

**QUOGUE
UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

QUOGUE UNION FREE SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Quogue Union Free School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of the Quogue Union Free School District (the "District"), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the fiduciary fund of the District, as of June 30, 2021, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, during the year ended June 30, 2021. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in District's total other post-employment benefits liability, schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions on pages 1 through 14 and 52 through 56, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary financial information as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplementary financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary financial information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

R. S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
November 9, 2021

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The following is a discussion and analysis of the Quogue Union Free School District's (the "District") financial performance for the fiscal year ended June 30, 2021. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-Wide and Fund Based Financial Statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

- On May 18, 2021, the proposed 2021-2022 budget in the amount of \$9,455,999 was approved by the District's residents. The property tax levy was below the property tax cap.
- The District implemented GASB Statement No. 84, *Fiduciary Activities*, in 2021. There was no net effect on fund balance or net deficit as a result of this implementation.
- The District's expenses for the fiscal year, as reflected in the District-Wide Financial Statements, totaled \$9,184,498. Of this amount, \$108,008 was offset by program charges for services and operating grants and contributions. General revenues of \$8,247,929 amounted to 98.71% of total revenues.
- The general fund's total fund balance, as reflected in the fund financial statements, decreased by \$351,604, or 7.13%, to \$4,577,854. This was due to expenditures and other financing uses exceeding revenues based on the modified accrual basis of accounting.
- The District continued to invest the majority of its resources in educating the students of Quogue, as evidenced by instruction expenses of 80.63% of total expenses for the 2020-2021 fiscal year, on the District-Wide Financial Statements.
- The District funded the teachers' retirement system (TRS) reserve in the amount of \$58,973. The reserve limits the annual contribution to the reserve to 2% of the prior year's covered salaries.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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

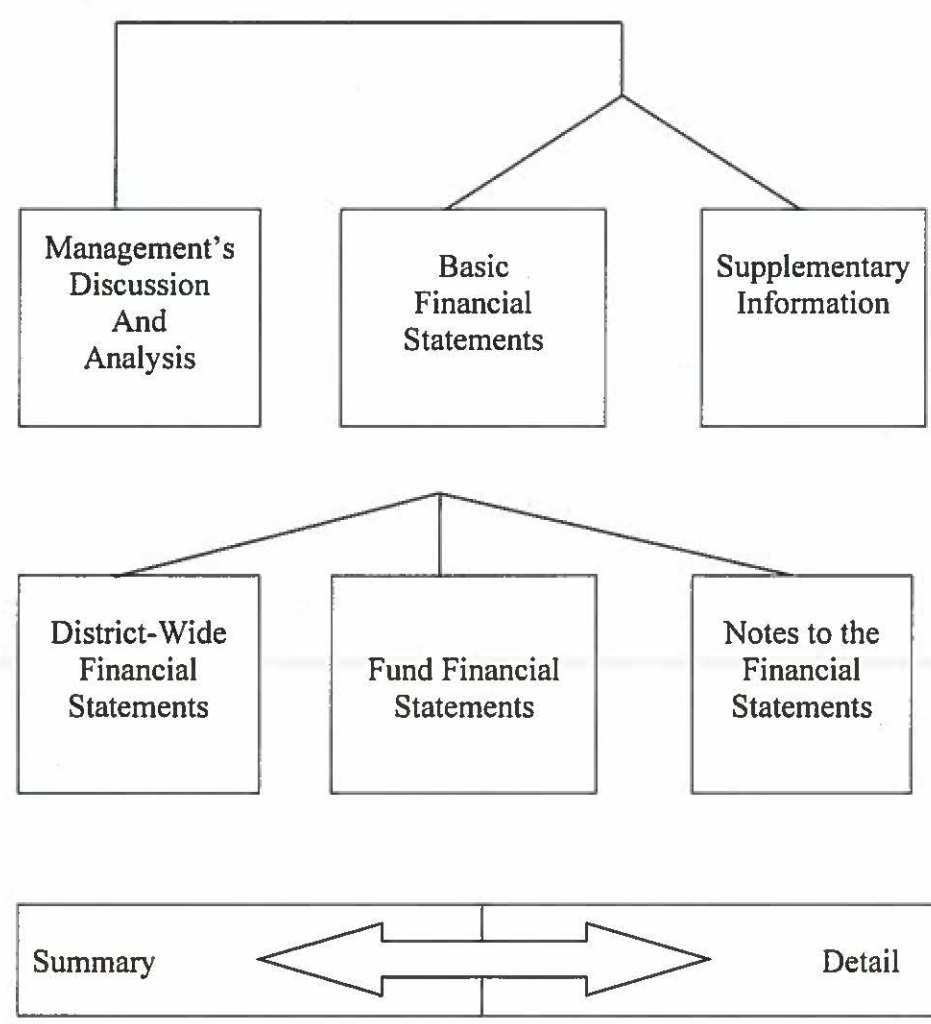
- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-Wide Financial Statements.

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

- The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.
- *Fiduciary Fund Financial Statements* provide information about the financial relationships in which the District acts solely as a custodian for the benefit of others, such as real property taxes and payments in lieu of taxes (PILOT) collected on behalf of other governments and disbursed to those governments.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. The table shows how the various parts of this annual report are arranged and relate to one another.

Organization of the District's Annual Financial Report



**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The table summarizes the major features of the District's financial statements, including the portion of the District's activities that they cover and the types of information that they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Financial Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as real property taxes and PILOT collected on behalf of other governments
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources measurement focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

A) District-Wide Financial Statements

The District-Wide Financial Statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-Wide Financial Statements report the District's net position and how they have changed. Net position, the difference between the assets and deferred outflows of resources, and liabilities and deferred inflows of resources is one way to measure the financial health or position.

- Over time, increases and decreases in net position are an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated if it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in account groups and do not affect the fund balances.

District-Wide Financial Statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets;
- Report long-term debt as a liability;
- Depreciate capital assets and allocate the depreciation to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
 - *Net investment in capital assets*;
 - *Restricted net position* are those with constraints placed on the use by external sources (creditors, grantors, contributors or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation;
 - *Unrestricted net position* is net position that does not meet any of the above restrictions.

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

B) Fund Financial Statements

The Fund Financial Statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

The District has two kinds of funds:

Governmental funds

Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Financial Statements, additional information in separate reconciliation schedules explains the relationship (or differences) between them. In summary, the governmental fund statements focus primarily on the sources, uses and balance of current financial resources and often have a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, and capital projects fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

Fiduciary fund

The District is the custodian or *fiduciary* for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-Wide Financial Statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position. This fund reports real property taxes and PILOT collected on behalf of other governments and disbursed to those other governments.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A) Net Position

Current assets and other liabilities for 2020 have been restated for the implementation of GASB Statement No. 84. This Statement eliminates the trust and agency fund and now records those activities in the general fund and custodial fund. There was no net effect on fund balance or net deficit as a result of the implementation.

The District's total net deficit increased by \$828,561 in the fiscal year ended June 30, 2021 as detailed below.

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	As Restated 2020	As Reported 2020	Increase (Decrease)
Current assets	\$ 5,792,441	\$ 5,721,491	\$ 70,950
Other liabilities	773,716	702,766	70,950

Condensed Statement of Net Position-Governmental Activities

	Fiscal Year 2021	As Restated Fiscal Year 2020	Increase (Decrease)	Total Percentage Change
Current assets	\$ 5,362,600	\$ 5,792,441	\$ (429,841)	-7.42%
Capital assets, net	2,841,385	2,936,864	(95,479)	-3.25%
Net pension asset - proportionate share	-	451,147	(451,147)	-100.00%
Total assets	<u>8,203,985</u>	<u>9,180,452</u>	<u>(976,467)</u>	<u>-10.64%</u>
Deferred outflows of resources	4,952,758	2,806,268	2,146,490	76.49%
Total assets and deferred outflows of resources	<u>13,156,743</u>	<u>11,986,720</u>	<u>1,170,023</u>	<u>9.76%</u>
Other liabilities	684,890	773,716	(88,826)	-11.48%
Long-term liabilities	13,139,807	10,076,838	3,062,969	30.40%
Total liabilities	<u>13,824,697</u>	<u>10,850,554</u>	<u>2,974,143</u>	<u>27.41%</u>
Deferred inflows of resources	4,902,478	5,878,037	(975,559)	-16.60%
Total liabilities and deferred inflows of resources	<u>18,727,175</u>	<u>16,728,591</u>	<u>1,998,584</u>	<u>11.95%</u>
Net position				
Net investment in capital assets	2,841,385	2,936,864	(95,479)	-3.25%
Restricted	2,111,106	2,045,664	65,442	3.20%
Unrestricted (deficit)	<u>(10,522,923)</u>	<u>(9,724,399)</u>	<u>(798,524)</u>	<u>-8.21%</u>
Total net position (deficit)	<u>\$ (5,570,432)</u>	<u>\$ (4,741,871)</u>	<u>\$ (828,561)</u>	<u>-17.47%</u>

Current assets decreased \$429,841 from 2020 to 2021 primarily due to decreases in cash and due from fiduciary fund offset by an increase in due from other governments.

