

**INCORPORATED VILLAGE OF SOUTHAMPTON, NEW YORK**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
(WITH INDEPENDENT AUDITORS' REPORT)**

For the Year Ended May 31, 2023

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT .....	1-3
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis .....	4-11
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position .....	12
Statement of Activities .....	13
Fund Financial Statements:	
Governmental Funds Financial Statements	
Balance Sheet .....	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	15
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities .....	17
Fiduciary Funds Financial Statements	
Statement of Fiduciary Net Position .....	18
Statement of Changes in Fiduciary Net Position .....	18
Notes to Financial Statements .....	19-50
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - General Fund .....	51
Schedule of Changes in the Total Other Postemployment Benefit Liability and Related Ratios (OPEB) .....	52
Schedule of Pension Contributions – Pension Plan .....	53
Schedule of Proportionate Share of the Net Pension Liability – Pension Plan .....	54
Schedule of Change in the Length of Service Award Program – Total Pension Liability .....	55
OTHER SUPPLEMENTARY INFORMATION:	
Schedule of Revenues and Other Financing Sources – Budget and Actual – General Fund ...	56-57
Schedule of Expenditures and Other Financing Uses – Budget and Actual – General Fund ...	58-61
Schedule of Increases and Decreases – Capital Projects Fund .....	62
Schedule of Increases and Decreases – Special Revenue Fund .....	63

TABLE OF CONTENTS

	<u>Page</u>
OTHER REPORTS:	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	64-65

## **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, 2023, 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, 2023, 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.

#### ***Change in Accounting Principle***

We draw attention to Note 11 in the notes to financial statements which disclose the effects of the Village's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 87, "Leases." Our opinion is not modified with respect to this matter.

## ***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 judgment, 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 13, 2024 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 13, 2024

**REQUIRED SUPPLEMENTARY INFORMATION**  
**Management's Discussion and Analysis**

**INCORPORATED VILLAGE OF SOUTHAMPTON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
May 31, 2023

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, 2023. 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, 2023 by \$35,131,415 (net deficit). The components of the net deficit are the Village's net investment in capital assets of \$30,898,261, restricted net position of \$7,606,140, and an unrestricted net deficit of \$73,635,816.
- The Village is committed to provide postemployment benefits to its employees in the form of pensions and healthcare. As a result, the Village has recognized substantial liabilities in the government-wide financial statements for these benefits. As of May 31, 2023, the Village had liabilities of \$50,332,445 for other postemployment benefits recorded in accordance with the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"* ("OPEB"), \$5,176,364 for its proportionate share of the net pension liability of the New York State and Local Employees' Retirement System ("ERS") and \$6,889,982 for its proportionate share of the net pension liability of the New York State and Local Police and Fire Retirement System ("PFRS") recorded in accordance with the provisions of GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions,"* and \$7,830,625 for its length of service award programs ("LOSAP") reported in accordance with GASB Statement No. 73, *"Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68."* More information about the Village's OPEB and pension reporting is presented in notes 3E, 3F and 3G in the notes to financial statements.
- The Village adopted the provisions of GASB Statement No. 87, *"Leases"*, for the year ended May 31, 2023 for the general fund and governmental activities. This statement established a single model for lease accounting based on the concept that leases are a financing of a "right-to-use" underlying asset. This statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset and a lessor to recognize a receivable and deferred inflow of resources. As a result, the Village recognized a net cumulative effect of a change in accounting principle of \$0 to the opening fund balance of the general fund and the opening net position of the governmental activities, resulting from reflecting both an increase in leases receivable of \$400,186 and an equal amount in deferred inflows – lease related.
- As reflected in the fund financial statements, as of May 31, 2023, the assets of the Village exceeded its liabilities and deferred inflows of resources by \$33,276,234, an increase in overall fund balance of \$3,979,013 from the prior year. The Village's total fund balance of \$33,276,234 includes \$966,674 of nonspendable fund balance, \$7,606,140 of restricted fund balance, \$7,690,437 of assigned fund balance, and \$17,012,983 of unassigned fund balance.

**INCORPORATED VILLAGE OF SOUTHAMPTON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
May 31, 2023

**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.

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.

**INCORPORATED VILLAGE OF SOUTHAMPTON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
May 31, 2023

**OVERVIEW OF THE FINANCIAL STATEMENTS** (continued)

**Fund Financial Statements** (continued)

Governmental Funds (continued)

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, 2023

**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,

	2023	2022*
<b>Assets</b>		
Current and other assets	\$ 31,337,826	\$ 27,218,666
Noncurrent assets	6,792,358	8,614,162
Capital assets	37,547,576	37,225,197
<b>Total Assets</b>	<b>75,677,760</b>	<b>73,058,025</b>
Deferred Outflows of Resources	10,434,571	15,895,211
<b>Liabilities</b>		
Current and other liabilities	4,749,938	4,585,931
Long-term liabilities	83,126,831	93,037,198
<b>Total Liabilities</b>	<b>87,876,769</b>	<b>97,623,129</b>
Deferred Inflows of Resources	33,366,977	31,596,373
<b>Net Position (Deficit)</b>		
Net investment in capital assets	30,898,261	29,792,366
Restricted	7,606,140	7,418,092
Unrestricted deficit	(73,635,816)	(77,476,724)
<b>Total Net Position</b>	<b>\$ (35,131,415)</b>	<b>\$ (40,266,266)</b>

\*Balances as of May 31, 2022 reflect both a cumulative change in accounting principle (see Note 11) and prior period adjustments (see Note 5).

Total assets and deferred outflows of resources decreased by \$2,840,905 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, and the decrease in the net pension asset for ERS, which was reported as a net pension liability in the current year, offset by an increase in cash. Total liabilities and deferred inflows of resources decreased by \$7,975,756 when compared to the prior year. This change is primarily related to decreases in bonds payable, other postemployment benefits payable, length of service award programs liability and deferred inflows of resources relating to pensions, offset by increases in net pension liability – proportionate share and deferred inflows of resources relating to the actuarial valuation for the other postemployment benefits and length of service award programs. This resulted in a net deficit of \$35,131,415, a decrease in the deficit of \$5,134,851.

Currently, the Village's net position includes \$30,898,261 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, 2023

**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,

	2023	2022*
Program Revenues		
Charges for services	\$ 6,928,968	\$ 5,766,993
Operating grants and contributions	229,435	225,533
Capital grants and contributions	552,352	2,592,970
Total Program Revenues	7,710,755	8,585,496
General Revenues		
Real property taxes and other real property tax items	25,982,362	25,669,109
Non-property tax items	632,493	583,676
State and federal aid	1,889,424	2,325,017
Other	1,276,020	580,623
Total General Revenues	29,780,299	29,158,425
Total Revenues	37,491,054	37,743,921
Program Expenses		
General government support	8,550,793	8,753,746
Public safety	16,803,573	18,213,522
Health	556,484	620,219
Transportation	3,241,629	3,998,749
Culture and recreation	2,501,500	2,757,754
Home and community services	527,305	416,722
Interest on long-term debt	174,919	200,285
Total Expenses	32,356,203	34,960,997
Change in Net Position	\$ 5,134,851	\$ 2,782,924

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.

The Village's total revenues decreased by \$252,867 or 0.7% when compared to the prior year. The Village recognized \$874,741 less in program revenues and \$621,874 more in general revenues. The decrease in program revenues can be attributed to a decrease in capital grants and contributions due to a decrease in payments from local utility companies to repave roads in the Village that were damaged during utility work, offset by an increase in charges for services relating to beach permits and building inspection fees. The increase in general revenues is due to an increase in interest income due to unrealized gains on program assets for the length of service award programs and interest earned on cash deposits.

**INCORPORATED VILLAGE OF SOUTHAMPTON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 May 31, 2023

**FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE** (continued)

The Village's total expenses decreased by \$2,604,794 or 7.5% from the prior year. Public safety decreased \$1,409,949 primarily due to personnel changes, and a decrease in OPEB expense, offset by an increase pension expense. Transportation decreased \$757,120 due to a decrease in contractual expenditures for roadwork and a decrease in OPEB expense.

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

	Total Cost of Services		Program Revenues		Net Revenue (Expense) of Services	
	2023	2022	2023	2022	2023	2022
General government support	\$ 8,550,793	\$ 8,753,746	\$ 221,945	\$ 203,840	\$ (8,328,848)	\$ (8,549,906)
Public safety	16,803,573	18,213,522	5,422,367	4,417,433	(11,381,206)	(13,796,089)
Health	556,484	620,219	54,056		(502,428)	(620,219)
Transportation	3,241,629	3,998,749	427,540	2,269,472	(2,814,089)	(1,729,277)
Culture and recreation	2,501,500	2,757,754	1,207,646	1,134,828	(1,293,854)	(1,622,926)
Home and community services	527,305	416,722	377,201	562,923	(150,104)	146,201
Interest on debt	174,919	200,285			(174,919)	(200,285)
	<u>\$ 32,356,203</u>	<u>\$ 34,960,997</u>	<u>\$7,710,755</u>	<u>\$8,588,496</u>	<u>\$ (24,645,448)</u>	<u>\$ (26,372,501)</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 \$25,093,957, an increase of \$3,902,979 compared to prior year. This was primarily the result of budgetary savings of \$1,260,431 and greater than anticipated revenues of \$3,859,833 primarily in State aid for mortgage tax, departmental income, and interest income. This was offset by a planned deficit of \$1,595,444. Of the total fund balance, \$966,674 was not in spendable form, \$6,736,141 was restricted for reserves and length of service award program assets, \$378,159 was assigned for purchase orders, and \$17,012,983 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 51.2% of annual expenditures and other uses while total fund balance represents approximately 75.5% of total fund expenditures and other uses.

