



Village of Quogue, N.Y.

FINANCIAL STATEMENTS
Year Ended May 31, 2016

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
Year Ended May 31, 2016**

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**INCORPORATED VILLAGE OF QUOGUE
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
MAY 31, 2016**

As management of the Incorporated Village of Quogue (the “Village”), we offer readers of the Village’s financial statements this narrative overview of the financial activities of the Village for the fiscal year ended May 31, 2016.

FINANCIAL HIGHLIGHTS

As reflected in the government-wide financial statements, the assets of the Village exceeded its liabilities at May 31, 2016 fiscal year by \$5,032,482 (net position). However, there is a negative balance of \$4,912,238 in the unrestricted amount of net position, which means the Village must meet its ongoing obligations to citizens and creditors from future revenue.

As reflected in the fund financial statements as of the close of the current fiscal year, the Village’s government funds reported an ending fund balance of \$6,329,474 (an increase of \$796,388 in comparison with the prior year). Of this amount, \$234,964 is nonspendable, \$1,093,850 is restricted for Employee Benefit Reserve and \$626,379 is restricted, \$804,526 is assigned, and \$3,569,755 is unassigned.

As described in Note 1.U. to the financial statements, “Newly Adopted Accounting Principles”, the Village adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, for the year ended May 31, 2016. The implementation of these statements resulted in a restatement to the opening net position as of June 1, 2015. Prior year balances have been updated for comparison purposes.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the Village’s finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Village’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The Statement of Activities presents information showing how the Village’s net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future years.

See independent auditors’ report and notes to the financial statements.

**INCORPORATED VILLAGE OF QUOGUE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
MAY 31, 2016**

The government-wide financial statements distinguish function and programs of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from programs that are intended to recover all or a significant portion of their costs through user fees and charges.

The governmental activities of the Village include general government support, justice court, police department, fire department, building department, roads and highways, parks and recreation, and sanitation.

The government-wide financial statements can be found on pages 10 and 11 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains four governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Capital Projects Fund, Special Revenue Endowment Fund and Special Revenue Parkland Fund.

The Village adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements and reconciliations can be found on pages 12 – 15 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Village's own programs.

See independent auditors' report and notes to the financial statements.

**INCORPORATED VILLAGE OF QUOGUE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
MAY 31, 2016**

The fiduciary fund financial statements can be found on pages 16 - 17 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 - 37 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the Incorporated Village of Quogue, assets exceeded liabilities by \$5,032,482 at the close of the most recent fiscal year.

VILLAGE'S NET POSITION

<u>As of May 31,</u>	<u>Governmental Activities</u>		
	<u>2016</u>	<u>2015</u>	<u>Change</u>
Current and Other Assets	\$ 6,674,123	\$ 6,199,628	\$ 474,495
Capital Assets	10,222,475	10,235,572	(13,097)
Deferred Outflows	<u>2,300,684</u>	<u>-</u>	<u>2,300,684</u>
Total Assets	<u>19,197,282</u>	<u>16,435,200</u>	<u>2,762,082</u>
Other Liabilities	\$ 766,919	\$ 1,003,000	\$ (236,081)
Long Term Liabilities	13,069,687	10,148,143	2,921,544
Deferred Inflows	<u>328,194</u>	<u>-</u>	<u>328,194</u>
Total Liabilities	<u>14,164,800</u>	<u>11,151,143</u>	<u>3,013,657</u>
Net Position:			
Investment in capital assets	8,767,475	8,380,572	386,903
Restricted	1,177,245	1,283,712	(106,467)
Unrestricted	<u>(4,912,238)</u>	<u>(4,380,227)</u>	<u>(532,011)</u>
Total Net Position	<u>\$ 5,032,482</u>	<u>\$ 5,284,057</u>	<u>\$ (251,575)</u>

Currently, the largest portion of the Village's net position of \$8,767,475 reflects its net investment in capital assets (e.g. land, buildings, improvements and machinery and equipment.) Capital assets are used to provide service to citizens; consequently these assets are not available for future spending. Although the Village's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

See independent auditors' report and notes to the financial statements.

**INCORPORATED VILLAGE OF QUOGUE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
MAY 31, 2016**

The net investment in capital assets increased over the prior year by \$386,903, primarily as a result of additions to capital assets during the current fiscal year, as well as the reduction of the capital related debt, offset by current depreciation.

A portion of the Village's net position, \$1,177,245, represents resources that are subject to external restriction on how they may be used. Decreases of \$106,467 were the result of equipment purchases exceeding the amounts transferred to reserve funds to assist in the payment of long term obligations which would become due at a future date.

The remaining balance of unrestricted net position deficit of \$4,912,238 means the Village must meet its ongoing obligations to citizens and creditors from future revenue.

VILLAGE'S CHANGES IN NET POSITION

<u>For the year ended May 31,</u>	<u>Governmental Activities</u>		
	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>
Revenues:			
Program Revenues/Charges for Services	\$ 814,282	\$ 667,759	\$ 146,523
Operating Grants	20,640	-	20,640
Capital Grants	239,549	213,873	25,676
General Revenues:			
Property Taxes	6,642,092	6,624,976	17,116
Non-property Taxes	65,238	64,804	434
Unrestricted Investment Earnings	14,571	15,254	(683)
Rental of Village Property	194,909	197,345	(2,436)
State Aid	398,661	340,192	58,469
Miscellaneous	67,564	26,026	41,538
(Loss) on Capital Asset Dispositions	-	(48,317)	48,317
Total Revenues	<u>8,457,506</u>	<u>8,101,912</u>	<u>355,594</u>
Expenses:			
General Government	1,301,346	1,168,268	133,078
Police, Fire and Ambulance	5,328,017	5,007,449	320,568
Justice Court	199,433	188,861	10,572
Roads and Highways	1,040,244	1,137,043	(96,799)
Beach, Parks and Recreation	363,528	385,245	(21,717)
Building Department	430,795	384,024	46,771
Interest on Long-Term Debt	<u>53,625</u>	<u>67,265</u>	<u>(13,640)</u>
Total Expenses	<u>8,716,988</u>	<u>8,338,155</u>	<u>378,833</u>
Changes in Net Position	(259,482)	(236,243)	(23,239)
Net Position – June 1 st (Restated)	<u>5,291,964</u>	<u>5,520,300</u>	<u>(228,336)</u>
Net Position – May 31 st	<u>\$5,032,482</u>	<u>\$5,284,057</u>	<u>\$ (251,575)</u>

See independent auditors' report and notes to the financial statements.

**INCORPORATED VILLAGE OF QUOGUE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
MAY 31, 2016**

Revenue Categories:

Program Revenues – includes charges for services which provide a direct benefit to the purchaser, including fees for recreational and community events and building permits. Revenue contributed by external governments that are restricted to supporting these types of programs are also classified as program revenues as either operating or capital grants.

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

The Village's revenues increased by \$355,594. This increase is primarily due to overall increases in most areas, especially departmental income, grants and property taxes. There were minor decreases in interest earnings and rental of Village property.

Expense Categories:

The Village's expenses increased by \$378,833. This increase is primarily due to the recognition of expenses due to the implementation of GASB No. 68 and 71 (pensions) and current year OPEB costs. Increases in the police and fire department, general government, building department and justice court exceeded decreases in roads and highways, beach, parks and recreation and interest expense.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds – The focus of the Village's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Village's net resources available for spending at the end of the year.

At the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$6,329,474, an increase of \$796,388 in comparison to the prior year. Of this total amount, \$3,569,755 constitutes unassigned fund balance, which is available for spending at the Village's discretion.

General Fund – The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,569,755, while total fund balance reached \$5,152,229. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balances represents 48% of total fund expenditures, while total fund balance represents 70% of that total fund expenditures.

The fund balance of the Village's General Fund increased during the current fiscal year by \$902,855 to \$5,152,229. The key factor in this was an increase in non-property taxes items, departmental income and grants revenues received during the year.

See independent auditors' report and notes to the financial statements.

**INCORPORATED VILLAGE OF QUOGUE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
MAY 31, 2016**

Special Revenue – The fund balance in the Special Revenue Fund decreased during the current fiscal year by \$11,798 to \$205,206. The key factor was authorized expenditures exceeding revenue. The only revenue earned was interest earnings.

Permanent Fund – The fund balance in the Permanent Fund decreased during the current fiscal year by \$28,324 to \$550,866. The key factor in this was expenditures from the Jobson Fund and the Tifft Fund.