Capital assets (net of depreciation) decreased by \$95,479 due to current year depreciation exceeding additions.

The net pension asset - proportionate share for the teachers' retirement system resulted in a net pension liability of \$478,586 as a result of the actuarial valuation provided by the state.

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Deferred outflows of resources related to the pension plans and other post-employment benefits increased by \$2,146,490, and represents contributions to the retirement plans and other post-employment benefits plan subsequent to the measurement dates and actuarial determined amounts that will be amortized in future years.

Other liabilities decreased by \$88,826. This was primarily attributed to decreases in accounts payable, accrued liabilities and due to other governments offset by an increase in due to teachers' retirement system.

Long-term liabilities increased by \$3,062,969 primarily due to an increase in total other post-employment benefits obligation offset by a decrease in net pension liability-proportionate share-employees' retirement system.

The changes in deferred inflows of resources represent amortization of pension and other post-employment benefits related items as discussed in Notes 12 and 14.

The net investment in capital assets relates to the investment in capital assets at cost such as land, construction in progress, buildings & improvements, and furniture & equipment, net of depreciation and related debt. This number decreased from the prior year by \$95,479 due to current year depreciation exceeding additions.

The restricted net position in the amount of \$2,111,106 refers to the District's reserves: workers' compensation, repair, retirement contribution, employee benefit accrued liability, and capital. The increase of \$65,442 can be attributed to the funding of the retirement contribution for TRS and allocation of interest to the reserves.

The unrestricted net deficit relates to the balance of the District's net position. The deficit of \$10,522,923 increased by \$798,524, primarily due to the excess of expenses exceeding revenues based on the accrual basis of accounting.

B) Changes in Net Position

The results of operations as a whole are reported in the Statement of Activities. A summary of this statement for the years ended June 30, 2021 and 2020 is as follows:

Change in Net Position from Operating Results, Governmental Activities Only

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Fiscal Year 2021	Fiscal Year 2020	Increase (Decrease)	Total Percentage Change
Revenues				
Program revenues				
Charges for services	\$ 87,323	\$ 52,299	\$ 35,024	66.97%
Operating grants and contributions	20,685	21,367	(682)	-3.19%
General revenues				
Real property taxes and other tax items	7,858,497	7,718,321	140,176	1.82%
State sources	366,460	365,046	1,414	0.39%
Use of money and property	3,410	21,909	(18,499)	-84.44%
Sale of property & compensation for loss	-	7,397	(7,397)	N/A
Miscellaneous	19,562	31,379	(11,817)	-37.66%
Total revenues	<u>8,355,937</u>	<u>8,217,718</u>	<u>138,219</u>	1.68%
Expenses				
General support	1,520,739	1,446,493	74,246	5.13%
Instruction	7,405,092	6,384,438	1,020,654	15.99%
Pupil transportation	257,812	185,681	72,131	38.85%
Community services	-	31,881	(31,881)	-100.00%
Food service program	855	956	(101)	-10.56%
Total expenses	<u>9,184,498</u>	<u>8,049,449</u>	<u>1,135,049</u>	14.10%
Increase (decrease) in net position	<u>\$ (828,561)</u>	<u>\$ 168,269</u>	<u>\$ (996,830)</u>	-592.40%

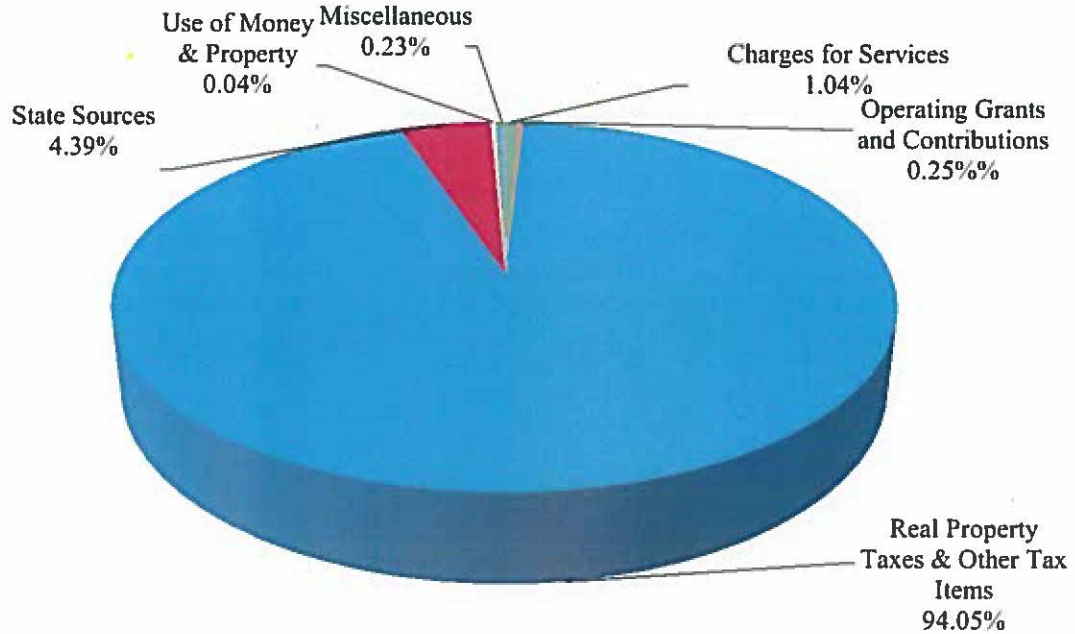
The District's fiscal year 2021 revenues totaled \$8,355,937. Real property taxes and other tax items and state sources accounted for most of the District's revenue by contributing 94.05% and 4.39%, respectively of total revenue. The remainder came from fees charged for services, operating grants and contributions, use of money and property and other miscellaneous sources.

The total cost of all programs and services totaled \$9,184,498 for fiscal year 2021. These expenses are predominantly related to general instruction and transporting students, which account for 83.44% of district expenses. The District's general support activities accounted for 16.56% of total costs.

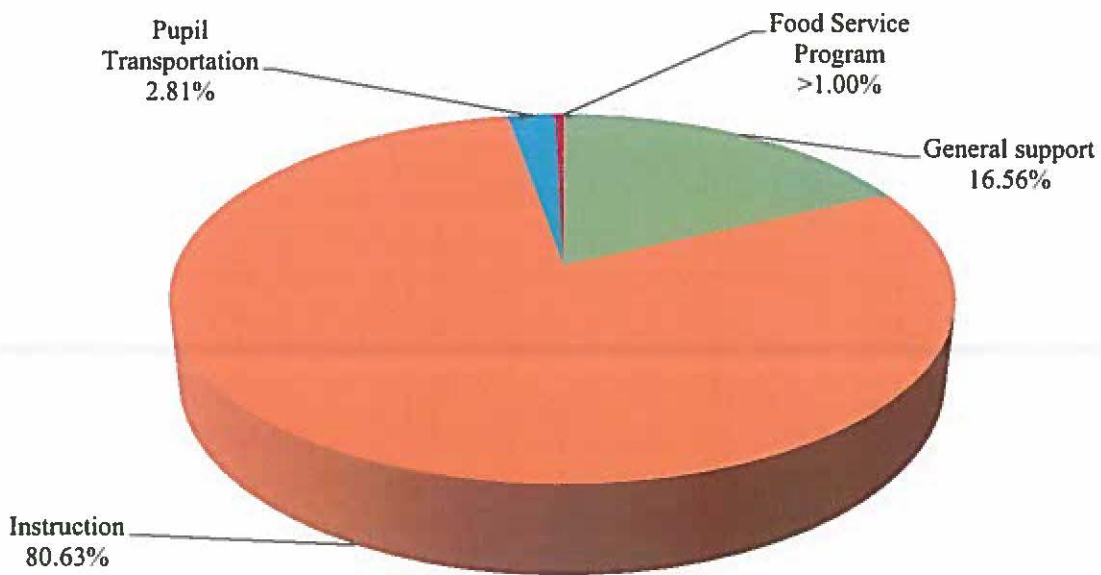
The users of the District's programs financed \$87,323 of the cost. The federal and state governments subsidized certain programs with operating grants and contributions of \$20,685.

