

**TOWN OF SOUTHAMPTON - FINANCIAL POLICIES
ASSET MANAGEMENT POLICY**

ASSET MANAGEMENT POLICY

Adopted by Town Board Resolution No. 2014-253 on February 11, 2014

WHEREAS, on March 27, 2007 the Town Board of the Town of Southampton adopted an Asset Management Policy in response to Government Accounting Standards Board (GASB) Policy Statement 34; and

WHEREAS, it is the recommendation of the Town Comptroller to revise this policy to better meet the needs of the Town; and

WHEREAS, pursuant to Town Law §64(3), the Town Board of the Town of Southampton has authority to manage and control the management, custody, and control of all lands, buildings and property, including tangible assets, of the Town, except as provided for in Highway Law §142; now therefore be it

RESOLVED, the Town Board of the Town of Southampton hereby adopts the below Asset Management Policy; and be it further

RESOLVED, that the Policy set forth below replaces and supersedes any and all prior policies governing the management of assets.

TOWN OF SOUTHAMPTON – ASSET MANAGEMENT POLICY

Section I - Overview

The Governmental Accounting Standards Board's (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, requires that governments depreciate their exhaustible capital assets, including infrastructure.

Capital assets are tangible and intangible assets that are used in operations and that have initial useful lives that extend beyond a single reporting period. They include land, land improvements, easements, buildings and improvements, equipment, and works of art and historical treasures.

Section II - Definitions

Buildings - All permanent structures. The cost of an improvement (betterment) can be added to the cost of the related structure. The same is true of restoration costs following a capital asset impairment. Improvements and restoration costs shall be capitalized over the estimated useful life of the improvement.

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Capital Asset - A tangible or intangible asset held by a financial reporting entity for use in its operations that have an estimated useful life greater than two reporting periods. Intangible assets, whether purchased, internally produced, licensed, or obtained by way of a non-exchange transaction includes such items as computer software, mineral rights, water or timber rights, patents or trademarks. Capital Assets include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond two years.

Depreciation - The recognition of an asset's decline in value due to wear and tear or obsolescence. The amount of this decline should be amortized over the estimated life of the asset so that fiscal periods that benefit from the use of the asset is charged a portion of its cost. The basic formula for determining annual depreciation is cost less estimated salvage value equals depreciable cost divided by years of estimated useful life ($C-SV=DC/EUL=AD$).

Infrastructure - Long lived capital assets that are normally stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. The cost of buildings associated with infrastructure should be reported separately as buildings rather than as a part of the cost of the infrastructure. The one exception are buildings that are purely ancillary to a network or subsystem of infrastructure. For example road maintenance structures such as shops and garages associated with the highway system and water pumping stations associated with water systems.

Land - The cost of land should include its acquisition price and the cost of initially preparing the land for its intended use, provided that those preparations have an indefinite useful life. Land is frequently closely associated with some other asset (land under buildings), and as such, it shall always be treated separately.

Proprietary Funds - Funds used for services provided to the public on a user charge basis, similar to the operation of a commercial enterprise.

Improvement (betterment) - An improvement which provides additional value. Such added value is achieved by either: (1) lengthening a capital assets estimated useful life; or (2) increasing a capital asset's ability to provide service (i.e. greater effectiveness or efficiency).

Improvements other than buildings - Permanent non-movable improvements other than buildings that add value to land but do not have an indefinite useful life. Examples include fences, retaining walls, parking lots, and most major landscaping.

Machinery & Equipment - All vehicles, furnishings, equipment, and heavy equipment, and similar moveable items. (Furnishings can be capitalized only when it is related to a major improvement or when a building is placed into service. Annual replacements of furnishings due to wear and tear, is not capitalizable).

Non-Capital Asset - A tangible asset held by a financial reporting entity for use in its operations that are not capitalized. A

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non-capital asset has an estimated useful life of greater than a single reporting period, an acquisition cost of at least \$1,000 but less than \$5,000 and/or considered theft sensitive property. Non-Capital assets shall be inventoried and tracked but not depreciated or reported as part of the reporting entity's Financial Statements.

Repairs & Maintenance - Retain value rather than provide additional value, are not capitalized and must be reported as expense of the period in which incurred.

Impairment - A significant and unexpected decrease in the service utility of a capital asset that will continue to be used in operations. Impaired assets will continue in service rather than be sold, their fair value, as such, is irrelevant.

Section III - Capitalization

1. Assets shall be capitalized based exclusively on financial reporting needs. The minimum Capitalization threshold shall be five thousand dollars (\$5,000.00). In cases where individual assets do not meet the five thousand dollar threshold, but exceed the threshold in the aggregate, it shall be reviewed by the Town Comptroller and a determination will be made on the materiality of reporting said assets in the Town's Annual Financial Statements.
2. The cost of the capital asset should include not only the cost of the asset itself, but also any ancillary charges necessary to place the asset into its intended location and condition for use. A cost should be capitalized only if it is directly identifiable with a specific asset. A cost should be capitalized only if incurred after acquisition of the related asset has come to be considered probable. Salaries and wages of employees who worked on a given construction project can be included as part of the capitalized cost of the project.
3. The useful life of any capitalized asset shall exceed two years.
4. All general capital assets of governmental units shall be reported in the government-wide annual financial statements. Assets of proprietary funds shall be reported and accounted for in the appropriate proprietary (enterprise) fund.
5. Assets acquired through the operating budget that exceed the established capitalization threshold shall be capitalized.
6. Unfinished projects or Construction in Progress can be reported as an asset but are not depreciated until the asset is placed in service.

Section IV - Methodology for estimating historical cost

1. The Normal Costing method shall be used to estimate historical cost for assets where direct cost information is not available.
2. The Normal Cost Method determines the cost of reproducing the same asset today and then restating that amount in acquisition year dollars. The appropriate consumer price index will be used as the index/deflator. If the actual acquisition year is unknown, the best estimate is to be used.

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Section V - Method of Depreciation

1. The Town will use the Straight-Line Method to account for depreciation of capital assets.
2. The Straight-Line Method of depreciation allocates the cost of a capital asset (less salvage value) equally over its estimated useful life.

Section VI - Estimated Useful Lives

Land	Indefinite
Buildings	25-50 years
Improvements other than buildings	20 years
Machinery and equipment	2-30 years
Infrastructure:	
Bridges	50 years
Roads, curbs & sidewalks	20-30 years
Lighting systems	15 years
Bulkheads, piers & boardwalks	10-30 years
Water & sewer mains	25 years

Section VII - Asset Categories

1. Land is the surface or crust of the earth, which can be used to support structures, and may be used to grow crops, grass, shrubs and trees. Land is characterized as having an unlimited life (indefinite).

Examples of expenditures to be capitalized as Land:

- A. Purchase price or fair market value at time of acquisition
 - B. Professional fees (title searches, architect, legal, engineering, appraisal, surveying, environmental assessment, etc.)
 - C. Accrued and unpaid taxes at date of purchase
 - D. Other costs incurred in acquiring the land
 - E. Right-of-way
2. Land improvements consist of betterments, site preparation and site improvements (other than buildings) that ready

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land for its intended use. Land improvements include such items as excavation, non-infrastructure utility installation, driveways, sidewalks, parking lots, flagpoles, retaining walls, fences, and outdoor lighting. They can be exhaustible or non-exhaustible.

- A. Non-Exhaustible Land Improvements: Expenditures for improvements that do not require maintenance or replacement. Expenditures to bring land into condition to commence erection of structures, and expenditures for land improvements that do not deteriorate with use or over the passage of time are additions to the cost of land and are generally not exhaustible and therefore not depreciated.
- B. Exhaustible Land Improvements: Expenditures for improvements that are part of the site, such as parking lots, landscaping and fencing, are usually exhaustible and are depreciated.

Examples of expenditures to be capitalized as Land Improvements:

- A. Site improvements such as excavation, fill, grading and utility installation
 - B. Removal, relocation, or reconstruction of property of others (railroad, telephone and power lines)
 - C. Drainage
 - D. Fencing
 - E. Landscaping
 - F. Parking lots
 - G. Skating rinks, basketball courts, tennis courts, etc.
 - H. Retaining walls
3. A building is a structure that is permanently attached to the land, has a roof, is partially or completely enclosed by walls, and is not intended to be transportable or moveable.

Examples of expenditures to be capitalized as Buildings:

- A. Purchased Buildings:
 - a. Original purchase price
 - b. Expenses for modeling, reconditioning or altering a purchased building to make it ready to use for the

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purpose for which it was acquired

- c. Environmental compliance (i.e., asbestos or lead abatement)
- d. Professional fees (legal, architect, inspections, title searches, etc.)
- e. Payment of unpaid or accrued taxes on the building to date of purchase

- f. Cancellation or buyout of existing leases
- g. Other costs required to place the asset into operation

B. Constructed Buildings:

- a. Completed project costs

- b. Interest accrued during construction
- c. Cost of excavation, grading or filling of land for a specific building
- d. Expenses incurred for the preparation of plans, specifications, blueprints, etc.

- e. Professional fees (architect, engineer, management fees for design and supervision, legal)

- f. Costs of temporary buildings used during construction
- g. Unanticipated costs, such as rock blasting, piling, or relocation of an underground stream channel

- h. Permanently attached fixtures or machinery that cannot be removed without impairing the use of the building
- i. Additions to buildings (expansions, extensions, or enlargements)

4. Building Improvements are capital events that materially extend the useful life of a building or increase the value of a building, or both. A building improvement should be capitalized as a betterment and recorded as an addition of value to the existing building if the expenditure for the improvement is at the capitalization threshold, or the expenditure increases the useful life or value of the building.

Examples of expenditures to be capitalized as Building Improvements:

- A. Conversion of attics, basements, etc. to useable space
- B. Structures attached to the building such as covered patios, sunrooms, garages, carports, enclosed stairwells, etc.
- C. Installation or upgrade of heating and cooling systems
- D. Structural changes such as reinforcement of floors or walls, installation or replacement of beams, rafters,

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- joists, steel grids, or other interior framing
- E. Swimming pools
- F. Installation or upgrade of window or door frame, upgrading of windows or doors

- G. Interior renovation
- H. Exterior renovation such as installation or replacement of siding, roofing, masonry, etc.

- I. Installation or upgrade of plumbing and electrical wiring
- J. Installation or upgrade of phone or closed circuit television systems, networks, fiber optic cable, wiring required in the installation of equipment (that will remain in the building)

Note: For a replacement to be capitalized, it must be a part of a major repair or rehabilitation project, which increases the value, and/or useful life of the building. A replacement may also be capitalized if the new item/part is of significantly improved quality and higher value compared to the old item/part such as replacement of an old shingle roof with a new fireproof tile roof. Replacement or restoration to original utility level would not. Determinations must be made on a case-by-case basis.

The following are examples of expenditures not to capitalize as improvements to buildings. Instead, these items should be recorded as maintenance expenditures:

- A. Adding, removing and/or moving of walls relating to renovation projects that are not considered major rehabilitation projects and do not increase the value of the building

 - B. Improvement projects of minimal or no added life expectancy and/or value to the building

 - C. Plumbing or electrical repairs
 - D. Cleaning, pest extermination, or other periodic maintenance
 - E. Maintenance-type interior renovation, such as repainting, touch-up plastering, replacement of carpet, tile, or panel sections; sink and fixture refinishing, etc.

 - F. Maintenance-type exterior renovation such as repainting, replacement of deteriorated siding, roof, or masonry sections
 - G. Replacement of a part or component of a building with a new part of the same type and performance capabilities, such as replacement of an old boiler with a new one of the same type and performance capabilities
 - H. Any other maintenance-related expenditure which does not increase the value of the building
5. Machinery and Equipment are fixed or movable tangible assets to be used for operations, the benefits of which extend two or more years from the date acquired and rendered into service. Improvements or additions to existing personal property that constitute a capital outlay or increase the value or life of the asset should be capitalized as a betterment

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and recorded as an addition of value to the existing asset. Note: Costs of extended warranties and/or maintenance agreements, which can be separately identified from the cost of the equipment, should not be capitalized.

Categories of Machinery and Equipment:

- A. Furniture
- B. Computers
- C. Vehicles
- D. Heavy Equipment
- E. Office Equipment
- F. Small Equipment and Tools
- G. Other

Examples of expenditures to be capitalized as Machinery and Equipment:

- A. Original contract or invoice price, including freight charges, handling and storage charges, in-transit insurance charges, charges for testing and preparation for use, and costs of reconditioning used items when purchased
 - B. Parts and labor associated with the construction of equipment
 - C. Dump trucks and passenger cars
 - D. Heavy construction equipment such as front-end loaders and backhoes
 - E. Lawn maintenance equipment, compressors and tool kits
 - F. Computer hardware and software
6. Infrastructure are assets that are long-lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Infrastructure assets are often linear and continuous in nature.