**Capital Projects Fund**

Total revenues and other financing sources in the Capital Projects Fund were \$2,111,871, which includes an interfund transfer from the General Fund of \$1,674,000, miscellaneous local sources of \$184,949 relating local reimbursement based grants, \$49,094 in State aid for reimbursement based grants, \$54,056 in federal grants, and \$149,772 for use of money and property. Total expenditures of \$2,040,444 relate to capital projects including road repair, equipment purchases, a water quality project, and expenditures for reimbursement based grant projects.

**INCORPORATED VILLAGE OF SOUTHAMPTON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 May 31, 2023

**FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS** (continued)

**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 \$4,607 from the prior year, to an ending fund balance of \$869,999. The increase was primarily due to interest income in the amount of \$8,042, offset by project expenditures.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Village's General Fund adopted budget for the fiscal year ended May 31, 2023 was \$33,182,874. After inclusion of prior year encumbrances in the amount of \$556,444, the Village's original budget for the fiscal year ended May 31, 2023 totaled \$33,739,318. The primary sources of funding for the budget were real property taxes of \$25,770,460, departmental income of \$2,673,500, intergovernmental charges of \$1,382,910, and State aid of \$1,725,504.

Actual revenues of \$37,139,427 exceeded the final revenue budget of \$33,279,594, resulting in a positive budget variance of \$3,859,833. 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 \$33,236,448. The final budget was \$34,875,038, including prior year encumbrances of \$556,444. This resulted in a positive expenditure budget variance of \$1,260,431 which was primarily driven by savings in employee benefits, public safety, culture and recreation, and general government support.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The Village's capital assets were \$37,547,576 at May 31, 2023 (net of accumulated depreciation). During the current fiscal year, the Village had additions of \$3,575,750, and recorded depreciation expense of \$3,253,371.

Capital Assets at May 31st,

	2023	2022*
Land	\$ 1,819,893	\$ 1,819,893
Construction in progress	1,149,685	334,081
Art collection	404,615	404,615
Buildings	20,828,054	20,642,096
Land improvements	5,394,666	5,365,310
Machinery and equipment	15,494,863	14,221,810
Vehicles	13,446,757	13,060,238
Infrastructure	30,449,913	29,564,653
Total Capital Assets	88,988,446	85,412,696
Less: Accumulated depreciation	51,440,870	48,187,499
Total Net Capital Assets	\$ 37,547,576	\$ 37,225,197

\*Balance as of May 31, 2022 reflects a prior period adjustment. See Note 5.

**INCORPORATED VILLAGE OF SOUTHAMPTON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
May 31, 2023

**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,	
	2023	2022
General obligation bonds payable *	\$ 6,290,000	\$ 6,835,000
	<u>\$ 6,290,000</u>	<u>\$ 6,835,000</u>

\* 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 2024 budgeted appropriations are \$33,748,523, which is an increase of \$565,649 from the current year's original budget. The Village's unassigned fund balance is \$17,012,983 as of May 31, 2023, which represents 50.4% of the subsequent year's budget.

**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:

William Manger Jr.  
Mayor  
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, 2023**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 26,671,024
Restricted cash	2,141,859
Tax sale certificates	413,645
Accounts receivable	13,328
Leases receivable	104,398
Due from other governments	810,986
Due from State and federal	215,912
Prepays	966,674
Total Current Assets	31,337,826
<b>Non-Current Assets:</b>	
Non-depreciable capital assets	3,374,193
Depreciable capital assets, net of depreciation	34,173,383
Leases receivable	510,287
Length of service award programs plan assets	
Cash and cash equivalents	399,806
Investments	5,882,265
Total Non-Current Assets	44,339,934
<b>Total Assets</b>	<b>75,677,760</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pensions	7,859,056
Length of service award programs	2,575,515
<b>Total Deferred Outflows of Resources</b>	<b>10,434,571</b>
<b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Accounts payable and accrued liabilities	1,324,997
Unearned revenue	1,086,266
Accrued interest payable	37,712
Due to state and local retirement system	353,831
Deposits payable	1,170,188
Non-current liabilities due within one year	
General obligation bonds payable	565,000
Due to state and local retirement system	108,207
Compensated absences	103,737
Total Current Liabilities	4,749,938
<b>Non-Current Liabilities:</b>	
General obligation bonds payable, inclusive of unamortized premiums	5,988,107
Compensated absences	6,909,308
Other postemployment benefits payable	50,332,445
Net pension liability - proportionate share	12,066,346
Length of service award programs liability	7,830,625
Total Non-Current Liabilities	83,126,831
<b>Total Liabilities</b>	<b>87,876,769</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Lease related	592,740
Pensions	489,033
Other postemployment benefits	28,505,966
Length of service award programs	3,779,238
<b>Total Deferred Inflows of Resources</b>	<b>33,366,977</b>
<b>NET POSITION (DEFICIT)</b>	
Net investment in capital assets	30,898,261
Restricted for:	
NYS Reserves	454,070
Special reserves	869,999
Length of service award programs	6,282,071
Unrestricted (deficit)	(73,635,816)
<b>Total Net Position (Deficit)</b>	<b>\$ (35,131,415)</b>

See notes to the financial statements.

**INCORPORATED VILLAGE OF SOUTHAMPTON**  
**GOVERNMENT-WIDE FINANCIAL STATEMENT**  
**STATEMENT OF ACTIVITIES**  
Year Ended May 31, 2023

Function/Program	Expenses	Program Revenues			Net Expense and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General government support	\$ 8,550,793	\$ 178,899	\$ 43,046		\$ (8,328,848)
Public safety	16,803,573	5,235,978	186,389		(11,381,206)
Health	556,484			\$ 54,056	(502,428)
Transportation	3,241,629	186,480		241,060	(2,814,089)
Culture and recreation	2,501,500	1,207,646			(1,293,854)
Home and community services	527,305	119,965		257,236	(150,104)
Interest on debt	174,919				(174,919)
<b>Total Governmental Activities</b>	<b>\$ 32,356,203</b>	<b>\$ 6,928,968</b>	<b>\$ 229,435</b>	<b>\$ 552,352</b>	<b>(24,645,448)</b>

**GENERAL REVENUES**

Real property taxes	25,750,744
Other real property tax items	231,618
Non-property tax items	632,493
Interest income	753,597
Rental of Village property	92,945
State Aid - unrestricted	1,889,424
AIM Related Payments	357,043
Miscellaneous	72,435
<b>Total General Revenues</b>	<b>29,780,299</b>
Change in Net Position	5,134,851
<b>Net Position at Beginning of Year, as Restated</b>	<b>(40,266,266)</b>
<b>Net Position at End of Year</b>	<b>\$ (35,131,415)</b>

See notes to the financial statements.

**INCORPORATED VILLAGE OF SOUTHAMPTON**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**May 31, 2023**

	General	Capital Projects	Special Revenue	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ 20,168,616	\$ 6,502,408		\$ 26,671,024
Restricted cash		1,271,860	\$ 869,999	2,141,859
Tax sale certificates	413,645			413,645
Accounts receivable, net	13,328			13,328
Due from other funds	308,437	505,153		813,590
Leases receivable	614,685			614,685
Due from other governments	427,542	383,444		810,986
Due from State and federal		215,912		215,912
Prepays	966,674			966,674
Length of service award programs plan assets:				
Cash and cash equivalents	399,806			399,806
Investments	5,882,265			5,882,265
Total Assets	<u>\$ 29,194,998</u>	<u>\$ 8,878,777</u>	<u>\$ 869,999</u>	<u>\$ 38,943,774</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 1,228,789	\$ 96,208		\$ 1,324,997
Due to other funds	505,153	308,437		813,590
Due to NYS Employee Retirement System	353,831			353,831
Security deposits	8,790	1,161,398		1,170,188
Unearned revenue	1,085,810	456		1,086,266
Total Liabilities	<u>3,182,373</u>	<u>1,566,499</u>	<u>\$ -0-</u>	<u>4,748,872</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Lease related	592,740			592,740
Tax sale certificates	325,928			325,928
Total Deferred Inflows of Resources	<u>918,668</u>	<u>-0-</u>	<u>-0-</u>	<u>918,668</u>
<b>FUND BALANCE</b>				
Nonspendable	966,674			966,674
Restricted	6,736,141		869,999	7,606,140
Assigned	378,159	7,312,278		7,690,437
Unassigned	17,012,983			17,012,983
Total Fund Balance	<u>25,093,957</u>	<u>7,312,278</u>	<u>869,999</u>	<u>33,276,234</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 29,194,998</u>	<u>\$ 8,878,777</u>	<u>\$ 869,999</u>	<u>\$ 38,943,774</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, 2023

**Total Fund Balance - Governmental Funds** \$ 33,276,234

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	\$ 3,374,193	
Capital assets - depreciable	85,614,253	
Accumulated depreciation	<u>(51,440,870)</u>	
		37,547,576

Deferred outflows of resources are included in the Statement of Net Position.