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Revenues for Fiscal Year 2021



Expenses for Fiscal Year 2021



**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variations between years for the governmental Fund Financial Statements are not the same as variations between years for the District-Wide Financial Statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

As of June 30, 2021, the District's combined governmental funds reported a total fund balance of \$4,677,710 which is a decrease of \$331,654 from the prior year.

A summary of the change in fund balance for all funds are as follows:

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Fiscal Year 2021	Fiscal Year 2020	Increase (Decrease)	Total Percentage Change
General Fund				
Restricted for workers' compensation	\$ 266,028	\$ 265,166	\$ 862	0.33%
Restricted for repair	221,733	221,014	719	0.33%
Restricted for retirement contribution - ERS	320,566	319,528	1,038	0.32%
Restricted for retirement contribution - TRS	170,748	111,592	59,156	53.01%
Restricted for employee benefit accrued liability	127,262	126,850	412	0.32%
Restricted for capital	1,004,769	1,001,514	3,255	0.33%
Assigned - designated for subsequent year's expenditures	978,317	943,405	34,912	3.70%
Assigned - general support	13,708	16,172	(2,464)	-15.24%
Assigned - instruction	24,772	57,518	(32,746)	-56.93%
Assigned - employee benefits	29,931	-	29,931	0.00%
Unassigned	1,420,020	1,866,699	(446,679)	-23.93%
Total fund balance - general fund	<u>4,577,854</u>	<u>4,929,458</u>	<u>(351,604)</u>	-7.13%
School Lunch Fund				
Assigned unappropriated	<u>80</u>	<u>130</u>	<u>(50)</u>	-38.46%
Total fund balance - school lunch fund	<u>80</u>	<u>130</u>	<u>(50)</u>	-38.46%
Capital Projects Fund				
Assigned unappropriated	<u>99,776</u>	<u>79,776</u>	<u>20,000</u>	-25.07%
Total fund balance-capital projects fund	<u>99,776</u>	<u>79,776</u>	<u>20,000</u>	-25.07%
Total fund balance - all funds	<u>\$ 4,677,710</u>	<u>\$ 5,009,364</u>	<u>\$ (331,654)</u>	-6.62%

A) General Fund

In the general fund, the District can attribute changes to fund balance primarily due to operating results. The decrease in fund balance in the general fund is due to expenditures and other financing uses exceeding revenues by \$351,604.

B) School Lunch Fund

The decrease in the fund balance of the school lunch fund is due to expenditures exceeding revenues by \$50.

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

C) Capital Projects Fund

The increase in the fund balance in the capital projects fund is due to an interfund transfer from the general fund.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2020-2021 Budget

The District's voter approved general fund adopted budget for the year ended June 30, 2021 was \$9,240,211. This amount was increased by encumbrances carried forward from the prior year in the amount of \$73,690 which resulted in a final budget of \$9,313,901. The majority of the funding was real property taxes and STAR revenue of \$7,857,696.

B) Change in the General Fund Unassigned Fund Balance (Budget to Actual)

The general fund's unassigned fund balance is a component to total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and designations to fund subsequent years' budgets. It is this balance that is commonly referred to as "fund balance". The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget are as follows:

Opening, unassigned fund balance	\$ 1,866,699
Revenues over budget	47,721
Expenditures and encumbrances under budget	549,359
Interest allocated to reserves	(6,649)
Funding to retirement contribution reserve - TRS	(58,793)
Assigned, appropriated for June 30, 2022 budget	(978,317)
Closing, unassigned fund balance	<u><u>\$ 1,420,020</u></u>

The opening, unassigned fund balance of \$1,866,699 represents the fund balance from June 30, 2020 that was retained.

The revenues over budget of \$47,721 were primarily related to non-resident tuition revenue. (See Supplemental Schedule # 1 for detail).

The expenditures and encumbrances under budget of \$549,359 were primarily in teaching – regular school, programs for children with handicapping conditions, pupil transportation, and employee benefits. (See Supplemental Schedule #1 for detail).

Interest of \$6,649 was allocated to the reserves as follows: \$862 to the workers' compensation reserve, \$719 to the repair reserve, \$1,038 to the retirement contribution reserve - ERS, \$363 to the retirement contribution reserve – TRS, \$412 to the employee benefit accrued liability reserve and \$3,255 to the capital reserve.

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The District transferred into the retirement contribution reserve – TRS in the amount of \$58,793.

The assigned, appropriated fund balance of \$978,317 for the June 30, 2022 budget is the amount the District has chosen to partially fund its operating budget for 2021-2022.

The closing, unassigned fund balance of \$1,420,020 represents the fund balance retained by the District that is not restricted or assigned for subsequent years’ taxes. This amount is limited to 4% of the 2021-2022 budget. The District’s unassigned fund balance exceeds the limit, and represents 15.02% of the 2021-2022 budget. Supplemental Schedule #5 includes the calculation for this limitation.

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A) Capital Assets

A summary of the District’s capital assets, net of depreciation, is as follows:

Capital Assets (Net of Depreciation)

Category	Fiscal Year 2021	Fiscal Year 2020	Increase (Decrease)	Percentage Change
Land	\$ 155,600	\$ 155,600	\$ -	0.00%
Buildings & improvements	4,954,306	4,954,306	-	0.00%
Site improvement	122,079	122,079	-	0.00%
Furniture, equipment & vehicles	292,040	334,933	(42,893)	-12.81%
Subtotal	5,524,025	5,566,918	(42,893)	-0.77%
Less: accumulated depreciation	2,682,640	2,630,054	52,586	2.00%
Total net capital assets	<u>\$ 2,841,385</u>	<u>\$ 2,936,864</u>	<u>\$ (95,479)</u>	-3.25%

The District had capital asset additions of \$54,027 and depreciation expense of \$149,506.

B) Long-Term Debt

The District had no long-term debt outstanding as of June 30, 2021.

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

7. FACTORS BEARING ON THE DISTRICT'S FUTURE

- On May 18, 2021 the proposed 2021-2022 budget in the amount of \$9,455,999 was authorized by the District's residents. This is an increase of \$215,788 or 2.33% as compared to the previous year's budget.
- The NYS Legislature introduced and approved a property tax cap beginning in the 2012-2013 school year, which was made permanent. This bill limits tax levy growth to the lesser of two percent or the annual increase in the CPI. Limited exemptions to exceed the levy cap are provided for taxes needed to pay for voter-approved capital expenditures, pension rate increases, court orders and torts over five percent of the prior year's levy. If the tax levy proposed to the voters is within the district's tax levy cap, the threshold required for approval would be 60 percent of the vote. A school district that does not levy an amount up to the cap in any one year would be allowed to carry over unused tax levy capacity into future years.

8. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the finances of the District and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, contact:

Quogue Union Free School District
Mr. Jeffrey Ryvicker
Superintendent of Schools
Edgewood Road
PO Box 957
Quogue, New York 11959
(631) 653-4285

QUOGUE UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS	
Current assets	
Cash	
Unrestricted	\$3,121,355
Restricted	2,111,106
Receivables	
State and federal aid	30,103
Due from other governments	90,232
Accounts receivable	9,804
Non-current assets	
Capital assets	
Not being depreciated	155,600
Being depreciated, net of accumulated depreciation	2,685,785
TOTAL ASSETS	<u>8,203,985</u>
DEFERRED OUTFLOWS OF RESOURCES	
Other post-employment benefits	3,003,810
Pensions	1,948,948
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>4,952,758</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>13,156,743</u>
LIABILITIES	
Payables	
Accounts payable	68,749
Accrued liabilities	30,236
Due to fiduciary fund	1,258
Due to other governments	222,639
Due to teachers' retirement system	320,318
Due to employees' retirement system	20,038
Student deposits	21,652
Long-term liabilities	
Due and payable within one year	
Compensated absences payable	29,800
Due and payable after one year	
Compensated absences payable	145,877
Claims payable	66,752
Total other post-employment benefits obligation	12,417,517
Net pension liability - proportionate share - teachers' retirement system	478,586
Net pension liability - proportionate share - employees' retirement system	1,275
TOTAL LIABILITIES	<u>13,824,697</u>
DEFERRED INFLOWS OF RESOURCES	
Other post-employment benefits	4,176,377
Pensions	726,101
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,902,478</u>
NET POSITION	
Net investment in capital assets	<u>2,841,385</u>
Restricted	
Workers' compensation	266,028
Repair	221,733
Retirement contribution - ERS	320,566
Retirement contribution - TRS	170,748
Employee benefit accrued liability	127,262
Capital	1,004,769
	<u>2,111,106</u>
Unrestricted (Deficit)	<u>(10,522,923)</u>
TOTAL NET POSITION (DEFICIT)	<u>(\$5,570,432)</u>