Infrastructure Classifications:

- A. Bridges, including culverts
- B. Roads

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- C. Traffic control systems
- D. Dams and drainage systems
- E. Water systems
- F. Sewer systems

Infrastructure Improvements are capital events that materially extend the useful life or increase the value of the infrastructure, or both. Infrastructure improvements should be capitalized as a betterment and recorded as an addition of value to the infrastructure if the improvement or addition of value is at the capitalization threshold or increases the life or value of the asset.

Infrastructure paid for jointly by multiple governmental entities should be capitalized by the entity responsible for future maintenance.

Maintenance costs are recurring costs that allow an asset to continue to be used during its originally established useful life. Maintenance costs are expensed in the period incurred.

Preservation costs are generally considered to be those outlays that extend the useful life of an asset beyond its original estimated useful life, but do not increase the capacity or efficiency of the asset. Preservation costs should be capitalized under the depreciation approach.

Additions and improvements are those capital outlays that generally increase the capacity or efficiency of the asset. A change in capacity increases the level of service provided by an asset. For example, additional lanes can be added to a highway or the weight capacity of a bridge could be increased. A change in efficiency maintains the same service level, but at a reduced cost. The cost of additions and improvements should be capitalized.

Examples of expenditures to be capitalized as Infrastructure:

- A. Roads, streets, curbs, gutters, sidewalks, fire hydrants
- B. Bridges, culverts, trestles
- C. Dams, drainage facilities
- D. Water mains and distribution lines
- E. Fiber optic and telephone distribution systems (between buildings)

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- F. Light systems (traffic, outdoor, street, etc.)
 - G. Sewer systems
 - H. Water systems, including reservoirs
7. Works of art and historical treasures are collections or individual items of significance that are owned which are not held for financial gain, but rather for public exhibition, education or research in furtherance of public service. Collections or individual items that are protected and cared for or preserved and subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.
- A. Exhaustible collections or items are those whose useful lives are diminished by display or educational or research applications. Also, public library book collections.
 - B. Inexhaustible collections or items are those whose economic benefit or service potential is used up so slowly that the estimated useful lives are extraordinary long. Because of their cultural, aesthetic, or historical value, the holder of the asset applies efforts to protect and preserve the asset in a manner greater than that for similar assets without such cultural, aesthetic, or historical value.

If a collection is held for financial gain and not capitalized, disclosures must be made in the Notes to Financial Statements that provide a description of the collection and the reasons these assets are not capitalized. When donated collection items are added to noncapitalized collections, program expense equal to the amount of revenues should be recognized.

Examples of expenditures to be capitalized as Works of Art, Historical Treasures and Library Books:

- A. Collection of rare books, manuscripts
- B. Maps, documents and recordings
- C. Works of art such as paintings, sculptures and designs
- D. Artifacts, memorabilia, exhibits
- E. Unique or significant structures such as monuments or statutes
- F. Cost of public library book collection

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8. Construction Work in Progress reflects the economic construction activity status of buildings and other structures, infrastructure (roads, water system, etc.), additions, alterations, reconstruction, installation, and maintenance and repairs, which are substantially incomplete.

Section IX - Asset Custodians

1. The Town Comptroller shall designate a person to be the Property Control Manager who shall be responsible for the tracking of capital assets for the Town and maintaining the asset records. The manager is also responsible for the design and distribution of documents used to record assets and shall maintain the asset inventory. Initial and subsequent physical inventories are also the responsibility of the Property Control Manager.
2. Each Department shall have an Asset Custodian that shall be appointed at the discretion of the Department Head. This person shall be responsible for maintaining records documenting the assignment of assets. Also, he/she shall have the responsibility to exercise reasonable judgment and care to safeguard those assets.
3. Annual inventories will be conducted, and the Asset Custodian will make him/her available to assist in the inventory, if necessary by providing information to the personnel conducting the inventory.
4. It is the responsibility of the Asset Custodian to report the department's asset record additions and deletions to the Comptroller's Office.

Section X - Non Capitalized Assets

This sets forth procedures for the recording and inventorying of non-capitalized assets acquired by the Town.

1. Assets to be Inventoried. Assets will be inventoried and recorded in the Town's Assets Management System if:
 - A. At the discretion of department management and the Town Comptroller the asset is deemed to be sensitive; or
 - B. The asset has a value equal to or greater than \$1,000 and the asset has a useful life of greater than 1 year.

The asset custodian will be provided with a report of non-capitalized assets assigned to his/her department or location. Revised reports will be provided by the Comptroller's Office when records have been updated. The ability to edit, add or delete asset records will be restricted to the Comptroller's Office.

2. Acquisition of New Assets. When an asset is purchased, the Town's financial accounting software will create a temporary asset record in the Town's automated asset management system. The Comptroller's Office will forward to the department's asset custodian, an Asset Addition Form, along with a bar code tag, if applicable. The asset custodian will

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be responsible for affixing the tag to the asset, completing the form and returning it to the Comptroller's Office by the requested return date.

3. Disposition/Transfer of Assets. When an asset is to be either disposed of or transferred to another department, it is the responsibility of the asset custodian to notify the Comptroller's Office by submitting an Asset Inventory Change Report prior to disposition/transfer. For asset dispositions, the affixed asset tag is to be removed and returned to the Property Control Manager. Any capital asset disposal must be in compliance with all applicable laws and authorized by Town Board Resolution.
4. Periodic Inventory of Town Assets. Annual physical inventories of Town-wide assets will be conducted and results compared to recorded assets. Any items unaccounted for will be reported to the department head for remedial action, who, in turn will report corrective measures regarding said assets to the Comptroller's Office. Discrepancies in asset records will be reported to the Town Board and the Internal Auditor at the discretion of the Town Comptroller and the Property Control Manager.
5. Assets Acquired by Contract Agencies with Town Funds. The Town of Southampton contracts with several outside agencies, as well as other local municipalities in which assets may be acquired with Town funds. In determining the ownership of these assets, the Comptroller's Office will consult with the Town Attorney's Office to interpret the terms of the individual contracts to determine ownership.
6. Assets Acquired with Federal/State Grant Funds. Any assets acquired by the Town of Southampton using Federal or State funding will be recorded and disposed of in compliance with the contractual terms and conditions of the granting agency and existing Federal, State and Town law.
7. Leasehold Agreements. The Town of Southampton enters into lease agreements with other municipalities or contract agencies where town owned property is leased. By reviewing the contractual terms and applying tests using capital vs. operating lease criteria as mandated by the Financial Accounting Standards Board, the Comptroller's Office will determine ownership of these assets. These assets will be recorded in the Town's Asset Management System according to the results of these tests.
8. The Town Comptroller shall develop and maintain procedures for inventorying assets.

Section XI - Annual Review and Adoption

The Asset Management Policy shall be reviewed annually by the Town Comptroller, and if recommendations are advisable, the Town Board shall consider amendments. The policy shall be included in the Annual Operating Budget with other applicable financial policies.

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**TOWN OF SOUTHAMPTON - FINANCIAL POLICIES
DEBT SERVICE RESERVE POLICY - COMMUNITY PRESERVATION FUND (CPF)**

**DEBT SERVICE RESERVE POLICY
COMMUNITY PRESERVATION FUND (CPF)
Adopted by Town Board Resolution No. 2009-802 on July 14, 2009**

Enact Debt Service Reserve Policy for Community Preservation Fund (CPF)

WHEREAS, it is the policy of the Town of Southampton to maintain prudent reserve amounts in operating funds in order to have working capital and to fund debt; the appropriate amount of reserves varies due to differences in cash flow, revenue, expense volatility, and statutory considerations; and

WHEREAS, the Community Preservation Fund (CPF) Program is financed by a 2% tax on real property transfers town-wide pursuant to New York State Town Law Section 64-e and Tax Law Section 1449-ee; and

WHEREAS, the CPF Program was established by voter-approved local law adopted in 1998, and by subsequent voter-approved local laws, the sunset date was extended to the year 2030; and

WHEREAS, to expand purchasing power beyond the CPF monthly revenue levels between the years 1999 through 2009, the Town of Southampton authorized long term debt in the form of general obligations bonds, with a stated commitment to repay the attendant principal and interest through the annual CPF revenue stream; and

WHEREAS, the total debt service (principal and interest) for debt issued for open space and farmland preservation from 2009 through and including 2030 totals approximately \$112 million, which does not include authorized but unissued bonds available totaling \$12 million (\$7 million, approved as part of Resolution No. 2008-1042 of July 8, 2008, and \$5 million, approved as part of Resolution No. 2005-1616 of December 9, 2005); and

WHEREAS, the current debt service obligation projected for 2010 is approximately \$10 million, while CPF revenues for 2009 are projected to total between \$13 million and \$15 million, due to an economic downturn and volatility in the real estate market; and

WHEREAS, Town Code Sections 140-3.1 A(5) and 140-3.2 A(6) require that the annual budget for the CPF Program first set aside allocations for debt service and CPF payment-in-lieu-of-taxes (PILOTs); and

WHEREAS, an adequate fund balance must be maintained in order to designate a portion of the annual budget to be reserved for debt service, and a portion to be encumbered for CPF PILOTs pursuant to the budgeted appropriations; and

WHEREAS, by Town Board Resolution No. 2008-1160, the Town Management Services Administrator and Comptroller were directed to complete a reconciliation of Fund 19 (Debt Clearing Fund) with respect to monies due to CPF for interest earned and discounted loan payments through the Environmental Facilities Corporation (EFC) program; and

WHEREAS, a total of \$1,230,992 was transferred to CPF to repay such obligation by year-end 2008; now therefore be it

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DEBT SERVICE RESERVE POLICY - COMMUNITY PRESERVATION FUND (CPF)

RESOLVED that the following actions be taken:

1. The Comptroller shall establish a CPF Debt Service Reserve Fund, which shall be indicated as designated fund balance, commencing in the year 2009 using the transferred amount of \$1,230,992 from Fund 19 (Debt Clearing Fund); and
2. The Comptroller shall designate monthly accruals to the CPF Debt Service Reserve Fund, which shall be indicated as part of the annual budget as operating budget transfers, in an amount no less than \$150,000 per month for the remainder of 2009, commencing in July; and no less than \$250,000 per month for 2010. At year-end 2010, it is the Town's objective to have at least \$5 million in said Reserve Fund, representing an estimated 6 months worth of debt service, so as to protect the General Fund taxpayers from the volatility of the CPF revenues on an annual basis and meet the Town's obligation to repay bonded indebtedness.

2009	Interfund Transfer from Fund 19	\$1.2 million
2009	6 x \$150,000	\$900,000
2010	12 x \$250,000	\$3.0 million

3. The Comptroller shall ensure the adequacy of the CPF Debt Service Reserve Fund on an annual basis, rendering a report to the Town Board on or before October 1 of each year with a bonded indebtedness schedule attached. Commencing at year end 2011, the designated fund balance restricted to debt service obligations for the CPF Program shall be equal to the annual debt service obligations for the subsequent year, in accordance with §§140-3.1 A(5) and 3.2 A(6) of the Town Code.
4. The Town Board may adopt an amendment to this policy by subsequent resolution in the event of greater liquidity of the fund. This policy enhances the Town Board's ability to consider expanding purchasing power through borrowing, while ensuring the ability to cover debt service obligations; and be it further

RESOLVED, that a copy of this policy shall be included in the Financial Policies section of the Adopted Budget.

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**TOWN OF SOUTHAMPTON - FINANCIAL POLICIES
DEBT SERVICE RESERVE POLICY - COMMUNITY PRESERVATION FUND (CPF)**

Adopted by Town Board Resolution No. 2012-334 on February 28, 2012

Amend Debt Service Reserve Policy for the Community Preservation Fund (CPF)

WHEREAS, on July 14, 2009, by Resolution No. 802 of 2009, the Town Board of the Town of Southampton established a Debt Service Reserve Policy (the "Policy") for the Community Preservation Fund ("CPF") in an effort to ensure that General Fund taxpayers would not have to meet the Town's obligation to repay CPF bonded indebtedness; and

WHEREAS, since that time, the Town Board authorized, by Resolution No. 320 of 2012, dated February 28, 2012, a bond in the amount of \$30,000,000 for the purpose of acquiring various permanent rights in land for CPF purposes; and

WHEREAS, the Town Board seeks to amend the CPF Debt Service Reserve Policy to reflect, irrespective of that which is required under the existing Policy, 10% of the borrowing undertaken pursuant to this particular bond authorization, to be set aside in a reserve account, and such reserve account shall be set aside contemporaneously with the drawing down of bond proceeds, to be expended solely for debt service incurred by said borrowing, for the life of this obligation; and

WHEREAS, by amending the Policy for this particular bond, the Town Board seeks to include an added measure of security in knowing that the General Fund taxpayers will not be burdened with repaying any CPF bonded indebtedness; now therefore be it

RESOLVED, that the Town Board of the Town of Southampton hereby amends the CPF Debt Service Reserve Policy, as adopted by Resolution No. 802 of 2009, to require that, as it specifically relates to Resolution No. 320 of 2012, authorizing \$30,000,000 for the purpose of acquiring various permanent rights in land for CPF purposes, an amount equal to 10% of the borrowing undertaken shall be set aside in a reserve account, and such reserve account shall be set aside contemporaneously with the drawing down of bond proceeds, to be expended solely for debt service incurred by said borrowing, for the life of this obligation; and be it further

RESOLVED, that the aforementioned 10% of the borrowing undertaken and set aside shall not come from any borrowed or bonded monies but rather, from CPF revenues; and be it further

RESOLVED, that, pursuant to the terms of Resolution No. 802 of 2009, the designated fund balance restricted to all other debt service obligations for the CPF Program shall be equal to the annual debt service obligations for the subsequent year, in accordance with §§140-3.1(A)(5) and 3.2(A)(6) of the Southampton Town Code.