Pensions	7,859,056	
Length of service award programs	<u>2,575,515</u>	
		10,434,571

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. (37,712)

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	(108,207)	
Compensated absences	(7,013,045)	
General obligation bonds payable, inclusive of unamortized premiums	(6,290,000)	
Other postemployment benefits payable	(50,332,445)	
Net pension liability - proportionate share	(12,066,346)	
Length of service award programs liability	<u>(7,830,625)</u>	
		(83,640,668)

Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Premiums on general obligation bonds	(263,107)
--------------------------------------	-----------

Deferred inflows of resources are included in the Statement of Net Position

Pensions	(489,033)	
Other postemployment benefits	(28,505,966)	
Length of service award programs	<u>(3,779,238)</u>	
		(32,774,237)

Revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 325,928

**Net Position of Governmental Activities** **\$ (35,131,415)**

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, 2023

	General	Capital Projects	Special Revenue	Totals
<b>REVENUES</b>				
Real property taxes	\$ 25,846,224			\$ 25,846,224
Other real property tax items	231,618			231,618
Non-property tax items	632,493			632,493
Departmental income	4,841,708			4,841,708
Intergovernmental charges	1,242,685			1,242,685
Use of money and property	688,727	\$ 149,772	\$ 8,042	846,541
Licenses and permits	327,138			327,138
Fines and forfeitures	517,438			517,438
Sale of property and compensation for loss	66,856			66,856
Miscellaneous local sources	48,624	184,949	1,194	234,767
State aid	2,673,916	49,094		2,723,010
Federal aid	22,000	54,056		76,056
Total Revenues	<u>37,139,427</u>	<u>437,871</u>	<u>9,236</u>	<u>37,586,534</u>
<b>EXPENDITURES</b>				
Current:				
General government support	6,306,049			6,306,049
Public safety	9,726,790			9,726,790
Health	556,484			556,484
Transportation	2,665,773			2,665,773
Culture and recreation	1,632,099		4,629	1,636,728
Home and community services	470,000			470,000
Employee benefits	9,461,834			9,461,834
Capital outlay		2,040,444		2,040,444
Debt service:				
Principal	545,000			545,000
Interest	198,419			198,419
Total Expenditures	<u>31,562,448</u>	<u>2,040,444</u>	<u>4,629</u>	<u>33,607,521</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>5,576,979</u>	<u>(1,602,573)</u>	<u>4,607</u>	<u>3,979,013</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in		1,674,000		1,674,000
Transfers out	(1,674,000)			(1,674,000)
Total Other Financing Sources	<u>(1,674,000)</u>	<u>1,674,000</u>	<u>-0-</u>	<u>-0-</u>
<b>Net Change in Fund Balances</b>	<u>3,902,979</u>	<u>71,427</u>	<u>4,607</u>	<u>3,979,013</u>
<b>Fund Balances at Beginning of Year, as Restated</b>	<u>21,190,978</u>	<u>7,240,851</u>	<u>865,392</u>	<u>29,297,221</u>
Fund Balances at End of Year	<u>\$ 25,093,957</u>	<u>\$ 7,312,278</u>	<u>\$ 869,999</u>	<u>\$ 33,276,234</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, 2023

**Net Change in Fund Balance** **\$ 3,979,013**

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	\$ 3,575,750	
Depreciation expense	(3,253,371)	
		322,379

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

Pensions	(1,479,356)	
Other postemployment benefits	(3,725,752)	
Length of service award programs	(255,532)	
		(5,460,640)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (95,480)

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	545,000	
Amortization of bond premium	34,478	
		579,478

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	101,128	
Compensated absences	(241,381)	
Other postemployment benefits payable	18,127,839	
Net pension liability - proportionate share	(11,282,450)	
Length of service award programs liability	2,669,686	
Accrued interest	3,675	
		7,388,151

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

Pensions	13,031,543	
Other postemployment benefits	(11,869,369)	
Length of service award programs	(2,740,224)	
		(1,578,050)

**Change in Net Position of Governmental Activities** **\$ 5,134,851**

See notes to the financial statements.

**INCORPORATED VILLAGE OF SOUTHAMPTON**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND**  
 May 31, 2023

		<u><b>Custodial Fund</b></u>
<b>ASSETS</b>		
Cash		\$ 103,489
	Total Assets	<u>103,489</u>
<b>LIABILITIES</b>		
Due to Bailees		16,662
	Total Liabilities	<u>16,662</u>
<b>NET POSITION</b>		
Restricted for individuals, organizations, and other governments		<u>86,827</u>
	Total Fiduciary Net Position	<u><u>\$ 86,827</u></u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND**  
 Year Ended May 31, 2023

		<u><b>Custodial Fund</b></u>
<b>ADDITIONS</b>		
Donations		\$ 40,766
Bail collections		2,600
Interest Earnings		<u>282</u>
		43,648
<b>DEDUCTIONS</b>		
Bail remittances		2,600
Disbursements for various community programs		<u>56,829</u>
	Change in Fiduciary Net Position	<u>(15,781)</u>
<b>Net Position at Beginning of Year</b>		<u>102,608</u>
	Fiduciary Net Position at End of Year	<u><u>\$ 86,827</u></u>

See notes to the financial statements.

**INCORPORATED VILLAGE OF SOUTHAMPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
May 31, 2023

**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, 2023

**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, 2023

**Note 1 - Summary of Significant Accounting Policies (continued)**

**C. Fund Financial Statements (continued)**

**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, 2023

**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

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.

**Leases Receivable** – The Village is a lessor for noncancellable leases of equipment space and a concession area. The Village recognizes a lease receivable and deferred inflow of resources in the financial statements. At the commencement of a lease, the Village initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The Village monitors changes in circumstances that would require remeasurement of its leases, and will remeasure the leases receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**INCORPORATED VILLAGE OF SOUTHAMPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
May 31, 2023

**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. In addition, the Village reports deferred inflows of resources related to leases receivable. These amounts are deferred and are amortized to lease revenue in a systematic and rational manner over the term of the lease.

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, 2023

**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, 2023

**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, 2023

**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 an 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, 2023

**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. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE**

The Village implemented the provisions of GASB Statement No. 87, "Leases," for the year ended May 31, 2023, which established a single model for lease accounting based on the concept that leases are a financing of a "right-to-use" underlying asset. This statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset. This statement also requires a lessor to recognize a lease receivable and lease related deferred inflow of resources. As a result, the Town has reported a cumulative effect of change in accounting principle of \$400,186 for lease receivable, and a (\$400,186) for lease related deferred inflow of resources for a net cumulative effect of \$0 to the May 31, 2022 net position of the governmental activities and \$0 to the May 31, 2022 fund balance of the general fund.

**J. SUBSEQUENT EVENTS**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through February 13, 2024, 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.

**INCORPORATED VILLAGE OF SOUTHAMPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
 May 31, 2023

**Note 2 – Stewardship, Compliance and Accountability** (continued)

**A. BUDGETARY INFORMATION** (continued)

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 2022-2023, the Village did not override the tax cap.

**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	\$ 966,674			\$ 966,674
Total Nonspendable	966,674	\$ -0-	\$ -0-	966,674
Restricted for:				
Grantor restrictions				
Health			9,215	9,215
Transportation			86,072	86,072
Culture and recreation			302,681	302,681
Home and community			472,031	472,031
NYS Reserves				
Insurance reserve	50,181			50,181
Tax stabilization reserve	125,000			125,000
Employee benefit reserve	278,889			278,889
Service award program	6,282,071			6,282,071
Total Restricted	6,736,141	-0-	869,999	7,606,140
Assigned to:				
Purchases on order	378,159			378,159
Capital projects		7,312,278		7,312,278
Total Assigned	378,159	7,312,278	-0-	7,690,437
Unassigned, reported in				
General fund	17,012,983			17,012,983
Total Unassigned	17,012,983	-0-	-0-	17,012,983
Total Fund Balance	\$ 25,093,957	\$ 7,312,278	\$ 869,999	\$ 33,276,234

**INCORPORATED VILLAGE OF SOUTHAMPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
May 31, 2023

**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.

Investment Pool - The Village participates in the Cooperative Liquid Assets Securities System – New York (NYCLASS), a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 3-A and 5-G, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. All NYCLASS investment and collateral policies are in accordance with General Municipal Law, Sections 10 and 11. The Village had \$25,758,388 invested in NYCLASS accounts as of May 31, 2023. The Lead Participant of NYCLASS is the Village of Potsdam. Additional information concerning NYCLASS, including the annual report, can be found on its website at [www.newyorkclass.org](http://www.newyorkclass.org).

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

**INCORPORATED VILLAGE OF SOUTHAMPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
 May 31, 2023

**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, 2023 primarily represent temporary borrowings that will be reimbursed subsequent to year end and are composed of the following:

	Amount Receivable	Amount Payable
General fund	\$ 308,437	\$ 505,153
Capital projects fund	505,153	308,437
Total	<u>\$ 813,590</u>	<u>\$ 813,590</u>

Interfund transfer for the Village during the year ended May 31, 2023 represent funding for capital projects.

	Transfers In	Transfers Out
General fund		\$ 1,674,000
Capital projects fund	\$ 1,674,000	
Total	<u>\$ 1,674,000</u>	<u>\$ 1,674,000</u>

**C. LEASES RECEIVABLE**

The Village has entered into two separate agreements to lease its buildings and concession area to others for equipment storage and sales of concessions. The Village recognizes lease receivables and deferred inflows of resources – lease related in the government-wide and fund financial statements. The Village expects to renew these leases for all renewable periods. The lease terms are 343 months and 34 months, respectively. During the year ended May 31, 2023, the Village recognized \$0 in lease revenue, and \$0 in interest income.