Capital Projects Fund – The fund balance in the Capital Projects Fund decreased during the current fiscal year by \$66,345 to \$421,173. The key factor was expenditures for the Village's fire department and the highway department.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village's General Fund adopted budget for the fiscal year ended May 31, 2016 was \$8,273,679. This amount includes appropriated fund balance in the amount of \$130,000 and encumbrances carried forward from the prior year in the amount of \$225,592.

The budget was funded through a combination of anticipated revenues. The major funding sources were real property taxes of \$6,644,382, departmental income of \$358,500, use of money and property of \$208,000 and State Aid of \$411,705.

The General Fund performed favorably compared to budgeted revenues and expenditures.

Actual revenues of \$8,455,625 compared to the original budget of \$7,918,087 with a positive variance to budget of \$537,538. This variance consisted primarily of additional state aid and department income.

Actual expenditures for the year were \$8,646,620 compared to the original budget of \$8,273,679 with a negative variance to budget of \$372,941. This variance is primarily the result of the adoption of GASB 68 and 71 and the adoption of the Employee Benefit Reserve.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The Village's investment in capital assets for its governmental activities as of May 31, 2016, amounts to \$10,222,475 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, infrastructure, structures, machinery and equipment, vehicles and equipment, and other building improvements.

As of May 31,	<u>2016</u>	<u>2015</u>
Land	\$ 557,249	\$ 557,249
Land Improvements	137,924	149,871
Infrastructure	1,572,494	1,392,687
Structures	6,140,883	6,354,141
Machinery and Equipment	360,670	377,894
Vehicles and Equipment	1,293,472	1,232,822
Other Building Improvements	<u>159,783</u>	<u>170,908</u>
Total	<u>\$10,222,475</u>	<u>\$10,235,572</u>

See independent auditors' report and notes to the financial statements.

**INCORPORATED VILLAGE OF QUOGUE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
MAY 31, 2016**

Additional information on the Village's capital assets is shown in Note 6 on pages 27 - 28 of this report.

DEBT ADMINISTRATION

The Village borrows money in order to acquire land or equipment or construct buildings and improvements or infrastructure. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. The Village pledges its full faith and credit for the payment of principal and interest.

As of May 31,	<u>2016</u>	<u>2015</u>
Serial Bonds	\$ 1,455,000	\$ 1,855,000
Net Pension Liability	2,267,252	-
Compensated Absences	1,655,626	1,737,443
Other Postemployment Benefits	<u>8,096,809</u>	<u>6,955,700</u>
Total	<u>\$13,474,687</u>	<u>\$10,548,143</u>

Additional information on the Village's outstanding debt is shown in Note 7 on pages 28 – 29 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2016/2017 budget appropriations are \$8,227,802 which is 2.23% more than the current year's adopted budget. Most of the appropriations budget is about equal to the prior year with the exception of general government support has been decreased by \$22,663; public safety has been increased by \$22,210; transportation has been increased by \$82,568; home and community has been decreased by \$12,300; and employee benefits has been increased by \$108,900. Property tax collections are budgeted to increase by \$2,420, less than .1%. This is the second consecutive year that tax collections were budgeted to increase less than .1%.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with general overview of the Village's finances and to show the Village's accountability for the money it receives. Questions concerning any information provided in this report should be addressed to the Village at 7 Village Lane, P.O. Box 926, Quogue, NY 11959.

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Board of Trustees of the
Incorporated Village of Quogue:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Incorporated Village of Quogue (the "Village"), as of and for the year ended May 31, 2016 and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Incorporated Village of Quogue, as of May 31, 2016, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1V to the financial statements, the Village has adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The adoption of these statements resulted in a prior period adjustment. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 7, the schedule of funding progress other postemployment benefits on page 40, budgetary comparison information on page 41, the schedule of the Village's proportionate share of the net pension liability on page 42, the schedule of the Village's contributions – ERS on page 43, and the schedule of the Village's contributions – PFRS on page 44, be presented to supplement the basic financial statements. Such information, although are not 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 methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Quogue's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



Satty, Levine & Ciacco, CPAs P.C.
Jericho, New York
November 16, 2016

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
STATEMENT OF NET POSITION
MAY 31, 2016**

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS AND DEFERRED OUTFLOWS</u>	
CURRENT ASSETS:	
Cash	\$ 5,831,139
Cash - Restricted	420,102
Tax Sale Certificates	363
Prepaid Expenses	234,964
Due From Fiduciary	81,729
Due from other governments	105,826
TOTAL CURRENT ASSETS	<u>6,674,123</u>
NON-CURRENT ASSETS:	
Land	557,249
Other capital assets, net of depreciation	9,665,226
TOTAL NON-CURRENT ASSETS	<u>10,222,475</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows of resources - Pensions	<u>2,300,684</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,300,684</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 19,197,282</u>
<u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>	
CURRENT LIABILITIES:	
Accounts Payable	\$ 45,654
Accrued Liabilities	154,206
Due To Other Governments	17,920
Unearned Revenue	126,869
Accrued Interest Payable	17,270
Due within one year	405,000
TOTAL CURRENT LIABILITIES	<u>766,919</u>
NON-CURRENT LIABILITIES:	
Proportionate Share of Net Pension Liability	2,267,252
Compensated Absences	1,655,626
Post Employment Benefits Other Than Pension	8,096,809
Due in more than one year	1,050,000
TOTAL NON-CURRENT LIABILITIES	<u>13,069,687</u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred Inflow of resource - Pensions	<u>328,194</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>328,194</u>
NET POSITION:	
Investment in Capital Assets	8,767,475
Restricted for:	
Capital reserves	421,173
Permanent	550,866
Parkland trust	205,206
Unrestricted	<u>(4,912,238)</u>
TOTAL NET POSITION	<u>5,032,482</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 19,197,282</u>

See independent auditors' report and notes to the financial statements.

INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2016

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE)
		CHARGES FOR SERVICES	OPERATING GRANTS	CAPITAL GRANTS	REVENUE AND CHANGES IN NET POSITION
					GOVERNMENTAL ACTIVITIES
GOVERNMENTAL ACTIVITIES:					
General government	\$ 1,301,346	\$ 5,912	\$ -	\$ -	\$ (1,295,434)
Police and fire	5,328,017	61,319	20,640	-	(5,246,058)
Justice court	199,433	116,340	-	-	(83,093)
Roads and highways	1,040,244	-	-	239,549	(800,695)
Beach, parks and recreation	363,528	183,123	-	-	(180,405)
Building department	430,795	447,588	-	-	16,793
Interest on long-term debt	53,625	-	-	-	(53,625)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 8,716,988	\$ 814,282	\$ 20,640	\$ 239,549	(7,642,517)
GENERAL REVENUES:					
					6,642,092
					65,238
					14,571
					194,909
					398,661
					67,564
					7,383,035
					(259,482)
					5,291,964
					\$ 5,032,482

See independent auditors' report and notes to the financial statements.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2016**

	GOVERNMENTAL FUND TYPES				TOTAL GOVERNMENTAL FUNDS
	GENERAL	SPECIAL REVENUE	PERMANENT FUND	CAPITAL PROJECTS	
ASSETS:					
Cash	\$ 5,075,067	\$ 205,206	\$ 550,866	\$ -	\$ 5,831,139
Cash restricted - capital reserves	-	-	-	420,102	420,102
Tax Sale Certificates	363	-	-	-	363
Prepaid Expenses	234,964	-	-	-	234,964
Due from other funds	-	-	-	1,071	1,071
Due From Fiduciary Fund	81,729	-	-	-	81,729
Due from other governments	105,826	-	-	-	105,826
TOTAL ASSETS	\$ 5,497,949	\$ 205,206	\$ 550,866	\$ 421,173	\$ 6,675,194
LIABILITIES AND FUND BALANCES:					
LIABILITIES:					
Accounts Payable	\$ 45,654	\$ -	\$ -	\$ -	\$ 45,654
Accrued Liabilities	154,206	-	-	-	154,206
Due To Other Governments	17,920	-	-	-	17,920
Due to other funds	1,071	-	-	-	1,071
Unearned Revenue	126,869	-	-	-	126,869
TOTAL LIABILITIES	345,720	-	-	-	345,720
FUND BALANCES:					
Nonspendable:					
Prepaid expenses	234,964	-	-	-	234,964
Restricted:					
Parkland trust	-	205,206	-	-	205,206
Building reserve	-	-	-	104,808	104,808
Fire Department reserve	-	-	-	58,862	58,862
Highway reserve	-	-	-	26,468	26,468
Police Department reserve	-	-	-	231,035	231,035
Employee Benefit reserve	1,093,850	-	-	-	1,093,850
Assigned fund balances:					
Appropriated Fund Balance	200,000	-	-	-	200,000
Endowment funds	-	-	550,866	-	550,866
Encumbrances	53,660	-	-	-	53,660
Unassigned fund balance	3,569,755	-	-	-	3,569,755
TOTAL FUND BALANCES	5,152,229	205,206	550,866	421,173	6,329,474
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,497,949	\$ 205,206	\$ 550,866	\$ 421,173	\$ 6,675,194

See independent auditors' report and notes to the financial statements.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MAY 31, 2016**

Total fund balance - total governmental funds	\$	6,329,474
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		10,222,475
Interest payable on long-term debt does not require current financial resources. Therefore interest payable is not reported as a liability in the governmental funds balance sheet.		(17,270)
Proportionate share of long-term asset and liability, and deferred outflows and inflows associated with participation in the state retirement system are not current financial resources or obligations and are not reported in the funds.		
Deferred Outflows of Resources	2,300,684	
Deferred Inflows of Resources	(328,194)	
Net Pension Liability - Employees' Retirement System	<u>(2,267,252)</u>	(294,762)
Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.		
Serial Bonds Payable	(1,455,000)	
Other Post Employment Benefits Liability	(8,096,809)	
Compensated Absence Liability	<u>(1,655,626)</u>	<u>(11,207,435)</u>
Net position of governmental activities	\$	<u>5,032,482</u>

See independent auditors' report and notes to the financial statements.

INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MAY 31, 2016

	GOVERNMENTAL FUND TYPES				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE	PERMANENT FUND	CAPITAL PROJECTS	
REVENUES:					
Real property taxes	\$ 6,610,196	\$ -	\$ -	\$ -	\$ 6,610,196
Other tax items	31,896	-	-	-	31,896
Non property tax items	65,238	-	-	-	65,238
Departmental income	616,249	-	-	-	616,249
Intergovernmental charges	37,530	-	-	-	37,530
Use of money and property	207,600	285	768	828	209,481
Licenses and permits	44,162	-	-	-	44,162
Fines and forfeitures	116,340	-	-	-	116,340
Sale of property and compensation for loss	43,392	-	-	-	43,392
Miscellaneous local sources	24,172	-	-	-	24,172
State aid	657,800	-	-	-	657,800
Federal aid	1,050	-	-	-	1,050
TOTAL REVENUES	8,455,625	285	768	828	8,457,506
EXPENDITURES:					
General government support	901,582	-	-	-	901,582
Public safety	2,906,667	-	10,179	175,650	3,092,496
Health	370	-	-	-	370
Transportation	830,301	-	-	49,523	879,824
Culture and recreation	168,096	12,083	18,913	-	199,092
Home and community services	74,242	-	-	-	74,242
Employee benefits	2,054,996	-	-	-	2,054,996
TOTAL EXPENDITURES	7,394,770	12,083	29,092	225,173	7,661,118
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,060,855	(11,798)	(28,324)	(224,345)	796,388
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	158,000	158,000
Transfers (out)	(158,000)	-	-	-	(158,000)
TOTAL OTHER FINANCING SOURCES (USES)	(158,000)	-	-	158,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	902,855	(11,798)	(28,324)	(66,345)	796,388
FUND BALANCES BEGINNING OF THE YEAR	4,249,374	217,004	579,190	487,518	5,533,086
FUND BALANCES END OF THE YEAR	\$ 5,152,229	\$ 205,206	\$ 550,866	\$ 421,173	\$ 6,329,474

See independent auditors' report and notes to the financial statements.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2016**

Net change in fund balances - total governmental funds	\$	796,388
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		615,942
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.		(629,039)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		400,000
Accrued interest payable is recognized for governmental activities, but is not due and payable in the current period and therefore is not reported as a liability in the governmental funds. The change in the liability is recognized.		4,891
On the statement of activities the actual and projected long term expenditures for postemployment benefits employment benefits are reported whereas on the governmental funds only the actual expenditures are recorded for postemployment benefits.		(1,141,109)
Some expenses in the Statement of Activities do not require the use of financial resources and therefore and therefore are not reported as expenditures in governmental funds:		
Change in Long-Term Compensated Absences		(3,886)
Changes in the Village's proportionate share of pension liabilities have no effect on current financial resources and therefore are not reported in the governmental funds. In addition, changes to the Village's deferred outflows and inflows related to pensions do not affect current financial resources and are also not reported in the governmental funds.		
Deferred Outflows of resources	2,300,684	
Deferred Inflows of Resources	(328,194)	
Net Pension Liability - Employees Retirement Systems	(2,267,252)	
Net change from actual evaluation date to measurement date	<u>(7,907)</u>	<u>(302,669)</u>
Change in net position of governmental activities	<u>\$</u>	<u>(259,482)</u>

See independent auditors' report and notes to the financial statements.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
MAY 31, 2016**

	<u>AGENCY FUNDS</u>	<u>FIRE DEPARTMENT SERVICE AWARD PROGRAM</u>
<u>ASSETS</u>		
Cash	\$ 246,358	48,748
TOTAL ASSETS	<u>\$ 246,358</u>	<u>48,748</u>
<u>LIABILITIES</u>		
Due to governmental funds	\$ 77,114	\$ 4,615
Deposits held and due to others	169,244	-
TOTAL LIABILITIES	<u>\$ 246,358</u>	<u>4,615</u>
<u>NET POSITION</u>		
Held in trust for pension benefits and other purposes		<u>\$ 44,133</u>

See independent auditors' report and notes to the financial statements.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED MAY 31, 2016**

	<u>FIRE DEPARTMENT SERVICE AWARD PROGRAM</u>	
ADDITIONS:		
Service Award Program contributions	\$	70,000
Change in Market Value		(11,782)
Interest earnings		3,295
		<hr/>
TOTAL REVENUES		61,513
		<hr/>
DEDUCTIONS:		
Benefit payments		312,343
Administrative fees		6,929
		<hr/>
TOTAL EXPENDITURES		319,272
		<hr/>
(DEFICIENCY) OF REVENUES OVER EXPENDITURES		(257,759)
NET POSITION - BEGINNING OF THE YEAR		301,892
		<hr/>
NET POSITION -END OF THE YEAR	\$	44,133
		<hr/> <hr/>

See independent auditors' report and notes to the financial statements.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2016**

Note 1. Summary of Significant Accounting Policies

A. Organization

The Incorporated Village of Quogue (the “Village”) was incorporated in 1928. The Village operates under a Board of Trustees form of government and provides the following services as authorized by its charter: general government, police, fire protection, justice court, roads and highways, beach, parks and recreation and building department.

The financial statements of the Village were prepared in accordance with generally accepted accounting principles generally accepted in the United States of America (“GAAP”). The Governmental Accounting Standards Board (“GASB”) is responsible for establishing governmental accounting and financial reporting principles for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Village are discussed below.

B. Financial Reporting Entity

The Incorporated Village of Quogue is governed by the Village Law and other General Laws of the State of New York and various local laws. The Board of Trustees is the legislative body responsible for overall operations. The Mayor serves as chief executive officer and the Treasurer serves as chief fiscal officer.

All governmental activities and function/programs performed for the Incorporated Village of Quogue are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting consists of (a) the primary government which is the Village, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusions would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement No. 61.

C. Basis of Presentation

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide statements, certain financial transaction are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primary from the economic resource measurement focus of the Statement of Activities, compared with the current financial measurement focus of the governmental funds.

Government-wide Financial Statements

The Government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the Village. The effect of interfund activity, within the governmental column has been removed from these statements.

In the government-wide Statement of Net Position, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village’s net position is reported in three components-net investment in capital assets; restricted net position; and unrestricted net position. The Village first utilizes restricted resources to finance qualifying activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other tax items are not included in program revenues but are reported instead as general revenues.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2016**

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Fund Financial Statements

The Village segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Village has presented the following governmental funds:

1. General fund is the general operating fund of the Village. It is used to account for and report all financial resources except those required to be accounted for in another fund.
2. Capital fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of major capital assets.
3. Special Revenue fund – Parkland - is used to account for and report the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The special revenue fund of the Village includes the Parkland Trust, which is used to account for activities related to improvements and land acquisitions for the parks.
4. Special Revenue fund – Endowment - is used to account for and report resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the reporting government's programs – that is, for the benefit of the government or its citizenry. This fund includes the unrestricted Jobson Fund in the amount of \$341,326. Currently the Village is consuming only the accumulated interest earnings of this fund, however, these funds are available for any Village purpose. In addition the Permanent Fund includes the Tiffit Fund in the amount of \$209,540 to be used for the equal benefit of the Police and Fire Departments. Currently the Village is consuming only the accumulated interest earnings of this fund.

Fiduciary funds are accounted for using the economic resources measurement, focus and the accrual basis of accounting. The accounting objectives are determinations of net income and financial position. All assets and liabilities are included on the Statement of Fiduciary Net Position. These activities are not included in the government-wide financial statements because their resources are not available to be used. The Village has presented the following Fiduciary Funds:

1. Agency Funds account for assets held by the Village in a purely custodial capacity. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. Agency Funds consist of deposits held by the Village.
2. Service Award Program – The Fire Department Service Award Program activity is accounted for in this fund.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures/expenses and the related assets and liabilities are recognized in the account and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured (i.e. expenditures or expenses.)

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2016**

Note 1. Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (Continued)

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred, except that:

- a. Expenditures for prepaid expenses and inventory-type items are recognized at the time of purchase.
- b. Principal and interest on indebtedness are not recognized as an expenditure until due.
- c. Compensated absences such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.

E. Budgetary Data

Budgets are adopted annually. All budget amounts provided in this report have been modified where necessary. The Village's procedures in establishing the budgetary data reflected in the financial statements are as follows:

- a. On or before March 31st, the budget officer prepares estimates for each administrative unit.
- b. No later than March 31st, the budget officer submits a tentative budget to the Board of Trustees for the fiscal year commencing the following June 1st. This tentative budget includes proposed expenditures and the means of financing for the General Fund.
- c. A public hearing is conducted by the Board of Trustees to obtain comments.
- d. No later than May 1st, the Board of Trustees adopts the budget of the Incorporated Village of Quogue.

All modifications of the budget must be approved by the Board of Trustees. (However, the Treasurer is authorized to transfer certain budget amounts within departments.)

F. Cash, Cash Equivalents and Investments

The Village primarily maintains its cash and investments in individual segregated accounts grouped by fund. All investments with an original maturity of three months or less when purchased are considered cash equivalents. Cash on deposit with financial institutions is collateralized in accordance with state statutes.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2016**

Note 1. Summary of Significant Accounting Policies (Continued)

H. Interfund Transactions

The operations of the Village include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The Village 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 government-wide statements, eliminations have been made for all interfund receivables and payables between the funds.

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

A detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity is provided subsequently in these Notes.

I. Receivables

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

J. Prepaid Items

Prepaid items in the fund and government-wide statements represent expenses paid that will benefit the subsequent period.

K. Capital Assets

Capital assets are reported in the applicable governmental activities columns in the government-wide financial statements. All capital assets purchased or acquired with an original cost of \$1,000 or more and an estimated useful life in excess of one year are reported at historical cost or estimated historical cost if the actual historical cost is not available. Contributed assets are reported at a fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Land Improvements	20 years
Infrastructure	20-75 years
Structures	10-40 years
Machinery and Equipment	5-20 years
Vehicles and Equipment	8-15 years

The Village evaluated prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The Village's policy is to record an impairment loss in the period when the Village determines that the carrying amount of the asset will not be recoverable. At May 31, 2016, the Village has not recorded any such impairment losses.

L. Collections in Advance

Collections in advance represent a liability for fees which pertain to services that will be provided by the Village in the next fiscal year.

M. Grant Advances

Grant advances represent a liability for grant revenues collected in advance of eligible grant expenditures.

See independent auditors' report.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2016**

Note 1. Summary of Significant Accounting Policies (Continued)

N. Deferred Outflows/Inflows of Resources

In addition to liabilities, the Statement of Net Position and Governmental Funds Balance Sheet will sometimes report a separate section for deferred outflows and inflows of resources. Deferred outflows and inflows of resources, represents a usage or an acquisition of net position that applies to a future period(s) and so will not be recognized as an expenditure (outflow) or inflow of resources (revenue) until that time. The Village reports only one type of item, which arises from pension only under a full accrual basis of accounting, that qualifies for reporting in this category.

O. Compensated Absences

Compensated absences of the Village consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the Village and the employee.

P. Other Benefits

Eligible Village employees participate in the New York State Employees' Retirement System and the New York State and Local Police and Fire Retirement System.

In addition to providing pension benefits, the Village provides postemployment health insurance coverage for retired employees. The Village accounts for these postemployment benefits in accordance with GASB Statement No. 45 (GASB 45) Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. In the government-wide statements, postemployment costs are measured and disclosed using the accrual basis of accounting. The cost of providing these benefits is recorded as an expenditure in governmental funds in the year paid.

Q. Short-Term Debt

The Village 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 BAN's issued for capital purposes be converted to long-term financing within five years after the original issue date.

R. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements, when due. Long-term liabilities and obligations are liquidated through future budgetary appropriations of the General Fund.

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

S. Insurance

The Village insures against the liability for most risk including, but not limited to, property damage and personal injury liability. Judgment and claims are recorded when it is possible that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2016**

Note 1. Summary of Significant Accounting Policies (Continued)

T. Equity Classifications

Government-wide Statements

In the government-wide 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, construction or improvement of those assets.

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 “restricted” or net investment in capital assets classifications and are deemed to be available for general use by the Village.

Governmental Fund Financial Statements

The Board of Trustees shall delegate the authority to assign fund balance, for encumbrance purposes, to the person(s) to whom it has delegated the authority to sign purchase orders.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, if any, assigned or unassigned) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or board approved budget revision and then from the assigned fund balance to the extent that there is an assignment and then from the unassigned fund balance.

The Village segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements.

Fund balance consists of five classifications; nonspendable, restricted, committed, assigned, and unassigned; however the Village only utilizes the following four:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Restricted – Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. Restricted fund balances, including reserves in accordance with New York State law are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. These reserve funds are established through Board action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however separate bank accounts are not necessary for each reserve fund.

Restricted reserves currently in use by the Village include the following:

Parkland Trust – the reserve for parkland trust reports funds which are restricted by Village Law Section 7-730 for capital expenditures related to parks, playgrounds and recreational designated areas.

See independent auditors’ report.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2016**

Note 1. Summary of Significant Accounting Policies (Continued)

T. Equity Classifications (Continued)

Capital Reserves – the capital reserve funds include the Building, Fire Department, Highway and Police Department Reserves. These reserves accumulate monies for repairs of capital improvements, or equipment, which repairs are of a type not recurring annually or at shorter intervals. These reserves were established pursuant to General Municipal Law Section 6-d.

Assigned – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the Village’s Board of Trustees. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance may include an amount appropriated to partially fund the subsequent year’s budget and may also include encumbrances not classified as restricted at the end of the year. In addition Assigned Fund Balance includes Endowment Funds – the endowment fund includes two funds; the Jobson Fund in the amount of \$341,326 and the Tift Fund in the amount of \$209,540. These Jobson Fund is available to be used for any Village purpose. The Tift Fund is available to be used for the equal benefit of the Police and Fire Departments.

Unassigned – Represents the residual classification for the Village’s general fund and could report a surplus or deficit. In funds other than the general fund, unassigned classification should be used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

U. Newly Adopted Accounting Principles

Effective June 1, 2015, the Village adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The implementation of the Statements requires the Village to report as an asset and/or liability its portion of the collective net pension asset and/or liability in the New York State Employees Retirement System. The implementation also requires the Village to report a deferred outflow and/or inflow for the effect of the net change in the Village’s proportion of the collective net pension asset and/or liability and difference during the measurement period between the Village’s contributions and its proportionate share of total contributions to the pension system not included in pension expense. Also included in deferred outflows, are the Village’s contributions to the pension system subsequent to the measurement date. The effects of this standard required a restatement to the beginning balance for the cumulative effect of adoption which is discussed in Note 1.V.

V. Prior Period Adjustments

During the year ended May 31, 2016 the following affected the beginning net position of the Village:

Prior Period Adjustments

	<u>2016</u>
Changes were made to reflect the effect of implementing GASB Statement No. 68, as Amended by GASB Statement No. 71. This Statement requires that the cumulative effect of adoption be shown as a restatement to the beginning balance of net position.	<u>\$1,101,757</u>
Total prior period adjustment on the Statement of Activities	<u>\$1,101,757</u>

The net prior period adjustment is shown as an increase in the beginning net position in the Statement of Activities beginning balance as of June 1, 2015.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2016**

Note 2. Budget Basis of Accounting

The Mayor prepares a proposed budget for approval by the Board of Trustees for the General Fund, the only fund with a legally adopted budget. Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that 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 in the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board 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. During the year, the Board approved additional appropriations of \$537,538.

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 Fund expenditures as approved by the Board. 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.

Note 3. Real Property Taxes

Village real property taxes are levied annually no later than May 15th, and become a lien on the first day of the levy year. Taxes are collected during the period June 1st to July 1st without penalty or interest. Thereafter penalty and interest are imposed pursuant to the Real Property Tax Law.

After the return of tax warrant and certification to the Board of Trustees of the uncollected tax items, an annual sale of the tax liens is held pursuant to the provisions of the Real Property Tax Law.

Note 4. Cash And Investments

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

Collateral is required for demand deposits and certificates of deposit at 100 percent of all deposits not covered by federal deposit 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 school districts.

The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least 100 percent of the cost of the repurchase agreement.

Deposits and investments at year-end were entirely covered by federal deposit insurance and/or by collateral held by a custodial bank in the Village's name.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2016**

Note 4. Cash And Investments (Continued)

The Village participates in a multi-municipal cooperation investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants. The pool is authorized to invest in various securities issued by the United States and its agencies. The Village's share of investment at May 31, 2016 was \$756,156. These investments are not subject to risk categorization. Additional information concerning the Cooperative is presented in the annual report of the Cooperative Liquid Asset Securities System (CLASS), which may be obtained from MBIA Municipal Investors Service Corp., 113 King Street, Armonk, NY 10504.

Bank balances for the Village's cash at May 31, 2016 consisted of:

Checking – Non-Interest Bearing	\$ 107,680
Checking – Interest Bearing	127,396
Savings – Non-Interest Bearing	5,466,650
Savings – Interest Bearing	119,865
Investment Accounts – LOSAP – Corestone	48,747
CLASS Accounts – Interest Bearing	<u>756,156</u>
Total Balances	<u>\$6,626,404</u>
Amount FDIC Insured	\$ 497,261
Collateral Held by Village's Custodial Banks	5,324,240
Investment Accounts – LOSAP – Corestone	48,747
CLASS Accounts	<u>756,156</u>
	<u>\$6,626,404</u>

Custodial credit risk for deposits exist when, in the event of the failure of a depository financial institution, a government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

Governmental Accounting Standards Board Statement No. 40 directs that deposits are required to be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

- Uncollateralized,
- Collateralized with securities held by the pledging financial institution, or
- Collateralized with securities held by the pledging financial institution's trust department or agent but not in the Village's name.

Collateral is required for that portion of deposits not covered by Federal Deposit Insurance Corporation or security in the form of a letter of credit (LOC) from the Federal Home Loan Bank (FHLB). Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

At May 31, 2016 the cash in banks were entirely collateralized by the FDIC insurance, FHLB/LOC or securities held by the bank, in trust or third party, in the name of the Village.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2016**

Note 5. Interfund Receivables and Payables

The composition of the General Fund interfund balances at May 31, 2016, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Trust Fund	\$ 81,729
Capital Projects	General Fund	<u>1,071</u>
Total – Fund Financial Statements		82,800
Less: Fund eliminations		<u>(1,071)</u>
Total Interfund Balances – Government Wide Statement of Net Position		<u>\$ 81,729</u>

Note 6. Change in Capital Assets

Capital assets transactions for the year ended May 31, 2016 were as follows:

	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Retirements/ Transfers</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets				
Land	\$ 557,249	\$ -	\$ -	\$ 557,249
Total Non Depreciable Capital Assets	<u>557,249</u>	<u>\$ -</u>	<u>\$ -</u>	<u>557,249</u>
Depreciable Capital Assets				
Land Improvements	584,574	\$ -	\$ -	584,574
Infrastructure	10,025,329	271,588	-	10,296,917
Structures	9,286,608	59,706	-	9,346,314
Machinery and Equipment	1,356,910	52,935	-	1,409,845
Vehicles and Equipment	2,771,129	231,713	(95,023)	2,907,819
Other Building Improvements	<u>222,496</u>	<u>-</u>	<u>-</u>	<u>222,496</u>
Total Depreciable Capital Assets	<u>24,247,046</u>	<u>\$615,942</u>	<u>\$ (95,023)</u>	<u>24,767,965</u>
Less Accumulated Depreciation				
Land Improvements	434,703	\$ 11,947	\$ -	446,650
Infrastructure	8,632,642	91,781	-	8,724,423
Structures	2,932,467	272,964	-	3,205,431
Machinery and Equipment	979,016	70,159	-	1,049,175
Vehicles and Equipment	1,538,307	171,063	(95,023)	1,614,347
Other Building Improvements	<u>51,588</u>	<u>11,125</u>	<u>-</u>	<u>62,713</u>
Total Accumulated Depreciation	<u>14,568,723</u>	<u>\$629,039</u>	<u>\$ (95,023)</u>	<u>15,102,739</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>9,678,323</u>			<u>9,665,226</u>
Total Net Capital Assets	<u>\$10,235,572</u>			<u>\$10,222,475</u>

See independent auditors' report.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2016**

Note 6. Change in Capital Assets (Continued)

General Government	\$ 130,334
Police Department	89,099
Fire and Ambulance Department	168,554
Justice Court	1,243
Roads and Highways	167,760
Beach, Parks and Recreation	<u>72,049</u>
 Total governmental activities depreciation expense	 \$ <u>629,039</u>

Note 7. Long-Term Debt

The following is a summary of changes in long-term liabilities for the period ended May 31, 2016:

	<u>Beginning Balance</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Serial Bonds	\$ 1,855,000	\$ -	\$400,000	\$ 1,455,000	\$405,000
Net Pension Liability	166,721	2,100,531	-	2,267,252	-
Compensated Absences	1,737,443	-	81,817	1,655,626	-
Other Postemployment Benefits	<u>6,955,700</u>	<u>1,464,372</u>	<u>323,263</u>	<u>8,096,809</u>	<u>-</u>
 Totals	 <u>\$10,714,864</u>	 <u>\$3,564,903</u>	 <u>\$805,080</u>	 <u>\$13,474,687</u>	 <u>\$405,000</u>

Increases and decreases to compensated absences are shown net since it is impractical to determine these items separately.

Serial Bonds - The Village borrows money in order to acquire land, equipment, to construct roads and other improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of these capital assets. These long-term liabilities are full faith and credit debt of the Village. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

The following is a schedule of general obligation bonds:

<u>Description of Issue</u>	<u>Original Issue</u>	<u>Issued Date</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Amount Outstanding</u>
Village Office	\$2,500,000	6/1/03	6/1/18	2.75%-3.5%	\$ 645,000
Village Office	500,000	11/15/04	9/15/19	3.5%-3.625%	162,000
Fire House	1,000,000	11/15/04	9/15/19	3.5%-3.625%	324,000
Dune Road	1,000,000	11/15/04	9/15/19	3.5%-3.625%	<u>324,000</u>
					<u>\$1,455,000</u>

Future principal and interest payments to maturity are as follows:

<u>Fiscal Year Ending May 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 405,000	\$44,597	\$ 449,597
2018	415,000	30,138	445,138
2019	420,000	15,272	435,272
2020	<u>215,000</u>	<u>3,897</u>	<u>218,897</u>
	<u>\$1,455,000</u>	<u>\$93,904</u>	<u>\$1,548,904</u>

See independent auditors' report.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2016**

Note 7. Long-Term Debt (Continued)

Other long-term liabilities

In addition to the above long term debt, the local government has the following non-current liabilities:

Compensated Absences – Village employees are granted vacation and sick leave and earn compensatory absences in varying amounts based primarily on length of service and service position. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave and unused compensatory absences at various rates subject to certain maximum limitations. As of May 31, 2016, \$1,655,626 of such benefits have been earned and vested. Of this amount, \$1,093,850 has already been funded and is reported in the general fund as Employee Benefit Reserve.

Postemployment Benefits – In addition to providing benefits, the Village provides postemployment health insurance coverage for retired employees. Additional information can be found subsequently in these notes.

Note 8. Pension Plans

State Wide Local Government Retirement System

Plan Description. The Village participates in the New York State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS) and the Public Employees' Group Life Insurance Plan collectively known as NYSLRS. These are cost-sharing multiple-employer retirement systems. The NYSLRS provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the NYSLRS. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the NYSLRS and for the custody and control of its funds. The NYSLRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Funding Policy. The NYSLRS is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 will contribute 3 percent of their salary for their first ten years of membership, and employees who joined on or after April 1, 2012 (ERS) and (PFRS) will generally contribute 3 to 6 percent of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarial rates expressly used in computing the employers' contributions based on salaries paid during the NYSLRS fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2016	\$548,784
2015	\$712,784
2014	\$816,897

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions

At May 31, 2016, the Village reported a liability of \$2,267,252 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2014. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plans relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS System to the Village:

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
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Note 8. Pension Plans (Continued)

	<u>ERS</u>	<u>PFRS</u>
	April 1, 2015	April 1, 2015
Actuarial valuation date		
Net pension liability	\$611,101	\$1,656,151
Village's portion of the Plan's total net pension expense	0.0038074%	0.0559362%

For the year ended May 31, 2016 the Village recognized pension expense of \$851,548. At May 31, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
	<u>ERS</u>	<u>ERS</u>	<u>PFRS</u>	<u>PFRS</u>
Differences between expected and actual experience	\$ 3,088	\$ 72,436	\$ 14,854	\$ 250,390
Changes in assumptions	\$ 162,962	\$ -	\$ 713,961	\$ -
Net differences between projected and actual investment earnings on pension plan investments	\$ 362,538	\$ -	\$ 928,139	\$ -
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 3,465	\$ 5,368	\$ 111,677	\$ -
Total	<u>\$ 532,053</u>	<u>\$ 77,804</u>	<u>\$ 1,768,631</u>	<u>\$ 250,390</u>

The Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended May 31, 2016. Other amounts reports as the net balance of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended:	<u>ERS</u>	<u>PFRS</u>
2017	\$ 115,263	\$ 355,078
2018	\$ 115,263	\$ 355,078
2019	\$ 115,263	\$ 355,078
2020	\$ 108,104	\$ 342,884
2021	\$ -	\$ 107,096
Thereafter	\$ -	\$ -
	<u>\$ 453,893</u>	<u>\$ 1,515,214</u>

Actuarial Assumptions. The total pension liability at March 31, 2016 was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liability to March 31, 2016. The actuarial valuation used the following actuarial assumptions.

	<u>ERS</u>	<u>PFRS</u>
Investment rate of return	7.00%	7.00%
COLA	1.3%	1.3%
Salary scale	3.8%	4.5%
Decrement tables	April 1, 2011-March 31, 2015 System's Experience	April 1, 2011-March 31, 2015 System's Experience
Inflation rate	2.5%	2.5%

See independent auditors' report.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2016**

Note 8. Pension Plans (Continued)

Annuitant mortality rates are based on April 1, 2011 – March 31, 2015 System’s experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2011 – March 31, 2015.

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 returns 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2016 (for both ERS and PFRS) are summarized below:

Asset Type	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	38.00%	7.30%
International equity	13.00%	8.55%
Private equity	10.00%	11.00%
Real estate	8.00%	8.25%
Absolute return strategies	3.00%	6.75%
Opportunistic portfolio	3.00%	8.60%
Real assets	3.00%	8.65%
Bonds and mortgages	18.00%	4.00%
Cash	2.00%	2.25%
Inflation index bonds	2.00%	4.00%
	100.00%	

Discount Rate. The discount rate used to calculate the total pension liability was 7.0% which was a decrease of (.5%) from the discount rate used in the calculation of the total pension liability as of the beginning of the period. 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 assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption. The following presents the Village’s proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Village’s proportionate share of the net pension liability would be if it were calculated using a discount rate that 1% point lower (6.0%) or 1% point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Assumptions (7.0%)	1% Increase (8.0%)
<u>ERS</u>			
Village's proportionate share of the net pension liability/(asset)	\$ 1,377,988	\$ 611,101	\$ (36,886)
<u>PFRS</u>			
Village's proportionate share of the net pension liability/(asset)	\$ 3,699,189	\$ 1,656,151	\$ (56,356)

See independent auditors’ report.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2016**

Note 8. Pension Plans (Continued)

Pension Plan Fiduciary Net Position. The components of the current-year net pension liability of the employers as of March 31, 2016, were as follows:

	ERS <i>(Dollars in Thousands)</i>	PFRS <i>(Dollars in Thousands)</i>	Total <i>(Dollars in Thousands)</i>
Employers' total pension liability	\$ 172,303,544	\$ 30,347,727	\$ 202,651,271
Plan net position	<u>156,253,265</u>	<u>27,386,940</u>	<u>\$ 183,640,205</u>
Employers' net pension assets/(liability)	<u>\$ 16,050,279</u>	<u>\$ 2,960,787</u>	<u>\$ 19,011,066</u>
Ratio of plan net position to the employers' total pension liability	90.68%	90.24%	90.62%

ERS and PFRS employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Contributions as of May 31, 2016 represent the projected employer contribution for the period of April 1, 2015 through March 31, 2016 based on estimated ERS and PFRS wages, multiplied by the employer's contribution rate, by tier.

Fire Fighter Service Award Program

The Village's financial statements are for the year ended May 31, 2016. The information contained in this note relates to service awards programs that have plan years ending on December 31.

Defined Contribution Service Award Program (Terminated). Effective on January 1, 1992, the Village established a defined contribution service award program for the active volunteer firefighters of the Quogue Volunteer Fire Department. The program was established pursuant to Article 11-A of the New York State General Municipal Law. The program was instituted to provide municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters.

Active volunteer firefighters who had reached the age of 18 and who had completed 1 year of firefighting service are eligible to participate in the program. Participants acquired a nonforfeitable right to a service award after being credited with 5 years of firefighting service or upon attaining the program's entitlement age. The program's entitlement age was 65. In general, an active volunteer firefighter was credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulated fifty points. Points were granted for the performance of certain activities in accordance with a system established by the Village on the basis of a statutory list of activities and point values.

A participant's benefit under the program was the amount resulting from the contributions made by the sponsor on behalf of the participant, plus interest and/or other earnings resulting from the investment of the contributions, less necessary administrative costs, forfeitures and losses resulting from the investments of the contributions. Contributions in the amount of \$700 were made annually by the Village on behalf of each participant who was credited with one year of firefighter service. The maximum number of years of firefighting service for which a participant could receive a contribution was forty (40) years. Except in the case of disability or death, benefits were payable when a participant reaches entitlement age. The program provided statutorily mandated disability and death benefits.

In October 2015, as authorized by Article 11-A of the New York State General Municipal Law, the Board of Trustees of the Village adopted a resolution that, subject to voter approval as required by New York law, terminated the foregoing defined contribution service award program and created a new defined benefit service award program (described below) for active members of the Quogue Fire Department effective for the plan year commencing on January 1, 2015. As a result of the termination, amounts held by the Village under the defined contribution plan were to be distributed to the participants. By referendum held on November 3, 2015, the voters of the Village approved these actions. Accordingly, no contribution was made by the Village to the defined contribution plan for 2015, and balances held for participants on December 31, 2015 were distributed to them in January 2016.

See independent auditors' report.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
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MAY 31, 2016**

Note 8. Pension Plans (Continued)

The following is a summary of the activity of the defined contribution program for the year ended December 31, 2015:

Plan Net Position, beginning of year	\$297,199
Changes during the year:	
Plan Contributions	-
Investment Income Loss	(1,916)
Plan Benefit Withdrawals	(291,053)
Plan Benefit Withdrawals – (difference on books)	222
Administrative and Other Fees	<u>(4,452)</u>
Plan Net Position, end of year	<u>\$ -</u>

Defined Benefit Service Award Program. The defined benefit service award program established by the Board of Trustees of the Village in October 2015 and approved by voters in November 2015 has the features described below.

The defined benefit program was effective commencing with the calendar year starting on January 1, 2015. A firefighter at least 18 years old earns one year of service credit under the program for each calendar year in which he or she earns 50 or more points. A maximum of 40 years of service credit may be earned under the defined benefit program. Points are granted for the performance of certain activities in accordance with a system established by the Board of Trustees on the basis of a statutory list of activities and point values contained in Article 11-A of the General Municipal Law. The program provides for a 10-year benefit commencing on the January 1 after a participant reaches age 60 of \$20 per month for each year of service credit earned by the firefighter. Benefits are paid monthly over 10 years or, at the election of the participant, a discounted amount may be paid in a lump sum. Individuals who continue to be active firefighters after age 60 and earn the requisite 50 points in a year receive a benefit of \$2,129 for such year, in addition to any benefit accrued prior to age 60.

Firefighters become 100% vested after earning 5 years of service credit, attaining age 60 while being an active firefighter, or becoming totally and permanently disabled or dying while an active member of the Fire Department. For vesting purposes only, credit is given to individuals for years of qualifying service under the terminated defined contribution program.

Service credit for firefighters is determined by the Board of Trustees of the Village based on information certified to it by the Fire Department. The Fire Department must maintain all required records on forms prescribed by the Board of Trustees.

Program assets are required to be held in trust by Article 11-A of the General Municipal Law for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. The Village has created a trust for the program, and the Board of Trustees acts as trustee. Authority to invest program assets is vested in the Board of Trustees in compliance with Section 217(k) of Article 11-A of the General Municipal Law. Program assets are invested in accordance with a statutory “prudent person” rule. As provided in the trust agreement, the Board of Trustees has appointed East End Financial Group as investment manager for amounts contributed to the program and its independent custodian (Pershing LLC) as the custodian of the program assets.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2016**

Note 8. Pension Plans (Continued)

The Village Board of Trustees has also engaged Penflex, Inc. of Latham, New York to assist in the administration of the program and to calculate the amount required each year to be contributed to the defined benefit program. Penflex calculated the amount to be contributed for calendar year 2015 at \$61,737. The Village elected to contribute \$70,000 in May 2016, which was more than the minimum. Of that amount, \$23,419 was paid in lump sums to 11 firefighters (including one estate of a deceased firefighter) who were over age 60, and the balance was invested for the purposes of the program.

Note 9. Other Postemployment Benefits – (OPEBS)

Plan Description

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

Funding Policy

The Plan provides a specified percentage of the retiree health premium (and, if applicable, the retiree’s spouse’s premium) charged by the insurance carrier is paid by the Village. Beginning June 1, 2010 retired participants are provided with health coverage under the Empire Plan. Within the Empire Plan, family and individual options are available.

The Empire Plan requires coordination with Medicare Part B once a retiree is eligible for Medicare. In these situations, the Village reimburses 100% of the retiree’s Medicare Part B premium in addition to a specified portion of the health insurance premium. In cases where family coverage is applicable, the Village also reimburses 100% of the spouse’s Medicare Part B premium.

Upon death of the retiree, the Village continues to pay the Empire premium and reimburse the Medicare Part B premium for surviving spouses.

For current retirees the Village pays 100% of the Empire premium and reimburses 100% of the Medicare Part B premium for all retirees and their spouses. These benefits remain in effect for surviving spouses.

Upon retirement of currently active employees, the Village will pay 100% of the Empire premium and will reimburse 100% of the Medicare Part B premium for all employees and the employee’s spouse, if applicable. Pursuant to a collective bargaining agreement governing Village police officers executed in the current fiscal year, commencing September 2016, officers hired after May 31, 2015 will contribute 15% of health insurance premiums during employment and subsequent retirement. There are currently two police officers affected by this change.

At this time there is no New York State statute providing local governments with the authority for establishing a postemployment benefits trust. Since the Village cannot fund the OPEB liability at this time, the required contribution is based on a projected pay-as-you-go financing requirements. The contribution requirements of Plan members and the Village are established by the Board of Trustees. For the year ended May 31, 2016, the Village recognized a general fund expenditure of \$323,263 for currently enrolled retirees.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2016**

Note 9. Other Postemployment Benefits – (OPEBS) (Continued)

Annual OPEB Cost and Net OPEB Obligation

The Village’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Village has elected to calculate the ARC and related information using the projected unit credit actuarial cost method permitted for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Village’s annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in Village’s net OPEB obligation to the retiree:

Annual required contribution (ARC)	\$1,573,002
Interest on net OPEB obligation (NOO)	278,228
Adjustment to Annual Required Contribution (ARC)	<u>(386,858)</u>
Annual OPEB cost (expense)	1,464,372
Contributions made	<u>(323,263)</u>
Increase in net OPEB obligation	1,141,109
Net OPEB obligation - beginning of year	<u>6,955,700</u>
Net OPEB obligation - end of year	<u>\$8,096,809</u>

The Village’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal years 2016, 2015 and 2014 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Annual OPEB Cost</u>	<u>OPEB Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2016	\$1,573,002	\$1,464,372	\$323,263	22%	\$8,096,809
2015	\$1,340,199	\$1,247,049	\$255,885	21%	\$6,955,700
2014	\$1,340,199	\$1,262,212	\$291,276	23%	\$5,964,536

Funded Status and Funding Progress

As of May 31, 2016, the last valuation date, the actuarial accrued liability for benefits was \$16,567,365, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was \$2,449,699, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 6.76.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2016**

Note 9. Other Postemployment Benefits – (OPEBS) (Continued)

For the May 31, 2016 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0% discount rate for the unfunded portion, and an annual healthcare cost rate of 9.0% grading down to 5.0% and Medicare Part B Premiums 7.0% grading down to 5.0%.

Based on the historical and expected returns of the Village's short-term investment portfolio, a discount rate of 4 percent was used. In addition, the Village elected to use the projected unit credit actuarial cost method. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at May 31, 2016, is twenty-three years.

Note 10. Commitments and Contingencies

Federal and State Grants

The Village is a recipient of various Federal and State grants. These grants are administered by various agencies. These grants are subject to various compliance and financial audits by the respective agencies administering the grants, which could result in certain disallowances. The Board believes that they have substantially complied with the rules and regulations as specified under the various grant agreements as well as the rules and regulations of the respective agency for each grant.

Tax Certiorari

There are presently pending against the Village of Quogue, a number of real property tax review proceedings requesting reductions in assessed valuations of various properties for both past and current years. The financial exposures in these cases are indeterminable at this time.

Other

The Village is subject to litigation in the ordinary conduct of its affairs. Management does not believe however, that such litigation, individually or in the aggregate, is likely to have a material effect on the financial statements.

Joint Tenancy

The Village, as a joint tenant with the Town of Southampton, purchased a house on Dune Road, Quogue to be used as a beach pavilion by the Village residents.

Note 11. Subsequent Events

The Village has evaluated events and transactions that occurred through November 16, 2016, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

Note 12. Recent Accounting Principles

The GASB has issued the following Statement which will be effective in future years:

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement is effective for reporting periods beginning after June 15, 2015.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2016**

Note 12. Recent Accounting Principles (Continued)

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. The objective of this Statement is to require disclosures regarding tax abatement information regarding a governments own agreements or those entered into by other governments which reduce the reporting government's tax revenues. This Statement is effective for reporting periods beginning after December 15, 2015.

In December 2015, GASB issued Statement No. 78, *Pensions Provided Through Certain Multiple Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of GASB No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer. This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This Statement is effective for reporting periods beginning after December 15, 2015.

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement permits certain external investment pools to use amortized cost to measure pool investments. This Statement is effective for reporting periods beginning after June 15, 2015.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB No. 14*. This Statement changes how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. Specifically, such component units must be “blended into the primary state or local government’s financial statements in a manner similar to a department or activity of the primary government. This Statement is effective for reporting periods beginning after June 15, 2016.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This Standard requires that governments who are the recipients of resources under such agreements must record the respective assets, liabilities and deferred inflows of their interest in the agreement at the time of inception. This Statement is effective for reporting periods beginning after December 15, 2016.

In March 2016, GASB issued Statement No. 82, *Pension Issues –An Amendment of GASB Statements No. 67, No. 68. And No. 73*. This Standard clarifies certain issues raised in practice during the application and implementation of the pension standards and enhances consistency by clarifying existing standards. Portions of this Statement are effective for reporting periods beginning after June 15, 2016. Guidance provided under this standard for the “selection of assumptions” is effective for the employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

The Village is currently evaluating the impact of these statements on the financial statements, and does not expect a material impact upon adoption.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND
MAY 31, 2016**

	<u>BUILDINGS</u>	<u>FIRE DEPARTMENT</u>	<u>HIGHWAY</u>	<u>POLICE DEPARTMENT</u>	<u>TOTAL</u>
ASSETS:					
Cash	\$ 104,396	\$ 58,668	\$ 26,405	\$ 230,633	\$ 420,102
Due from other funds	412	194	63	402	1,071
	<u>104,808</u>	<u>58,862</u>	<u>26,468</u>	<u>231,035</u>	<u>421,173</u>
TOTAL ASSETS	<u>\$ 104,808</u>	<u>\$ 58,862</u>	<u>\$ 26,468</u>	<u>\$ 231,035</u>	<u>\$ 421,173</u>
LIABILITIES AND FUND BALANCES:					
LIABILITIES:					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:					
Restricted					
Buildings	104,808	-	-	-	104,808
Fire department	-	58,862	-	-	58,862
Highway	-	-	26,468	-	26,468
Police department	-	-	-	231,035	231,035
	<u>104,808</u>	<u>58,862</u>	<u>26,468</u>	<u>231,035</u>	<u>421,173</u>
TOTAL FUND BALANCES	<u>104,808</u>	<u>58,862</u>	<u>26,468</u>	<u>231,035</u>	<u>421,173</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 104,808</u>	<u>\$ 58,862</u>	<u>\$ 26,468</u>	<u>\$ 231,035</u>	<u>\$ 421,173</u>

See independent auditors' report and notes to the financial statements.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED MAY 31, 2016**

	BUILDINGS	FIRE DEPARTMENT	HIGHWAY	POLICE DEPARTMENT	TOTAL
REVENUES:					
Interest earnings	\$ 169	\$ 194	\$ 63	\$ 402	\$ 828
TOTAL REVENUES	169	194	63	402	828
OTHER FINANCING SOURCES:					
Transfers from general fund	20,000	88,000	50,000	-	158,000
TOTAL REVENUES AND OTHER FINANCING SOURCES	20,169	88,194	50,063	402	158,828
EXPENDITURES:					
Capital outlay	-	175,650	49,523	-	225,173
TOTAL EXPENDITURES	-	175,650	49,523	-	225,173
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	20,169	(87,456)	540	402	(66,345)
FUND BALANCES - BEGINNING OF THE YEAR	84,639	146,318	25,928	230,633	487,518
FUND BALANCES - END OF THE YEAR	\$ 104,808	\$ 58,862	\$ 26,468	\$ 231,035	421,173

See independent auditors' report and notes to the financial statements.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK**

SCHEDULE OF FUNDING PROGRESS OTHER POSTEMPLOYMENT BENEFITS (Unaudited)

YEAR ENDED MAY 31, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
5/31/16	\$ -	\$16,567,365	\$16,567,365	0.0%	\$2,449,699	676%
5/31/13	\$ -	\$13,430,937	\$13,430,937	0.0%	\$3,098,662	433%
5/31/10	\$ -	\$13,804,766	\$13,804,766	0.0%	\$2,981,711	463 %

Next valuation date will be at 5/31/19.

INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2016

	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	ENCUMBRANCES	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:					
Real property taxes	\$ 6,644,382	\$ 6,644,382	\$ 6,610,196		\$ (34,186)
Other tax items	25,000	25,000	31,896		6,896
Non property tax items	111,000	111,000	65,238		(45,762)
Departmental income	358,500	616,138	616,249		111
Intergovernmental charges	37,500	37,500	37,530		30
Use of money and property	208,000	208,000	207,600		(400)
Licenses and permits	24,000	27,592	44,162		16,570
Fines and forfeitures	78,500	78,500	116,340		37,840
Sale of property and compensation for loss	2,000	2,000	43,392		41,392
Miscellaneous local sources	17,500	47,713	24,172		(23,541)
State aid	411,705	657,800	657,800		-
Federal aid	-	-	1,050		1,050
TOTAL REVENUES	7,918,087	8,455,625	\$ 8,455,625		\$ -
OTHER FINANCING SOURCES					
Appropriated Fund Balance	130,000	130,000			
Prior year encumbrances	225,592	225,592			
TOTAL REVENUE AND OTHER FINANCING SOURCES	\$ 8,273,679	\$ 8,811,217			
EXPENDITURES:					
General government support	\$ 1,126,169	\$ 909,682	\$ 901,582	\$ 8,100	\$ -
Public safety	2,990,195	2,940,770	2,906,667	34,103	-
Health	1,000	1,000	370	-	630
Transportation	998,518	840,878	830,301	10,577	-
Culture and recreation	195,100	200,099	168,096	880	31,123
Home and community services	125,000	109,073	74,242	-	34,831
Employee benefits	2,221,181	2,099,349	2,054,996	-	44,353
TOTAL EXPENDITURES	7,657,163	7,100,851	6,936,254	53,660	110,937
DEBT SERVICE:					
Principal	400,000	400,000	400,000	-	-
Interest	58,516	58,516	58,516	-	-
TOTAL DEBT SERVICE	458,516	458,516	458,516	-	-
OTHER FINANCING USES:					
Transfer to reserve funds	158,000	158,000	158,000	-	-
Contribution to Employee Benefit Reserve Fund	-	1,093,850	1,093,850	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 8,273,679	\$ 8,811,217	\$ 8,646,620	\$ 53,660	\$ 110,937

**Explanation of differences between budgetary expenditures and other uses
and GAAP expenditures and other uses:**

Expenditures and Other Uses:

Actual total expenditures budgetary basis	\$ 8,646,620
Differences - Budget to GAAP Contribution to Reserve Funds	1,093,850
Total expenditures and other uses as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$ 7,552,770</u>

See independent auditors' report and notes to the financial statements.

INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(unaudited)
MAY 31, 2016

NYSLRS Pension Plan	2016
Village's proportion of the net pension liability	
ERS	0.0038074%
PFRS	0.0559362%
Village's proportionate share of the net pension liability	
ERS	\$ 611,101
PFRS	1,656,151
Village's covered-employee payroll	
ERS	926,133
PFRS	2,097,352
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	
ERS	65.98%
PFRS	78.96%
Plan fiduciary net position as a percentage of the total pension liability	
ERS	90.68%
PFRS	90.24%

See independent auditors' report and notes to the financial statements.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
SCHEDULE OF THE VILLAGE'S PENSION CONTRIBUTIONS - ERS (unaudited)
FOR THE YEARS ENDED MAY 31,**

NYSLRS Pension Plan	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 158,822	\$ 186,245	\$ 170,416	\$ 165,829	\$ 153,565	\$ 99,133	\$ 67,589	\$ 74,863	\$ 69,732	\$ 80,949
Contributions in relation to the contractually required contribution	<u>158,822</u>	<u>186,245</u>	<u>170,416</u>	<u>165,829</u>	<u>153,565</u>	<u>99,133</u>	<u>67,589</u>	<u>74,863</u>	<u>69,732</u>	<u>80,949</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered-employee payroll	\$ 926,133	\$ 969,477	\$ 913,784	\$ 855,203	\$ 843,203	\$ 806,102	\$ 839,234	\$ 787,262	\$ 717,538	\$ 719,053
Contributions as a percentage of covered-employee payroll	17.1%	19.2%	18.6%	19.4%	18.2%	12.3%	8.1%	9.5%	9.7%	11.3%

See independent auditors' report and notes to the financial statements.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
SCHEDULE OF THE VILLAGE'S PENSION CONTRIBUTIONS - PFRS (unaudited)
FOR THE YEARS ENDED MAY 31,**

NYSLRS Pension Plan	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 527,252	\$ 539,609	\$ 638,204	\$ 438,727	\$ 378,720	\$ 224,234	\$ 258,449	\$ 207,646	\$ 259,833	\$ 229,919
Contributions in relation to the contractually required contribution	<u>527,252</u>	<u>539,609</u>	<u>638,204</u>	<u>438,727</u>	<u>378,720</u>	<u>224,234</u>	<u>258,449</u>	<u>207,646</u>	<u>259,833</u>	<u>229,919</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered-employee payroll	\$ 2,097,352	\$ 2,047,829	\$ 2,075,802	\$ 1,783,300	\$ 1,750,146	\$ 1,581,115	\$ 1,812,472	\$ 1,641,119	\$ 1,725,304	\$ 1,570,295
Contributions as a percentage of covered-employee payroll	25.1%	26.4%	30.7%	24.6%	21.6%	14.2%	14.3%	12.7%	15.1%	14.6%

See independent auditors' report and notes to the financial statements.