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**TOWN OF SOUTHAMPTON - FINANCIAL POLICIES
DEBT MANAGEMENT POLICY**

DEBT MANAGEMENT POLICY
Adopted by Town Board Resolution 2009-199 on 02/24/09

Introduction

The following policy is enacted in an effort to standardize and rationalize the issuance and management of debt by the Town of Southampton. Regular, updated debt policies can be an important tool to insure the judicious use of the Town's resources to meet its commitments to provide needed services to the citizens of the Town and to maintain sound financial management practices. The primary objective is to establish conditions for the use of debt and to create procedures and policies that minimize the Town's debt service and issuance costs, retain the highest practical credit rating, and meet or exceed all financial disclosure and reporting requirements. The policies apply to all general obligation debt issued by the Town of Southampton, debt guaranteed by the Town, and any other forms of obligation of indebtedness.

The Town Board has adopted these policies by resolution. These policies are guidelines for general use, and allow for exceptions in extraordinary circumstances. Under the recommendation of the Town's Bond Counsel, Financial Advisor and/or Comptroller, the Town will evaluate its experience under these policies, and will make changes, if needed, at any time by resolution of the Town Board.

A. Credit-worthiness Objectives

Policy 1. Credit Ratings: The Town of Southampton seeks to maintain the highest possible credit ratings for all categories of short- and long-term General Obligation debt that can be achieved without compromising delivery of basic Town services and achievement of Town policy objectives.

The Town recognizes that external economic, natural, or other events may from time to time affect the creditworthiness of its debt. The Town Board remains committed to ensuring that actions within their control are prudent and beneficial to its citizens.

Policy 2. Financial Disclosure: The Town is committed to full and complete financial disclosure, and to cooperating fully with rating agencies, institutional and individual investors, Town departments and agencies, other levels of government, and the general public to share clear, comprehensible, and accurate financial information. The Town is committed, as well, to meeting secondary disclosure requirements on a timely and comprehensive basis.

Policy 3. Capital Planning: To enhance creditworthiness and prudent financial management, the Town of Southampton is committed to systematic capital planning, intergovernmental cooperation and coordination, and long-term financial planning. Evidence of this commitment to systematic capital planning will be demonstrated through adoption of a ten- year Capital Improvement Budget.

Policy 4. Debt Limits: The Town will keep outstanding debt within the limits prescribed by State statute and at levels consistent with its creditworthiness objectives.

NOTES:

TOWN OF SOUTHAMPTON - FINANCIAL POLICIES DEBT MANAGEMENT POLICY

B. Purposes and Uses of Debt

Policy 5. Capital Financing: The Town normally will rely on internally generated funds and/or grants and contributions from other governments to finance its capital needs. Debt will be issued for a capital project only when other competitive funding is not available or sufficient.

Policy 6. Asset Life: Town debt will not be issued for periods exceeding the useful life or average useful lives of the project or projects to be financed, as recommended by its Bond Counsel and Financial Advisor.

C. Debt Standards and Structure

Policy 7. Length of Debt: Debt will be structured for the shortest period consistent with a fair allocation of costs to current and future beneficiaries or users.

Policy 8. Debt Structure: Debt will be structured to achieve the lowest possible net cost to the Town given market conditions, the urgency of the capital project, and the nature and type of security required. Moreover, to the extent possible, the Town will design the repayment of its overall debt so as to maintain its highest possible credit rating.

Policy 9. BAN's and Short Term Loans: Use of short-term borrowing, such as bond anticipation notes (BAN's), tax anticipation notes (TAN's) and revenue anticipation notes (RAN's), will be undertaken by the Comptroller, only if the transaction costs plus interest of the debt are less than the cost of internal financing, or available cash is insufficient to meet working capital requirements.

D. Debt Administration and Process

The following policies apply to all Town debt issuance, including all General Obligation Debt unless specifically noted. The Town will evaluate its experience under these policies, and will make changes, if needed, at any time by resolution of the Town Board.

Policy 10. Investment of Bond Proceeds: All general obligation bond proceeds shall be invested as part of the Town's Bond Proceeds Money Market Account, in accordance with the Town's investment policies.

Policy 11. Competitive Sale: In general, Town Bonds will be issued through a competitive bidding process. The Town shall retain the services of a financial advisor selected by the Town Board to administer the competitive bidding process.

Policy 12. Bond Counsel: The Town will retain external bond counsel for all debt issues. All debt issued by the Town will include a written opinion by bond counsel affirming that the Town is authorized to issue the debt, stating that the Town has met all state constitutional and statutory requirements necessary for issuance, and determining the debt's federal income tax status. Bond counsel will be selected by the Town Board and shall coordinate efforts with the Town Comptroller for the preparation of bond authorizations.

NOTES:

TOWN OF SOUTHAMPTON - FINANCIAL POLICIES

DEBT MANAGEMENT POLICY

Policy 13. Financial Advisor: The Town will retain an external financial advisor, to be selected by the Town Board. The utilization of the financial advisor for particular bond sale will be at the discretion of the Town Board on a case-by-case basis and pursuant to the financial advisory services contract. The selection process for financial advisors will require comprehensive municipal debt experience, experience with diverse financial structuring requirements and pricing of municipal securities.

Policy 14. Property Tax Supported Debt Service Thresholds: In order to maintain appropriate budgetary controls and to prevent imposing excessive burdens on taxpayers of the Town, it is the intention of the Town Board in any given year, to limit debt service expenditures supported by local real property taxes to no more than 15% of aggregate budgetary appropriations from the following funds, General Fund, Police Fund, Highway Fund, Part Town Fund and Emergency Dispatching (E911) Fund. The CPF Fund 31 is excluded since the Town does not tax for this revenue.

Policy 15. Annual Review and Adoption: The Town Board shall annually review this policy and consider recommendations from a variety of sources, including but not limited to the Comptroller. The Policy shall be adopted, with amendments if desired, on or before June 1 of each year.

NOTES:

**TOWN OF SOUTHAMPTON - FINANCIAL POLICIES
FUND BALANCE POLICY**

Adopted by Town Board Resolution No. 2013-347 on March 26, 2013

Resolution of Adoption Chapter 8 (BUDGET)

WHEREAS, the Town Board is considering amending Town Code Chapter 8 (Budget) Town to increase the Town’s contingency and tax stabilization reserves and incorporate GASB Statement #54; and

WHEREAS, a public hearing was held by the Town Board of the Town of Southampton on March 26, 2013, at which time all persons either for or against said enactment were heard; and

WHEREAS, the proposed local law is considered a “Type II Action” under 6 NYCRR Part 617.5, provisions of the New York State Environmental Quality Review Act (SEQRA), and Chapter 157 of the Town Code, and that no further review under New York Conservation Law, Article 8, is necessary; now therefore be it

RESOLVED, that Local Law No. 6 of 2013 is hereby adopted as follows:

LOCAL LAW NO. 6 OF 2013

A LOCAL LAW amending Town Code Chapter 8 (Budget) to increase the Town’s contingency and tax stabilization reserves and incorporate GASB Statement #54.

BE IT ENACTED by the Town Board of the Town of Southampton as follows:

SECTION 1. Legislative Intent.

The Town Board of the Town of Southampton recognizes that the maintenance of fund balance is essential to the preservation of the financial integrity of the Town and is fiscally advantageous for both the Town and the taxpayer in that it helps mitigate current and future risks and assists in ensuring stable tax rates. This amendment would continue to establish needed goals and provide guidance as it relates to the desired level of year-end fund balances to be maintained by the Town.

The Southampton Town Board is committed to strengthening the Town’s financial policies in order to reinforce the Town’s financial position and stability. It is the intent of this Local Law to protect surplus resources now and in the future. As part of an overall policy of strengthening the Town’s financial position, the Town Board has determined that the increase in the Town’s fund balance policy, in addition to the implementation of the “pay as you go” policy and the commitment to reducing the Town’s outstanding debt, that this local law further ensure the financial stability of the Town.

Year-end surpluses and fund balances are monies that can provide a mechanism that may be needed from time to time to operate without interruption, reduction in services or staffing levels. These fund balances provide a degree of stability and the resources to weather fluctuations in revenues and expenditures, without severely impacting property tax rates. Fund balances and adequate reserves should be managed and reviewed on a regular basis.

The Town faces significant pressure on the expenditure side of its budget (and therefore also on its reserves) and has restricted itself from raising the overall property tax rate more than 5% annually, together with a requirement for a reserve for tax stabilization and contingency reserve. In addition, New York State has instituted a two percent (2%) annual tax cap that requires a super majority to pierce such a cap.

In recognition of sound fiscal policy and in order to stabilize and preserve the current credit rating of the Town, the Town Board affirms its

NOTES:

TOWN OF SOUTHAMPTON - FINANCIAL POLICIES
FUND BALANCE POLICY

commitment to make all reasonable efforts to maintain a fund balance in its General Fund at the end of each fiscal year equal to no less than 17% of the total respective ensuing year's operating budget. Such fund balance will be inclusive of the reserve for tax stabilization purposes pursuant to Chapter 8 of the Southampton Town Code.

For special districts including all enterprise funds and the part-town operating funds, the Town Board believes that the lower percentage of 7% of the total ensuing year's operating threshold is adequate. Such funds are reliant on property taxes and are less volatile in terms of revenue projections and therefore a lesser fund balance is adequate for purposes of retaining the Town's sound financial position.

Further, the Governmental Accounting Standards Board issued GASB Statement #54, Fund Balance Reporting and Governmental Fund Type Definitions. Statement 54 requires local governments to focus on the constraints imposed upon resources when reporting fund balance in governmental funds. The new fund balance classifications are based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Statement 54 abandons the reserved and unreserved classifications of fund balance and replaces them with five new classifications for Governmental Funds: non-spendable, restricted, committed, assigned and unassigned. It is the additional goal of this Local Law to codify GASB Statement #54 to ensure the Towns compliance therewith.

SECTION 2. Amendment.

Section 8-5 (Designation of fund balances) of Town Code Chapter 8 (Budget) is hereby amended by deleting the stricken words and adding the bold words as follows:

§8-5. Designation of Fund Balances.

The Town Board by resolution shall establish a contingency and tax stabilization reserve within the Town of Southampton's total operating budget. This reserve is intended to protect and preserve the future financial status and stability of the Town of Southampton.

- A. The Comptroller is hereby directed to restrict an amount equal to 17% of the total respective ensuing year's operating budget.
- B. The Comptroller is hereby directed to restrict an amount equal to 7% of the total respective ensuing year's budgets for each of the special district, enterprise funds and part-town operating funds. Beach Erosion Control Districts shall be exempt from this provision.
- C. Fund Balance Classification. Fund balance classification shall be recorded in accordance with governmental accounting standards as promulgated by the Governmental Accounting Standards Board 54 and are as follows:
 - a. **Non-spendable:** Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. For example, pre-paid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal endowments.
 - b. **Restricted:** Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Because the State regulates the establishment, funding and use of reserves, generally, they will be classified as restricted fund balance.

NOTES:

TOWN OF SOUTHAMPTON - FINANCIAL POLICIES
FUND BALANCE POLICY

- c. Committed:** Includes amounts that can only be used for the specific purposes pursuant to constraints imposed before year end by formal action of the government's highest level of decision making authority, i.e. the Town Board. Committed amounts require the same level of formal action to remove the constraint.
- d. Assigned:** Includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- e. Unassigned:** Includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the Town. The Unassigned General Fund Balance may only be appropriated by resolution of the Town Board.
- f. Order of Use of Fund Balance:** The Town shall first apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. In the General Fund, committed fund balance is determined next and then assigned fund balance. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

SECTION 3. Authority.

The proposed local law is enacted pursuant to Municipal Home Rule Law §§10(1)(ii)(a)(1) and 10(1)(ii)(d)(3).

SECTION 4. Severability.

If any section or subdivision, paragraph, clause, phrase or provision of this law shall be adjudged invalid or held unconstitutional by any court of competent jurisdiction, any judgment made thereby shall not affect the validity of this law as a whole or any part thereof other than the part or provision so adjudged to be invalid or unconstitutional.

SECTION 5. Effective Date.

This local law shall take effect upon filing with the Secretary of State pursuant to the Municipal Home Rule Law.