The following table is the amortization schedule for the lease receivables:

	Principal	Interest	Total
Years ending May 31, 2024	\$ 104,398	\$ 12,633	\$ 117,031
2025	77,619	10,222	87,841
2026	80,707	7,390	88,097
2027	8,696	4,663	13,359
2028	9,082	4,545	13,627
2029 - 2033	51,581	20,751	72,332
2034 - 2038	62,932	16,929	79,861
2039 - 2043	75,875	12,297	88,172
2044 - 2048	90,609	6,738	97,347
2049 - 2051	53,186	964	54,150
Total	<u>\$ 614,685</u>	<u>\$ 97,132</u>	<u>\$ 711,817</u>

**INCORPORATED VILLAGE OF SOUTHAMPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
 May 31, 2023

**Note 3 – Detailed Notes on All Funds (continued)**

**D. CAPITAL ASSETS**

A summary of changes within the governmental capital assets for the year ended May 31, 2023 are as follows:

	Balance 6/1/22*	Additions	Deletions / Reclassifications	Balance 5/31/23
Capital assets not being depreciated:				
Land	\$ 1,819,893			\$ 1,819,893
Construction in progress	334,081	\$ 815,604		1,149,685
Art collection	404,615			404,615
Total capital assets not being depreciated	<u>2,558,589</u>	<u>815,604</u>	<u>\$ -0-</u>	<u>3,374,193</u>
Depreciable capital assets:				
Buildings	20,642,096	185,958		20,828,054
Land improvements	5,365,310	29,356		5,394,666
Machinery and equipment	14,221,810	1,273,053		15,494,863
Vehicles	13,060,238	386,519		13,446,757
Infrastructure	29,564,653	885,260		30,449,913
Total depreciable capital assets	<u>82,854,107</u>	<u>2,760,146</u>		<u>85,614,253</u>
Less accumulated depreciation:				
Buildings	5,408,013	497,858		5,905,871
Land improvements	3,772,003	140,512		3,912,515
Machinery and equipment	10,654,032	902,001		11,556,033
Vehicles	9,156,400	645,149		9,801,549
Infrastructure	19,197,051	1,067,851		20,264,902
Total accumulated depreciation	<u>\$48,187,499</u>	<u>\$ 3,253,371</u>	<u>\$ -0-</u>	<u>51,440,870</u>
Total net depreciable capital assets				<u>34,173,383</u>
Total net capital assets				<u>\$37,547,576</u>
Depreciation expense was charged to governmental functions as follows:				
General government support				\$ 299,992
Public safety				1,455,714
Transportation				1,266,486
Culture and recreation				231,179
Total governmental activities depreciation expense				<u>\$ 3,253,371</u>

\*Balances as of June 1, 2022 reflect a prior period adjustment. See note 5.

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, 2023, the Village has not recorded any such impairment losses.

**INCORPORATED VILLAGE OF SOUTHAMPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
 May 31, 2023

**Note 3 – Detailed Notes on All Funds (continued)**

**E. INDEBTEDNESS**

**LONG-TERM DEBT**

The following is a summary of changes in long-term debt liabilities for the year ended May 31, 2023:

	Balance 6/1/22	Increases	Reductions	Balance 5/31/23	Non-Current Liabilities Due within One Year	Non-Current Liabilities
General obligation bonds	\$ 6,835,000		\$ 545,000	\$ 6,290,000	\$ 565,000	\$ 5,725,000
Premium on issuance	297,585		34,478	263,107		263,107
	<u>7,132,585</u>	\$ -0-	<u>579,478</u>	<u>6,553,107</u>	<u>565,000</u>	<u>5,988,107</u>
Compensated absences	6,771,664	241,381		7,013,045	103,737	6,909,308
Due to State and Local Retirement System	209,335		101,128	108,207	108,207	
Net pension liability - proportionate share	783,896	11,282,450		12,066,346		12,066,346
Length of Service Award Programs	10,500,311	653,581	3,323,267	7,830,625		7,830,625
Other postemployment benefits payable	68,460,284	4,257,518	22,385,357	50,332,445		50,332,445
<b>Totals</b>	<u>\$ 93,858,075</u>	<u>\$ 16,434,930</u>	<u>\$ 26,389,230</u>	<u>\$ 83,903,775</u>	<u>\$ 776,944</u>	<u>\$ 83,126,831</u>

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 5/31/23
Public Improvements -	3/14/2019	\$ 3,430,000	2.0%-5.0%	4/1/2030	\$ 2,375,000
Public Improvements -	3/8/2016	5,650,000	2.0%-3.0%	3/1/2036	3,915,000
<b>Total General Obligation Bonds</b>					<u>\$ 6,290,000</u>

**INCORPORATED VILLAGE OF SOUTHAMPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
 May 31, 2023

**Note 3 – Detailed Notes on All Funds (continued)**

**E. 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, 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	640,000	103,169	743,169
2029 - 2033	2,260,000	301,194	2,561,194
2034 - 2036	1,010,000	61,050	1,071,050
Total	\$ 6,290,000	\$ 1,056,588	\$ 7,346,588

**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, 2023, \$2,515,000 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, 2023

**Note 3 – Detailed Notes on All Funds (continued)**

**E. 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, 2024	\$ 108,207	\$ 7,575	\$ 115,782
Total	\$ 108,207	\$ 7,575	\$ 115,782

**F. 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/publications.index.php](http://www.osc.state.ny.us/retire/publications.index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

**INCORPORATED VILLAGE OF SOUTHAMPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
 May 31, 2023

**Note 3 – Detailed Notes on All Funds (continued)**

**F. 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 2023 are as follows:

	Tier/Plan	Rate
ERS	3 A14	12.9%
	4 A15	12.9
	5 A15	11.0
	6 A15	8.1
	Tier/Plan	Rate
PFRS	2 384D	29.5%
	5 384D	25.4
	6 384D	20.5

At May 31, 2023, the Village reported the following for its proportionate share of the net pension asset (liability) for ERS and PFRS:

	Measurement Date	Net Pension Liability	Employer Allocation Percentage	Change in Employer Allocation Percentage Since Prior Measurement Date
ERS	March 31, 2023	\$ 5,176,364	0.0241390%	-0.0002090%
PFRS	March 31, 2023	\$ 6,889,982	0.1250343%	-0.0129648%

The net pension asset (liability) was measured as of March 31, 2023 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, 2023, the Village recognized its proportionate share of pension expense in the government-wide financial statements of \$1,828,191 for ERS, and \$2,176,845 for PFRS. Pension expenditures of \$826,533 for ERS and \$1,577,573 for PFRS were recorded in the fund financial statements and were charged to the general fund.

At May 31, 2023, 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, 2023

**Note 3 – Detailed Notes on All Funds (continued)**

**F. RETIREMENT SYSTEM (continued)**

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	PFRS	ERS	PFRS
Differences between expected and actual experience	\$ 551,323	\$ 673,426	\$ 145,372	\$ -0-
Changes of assumptions	2,513,976	3,357,470	27,784	-0-
Net difference between projected and actual earnings on pension plan investments	-0-	\$ 12,180	30,411	-0-
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	33,247	363,604	15,403	270,063
Village's contribution subsequent to the measurement date	144,274	209,556	-0-	-0-
Total	\$ 3,242,820	\$ 4,616,236	\$ 218,970	\$ 270,063

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, 2024. 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, 2024	\$ 690,156	\$ 812,736
2025	(271,638)	(88,798)
2026	1,054,195	2,033,323
2027	1,406,863	1,273,308
2028	106,048	106,048
	\$ 2,879,576	\$ 4,136,617

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, 2023

**Note 3 – Detailed Notes on All Funds (continued)**

**F. RETIREMENT SYSTEM (continued)**

	ERS	PFRS
Measurement date	March 31, 2023	March 31, 2023
Actuarial valuation date	April 1, 2022	April 1, 2022
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	2.9%	2.9%

Annuitant mortality rates are based on the System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021.

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, 2021.

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%	4.30%
International equity	15.0%	6.85%
Private equity	10.0%	7.50%
Real estate	9.0%	4.60%
Opportunistic/ARS portfolio	3.0%	5.38%
Credit	4.0%	5.43%
Real assets	3.0%	5.84%
Fixed income	23.0%	1.50%
Cash and cash equivalents	1.0%	0.00%
	<u>100.0%</u>	

The real rate of return is net of the long-term inflation assumption of 2.9%.

**INCORPORATED VILLAGE OF SOUTHAMPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
 May 31, 2023

**Note 3 – Detailed Notes on All Funds (continued)**

**F. 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	\$ (12,509,052)	\$ (5,176,364)	\$ 950,950
PFRS	(14,362,489)	(6,889,982)	702,297

The components of the collective net pension liability as of the March 31, 2023 measurement date were as follows:

	(Dollars in Thousands)	
	ERS	PFRS
Valuation date	April 1, 2022	April 1, 2022
Employers' total pension (liability)	\$ (232,627,259)	\$ (43,835,333)
Plan fiduciary net position	211,183,223	38,324,863
Employers' net pension asset (liability)	\$ (21,444,036)	\$ (5,510,470)
Ratio of plan fiduciary net position to the Employers' total pension liability	90.78%	87.43%

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 31<sup>st</sup>. Accrued retirement contributions as of May 31, 2023 represent the employer contribution for the period of April 1, 2023 through May 31, 2023 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 \$144,275 and \$209,556 respectively as of May 31, 2023.

**INCORPORATED VILLAGE OF SOUTHAMPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
May 31, 2023

**Note 3 – Detailed Notes on All Funds (continued)**

**G. 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, 2022, the effective date of the OPEB valuation, is as follows:

Active employees	114
Inactive employees or beneficiaries	
currently receiving benefits	91
Total	<u>205</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 \$50,332,445 was measured as of May 31, 2023 and was determined by an actuarial valuation as of June 1, 2022, 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, 2023

**Note 3 – Detailed Notes on All Funds (continued)**

**G. 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, 2022 valuation was determined using the following actuarial assumptions and other inputs:

Salary increases	2.5%
Discount rate	3.9%
Healthcare cost trend rates	
Pre-65	5.75% for January 1, 2024, decreasing per year to an ultimate rate of 4.5% in 2031
Post-65	5.00% for January 1, 2024, decreasing per year to an ultimate rate of 4.5% in 2031

The discount rate was based on the 20 Year AA Municipal GO Bond Rate Index as of June 1, 2022 for June 1, 2022. The discount rate as of May 31, 2023 was based on the same index as of May 31, 2023.

