

**QUOGUE UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

QUOGUE UNION FREE SCHOOL DISTRICT

TABLE OF CONTENTS

I. INDEPENDENT AUDITOR'S REPORT, MANAGEMENT'S DISCUSSION AND ANALYSIS AND BASIC FINANCIAL STATEMENTS

Independent Auditor's Report

<u>Exhibit Number</u>		<u>Page</u>
1	Management's Discussion and Analysis (Required Supplementary Information) (MD&A)	1 - 14
2	Statement of Net Position	15
3	Statement of Activities	16
4	Balance Sheet – Governmental Funds	17
5	Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	18
6	Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	19
7	Reconciliation of Governmental Fund Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	20
8	Statement of Fiduciary Net Position – Fiduciary Fund	21
9	Statement of Changes in Fiduciary Net Position – Fiduciary Fund	22
10	Notes to Financial Statements	23- 51

II. REQUIRED SUPPLEMENTARY INFORMATION

SS1	Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	52 - 53
SS2	Schedule of District's Proportionate Share of the Net Pension Asset/(Liability)	54
SS3	Schedule of District's Contributions	55
SS4	Schedule of Changes in the District's Total Other Post-Employment Benefits Liability and Related Ratios	56

III. OTHER SUPPLEMENTARY INFORMATION

SS5	Schedule of Change from Adopted Budget to Final Budget – General Fund and Section 1318 of Real Property Tax Law Limit Calculation	57
SS6	Schedule of Project Expenditures - Capital Projects Fund	58
SS7	Net Investment in Capital Assets	59

IV. 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*

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Quogue Union Free School District

Report on the Audit of the Financial Statements

Opinions

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 year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 14, 2023, 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, New York
November 14, 2023

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023. 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

- In the District-Wide Financial Statements, the District's net deficit increased by \$1,060,931 to \$6,006,894 as of June 30, 2023 using the accrual basis of accounting. The District's expenses for the fiscal year totaled \$10,069,350, partially offset by program revenues for charges for services of \$115,287 and operating grants and contributions of \$82,818. General revenues of \$8,810,314 amounted to 97.80% of total revenues.
- The District continued to invest the majority of its resources in educating the students of Quogue, as evidenced by instruction expenses representing 80.31% of total expenses for the 2022-2023 fiscal year in the District-Wide Financial Statements.
- The general fund's total fund balance, as reflected in the Governmental Fund Financial Statements, decreased by \$1,080,336 to \$3,579,757 as of June 30, 2023 due to expenditures and other financing uses exceeding revenues based on the modified accrual basis of accounting.
- On May 9, 2023, the proposed 2023-2024 budget in the amount of \$9,934,116 was authorized by the District's residents. This is an increase of \$194,936 or 2.00% as compared to the previous year's budget. The property tax levy was within the property tax cap.

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:

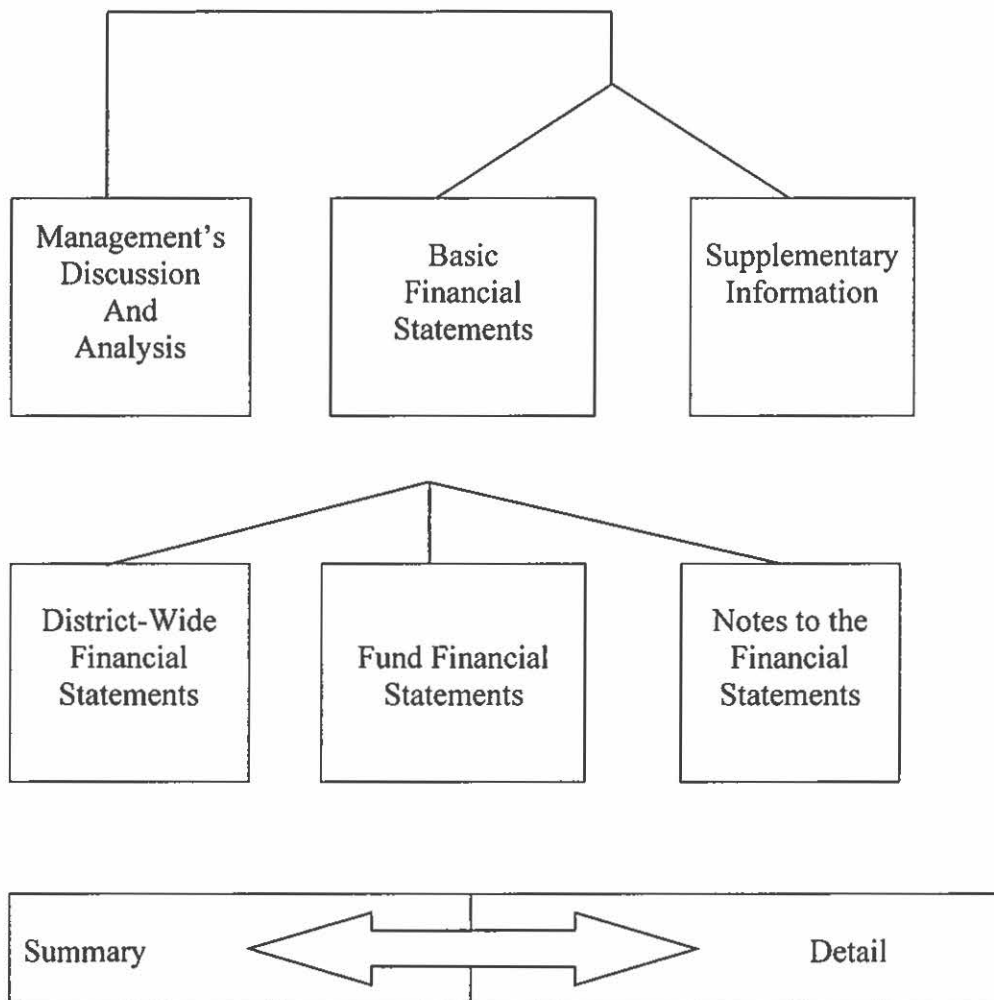
- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations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

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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



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.

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 • Statement of Changes in 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, 2023**

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 expense 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 expense 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, 2023**

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 Financial 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 Financial 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.

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A) Net Position

The District's total net deficit increased by \$1,060,931 in the fiscal year ended June 30, 2023 as detailed below.