AND BE IT FURTHER RESOLVED, that the Town Clerk is hereby directed to publish the following Notice of Adoption:

NOTICE OF ADOPTION

TAKE NOTICE that, after a public hearing was held by the Town Board of the Town of Southampton on March 26, 2013, the Town Board, at its meeting of March 26, 2013, adopted LOCAL LAW NO. 6 OF 2013, as follows: "A LOCAL LAW amending Town Code Chapter 8 (Budget) to increase the Town's contingency and tax stabilization reserves and incorporate GASB Statement #54."

Copies of the proposed law, sponsored by Supervisor Anna Throne-Holst, are on file in the Town Clerk's Office, Monday through Friday, from 8:30 a.m. to 4:00 p.m.

NOTES:

**TOWN OF SOUTHAMPTON - FINANCIAL POLICIES
FUND BALANCE POLICY**

Adopted by Town Board Resolution No. 2015-195 on February 10, 2015

NOTICE OF ADOPTION: CHAPTER 8 (BUDGET) RESERVATION OF FUND BALANCES

WHEREAS, the Town Board of the Town of Southampton is considering amending Chapter 8 (BUDGET) in order to re-structure the Town's fund balance policy; and

WHEREAS, a public hearing was held on February 3, 2015, at which time all persons wither for or against the enactment were heard; and

WHEREAS, the proposed amendment to Chapter 8 of the Southampton Town Code is a Type II Action pursuant to the New York State Quality Review Act (SEQRA) and Chapter 157 of the Southampton Town Code and that no further environmental review is necessary; now therefore be it

RESOLVED, that Local Law No. 7 is hereby adopted which provides as follows:

LOCAL LAW NO. 7 OF 2015

A LOCAL LAW amending Town Code Chapter 8 (Budget) to re-structure the Town's fund balance policy.

BE IT ENACTED by the Town Board of the Town of Southampton as follows:

SECTION I. Legislative Intent.

The Town Board of the Town of Southampton recognizes that the continued maintenance of fund balance is essential to the preservation of the financial integrity of the Town and is fiscally advantageous for both the Town and the taxpayer in that it helps mitigate current and future risks and assists in ensuring stable tax rates. This amendment would continue to establish needed goals and provide guidance as it relates to the desired level of year-end fund balances to be maintained by the Town.

The Southampton Town Board remains committed to maintaining the Town's financial policies in order to reinforce the Town's financial position and stability. It is the intent of this Local Law to continue to protect surplus resources now and in the future in conformance with New York State Law. As part of an overall policy of strengthening the Town's financial position, the Town Board has determined that the changes in the Town's fund balance policy, in addition to the implementation of the "pay as you go" policy and the commitment to reducing the Town's outstanding debt, that this local law further ensure the financial stability of the Town.

Year-end surpluses and fund balances are monies that can provide a mechanism that may be needed from time to time to operate without interruption, reduction in services or staffing levels. These fund balances provide a degree of stability and the resources to weather fluctuations in revenues and expenditures, without severely impacting property tax rates. Fund balances and adequate reserves should be managed and reviewed on a regular basis.

The Town faces significant pressure on the expenditure side of its budget (and therefore also on its reserves) and has restricted itself from raising the overall property tax rate more than 5% annually, together with a requirement for a reserve for tax stabilization and contingency reserve. In addition, New York State has instituted a two percent (2%) annual tax cap that requires a super majority to pierce such a cap, which expires in 2015.

In recognition of sound fiscal policy and in order to stabilize and preserve the current credit rating of the Town, the Town Board affirms its commitment to make all reasonable efforts to maintain a fund balance in its General Fund at the end of each fiscal year equal to no less than 10% of the total respective ensuing year's operating budget, plus maintain at least 7% of the unallocated fund balance, for a total of 17%. Such fund balance will be inclusive of the reserve for tax stabilization purposes pursuant to Chapter 8 of the Southampton Town Code.

NOTES:

**TOWN OF SOUTHAMPTON - FINANCIAL POLICIES
FUND BALANCE POLICY**

For all other funds and the part-town operating funds, as permitted by law, the Town Board believes that the lower percentage of 7% of the total ensuing year's operating threshold is adequate. Such funds are reliant on property taxes and are less volatile in terms of revenue projections and therefore a lesser fund balance is adequate for purposes of retaining the Town's sound financial position.

SECTION 2. Amendment.

Section 8-5 (Designation of fund balances) of Town Code Chapter 8 (Budget) is hereby amended by deleting the stricken words and adding the underlined words as follows:

§8-5. Designation of Fund Balances.

The Town Board by resolution shall establish a contingency and tax stabilization reserve within the Town of Southampton's total operating budget. This reserve is intended to protect and preserve the future financial status and stability of the Town of Southampton.

- A. The Comptroller is hereby directed to restrict an amount equal to 10% of the total respective ensuing year's general fund operating budget, plus maintain at least 7% of the unallocated fund balance consistent with Section 8-5(B) below, for a total of 17%.

- B. The Comptroller shall restrict this required 10 % from any budgetary appropriation or surplus revenues as are not otherwise designated by law to other hinds or accounts. The Comptroller is hereby directed to restrict maintain unallocated fund balance of at least an amount equal to 7% of the total respective ensuing year's budgets for each allowable fund of the special district, enterprise funds and part-town operating funds. Beach Erosion Control Districts shall be exempt from this provision.

SECTION 3. Authority.

The proposed local law is enacted pursuant to Municipal Home Rule Law §§10(1)(ii)(a)(1) and 10(1)(ii)(d)(3).

SECTION 4. Severability.

If any section or subdivision, paragraph, clause, phrase or provision of this law shall be adjudged invalid or held unconstitutional by any court of competent jurisdiction, any judgment made thereby shall not affect the validity of this law as a whole or any part thereof other than the part or provision so adjudged to be invalid or unconstitutional.

SECTION 5. Effective Date.

This local law shall take effect upon filing with the Secretary of State pursuant to the Municipal Home Rule Law.

AND BE IT FURTHER RESOLVED, that the Town Clerk is hereby directed to publish the following Notice of Adoption:

NOTICE OF ADOPTION

TAKE NOTICE, that after a public hearing was held by the Town Board of the Town of Southampton on February 3, 2015 at 6:00 p.m., the Town Board of the Town of Southampton adopted Local Law No. 7 of 2015, entitled: "A LOCAL LAW amending Town Code Chapter 8 (Budget) to re-structure the Town's fund balance policy."

NOTES:

**TOWN OF SOUTHAMPTON - FINANCIAL POLICIES
INVESTMENT POLICY**

Adopt Town of Southampton Investment Policy – Amended April 14, 2015: Resolution 2015-43 I

WHEREAS, the Town of Southampton's Investment Policy was adopted in 2007 and re-adopted on January 5, 2009 by Town Board Resolution 2009-6, February 24, 2009 by Resolution 2009-201, August 13, 2013 by Resolution 2013-639, and on February 11, 2014 by Resolution 2014-246; now therefore be it

RESOLVED, that the Policy set forth below replaces and supersedes any and all prior policies governing investment of Town Funds; and be it further

RESOLVED, that the Town Board hereby approves the following Investment Policy:

TOWN OF SOUTHAMPTON - INVESTMENT POLICY

BASIC OBJECTIVES

1. Insure secure custody of Town funds.
2. Schedule investments to meet the Town's cash requirements needed for operation of Government.
3. Timely deposit of funds.
4. Investment of surplus funds to insure maximum return as allowed by law.
5. Reduce and/or eliminate need to issue debt.

RESPONSIBILITY - CASH MANAGEMENT

The Town Supervisor (Chief Fiscal Officer) delegates to the Town Comptroller responsibility for controlling cash from the point of receipt until disbursed. This includes the proper coding of incoming funds, the disbursing of such funds to meet labor, contractual and debt obligations, and the investment of surplus funds in excess of current obligations.

CASH REQUIREMENTS

The Comptroller prepares cash requirements schedule (funding) based on the anticipated needs by fund for payroll, contractual expenditures and debt service. This projection is prepared on a semi-monthly basis.

NOTES:

TOWN OF SOUTHAMPTON - FINANCIAL POLICIES
INVESTMENT POLICY

INVESTMENT - TYPE OF ACCOUNTS

The Comptroller shall invest surplus funds in any one or more of the following:

1. Certificates of Deposit.
2. N.O.W. accounts.
3. Money Market Deposit Accounts.
4. Savings and/or demand deposit accounts placed through a depository institution that has a main office or branch office in this state and that contractually agrees to place funds in federally insured depository institutions through the Insured Cash Sweep service or ICS.

TERM OF INVESTMENTS

The term of any investment is determined by the cash requirements schedule for each particular fund so that such cash needs can be met without liquidation of any investment prior to its maturity. Town investments shall range from 1 day to 12 months.

SELECTION OF INSTITUTIONS

Deposits and investments of surplus and any other funds shall be made only with those commercial banks that are authorized by the Town Board and the bank or trust company must be located and authorized to do business in the State of New York.

BOND PROCEEDS

Proceeds from the issuance of Town Serial Bonds shall be deposited in a segregated, interest-bearing account for the purposes of monitoring compliance with IRS Arbitrage Regulations.

NOTES:

**TOWN OF SOUTHAMPTON - FINANCIAL POLICIES
INVESTMENT POLICY**

COLLATERAL

All Town funds held in banks are to be secured by one or more of the following:

1. Insurance of the Federal Deposit Insurance Corporation.
2. Obligations of NYS.
3. Obligations of Federal agencies with principal and interest guaranteed by the United States.
4. Obligations of NYS local governments.
5. Irrevocable letter of credit issued in favor of the Town of Southampton by a federal home loan bank whose commercial paper and other unsecured short-term debt obligations are rated in the highest rating category by at least one nationally recognized statistical rating organization, for the payment of 100 percent of the aggregate amount of public deposits and investments from the Town of Southampton and agreed-upon interest, if any.

All collateral pledged for the Town is to be held in third party custodial accounts at authorized banks and in the Town of Southampton's name as required by GASB 3. Each month the bank shall supply the Town with written confirmation of the collateral pledged. The value of any such collateral shall not be less than 102% of the obligations it secures. A monthly collateral report is to be prepared by the Comptroller's Office, which shall monitor these requirements.

ANNUAL REVIEW AND ADOPTION

The Investment Policy shall be reviewed annually by the Town Comptroller, and if recommendations are advisable, the Town Board shall consider amendments. The policy shall be included in the Annual Operating Budget with other applicable financial policies.

NOTES:

**TOWN OF SOUTHAMPTON - FINANCIAL POLICIES
PROCUREMENT POLICIES AND PROCEDURES**

Adopt Amended Procurement Policy for 2024 and 2025

WHEREAS, General Municipal Law section 104-b requires the Town to develop policies and procedures for procuring goods and services not subject to statutory competitive bidding requirements, to ensure the acquisition of goods and services of maximum quality for the lowest possible cost and to guard against favoritism, improvidence, extravagance, fraud, and corruption; and

WHEREAS, the Town is further required to annually review its procurement policies and procedures; and

WHEREAS, the Town Board, together with its managers and relevant staff, has reviewed the Town’s Procurement Policies and Procedures and agreed to certain additions, deletions, and modifications; now, therefore, be it

RESOLVED, that the Town Board hereby adopts the following Procurement Policies and Procedures updates for the year 2024 and 2025; be it

FURTHER RESOLVED, that for purposes of conformity, the Town Board allows the removal of the resolutions that have amended this policy and allows that they be replaced with language referencing them instead.

**TOWN OF SOUTHAMPTON
PROCUREMENT POLICIES AND PROCEDURES**

General Municipal Law Section 103 provides that municipalities are required to obtain competitive bids for the procurement of certain goods and services. Furthermore, General Municipal Law Section 104-b provides that municipalities shall adopt internal policies and procedures to govern the procurement of all goods and services which are not required to be made pursuant to the competitive bidding requirements of General Municipal Law Section 103.

This policy statement is intended to implement these provisions of the General Municipal Law. The Town’s policies and procedures prescribe a method for determining whether a procurement of goods and/or services is subject to competitive bidding. The intent of such procedures is to assure maximum quality at the lowest possible cost, while guarding against favoritism, fraud and corruption. No anticipated contract or purchase shall be subdivided or structured with the intention of avoiding these Procurement Policies and Procedures requirements.

Within the framework of these procedures and to the extent permissible by law, the Town encourages all Departments to make an effort to utilize local vendors, contractors, and professionals, and to encourage bidding from minority and women-owned businesses, so that the Town’s tax dollars return to the area and contribute to the overall strength of our community.

This policy shall be reviewed annually by the Town Board and be adopted as early as is practicable, unless changes shall occur than the change will be made directly to the policy and adopted with changes.