Mortality rates were based on the SOA RP-2014 Total Dataset. Mortality improvements are projected using SOA Scale MP-2021.

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, 2022 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>\$ 68,460,284</u>
Changes for the Year:	
Service Cost	1,959,218
Interest	2,298,300
Differences Between Expected and Actual Experience	(13,495,680)
Changes in Benefit Terms	(17,391)
Changes of Assumptions and Other Inputs	(7,145,842)
Benefit Payments	<u>(1,726,444)</u>
Net Change	<u>(18,127,839)</u>
Other Postemployment Liability at the End of Year	<u>\$ 50,332,445</u>

**INCORPORATED VILLAGE OF SOUTHAMPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
 May 31, 2023

**Note 3 – Detailed Notes on All Funds (continued)**

**G. 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 (2.9%) or 1-percentage-point higher (4.9%) than the current discount rate:

	1% Decrease (2.9%)	Current Discount Rate (3.9%)	1% Increase (4.9%)
Total OPEB Liability	\$ 59,162,443	\$ 50,332,445	\$ 43,388,786

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	\$ 42,503,090	\$ 50,332,445	\$ 60,475,837

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

For the year ended May 31, 2023, the Village recognized OPEB expense (credit) of (\$806,274). At May 31, 2023, 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	\$ -	\$ 8,265,798
Changes of assumptions or other inputs	-	20,240,168
Totals	\$ -	\$ 28,505,966

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, 2024	\$ (5,046,401)
2025	(5,046,404)
2026	(6,011,311)
2027	(6,011,309)
2028	(6,390,541)
2029	-
	\$ (28,505,966)

**INCORPORATED VILLAGE OF SOUTHAMPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
May 31, 2023

**Note 3 – Detailed Notes on All Funds (continued)**

**H. 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, 2022, the measurement date, the following participants were covered by the benefit terms:

**INCORPORATED VILLAGE OF SOUTHAMPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
 May 31, 2023

**Note 3 – Detailed Notes on All Funds (continued)**

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

	Firefighters	Volunteer Ambulance Workers
Inactive participants currently receiving benefit payments	30	9
Inactive participants entitled to but not yet receiving benefit payments	24	36
Active participants	110	68
	164	113

**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, 2023

**Note 3 – Detailed Notes on All Funds (continued)**

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

**Plan Financial Condition**

Investments by fair value level	Assets Available for Benefits			
<u>Assets Available for Benefits</u>	<u>May 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 399,806	\$ 399,806		
Debt securities	2,190,326	2,190,326		
Equity securities	2,606,991	2,606,991		
Share of pooled investment	1,084,948		\$ 1,084,948	
<b>Total Assets Available for Benefits</b>	<b>\$ 6,282,071</b>	<b>\$ 5,197,123</b>	<b>\$ 1,084,948</b>	<b>\$ -0-</b>

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, 2023

**Note 3 – Detailed Notes on All Funds (continued)**

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

**Plan Financial Condition (continued)**

**Receipts and Disbursements**

	<u>Firefighters</u>	<u>Volunteer Ambulance Workers</u>
Plan Assets, beginning of year	\$ 5,166,771	\$ 1,056,859
Changes during the year:		
Plan contributions	211,314	72,902
Investment income (loss)	11,040	(5,270)
Benefits paid/payable	(192,002)	(31,509)
Administrative expense	(8,034)	(8,034)
Plan assets, end of year	<u>\$ 5,197,123</u>	<u>\$ 1,084,948</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, 2022 was \$211,314 for the firefighters LOSAP, and \$72,902 for the volunteer ambulance workers LOSAP.

**Program Expense and Administration Fees**

	<u>Firefighters</u>	<u>Volunteer Ambulance Workers</u>
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, 2023

**Note 3 – Detailed Notes on All Funds (continued)**

**H. 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

	Firefighters	Volunteer Ambulance Workers
Service cost	\$ 246,642	\$ 165,436
Interest	199,743	41,760
Changes of assumptions or other inputs	(2,232,613)	(572,418)
Differences between expected and actual experience	(152,422)	(103,860)
Benefits payments	(231,345)	(30,609)
Net change in total LOSAP liabilities	(2,169,995)	(499,691)
Total LOSAP liabilities, beginning of year	8,786,143	1,714,168
Total LOSAP liabilities end of year	\$ 6,616,148	\$ 1,214,477

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Firefighters	Volunteer Ambulance Workers	Firefighters	Volunteer Ambulance Workers
Differences between expected and actual experience	\$ 252,245	\$ 64,154	\$ 188,276	\$ 175,072
Changes of assumptions or other inputs	1,747,427	417,305	2,706,231	709,659
Benefit payments and administrative expenses subsequent to the measurement date	81,180	13,204	-0-	-0-
Total	\$ 2,080,852	\$ 494,663	\$ 2,894,507	\$ 884,731

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, 2023

**Note 3 – Detailed Notes on All Funds (continued)**

**H. 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, 2024	\$ (43,343)	\$ (8,885)
2025	(43,343)	(8,885)
2026	(43,343)	(8,885)
2027	(43,343)	(8,885)
2028	(43,343)	(8,885)
Thereafter	<u>(678,120)</u>	<u>(358,847)</u>
	<u>\$ (894,835)</u>	<u>\$ (403,272)</u>

**Funding Methodology and Actuarial Assumptions**

Measurement date	December 31, 2022
Actuarial valuation date	December 31, 2022
Actuarial cost method	Entry Age Normal
Salary scale	None assumed
Inflation rate	2.25%
Discount rate	4.31%

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, 2022.

**Sensitivity of the Total LOSAP Pension Liability**

	1% Decrease (3.31%)	Current Assumption (4.31%)	1% Increase (5.31%)
Firefighters	\$ 7,583,286	\$ 6,616,148	\$ 5,814,652
Volunteer ambulance workers	1,455,508	1,214,477	1,023,931

**INCORPORATED VILLAGE OF SOUTHAMPTON**

**NOTES TO FINANCIAL STATEMENTS**

May 31, 2023

**Note 3 – Detailed Notes on All Funds (continued)**

**I. 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, 2023, the value of the accumulated vacation time and sick leave was \$7,013,045.

**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, 2023, 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>\$ 1,942,576</u>
General Fund:	
General government support	119,195
Public safety	71,791
Health	78,850
Transportation	57,520
Culture and recreation	28,762
Employee benefits	22,041
	<u>378,159</u>
 Total Encumbrances	 <u><u>\$ 2,320,735</u></u>

**INCORPORATED VILLAGE OF SOUTHAMPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
 May 31, 2023

**Note 5 – Prior Period Adjustment**

The Village omitted an art collection from its capital assets as reported on the May 31, 2022 financial statements, resulting in an understatement of non-depreciable capital assets and net investment in capital assets. Net position was increased as of June 1, 2022 to reflect this change.

The Village failed to recognize revenue for road work which was completed prior to May 31, 2022, resulting in an overstatement of current liabilities, and an understatement of unassigned fund balance and unrestricted net position. Net position and fund balance were increased as of June 1, 2022 to reflect this change.

The effect of these prior period adjustments is illustrated in the table below:

	Governmental Activities	General Fund
Net position/fund balance, as originally reported	\$ (40,773,710)	\$ 21,088,149
Prior period adjustment for unrecorded art collection	404,615	
Prior period adjustment for prior period revenue	102,829	102,829
Net position/fund balance, as restated	\$ (40,266,266)	\$ 21,190,978

**Note 6 – Subsequent Events**

On October 19, 2023, Moody’s Investor Service upgraded the Village’s rating from “Aa1” to “Aaa” on the Village’s outstanding general obligation debt.

On November 8, 2023, the Village issued serial bonds in the amount of \$6,435,000 with a interest rates of 4.0% - 6.0%, and a premium on issuance of \$160,141. The bonds mature on September 1, 2043.

**Note 7 – New Pronouncements**

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

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.

**INCORPORATED VILLAGE OF SOUTHAMPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
May 31, 2023

**Note 7 – New Pronouncements** (continued)

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.

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 may be 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, 2023

	Original Budget	Final Budget	Actual	Encum- brances	Variance with Final Budget
<b>REVENUES</b>					
Real property taxes	\$ 25,770,460	\$ 25,770,460	\$ 25,846,224		\$ 75,764
Other real property tax items	170,000	170,000	231,618		61,618
Non-property tax items	450,000	450,000	632,493		182,493
Departmental income	2,673,500	2,810,276	4,841,708		2,031,432
Intergovernmental charges	1,382,910	1,382,910	1,242,685		(140,225)
Use of money and property	87,000	87,000	688,727		601,727
Licenses and permits	291,000	291,000	327,138		36,138
Fines and forfeitures	400,000	425,000	517,438		92,438
Sale of property and compensation for loss	110,000	110,000	66,856		(43,144)
Miscellaneous local sources	16,500	35,445	48,624		13,179
State aid	1,725,504	1,725,503	2,673,916		948,413
Federal aid	16,000	22,000	22,000		-0-
<b>Total Revenues</b>	<u>33,092,874</u>	<u>33,279,594</u>	<u>37,139,427</u>		<u>3,859,833</u>
<b>EXPENDITURES</b>					
Current:					
General government support	6,323,272	6,661,958	6,306,049	\$ 119,195	236,714
Public safety	9,989,656	10,111,143	9,726,790	71,791	312,562
Health	673,386	658,129	556,484	78,850	22,795
Transportation	2,906,471	2,981,243	2,665,773	57,520	257,950
Culture and recreation	1,603,041	1,678,716	1,632,099	28,762	17,855
Home and community services	324,000	470,674	470,000		674
Employee benefits	10,201,073	9,895,756	9,461,834	22,041	411,881
Debt service					
Principal	545,000	545,000	545,000		-0-
Interest	198,419	198,419	198,419		-0-
<b>Total Expenditures</b>	<u>32,764,318</u>	<u>33,201,038</u>	<u>31,562,448</u>	<u>378,159</u>	<u>1,260,431</u>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over (Under) Expenditures</b>	<u>328,556</u>	<u>78,556</u>	<u>5,576,979</u>	<u>(378,159)</u>	<u>5,120,264</u>
<b>OTHER FINANCING USES</b>					
Transfers out	(975,000)	(1,674,000)	(1,674,000)		-0-
<b>Total Other Financing Uses</b>	<u>(975,000)</u>	<u>(1,674,000)</u>	<u>(1,674,000)</u>	<u>-0-</u>	<u>-0-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (646,444)</u>	<u>\$ (1,595,444)</u>	<u>3,902,979</u>	<u>\$ (378,159)</u>	<u>\$ 5,120,264</u>
<b>Fund Balance at Beginning of Year, as Restated</b>			<u>21,190,978</u>		
<b>Fund Balance at End of Year</b>			<u>\$ 25,093,957</u>		

**INCORPORATED VILLAGE OF SOUTHAMPTON**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE TOTAL OTHER**  
**POSTEMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS (OPEB)**  
 May 31, 2023

OPEB	May 31, 2023	May 31, 2022	May 31, 2021	May 31, 2020	May 31, 2019
Other postemployment benefit liability at the beginning of the year	\$ 68,460,284	\$ 85,142,134	\$ 79,011,145	\$ 75,419,013	\$ 65,347,512
Service cost	1,959,218	4,028,780	3,292,686	2,633,156	2,633,156
Interest	2,298,300	1,685,403	1,953,160	2,397,323	2,323,008
Differences between expected and actual experience	(13,495,680)	-0-	5,216,052	-0-	-0-
Changes in benefit terms	(17,391)	-0-	-0-	-0-	-0-
Changes in assumptions and other inputs	(7,145,842)	(20,652,029)	(2,561,419)	-0-	6,754,367
Benefit payments	(1,726,444)	(1,744,004)	(1,769,490)	(1,438,347)	(1,639,030)
Net Changes	(18,127,839)	(16,681,850)	6,130,989	3,592,132	10,071,501
Other postemployment benefit liability at the end of the year	\$ 50,332,445	\$ 68,460,284	\$ 85,142,134	\$ 79,011,145	\$ 75,419,013
Covered employee payroll	\$ 10,811,152	\$ 10,755,363	\$ 10,755,363	\$ 10,297,076	\$ 10,297,076
Total other postemployment benefit liability as a percentage of covered employee payroll	465.56%	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.

*Differences Between Expected and Actual Experience*

In fiscal years ended May 31, 2021 and May 31, 2023, updated census data was provided to the Village's actuary, resulting in recognition of differences between expected and actual experience.

*Changes in Benefit Terms*

Beginning in fiscal year ended May 31, 2023, department heads must attain 10 years of service with the Village to become eligible for OPEB. In prior year valuations, only 5 years of service was required for department heads to be eligible for OPEB.

*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.

2023	3.9%
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, 2023

	NYSERS									
	Years Ended May 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 826,533	\$ 1,050,671	\$ 977,275	\$ 968,844	\$ 938,963	\$ 957,247	\$ 970,446	\$ 1,076,226	\$ 1,115,759	\$ 1,122,740
Contributions in relation to the contractually required contribution	826,533	1,050,671	977,275	968,844	938,963	957,247	970,446	1,076,226	1,115,759	1,122,740
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Village's covered-employee payroll	\$ 7,413,207	\$ 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
Contributions as a percentage of covered-employee payroll	11.15%	14.28%	13.79%	13.95%	14.16%	14.69%	15.20%	18.92%	20.42%	21.07%

	NYSPFRS									
	For the Years Ended May 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,577,573	\$ 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
Contributions in relation to the contractually required contribution	1,577,573	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
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Village's covered-employee payroll	\$ 5,446,170	\$ 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
Contributions as a percentage of covered-employee payroll	28.97%	32.56%	23.75%	24.74%	22.50%	23.28%	24.65%	25.29%	27.26%	30.65%

**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, 2023**

	2023	2022	2021	2020	2019	2018	2017	2016
<b>NYSERS</b>								
Village's proportion of the collective net pension asset/(liability)	0.0241390%	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)	\$ (5,176,364)	\$ 1,990,346	\$ (24,194)	\$ (6,359,679)	\$ (1,682,817)	\$ (761,721)	\$ (2,284,684)	\$ (3,572,582)
Village's covered-employee payroll	\$ 7,336,863	\$ 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	70.55%	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	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%
<b>NYSPPFRS</b>								
Village's proportion of the collective net pension asset/(liability)	0.1250343%	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)	\$ (6,889,982)	\$ (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	\$ 5,420,695	\$ 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	127.11%	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	87.43%	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.

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.

The change in the Village's proportionate share of the net pension asset/(liability) in 2022 and 2023 is mainly attributable to the decrease in the plan fiduciary net position due to investment losses.

**INCORPORATED VILLAGE OF SOUTHAMPTON**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGE IN THE LENGTH OF SERVICE AWARD PROGRAM -**  
**TOTAL PENSION LIABILITY**  
**May 31, 2023**

Measurement date as of December 31,	<b>Firefighters</b>					
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Service cost	\$ 246,642	\$ 238,888	\$ 161,453	\$ 161,842	\$ 229,749	\$ 194,450
Interest	199,743	171,138	225,537	228,523	206,583	213,305
Changes of assumptions or other inputs	(2,232,613)	(418,189)	1,602,306	375,217	(463,516)	501,999
Differences between expected and actual experience	(152,422)	257,238	44,965	5,421	(40,452)	(36,325)
Benefit payments	(231,345)	(182,464)	(143,199)	(117,573)	(130,009)	(111,486)
<b>Net Change in Total LOSAP Pension Liability</b>	<b>(2,169,995)</b>	<b>66,611</b>	<b>1,891,062</b>	<b>653,430</b>	<b>(197,645)</b>	<b>761,943</b>
Total LOSAP Pension Liability - beginning of year	8,786,143	8,719,532	6,828,470	6,175,040	6,372,685	5,610,742
Total LOSAP Pension Liability - end of year	<u>\$ 6,616,148</u>	<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,	<b>Volunteer Ambulance Workers</b>					
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Service cost	\$ 165,436	\$ 148,023	\$ 71,608	\$ 66,860	\$ 77,869	\$ 57,273
Interest	41,760	34,308	38,824	39,538	36,651	35,823
Changes of assumptions or other inputs	(572,418)	(110,718)	380,391	77,400	(97,753)	103,653
Differences between expected and actual experience	(103,860)	27,717	48,445	(55,901)	(53,220)	1,224
Benefit payments	(30,609)	(29,529)	(28,450)	(27,369)	(25,029)	(23,529)
<b>Net Change in Total LOSAP Pension Liability</b>	<b>(499,691)</b>	<b>69,801</b>	<b>510,818</b>	<b>100,528</b>	<b>(61,482)</b>	<b>174,444</b>
Total LOSAP Pension Liability - beginning of year	1,714,168	1,644,367	1,133,549	1,033,021	1,094,503	920,059
Total LOSAP Pension Liability - end of year	<u>\$ 1,214,477</u>	<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, 2022	4.31%
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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Real Property Tax Items:				
Real property taxes - current	\$ 25,770,460	\$ 25,770,460	\$ 25,846,224	\$ 75,764
Total Real Property Tax Items	<u>25,770,460</u>	<u>25,770,460</u>	<u>25,846,224</u>	<u>75,764</u>
Other Real Property Tax Items:				
Interest and penalties on real property taxes	170,000	170,000	231,618	61,618
Total Other Real Property Tax Items	<u>170,000</u>	<u>170,000</u>	<u>231,618</u>	<u>61,618</u>
Non-Property Tax Items:				
Utilities gross receipts tax	450,000	450,000	632,493	182,493
Total Non-Property Tax Items	<u>450,000</u>	<u>450,000</u>	<u>632,493</u>	<u>182,493</u>
Departmental Income:				
Charges for tax redemption			1,175	1,175
Public safety - fees	1,527,500	1,612,500	3,441,655	1,829,155
Public health fees (Certificates)	30,000	30,000	37,067	7,067
Park and recreational charges	1,001,000	1,052,776	1,212,796	160,020
Zoning fees	30,000	30,000	42,005	12,005
Planning fees	55,000	55,000	77,960	22,960
Impound storage fees	20,000	20,000	23,775	3,775
Towing fees	10,000	10,000	5,275	(4,725)
Total Departmental Income	<u>2,673,500</u>	<u>2,810,276</u>	<u>4,841,708</u>	<u>2,031,432</u>
Intergovernmental Charges:				
Burglar alarm - other governments	80,000	80,000	75,130	(4,870)
Public safety dispatch - other governments	202,910	202,910	202,931	21
Fire protection services - other governments	1,100,000	1,100,000	964,624	(135,376)
Total Intergovernmental Charges	<u>1,382,910</u>	<u>1,382,910</u>	<u>1,242,685</u>	<u>(140,225)</u>
Use of Money and Property:				
Interest earnings	35,000	35,000	595,782	560,782
Rental of real property	52,000	52,000	92,945	40,945
Total Use of Money and Property	<u>87,000</u>	<u>87,000</u>	<u>688,727</u>	<u>601,727</u>
Licenses and Permits:				
Heliport fees	216,000	216,000	186,480	(29,520)
Permits	75,000	75,000	140,658	65,658
Total Licenses and Permits	<u>291,000</u>	<u>291,000</u>	<u>327,138</u>	<u>36,138</u>
Fines and Forfeitures:				
Fines and forfeited bail	400,000	425,000	517,438	92,438
Total Fines and Forfeitures	<u>400,000</u>	<u>425,000</u>	<u>517,438</u>	<u>92,438</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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues (continued)</b>				
Sale of Property and Compensation for Loss:				
Sales of equipment	\$ 60,000	\$ 60,000	\$ 18,703	\$ (41,297)
Sales of garbage bags			43	43
Insurance recoveries	50,000	50,000	48,110	(1,890)
Total Sale of Property and Compensation for Loss	<u>110,000</u>	<u>110,000</u>	<u>66,856</u>	<u>(43,144)</u>
Miscellaneous Local Sources:				
Refund of prior year expenditures	4,500	4,500		(4,500)
Gifts and donations	12,000	30,945	43,046	12,101
Other unclassified revenues			5,578	5,578
Total Miscellaneous Local Sources	<u>16,500</u>	<u>35,445</u>	<u>48,624</u>	<u>13,179</u>
State Aid:				
Mortgage tax	975,000	975,000	1,889,424	914,424
AIM related payment (includes County Sales Tax)	311,884	311,883	357,043	45,160
Consolidated highway aid	288,620	288,620	241,060	(47,560)
Other	150,000	150,000	186,389	36,389
Total State Aid	<u>1,725,504</u>	<u>1,725,503</u>	<u>2,673,916</u>	<u>948,413</u>
Federal Aid:				
Home and Community	16,000	22,000	22,000	-0-
Total Federal Aid	<u>16,000</u>	<u>22,000</u>	<u>22,000</u>	<u>-0-</u>
Total Revenues	<u>33,092,874</u>	<u>33,279,594</u>	<u>37,139,427</u>	<u>3,859,833</u>
Total Revenues and Other Financing Sources	<u>\$ 33,092,874</u>	<u>\$ 33,279,594</u>	<u>\$ 37,139,427</u>	<u>\$ 3,859,833</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, 2023