**QUOGUE UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
FUNCTIONS / PROGRAMS				
General support	(\$1,520,739)			(\$1,520,739)
Instruction	(7,405,092)	\$87,237	\$20,530	(7,297,325)
Pupil transportation	(257,812)			(257,812)
Food service program	(855)	86	155	(614)
TOTAL FUNCTIONS AND PROGRAMS	<u>(\$9,184,498)</u>	<u>\$87,323</u>	<u>\$20,685</u>	<u>(9,076,490)</u>
GENERAL REVENUES				
Real property taxes				7,847,398
Other tax items - including STAR reimbursement				11,099
Use of money & property				3,410
Miscellaneous				19,562
State sources				366,460
TOTAL GENERAL REVENUES				<u>8,247,929</u>
CHANGE IN NET POSITION				(828,561)
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR				<u>(4,741,871)</u>
TOTAL NET POSITION (DEFICIT) - END OF YEAR				<u>(\$5,570,432)</u>

**QUOGUE UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash					
Unrestricted	\$3,031,124	\$10,364	\$70	\$79,797	\$3,121,355
Restricted	2,111,106				2,111,106
Receivables					
State and federal aid	10,731	19,339	33		30,103
Due from other governments	90,232				90,232
Due from other funds	29,138			20,000	49,138
Accounts receivable	9,804				9,804
TOTAL ASSETS	<u>\$5,282,135</u>	<u>\$29,703</u>	<u>\$103</u>	<u>\$99,797</u>	<u>\$5,411,738</u>
LIABILITIES AND FUND BALANCES					
Payables					
Accounts payable	\$68,140	\$586	\$23		\$68,749
Accrued liabilities	30,236				30,236
Due to other governments	222,639				222,639
Due to other funds	21,258	29,117		\$21	50,396
Due to teachers' retirement system	320,318				320,318
Due to employees' retirement system	20,038				20,038
Student deposits	21,652				21,652
TOTAL LIABILITIES	<u>704,281</u>	<u>29,703</u>	<u>23</u>	<u>21</u>	<u>734,028</u>
FUND BALANCES					
Restricted					
Workers' compensation	266,028				266,028
Repair	221,733				221,733
Retirement contribution - ERS	320,566				320,566
Retirement contribution - TRS	170,748				170,748
Employee benefit accrued liability	127,262				127,262
Capital	1,004,769				1,004,769
Assigned					
Appropriated fund balance	978,317				978,317
Unappropriated fund balance	68,411		80	99,776	168,267
Unassigned	1,420,020				1,420,020
TOTAL FUND BALANCES	<u>4,577,854</u>	<u>-</u>	<u>80</u>	<u>99,776</u>	<u>4,677,710</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$5,282,135</u>	<u>\$29,703</u>	<u>\$103</u>	<u>\$99,797</u>	<u>\$5,411,738</u>

**QUOGUE UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2021**

Total Governmental Fund Balances \$4,677,710

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

The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position include those capital assets among the assets of the district as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	\$5,524,025	
Accumulated depreciation	<u>(2,682,640)</u>	2,841,385

Deferred inflows of resources - The Statement of Net Position recognizes revenues and expenditures under the full accrual method. Governmental funds recognize revenues and expenditures under the modified accrual method. These amounts will be amortized in future years.

Deferred inflows related to total other post-employment benefits	(4,176,377)	
Deferred inflows related to pensions	<u>(726,101)</u>	(4,902,478)

Deferred outflows of resources - The Statement of Net Position recognizes revenues and expenditures under the full accrual method. Governmental funds recognize revenues and expenditures under the modified accrual method. These amounts will be amortized in future years.

Deferred outflows related to total other post-employment benefits	3,003,810	
Deferred outflows related to pensions	<u>1,948,948</u>	4,952,758

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:

Compensated absences payable	(175,677)	
Claims payable	(66,752)	
Total other post-employment benefits obligation	(12,417,517)	
Net pension liability-proportionate share - teachers' retirement system	(478,586)	
Net pension liability-proportionate share - employees' retirement system	<u>(1,275)</u>	
		<u>(13,139,807)</u>

Total Net Position (\$5,570,432)

QUOGUE UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES					
Real property taxes	\$7,847,398				\$7,847,398
Other tax items - including STAR reimbursement	11,099				11,099
Charges for services	87,237				87,237
Use of money and property	3,410				3,410
Miscellaneous	19,562				19,562
State sources	375,821				375,821
Federal sources		\$20,530	\$155		20,685
Sales			86		86
TOTAL REVENUES	<u>8,344,527</u>	<u>20,530</u>	<u>241</u>	<u>-</u>	<u>8,365,298</u>
EXPENDITURES					
General support	1,145,472				1,145,472
Instruction	5,447,537	20,530			5,468,067
Pupil transportation	251,268				251,268
Employee benefits	1,831,854				1,831,854
Cost of sales			291		291
TOTAL EXPENDITURES	<u>8,676,131</u>	<u>20,530</u>	<u>291</u>	<u>-</u>	<u>8,696,952</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(331,604)</u>	<u>-</u>	<u>(50)</u>	<u>-</u>	<u>(331,654)</u>
OTHER FINANCING SOURCES AND (USES)					
Operating transfers in				20,000	20,000
Operating transfers (out)	(20,000)				(20,000)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(351,604)</u>	<u>-</u>	<u>(50)</u>	<u>20,000</u>	<u>(331,654)</u>
FUND BALANCES - BEGINNING OF YEAR	<u>4,929,458</u>	<u>-</u>	<u>130</u>	<u>79,776</u>	<u>5,009,364</u>
FUND BALANCES - END OF YEAR	<u>\$4,577,854</u>	<u>\$ -</u>	<u>\$80</u>	<u>\$99,776</u>	<u>\$4,677,710</u>

**QUOGUE UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances		(\$331,654)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Long Term Revenue and Expense Differences		
Deferred inflows of resources - The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. The difference in the state aid revenues recognized under the full accrual method for the year ended June 30, 2021 is		(9,361)
In the Statement of Activities, compensated absences are measured by the amounts earned or incurred during the year. In the governmental funds, however expenditures for these items are measured by the amount of financial resources used. Compensated absences payable for the year ended June 30, 2021 changed by		(29,766)
Claims payable in the Statement of Activities differs from the amounts reported in the governmental funds because the expense is recorded as an expenditure in the funds when it is due. In the Statement of Activities, the payable is recognized as it accrues regardless of when it is due. Claims payable from June 30, 2020 to June 30, 2021 changed by		12,240
Changes in the proportionate share of net pension asset/liability, and total other post-employment benefits obligation and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		
Other post-employment benefits obligation	(\$51,218)	
Teachers' retirement system	(346,581)	
Employees' retirement system	<u>23,258</u>	(374,541)
Capital Related Items		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities.		
Capital outlay	\$54,027	
Depreciation expense	<u>(149,506)</u>	<u>(95,479)</u>
Change in Net Position		<u><u>(\$828,561)</u></u>

**QUOGUE UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2021**

	Custodial
ASSETS	
Due from other funds	\$1,258
TOTAL ASSETS	\$1,258
 LIABILITIES	
Due to other governments	\$1,258
TOTAL LIABILITIES	\$1,258
 NET POSITION	
Restricted	-
TOTAL NET POSITION	-
 TOTAL LIABILITIES AND NET POSITION	 \$1,258

**QUOGUE UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Custodial
ADDITIONS	
Real property taxes and PILOT collected for Library	\$891,704
TOTAL ADDITIONS	891,704
 DEDUCTIONS	
Real property taxes and PILOT disbursed to Library	891,704
TOTAL DEDUCTIONS	891,704
 CHANGE IN NET POSITION	 -
 NET POSITION - BEGINNING OF YEAR	 -
 NET POSITION - END OF YEAR	 \$ -

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Exhibit 10

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Quogue Union Free School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as they apply to governmental units. The Governmental Accounting Standards Board (GASB) prescribes those principles, which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the District are described below:

A) Reporting entity:

The reporting entity of the District is based upon criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District and its component unit and other organizational entities determined to be includable in the District’s financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District’s reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the District does not have a component unit in the financial reporting entity.

B) Joint venture:

The District is a component district in the Eastern Suffolk Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs, which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

A BOCES’ budget is comprised of separate budgets for administrative, program and capital costs. Each component district’s share of administrative and capital cost is determined by

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Exhibit 10

resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

C) Basis of presentation:

District-Wide Financial Statements:

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital specific grants, if applicable.

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

The Fund Financial Statements provide information about the District's funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

General Fund: This fund is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Aid Fund: This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

School Lunch Fund: This fund is used to account for the activities of the District's food service operations.

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Exhibit 10

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

The District reports the following fiduciary fund:

Fiduciary Fund: This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or custodian for resources that belong to others. These activities are not included in the District-Wide Financial Statements because their resources do not belong to the District and are not available to be used. The District's fiduciary fund includes the custodial fund which is used to account for real property taxes and PILOT collected on behalf of other governments and disbursed to other governments. This fund is custodial in nature. Assets are held by the District as a custodian.

D) Measurement focus and basis of accounting:

The District-Wide and Fiduciary Fund Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, net pension liabilities, and other post-employment benefits obligations which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E) Real property taxes:

Calendar

Real property taxes are levied annually by the Board of Education no later than October 1, and become a lien on December 1. Taxes are collected by the Town of Southampton during the period December 1, 2020 to June 1, 2021 without penalty.

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Exhibit 10

Enforcement

Uncollected real property taxes are subsequently enforced by Suffolk County (the "County") in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following July 1.

F) Restricted resources:

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

G) Interfund transactions:

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

In the District-Wide Statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities). Eliminations have been made for all interfund receivables and payables between the funds except fiduciary fund.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H) Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent items at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, other post-employment benefits, workers' compensation claims, net pension liabilities, potential contingent liabilities and useful lives of capital assets.

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Exhibit 10

I) Cash and cash equivalents:

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

J) Receivables:

Receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K) Prepaid items:

Non-spendable fund balance for these non-liquid assets (prepaid items) has been recognized in the general fund under GASB Statement No. 54 to signify that a portion of fund balance is not available for other subsequent expenditures.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-Wide and Fund Financial Statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. The District had no prepaid items as of June 30, 2021.

L) Capital assets:

Capital assets are reported at actual cost for acquisitions subsequent to 20 years. For assets acquired prior to 20 years, estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at acquisition value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-Wide Statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Building & improvements	\$ 15,000	Straight-line	50 years
Site improvements	\$ 15,000	Straight-line	20 years
Furniture, equipment & vehicles	\$ 5,000	Straight-line	5-20 years

M) Collections in advance:

Collections in advance arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying

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expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded. The District had no collections in advance as of June 30, 2021.

N) Deferred outflows and inflows of resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. These amounts are related to pensions and the other post-employment benefits liability reported in the District-Wide Statement of Net Position, and are detailed further in Notes 12 and 14.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are related to pensions and the other post-employment benefits liability reported in the District-Wide Statement of Net Position, and are detailed further in Notes 12 and 14.

O) Vested employee benefits:

Compensated absences:

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave. Certain collectively bargained agreements require these termination payments to be paid in the form of non-elective contributions into the employee's 403(b) plan.

The District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement No. 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the District-Wide Financial Statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the Funds Financial Statements only the amount of matured liabilities for those employees that have obligated themselves to separate from service with the District by June 30th is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

**QUOGUE UNION FREE SCHOOL DISTRICT
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P) Other benefits:

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Section 403(b).

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payments). In the District-Wide Financial Statements, the cost of post-employment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75.

Q) Short-term debt:

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue dated.

R) Accrued liabilities and long-term obligations:

Payables, accrued liabilities and long-term obligations are reported in the District-Wide Financial Statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, compensated absences, net pension liabilities, and other post-employment benefits obligation that will be paid from governmental funds, are reported as a liability in the Fund Financial Statements only to the extent that they are due for payment in the current year.

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Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the Fund Financial Statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year on the Statement of Net Position.

S) Equity classifications:

i) District-Wide Financial Statements:

In the District-Wide Financial Statements, there are three classes of net position:

Net investment in capital assets consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets, net of any unexpended proceeds and including any unamortized items (discounts, premiums, gain on refunding).

Restricted net position – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

ii) Fund Financial Statements:

There are five classifications of fund balance as detailed below; however, in the Fund Financial Statements there are three classifications of fund balance presented:

(1) **Non-spendable fund balance** – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The District did not have any non-spendable fund balance as of June 30, 2021.

(2) **Restricted fund balance** – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

The District has classified the following as restricted:

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Workers' Compensation Reserve:

Workers' compensation reserve (GML §6-j), must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the general fund.

Repair Reserve

According to General Municipal Law §6-d, must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the general fund.

Retirement Contribution Reserve:

Retirement contribution reserve (GML §6-r) must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. In addition, a subfund of this reserve may also be created to allow for financing retirement contributions to the New York State Teachers' Retirement System. The reserve must be accounted for separate and apart from all other funds, and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. The Teachers' Retirement System subfund is subject to contribution limits. This reserve is accounted for in the general fund.

Employee Benefit Accrued Liability Reserve:

Employee benefit accrued liability reserve (GML §6-p), must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the general fund.

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Exhibit 10

Capital Reserve

Capital reserve (Education Law §3651) must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education law. This reserve is accounted for in the general fund.

- (3) **Committed fund balance** – includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District’s highest level of decision making authority (i.e., Board of Education). The District has no committed fund balances as of June 30, 2021.
- (4) **Assigned fund balance** – includes amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District management through Board policies. The District has established a Fund Balance policy that allows the Board of Education to set forth the fund balance that is assigned. This classification also includes the remaining positive fund balance for all governmental funds except for the general fund.
- (5) **Unassigned fund balance** – includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative unassigned fund balance.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District’s budget for the general fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances included in assigned fund balance are also excluded from the 4% limitation. The current closing unassigned fund balance represents 15.02% of the 2021-2022 budget.

Order of Use of Fund Balance:

The District’s policy is to 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. Any remaining fund balance amounts for funds other than the general fund are classified as assigned fund balance. In the general fund,

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committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned.

T) New accounting pronouncements:

GASB has issued Statement No. 84, *Fiduciary Activities*, effective for the fiscal year ended June 30, 2021. It provides guidance for identifying fiduciary activities, primarily based on whether the government is controlling the assets, and the beneficiaries with whom the fiduciary relationship exists, and on how different fiduciary activities should be reported. The District has adopted and implemented GASB Statement No. 84, *Fiduciary Activities*, in 2021.

U) Future accounting pronouncements:

GASB has issued Statement No. 87, *Leases*, effective for fiscal year ended June 30, 2022. This Statement establishes a single model for lease accounting based on the idea that leases are financings of the right-to-use an underlying asset. As such, under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and the lessor is required to recognize a lease receivable and a deferred inflow of resources.

These are the statements that the District feels may have an impact on these financial statements and are not an all-inclusive list of GASB statements issued. The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND FINANCIAL STATEMENTS AND DISTRICT-WIDE FINANCIAL STATEMENTS:

Due to the differences in the measurement focus and basis of accounting used in the Fund Financial Statements and the District-Wide Financial Statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

A) Total fund balances of governmental funds vs. net position of governmental activities:

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. The difference primarily results from additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

B) Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances and Statement of Activities fall into one of three broad categories. The amounts shown below represent:

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i) Long-term revenue and expense differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accruals basis, whereas the accrual basis of accounting is used on the Statement of Activities.

ii) Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the Fund Financial Statements and depreciation expense on those items as recorded in the Statement of Activities.

iii) Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Position.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) Budgets:

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted.

The voters of the District approved the proposed appropriation budget for the general fund. Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. There were no supplemental appropriations for the fiscal year ending June 30, 2021.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

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Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B) Encumbrances:

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as assigned fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

NOTE 4 –DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash and Cash Equivalents:

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and districts.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

- A) Uncollateralized;
- B) Collateralized with securities held by the pledging financial institution; or
- C) Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

All of the District's aggregate bank balances were covered by depository insurance or collateralized with securities held by the pledging financial institution in the District's name at year end.

Restricted cash:

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at June 30, 2021 was \$2,111,106 within the governmental funds.

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Investments:

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

NOTE 5 – PARTICIPATION IN BOCES:

During the fiscal year ended June 30, 2021, the District was billed \$467,328 for BOCES administrative and program costs. The District’s share of BOCES aid amounted to \$71,670. Financial statements for the BOCES are available from the BOCES administrative office at Eastern Suffolk Board of Cooperative Educational Services James Hines Administration Center 201 Sunrise Highway Patchogue, NY 11772.

NOTE 6 – STATE AND FEDERAL AID RECEIVABLE:

State and federal aid receivable at June 30, 2021 consisted of the following:

General Fund	
Excess cost aid	\$ 10,731
Special Aid Fund	
State and federal aid receivable	19,339
School Lunch Fund	
Milk - state aid	<u>33</u>
Total State and federal aid receivable	<u>\$ 30,103</u>

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

Due from other governments in the general fund at June 30, 2021 consisted of the following:

BOCES aid	\$ 71,670
NYS Unemployment	<u>18,562</u>
Total	<u>\$ 90,232</u>

**QUOGUE UNION FREE SCHOOL DISTRICT
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Exhibit 10

NOTE 8 - CAPITAL ASSETS:

Capital asset balances and activity for the fiscal year ended June 30, 2021 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$155,600	\$ -	\$ -	\$155,600
Total capital assets that are not depreciated	155,600	-	-	155,600
Capital assets that are depreciated:				
Building & improvements	4,954,306			4,954,306
Site improvements	122,079			122,079
Furniture, equipment & vehicles	334,933	54,027	(96,920)	292,040
Total capital assets that are depreciated	5,411,318	54,027	(96,920)	5,368,425
Less accumulated depreciation:				
Building & improvements	2,315,874	110,996		2,426,870
Site improvements	92,758	2,504		95,262
Furniture, equipment & vehicles	221,422	36,006	(96,920)	160,508
Total accumulated depreciation	2,630,054	149,506	(96,920)	2,682,640
Total capital assets being depreciated, net	2,781,264	(95,479)	-	2,685,785
Total capital assets, net	\$2,936,864	(\$95,479)	\$ -	\$2,841,385

Depreciation expense was charged to governmental functions as follows:

General support	\$ 63,708
Instruction	85,234
Food service program	564
Total depreciation expense	<u>\$ 149,506</u>

**QUOGUE UNION FREE SCHOOL DISTRICT
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Exhibit 10

NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General fund	\$ 29,138	\$ 21,258		\$ 20,000
Special aid fund		29,117		
School lunch fund				
Capital projects fund	<u>20,000</u>	<u>21</u>	<u>\$ 20,000</u>	
Total government activities	49,138	50,396	20,000	20,000
Fiduciary agency fund	1,258			
Totals	<u><u>\$ 50,396</u></u>	<u><u>\$ 50,396</u></u>	<u><u>\$ 20,000</u></u>	<u><u>\$ 20,000</u></u>

The District transferred from the general fund to the capital projects fund to finance capital projects.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

It is expected that all interfund payables should be repaid within one year.

NOTE 10 – DUE TO OTHER GOVERNMENTS:

Due to other governments in the general fund at June 30, 2021 consisted of the following:

State aid overpayment	\$ 6,082
BOCES	78,334
Westhampton Beach UFSD tuition	<u>138,223</u>
Total Due to other governments	<u><u>\$ 222,639</u></u>

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Exhibit 10

NOTE 11 – LONG-TERM LIABILITIES:

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Due Within One Year
Compensated absences payable	\$ 145,911	\$ 29,766	-	\$ 175,677	\$ 29,800
Claims payable	78,992	25,204	(37,444)	66,752	
Total other post-employment benefits obligation	9,506,734	3,132,942	(222,159)	12,417,517	
Net pension liability-proportionate share teachers' retirement system	-	768,373	(289,787)	478,586	
Net pension liability-proportionate share employee retirement system	345,201		(343,926)	1,275	
Total long-term liabilities	<u>\$ 10,076,838</u>	<u>\$ 3,956,285</u>	<u>\$ (893,316)</u>	<u>\$ 13,139,807</u>	<u>\$ 29,800</u>

The general fund has typically been used to liquidate long-term liabilities such as compensated absences payable, claims payable, other post-employment benefits obligation and net pension liabilities.

NOTE 12 – PENSION PLANS:

A) Plan description and benefits provided:

i) Teachers' Retirement System

The District participates in the New York State Teachers' Retirement System (TRS) (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany NY 12211-2395 or by referring to the TRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

**QUOGUE UNION FREE SCHOOL DISTRICT
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Exhibit 10

ii) Employees' Retirement System

The District participates in the New York State and Local Employees' Retirement System (ERS) (the System). This is a cost-sharing multiple –employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all new assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP) which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

B) Funding Policies:

The Systems are noncontributory, except as follows:

1. New York State Teachers' Retirement System:
 - a. Employees who joined the system after July 27, 1976
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
 - b. Employees who joined the system on or after January 1, 2010 before April 1, 2012
 - i. Employees contribute 3.5% of their salary throughout active membership.
 - c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.
2. New York State Employees' Retirement System
 - a. Employees who joined the system after July 27, 1976
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
 - b. Employees who joined the system on or after January 1, 2010 before April 1, 2012
 - i. Employees contribute 3% of their salary throughout active membership.
 - c. Employees who joined the system on or after April 1, 2012

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Exhibit 10

- i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31. The District's average contribution rate for ERS' fiscal year ended March 31, 2021 was 16.10% for Tier 4 and 9.60% for Tier 6 of covered payroll.

Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS. The District's contribution rate for TRS' fiscal year ended June 30, 2021 was 9.53% of covered payroll.

The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years based on covered payroll for the District's year end were:

	NYSERS	NYSTRS
2021	\$ 57,146	\$ 290,423
2020	\$ 53,216	\$ 260,358
2019	\$ 58,345	\$ 307,823

C) Pension assets, liabilities, pension expense, and deferred outflows and inflows of resources related to pensions:

At June 30, 2021, the District reported the following liability for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Net pension (liability)	\$ (1,275)	\$ (478,586)
District's portion of the Plan's total net pension liability	0.0012807%	0.017320%
Change in proportion since prior measurement date	-0.0000229%	-0.00004%

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For the fiscal year ended June 30, 2021, the District recognized pension expense of \$33,890 for ERS and a pension expense of \$637,249 for TRS. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 15,574	\$ 419,337	\$ -	\$ 24,527
Net difference between projected and actual earnings on pension plan investments		312,558	366,325	
Changes of assumptions	234,476	605,299	4,422	215,758
Changes in proportion and differences between the District's contributions and proportionate share of contributions	10,672	40,571	8,221	106,848
District's contributions subsequent to the measurement date	20,038	290,423		
	<u>\$ 280,760</u>	<u>\$ 1,668,188</u>	<u>\$ 378,968</u>	<u>\$ 347,133</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Plan year ended:		
2021		\$ 179,339
2022	\$ 19,696	369,254
2023	8,565	293,370
2024	19,342	171,281
2025	70,643	(4,024)
Thereafter		21,412
	<u>\$ 118,246</u>	<u>\$ 1,030,632</u>

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Exhibit 10

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Interest rate	5.90%	7.10%
Salary scale	4.40%	4.72% - 1.90%
Cost of living adjustments	1.4% annually	1.3%, annually
Decrement tables	April 1, 2015 - March 31, 2020	July 1, 2009 - June 30, 2014
	System's Experience	System's Experience
Inflation rate	2.70%	2.20%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019, applied on a generational basis. Active member mortality rates are based on plan member experience.