NOTES:

**TOWN OF SOUTHAMPTON - FINANCIAL POLICIES
PROCUREMENT POLICIES AND PROCEDURES**

Quick Reference Guide

Introduction

- Section A: Purchase Contracts**
- Section B: Additional Requirements for Non-Professional Services Section B**
- Section C: Limits and Approvals Purchase Contracts (Non-Professional Services)**
- Section D: Exceptions**
- Section E: Procurement of Professional Services**
- Section F: Formal Request of Proposal RFP**
- Section G: Public Works**
- Section H: Additional Requirements for Purchase of Public Works Services and Building Services**
- Section I: Engineering Oversight Requirement of All Public Works Projects**
- Section J: Other Types of Purchases/Miscellaneous Provisions**
- Section K: Preparation of Bid/Contract Documents-Use of Contractor Forms**
- Section L: Award of Contracts**
- Section M: Change Orders**
- Section N: Contracts in General**
- Section O: Payments**
- Section P: Pay as you Go**
- Section Q: Pay as you go Highway**
- Section R: "Green Clean" Policy**

NOTES:

TOWN OF SOUTHAMPTON - FINANCIAL POLICIES PROCUREMENT POLICIES AND PROCEDURES

Introduction

The following procedures describe the required methods for purchasing goods and services. Whether or not a purchase must be publicly bid, and how the procurement is accomplished, is dependent upon the following factors:

1. The nature of what you are buying:

GML §103 now defines commodities/goods and non-professional services together as "Purchase Contracts", as defined below: Purchase Contracts are a combination of Goods (commodities-items, materials, equipment, etc.) and Non-Professional Services which are particular skills or labor to accomplish a specific goal.

Examples of non-professional services would be, e.g., hiring a landscaper to cut grass; hiring a sign maker to make signs, etc. and any other profession that does not require a specialized skill or licensing. Some of these non-professional services also require prevailing wages to be paid, so additional requirements are necessary. Departments must contact the Central Purchasing and Contracts Compliance (CPCC) to make a final determination whether services provided should be considered non-professional

2. The estimated cost of what you are buying:

This limit has been increased in General Municipal Law Section 103 and amended in The Town's Procurement Policy by Town Board Resolution 2010-794:

a) Cumulative Purchase Contracts in excess of \$20,000:

General Municipal Law Section 103 requires that procurement of purchase contracts that exceed \$20,000 in value, whether purchased all at one time or in smaller increments over the course of twelve (12) months, must be competitively bid.

b) Goods valued at less than or equal to \$20,000:

The procurement method utilized to purchase goods valued at less than or equal to \$20,000, whether purchased all at once or in smaller increments, is governed by this Policy.

c) Cumulative Services valued in excess of \$35,000:

This limit has been increased in GML § 103 and amended in the Town's Procurement Policy by Town Board Resolution 2009-1334, Public Works in excess of \$35,000
GML § 103 requires that procurement of services that exceed \$35,000 in value, whether purchased all at one time or in smaller increments over the course of twelve (12) months, must be competitively bid.

NOTES:

**TOWN OF SOUTHAMPTON - FINANCIAL POLICIES
PROCUREMENT POLICIES AND PROCEDURES**

d) **Services valued at less than or equal to \$35,000:**

The procurement method utilized to purchase services valued at less than or equal to \$35,000, whether purchased all at once or in smaller increments, is governed by this Policy.

Section A
Purchase Contracts (Non-Professional Services)

As stated earlier, GML § 103 now defines commodities/goods and non-professional services together as "Purchase Contracts", as defined below:

Purchase Contracts are a combination of Goods (commodities-items, materials, equipment, etc.) and Non-Professional Services which are particular skills or labor to accomplish a specific goal.

Examples of non-professional services would be, e.g., hiring a landscaper to cut grass; hiring a sign maker to make signs, etc. and any other profession that does not require a specialized skill or licensing. Some of these non-professional services also require prevailing wages to be paid, so additional requirements are necessary. Departments must contact the Central Purchasing and Contracts Compliance (CPCC) to make a final determination whether services provided should be considered non-professional.

The following table summarizes the methods and required documentation for purchase contracts:

NOTES:

**TOWN OF SOUTHAMPTON - FINANCIAL POLICIES
PROCUREMENT POLICIES AND PROCEDURES**

PURCHASE CONTRACTS		
Dollar Value	Method of Purchase	Required Documentation for Payment
Less than \$500	Town issued P-Card or Check Request via Workplace	Paid invoice for attachment to P-Card statement or Invoice must be scanned into Workplace with the check request. Originals must be forwarded to the Comptroller's Office.
Greater than \$500 up to and including \$2,500	Purchase Order	Purchase Order must be created PRIOR to making purchase. One (1) written price quote from vendor providing goods which must be scanned into Workplace. Must secure a detailed invoice for submission for payment.
Greater than \$2,500 up to and including \$10,000	Purchase Order	Purchase Order must be created PRIOR to making purchase. Two (2) written price quotes from vendor providing goods which must be scanned into Workplace Must secure a detailed invoice for submission for payment
Greater than \$10,000 up to and including \$20,000	Purchase Order	Purchase Order must be created PRIOR to making purchase. Three (3) written price quotes from vendor providing goods which must be scanned into Workplace Must secure a detailed invoice for submission for payment
Greater than \$20,000	Purchase Order	Competitive Bid Town Board Resolution awarding the contract Fully executed agreement prepared by Central Purchasing and Contract Compliance

NOTES:

**TOWN OF SOUTHAMPTON - FINANCIAL POLICIES
PROCUREMENT POLICIES AND PROCEDURES**

Section B
Additional Requirements for Procurement of Purchase Contracts
(Non-Professional Services)

If the services to be purchased are determined to be public works services or building services, certain additional procurement thresholds and other requirements apply:

A prevailing wage schedule must be obtained by CPCC prior to the commencement of any Article 8 (which is necessary at any dollar value) or Article 9 (which is necessary at \$1,500 and above). When the project is complete the required original certified payrolls must be submitted by the department head to the Comptroller's Office with the invoice for payment for Article 8, the vendor must hold the certified payroll originals for Article 9 for six (6) years.

1. Public Works Services (Article 8)

All non-professional services are subject to prevailing wages if the project is determined to be a Public Works project; in such cases, contact the CPCC prior to purchasing said services. If the services to be purchased are determined to be public works services (i.e., services related to the construction, reconstruction, or maintenance of a public building), certain additional procurement thresholds and other requirements apply.

NOTE: Penalties/Fines may be applied for violations of NYS Department of Labor Laws.

2. Building Services Article 9

All non-professional services are subject to prevailing wages if the project is determined to be Building Services; in such cases, contact the CPCC prior to purchasing said services. If the services to be purchased are determined to be building services (i.e., services related to the operation of a public building), **AND the cost of the services is expected to exceed \$1,500.00**, certain additional requirements apply.

NOTE: Penalties/Fines may be applied for violations of NYS Department of Labor Laws.

Section C
Limits and Approvals Purchase Contracts (Non-Professional Services)

The following limits and approvals have been established and authorized by Town Board Resolution 2010-648:

1. Approvals:

Supervisor	Above \$10,000
Town Comptroller	Up to \$10,000
Department Heads	Up to \$5,000
Division Heads	Up to \$2,500
Department Head Administrators	Up to \$750; and

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Specific issues may arise in a department that will require amendments to the above-mentioned approval limits and authorized approval individuals, and Department Heads may request exceptions to the policy from the Town Board. There will be times when the Department Head is unavailable to approve a requisition and will require an alternate. The Town Board has approved that the Town Comptroller is authorized to act as an alternate to Department Heads in their absence.

Any exception, such as delegation of approval limits by Department Heads or any increase in approval limits, will require a Town Board Resolution. The Town Comptroller is authorized to act as an alternate to Department Heads in their absence.

Section D: Exceptions

1. Following are a list of items that may be procured and paid for without adhering to the above-referenced procedures:

Expenditures for certain bills, including but not limited to:

- a) Insurance purchases
- b) True equipment leases
- c) Legal services (retainer is required)
- d) Performance bond requirements
- e) Snow contractors (agreement is required)
- a) Legal settlements
- b) Cultural Arts & Recreation (CAR) grants (agreement is required)
- c) Tax bills
- d) Permit refunds
- e) Travel reimbursements
- f) Gas
- g) Utility payments (e.g., electric, gas, telephones, water, cable, internet)
- h) Donations (a TBR is required)
- i) Postage
- j) Auditing Services

2. Legally Let Contracts

In the event that purchase contracts can be procured under a valid County, State, Certain Federal Schedules or Cooperative contract that the Town is permitted to use, as determined by the CPCC, the purchases are exempted from the above-referenced procedures; however, when a purchase made on a valid County, State, Federal or Cooperative would exceed the mandatory bidding threshold for purchase contracts in the amount of \$20,000 cumulatively over a period of twelve (12) months, a resolution authorizing the purchase must be submitted and approved by the Town Board.

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Public works and non-professional services procured under a valid County, State, Federal or Cooperative contract or any or any other department or agency of the state subject to the rules promulgated pursuant to article eleven of the state finance law that the Town is permitted to use are exempted from the above-referenced procedures; however, when a purchase made on a valid County or State contract would exceed the mandatory bidding threshold in the amount of \$35,000 cumulatively over a period of twelve (12) months), a resolution authorizing the purchase must be submitted and approved by the Town Board.

3. **Preferred Sources**

In accordance with State Finance Law § 162, municipalities are required to purchase commodities and services from Preferred Sources first if a Preferred Source offering meets your needs for **form, function, and utility**.

The advantage of this type of procurement is that you do not need to follow the competitive bid process.

Following are the preferred source and their links that departments are required to purchase from before the use of any other procurement method if the offering meets the criteria herein;

CORCRAFT-New York State Department of Correctional Services;
(Providing employment opportunities for inmates) <http://www.corcraft.org>

NYSPSP-NYS Preferred Source Program for People who are blind;
(Provides employment opportunities for blind and visually impaired) www.nyspap.org <http://www.nyspap.org>

NYSID-New York State Industry for the Disabled
(Provides employment opportunities for people with disabilities) <http://www.nysid.org/>

OMH-New York State Office of Mental Health
(Provides employment opportunities for people with mental health disabilities) <http://www.omh.ny.gov>

4. **Second Hand/Surplus Equipment:**

Surplus and second-hand supplies, material or equipment may be purchased without competitive bidding from the federal government, the state of New York or from any other political subdivision, district or public benefit corporation.

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Section E: Procurement of Professional Services

- Professional services are particular skills or labor that requires specialized expertise, technical or special skills or training, the exercise of professional judgment, or a high degree of creativity, in the performance of the contract.

Samples of professional services would be:

- Hiring an architect to create building plans;
- Hiring an engineer to design a system;
- Hiring a computer expert to design a software system,

Departments must contact the CPCC to make a final determination whether services provided should be considered professional. The following table summarizes the methods and required documentation for purchase contracts:

PROFESSIONAL SERVICES		
Dollar Value Single Projects	Method of Purchase	Requirements for Payment
\$0.00 and up to and including \$5,000.00 for the year	Purchase Order	One (1) Written Proposal Does not require a Town Board Resolution
Greater than \$5,000.00 but less than or including \$75,000.00	Purchase Order	One (1) Written Proposal Town Board Resolution Authorizing the Contract Written agreement prepared by Central Purchasing and Contract Compliance
Greater than \$75,000.00 but less than or including \$125,000.00	Purchase Order	Three (3) written proposals obtained from the Town’s List of Qualified Consultants. Town Board Resolution Authorizing the proposal Fully executed Agreement prepared by Central Purchasing and Contract Compliance.
Greater than \$125,000.00	Purchase Order	Request For Proposal RFP Town Board Resolution awarding the contract Written agreement prepared by Central Purchasing and Contract Compliance

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2. Town's List of Qualified Consultants

The purpose of the Town's List of Qualified Consultants is to ensure that the Town is receiving competitive pricing and to prevent the appearance of favoritism towards any particular firm or individual.

Professional Services consultants shall be authorized in accordance to the Town Board List of Professional Services Vendors adopted by Resolution.

The Town's List of Qualified Consultants will be developed through the submissions received in response of a Town prepared Request for Qualification (RFQ). The List will be valid for four years, additional vendors can be added to the list at any time during the this period.

Section F: Formal Request of Proposal (RFP)

1. A formal Request for Proposal (RFP) process is similar to a competitive bid; therefore, it is critical that the Department contact CPCC with sufficient time to prepare the RFP package.

The Department must draft and provide to CPCC the following:

- a) a description of the project;
- b) a Scope of Work; and
- c) any specific requirements of the project (e.g., schedule, pre-qualification requirements etc).

2. CPCC will prepare the RFP package and the Notice to Proposers. The Notice to Proposers must be submitted to the Town Clerk's Office, which will arrange for the placement of a newspaper advertisement according to the scheduled agreed upon with the Department preparing the RFP and must include any information pertinent to the project, i.e.: informational meeting, etc.

After the review by the CPCC, copies of the prepared RFP must be provided to the Town Clerk by the deadline for the placement of the advertisement, or the Town Clerk may not place the advertisement. The final copy will be posted online electronically at the Town of Southampton website <<https://southampton.procurement.com/>>. CPCC will not prepare the resolution without having a final packet in their possession.

The Town Clerk will distribute the RFP packages and receive proposers' submissions according to the same rules that govern distribution of bid packages and receipt of bids, i.e., no RFP packages will be given out in advance of the published date the RFP is to become available to the public, and no submissions will be accepted past the deadline for submissions.

