total Dataset.

The decrement tables used for this valuation are based on the New York State Employees' Retirement System (ERS) and the New York State Police and Fire Retirement System (PFRS).

The actuarial assumptions used in the June 1, 2020 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable.

Changes in the Total OPEB Liability

The following table shows the components of the Village's other postemployment benefits liability:

Other Postemployment Liability at the Beginning of Year	<u>\$ 85,142,134</u>
Changes for the Year:	
Service Cost	4,028,780
Interest	1,685,403
Differences Between Expected and Actual Experience	-
Changes of Assumptions and Other Inputs	(20,652,029)
Benefit Payments	<u>(1,744,004)</u>
Net Change	<u>(16,681,850)</u>
Other Postemployment Liability at the End of Year	<u><u>\$ 68,460,284</u></u>

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
 May 31, 2022

Note 3 – Detailed Notes on All Funds (continued)

F. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) (continued)

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the Village, as well as what the Village’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.4%) or 1-percentage-point higher (4.4%) than the current discount rate:

	1% Decrease (2.4%)	Current Discount Rate (3.4%)	1% Increase (4.4%)
Total OPEB Liability	\$ 82,378,436	\$ 68,460,284	\$ 57,766,278

The following presents the total OPEB liability of the Village, as well as what the Village’s total OPEB liability would be if it were calculated using healthcare cost trend rates that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease (4.75% to 3.50%)	Health Care Cost Trend Rates (5.75% to 4.50%)	1% Increase (6.75% to 5.50%)
Total OPEB Liability	\$ 55,477,083	\$ 68,460,284	\$ 85,965,825

OPEB Expense and Deferred Outflow of Resources and Deferred Inflow of Resources Related to OPEB

For the year ended May 31, 2022, the Village recognized OPEB expense of \$4,108,036. At May 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB as shown below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,725,752	\$ -
Changes of assumptions or other inputs	-	16,636,597
Totals	\$ 3,725,752	\$ 16,636,597

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the years ending May 31, 2023	\$ (1,606,147)
2024	(1,606,147)
2025	(1,606,150)
2026	(2,571,057)
2027	(2,571,055)
2028	(2,950,289)
	\$ (12,910,845)

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
 May 31, 2022

G. LENGTH OF SERVICE AWARD PROGRAMS – Firefighters and Volunteer Ambulance Workers

The Village established defined benefit plans, Length of Service Awards Programs (“LOSAP/Plans/Programs”), for the active volunteer firefighters of the Village of Southampton Volunteer Fire Department and active volunteer ambulance workers.

Firefighters

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

Volunteer Ambulance Workers

The Village established a LOSAP for active volunteer ambulance workers. The Program took effect on January 1, 1997. The Program was established pursuant to Article 11-AA of the General Municipal Law. The Program provides municipally funded deferred compensation to volunteer ambulance workers to facilitate the recruitment and retention of active volunteer ambulance workers. The Village is the sponsor of the Program, and the program administrator.

Program Description

Participation, Vesting and Service Credit

Active volunteer firefighters and volunteer ambulance workers who have reached the age of 18 and who have completed the sponsor's required probationary period are eligible to participate in their respective program. Participants acquire a non forfeitable right to a service award after being credited with 5 years of service or upon attaining their program's entitlement age. Each program's entitlement age is age is 65 with 1 year of plan participation. In general, an active volunteer firefighter or volunteer ambulance worker is credited with a year of service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of 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.

Participants

As of December 31, 2020, the measurement date, the following participants were covered by the benefit terms:

	Firefighters	Volunteer Ambulance Workers
Inactive participants currently receiving benefit payments	29	9
Inactive participants entitled to but not yet receiving benefit payments	24	33
Active participants	110	78
	163	120

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
May 31, 2022

Note 3 – Detailed Notes on All Funds (continued)

G. LENGTH OF SERVICE AWARD PROGRAMS – Firefighters and Volunteer Ambulance Workers (continued)

Benefits

A participant's service award is paid as a ten-year certain and continuous monthly payment life annuity. The amount payable each month equals the accrual rate multiplied by the total number of years of service credit earned by the participant.

Firefighters - the accrual rate is \$30 for service credit earned in 2006 and later and \$20 for service credit earned prior to 2006. The maximum number of years of service credit a participant may earn under the program is 30 years.

Ambulance workers - the accrual rate is \$30 for service credit earned in 2014 and later and \$20 for service credit earned prior to 2014. The maximum number of years of service credit a participant may earn under the program is 40 years.

Currently, there are no other forms of payment of a volunteer's earned service award under the program.

Except in the case of pre-entitlement age death or total and permanent disablement, a participant's service award will not be paid until he or she attains the entitlement age. Volunteers who are active after attaining the entitlement age and who may have commenced receiving a service award have the opportunity to earn service credit and, thereby, increase their service award payments. The pre-entitlement age death and disability benefit is equal to the actuarial value of the participant's earned service award at the time of death or disablement. All death and disability benefits are self-insured by the plans. The programs do not provide extra line-of-duty death or disability benefits.

Fiduciary Investment and Control

Authority to invest the Program assets is vested in the Program Trustee. Program assets are invested in accordance with a statutory prudent person rule and in accordance with an investment policy adopted by the Board of Trustees.

The Board of Trustees is required to retain an actuary to determine the amount of the Village's contributions to the program. The actuarial firm retained by the Village for this purpose is Penflex, Inc. Portions of the following information are derived from the January 1, 2021 Annual Report prepared by Penflex, Inc. The actuary also provided additional calculations for the length of service program liability under GASB Statement No. 73.

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
 May 31, 2022

Note 3 – Detailed Notes on All Funds (continued)

G. LENGTH OF SERVICE AWARD PROGRAMS – Firefighters and Volunteer Ambulance Workers (continued)

Plan Financial Condition

Investments by fair value level Assets Available for Benefits	May 31, 2021	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 495,399	\$ 495,399		
Debt securities	1,931,898	1,931,898		
Equity securities	2,739,474	2,739,474		
Share of pooled investment	1,056,859		\$ 1,056,859	
Total Assets Available for Benefits	\$ 6,223,630	\$ 5,166,771	\$ 1,056,859	\$ -0-

The Village categorizes the fair value measurements into the fair value hierarchy established by GASB Statement No. 72. The three levels of inputs used to measure fair value are as follows:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Village has the ability to access.
- Level 2 - Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Significant unobservable inputs that reflect the Village's own assumptions about the assumptions that market participants would use in pricing an asset.

The fair value measurement level within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Custodial Credit Risk - LOSAP Investments

Credit Risk - State law limit investments to those authorized by State statutes. The Village currently does not have a written investment policy for the LOSAP Plan Assets.

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

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
 May 31, 2022

Note 3 – Detailed Notes on All Funds (continued)

G. LENGTH OF SERVICE AWARD PROGRAMS – Firefighters and Volunteer Ambulance Workers (continued)

Plan Financial Condition (continued)

Receipts and Disbursements

	Firefighters	Volunteer Ambulance Workers
Plan Assets, beginning of year	\$ 5,379,146	\$ 1,079,158
Changes during the year:		
Plan contributions	318,358	66,532
Investment income (loss)	(369,725)	(45,194)
Benefits paid/payable	(161,008)	(29,979)
Administrative expense		(13,658)
Plan assets, end of year	<u>\$ 5,166,771</u>	<u>\$ 1,056,859</u>

Contributions

New York State General Municipal Law Section 219(d) requires the Village to contribute an actuarially determined contribution on an annual basis. The actuarial cost method used to determine the required contribution was the Entry Age Normal Method.

The amount of the Village's contribution recommended by the actuary for the year ended December 31, 2021 was \$318,358 for the firefighters LOSAP, and \$66,532 for the volunteer ambulance workers LOSAP.

Program Expense and Administration Fees

	Firefighters	Volunteer Ambulance Workers
Service cost	\$ 161,453	\$ 71,608
Interest on total pension liability	225,537	38,824
Changes of assumptions or other inputs	169,489	32,160
Differences between expected and actual experience	(887)	(4,044)
Pension plan administrative expenses	1,473	4,264
Total LOSAP pension expense	<u>\$ 557,065</u>	<u>\$ 142,812</u>

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
 May 31, 2022

Note 3 – Detailed Notes on All Funds (continued)

G. LENGTH OF SERVICE AWARD PROGRAMS – Firefighters and Volunteer Ambulance Workers (continued)

Plan Financial Condition (continued)

Program Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Program

	<u>Firefighters</u>	<u>Volunteer Ambulance Workers</u>
Service cost	\$ 238,888	\$ 148,023
Interest	171,138	34,308
Changes of assumptions or other inputs	(418,189)	(110,718)
Differences between expected and actual experience	257,238	27,717
Benefits payments	<u>(182,464)</u>	<u>(29,529)</u>
Net change in total LOSAP liabilities	66,611	69,801
Total LOSAP liabilities, beginning of year	<u>8,719,532</u>	<u>1,644,367</u>
Total LOSAP liabilities end of year	<u><u>\$ 8,786,143</u></u>	<u><u>\$ 1,714,168</u></u>

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>Firefighters</u>	<u>Volunteer Ambulance Workers</u>	<u>Firefighters</u>	<u>Volunteer Ambulance Workers</u>
Differences between expected and actual experience	\$ 277,592	\$ 68,971	\$ 53,706	\$ 83,570
Changes of assumptions or other inputs	1,947,616	455,811	724,642	177,096
Benefit payments and administrative expenses subsequent to the measurement date	<u>68,753</u>	<u>12,304</u>	<u>-0-</u>	<u>-0-</u>
Total	<u><u>\$ 2,293,961</u></u>	<u><u>\$ 537,086</u></u>	<u><u>\$ 778,348</u></u>	<u><u>\$ 260,666</u></u>

Contributions subsequent to the measurement date will be recognized as a reduction of the total LOSAP pension liability in the year ended May 31, 2023.

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
 May 31, 2022

Note 3 – Detailed Notes on All Funds (continued)

G. LENGTH OF SERVICE AWARD PROGRAMS – Firefighters and Volunteer Ambulance Workers (continued)

Program Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Program (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to LOSAP pensions will be recognized in pension expense as follows:

Plan Financial Condition (continued)

	Firefighters	Volunteer Ambulance Workers
Years ended May 31, 2023	\$ 155,410	\$ 23,629
2024	155,410	23,629
2025	155,410	23,629
2026	155,410	23,629
2027	155,410	23,629
Thereafter	669,810	145,971
	<u>\$ 1,446,860</u>	<u>\$ 264,116</u>

Funding Methodology and Actuarial Assumptions

Measurement date	December 31, 2021
Actuarial valuation date	December 31, 2021
Actuarial cost method	Entry Age Normal
Salary scale	None assumed
Inflation rate	2.25%
Discount rate	2.24%

Mortality rates for the firefighters LOSAP were based on the RP-2014 Male Mortality Table without projection for improvement.

Mortality rates for the volunteer ambulance workers LOSAP were based on the RP-2014 Mortality Table (60/40 male/female blend) projected for mortality improvement to the year 2025 with scale MP2020.

Yield to maturity of S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2021.

Sensitivity of the Total LOSAP Pension Liability

	1% Decrease (1.24%)	Current Assumption (2.24%)	1% Increase (3.24%)
Firefighters	\$ 10,237,384	\$ 8,786,143	\$ 7,602,337
Volunteer ambulance workers	2,105,611	1,714,168	1,410,653

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
May 31, 2022

Note 3 – Detailed Notes on All Funds (continued)

H. COMPENSATED ABSENCES

Village 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 Village employees have been recorded in the Statement of Net Position. Payment of vacation time and sick leave is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation, sick leave and compensatory absences when such payments become due. As of May 31, 2022, the value of the accumulated vacation time and sick leave was \$6,771,664.

Note 4 – Commitments and Contingencies

A. GRANTS

The Village 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 return of funds. The Village's administration believes disallowances, if any, will be immaterial.

B. LITIGATION

The Village is involved in lawsuits arising from the normal conduct of its affairs. Management believes the outcome of any matters will not have a material affect on these financial statements.

C. ENCUMBRANCES

At May 31, 2022, the Village encumbered the following amounts, all of which are included in assigned fund balance in the respective funds:

Capital Projects Fund:	
Capital projects	<u>\$ 1,385,298</u>
General Fund:	
General government support	172,445
Public safety	138,718
Health	30,624
Transportation	198,837
Culture and recreation	<u>15,820</u>
	<u>556,444</u>
 Total Encumbrances	 <u><u>\$ 1,941,742</u></u>

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
May 31, 2022

Note 5 – New Pronouncements

The following statements have been issued by the GASB and are to have the most impact in future years:

GASB Statement No. 87, *“Leases”*, as amended by GASB Statement No. 95, *“Postponement of the Effective Dates of Certain Authoritative Guidance”*, establishes a single model for lease accounting based on the concept that leases are a financing of a “right-to-use” underlying asset. As such, this Statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset. A lessor will be required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 91, *Conduit Debt Obligations*, as amended by Statement No. 95, *“Postponement of the Effective Dates of Certain Authoritative Guidance”*, the objective of which are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

GASB Statement No. 94, *“Public-Private and Public-Public Partnerships and Availability Payment Arrangements”*, this Statement has been issued to improve financial reporting related to public-private and public-public partnership arrangements, in which one a government (transferor) contracts with an operator (governmental or nongovernmental entity) to provide public services by conveying the right to operate or use a nonfinancial assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 96, *“Subscription-Based Information Technology Arrangements”*, this Statement has been issued to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 99, *“Omnibus 2022”*, was issued to enhance comparability in accounting and financial reporting and consistency of authoritative language on various topics. The requirements of this Statement are effective for certain requirements effective for reporting periods beginning after June 15, 2022. The remaining requirements are effective for reporting periods beginning after June 15, 2023.

GASB Statement No. 100, *“Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62”*, this Statement has been issued to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

INCORPORATED VILLAGE OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
May 31, 2022

Note 5 – New Pronouncements (continued)

GASB Statement No. 101, “*Compensated Absences*”, this Statement has been issued to update the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the Village believes will most impact its financial statements. The Village will evaluate the impact this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Notes to Required Supplementary Information

The budgets are adopted on a basis of accounting consistent with GAAP. In the event that actual revenues received exceeded budgeted amounts, additional budgetary appropriations are made. The capital projects are budgeted on a per project basis.

INCORPORATED VILLAGE OF SOUTHAMPTON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended May 31, 2022

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
REVENUES					
Real property taxes	\$ 25,446,979	\$ 25,446,979	\$ 25,355,534		\$ (91,445)
Other real property tax items	140,000	140,000	241,097		101,097
Non-property tax items	385,000	385,000	583,676		198,676
Departmental income	2,341,000	2,378,000	3,735,741		1,357,741
Intergovernmental charges	1,489,559	1,489,559	1,326,665		(162,894)
Use of money and property	108,000	108,000	91,401		(16,599)
Licenses and permits	200,000	200,000	243,001		43,001
Fines and forfeitures	400,000	417,000	455,085		38,085
Sale of property and compensation for loss	120,000	196,500	176,856		(19,644)
Miscellaneous local sources	252,887	342,916	383,544		40,628
State aid	1,308,500	1,601,500	3,359,229		1,757,729
Federal aid	16,000	16,000			(16,000)
Total Revenues	<u>32,207,925</u>	<u>32,721,454</u>	<u>35,951,829</u>		<u>3,230,375</u>
EXPENDITURES					
Current:					
General government support	6,472,113	6,467,098	6,096,627	\$ 172,445	198,026
Public safety	9,441,059	10,781,704	10,609,764	138,718	33,222
Health	636,876	650,843	620,219	30,624	-0-
Transportation	2,841,456	3,130,482	2,921,408	198,837	10,237
Culture and recreation	1,604,327	1,649,485	1,601,113	15,820	32,552
Home and community services	352,000	402,683	341,230		61,453
Employee benefits	9,845,231	9,419,028	9,295,340		123,688
Debt service					
Principal	525,000	525,000	525,000		-0-
Interest	217,019	217,019	217,019		-0-
Total Expenditures	<u>31,935,081</u>	<u>33,243,342</u>	<u>32,227,720</u>	<u>556,444</u>	<u>459,178</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>272,844</u>	<u>(521,888)</u>	<u>3,724,109</u>	<u>(556,444)</u>	<u>3,689,553</u>
OTHER FINANCING USES					
Transfers out	(900,000)	(1,188,906)	(1,101,376)		87,530
Total Other Financing Uses	<u>(900,000)</u>	<u>(1,188,906)</u>	<u>(1,101,376)</u>	<u>-0-</u>	<u>87,530</u>
Net Change in Fund Balance	<u>\$ (627,156)</u>	<u>\$ (1,710,794)</u>	<u>2,622,733</u>	<u>\$ (556,444)</u>	<u>\$ 3,777,083</u>
Fund Balance at Beginning of Year			<u>18,465,416</u>		
Fund Balance at End of Year			<u>\$ 21,088,149</u>		

INCORPORATED VILLAGE OF SOUTHAMPTON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OTHER
POSTEMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS (OPEB)
May 31, 2022

OPEB	May 31, 2022	May 31, 2021	May 31, 2020	May 31, 2019
Other postemployment benefit liability at the beginning of the year	\$ 85,142,134	\$ 79,011,145	\$ 75,419,013	\$ 65,347,512
Service cost	4,028,780	3,292,686	2,633,156	2,633,156
Interest	1,685,403	1,953,160	2,397,323	2,323,008
Differences between expected and actual experience	-0-	5,216,052	-0-	-0-
Changes in assumptions and other inputs	(20,652,029)	(2,561,419)	-0-	6,754,367
Benefit payments	(1,744,004)	(1,769,490)	(1,438,347)	(1,639,030)
Net Changes	(16,681,850)	6,130,989	3,592,132	10,071,501
Other postemployment benefit liability at the end of the year	\$ 68,460,284	\$ 85,142,134	\$ 79,011,145	\$ 75,419,013
Covered employee payroll	\$ 10,755,363	\$ 10,755,363	\$ 10,297,076	\$ 10,297,076
Total other postemployment benefit liability as a percentage of covered employee payroll	636.52%	791.62%	767.32%	732.43%

Note: This schedule is intended to show information for 10 years. Since 2019 is the first year for this presentation, no data prior to 2019 is available. However, additional years will be included as they become available.

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4 to pay other postemployment benefits (OPEB).

The Village currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

Changes in Benefit Terms

None

Changes of Assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

2022	3.4%
2021	2.0%
2020	3.1%
2019	3.1%
2018	3.6%

INCORPORATED VILLAGE OF SOUTHAMPTON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS - PENSION PLAN
May 31, 2022

NYSERS

Years Ended May 31,

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 1,050,671	\$ 977,275	\$ 968,844	\$ 938,963	\$ 957,247	\$ 970,446	\$ 1,076,226	\$ 1,115,759	\$ 1,122,740	\$ 1,030,401
Contributions in relation to the contractually required contribution	1,050,671	977,275	968,844	938,963	957,247	970,446	1,076,226	1,115,759	1,122,740	1,030,401
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Village's covered-employee payroll	\$ 7,356,678	\$ 7,084,479	\$ 6,946,181	\$ 6,629,915	\$ 6,514,783	\$ 6,383,825	\$ 5,687,269	\$ 5,464,400	\$ 5,327,494	\$ 5,362,842
Contributions as a percentage of covered-employee payroll	14.28%	13.79%	13.95%	14.16%	14.69%	15.20%	18.92%	20.42%	21.07%	19.21%

NYSPFRS

For the Years Ended May 31,

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 1,720,289	\$ 1,304,166	\$ 1,244,236	\$ 1,105,866	\$ 1,090,770	\$ 1,117,236	\$ 1,044,190	\$ 1,095,368	\$ 1,264,321	\$ 957,494
Contributions in relation to the contractually required contribution	1,720,289	1,304,166	1,244,236	1,105,866	1,090,770	1,117,236	1,044,190	1,095,368	1,264,321	957,494
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Villages's covered-employee payroll	\$ 5,283,649	\$ 5,491,993	\$ 5,029,441	\$ 4,915,428	\$ 4,685,828	\$ 4,533,316	\$ 4,128,292	\$ 4,017,601	\$ 4,125,694	\$ 3,842,334
Contributions as a percentage of covered-employee payroll	32.56%	23.75%	24.74%	22.50%	23.28%	24.65%	25.29%	27.26%	30.65%	24.92%

Notes:

The amounts presented for each year are determined as of the year ending May 31st and the contractually required contributions are based on the amounts invoiced by the New York State Local Retirement System.

INCORPORATED VILLAGE OF SOUTHAMPTON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY) - PENSION PLAN
May 31, 2022

	2022	2021	2020	2019	2018	2017	2016
NYSERS							
Village's proportion of the collective net pension asset/(liability)	0.0243480%	0.0242973%	0.0240164%	0.0237508%	0.0236014%	0.0243149%	0.0222587%
Village's proportionate share of the net collective pension asset/(liability)	\$ 1,990,346	\$ (24,194)	\$ (6,359,679)	\$ (1,682,817)	\$ (761,721)	\$ (2,284,684)	\$ (3,572,582)
Village's covered-employee payroll	\$ 7,290,942	\$ 7,081,106	\$ 6,946,181	\$ 6,629,915	\$ 6,514,483	\$ 6,383,825	\$ 5,687,269
Village's proportionate share of the net collective pension asset/(liability) as a percentage of its covered-employee payroll	27.30%	0.34%	91.56%	25.38%	11.69%	35.79%	62.82%
Plan fiduciary net position as a percentage of the total pension liability coming from plan	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%
NYSPPFRS							
Village's proportion of the collective net pension asset/(liability)	0.1379991%	0.1343322%	0.1374981%	0.1377316%	0.1396923%	0.1383003%	0.1366116%
Village's proportionate share of the net collective pension asset/(liability)	\$ (783,896)	\$ (2,332,378)	\$ (7,349,188)	\$ (2,309,847)	\$ (1,411,949)	\$ (2,866,484)	\$ (4,044,779)
Village's covered-employee payroll	\$ 5,326,851	\$ 5,450,395	\$ 5,029,441	\$ 4,915,428	4,685,828	\$ 4,533,316	\$ 4,128,292
Village's proportionate share of the net collective pension asset/(liability) as a percentage of its covered-employee payroll	14.72%	42.79%	146.12%	46.99%	30.13%	63.23%	97.98%
Plan fiduciary net position as a percentage of the total pension liability coming from plan	98.66%	95.79%	84.86%	95.09%	96.93%	93.46%	90.24%

Notes:

Amounts presented above were determined as of the Systems' measurement date of March 31st.

There were no significant changes in benefits for the years presented above.

Changes in assumptions were as follows:

- a) The discount rate used to calculate the total pension liability was decreased from 6.8% to 5.9% for both ERS and PFRS effective with the March 31, 2021 measurement date.

Amounts presented are based on the fiscal year related to the measurement date of March 31st.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the Village presents information for those years for which information is available.

The change in the Village's proportionate share of the net pension asset/(liability) in 2021 and 2022 is mainly attributable to the increase in the plan fiduciary net position due to investment gains.

See paragraph on Required Supplementary Information Included in Auditors' Report

INCORPORATED VILLAGE OF SOUTHAMPTON
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGE IN THE LENGTH OF SERVICE AWARD PROGRAM -
 TOTAL PENSION LIABILITY
 May 31, 2022

Measurement date as of December 31,	Firefighters				
	2021	2020	2019	2018	2017
Service cost	\$ 238,888	\$ 161,453	\$ 161,842	\$ 229,749	\$ 194,450
Interest	171,138	225,537	228,523	206,583	213,305
Changes of assumptions or other inputs	(418,189)	1,602,306	375,217	(463,516)	501,999
Differences between expected and actual experience	257,238	44,965	5,421	(40,452)	(36,325)
Benefit payments	<u>(182,464)</u>	<u>(143,199)</u>	<u>(117,573)</u>	<u>(130,009)</u>	<u>(111,486)</u>
Net Change in Total LOSAP Pension Liability	66,611	1,891,062	653,430	(197,645)	761,943
Total LOSAP Pension Liability - beginning of year	<u>8,719,532</u>	<u>6,828,470</u>	<u>6,175,040</u>	<u>6,372,685</u>	<u>5,610,742</u>
Total LOSAP Pension Liability - end of year	<u>\$ 8,786,143</u>	<u>\$ 8,719,532</u>	<u>\$ 6,828,470</u>	<u>\$ 6,175,040</u>	<u>\$ 6,372,685</u>

Measurement date as of December 31,	Volunteer Ambulance Workers				
	2021	2020	2019	2018	2017
Service cost	\$ 148,023	\$ 71,608	\$ 66,860	\$ 77,869	\$ 57,273
Interest	34,308	38,824	39,538	36,651	35,823
Changes of assumptions or other inputs	(110,718)	380,391	77,400	(97,753)	103,653
Differences between expected and actual experience	27,717	48,445	(55,901)	(53,220)	1,224
Benefit payments	<u>(29,529)</u>	<u>(28,450)</u>	<u>(27,369)</u>	<u>(25,029)</u>	<u>(23,529)</u>
Net Change in Total LOSAP Pension Liability	69,801	510,818	100,528	(61,482)	174,444
Total LOSAP Pension Liability - beginning of year	<u>1,644,367</u>	<u>1,133,549</u>	<u>1,033,021</u>	<u>1,094,503</u>	<u>920,059</u>
Total LOSAP Pension Liability - end of year	<u>\$ 1,714,168</u>	<u>\$ 1,644,367</u>	<u>\$ 1,133,549</u>	<u>\$ 1,033,021</u>	<u>\$ 1,094,503</u>

Notes:

The above information was not available prior to December 31, 2017 measurement date. Additional years will be included as the information becomes available.

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73 to pay related benefits.

Covered-employee payroll is not applicable to the above LOSAP plan since the participants are volunteer firefighters and volunteer ambulance workers.

Benefits are determined based on service credits earned.

Changes of assumptions or other inputs. The discount rates used to measure the total LOSAP pension liability was based on the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index and was as follows:

December 31, 2021	2.24%
December 31, 2020	1.93%
December 31, 2019	3.26%
December 31, 2018	3.64%
December 31, 2017	3.16%
December 31, 2016	3.71%

OTHER SUPPLEMENTARY INFORMATION

Notes to Other Supplementary Information

The budgets are adopted on a basis of accounting consistent with GAAP. In the event that actual revenues received exceeded budgeted amounts, additional budgetary appropriations are made. The capital projects are budgeted on a per project basis.

INCORPORATED VILLAGE OF SOUTHAMPTON
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended May 31, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Real Property Tax Items:				
Real property taxes - current	\$ 25,446,979	\$ 25,446,979	\$ 25,355,534	\$ (91,445)
Total Real Property Tax Items	<u>25,446,979</u>	<u>25,446,979</u>	<u>25,355,534</u>	<u>(91,445)</u>
Other Real Property Tax Items:				
Interest and penalties on real property taxes	140,000	140,000	241,097	101,097
Total Other Real Property Tax Items	<u>140,000</u>	<u>140,000</u>	<u>241,097</u>	<u>101,097</u>
Non-Property Tax Items:				
Utilities gross receipts tax	385,000	385,000	583,676	198,676
Total Non-Property Tax Items	<u>385,000</u>	<u>385,000</u>	<u>583,676</u>	<u>198,676</u>
Departmental Income:				
Charges for tax redemption	-0-	-0-	1,250	1,250
Public safety - fees	1,310,000	1,310,000	2,433,409	1,123,409
Public health fees (Certificates)	30,000	30,000	35,459	5,459
Park and recreational charges	860,000	880,000	1,132,128	252,128
Zoning fees	50,000	50,000	35,915	(14,085)
Planning fees	45,000	62,000	70,015	8,015
Impound storage fees	21,000	21,000	16,350	(4,650)
Towing fees	25,000	25,000	11,215	(13,785)
Total Departmental Income	<u>2,341,000</u>	<u>2,378,000</u>	<u>3,735,741</u>	<u>1,357,741</u>
Intergovernmental Charges:				
Burglar alarm - other governments	65,000	65,000	89,775	24,775
Public safety dispatch - other governments	195,108	195,108	197,020	1,912
Fire protection services - other governments	1,229,451	1,229,451	1,039,870	(189,581)
Total Intergovernmental Charges	<u>1,489,559</u>	<u>1,489,559</u>	<u>1,326,665</u>	<u>(162,894)</u>
Use of Money and Property:				
Interest earnings	48,000	48,000	41,401	(6,599)
Rental of real property	60,000	60,000	50,000	(10,000)
Total Use of Money and Property	<u>108,000</u>	<u>108,000</u>	<u>91,401</u>	<u>(16,599)</u>
Licenses and Permits:				
Heliport fees	130,000	130,000	133,495	3,495
Permits	70,000	70,000	109,506	39,506
Total Licenses and Permits	<u>200,000</u>	<u>200,000</u>	<u>243,001</u>	<u>43,001</u>
Fines and Forfeitures:				
Fines and forfeited bail	400,000	417,000	455,085	38,085
Total Fines and Forfeitures	<u>400,000</u>	<u>417,000</u>	<u>455,085</u>	<u>38,085</u>

See paragraph on Other Supplementary Information Included in Auditors' Report

INCORPORATED VILLAGE OF SOUTHAMPTON
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended May 31, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues (continued)				
Sale of Property and Compensation for Loss:				
Sales of equipment	\$ 60,000	\$ 60,000	\$ 40,251	\$ (19,749)
Sales of garbage bags	-0-	-0-	43	43
Insurance recoveries	60,000	136,500	136,562	62
Total Sale of Property and Compensation for Loss	<u>120,000</u>	<u>196,500</u>	<u>176,856</u>	<u>(19,644)</u>
Miscellaneous Local Sources:				
Refund of prior year expenditures	4,500	4,500	10,512	6,012
AIM related payment (includes Cty Sales Tax)	240,887	240,886	311,893	71,007
Gifts and donations	7,500	10,000	57,624	47,624
Grants from local governments	-0-	87,530	-0-	(87,530)
Other unclassified revenues	-0-	-0-	3,515	3,515
Total Miscellaneous Local Sources	<u>252,887</u>	<u>342,916</u>	<u>383,544</u>	<u>40,628</u>
State Aid:				
Mortgage tax	850,000	850,000	2,325,017	1,475,017
Consolidated highway aid	350,000	638,000	866,303	228,303
Other	108,500	113,500	167,909	54,409
Total State Aid	<u>1,308,500</u>	<u>1,601,500</u>	<u>3,359,229</u>	<u>1,757,729</u>
Federal Aid:				
Home and Community	16,000	16,000	-0-	(16,000)
Total Federal Aid	<u>16,000</u>	<u>16,000</u>	<u>-0-</u>	<u>(16,000)</u>
Total Revenues	<u>32,207,925</u>	<u>32,721,454</u>	<u>35,951,829</u>	<u>3,230,375</u>
Total Revenues and Other Financing Sources	<u>\$ 32,207,925</u>	<u>\$ 32,721,454</u>	<u>\$ 35,951,829</u>	<u>\$ 3,230,375</u>

See paragraph on Other Supplementary Information Included in Auditors' Report

INCORPORATED VILLAGE OF SOUTHAMPTON
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended May 31, 2022

	Original Budget	Revised Budget	Actual	Encum- brances	Variance Positive (Negative)
Expenditures					
<u>General Government Support</u>					
Legislative (Board of trustees):					
Personal services	\$ 60,000	\$ 63,000	\$ 62,961		\$ 39
Contract expenditures	1,035,011	816,631	590,384	\$ 157,333	68,914
Total Legislative	<u>1,095,011</u>	<u>879,631</u>	<u>653,345</u>	<u>157,333</u>	<u>68,953</u>
Judicial (Village justice):					
Personal services	274,079	270,182	255,911		14,271
Equipment and capital outlay	2,500	2,500	1,350		1,150
Contract expenditures	75,427	92,827	86,882		5,945
Total Judicial	<u>352,006</u>	<u>365,509</u>	<u>344,143</u>	<u>-0-</u>	<u>21,366</u>
Executive (Mayor):					
Personal services	128,500	103,686	101,408		2,278
Equipment and capital outlay		2,500	2,020		480
Contract expenditures	27,100	24,600	16,094		8,506
Total Executive	<u>155,600</u>	<u>130,786</u>	<u>119,522</u>	<u>-0-</u>	<u>11,264</u>
Finance:					
Assessment:					
Personal services	27,000	27,740	27,740		-0-
Clerk:					
Personal services	793,482	951,249	950,939		310
Equipment and capital outlay	5,000	8,350	8,337		13
Contract expenditures	102,325	103,624	102,643		981
Grant writer	50,000	51,697	51,697		-0-
Auditing fees	51,500	52,250	52,250		-0-
Total Finance	<u>1,029,307</u>	<u>1,194,910</u>	<u>1,193,606</u>	<u>-0-</u>	<u>1,304</u>
Staff:					
Law:					
Personal services	75,000	59,907	59,907		-0-
Contract expenditures	225,000	313,204	313,204		-0-
Election fees	4,000	5,081	(980)	6,060	1
DPW:					
Personal services	232,372	270,854	268,815		2,039
Equipment and capital outlay	2,500	2,500	2,119		381
Contract expenditures	16,300	16,300	14,438		1,862
Total Staff	<u>555,172</u>	<u>667,846</u>	<u>657,503</u>	<u>6,060</u>	<u>4,283</u>
Shared Services:					
Operation of Plant (Buildings):					
Personal services	1,053,248	1,145,724	1,118,768		26,956
Equipment and capital outlay	16,400	5,738	2,364	2,500	874
Contract expenditures	418,608	455,118	421,117		34,001
Central garage:					
Personal services	437,150	439,913	439,615		298
Equipment and capital outlay	12,000	13,000	12,716		284
Contract expenditures	299,811	248,008	215,002	6,552	26,454
Total Shared Services	<u>2,237,217</u>	<u>2,307,501</u>	<u>2,209,582</u>	<u>9,052</u>	<u>88,867</u>

See paragraph on Other Supplementary Information Included in Auditors' Report

INCORPORATED VILLAGE OF SOUTHAMPTON
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended May 31, 2022

	Original Budget	Revised Budget	Actual	Encum- brances	Variance Positive (Negative)
Expenditures (continued)					
General Government Support (continued)					
Special Items:					
Unallocated insurance	\$ 675,000	\$ 665,246	\$ 665,246		\$ -0-
Municipal association dues	1,800	1,800			1,800
Judgments and claims	150,000	203,020	203,020		-0-
MTA tax	46,000	50,660	50,660		-0-
Contingency	175,000	189			189
Total Special Items	1,047,800	920,915	918,926	-0-	1,989
Total General Government Support	6,472,113	6,467,098	6,096,627	172,445	198,026
Public Safety					
Police:					
Personal services	6,174,937	6,961,194	6,958,056		3,138
Equipment and capital outlay	65,600	88,900	41,451	47,419	30
Contract expenditures	446,335	471,808	408,699	34,277	28,832
Total Police	6,686,872	7,521,902	7,408,206	81,696	32,000
Radio Operators:					
Personal services	1,385,089	1,312,636	1,312,636		-0-
Total Radio Operators	1,385,089	1,312,636	1,312,636	-0-	-0-
Jail:					
Personal services	5,000	5,080	5,080		-0-
Contract expenditures	1,000	911			911
Total Jail	6,000	5,991	5,080	-0-	911
Traffic Control:					
Contract expenditures	33,500	143,586	134,730	8,856	-0-
Total Traffic Control	33,500	143,586	134,730	8,856	-0-
Fire Department:					
Personal services	73,962	104,026	104,026		-0-
Equipment and capital outlay	213,055	202,935	162,812	40,123	-0-
Contract expenditures	498,616	859,638	851,595	8,043	-0-
Total Fire Department	785,633	1,166,599	1,118,433	48,166	-0-
Safety Inspection:					
Personal services	503,269	581,428	581,428		-0-
Equipment and capital outlay	1,000	4,311	4,311		-0-
Contract expenditures	39,696	45,251	44,940		311
Total Safety Inspection	543,965	630,990	630,679	-0-	311
Total Public Safety	9,441,059	10,781,704	10,609,764	138,718	33,222
Health					
Ambulance:					
Personal services	286,419	286,761	286,761		-0-
Equipment and capital outlay	83,646	82,260	74,679	7,581	-0-
Contract expenditures	266,811	281,822	258,779	23,043	-0-
Total Ambulance	636,876	650,843	620,219	30,624	-0-
Total Health	636,876	650,843	620,219	30,624	-0-
Transportation					
Street Maintenance:					
Personal services	1,131,049	1,110,301	1,110,301		-0-
Equipment and capital outlay	19,379	10,704	10,704		-0-
Contract expenditures	1,558,507	1,875,456	1,671,980	198,837	4,639
Total Street Maintenance	2,708,935	2,996,461	2,792,985	198,837	4,639

See paragraph on Other Supplementary Information Included in Auditors' Report

INCORPORATED VILLAGE OF SOUTHAMPTON
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended May 31, 2022

	Original Budget	Revised Budget	Actual	Encum- brances	Variance Positive (Negative)
Expenditures - (continued)					
<u>Transportation (continued)</u>					
Street Lighting:					
Equipment and capital outlay	\$ 4,000	\$ 5,500	\$ 5,373		\$ 127
Contract expenditures	128,521	128,521	123,050		5,471
Total Street Lighting	132,521	134,021	128,423	-0-	5,598
Total Transportation	2,841,456	3,130,482	2,921,408	198,837	10,237
<u>Culture and Recreation</u>					
Parks:					
Personal services	908,459	917,486	910,963		6,523
Equipment and capital outlay	43,884	66,884	53,010	9,682	4,192
Contract expenditures	297,129	269,948	249,963	2,298	17,687
Total Parks	1,249,472	1,254,318	1,213,936	11,980	28,402
Coopers Beach:					
Personal services	225,000	235,701	235,701		-0-
Equipment and capital outlay	10,000	15,823	11,983	3,840	-0-
Contract expenditures	23,050	35,920	35,920		-0-
Total Coopers Beach	258,050	287,444	283,604	3,840	-0-
Human Services:					
Contract expenditures	4,000	4,000	799		3,201
Total Human Services	4,000	4,000	799	-0-	3,201
Culture					
Personal services	90,305	101,223	100,774		449
Total Culture	90,305	101,223	100,774	-0-	449
Celebrations					
Contract expenditures	2,500	2,500	2,000	0	500
Total Celebrations	2,500	2,500	2,000	-0-	500
Total Culture and Recreation	1,604,327	1,649,485	1,601,113	15,820	32,552
<u>Home and Community Services</u>					
Zoning:					
Personal services	22,000	16,833	16,833		-0-
Contract expenditures	32,000	65,213	65,158		55
Total Zoning	54,000	82,046	81,991	-0-	55
Planning Board:					
Personal services	22,000	26,302	26,250		52
Contract expenditures	70,000	101,062	101,062		-0-
Total Planning Board	92,000	127,364	127,312	-0-	52
ARB:					
Personal services	22,000	30,210	30,210		-0-
Contract expenditures	69,000	46,088	45,968		120
Total ARB	91,000	76,298	76,178	-0-	120
Planning Commission:					
Personal services	34,000	34,000	31,000		3,000
Contract expenditures	12,000	10,975	4,104		6,871
Total Planning Commission	46,000	44,975	35,104	-0-	9,871
Shade Trees:					
Equipment and capital outlay	18,000	18,000	13,645		4,355
Contract expenditures	35,000	38,000	7,000		31,000
Total Shade Trees	53,000	56,000	20,645	-0-	35,355

See paragraph on Other Supplementary Information Included in Auditors' Report

INCORPORATED VILLAGE OF SOUTHAMPTON
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended May 31, 2022

	Original Budget	Revised Budget	Actual	Encum- brances	Variance Positive (Negative)
Expenditures - (continued)					
Home and Community Services (continued)					
Community Development:					
Contract expenditures	\$ 16,000	\$ 16,000			\$ 16,000
Total Community Development	16,000	16,000	-0-	-0-	16,000
Total Home and Community Services	352,000	402,683	341,230	-0-	61,453
Employee Benefits					
State retirement	1,153,494	1,070,494	1,050,671		19,823
Police retirement	1,634,466	1,720,289	1,720,254		35
Social security	1,005,100	1,070,402	983,247		87,155
Workers' compensation	750,000	750,000	736,983		13,017
Unemployment insurance	20,000				-0-
Hospital and medical insurance	4,437,171	4,665,501	4,661,843		3,658
Severance payments (compensated absences)	300,000				-0-
Service award programs	545,000	142,342	142,342		-0-
Total Employee Benefits	9,845,231	9,419,028	9,295,340	-0-	123,688
Debt Service					
Serial bonds:					
Principal	525,000	525,000	525,000		-0-
Interest	217,019	217,019	217,019		-0-
Total Debt Service	742,019	742,019	742,019	-0-	-0-
Total Expenditures	31,935,081	33,243,342	32,227,720	556,444	459,178
Other Financing Uses					
Transfers out	900,000	1,188,906	1,101,376		87,530
Total Other Financing Uses	900,000	1,188,906	1,101,376	-0-	87,530
Total Expenditures and Other Financing Uses	<u>\$ 32,835,081</u>	<u>\$ 34,432,248</u>	<u>\$ 33,329,096</u>	<u>\$ 556,444</u>	<u>\$ 546,708</u>

See paragraph on Other Supplementary Information Included in Auditors' Report

INCORPORATED VILLAGE OF SOUTHAMPTON
SCHEDULE OF INCREASES AND DECREASES
CAPITAL PROJECTS FUND
May 31, 2022

	Fire Facility	ADA	Office Equipment	Facilities Acquisition	Fire Truck	Fire Equipment	Ambulance Building	Major Equipment	Beach	Not Allocated	Water Quality Rec	Capital Grant Projects	Total
Increases:													
Interest earnings	\$ 1	\$ 4	\$ 3	\$ 91	\$ 538	\$ 676	\$ -0-	\$ 1,008	\$ 2	\$ -0-	\$ 3,034	\$ -0-	\$ 5,357
Interfund transfers										900,000		201,376	1,101,376
State grants												185,912	185,912
Local grants												198,495	198,495
Transfers in to projects	26,413							945,144	3,443				975,000
Total increases	26,414	4	3	91	538	676	-0-	946,152	3,445	900,000	3,034	585,783	2,466,140
Decreases:													
Project expenditures	28,263				435,507	15,505		174,652			110,670	552,446	1,317,043
Transfers out to projects										975,000			975,000
Total Decreases	28,263	-0-	-0-	-0-	435,507	15,505	-0-	174,652	-0-	975,000	110,670	552,446	2,292,043
Excess (deficiency) of increases over decreases	(1,849)	4	3	91	(434,969)	(14,829)	-0-	771,500	3,445	(75,000)	(107,636)	33,337	174,097
Balances at beginning of year	1,850	5,215	3,164	107,989	695,886	609,194	162,458	805,596	402	975,000	3,700,000	-0-	7,066,754
Balances at end of year	\$ 1	\$ 5,219	\$ 3,167	\$ 108,080	\$ 260,917	\$ 594,365	\$ 162,458	\$ 1,577,096	\$ 3,847	\$ 900,000	\$ 3,592,364	\$ 33,337	\$ 7,240,851

INCORPORATED VILLAGE OF SOUTHAMPTON
SCHEDULE OF INCREASES AND DECREASES
SPECIAL REVENUE FUND
May 31, 2022

	Parkland Deposits	Dog Park Reserve	WWI Memorial	Ambulance Facility	Comm for the Arts	Off Street Parking	Access for Handicap	Children's Fund	Street Lighting	Handicap Parking	Agwan Brick Program	CPF/ African American Museum	Munn Point	Affordable Housing Fund	Total
Increases:															
Interest earnings	\$ 18	\$ 13	\$ 94	\$ 11	\$ 30	\$ 11	\$ 3	\$ 218	\$ 91	\$ 2	\$ 4	\$ -0-	\$ 4	\$ 589	\$ 1,088
Planning board fees															-0-
Donations		6,500	72,586												79,086
Total increases	18	6,513	72,680	11	30	11	3	218	91	2	4	-0-	4	589	80,174
Decreases:															
Project expenditures	8,733	12,485	301		3,739										25,258
Transfers out to projects															-0-
Total Decreases	8,733	12,485	301	-0-	3,739	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	25,258
Excess (deficiency) of increases over decreases	(8,715)	(5,972)	72,379	11	(3,709)	11	3	218	91	2	4	-0-	4	589	54,916
Balances at beginning of year	24,041	16,599	1,922	9,119	27,546	8,698	2,141	172,891	73,134	1,197	3,270	6	2,833	467,079	810,476
Balances at end of year	\$ 15,326	\$ 10,627	\$ 74,301	\$ 9,130	\$ 23,837	\$ 8,709	\$ 2,144	\$ 173,109	\$ 73,225	\$ 1,199	\$ 3,274	\$ 6	\$ 2,837	\$ 467,668	\$ 865,392

**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***

Independent Auditors' Report

**The Honorable Mayor and Board of Trustees
of the Incorporated Village of Southampton, New York**

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, each major fund and the aggregate remaining fund information of the Incorporated Village of Southampton, New York ("Village") as of and for the year ended May 31, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated February 9, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting ("internal control") as a basis for designing 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 Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village'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 Village'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from 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 financial statements. 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 Village'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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Hauppauge, New York
February 9, 2023