For ERS, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

The long term rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selections of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of investment expense and inflation) for each major asset class, as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the measurement date are summarized below:

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Exhibit 10

<u>Measurement Date</u>	<u>ERS</u>		<u>TRS</u>	
	<u>March 31, 2021</u>		<u>June 30, 2020</u>	
	<u>Target</u>	<u>Long-term</u>	<u>Target</u>	<u>Long-term</u>
<u>Asset type</u>	<u>Allocation</u>	<u>expected real</u>	<u>Allocation</u>	<u>rate of return</u>
Domestic equity	32%	4.05%	33%	7.10%
International equity	15%	6.30%	16%	7.70%
Global equity			4%	7.40%
Private equity	10%	6.75%	8%	10.40%
Real estate	9%	4.95%	11%	6.80%
Opportunistic/Absolute return strategy	3%	4.50%		
Credit	4%	3.63%		
Real assets	3%	5.95%		
Fixed income	23%	0.00%		
Cash	1%	0.50%		
Domestic fixed income securities			16%	1.80%
Global bonds			2%	1.00%
High-yield bonds			1%	3.90%
Private debt			1%	5.20%
Real estate debt			7%	3.60%
Cash equivalents			1%	0.70%
	100%		100%	

The expected real rate of return is net of the long-term inflation assumptions of 2.00% for ERS, and 2.20% for TRS.

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.9% for ERS and 7.1% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (4.9% for ERS and 6.1% for TRS) or 1-percentagepoint higher (6.9% for ERS and 8.1% for TRS) than the current rate:

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Exhibit 10

<u>ERS</u>	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
District's proportionate share of the net pension asset (liability)	(\$353,958)	(\$1,275)	\$323,981

<u>TRS</u>	1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)
District's proportionate share of the net pension asset (liability)	(\$3,023,060)	(\$478,586)	\$1,656,874

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	(Dollars in Thousands)	
	<u>ERS</u>	<u>TRS</u>
Valuation date	April 1, 2020	June 30, 2019
Employers' total pension liability	(\$220,680,157)	(\$123,242,776)
Plan Net Position	<u>220,580,583</u>	<u>120,479,505</u>
Employers' net pension (liability)	<u>(\$99,574)</u>	<u>(\$2,763,271)</u>

Ratio of plan net position to the Employers' total pension (liability)	99.95%	97.76%
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Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$20,038.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer's contribution rate, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$320,318.

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 13 – OTHER RETIREMENT PLANS:

A) Tax sheltered annuities:

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the fiscal year ended June 30, 2021, totaled \$5,000 and \$147,030 respectively.

NOTE 14 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

A) General information about the OPEB plan:

Plan Description

The District’s OPEB Plan (the “Plan”), defined as a single employer defined benefit plan, primarily provides post-employment health insurance coverage to retired employees and their eligible dependents in accordance with the provisions of various employment contracts. Benefits are provided through the East End Health Plan. Article 37 of the Statutes of the State assigns the authority to establish and amend benefit provisions to the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The Plan provides medical and Medicare Part B benefits for retired employees and their eligible dependents. Benefit terms provide for the District to contribute between 85% and 95% of premiums for retirees, between 60% and 88% for family coverage, and 0% of the premiums for surviving spouses, depending on the coverage selected and date of retirement. The District recognizes the cost of the Plan annually as expenditures in the fund financial statements as payments are accrued. For the fiscal year ended June 30, 2021, the District contributed an estimated \$336,420 to the Plan, including \$336,420 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any other means than the “pay as you go” method.

Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	21	
Inactive employees entitled to but not yet receiving benefit payments	-	
Active employees	33	
Total	54	

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Exhibit 10

B) Total OPEB liability:

The District's total OPEB liability of \$12,417,517 was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2020. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.90%, including inflation
Discount rate	2.21%
Healthcare cost trend rates	
Pre-65 medical/hospital/retiree contributions	5.5% decreasing by 0.5% per year until an ultimate trend of 4.5% is reached
Post-65 medical/hospital/retiree contributions/Medicare Part B	4.50%
Prescription drugs	7.5% in 2021 decreasing by 0.5% per year until an ultimate trend of 4.5% is reached
Vision and administrative costs	3.00%

The discount rate was based on the yield on a 20-year AA municipal bond index as of June 30, 2020.

The mortality assumptions were based on the results of an actuarial experience study done by the Office of the Actuary of the New York State Teachers' Retirement System (NYSTRS) valuation as of June 30, 2018.

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Exhibit 10

C) Changes in the total OPEB liability:

Balance at June 30, 2020	\$	9,506,734
Changes for the fiscal year:		
Service cost		372,432
Interest		341,917
Changes in assumptions or other inputs		2,418,593
Benefit payments		(222,159)
Net changes		2,910,783
Balance at June 30, 2021		\$ 12,417,517

There were no significant plan changes since the last valuation.

Changes of assumptions or other inputs includes a decrease in the discount rate from 3.5% at June 30, 2020 to 2.21% at June 30, 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	Decrease (1.21%)	Rate (2.21%)	Increase (3.21%)
Total OPEB liability	\$14,886,314	\$12,417,517	\$10,480,818

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	1% Decrease	Cost Trend Rates	1% Increase
Total OPEB liability	\$10,112,813	\$12,417,517	\$15,497,590

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Exhibit 10

D) OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB:

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$51,218. At June 30, 2021, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 607,107	\$ -
Changes of assumptions or other inputs	2,060,283	4,176,377
Payments subsequent to the measurement date	336,420	-
	\$ 3,003,810	\$ 4,176,377

Benefit payments made subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ended June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year ended June 30:

2022	(455,441)
2023	(455,441)
2024	(455,441)
2025	(323,636)
2026	(87,761)
2027	268,733
	\$ (1,508,987)

NOTE 15 – RISK MANAGEMENT:

A) General:

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Exhibit 10

B) Risk retention:

The District participated in New York Schools Insurance Reciprocal (NYSIR), a non-risk-retained public entity risk pool for its District property and liability insurance coverage through June 30, 2021. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events and the District has essentially transferred all related risk to the pool.

The District participates in the East End Workers' Compensation Consortium, a risk-retained pool, to insure workers' compensation claims. This is a public entity risk pool created under Article 5 of the workers' compensation law, to finance liability and risks related to workers' compensation claims. The District's share of the total undiscounted liability for incurred but unpaid claims and incurred but not reported claims is \$66,752.

The following are the details of the amounts paid from this fund:

	2021	2020
Unpaid claims at beginning of year	\$ 78,992	\$ 46,424
Incurred claims and claim adjustment expenses	25,204	61,675
Claims payments	(37,444)	(29,107)
Unpaid claims at year end	\$ 66,752	\$ 78,992

NOTE 16 – COMMITMENTS AND CONTINGENCIES:

A) Encumbered:

All encumbrances are classified as assigned fund balance. At June 30, 2021, the District encumbered the following amounts:

General Fund	
General support	\$ 13,708
Instructional	24,772
Employee benefits	29,931
	\$ 68,411

A) Grants:

The District has received grants, which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the District's administration believes disallowances, if any, will be immaterial.

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Exhibit 10

B) Litigation:

As of June 30, 2021 we are unaware of any pending or threatened litigation or unasserted claims or assessments against the District which require disclosure.

NOTE 17 – SUBSEQUENT EVENTS:

Events that occur after the Statement of Net Position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management evaluated the activity of the District through that date of this report and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements.

SUPPLEMENTARY INFORMATION

**QUOGUE UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUES				
Local sources				
Real property taxes	\$7,847,196	\$7,847,196	\$7,847,398	\$202
Other real property tax items	10,500	10,500	11,099	599
Charges for services	45,915	45,915	87,237	41,322
Use of money & property	17,000	17,000	3,410	(13,590)
Miscellaneous	-	-	19,562	19,562
State sources				
Basic formula	376,195	376,195	201,189	(175,006)
Excess cost aid	-	-	71,540	71,540
Lottery aid	-	-	12,387	12,387
BOCES aid	-	-	71,670	71,670
Textbook aid	-	-	8,039	8,039
Computer software aid	-	-	1,154	1,154
Library A/V loan program aid	-	-	481	481
Other state aid	-	-	9,361	9,361
Federal sources				
	-	-	-	-
TOTAL REVENUES	<u>8,296,806</u>	<u>8,296,806</u>	<u>8,344,527</u>	<u>\$47,721</u>
Appropriated fund balance	943,405	943,405		
Appropriated reserves	<u>73,690</u>	<u>73,690</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES & APPROPRIATED FUND BALANCE & RESERVES	<u>\$9,313,901</u>	<u>\$9,313,901</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent

QUOGUE UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance with Budgetary Actual and Encumbrances</u>
EXPENDITURES					
General support					
Board of education	\$20,000	\$20,000	\$15,890	\$ -	\$4,110
Central administration	172,625	172,625	166,395	-	6,230
Finance	218,358	218,358	186,427	10,302	21,629
Staff	57,445	57,445	43,162	-	14,283
Central services	649,274	649,274	576,428	3,406	69,440
Special items	158,206	158,206	157,170	-	1,036
Total General Support	<u>1,275,908</u>	<u>1,275,908</u>	<u>1,145,472</u>	<u>13,708</u>	<u>116,728</u>
Instructional					
Instruction, administration & improvement	237,512	237,512	229,176	-	8,336
Teaching - regular school	3,545,912	3,545,912	3,436,106	6,978	102,828
Programs for children with handicapping conditions	1,082,063	1,082,063	960,063	47	121,953
Occupational education	15,005	15,005	15,005	-	-
Teaching - special schools	23,000	23,000	18,559	-	4,441
Instructional media	672,877	672,877	607,315	17,353	48,209
Pupil services	196,813	196,813	181,313	394	15,106
Total Instructional	<u>5,773,182</u>	<u>5,773,182</u>	<u>5,447,537</u>	<u>24,772</u>	<u>300,873</u>
Pupil transportation	<u>297,811</u>	<u>297,811</u>	<u>251,268</u>	<u>-</u>	<u>46,543</u>
Community services	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
Employee benefits	<u>1,940,500</u>	<u>1,940,500</u>	<u>1,831,854</u>	<u>29,931</u>	<u>78,715</u>
TOTAL EXPENDITURES	<u>9,289,401</u>	<u>9,289,401</u>	<u>8,676,131</u>	<u>68,411</u>	<u>544,859</u>
Other financing uses					
Transfers to other funds	<u>24,500</u>	<u>24,500</u>	<u>20,000</u>	<u>-</u>	<u>4,500</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$9,313,901</u>	<u>\$9,313,901</u>	<u>8,696,131</u>	<u>\$68,411</u>	<u>\$549,359</u>
NET CHANGE IN FUND BALANCES			(351,604)		
FUND BALANCES - BEGINNING OF YEAR			<u>4,929,458</u>		
FUND BALANCES - END OF YEAR			<u>\$4,577,854</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

**QUOGUE UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021**

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$372,432	\$459,036	\$530,411	\$609,720
Interest	341,917	488,382	447,727	367,876
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	718,002	-	232,003
Changes of assumptions or other inputs	2,418,593	(4,637,127)	(582,092)	(1,312,198)
Benefit payments	(222,159)	(282,483)	(280,467)	(317,751)
Net change in total OPEB liability	2,910,783	(3,254,190)	115,579	(420,350)
Total OPEB liability - beginning	9,506,734	12,760,924	12,645,345	13,065,695
Total OPEB liability - ending	<u>\$12,417,517</u>	<u>\$9,506,734</u>	<u>\$12,760,924</u>	<u>\$12,645,345</u>
Covered-employee payroll	\$2,953,314	\$2,611,953	\$2,421,842	\$2,437,145
Total OPEB liability as a percentage of covered-employee payroll	420.46%	363.97%	526.91%	518.86%

Notes to Schedule:*Trust Assets*

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

Changes of Assumptions

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

2021	2.21%
2020	3.50%
2019	3.87%
2018	3.58%

**QUOGUE UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (LIABILITY) / ASSET
FOR THE FISCAL YEARS ENDED JUNE 30, 2021**

	NYSERS Pension Plan							
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension (liability)	0.1280700%	0.0013036%	0.0012674%	0.0015496%	0.0015357%	0.0015419%	0.0015019%	0.0015019%
District's proportionate share of the net pension (liability)	(\$1,275)	(\$345,201)	(\$89,796)	(\$50,014)	(\$144,296)	(\$247,472)	(\$50,736)	(\$67,867)
District's covered payroll	\$415,785	\$388,297	\$399,123	\$409,676	\$463,042	\$495,653	\$483,390	\$442,389
District's proportionate share of the net pension (liability) as a percentage of its covered payroll	0.31%	88.90%	22.50%	12.21%	31.16%	49.93%	10.50%	15.34%
Plan fiduciary net position as a percentage of the total pension (liability)	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	97.20%
	NYSTRS Pension Plan							
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension (liability) / asset	1.732000%	0.017365%	0.016217%	0.015167%	0.015093%	0.016194%	0.017409%	0.016131%
District's proportionate share of the net pension (liability) / asset	(\$478,586)	\$451,147	\$293,240	\$115,283	(\$161,647)	\$1,682,089	\$1,939,247	\$106,181
District's covered payroll	\$2,942,483	\$2,899,879	\$2,643,514	\$2,603,953	\$2,487,609	\$2,404,095	\$2,588,477	\$2,372,323
District's proportionate share of the net pension (liability) / asset as a percentage of its covered payroll	16.26%	15.56%	11.09%	4.43%	6.50%	69.97%	74.92%	4.48%
Plan fiduciary net position as a percentage of the total pension asset	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

* The amounts presented for each fiscal year were determined as of the measurement dates of the plans.

**QUOGUE UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30, 2021**

NYSERS Pension Plan										
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 57,146	\$ 53,216	\$ 58,345	\$ 70,828	\$ 69,837	\$ 82,210	\$ 86,824	\$ 79,269	\$ 71,379	\$ 61,924
Contributions in relation to the contractually required contribution	57,146	53,216	58,345	70,828	69,837	82,210	86,824	79,269	71,379	61,924
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 430,044	\$ 380,778	\$ 396,846	\$ 390,587	\$ 458,262	\$ 498,793	\$ 490,056	\$ 456,763	\$ 425,459	\$ 417,174
Contributions as a percentage of covered payroll	13.29%	13.98%	14.70%	18.13%	15.24%	16.48%	17.72%	17.35%	16.78%	14.84%
NYSTRS Pension Plan										
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 290,423	\$ 260,358	\$ 307,823	\$ 242,603	\$ 318,604	\$ 308,816	\$ 426,440	\$ 417,880	\$ 279,757	\$ 272,068
Contributions in relation to the contractually required contribution	290,423	260,358	307,823	242,603	318,604	308,816	426,440	417,880	279,757	272,068
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 3,347,384	\$ 2,942,483	\$ 2,899,879	\$ 2,643,514	\$ 2,603,953	\$ 2,487,609	\$ 2,404,095	\$ 2,588,477	\$ 2,372,323	\$ 2,485,304
Contributions as a percentage of covered payroll	8.68%	8.85%	10.62%	9.18%	12.24%	12.41%	17.74%	16.14%	11.79%	10.95%

**QUOGUE UNION FREE SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND
THE REAL PROPERTY TAX LIMIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$9,240,211
Add: prior year's encumbrances	73,690
Original budget	<u>9,313,901</u>
Budget revision:	<u>-</u>
Final budget	<u><u>\$9,313,901</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021 - 2022 voter-approved expenditure budget	<u><u>\$9,455,999</u></u>
Maximum allowed (4% of 2021-22 budget)	<u><u>\$378,240</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$1,046,728
Unassigned fund balance	<u>1,420,020</u>
Total unrestricted fund balance	\$2,466,748
Less:	
Appropriated fund balance	\$978,317
Encumbrances included in assigned fund balance	<u>68,411</u>
Total adjustments	<u>1,046,728</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$1,420,020</u></u>
Actual percentage	<u><u>15.02%</u></u>

QUOGUE UNION FREE SCHOOL DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND
 JUNE 30, 2021

Project Title	Original Appropriation	Revised Appropriation	Expenditures to Date			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2021
			Prior Year's	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
District Wide Renovations	\$135,000	\$414,256	\$413,323	\$ -	\$413,323	\$933	\$ -	\$ -	\$414,256	\$414,256	\$933
17-18 General Fund Appropriations	69,000	69,000	10,157		10,157	58,843			69,000	69,000	58,843
19-20 General Fund Appropriations	20,000	20,000			-	20,000			20,000	20,000	20,000
19-20 General Fund Appropriations	20,000	20,000			-	20,000			20,000	20,000	20,000
Total	\$244,000	\$523,256	\$423,480	\$ -	\$423,480	\$99,776	\$ -	\$ -	\$523,256	\$523,256	\$99,776

QUOGUE UNION FREE SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2021

Capital assets, net	\$2,841,385
Deduct:	
Capital related debt	<u>-</u>
Net investment in capital assets	<u><u>\$2,841,385</u></u>



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

To the Board of Education
Quogue Union Free School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund of the Quogue Union Free School District (the "District"), as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 9, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
November 9, 2021