There is no public reading of RFP results. The Clerk will return the packets to CPCC once the deadline for receipt of RFP responses has passed and CPCC will distribute to the department to review the submissions.

The Department is not required to select the lowest bidder, but must ensure that the Town's best interest are served by their selection.

Departments must be aware that other governmental entities that provide funding for Town projects through grants or programs (e.g., the County, State, or Federal governments) may decline to provide funding for a professional service contract awarded without some form of comparative pricing.

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Section G: Public Works

The following table summarizes the methods and required documentation for Public Works

PUBLIC WORKS		
Dollar Value	Method of Purchase	Required Documentation for Payment
Less than \$500	Town issued P-Card or Check Request via Workplace	Paid invoice for attachment to P-Card statement or Invoice must be scanned into Workplace with the check request originals must be forwarded to the Comptroller's Office.
Greater than \$500 up to and including \$2,500	Purchase Order	Purchase Order must be created PRIOR to making purchase. One (1) written price quote from vendor providing goods which must be scanned into Workplace. Must secure a detailed invoice for submission for payment.
Greater than \$2,500 up to and including \$10,000	Purchase Order	Purchase Order must be created PRIOR to making purchase. Two (2) written price quote from vendor providing goods which must be scanned into Workplace Must secure a detailed invoice for submission for payment.
Greater than \$10,000 up to and including \$35,000	Purchase Order	Purchase Order must be created PRIOR to making purchase. Three (3) written price quote from vendor providing goods which must be scanned into Workplace Must secure a detailed invoice for submission for payment.
Greater than \$35,000 whether purchased all at one time or in smaller increments over the course of twelve (12) months	Purchase Order	Competitive Bid Town Board Resolution awarding the contract Written agreement prepared by Central Purchasing and Contract Compliance

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Section H: Additional Requirements for Purchase of Public Works Services and Building Services

The Town is required, when contracting for public works projects or for certain building service contracts, to ensure that contractors base their bids and pay all employees working on such projects the prevailing wages established by the New York State Labor Department for such work. Article 8, Section 220 et seq. addresses the requirements with respect to public work projects, and Article 9, Section 230 et seq. addresses the requirements with respect to building service contracts.

These statutes set forth compliance requirements for both Departments of Jurisdiction (i.e., the contracting agency) and employers employing workers on either a public works project or through a building service contract. Recent additions to the law have also created obligations for third parties with whom the Town contracts to perform a public works project on the Town's behalf. In essence, if the contracting agency would itself be required to pay prevailing wages, the third party would also be required to pay prevailing wages when performing work on the contracting agency's behalf.

Recent changes to the Labor Law have also increased the responsibility of the contracting agency to ensure contractors are providing required documentation of payment of prevailing wages, to review the documentation (i.e., certified payrolls) for facial validity, to provide a Town contact person for all public works projects (name to be posted at the work site), and to alert the Labor Department in the event of suspicion of any contractor's lack of compliance.

There are criminal penalties associated with a contracting agency's failure to comply with these new requirements!

Unfortunately, the law in this area does not provide clear, concise guidance on when a project qualifies as a public works project, such that the provisions of Article 8 of the Labor Law apply, or when a service contract should be treated as a building service contract, such that the provisions of Article 9 of the Labor Law apply.

Therefore, it is critically important, before a department embarks on a public works project or enters into a building services contract, to consult with CPCC for guidance on whether the laws apply, and for assistance in ensuring all necessary documentation and required provisions appear in the bidding documents for such projects or contracts.

Since public works projects are often managed with the assistance of outside engineering or construction management firms, these professionals should also be consulted in the event of any uncertainty regarding the applicability of the Labor Law. In addition, professional service contracts with such firms to oversee public works projects should include a requirement that the firm monitor contractor compliance with Labor Law requirements, including but not limited to the receipt of certified payrolls and review of payrolls for facial validity. This requirement will ensure another level of scrutiny, but does not excuse the Town from its own obligations in these matters.

Summary publications of the Labor Department that provide guidance on the applicability of the provisions of Article 8 and Article 9 of the Labor Law are available for review at the General Services department, or on line at <http://www.labor.ny.gov>. Departments that engage in public works or contract for building services should carefully review them and retain them for future reference.

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Section I: Engineering Oversight Requirement of All Public Works Projects

Department heads and staff who undertake or oversee public works projects must be aware, and take the necessary steps to ensure compliance with, the requirement of Article 145, § 7209 (s) of New York State Education Law:

No county, city, town or village or other political subdivision of this state shall engage in the construction or maintenance of any public work involving engineering or land surveying for which plans, specifications and estimates have not been made by, and the construction and maintenance supervised by, a professional engineer or land surveyor; provided that this section shall not apply to the construction, improvement or maintenance of county roads or town highways, nor to any other public works wherein the contemplated expenditure for the completed project does not exceed five thousand dollars. This section shall not be construed as affecting or preventing any county, city, town or village or other political subdivision of this state from engaging an architect licensed in this state for the preparation of plans, specifications and estimates for and the supervision of construction or maintenance of public works.

Section J: Other Types of Purchases/Miscellaneous Provisions

1. **Cumulative Purchases**

The Comptroller may develop an estimate of the cumulative amount of a particular good that is likely to be needed by all Town Departments during a rolling twelve (12) month period Procurement of goods or services for which the cumulative order by all Town Departments is anticipated to meet or exceed competitive bidding thresholds and which are so identified by the Comptroller shall be subject to competitive bidding requirements.

2. **Sole Source Purchase**

A sole source purchase is one in which **only one vendor or contractor** can supply the commodity, technology and/or perform the services required, and that there is no substantial equivalent. Procurement by this method must be documented to the CPCC in a formal memo (**form located in the Town's Intranet under "Internal Applications/Forms (Comptroller's Office)**) by an explanation of:

- a) the unique nature of the requirement;
- b) the basis upon which it was determined that there is only one known vendor able to meet the need (i.e. the steps taken to identify potential competitors); and
- c) the basis upon which the cost was determined to be reasonable (i.e. a fair market price was inferred based upon the sole source provider's product catalogs, published price lists and the like).

CPCC will make a determination that said vendor meets all the requirements to be a sole source provider. If the vendor meets the requirements, CPCC will prepare **a town board resolution** and contract.

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3. Emergency Purchases

Except when directed by the Town Board or Town Comptroller, no solicitation of written proposals or quotations shall be required in emergencies.

For purposes of this section and in accordance with GML § 103, **an emergency arises out of an accident or unforeseen condition or occurrence that threatens curtailment or terminates an essential service to the public, or a dangerous condition develops, affecting the life, health, safety or property of the Town or its inhabitants. The situation MUST require immediate attention, which cannot await competitive bidding.**

In cases of emergency, the Department head may purchase, supplies or services necessary to address the emergency, subject to the following conditions:

- x) A written record of the circumstances shall be prepared and submitted to the Town Attorney's Office and Comptroller's Office;
- y) The date the emergency first became known to the department;
- z) The date, time, and place the goods/services were needed;
- aa) A written description from the department explaining how the emergency meets the above definition;
- ab) A list of the acquired goods and/or services and their prices;
- ac) A proposal from the vendor / contractor providing the services;

The Department Head shall endeavor to abide as closely as possible to procurement standards and attempt, as best possible in the circumstances, to mitigate any emergency situation. Specifications not being included in original plans or poor planning shall not be considered an emergency.

4. Leases/Equipment Leases

Lease agreements for equipment, facilities, etc. that exceed 12 months in term and/or \$2,500.00 require approval by Town Board Resolution and the Supervisor's signature on the lease document. Must not be, in substance, a purchase or public work.

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“True lease” agreements are neither purchases nor contracts for public work and, thus, are not subject to bidding under General Municipal Law Section § 103. The bidding requirements of GML § 103 cannot be avoided or circumvented by simply drafting an agreement that is truly a purchase contract or a contract for public work in terms of a lease. The total character and substance of each agreement must be viewed and examined on its own merits, without regard to how the agreement is denominated by the parties, to determine whether it constitutes a true lease.

Similarly, equipment may not be acquired without competitive bidding under an agreement which is called a “lease” but which, in fact, is an installment purchase contract. Although no one factor is necessarily determinative, numerous factors will be considered when evaluating whether an agreement is indicative of an installment purchase rather than a true lease. Such factors include, but are not limited to: the amount of money exchanged, the intent of the parties, the terms of the agreement, and the life, ownership and responsibility for maintenance of the item.

5. **Travel/Education Purchases**

Many Town employees and officers need to travel for business purposes, such as to attend meetings, conferences, conventions or training classes.

The Office of the New York State Comptroller recommends that a travel policy that applies to, and is understood by, all employees and officers should be adopted officially by the Town Board; and said policy should include the following: a description of the pre-approval process, a list of expenses that typically are and are not reimbursable, a list of maximum rates and the process for reimbursement including the requirements for submitting receipts and other supporting documentation.

Therefore, a comprehensive travel and conference policy, specifically designed for Town operations, has been established to effectively control travel and conference expenses and for management to ensure that reimbursement is only for actual and necessary expenses.

1. With regard to expenditures for seminars, training schools and related travel, the following rules shall apply:
 - a) The daily rates for hotel or motel lodging, meals, and incidental expenses for travel assignments will be allowed in accordance with guidelines in the Travel Reimbursement Policy and Procedures as adopted by the Town Board.
 - b) When an employee is in travel status for less than a full day and incurs no lodging charges, individual meal charges will be allowed according to guidelines in the Travel Reimbursement Policy and Procedures as adopted by the Town Board.
 - c) **Note** the following approvals are required:
 - i. Town Board approval shall not be required for Town Police Department assignments that do not exceed the amount budgeted for training and travel;

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- ii. Overnight travel or travel to locations out of state require pre-authorization by Town Board Resolution;
- iii. Expenses in excess of \$1000.00 require pre-authorization by Town Board Resolution;

Expenses incurred by employees while traveling on Town of Southampton business that does not include overnight travel or travel to locations out of state or is less than or equal to \$1000.00 require department head authorization.

For further information or clarification of the travel and education expenses, departments should refer to the in the Travel Reimbursement Policy and Procedures as adopted by the Town Board.

6. Legal Services

Legal services are provided by the Town Attorney. Requests for legal services must be initiated by a Department Head and must be addressed to the Town Attorney and retainer must be obtained.

In the event that the Town Board and the Town Attorney determine that the assistance of special counsel, associated expert witnesses and/or litigation consultants are required, the Town Attorney shall submit to the Town Board for approval a resolution authorizing the retention of outside legal and/or related services. Legal services are included under the category of professional services; however, the Town Attorney shall be exempted from the requirements of Section C of this Policy, unless the Town Board determines it is in the best interest of the Town to require the Town Attorney to follow the procedures set forth in Section C with respect to any or all retention of outside counsel.

Department Heads involved in matters being handled by outside counsel shall be required to work with and through the office of the Town Attorney on all matters related thereto, including billings, which should be directed to the attention of the Town Attorney if received directly by the Department. The Town Attorney will be responsible for the review and approval of all requests by outside counsel for payment, and may request the participation of the Department Head in the review process.

7. SAAS-Software as a Service:

Software as a Service is a software distribution model in which applications are hosted by a vendor or service provider and made available to customers over a network, typically through the internet. The payment model for this type of purchase is generally associated with regular ongoing payments over a defined period of time in exchange for the use of a software application and data hosting.

This software is generally custom software and should be considered a professional service. At times, it will be billed through a third-party provider. Licenses to the software will be purchased rather than the software itself being purchased.

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4096. Best Value Procurement:

LOCAL LAW No. 16 of 2013 established Chapter 73 (Best Value Procurement) of the Code of the Town of Southampton to permit the Town to award purchase contracts on the basis of Best Value.

a) Award on best value.

The Town Board may award purchase contracts, including contracts for services, on the basis of “best value,” as that term is defined in New York State Finance Law § 163. All awards based on best value shall require Town Board approval.

b) Applicability; dollar thresholds.

The provisions of this chapter apply to Town purchase contracts, including contracts for services, involving an expenditure of more than \$20,000, but excluding purchase contracts necessary for the completion of a public works contract pursuant to Article 8 of the New York Labor Law and any other contract that may in the future be excluded under state law from the best-value option. If the dollar thresholds of New York General Municipal Law § 103 are increased or decreased in the future by the State Legislature, the dollar thresholds set forth herein shall be deemed simultaneously amended to match the new General Municipal Law thresholds.

c) Standards for best value.

Goods and services procured and awarded on the basis of best value are those that the Town Board determines optimize quality, cost and efficiency, among responsive and responsible bidder or offerers. The determination shall be based on an objective analysis of clearly described and documented criteria as they apply to the rating of bids or offers. Where possible, such determination shall also be based upon and include a quantifiable analysis of the same. The criteria may include, but shall not be limited to, any or all of the following: cost of maintenance; proximity to the end user if distance or response time is a significant term; durability; availability of replacement parts or maintenance contractors; longer product life; product performance criteria; and quality of craftsmanship.

d) Documentation of basis for determination.