Condensed Statement of Net Position-Governmental Activities

	2023	2022	Increase (Decrease)	Total Percentage Change
Current assets	\$ 5,616,190	\$ 5,689,608	\$ (73,418)	-1.29%
Non-current assets	2,630,364	2,709,333	(78,969)	-2.91%
Net pension asset - proportionate share	-	3,374,024	(3,374,024)	-100.00%
Total Assets	<u>8,246,554</u>	<u>11,772,965</u>	<u>(3,526,411)</u>	-29.95%
Deferred outflows of resources	<u>6,532,873</u>	<u>7,296,711</u>	<u>(763,838)</u>	-10.47%
Total Assets and Deferred Outflows of Resources	<u>14,779,427</u>	<u>19,069,676</u>	<u>(4,290,249)</u>	-22.50%
Current liabilities	875,781	727,810	147,971	20.33%
Long-term liabilities	15,022,929	13,153,875	1,869,054	14.21%
Total Liabilities	<u>15,898,710</u>	<u>13,881,685</u>	<u>2,017,025</u>	14.53%
Deferred inflows of resources	<u>4,887,611</u>	<u>10,133,654</u>	<u>(5,246,043)</u>	-51.77%
Total Liabilities and Deferred Inflows of Resources	<u>20,786,321</u>	<u>24,015,339</u>	<u>(3,229,018)</u>	-13.45%
Net position				
Net investment in capital assets	2,593,867	2,709,333	(115,466)	-4.26%
Restricted	2,566,305	2,474,621	91,684	3.70%
Unrestricted (deficit)	<u>(11,167,066)</u>	<u>(10,129,917)</u>	<u>(1,037,149)</u>	-10.24%
Total Net Position (Deficit)	<u>\$ (6,006,894)</u>	<u>\$ (4,945,963)</u>	<u>\$ (1,060,931)</u>	-21.45%

Current assets decreased by \$73,418, or 1.29%, primarily due to a decrease in cash and cash equivalents, partially offset by increases in receivables and other assets (cash held by third party administrator).

Non-current assets decreased by \$78,969, 2.91%, due to current year depreciation expense exceeding capital asset additions.

The net pension asset - proportionate share for the teachers' retirement system and employees' retirement system decreased as a result of the actuarial valuations provided by the state and is reported as a liability as of June 30, 2023.

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The changes in deferred outflows of resources represent amortization of the pension related items and the change in the District's contributions subsequent to the measurement date as discussed in Note 13 and the amortization of the other post-employment benefits liability related items as discussed in Note 15.

Current liabilities increased by \$147,971, or 20.33%, primarily due to increases in accounts payable, accrued liabilities, due to other governments, due to teachers' retirement system, and due to employers' retirement system.

Long-term liabilities increased by \$1,869,054, or 14.21%, primarily due to increases in the net pension liabilities - due to teachers' retirement system and employees' retirement system and total other post-employment benefits obligation.

The changes in deferred inflows of resources represent amortization of pension and other post-employment benefits related items as discussed in Notes 13 and 15, respectively.

The net investment in capital assets of \$2,593,867 relates to the investment in capital assets at cost such as land, construction in progress, buildings and improvements, site improvements, and furniture, equipment and vehicles, net of accumulated depreciation and related debt.

The restricted net position in the amount of \$2,566,305 refers to the District's reserves: workers' compensation, repair, retirement contribution – employees' retirement system, retirement contribution – teachers' retirement system, employee benefit accrued liability, and capital.

The unrestricted net deficit relates to the balance of the District's net position. The deficit of \$11,167,066 increased by \$1,037,149 as a result of the items below.

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, 2023 and 2022 is as follows:

Change in Net Position from Operating Results

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Fiscal Year 2023	Fiscal Year 2022	Increase (Decrease)	Total Percentage Change
Revenues				
Program revenues				
Charges for services	\$ 115,287	\$ 128,520	\$ (13,233)	-10.30%
Operating grants and contributions	82,818	6,211	76,607	1233.41%
General revenues				
Real property taxes and other tax items	8,294,714	8,028,571	266,143	3.31%
Use of money and property	48,453	3,034	45,419	1497.00%
Miscellaneous	44,769	17,247	27,522	159.58%
State sources	422,378	416,272	6,106	1.47%
Total Revenues	<u>9,008,419</u>	<u>8,599,855</u>	<u>408,564</u>	4.75%
Expenses				
General support	1,654,237	1,373,654	280,583	20.43%
Instruction	8,087,168	6,337,772	1,749,396	27.60%
Pupil transportation	327,381	263,161	64,220	24.40%
Food service program	564	799	(235)	-29.41%
Total Expenses	<u>10,069,350</u>	<u>7,975,386</u>	<u>2,093,964</u>	26.26%
Change in Net Position	<u>\$ (1,060,931)</u>	<u>\$ 624,469</u>	<u>\$ (1,685,400)</u>	269.89%

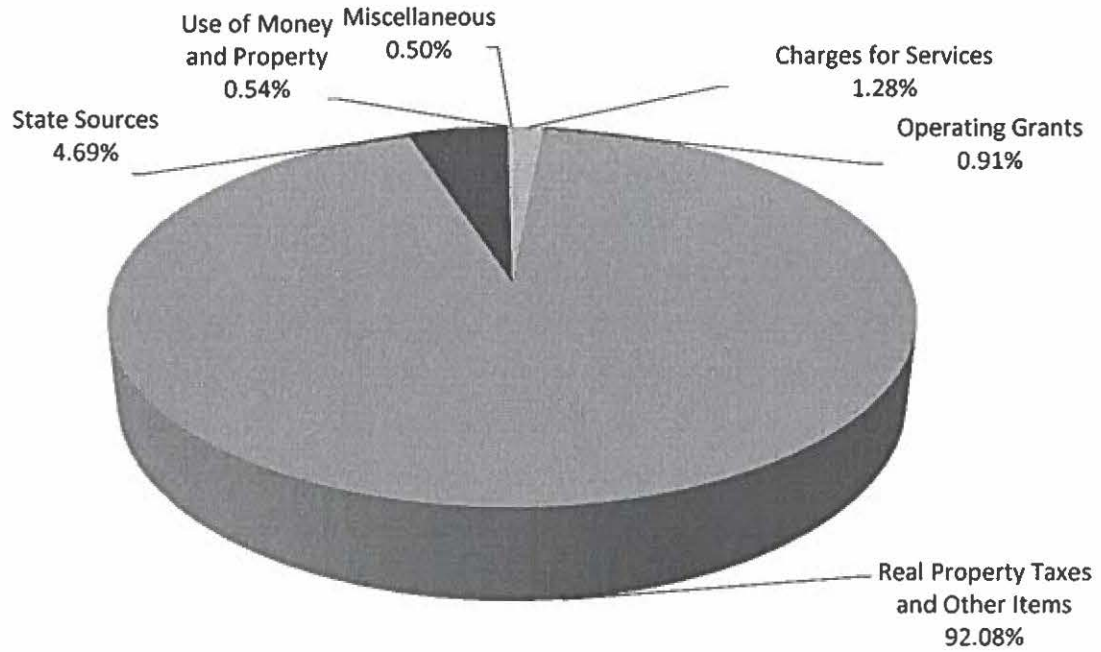
The District's fiscal year 2023 revenues totaled \$9,008,419. Real property taxes and other tax items and state sources accounted for most of the District's revenue by contributing 92.08% and 4.69%, respectively, of total revenue. The remainder came from fees charged for services, operating grants and contributions, use of money and property, and other miscellaneous sources.

The total cost of all programs and services totaled \$10,069,350 for fiscal year 2023. These expenses are predominantly related to general support and instruction, which account for 16.43% and 80.31% of District expenses, respectively. The increase in expenses can primarily be attributed to increases in pension and other post-employment benefit related expenses based on the current year actuarial valuations.

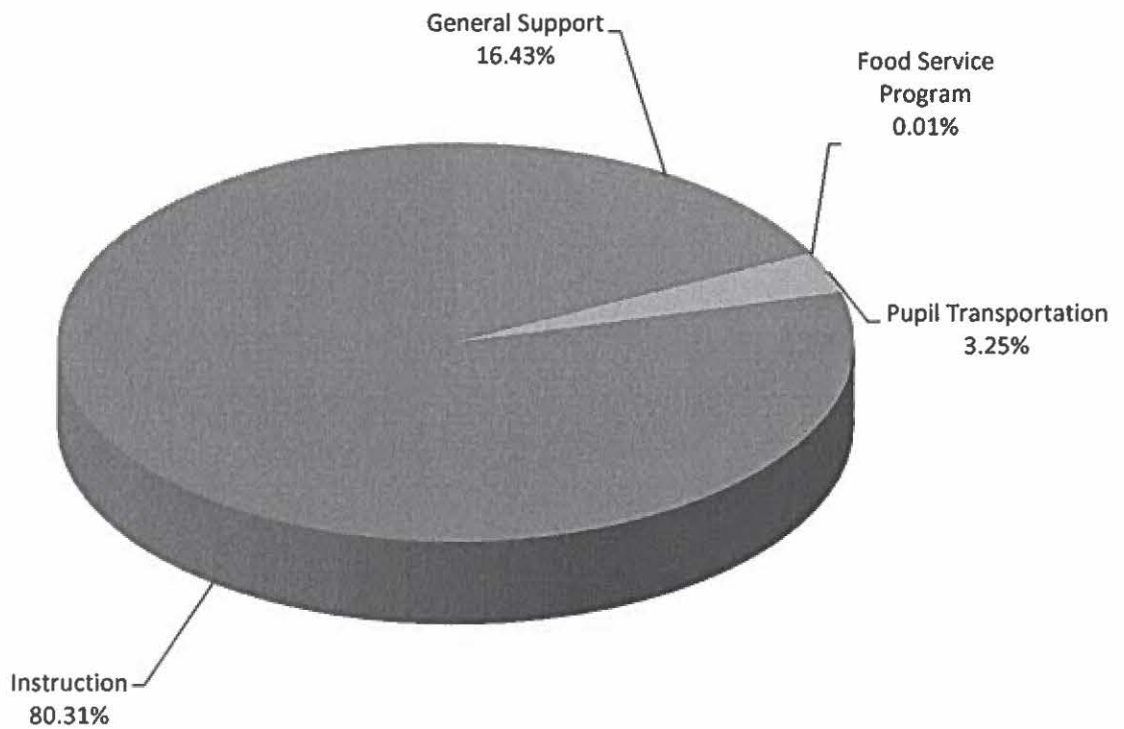
The users of the District's programs financed \$115,287 of the cost as shown in charges for services. The federal and state governments subsidized certain programs with operating grants and contributions of \$82,818.

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Revenues for Fiscal Year 2023



Expenses for Fiscal Year 2023



**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between years for the Governmental Fund Financial Statements are not the same as variances 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, 2023, the District's combined governmental funds reported a total fund balance of \$4,482,563, which is an decrease of \$265,968 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, 2023**

	2023	2022	(Decrease)	Change
General Fund				
Restricted for workers' compensation	\$ 272,988	\$ 266,438	\$ 6,550	2.46%
Restricted for repair	278,765	272,076	6,689	2.46%
Restricted for retirement contribution - ERS	328,953	321,060	7,893	2.46%
Restricted for retirement contribution - TRS	300,425	232,856	67,569	29.02%
Restricted for employee benefit accrued liability	180,197	175,873	4,324	2.46%
Restricted for capital	346,474	1,206,318	(859,844)	-71.28%
Assigned - designated for subsequent year's expenditures	817,017	968,945	(151,928)	-15.68%
Assigned - general support	136,278	45,250	91,028	201.17%
Assigned - instruction	107,661	172,792	(65,131)	-37.69%
Assigned - employee benefits	12,000	-	12,000	N/A
Unassigned	798,999	998,485	(199,486)	-19.98%
Total Fund Balance - General Fund	<u>3,579,757</u>	<u>4,660,093</u>	<u>(1,080,336)</u>	-23.18%
School Lunch Fund				
Unassigned	(77)	(81)	4	-4.94%
Total Fund Balance - School Lunch Fund	<u>(77)</u>	<u>(81)</u>	<u>4</u>	-4.94%
Capital Projects Fund				
Restricted for capital	858,503	-	858,503	N/A
Assigned - unappropriated	44,380	88,519	(44,139)	49.86%
Total Fund Balance - Capital Projects Fund	<u>902,883</u>	<u>88,519</u>	<u>814,364</u>	-919.99%
 Total Fund Balance - All Funds	 <u>\$ 4,482,563</u>	 <u>\$ 4,748,531</u>	 <u>\$ (265,968)</u>	 -5.60%

A) General Fund

The fund balance in the general fund decreased due to expenditures and other financing uses exceeding revenues by \$1,080,336.

B) School Lunch Fund

The fund balance in the school lunch fund increased due to revenues of \$4.

C) Capital Projects Fund

The fund balance in the capital projects fund increased by \$ 814,364 due to a budgeted transfer and appropriated reserve transfer from the general fund exceeding capital outlay expenditures.

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2022-2023 Budget

The District’s voter approved general fund adopted budget for the year ended June 30, 2023 was \$9,739,180. This amount was increased by encumbrances carried forward from the prior year in the amount of \$218,042 and appropriated amounts from the capital reserve of \$895,000, which resulted in a final budget of \$10,852,222. The majority of the funding related to real property taxes and other tax items of \$8,285,629.

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

The general fund’s unassigned fund balance is a component of 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	\$	998,485
Revenues over budget		191,531
Expenditures, other financing uses, and encumbrances under budget		554,181
Interest allocated to reserves		(66,336)
Funding of reserves		(61,845)
Assigned, appropriated for June 30, 2024 budget		(817,017)
Closing, unassigned fund balance	\$	798,999

The opening, unassigned fund balance of \$998,485 represents the fund balance from June 30, 2022 that was retained.

The revenues over budget of \$191,531 were primarily related to charges for services and use of money and property. (See Supplemental Schedule # 1 for detail).

The expenditures, other financing uses, and encumbrances under budget of \$554,181 were primarily in instruction and employee benefits. (See Supplemental Schedule #1 for detail).

Interest of \$66,336 was allocated to the reserves as follows: \$6,550 to the workers’ compensation reserve, \$6,689 to the repair reserve, \$7,893 to the retirement contribution reserve - ERS, \$5,724 to the retirement contribution reserve – TRS, \$4,324 to the employee benefit accrued liability reserve, and \$35,156 to the capital reserve.

The District transferred \$61,845 to the retirement contribution reserve – TRS.

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The assigned, appropriated fund balance of \$817,017 for the June 30, 2024 budget is the amount the District has chosen to partially fund its operating budget for 2023-2024.

The closing, unassigned fund balance of \$798,999 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 2023-2024 budget. The District’s unassigned fund balance exceeds the limit, and represents 8.04% of the 2023-2024 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 accumulated depreciation, is as follows:

Capital Assets (Net of Accumulated Depreciation)

Category	2023	2022	Increase (Decrease)	Percentage Change
Land	\$ 155,600	\$ 155,600	\$ -	0.00%
Construction in progress	36,497	-	36,497	N/A
Buildings and improvements	4,968,775	4,968,775	-	0.00%
Site improvements	122,079	122,079	-	0.00%
Furniture, equipment, and vehicles	327,210	292,040	35,170	12.04%
Subtotal	<u>5,610,161</u>	<u>5,538,494</u>	<u>71,667</u>	1.29%
Less: accumulated depreciation	<u>2,979,797</u>	<u>2,829,161</u>	<u>150,636</u>	5.32%
Total net capital assets	<u>\$ 2,630,364</u>	<u>\$ 2,709,333</u>	<u>\$ (78,969)</u>	-2.91%

The District had capital asset additions of \$71,667 and depreciation expense of \$150,636.

B) Long-Term Debt

The District had no long-term debt outstanding as of June 30, 2023.

7. FACTORS BEARING ON THE DISTRICT’S FUTURE

- On May 9, 2023, the proposed 2023-2024 budget in the amount of \$9,934,116 was authorized by the District’s residents. This is an increase of \$194,936, or 2.00%, 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

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023

ASSETS	
Current assets	
Cash and cash equivalents	
Unrestricted	\$ 2,616,968
Restricted	2,566,305
Receivables	
State and federal aid	42,312
Due from other governments	132,759
Other assets	257,846
Non-current assets	
Capital assets	
Not being depreciated	192,097
Being depreciated, net of accumulated depreciation	2,438,267
TOTAL ASSETS	<u>8,246,554</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Pensions	2,040,839
Other post-employment benefits	4,492,034
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>6,532,873</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u>14,779,427</u>
 LIABILITIES	
Payables	
Accounts payable	79,512
Accrued liabilities	44,372
Due to other governments	351,451
Due to fiduciary fund	2,727
Due to teachers' retirement system	360,347
Due to employees' retirement system	16,573
Student deposits	20,799
Long-term liabilities	
Due and payable within one year	
Compensated absences payable	5,988
Claims payable	35,640
Due and payable after one year	
Compensated absences payable	232,766
Claims payable	127,525
Net pension liability - proportionate share - teachers' retirement system	334,949
Net pension liability - proportionate share - employees' retirement system	289,138
Total other post-employment benefits obligation	13,996,923
TOTAL LIABILITIES	<u>15,898,710</u>
 DEFERRED INFLOWS OF RESOURCES	
Pensions	251,745
Other post-employment benefits	4,635,866
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,887,611</u>
 NET POSITION	
Net investment in capital assets	<u>2,593,867</u>
Restricted	
Workers' compensation	272,988
Repair	278,765
Retirement contribution - ERS	328,953
Retirement contribution - TRS	300,425
Employee benefit accrued liability	180,197
Capital	1,204,977
	<u>2,566,305</u>
Unrestricted (Deficit)	<u>(11,167,066)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (6,006,894)</u>

**QUOGUE UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

FUNCTIONS / PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
General support	\$ (1,654,237)	\$ -	\$ -	\$ (1,654,237)
Instruction	(8,087,168)	115,283	82,818	(7,889,067)
Pupil transportation	(327,381)			(327,381)
Food service program	(564)	4		(560)
TOTAL FUNCTIONS AND PROGRAMS	\$ (10,069,350)	\$ 115,287	\$ 82,818	\$ (9,871,245)
GENERAL REVENUES				
Real property taxes				8,275,025
Other tax items - including STAR reimbursement				19,689
Use of money and property				48,453
Miscellaneous				44,769
State sources				422,378
TOTAL GENERAL REVENUES				8,810,314
CHANGE IN NET POSITION				(1,060,931)
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR				(4,945,963)
TOTAL NET POSITION (DEFICIT) - END OF YEAR				\$ (6,006,894)

**QUOGUE UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents					
Unrestricted	\$ 2,543,276	\$ 11,477	\$ 79	\$ 62,136	\$ 2,616,968
Restricted	1,707,802			858,503	2,566,305
Receivables					
State and federal aid	11,338	30,974			42,312
Due from other governments	132,759				132,759
Due from other funds	43,666		44	20,000	63,710
TOTAL ASSETS	<u>\$ 4,438,841</u>	<u>\$ 42,451</u>	<u>\$ 123</u>	<u>\$ 940,639</u> 44,769	<u>\$ 5,422,054</u>
LIABILITIES AND FUND BALANCES					
Payables					
Accounts payable	\$ 42,771	\$ 244	\$ -	\$ 36,497	\$ 79,512
Accrued liabilities	44,372				44,372
Due to other governments	351,451				351,451
Due to other funds	22,771	42,207	200	1,259	66,437
Due to teachers' retirement system	360,347				360,347
Due to employees' retirement system	16,573				16,573
Student deposits	20,799				20,799
TOTAL LIABILITIES	<u>859,084</u>	<u>42,451</u>	<u>200</u>	<u>37,756</u>	<u>939,491</u>
FUND BALANCES					
Restricted					
Workers' compensation	272,988				272,988
Repair	278,765				278,765
Retirement contribution - ERS	328,953				328,953
Retirement contribution - TRS	300,425				300,425
Employee benefit accrued liability	180,197				180,197
Capital	346,474			858,503	1,204,977
Assigned					
Appropriated fund balance	817,017				817,017
Unappropriated fund balance	255,939			44,380	300,319
Unassigned	798,999		(77)		798,922
TOTAL FUND BALANCES	<u>3,579,757</u>	<u>-</u>	<u>(77)</u>	<u>902,883</u>	<u>4,482,563</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,438,841</u>	<u>\$ 42,451</u>	<u>\$ 123</u>	<u>\$ 940,639</u>	<u>\$ 5,422,054</u>

**QUOGUE UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2023**

Total Governmental Fund Balances	\$	4,482,563
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Cash held by third-party administrator is treated as a long-term asset and included in net position.		257,846
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	\$ 5,610,161	
Accumulated depreciation	<u>(2,979,797)</u>	2,630,364
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 pensions	\$ 2,040,839	
Deferred outflows related to total other post-employment benefits	<u>4,492,034</u>	6,532,873
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 pensions	\$ (251,745)	
Deferred inflows related to total other post-employment benefits	<u>(4,635,866)</u>	(4,887,611)
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	\$ (238,754)	
Claims payable	(163,165)	
Net pension liability - proportionate share - teachers' retirement system	(334,949)	
Net pension liability - proportionate share - employees' retirement system	(289,138)	
Total other post-employment benefits obligation	<u>(13,996,923)</u>	<u>(15,022,929)</u>
Total Net Position	\$	<u>(6,006,894)</u>

QUOGUE UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General	Special Aid	School Lunch	Capital Projects	Total Governmental Funds
REVENUES					
Real property taxes	\$ 8,275,025	\$ -	\$ -	\$ -	\$ 8,275,025
Other tax items - including STAR reimbursement	19,689				19,689
Charges for services	115,283				115,283
Use of money and property	48,453				48,453
Miscellaneous	44,769				44,769
State sources	422,378	12,175			434,553
Federal sources	36,169	34,474			70,643
Sales			4		4
TOTAL REVENUES	<u>8,961,766</u>	<u>46,649</u>	<u>4</u>	<u>-</u>	<u>9,008,419</u>
EXPENDITURES					
General support	1,225,358				1,225,358
Instruction	5,933,368	43,024			5,976,392
Pupil transportation	311,399	8,125			319,524
Employee benefits	1,652,477				1,652,477
Capital outlay				100,636	100,636
TOTAL EXPENDITURES	<u>9,122,602</u>	<u>51,149</u>	<u>-</u>	<u>100,636</u>	<u>9,274,387</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(160,836)</u>	<u>(4,500)</u>	<u>4</u>	<u>(100,636)</u>	<u>(265,968)</u>
OTHER FINANCING SOURCES AND (USES)					
Operating transfers in		4,500		915,000	919,500
Operating transfers (out)	(919,500)				(919,500)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(919,500)</u>	<u>4,500</u>	<u>-</u>	<u>915,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(1,080,336)	-	4	814,364	(265,968)
FUND BALANCES - BEGINNING OF YEAR	<u>4,660,093</u>	<u>-</u>	<u>(81)</u>	<u>88,519</u>	<u>4,748,531</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,579,757</u>	<u>\$ -</u>	<u>\$ (77)</u>	<u>\$ 902,883</u>	<u>\$ 4,482,563</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, 2023**

Net Change in Fund Balances \$ (265,968)

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

Long Term Revenue and Expense Differences

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 changed by (21,976)

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. The corresponding cash balance held by the third-party administrator is recorded as revenue as the amounts change. Changes in the aforementioned balances are as follows: (78,327)

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.

Teachers' retirement system	\$	(93,608)	
Employees' retirement system		(56,072)	
Other post-employment benefits obligation		<u>(466,011)</u>	(615,691)

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	\$	71,667	
Depreciation expense		<u>(150,636)</u>	<u>(78,969)</u>

Change in Net Position \$ (1,060,931)

**QUOGUE UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2023**

	Custodial
ASSETS	
Due from other funds	\$ 2,727
TOTAL ASSETS	\$ 2,727
LIABILITIES	
Due to other governments	\$ 2,727
TOTAL LIABILITIES	2,727
NET POSITION	
Restricted	-
TOTAL NET POSITION	-
TOTAL LIABILITIES AND NET POSITION	\$ 2,727

**QUOGUE UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Custodial
ADDITIONS	
Real property taxes and PILOT collected for Library	\$ 1,148,658
TOTAL ADDITIONS	1,148,658
DEDUCTIONS	
Real property taxes and PILOT disbursed to Library	1,148,658
TOTAL DEDUCTIONS	1,148,658
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, 2023**

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 District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education (the “Board”) consisting of five members. The Board serves as the legislative body and has the authority to make decisions, power to appoint management, and primary accountability for all fiscal matters. In addition, the Board is responsible for and controls all activities related to public school education within the District. The Superintendent is the chief executive officer.

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

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 10

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 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.

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 10

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.

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. 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 compensated absences, claims and judgments, 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 leases greater than one year, if applicable, are reported as other financing sources.

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 10

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, 2022 to June 1, 2023 without penalty.

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 10 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

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 10

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 useful lives of capital assets, compensated absences, workers' compensation claims, net pension asset/liability, other post-employment benefits, and potential contingent liabilities.

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) Other Assets:

Other assets represent amounts on deposit that are being held by a third-party administrator for workers' compensation claims.

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 and improvements	\$ 15,000	Straight-line	50 years
Site improvements	\$ 15,000	Straight-line	20 years
Furniture, equipment, and vehicles	\$ 5,000	Straight-line	5-20 years

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The District's policy is to record an impairment loss in the period when the District determines that the carrying amount of the asset will not be recoverable. At June 30, 2023, the District has not recorded any such impairment losses.

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 10

M) 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 13 and 15.

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 13 and 15.

N) 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.

The District did not have any short-term debt as of June 30, 2023 and did not have any short-term debt issuances during the fiscal year ended June 30, 2023.

O) 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 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, 2023.

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 10

P) 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.

Q) 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) and 457.

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, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 10

R) Long-Term Debt:

The District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The repayment of principal and interest will be in the general fund.

In the Fund Financial Statements, governmental funds recognize bond premiums during the current period, with the face amount of debt issued reported as other financing sources. Premiums received on long-term debt issuances are reported as other financing sources. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

In the District-Wide Financial Statements, premiums received on long-term debt issuances are netted with bonds payable and amortized over the life of the bonds.

The District did not have any long-term debt as of June 30, 2023.

S) Equity Classifications:

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, amounts 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.

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, 2023.

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 10

- (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:

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

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 10

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.

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 and capital projects fund.

Unrestricted Resources

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District has provided otherwise in its commitment or assignment actions.

- (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, 2023.
- (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.

The school lunch fund has an unassigned fund balance deficit of \$77 as of June 30, 2023.

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

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 10

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 8.04% of the 2023-2024 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, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned.

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:

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.

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 10

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.

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. Supplemental appropriations that occurred during the fiscal year are shown on Supplemental Schedule #5, if applicable.

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.

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.

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 10

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 and cash equivalents:

Restricted cash and cash equivalents 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, 2023 was \$2,566,305 within the governmental funds for general reserve purpose and capital projects.

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

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 10

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, 2023, the District was billed \$596,446 for BOCES administrative and program costs. The District’s share of BOCES aid amounted to \$117,068. 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, 2023 consisted of the following:

General Fund	
Excess cost aid	\$ 11,338
Special Aid Fund	
State and federal aid receivable	<u>30,974</u>
Total State and federal aid receivable	<u><u>\$ 42,312</u></u>

District management has deemed these amounts to be fully collectible.

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

Due from other governments in the general fund at June 30, 2023 consisted of the following:

BOCES aid	\$ 117,068
Town of Southampton interest	1,702
NYS unemployment	<u>13,989</u>
Total	<u><u>\$ 132,759</u></u>

NOTE 8 - OTHER ASSETS:

Other assets at June 30, 2023 consisted of cash held by a third party (East End Workers’ Compensation Consortium) of \$257,846.

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 10

NOTE 9 - CAPITAL ASSETS:

Capital asset balances and activity for the fiscal year ended June 30, 2023 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
Construction in progress		36,497		36,497
Total capital assets that are not depreciated	155,600	36,497	-	192,097
Capital assets that are depreciated:				
Building and improvements	4,968,775			4,968,775
Site improvements	122,079			122,079
Furniture, equipment & vehicles	292,040	35,170		327,210
Total capital assets that are depreciated	5,382,894	35,170	-	5,418,064
Less accumulated depreciation:				
Building and improvements	2,538,107	111,575		2,649,682
Site improvements	97,766	2,504		100,270
Furniture, equipment and vehicles	193,288	36,557		229,845
Total accumulated depreciation	2,829,161	150,636	-	2,979,797
Total capital assets being depreciated, net	2,553,733	(115,466)	-	2,438,267
Total capital assets, net	\$ 2,709,333	\$ (78,969)	\$ -	\$ 2,630,364

Depreciation expense was charged to governmental functions as follows:

General support	\$ 69,232
Instruction	80,840
Food service program	564
Total depreciation expense	\$ 150,636

NOTE 10 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General fund	\$ 43,666	\$ 22,771	\$ -	\$ 919,500
Special aid fund		42,207	4,500	
School lunch fund	44	200		
Capital projects fund	20,000	1,259	915,000	
Total government activities	63,710	66,437	919,500	919,500
Fiduciary agency fund	2,727			
Totals	\$ 66,437	\$ 66,437	\$ 919,500	\$ 919,500

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 10

The District transferred from the general fund to the special aid fund to fund the District's share of the summer program for students with disabilities. 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 11 – DUE TO OTHER GOVERNMENTS:

Due to other governments in the general fund at June 30, 2023 consisted of the following:

State aid overpayment	\$ 2,921
BOCES	45,975
East Quogue Elementary School	2,050
Westhampton Beach UFSD tuition	260,617
Remsenburg-Speonk UFSD tuition	39,888
Total Due to other governments	\$ 351,451

NOTE 12 – 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	\$ 216,778	\$ 21,976	\$ -	\$ 238,754	\$ 5,988
Claims payable	39,959	136,288	(13,082)	163,165	35,640
Net pension liability-proportionate share teachers' retirement system		334,949		334,949	
Net pension liability-proportionate share employee retirement system		289,138		289,138	
Total other post-employment benefits obligation	12,897,138	1,520,621	(420,836)	13,996,923	
Total long-term liabilities	\$ 13,153,875	\$ 2,302,972	\$ (433,918)	\$ 15,022,929	\$ 41,628

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

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 10

NOTE 13 – 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.

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.

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 10

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 and before January 1, 2010
 - 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 and before January 1, 2010
 - 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
 - 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, 2023 was 13.00% for Tier 4 and 8.20% 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, 2023 was 10.29% 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:

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 10

	NYS ERS	NYS TRS
2023	\$ 46,708	\$ 328,101
2022	\$ 59,727	\$ 303,041
2021	\$ 57,146	\$ 290,423

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

At June 30, 2023, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2023 for ERS and June 30, 2022 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(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.

	ERS	TRS
Measurement date	March 31, 2023	June 30, 2022
Net pension asset/(liability)	\$ (289,138)	\$ (334,949)
District's portion of the Plan's total net pension asset/(liability)	0.0013483%	0.017455%
Change in proportion since prior measurement date	0.0000085%	-0.00138%

For the fiscal year ended June 30, 2023, the District recognized pension expense of \$102,777 for ERS and a pension expense of \$421,560 for TRS. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 10

	<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	\$ 30,795	\$ 350,984	\$ 8,120	\$ 6,712
Net difference between projected and actual earnings on pension plan investments	-	432,785	1,699	-
Changes of assumptions	140,424	649,744	1,552	134,927
Changes in proportion and differences between the District's contributions and proportionate share of contributions	8,963	82,470	1,033	97,702
District's contributions subsequent to the measurement date	16,573	328,101		
	<u>\$ 196,755</u>	<u>\$ 1,844,084</u>	<u>\$ 12,404</u>	<u>\$ 239,341</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the fiscal year ended June 30, 2024. 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:		
2023	\$ -	\$ 238,215
2024	40,853	115,197
2025	(13,120)	(61,542)
2026	61,258	856,017
2027	78,787	115,880
Thereafter	-	12,875
	<u>\$ 167,778</u>	<u>\$ 1,276,642</u>

Actuarial Assumptions

The total pension asset/(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 asset/(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, 2023**

Exhibit 10

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Interest rate	5.90%	6.95%
Salary scale	4.40%	5.18%-1.95%
Cost of living adjustments	1.5% annually	1.3%, annually
Decrement tables	April 1, 2015 - March 31, 2020	July 1, 2015 - June 30, 2020
	System's Experience	System's Experience
Inflation rate	2.90%	2.40%

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-2021. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021, 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, 2022 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, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

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

For TRS, 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, 2023**

Exhibit 10

<u>Measurement Date</u>	<u>ERS</u>		<u>TRS</u>	
	<u>March 31, 2023</u>		<u>June 30, 2022</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>expected real</u>
		<u>rate of return</u>		<u>rate of return</u>
Domestic equity	32%	4.30%	33%	6.50%
International equity	15%	6.85%	16%	7.20%
Global equity			4%	6.90%
Private equity	10%	7.50%	8%	9.90%
Real estate	9%	4.60%	11%	6.20%
Opportunistic/Absolute return strategy	3%	5.38%		
Credit	4%	5.43%		
Real assets	3%	5.84%		
Fixed income	23%	1.50%		
Cash	1%	0.00%		
Domestic fixed income securities			16%	1.10%
Global bonds			2%	0.60%
High-yield bonds			1%	3.30%
Private debt			2%	5.30%
Real estate debt			6%	2.40%
Cash equivalents			1%	-0.30%
	100%		100%	

The expected real rate of return is net of the long-term inflation assumptions of 2.50% for ERS, and 2.40% for TRS.

Discount Rate

The discount rate used to calculate the total pension asset/(liability) was 5.90% for ERS and 6.95% 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 asset/(liability).

Sensitivity of the Proportionate Share of the Net Pension Asset/(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 5.90% for ERS and 6.95% 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 (4.90% for ERS and 5.95%

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 10

for TRS) or 1-percentagepoint higher (6.90% for ERS and 7.95% for TRS) than the current rate:

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
District's proportionate share of the net pension asset/(liability)	\$ (698,721)	\$ (289,138)	\$ 53,117

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
District's proportionate share of the net pension asset/(liability)	\$ (3,088,383)	\$ (334,949)	\$ 1,980,672

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Employers' total pension liability	(\$232,627,259)	(\$133,883,474)
Plan fiduciary net position	211,183,223	131,964,582
Employers' net pension asset/(liability)	<u>(\$21,444,036)</u>	<u>(\$1,918,892)</u>
Ratio of plan fiduciary net position to the Employers' total pension liability	90.78%	98.57%

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, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$16,573.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October, and November 2023 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employer's

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 10

contribution rate, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amounted to \$360,347.

NOTE 14 – 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, 2023, totaled \$5,000 and \$207,211 respectively.

B) Deferred compensation plan:

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for eligible employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the fiscal year ended June 30, 2023 totaled \$39,300.

NOTE 15 – 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 80% and 95% of premiums for retirees, between 80% and 95% 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, 2023, the District contributed an estimated \$420,836 to the Plan, including \$420,836 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.

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Employees Covered by Benefit Terms

At July 1, 2021, the date of the valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	30	
Active employees	30	
	Total	60

B) Total OPEB liability:

The District's total OPEB liability of \$13,996,923 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2021. 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	2.60%	
Salary increases	2.40%, including inflation	
Discount rate	3.65%	
Healthcare cost trend rates		
Pre-65 medical/hospital/retiree contributions	5.1% decreasing to an ultimate rate of 4.1%	
Post-65 Medicare Part B	3.00%	

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index as of July 1, 2022.

The mortality was based on the PubT-2010 Headcount-Weighted Mortality Table for Teaching Positions and PubG-2010 Headcount-Weighted Mortality Table for Non-Teaching positions, both generationally projected using the MP-2021 Ultimate Scale, with employee rates before commencement and healthy annuitant rates after benefit commencement. This assumption includes a margin for future improvements in longevity.

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 10

C) Changes in the total OPEB liability:

Balance at June 30, 2022	\$ 12,897,168
Changes for the fiscal year:	
Service cost	463,346
Interest	465,577
Changes in assumptions or other inputs	591,698
Benefit payments	(420,836)
Net changes	1,099,785
Balance at June 30, 2023	\$ 13,996,953

There were no significant plan changes since the last valuation.

Changes of assumptions or other inputs includes a decrease in the discount rate from 3.54% at June 30, 2022 to 3.65% at June 30, 2023.

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 (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	\$16,336,385	\$13,996,923	\$12,114,103

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	\$11,664,552	\$13,996,923	\$17,023,207

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023, the District recognized OPEB expense of \$547,331. At June 30, 2023, 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	\$ 2,640,011	\$ -
Changes of assumptions or other inputs	1,852,023	(4,635,866)
	\$ 4,492,034	\$ (4,635,866)

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:

2024	\$ (381,592)
2025	(249,787)
2026	(13,912)
2027	342,582
2028	73,849
Thereafter	85,028
	\$ (143,832)

NOTE 16 – ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$817,017 has been appropriated to reduce taxes for the year ending June 30, 2024.

NOTE 17 – RESTRICTED FOR CAPITAL RESERVE

The following is a summary of the District’s restricted capital reserve activity since inception:

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 10

	<u>Capital Reserve</u>
Date Created	May 16, 2017
Number of Years to Fund	10
Maximum Funding	\$ 5,000,000

General Fund

Funding Provided	1,200,000
Interest Earnings	41,474
Use of Reserve	<u>(895,000)</u>
Total General Fund	<u>346,474</u>

Capital Projects Fund

Funding Provided	895,000
Use of Reserve	<u>(36,497)</u>
Total Capital Projects Fund	<u>858,503</u>

Balance as of June 30, 2023	<u><u>\$ 1,204,977</u></u>
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NOTE 18 – 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.

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, 2023. 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 \$163,165.

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

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 10

	2023	2022
Unpaid claims at beginning of year	\$ 39,959	\$ 66,752
Incurred claims and claim adjustment expenses	136,288	-
Claims payments	(13,082)	(26,793)
Unpaid claims at year end	\$ 163,165	\$ 39,959

NOTE 19 – COMMITMENTS AND CONTINGENCIES:

A) Encumbered:

All encumbrances are classified as assigned fund balance. At June 30, 2023, the District encumbered the following amounts:

General Fund		
General support	\$	136,278
Instruction		107,661
Employee benefits		12,000
	\$	255,939

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.

B) Litigation:

As of June 30, 2023 we are unaware of any pending or threatened litigation or unasserted claims or assessments against the District which require disclosure.

NOTE 20 – 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, 2023**

	<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	\$ 8,274,629	\$ 8,274,629	\$ 8,275,025	\$ 396
Other real property tax items	11,000	11,000	19,689	8,689
Charges for services	65,000	65,000	115,283	50,283
Use of money and property	3,000	3,000	48,453	45,453
Miscellaneous	-	-	44,769	44,769
State sources				
Basic formula	416,606	416,606	208,022	(208,584)
Excess cost aid	-	-	74,790	74,790
Lottery aid	-	-	12,612	12,612
BOCES aid	-	-	117,068	117,068
Textbook aid	-	-	8,039	8,039
Computer software aid	-	-	1,304	1,304
Library A/V loan program aid	-	-	543	543
Federal sources	-	-	36,169	36,169
TOTAL REVENUES	<u>8,770,235</u>	<u>8,770,235</u>	<u>\$ 8,961,766</u>	<u>\$ 191,531</u>
Appropriated fund balance	968,945	968,945		
Prior year encumbrances	218,042	218,042		
Appropriated reserves	-	<u>895,000</u>		
TOTAL REVENUES, APPROPRIATED FUND BALANCE & RESERVES	<u>\$ 9,957,222</u>	<u>\$ 10,852,222</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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
General support					
Board of education	\$ 26,200	\$ 26,200	\$ 22,010	\$ -	\$ 4,190
Central administration	180,180	182,180	176,214	109	5,857
Finance	236,102	236,407	203,875	27,780	4,752
Staff	55,496	75,131	58,808	9,933	6,390
Central services	648,761	788,172	604,716	98,456	85,000
Special items	168,151	168,151	159,735	-	8,416
Total General Support	1,314,890	1,476,241	1,225,358	136,278	114,605
Instruction					
Instruction, administration and improvement	236,251	245,251	231,027	-	14,224
Teaching - regular school	3,877,367	3,845,267	3,677,703	52,851	114,713
Programs for children with handicapping conditions	1,319,303	1,355,020	1,210,880	54,320	89,820
Occupational education	29,240	29,236	29,236	-	-
Teaching - special schools	21,428	21,428	9,104	-	12,324
Instructional media	582,299	594,300	570,574	490	23,236
Pupil services	241,523	225,372	204,844	0	20,528
Total Instruction	6,307,411	6,315,874	5,933,368	107,661	274,845
Pupil transportation	446,218	323,268	311,399	-	11,869
Employee benefits	1,864,203	1,817,339	1,652,477	12,000	152,862
TOTAL EXPENDITURES	9,932,722	9,932,722	9,122,602	255,939	554,181
Other financing uses					
Transfers to other funds	24,500	919,500	919,500	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 9,957,222	\$ 10,852,222	10,042,102	\$ 255,939	\$ 554,181
NET CHANGE IN FUND BALANCES			(1,080,336)		
FUND BALANCES - BEGINNING OF YEAR			4,660,093		
FUND BALANCES - END OF YEAR			\$ 3,579,757		

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 DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
FOR THE FISCAL YEARS ENDED JUNE 30, 2023

	NYRSERS Pension Plan									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension asset/(liability)	0.0013483%	0.0013398%	0.1280700%	0.0013036%	0.0012674%	0.0015496%	0.0015357%	0.0015419%	0.0015019%	0.0015019%
District's proportionate share of the net pension asset/(liability)	\$ (289,138)	\$ 109,525	\$ (1,275)	\$ (345,201)	\$ (89,796)	\$ (50,014)	\$ (144,296)	\$ (247,472)	\$ (50,736)	\$ (67,867)
District's covered payroll	\$ 427,830	\$ 393,263	\$ 415,785	\$ 388,297	\$ 399,123	\$ 409,676	\$ 463,042	\$ 495,653	\$ 483,390	\$ 442,389
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	67.58%	27.85%	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	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	97.20%
	NYSTRS Pension Plan									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension asset/(liability)	0.017455%	0.018838%	1.732000%	0.017365%	0.016217%	0.015167%	0.015093%	0.016194%	0.017409%	0.016131%
District's proportionate share of the net pension asset/(liability)	\$ (334,949)	\$ 3,264,499	\$ (478,586)	\$ 451,147	\$ 293,240	\$ 115,283	\$ (161,647)	\$ 1,682,089	\$ 1,939,247	\$ 106,181
District's covered payroll	\$ 3,158,642	\$ 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
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	10.60%	97.52%	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 liability	98.57%	113.25%	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.

Employees' Retirement System
The discount rate remained at 5.90% as reflected in 2023 and 2022 above.

Teachers' Retirement System
The discount rate remained at 6.95% as reflected in 2023 and 2022 above.

**QUOGUE UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30, 2023**

NYSERS Pension Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 46,708	\$ 59,727	\$ 57,146	\$ 53,216	\$ 58,345	\$ 70,828	\$ 69,837	\$ 82,210	\$ 86,824	\$ 79,269
Contributions in relation to the contractually required contribution	<u>46,708</u>	<u>59,727</u>	<u>57,146</u>	<u>53,216</u>	<u>58,345</u>	<u>70,828</u>	<u>69,837</u>	<u>82,210</u>	<u>86,824</u>	<u>79,269</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 426,857	\$ 398,142	\$ 430,044	\$ 380,778	\$ 396,846	\$ 390,587	\$ 458,262	\$ 498,793	\$ 490,056	\$ 456,763
Contributions as a percentage of covered payroll	10.94%	15.00%	13.29%	13.98%	14.70%	18.13%	15.24%	16.48%	17.72%	17.35%

NYSTRS Pension Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 328,101	\$ 303,041	\$ 290,423	\$ 260,358	\$ 307,823	\$ 242,603	\$ 318,604	\$ 308,816	\$ 426,440	\$ 417,880
Contributions in relation to the contractually required contribution	<u>328,101</u>	<u>303,041</u>	<u>290,423</u>	<u>260,358</u>	<u>307,823</u>	<u>242,603</u>	<u>318,604</u>	<u>308,816</u>	<u>426,440</u>	<u>417,880</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,226,976	\$ 3,158,642	\$ 3,347,384	\$ 2,942,483	\$ 2,899,879	\$ 2,643,514	\$ 2,603,903	\$ 2,487,609	\$ 2,404,095	\$ 2,588,477
Contributions as a percentage of covered payroll	10.17%	9.59%	8.68%	8.85%	10.62%	9.18%	12.24%	12.41%	17.74%	16.14%

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, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service cost	\$463,346	\$673,466	\$372,432	\$459,036	\$530,411	\$609,720
Interest	465,577	278,476	341,917	488,382	447,727	367,876
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	3,121,504	-	718,002	-	232,003
Changes of assumptions or other inputs	591,698	(3,194,569)	2,418,593	(4,637,127)	(582,092)	(1,312,198)
Benefit payments	<u>(420,836)</u>	<u>(399,256)</u>	<u>(222,159)</u>	<u>(282,483)</u>	<u>(280,467)</u>	<u>(317,751)</u>
Net change in total OPEB liability	1,099,785	479,621	2,910,783	(3,254,190)	115,579	(420,350)
Total OPEB liability - beginning	<u>12,897,138</u>	<u>12,417,517</u>	<u>9,506,734</u>	<u>12,760,924</u>	<u>12,645,345</u>	<u>13,065,695</u>
Total OPEB liability - ending	<u>\$13,996,923</u>	<u>\$12,897,138</u>	<u>\$12,417,517</u>	<u>\$9,506,734</u>	<u>\$12,760,924</u>	<u>\$12,645,345</u>
Covered-employee payroll	\$3,335,099	\$3,335,099	\$2,953,314	\$2,611,953	\$2,421,842	\$2,437,145
Total OPEB liability as a percentage of covered-employee payroll	419.69%	386.71%	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 No. 75 to 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:

2023	3.65%
2022	3.54%
2021	2.21%
2020	3.50%
2019	3.87%
2018	3.58%

**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, 2023**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$ 9,739,180
Add: prior year's encumbrances	<u>218,042</u>
Original budget	9,957,222
Budget revision:	
Appropriation of capital reserve	<u>895,000</u>
Final budget	<u><u>\$ 10,852,222</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023 - 2024 voter-approved expenditure budget	<u><u>\$ 9,934,116</u></u>
Maximum allowed (4% of 2023-24 budget)	<u><u>\$ 397,365</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 1,072,956
Unassigned fund balance	<u>798,999</u>
Total unrestricted fund balance	\$ 1,871,955
Less:	
Appropriated fund balance	\$ 817,017
Encumbrances included in assigned fund balance	<u>255,939</u>
Total adjustments	<u>1,072,956</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 798,999</u></u>
Actual percentage	<u><u>8.04%</u></u>

QUOGUE UFSD
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND
 JUNE 30, 2023

Project Title	Original Appropriation	Revised Appropriation	Expenditures to Date			Unexpended Balance	Methods of Financing					Fund Balance June 30, 2023
			Prior Year's	Current Year	Total		Proceeds of Obligations	State Aid	Capital Reserve	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	41,414	27,586	69,000	-	-	-	-	69,000	69,000	-
19-20 General Fund Appropriations	20,000	20,000		20,000	20,000	-	-	-	-	20,000	20,000	-
20-21 General Fund Appropriation	20,000	20,000		16,553	16,553	3,447	-	-	-	20,000	20,000	3,447
21-22 General Fund Appropriations	20,000	20,000			-	20,000	-	-	-	20,000	20,000	20,000
22-23 General Fund Appropriations	20,000	20,000			-	20,000	-	-	-	20,000	20,000	20,000
Playground renovations	895,000	895,000		36,497	36,497	858,503	-	-	895,000	-	895,000	858,503
Total	\$ 1,179,000	\$ 1,458,256	\$ 454,737	\$ 100,636	\$ 555,373	\$ 902,883	\$ -	\$ -	\$ 895,000	\$ 563,256	\$ 1,458,256	\$ 902,883

QUOGUE UNION FREE SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2023

Capital assets, net	\$ 2,630,364
Deduct:	
Capital related accounts payable	<u>36,497</u>
Net investment in capital assets	<u>\$ 2,593,867</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 year ended June 30, 2023, 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 14, 2023.

Report on 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on 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, New York
November 14, 2023