	Original Budget	Revised Budget	Actual	Encum- brances	Variance with Final Budget
<b>Expenditures</b>					
<u>General Government Support</u>					
Legislative (Board of trustees):					
Personal services	\$ 62,000	\$ 62,000	\$ 60,231		\$ 1,769
Contract expenditures	847,333	845,459	725,634	\$ 104,507	15,318
Total Legislative	<u>909,333</u>	<u>907,459</u>	<u>785,865</u>	<u>104,507</u>	<u>17,087</u>
Judicial (Village justice):					
Personal services	264,431	264,701	263,689		1,012
Equipment and capital outlay					-0-
Contract expenditures	73,800	98,319	95,507		2,812
Total Judicial	<u>338,231</u>	<u>363,020</u>	<u>359,196</u>	<u>-0-</u>	<u>3,824</u>
Executive (Mayor):					
Personal services	133,440	103,808	95,150		8,658
Equipment and capital outlay	2,500	2,500			2,500
Contract expenditures	20,000	16,950	11,947		5,003
Total Executive	<u>155,940</u>	<u>123,258</u>	<u>107,097</u>	<u>-0-</u>	<u>16,161</u>
Treasurer:					
Personal services	517,554	556,313	556,313		-0-
Equipment and capital outlay	3,500	3,500	1,137	1,650	713
Contract expenditures	58,758	56,745	44,486		12,259
Total Executive	<u>579,812</u>	<u>616,558</u>	<u>601,936</u>	<u>1,650</u>	<u>12,972</u>
Finance:					
Assessment:					
Personal services	27,810	28,280	28,271		9
Clerk:					
Personal services	347,821	334,337	334,126		211
Equipment and capital outlay	2,500	1,187	1,137		50
Contract expenditures	40,525	145,066	129,307		15,759
Grant writer	50,000	43,455	43,455		-0-
Auditing fees	57,000	57,000	51,350		5,650
Total Finance	<u>525,656</u>	<u>609,325</u>	<u>587,646</u>	<u>-0-</u>	<u>21,679</u>
Staff:					
Law:					
Personal services	65,000	54,779	54,779		-0-
Contract expenditures	225,000	629,456	629,456		-0-
Election fees	17,140	22,397	22,397		-0-
DPW:					
Personal services	240,546	369,626	369,046		580
Equipment and capital outlay	2,000	2,000	1,425		575
Contract expenditures	17,800	21,010	18,198		2,812
Total Staff	<u>567,486</u>	<u>1,099,268</u>	<u>1,095,301</u>	<u>-0-</u>	<u>3,967</u>
Shared Services:					
Operation of Plant (Buildings):					
Personal services	1,058,970	960,235	959,767		468
Equipment and capital outlay	19,400	19,400	14,640		4,760
Contract expenditures	413,062	420,963	386,136	13,038	21,789
Central garage:					
Personal services	446,404	481,474	481,474		-0-
Equipment and capital outlay	15,000	6,316	6,316		-0-
Contract expenditures	313,052	312,806	273,961		38,845
Total Shared Services	<u>2,265,888</u>	<u>2,201,194</u>	<u>2,122,294</u>	<u>13,038</u>	<u>65,862</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, 2023

	Original Budget	Revised Budget	Actual	Encum- brances	Variance with Final Budget
<b>Expenditures (continued)</b>					
<u>General Government Support (continued)</u>					
Special Items:					
Unallocated insurance	\$ 655,000	\$ 585,000	\$ 552,112		\$ 32,888
Municipal association dues	1,800	1,800	1,800		-0-
Judgments and claims	125,000	105,000	45,233		59,767
MTA tax	49,126	49,126	47,569		1,557
Contingency	150,000	950			950
Total Special Items	<u>980,926</u>	<u>741,876</u>	<u>646,714</u>	<u>\$ -0-</u>	<u>95,162</u>
Total General Government Support	<u>6,323,272</u>	<u>6,661,958</u>	<u>6,306,049</u>	<u>119,195</u>	<u>236,714</u>
<u>Public Safety</u>					
Police:					
Personal services	6,219,911	6,237,911	6,117,314		120,597
Equipment and capital outlay	113,019	118,556	99,332	19,224	-0-
Contract expenditures	494,027	487,820	451,730	11,744	24,346
Total Police	<u>6,826,957</u>	<u>6,844,287</u>	<u>6,668,376</u>	<u>30,968</u>	<u>144,943</u>
Radio Operators:					
Personal services	1,440,745	1,438,493	1,311,451		127,042
Total Radio Operators	<u>1,440,745</u>	<u>1,438,493</u>	<u>1,311,452</u>	<u>-0-</u>	<u>127,041</u>
Jail:					
Personal services	1,500	4,005	4,005		-0-
Contract expenditures	985	480			480
Total Jail	<u>2,485</u>	<u>4,485</u>	<u>4,005</u>	<u>-0-</u>	<u>480</u>
Traffic Control:					
Contract expenditures	83,856	83,856	74,264		9,592
Total Traffic Control	<u>83,856</u>	<u>83,856</u>	<u>74,264</u>	<u>-0-</u>	<u>9,592</u>
Fire Department:					
Personal services	90,176	110,507	110,125		382
Equipment and capital outlay	200,123	180,596	137,284	40,823	2,489
Contract expenditures	614,384	723,772	708,005		15,767
Total Fire Department	<u>904,683</u>	<u>1,014,875</u>	<u>955,414</u>	<u>40,823</u>	<u>18,638</u>
Safety Inspection:					
Personal services	678,430	669,947	669,697		250
Equipment and capital outlay	1,000	500			500
Contract expenditures	51,500	54,700	43,582		11,118
Total Safety Inspection	<u>730,930</u>	<u>725,147</u>	<u>713,279</u>	<u>-0-</u>	<u>11,868</u>
Total Public Safety	<u>9,989,656</u>	<u>10,111,143</u>	<u>9,726,790</u>	<u>71,791</u>	<u>312,562</u>
<u>Health</u>					
Ambulance:					
Personal services	320,062	329,889	329,086		803
Equipment and capital outlay	72,081	81,539	25,285	56,254	-0-
Contract expenditures	281,243	246,701	202,113	22,596	21,992
Total Ambulance	<u>673,386</u>	<u>658,129</u>	<u>556,484</u>	<u>78,850</u>	<u>22,795</u>
Total Health	<u>673,386</u>	<u>658,129</u>	<u>556,484</u>	<u>78,850</u>	<u>22,795</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, 2023

	Original Budget	Revised Budget	Actual	Encum- brances	Variance with Final Budget
<b>Expenditures - (continued)</b>					
<u>Transportation</u>					
Street Maintenance:					
Personal services	\$ 1,057,459	\$ 1,057,459	\$ 1,037,571		\$ 19,888
Equipment and capital outlay	8,675	36,675	35,528		1,147
Contract expenditures	1,716,737	1,749,509	1,464,980	\$ 55,370	229,159
Total Street Maintenance	<u>2,782,871</u>	<u>2,843,643</u>	<u>2,538,079</u>	<u>55,370</u>	<u>250,194</u>
Street Lighting:					
Equipment and capital outlay	4,000	4,000			4,000
Contract expenditures	119,600	133,600	127,694	2,150	3,756
Total Street Lighting	<u>123,600</u>	<u>137,600</u>	<u>127,694</u>	<u>2,150</u>	<u>7,756</u>
Total Transportation	<u>2,906,471</u>	<u>2,981,243</u>	<u>2,665,773</u>	<u>57,520</u>	<u>257,950</u>
<u>Culture and Recreation</u>					
Parks:					
Personal services	937,459	932,498	931,034		1,464
Equipment and capital outlay	28,382	40,782	36,556		4,226
Contract expenditures	278,598	276,918	263,568	7,775	5,575
Total Parks	<u>1,244,439</u>	<u>1,250,198</u>	<u>1,231,158</u>	<u>7,775</u>	<u>11,265</u>
Coopers Beach:					
Personal services	231,000	248,812	248,812		-0-
Equipment and capital outlay	3,840	44,800	23,813	20,987	-0-
Contract expenditures	25,200	36,000	34,000		2,000
Total Coopers Beach	<u>260,040</u>	<u>329,612</u>	<u>306,625</u>	<u>20,987</u>	<u>2,000</u>
Human Services:					
Contract expenditures	4,000	4,000	1,910		2,090
Total Human Services	<u>4,000</u>	<u>4,000</u>	<u>1,910</u>	<u>-0-</u>	<u>2,090</u>
Culture					
Personal services	92,062	92,406	92,406		-0-
Total Culture	<u>92,062</u>	<u>92,406</u>	<u>92,406</u>	<u>-0-</u>	<u>-0-</u>
Celebrations					
Contract expenditures	2,500	2,500			2,500
Total Celebrations	<u>2,500</u>	<u>2,500</u>	<u>-0-</u>	<u>-0-</u>	<u>2,500</u>
Total Culture and Recreation	<u>1,603,041</u>	<u>1,678,716</u>	<u>1,632,099</u>	<u>28,762</u>	<u>17,855</u>
<u>Home and Community Services</u>					
Zoning:					
Personal services	22,000	22,400	22,400		-0-
Contract expenditures	52,000	58,860	58,860		-0-
Total Zoning	<u>74,000</u>	<u>81,260</u>	<u>81,260</u>	<u>-0-</u>	<u>-0-</u>
Planning Board:					
Personal services	22,000	22,000	22,000		-0-
Contract expenditures	60,000	133,049	133,049		-0-
Total Planning Board	<u>82,000</u>	<u>155,049</u>	<u>155,049</u>	<u>-0-</u>	<u>-0-</u>
ARB:					
Personal services	22,000	20,508	20,508		-0-
Contract expenditures	46,000	117,187	117,187		-0-
Total ARB	<u>68,000</u>	<u>137,695</u>	<u>137,695</u>	<u>-0-</u>	<u>-0-</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, 2023

	Original Budget	Revised Budget	Actual	Encum- brances	Variance with Final Budget
<b>Expenditures - (continued)</b>					
<u>Home and Community Services (continued)</u>					
Planning Commission:					
Personal services	\$ 40,000	\$ 36,690	\$ 36,150		\$ 540
Contract expenditures	6,000	8,000	7,913		87
Total Planning Commission	<u>46,000</u>	<u>44,690</u>	<u>44,063</u>	\$ -0-	<u>627</u>
Shade Trees:					
Equipment and capital outlay	18,000	15,300	15,253		47
Contract expenditures	20,000	14,680	14,680		-0-
Total Shade Trees	<u>38,000</u>	<u>29,980</u>	<u>29,933</u>	-0-	<u>47</u>
Community Development:					
Contract expenditures	16,000	22,000	22,000		-0-
Total Community Development	<u>16,000</u>	<u>22,000</u>	<u>22,000</u>	-0-	<u>-0-</u>
Total Home and Community Services	<u>324,000</u>	<u>470,674</u>	<u>470,000</u>	-0-	<u>674</u>
<u>Employee Benefits</u>					
State retirement	915,953	871,118	826,533		44,585
Police retirement	1,579,480	1,581,150	1,577,573		3,577
Social security	1,055,767	1,045,338	976,941		68,397
Workers' compensation	750,000	750,000	740,065		9,935
Unemployment insurance	20,000	20,000	9,576		10,424
Hospital and medical insurance	5,254,873	5,214,873	5,123,690		91,183
Severance payments (compensated absences)	300,000	180,000			180,000
Service award programs	325,000	233,277	207,456	22,041	3,780
Total Employee Benefits	<u>10,201,073</u>	<u>9,895,756</u>	<u>9,461,834</u>	<u>22,041</u>	<u>411,881</u>
<u>Debt Service</u>					
Serial bonds:					
Principal	545,000	545,000	545,000		-0-
Interest	198,419	198,419	198,419		-0-
Total Debt Service	<u>743,419</u>	<u>743,419</u>	<u>743,419</u>	-0-	<u>-0-</u>
Total Expenditures	<u>32,764,318</u>	<u>33,201,038</u>	<u>31,562,448</u>	<u>378,159</u>	<u>1,260,431</u>
<u>Other Financing Uses</u>					
Transfers out	975,000	1,674,000	1,674,000		-0-
Total Other Financing Uses	<u>975,000</u>	<u>1,674,000</u>	<u>1,674,000</u>	-0-	<u>-0-</u>
Total Expenditures and Other Financing Uses	<u>\$ 33,739,318</u>	<u>\$ 34,875,038</u>	<u>\$ 33,236,448</u>	<u>\$ 378,159</u>	<u>\$ 1,260,431</u>

See paragraph on Other Supplementary Information Included in Auditors' Report

**INCORPORATED VILLAGE OF SOUTHAMPTON  
SCHEDULE OF INCREASES AND DECREASES  
CAPITAL PROJECTS FUND  
For the year ended May 31, 2023**

	Fire Facility	ADA	Office Equipment	Facilities Acquisition	Fire Truck	Fire Equipment	Ambulance Building	Major Equipment	Beach	Not Allocated	Water Quality Rec	Rogers Mansion Restoration	Capital Grant Projects	Total
Increases:														
Interest earnings	\$ -0-	\$ 116	\$ 70	\$ 7,301	\$ 9,018	\$ 18,153	\$ -0-	\$ 37,048	\$ 85	\$ -0-	\$ 77,981		\$ -0-	\$ 149,772
Local grants													184,949	184,949
State grants													49,094	49,094
Federal Grants								54,056						54,056
Interfund transfers										975,000		\$ 699,000		1,674,000
Transfers in to projects				465,000	80,000			1,400,000	10,000					1,955,000
<b>Total increases</b>	<b>-0-</b>	<b>116</b>	<b>70</b>	<b>472,301</b>	<b>89,018</b>	<b>18,153</b>	<b>-0-</b>	<b>1,491,104</b>	<b>10,085</b>	<b>975,000</b>	<b>77,981</b>	<b>699,000</b>	<b>234,043</b>	<b>4,066,871</b>
Decreases:														
Project expenditures				22,500	79,600	57,613	185,959	1,211,351	10,000		148,570		324,851	2,040,444
Transfers out to projects						80,000				1,875,000				1,955,000
<b>Total Decreases</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>22,500</b>	<b>79,600</b>	<b>137,613</b>	<b>185,959</b>	<b>1,211,351</b>	<b>10,000</b>	<b>1,875,000</b>	<b>148,570</b>	<b>-0-</b>	<b>324,851</b>	<b>3,995,444</b>
Excess (deficiency) of increases over decreases	-0-	116	70	449,801	9,418	(119,460)	(185,959)	279,753	85	(900,000)	(70,589)	699,000	(90,808)	71,427
Balances at beginning 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	-0-	33,337	7,240,851
<b>Balances at end of year</b>	<b>\$ 1</b>	<b>\$ 5,335</b>	<b>\$ 3,237</b>	<b>\$ 557,881</b>	<b>\$ 270,335</b>	<b>\$ 474,905</b>	<b>\$ (23,501)</b>	<b>\$ 1,856,849</b>	<b>\$ 3,932</b>	<b>\$ -0-</b>	<b>\$ 3,521,775</b>	<b>\$ 699,000</b>	<b>\$ (57,471)</b>	<b>\$ 7,312,278</b>

**INCORPORATED VILLAGE OF SOUTHAMPTON**  
**SCHEDULE OF INCREASES AND DECREASES**  
**SPECIAL REVENUE FUND**  
**For the year ended May 31, 2023**

	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	\$ 144	\$ 55	\$ 704	\$ 85	\$ 224	\$ 81	\$ 20	\$ 1,615	\$ 683	\$ 11	\$ 31	\$ -0-	\$ 26	\$ 4,363	\$ 8,042
Donations			1,194												1,194
Total increases	144	55	1,898	85	224	81	20	1,615	683	11	31	-0-	26	4,363	9,236
Decreases:															
Project expenditures		4,629													4,629
Total Decreases	-0-	4,629	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	4,629
Excess (deficiency) of increases over decreases	144	(4,574)	1,898	85	224	81	20	1,615	683	11	31	-0-	26	4,363	4,607
Balances at beginning 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
Balances at end of year	\$ 15,470	\$ 6,053	\$ 76,199	\$ 9,215	\$ 24,061	\$ 8,790	\$ 2,164	\$ 174,724	\$ 73,908	\$ 1,210	\$ 3,305	\$ 6	\$ 2,863	\$ 472,031	\$ 869,999

## **OTHER REPORTS**

**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, 2023, 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 13, 2024.

**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 13, 2024