Whenever any contract is awarded on the basis of best value instead of lowest responsible bidder, the basis for determining best value shall be thoroughly and accurately documented.

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Section K: Preparation of Bid/Contract Documents-Use of Contractor Forms

1. Preparation of Purchasing Contracts

Departments are responsible to provide to CPCC the following:

- a) Detailed Scope of work
- b) List of potential vendors
- c) Source of funding secure and document required competitive pricing

In some instances, however, these documents may come from other sources, e.g.:

- i. The Department may use a consultant to prepare its specifications/drawings;
- ii. The vendor may require the use of its own forms in contract with the Town (this typically occurs when procuring technical items or services, such as software or computer support services);
- iii. An equipment vendor may require the use of its own lease forms to establish equipment leases.

All provided documentation are subject to review and acceptance by CPCC.

Section L: Award of Contracts

4096. In all contracts except those involving professional services, the lowest responsible bidder or Basis of Best Value shall be awarded the contract unless the purchaser prepares a written justification providing reasons why it is in the best interest of the Town to make an award to a vendor or contractor other than the vendor or contractor that submitted the lowest price for the goods and/or services to be purchased. Such justification shall be submitted to CPCC and reviewed by the Town Attorney or his designee to determine if the justification is sufficient, and must be retained with the Department records relating to the contract.

If a vendor or contractor is not deemed responsible, facts supporting the judgment shall also be documented on the Price Quotation Form.

In determining the lowest responsible bidder, the employee making the assessment shall consider:

- a) The ability, capacity and skill of the bidder to adequately perform the contract or provide the service required,
- b) Whether the bidder can perform the contract or provide the service promptly or within the time specified without delay or interference,

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- c) The character, integrity, reputation, judgment, experience and efficiency of the bidder,
- d) The quality of performance of previous contracts or services,
- e) The previous and existing compliance by the bidder with laws and ordinances relating to the contract or service,
- f) Whether there are any identifiable financial concerns relating to the bidder.

A responsible vendor is one that is not on the NYS debarred list with the Dept. of Labor, does not have any outstanding tax liens, a determination will be made by CPCC in accordance with the Town Attorney’s Office as to the validity of a vendor being deemed “responsible”.

Section M
Change Orders to Awarded Contracts

1. Departments overseeing major projects should present to the Town Board for adoption an overall project budget, broadly outlining the items of work to be undertaken in the project and the approximate cost of each item of work.

All purchases of goods and services, including professional services, should be awarded pursuant to a specific and detailed Scope of Work (SOW) or set of specifications. The purpose of the SOW/specifications is to clearly establish between the Town and the Contractor the goods to be provided or work to be performed under the contract, and the payment or rate of payment to be provided as remuneration for the goods/services.

If for reasons unforeseen when the SOW/specifications were created it becomes necessary for an addition to be made to the SOW/specifications-e.g., unseen conditions at a project site necessitate additional work, a permitting entity requires additional tasks to be completed before a permit can be issued, the Town needs to add additional services to a project’s scope, additional goods are needed, etc. -such that the total value of the contract is increased, the result is known as a change order to the contract.

Under certain specific circumstances, a formal change order must be established before the additional goods or services can be procured. The purpose of this requirement is to ensure:

- a) The additional goods or services required are outside of the agreed-upon SOW/specifications, and thus, the provider of the goods and/or services is entitled to additional remuneration;
- b) The additional goods or services are either the same or of a similar enough nature to the subject of the original contract such that additional goods or services should not become the subject of a new bid; and
- c) There is sufficient funding in the project’s budget to cover the cost of the additional remuneration.

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Competing interests need to be balanced when managing change orders. The Town Board wants oversight opportunity when a project's costs are increasing; however, the Project Manager often needs to make rapid determinations in the field when new or additional work appears to be required, since delay could impact the availability of the contractor to do the extra work, and could negatively affect overall project scheduling if work must be stopped while Town Board approvals are sought.

2. Therefore, the following guidelines have been established to guide project managers as to the level of review and approval required when a change order is necessary:
 - a) Change Orders of ANY amount, where additional funding must be authorized by the Town Board requires Town Board Approval via Resolution.
 - b) Change Orders that would result in an aggregate change of 10% or more of the original contract award OR the increase amount is \$50,000 or more, whichever is less of the original contract, regardless of need for additional funding, must be authorized by the Town Board and require a Town Board Resolution.
3. Prior to disbursement of any payment, the following is required to establish a formal change order when Town Board authorization is required:
 - a) A written change order proposal, including a detailed description of the additional goods and/or services required and the cost to provide same, is provided by the vendor/contractor/professional service provider;
 - b) The Department head must complete and sign a Public Contract Change Order Approval Form (**form located in the Town's Intranet under "Internal Applications/Forms (Comptroller's Office)**) and attach the detailed proposal from the vendor/contractor/ professional service provider;
 - c) The Public Contract Change Order Approval Form and the written change order proposal must be submitted to the Comptroller's Office for review to determine if sufficient funding is in place to cover the cost of the change order.
 - d) Once approved by the Comptroller's Office, the Public Contract Change Order Approval Form and the written change order proposal, must be submitted to CPCC to determine if the written change order is part of the original contract scope of work. After approval from the Comptroller's Office and CPCC a Town Board Resolution will be prepared by CPCC.
4. Where Town Board authorization is required, the change order work can commence ONLY after the above-listed steps are completed.
5. Where Town Board authorization is NOT required, the Project Manager must still secure a written change order proposal from the vendor/contractor/ professional service provider. This document should be provided to the CPCC, so it can be scanned into the contract file. The Project Manager must also keep a copy for his/her project files.

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Section N: Contracts in General

1. Insurance:

All contracts prepared by the Town of Southampton for any undertaking will include a provision requiring workers compensation and disability or an exemption therefrom in accordance with Worker's Compensation Law § 57 and General Municipal Law § 220 (8) "Prove it to Move it". The evidence of these requirements must be provided on an acceptable form to the Town of Southampton that is separate from any other type of insurance (ie: general liability), an accord certificate is not acceptable proof for this type of insurance. In the event a vendor is exempt from this requirement, which is only deemed as such by the State of New York Worker's Compensation Board, a CE-200 waiver must be applied for and printed out by vendor by visiting www.wcb.ny.gov <<http://www.wcb.ny.gov>>. CPCC shall not be the entity to determine whether or not a vendor is exempt from this requirement.

When general liability is required under a contract, the vendor shall provide the Town will a certificate of liability insurance in the amount of not less than \$100,000/\$200,000 in aggregate. The Town shall also be listed as **"additional insured"** in the description of operations section of the certificate.

2. Execution:

In accordance with Town Law § 64, (6), General Powers of Town Boards, may award and execute town contracts. Town Board may award contracts for any of the purposes authorized by law and the same shall be executed by the Supervisor in the name of the Town after approval by the Town Board.

3. Independent Contractors:

Vendors need to be established as independent contractors. Certain contracts could give the impression that vendors are employees of the Town. When the Town determines the vendors schedule, rate, location it could appear that they fall under the category of "employee", and as such are subject to a different set of rules by the IRS. To alleviate this possible look of impropriety, independent contractors will be required to sign agreements establishing them as "Independent Contractors". Agreements will be required for the following: stenographers, interpreters, program instructors, performers, nurses and any other vendors CPCC determines is an independent contractor.

Section O: Payments

1. The Comptroller's Office must be provided with complete, clear, and legible documentation, as specified above, in order to process payments. Following are a list of items and/or documentation that must be made available by the Department to the Comptroller and/or CPCC before payments can be processed:
 - a) Prior to disbursement of any payment under an approved contract, CPCC must possess a copy of the fully executed contract as well as documentation of insurance and contract security/performance bond, where required.

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- b) Prior to disbursement of any payment for an invoice, the Comptroller's Office must possess an original invoice, which must include the invoice number, description and date of service provided or delivery of items, and amount payable.
- c) If a Price Quotation Form or Town Board Resolution is required for a purchase, it must be forwarded to the Comptroller's Office prior to Purchase Order approval.
- d) Documentation for purchases made under County or State contracts must include the contract number, contract term and the Town Board Resolution number (where applicable) on the purchase requisition.
- e) For Article 8 Public Works projects, certified payrolls must be received from the contractor with each invoice submitted before payment can be processed.
- f) Retainage payments will not be made without the department head filling out the project completion form. The vendor must complete the affidavits of payment of debt and claims and no liens and an original maintenance bond provided.

Section P: Pay As You Go

1. The Town Board is committed to a "Pay-As You-Go" program in the Town which reduces borrowing by purchasing short term/smaller capital items and assets with current operating funds.

The Town Board believes that some parameters, in the form of Town Board oversight, should be set for how monies in the "Pay-As You-Go" account are expended.

"Pay-as-You-Go Fund"- A fund used to purchase assets that could be considered capital assets that typically have a short-term useful life or that in the interests of reducing borrowing, the Town Board determines is better purchased with current operating funds.

Town Board Resolution No. 2013-1114, adopted on November 20, 2013, amended the Procurement Policy and directed those expenses made utilizing Pay-As-You-Go funding above \$2,000 be authorized by Town Board Resolution.

Section Q: Pay As You Go (Highway)

1. Expenditures made from the "Pay-As You-Go" account in excess of Fifteen Thousand Dollars (\$15,000) for the Highway Department ONLY, as a single purchase item or in the aggregate, must be approved by a duly adopted resolution of the Town Board prior to the submission of a purchase order.

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Section R: "Green Clean" Policy

1. All departments issuing specifications for the procurement of cleaning products, janitorial supplies, or janitorial services, whether issuing those specifications for comparative pricing or through the issuance of a formal Bid document, shall include a specification that requires such seller, supplier, or service provider to offer for sale to the Town of Southampton products, supplies, or services that meet "Green Clean" standards or utilize products meeting the "Green Clean" standard.

2. **"Green Clean"** standards are defined as follows:

A designation that the products, supplies or services shall meet a standard designed to replace all traditional toxic cleaning agents with ones that are virtually toxic free. This means a product should not contain phosphates, ammonia, chlorine bleach, chlorine solvents, artificial dyes, artificial additives and preservatives such as EDTA or NTA, no phenolic compounds or glycol ether, no hydrochloric acid, perchloroethylene, aerosols, should not be glycol ether based, may not be any synthetic chemical that is a suspected or known carcinogen, no ozone depleting compounds, no heavy metals, no dibutyl phthalate, no added fragrance or dye, no formaldehyde, each organic ingredient must be readily biodegradable, may not be toxic to humans in its undiluted form, may not be corrosive to eyes or skin, may not, as used, be toxic to aquatic life, must have a ph between 4.0 and 9.0, is not made from petroleum derivatives and does not contain arsenic, cadmium, chromium, lead, mercury, nickel, and selenium.

Products meeting the Green Seal GS-37 standards shall be deemed to meet "Green Clean" standards. A list of the products that meet this standard can be found at <http://www.greenseal.org/findaproduct/i&icleaners.cfm>.

Please note that Green Seal ratings are continually updated, and departments should refer to the Green Seal website to ascertain they are consulting the most up-to-date certification list.

Further information regarding Green Seal: Founded in 1989, Green Seal provides science-based environmental certification standards that are credible, transparent, and essential in an increasingly educated and competitive marketplace. The organization's industry knowledge and standards help manufacturers, purchasers, and end users alike make responsible choices that positively impact business behavior and improve quality of life. A 501 (c)(3) nonprofit organization, Green Seal issued its first environmental standards in 1991-2, and the first product certifications were completed in 1992. Hundreds of products and services from major companies such as 3M, Benjamin Moore, and Andersen Windows have now been certified to meet Green Seal standards, and the number of major product categories covered by standards has increased to more than 40. Green Seal has established a significant market among large institutional purchasers, including government agencies, universities, and the lodging and architectural building industries, and actively advises and assists these institutions and industry sectors in their efforts to green their purchasing, operations, and facilities management functions.

3. In any solicitation by a department for the purchase of cleaning products, janitorial supplies, and janitorial services which may not be available in a form that meets the specifications and criteria in paragraph one (1) of this section, the department shall include an alternate specification calling for such products that have (and/or services that employ products that have) the least caustic or corrosive elements, fewest hazardous chemicals, and least unnecessary dyes or fragrances.

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**TOWN OF SOUTHAMPTON - FINANCIAL POLICIES
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4. In any solicitation by a department for the purchase of "Green Clean" products which may not available in a form that meets the specifications and criteria of paragraphs 1 and 2 of this section, the department shall include a second alternate specification for products that contain (and/or services that employ products that contain) the least hazardous products and/or supplies.
5. All bidders shall be required to provide complete specifications and MSDS for each product bid at the date and time of the bid opening or by the deadline for submission of comparative pricing. Bidders offering alternate items in response to specifications issued pursuant to paragraphs 1, 2, and/or 3 of this section shall be required to include full details and specifications (manufacturer, model #, size, weight, packaging, dilution ratio, and any other pertinent fact(s) with their bid at the date and time of the bid opening or by the deadline for submission of comparative prices. Failure to include this information may result in disqualification.
6. Samples of products and product dispensers (where applicable) may be required for testing before a contract is awarded, and must be made available by bidders on request, within five business days of said request.
7. The Town will award the contract or procure the product or services put forth by the lowest qualified bidder offering the lowest priced **qualified** product or service. Product performance will be considered as a factor in determining the lowest priced qualified product or service. The final determination regarding the lowest priced qualified product or service shall be made by the Town.
8. Any department seeking to procure a good and/or service covered by this section that does not meet "Green Clean" standards, or otherwise wishes to be exempt from the requirements of this section for the purposes of a specific procurement shall submit a waiver request form to the Town's Sustainability Coordinator explaining why compliance with the requirements of this section in this instance is not in the best interest of the Town. Waivers may be granted upon proper documentation of the following reasons:
 - a) Performance shortcomings: product does not perform properly, or is too costly to use properly, or exceeds by 15 percent the cost of the product currently in use and/or the nearest priced alternative product;
 - b) Emergency situations;
 - c) No Known Alternative product exists; or
 - d) Other, to be specified and documented by the department submitting the waiver request.

NOTE:

Prior to submitting a waiver request, the department shall be required to reach out to Suffolk County's Department of Public Works, Office of Operations and Maintenance, Suffolk County Department of Energy and Environment, or other relevant County offices to solicit County input regarding the performance of the product or service at issue. The Town's Sustainability Coordinator will provide contact information and facilitate discussions with the County.

Results must be documented and submitted to the Town's Sustainability Coordinator on the waiver request form, and the waiver must be approved, PRIOR to undertaking any purchase or solicitation to purchase not in compliance with the requirements of this section.

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**TOWN OF SOUTHAMPTON - FINANCIAL POLICIES
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9. Products used as floor strippers and toilet bowl cleaners are specifically excluded from the requirements of paragraphs 1, 2, and 3, above.
10. A Green Clean Advisory Committee, comprised of the Town Sustainability Coordinator, Safety Officer, representatives of the Town's Contracts office, and an adhoc member, will be formed. This committee will advise the Town's Sustainability Coordinator as necessary with respect to requests for policy waivers from departments. It shall also meet on a quarterly basis for the purpose of reviewing purchasing data and policy compliance rates, in order to assess trends and develop strategies for more effective procurement of green cleaning products (e.g., 'piggy-backing' on State and/or County contracts for green cleaning products, joining and/or utilizing the services of procurement collectives with similar "green clean" standards, consolidating department purchase requests, etc.) The Committee will review and recommend modifications to the Town's "Green Clean" Procurement Policy as appropriate, and will make an annual presentation to the Town Board regarding the Town's compliance with this section of the Procurement Policy.
11. This Policy shall be phased in over the next six months allowing affected departments ample time to investigate alternative products that comply with the Town's new policy. Six months from the date the resolution is passed, this Policy shall apply immediately to any and all applicable products and/or services not currently available under existing Town contracts; and to all such products and/or services once existing contracts covering the purchase of such products and/or services shall expire.

NOTES:

**TOWN OF SOUTHAMPTON - FINANCIAL POLICIES
ADOPT ARBITRAGE COMPLIANCE POLICY**

Adopted by Town Board Resolution No. 2015-808 on August 11, 2015

ADOPT ARBITRAGE COMPLIANCE POLICY

This policy is intended to guide the Town of Southampton, herein after (TOS) in meeting its obligations under applicable statutes, regulations and documentation associated with publicly offered and privately placed securities of the TOS. This policy addresses obligations of the TOS that arise and will continue following the issuance of securities. [The TOS maintains a separate Debt Policy with respect to matters related to the issuance of security obligations, including compliance with the TOS's disclosure obligations related to securities issuance.] These obligations may arise as a result of federal tax law (with respect to tax-exempt securities) and securities laws (with respect to ongoing disclosure) or as a result of contractual commitments made by the TOS. This policy outlines obligations that may be applicable to each issue of securities and identifies the party to be responsible for monitoring compliance. In the TOS the Comptroller will be responsible for ensuring that the policy is followed and checklists and records maintained. The TOS will provide educational opportunities (opportunities to attend educational programs/seminars on the topic) for the parties identified in this policy with responsibilities for post-issuance compliance in order to facilitate their performance of these obligations.

A. Transcripts.

1. The TOS's bond counsel shall provide the TOS with 1 copy of a full transcript related to the issuance of securities (for each issue). The transcript shall be delivered in the following form: excel spreadsheet to the TOS within 3 month[s] following the date of issuance of securities. It is expected that the transcript will include a full record of the proceedings related to the issuance of securities, including proof of filing an 8038-G or 8038-GC, if applicable.
2. Bond transcripts will be retained by the Comptroller's Office.

B. Arbitrage Rebate. The Comptroller of the TOS ("Rebate Monitor") will monitor compliance with the arbitrage rebate obligations of the TOS for each issue ("issue") of securities which are described in further detail in the tax certificate if any, executed by the TOS for each issue and included in the transcript for the issue. If the TOS did not execute a tax certificate in connection with an issue, the Rebate Monitor should consult with the TOS's bond counsel regarding arbitrage rebate requirements. The TOS will provide educational opportunities (opportunities to attend educational programs/seminars on the topic) for the Comptroller in order to facilitate his/her performance of these obligations.

1. *Rebate Exceptions.* The Rebate Monitor will review the tax certificate, if any, in the transcript in order to determine whether the TOS is expected to comply with a spending exception that would permit the TOS to avoid having to pay arbitrage rebate. If the tax certificate identifies this spending exception, then the Rebate Monitor will monitor the records of expenditures to determine whether the TOS met the spending exception (and thereby avoid having to pay any arbitrage rebate to the federal government). If the TOS did not execute a tax certificate in connection with an issue, the Rebate Monitor should consult with bond counsel regarding the potential applicability of spending exceptions.
2. *Investment Earnings.* The Rebate Monitor will review the investment earnings records retained. Even if the investment earnings records clearly and definitively demonstrate that the rate of return on investments of all proceeds of the issue were lower than the yield on the issue (see the tax certificate in the transcript), the TOS will consult with bond counsel to discuss its findings.

NOTES:

**TOWN OF SOUTHAMPTON - FINANCIAL POLICIES
ADOPT ARBITRAGE COMPLIANCE POLICY**

C. Unused Proceeds Following Completion of the Project. Following completion of the project(s) financed with the issue proceeds, the Comptroller will:

1. Review the expenditure records to determine whether the proceeds have been allocated to the project(s) intended (and if any questions arise, consult with bond counsel in order to determine the method of re-allocation of proceeds); and
2. Direct the use of remaining unspent proceeds (in accordance with the limitations set forth in the authorizing proceedings (i.e., bond ordinance) and if no provision is otherwise made for the use of unspent proceeds, to the redemption or defeasance of outstanding securities of the issue.

D. Records Retention.

1. Records with respect to matters described in this policy will be retained by the TOS for the life of the securities issue (and any issue that refunds the securities issue) and for a period of three years thereafter.

NOTES:

**TOWN OF SOUTHAMPTON - FINANCIAL POLICIES
ENACT WATER QUALITY IMPROVEMENT PROJECT RESERVE
FOR COMMUNITY PRESERVATION FUND (CPF)**

Adopted by Town Board Resolution No. 2017-138 on February 14, 2017

WHEREAS, the Community Preservation Fund (CPF) Program is financed by a 2% tax on real property transfers town-wide pursuant to New York State Town Law Section 64-e and Tax Law Section 1449-ee; and

WHEREAS, the CPF Program was established by a voter-approved local law in 1998 and by three (3) subsequent voter-approved local laws, most recently in 2016; and

WHEREAS, in 2016, the voters of the Town of Southampton approved an extension of the CPF tax until 2050 and the allowance of up to 20% of the annual fund to be used for water quality improvement projects; and

WHEREAS, the Town Board has the discretion to utilize 0-20% of the CPF for this purpose in any year; and

WHEREAS, the Town Board wishes to establish a policy whereby 20% of the CPF annual revenue is set aside in a reserve, similar to other CPF reserves such as for debt payments and PILOT payments; and be it further

RESOLVED, that the aforementioned 20% of CPF annual revenue shall be set aside and reflected in the CPF Cash Flow spreadsheet as an additional reserve line.

NOTES:

**TOWN OF SOUTHAMPTON - FINANCIAL POLICIES
ADOPTION AMENDING TOWN CODE CHAPTER 8 (BUDGET) AS IT RELATES TO
DEBT REDUCTION FOR CAPITAL PROJECTS**

Adopted by Town Board Resolution No. 2021-190 on February 9, 2021

WHEREAS, the Town Board of the Town of Southampton is considering amending Town Code Chapter 8 (Budget) as it relates to debt reduction for capital projects; and

WHEREAS, a public hearing was held by the Town Board of the Town of Southampton on February 9, 2021, at which time all persons either for or against said amendment were heard; and

WHEREAS, the Department of Land Management has advised the Town Board that this proposed local law is considered a "Type II Action" under 6 NYCRR Part 617.5, provisions of the New York State Environmental Quality Review Act (SEQRA) and Chapter 157 of the Town Code, and that no further review under New York Conservation Law, Article 8, is necessary; now therefore be it

RESOLVED, that Local Law No. 8 of 2021 is hereby adopted as follows:

LOCAL LAW NO. 8 OF 2021

A LOCAL LAW amending Town Code Chapter 8 (Budget) as it relates to debt reduction for capital projects.

BE IT ENACTED by the Town Board of the Town of Southampton as follows:

Section 1. Legislative Intent.

On March 28, 2017, by Local Law No. 4 of 2017, the Town Board of the Town of Southampton adopted an amendment to Town Code Chapter 8, which addresses the Budget, as it relates to debt reduction for capital projects. Specifically, the law was instituted to use year-end surpluses in the Town's funds, such as the General Fund or the Highway Fund, to offset the amount of money needed to borrow to fund capital projects within that fund, as soon as the Town's year-end fund balances were determined in or about March.

Given the current financial climate however, the Town Board would like to take its bonds to market now for current capital projects, without waiting for the year-end fund balances to be determined in March - when rates may no longer be as favorable or beneficial to the Town, and its taxpayers. Thus, the purpose of this law is to amend the Town Code in order to provide flexibility as to when the Town Board takes its bonds to market.

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TOWN OF SOUTHAMPTON - FINANCIAL POLICIES
ADOPTION AMENDING TOWN CODE CHAPTER 8 (BUDGET) AS IT RELATES TO
DEBT REDUCTION FOR CAPITAL PROJECTS

By adding this flexibility, the Town may maximize the benefit of changing market conditions and secure the best rates available for bonded indebtedness, while still utilizing any surpluses to minimize the overall debt attributed to capital projects, an ultimate benefit to the Town's taxpayers.

Section 2. Amendment.

Subsection 5.1 of Town Code Chapter 8 (Budget) is hereby amended by deleting the stricken words and adding the underlined words as follows:

§8-5.1. Debt Reduction for Capital Projects.

- A. The Town Board shall allocate at least 75% of the difference between the prior year's adopted budget projections and the actual fund balance reported by the Comptroller ~~pursuant to subsection D below,~~ to offset the Town's capital project borrowing in the current fiscal year. Said allocation shall be made at the time of the next available borrowing by the Town Comptroller.
- B. This allocation shall be made only within the fund from which the unappropriated unreserved fund balance originated.
- C. This allocation shall be memorialized by Town Board resolution, identifying the capital project(s) towards which said monies shall be applied.
- D. The Town Comptroller shall provide the Town Board with a report on the status of the Town's year-end fund balances ~~no later than March 31st of the current fiscal year.~~ after the financial statements have been finalized by the Town Comptroller, and filed with the Town Clerk for the prior fiscal year.
- E. If no capital project exists towards which the allocation may be made, then the monies shall remain in the fund from which they originated, for the Town Board to use as it deems appropriate.

Section 3. Authority.

The proposed local law is enacted pursuant to Municipal Home Rule Law §§10(1)(i), 10(1)(ii)(a)(11), and 10(1)(ii)(a)(12), as well as in furtherance of Town Law §112.

NOTES:

**TOWN OF SOUTHAMPTON - FINANCIAL POLICIES
ADOPTION AMENDING TOWN CODE CHAPTER 8 (BUDGET) AS IT RELATES TO
DEBT REDUCTION FOR CAPITAL PROJECTS**

Section 4. Severability.

If any section or subsection, paragraph, clause, phrase, or provision of this law shall be adjudged invalid or held unconstitutional by any court of competent jurisdiction, any judgment made thereby shall not affect the validity of this law as a whole, or any part thereof other than the part or provision so adjudged to be invalid or unconstitutional.

Section 5. Effective Date.

This local law shall take effect immediately upon filing with the Secretary of State pursuant to Municipal Home Rule Law.

AND BE IT FURTHER RESOLVED, that the Town Clerk is hereby authorized and directed to publish the following Notice of Adoption:

NOTES:
