



Village of Quogue, N.Y.

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

Year Ended May 31, 2023

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
Year Ended May 31, 2023**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Board of Trustees
Incorporated Village of Quogue, New York

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of the Incorporated Village of Quogue, New York (the "Village"), as of and for the year ended May 31, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary fund of the Incorporated Village of Quogue, as of May 31, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Incorporated Village of Quogue, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Adoption of New Accounting Principle

As discussed in Note 1 to the financial statements, the Village has adopted Governmental Accounting Standards Board Statement No. 87, *Leases*. The adoption of this statement did not result in an adjustment to net position. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the Village's total OPEB liability and related ratios, budgetary comparison schedule, schedule of the Village's proportionate share of net pension liability (asset) – New York State and Local Retirement System, schedule of the Village's contributions – ERS, schedule of the Village's contributions – PFRS, and the schedule of changes in the Village's total pension liability – Length of Service Awards Program be presented to supplement the basic financial statements. Such information is the responsibility of management and, although 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 Incorporated 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Satty, Levine & Ciacco CPAs PC".

Satty, Levine & Ciacco, CPAs, P.C.
Melville, New York
November 30, 2023

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
MAY 31, 2023**

As management of the Incorporated Village of Quogue (the “Village”), we offer readers of the Village’s financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended May 31, 2023. Please read it in conjunction with the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

As reflected in the government-wide financial statements, the liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources of the Village as of May 31, 2023 by \$7,630,930, reflecting a negative net position. There is a deficit balance of \$21,964,588 in the unrestricted amount of net position, which means the Village must meet its ongoing obligations to citizens and creditors from future revenues.

As reflected in the fund financial statements, as of May 31, 2023, the Village’s government funds reported an ending fund balance of \$10,891,463. Of this amount, \$260,544 is nonspendable, \$3,530,838 is restricted, \$599,749 is assigned, and \$6,500,332 is unassigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The Statement of Net Position presents information on all of the Village’s assets and 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 government’s net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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 protection, fire department, building department, roads and highways, parks and recreation, and sanitation.

The government-wide financial statements can be found on pages 11 and 12 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 objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental and fiduciary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses 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.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
MAY 31, 2023**

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 three 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 and Special Revenue 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 13 – 16 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 these funds are not available to support the Village’s own programs.

The fiduciary fund financial statement can be found on page 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 16-38 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the Village, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$7,630,930 at the close of the most recent fiscal year.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
MAY 31, 2023**

VILLAGE’S NET POSITION

	Governmental Activities		
	2023	2022	Change
Current and other assets	\$ 12,846,924	\$ 9,688,988	\$ 3,157,936
Capital assets, net	14,554,470	12,053,397	2,501,073
Other noncurrent assets	3,984,122	-	3,984,122
Total assets	31,385,516	21,742,385	9,643,131
Deferred outflows of resources	5,762,064	7,173,391	(1,411,327)
Total assets and deferred outflows of resources	37,147,580	28,915,776	8,231,804
Current liabilities	1,930,872	962,555	968,317
Non-current liabilities	27,229,188	25,419,706	1,809,482
Total liabilities	29,160,060	26,382,261	2,777,799
Deferred inflows of resources	15,618,450	11,706,244	3,912,206
Total liabilities and deferred inflows of resources	44,778,510	38,088,505	6,690,005
Net position:			
Net investment in capital assets	11,051,998	12,053,397	(1,001,399)
Restricted	3,281,660	2,737,424	544,236
Unrestricted (deficit)	(21,964,588)	(23,963,550)	1,998,962
Total net position (deficit)	\$ (7,630,930)	\$ (9,172,729)	\$ 1,541,799

Currently, the largest portion of the Village’s net position - \$11,051,998 - reflects its net investment in capital assets (e.g., land, buildings, improvements and machinery and equipment). Capital assets are used to provide services to citizens; consequently these assets are not available for future spending. Although the Village’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Current and other assets increased by \$3,157,936, mostly due to an increase in cash. This was due primarily to a positive change in net position, as well as issuing a new bond.

Capital assets increased by \$2,501,073, primarily due to the Scrub Oak & Jessup Avenue reconstruction project, along with the purchase of a new fire truck, partially offset by current year depreciation.

Other noncurrent assets increased by \$3,984,122, due to the recording of leases receivable in accordance with GASB Statement No. 87, *Leases*.

Deferred outflows of resources decreased by \$1,411,327 primarily from annual amortization of prior year deferred outflows.

Current liabilities increased by \$968,317, mostly due to the increase in accounts payable for the Scrub Oak & Jessup Avenue reconstruction project.

Non-current liabilities increased by \$1,809,482, primarily due to the issuance of a new bond.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
MAY 31, 2023**

Total deferred inflows of resources increased by \$3,912,206. This was mainly due to a change of assumptions and differences between actual and expected experiences for the other post-employment benefits plan and recording deferred inflows for leases due to the implementation of GASB Statement No. 87, *Leases*. These were partially offset by a decrease in deferred inflows of the NYS retirement plans.

A portion of the Village’s net position, \$3,281,660, represents resources that are subject to external restriction on how they may be used. There was an increase of \$544,236 from the prior year, primarily due to funding for new capital projects.

The remaining balance of unrestricted net position (deficit) of \$21,964,588 means the Village must meet its ongoing obligations to citizens and creditors from future revenue.

VILLAGE’S CHANGES IN NET POSITION

	Governmental Activities		
	2023	2022	Increase (Decrease)
Revenues:			
Program revenues:			
Charges for services	\$ 1,148,029	\$ 1,201,960	\$ (53,931)
Operating grants	53,991	29,818	24,173
Capital grants	248,827	258,264	(9,437)
General revenues:			
Property taxes	7,712,522	7,211,358	501,164
Non-property taxes	92,388	84,014	8,374
Unrestricted investment earnings	403,496	22,461	381,035
Rental of village property	192,389	249,135	(56,746)
State aid	744,514	664,906	79,608
(Loss)/gain on capital asset dispositions	(14,479)	(22,657)	8,178
Miscellaneous	120,794	95,557	25,237
Total Revenues	10,702,471	9,794,816	907,655
Expenses:			
General government	1,530,603	1,485,573	45,030
Public safety	5,858,504	6,059,162	(200,658)
Transportation	1,233,901	1,143,562	90,339
Culture and recreation	408,806	384,763	24,043
Home and community services	93,863	87,522	6,341
Interest on long-term debt	34,995	-	34,995
Total Expenses	9,160,672	9,160,582	90
Change in Net Position	1,541,799	634,234	907,565
Beginning Net Position	(9,172,729)	(9,806,963)	634,234
Ending Net Position	\$ (7,630,930)	\$ (9,172,729)	\$ 1,541,799

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
MAY 31, 2023**

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. Revenues 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 \$907,655. This increase is due primarily to higher property taxes and an increase in unrestricted investment earnings as interest rates rose significantly throughout the year.

Expense Categories:

The Village’s expenses increased by \$90. Decreases in public safety were offset by increases in all the other functions.

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 fiscal year.

As of May 31, 2023, the Village’s governmental funds reported combined ending balances of \$10,891,463, an increase of \$2,165,030 in comparison to the prior year. Of this total amount, \$6,500,332 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 \$6,500,332, while total fund balance reached \$10,206,893. 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 expenditures. Unassigned fund balance represents approximately 71% of total general fund expenditures, while total fund balance represents approximately 111% of general fund expenditures.

The fund balance of the Village’s General fund increased during the current year by \$2,411,686 to \$10,206,893. The key factor was transfers from the Capital Projects Fund and total revenues exceeding total expenditures.

Special Revenue – The fund balance in the Special Revenue Fund decreased during the current fiscal year by \$29,597 to \$55,088. The key factor was expenditures related to a new dock ramp.

Capital Projects Fund – The fund balance in the Capital Projects Fund decreased during the current fiscal year by \$217,059 to \$629,482. The key factor was transfers to the General Fund exceeding the difference between other financing sources and expenditures.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
MAY 31, 2023**

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village’s General Fund adopted budget for the fiscal year ended May 31, 2023 was \$9,606,951. This amount was increased by encumbrances carried forward from the prior year in the amount of \$43,191 for a total budget of \$9,650,142.

The budget was funded through a combination of anticipated revenues. The major funding sources were real property taxes of \$7,670,103, departmental income of \$678,400, use of money and property of \$286,848 and state aid of \$627,400.

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

Actual revenues of \$10,714,895 compared to the modified budget of \$9,606,951 with a positive variance to budget of \$1,107,944. This variance consisted primarily of additional state aid and departmental income.

Actual expenditures and encumbrances for the year were \$9,204,075 compared to the modified budget of \$9,387,142 with a positive variance to budget of \$183,067. This variance is primarily the result of certain budgeted line items being less than projected. Employee benefits was under budget by \$51,740.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The Village’s investment in capital assets for its governmental activities as of May 31, 2023, amounts to \$14,554,470 (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.

CAPITAL ASSETS

As of the year ended May 31,	<u>2023</u>	<u>2022</u>
Land	\$ 557,249	\$ 557,249
Construction in progress	4,553	308,040
Land improvements	447,990	416,009
Infrastructure	6,118,620	3,626,515
Structures	5,326,624	5,636,831
Machinery and equipment	528,286	432,892
Vehicles and equipment	1,489,240	982,828
Other building improvements	81,908	93,033
Total	<u>\$ 14,554,470</u>	<u>\$ 12,053,397</u>

Additional information on the Village’s capital assets is shown in Note 6 on page 28 of this report.

DEBT ADMINISTRATION

The Village may borrow 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.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
MAY 31, 2023**

As of the year ended May 31,	<u>2023</u>	<u>2022</u>
General obligation bonds	\$ 3,134,092	\$ -

Additional information on the Village’s outstanding debt is shown on Note 8 on page 30 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The 2023/2024 budget appropriations are \$10,805,837, which is about 12% more than the current year’s adopted budget. Most of the appropriations budget is about equal to the prior year with the exception of employee benefits, which has been increased by \$423,400. Property tax collections are budgeted to increase by \$230,443, about 3%.

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.

INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
STATEMENT OF NET POSITION
MAY 31, 2023

GOVERNMENTAL
ACTIVITIES

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS:

Cash - unrestricted	\$ 9,246,539
Cash - restricted	2,446,743
Accounts receivable	45,053
Leases receivable	201,041
Prepaid expenses	260,544
Due from other governments	357,600
LOSAP investments	289,404
TOTAL CURRENT ASSETS	12,846,924

NON-CURRENT ASSETS:

Leases receivable - non-current	3,984,122
Non-depreciable capital assets	561,802
Depreciable capital assets, net of depreciation	13,992,668
TOTAL NON-CURRENT ASSETS	18,538,592

DEFERRED OUTFLOWS OF RESOURCES:

Other post-employment benefits	2,853,342
Pensions - LOSAP	86,876
Pensions - NYS Retirement	2,821,846
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,762,064

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$ 37,147,580

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

CURRENT LIABILITIES:

Accounts payable	\$ 1,064,089
Accrued liabilities	139,188
Due to retirement systems	138,719
Due to fiduciary fund	25,765
Security deposits	58,161
Accrued interest payable	41,452
Unearned revenue	328,498
Current portion of general obligation bonds payable	135,000
TOTAL CURRENT LIABILITIES	1,930,872

NON-CURRENT LIABILITIES:

Net pension liability - NYS Retirement - proportionate share	4,276,305
Pension liability - LOSAP	249,178
Compensated absences payable	2,071,588
Post-employment benefits other than pension	17,633,025
General obligation bonds payable	2,999,092
TOTAL NON-CURRENT LIABILITIES	27,229,188

DEFERRED INFLOWS OF RESOURCES:

Leases	4,185,163
Other post-employment benefits	11,164,688
Pensions - LOSAP	102,502
Pensions - NYS Retirement	166,097
TOTAL DEFERRED INFLOWS OF RESOURCES	15,618,450

NET POSITION:

Net investment in capital assets	11,051,998
Restricted	3,281,660
Unrestricted (deficit)	(21,964,588)
TOTAL NET POSITION (DEFICIT)	(7,630,930)

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)

\$ 37,147,580

See accompanying 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, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS	CAPITAL GRANTS	GOVERNMENTAL ACTIVITIES
GOVERNMENTAL ACTIVITIES:					
General government	\$ 1,530,603	\$ 122,472	\$ -	\$ -	\$ (1,408,131)
Public safety	5,858,504	806,052	53,991	-	(4,998,461)
Transportation	1,233,901	3,250	-	248,827	(981,824)
Culture and recreation	408,806	210,130	-	-	(198,676)
Home and community services	93,863	6,125	-	-	(87,738)
Interest on long-term debt	34,995	-	-	-	(34,995)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 9,160,672	\$ 1,148,029	\$ 53,991	\$ 248,827	(7,709,825)

GENERAL REVENUES:

Property taxes-levied for general purposes	7,712,522
Non-property taxes	92,388
Unrestricted investment earnings	403,496
Rental of village property	192,389
State aid	744,514
Gain (loss) on disposal of capital assets	(14,479)
Miscellaneous	120,794

TOTAL GENERAL REVENUES	<u>9,251,624</u>
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CHANGE IN NET POSITION	1,541,799
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NET POSITION (DEFICIT) - BEGINNING	<u>(9,172,729)</u>
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NET POSITION (DEFICIT) - ENDING	<u>\$ (7,630,930)</u>
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See accompanying notes to the financial statements.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
GOVERNMENTAL FUNDS BALANCE SHEETS
MAY 31, 2023**

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	TOTAL
ASSETS:				
Cash - unrestricted	\$ 8,166,501	\$ -	\$ 1,080,038	\$ 9,246,539
Cash - restricted	1,762,173	55,088	629,482	2,446,743
Accounts receivable	45,053	-	-	45,053
Leases receivable	4,185,163	-	-	4,185,163
Prepaid expenses	260,544	-	-	260,544
Due from other funds	82,176	-	-	82,176
Due from other governments	357,600	-	-	357,600
LOSAP investments	289,404	-	-	289,404
TOTAL ASSETS	\$ 15,148,614	\$ 55,088	\$ 1,709,520	\$ 16,913,222
LIABILITIES:				
Accounts payable	\$ 66,227	\$ -	\$ 997,862	\$ 1,064,089
Accrued liabilities	139,188	-	-	139,188
Due to retirement systems	138,719	-	-	138,719
Due to other funds	25,765	-	82,176	107,941
Security deposits	58,161	-	-	58,161
Unearned revenue	328,498	-	-	328,498
TOTAL LIABILITIES	756,558	-	1,080,038	1,836,596
DEFERRED INFLOWS OF RESOURCES:				
Leases	4,185,163	-	-	4,185,163
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	4,941,721	-	1,080,038	6,021,759
FUND BALANCES:				
Nonspendable:				
Prepaid expenses	260,544	-	-	260,544
Restricted:				
Parkland trust	-	55,088	-	55,088
Unspent bond proceeds	-	-	629,482	629,482
Building reserve	188,674	-	-	188,674
Fire department reserve	58,717	-	-	58,717
Highway reserve	237,732	-	-	237,732
Safety admin. reserve	41,173	-	-	41,173
Police department reserve	268,395	-	-	268,395
LOSAP	289,404	-	-	289,404
Employee benefit reserve	1,615,793	-	-	1,615,793
Tift fund	146,380	-	-	146,380
Assigned fund balances:				
Designated for special purpose	345,424	-	-	345,424
Encumbrances	54,325	-	-	54,325
Appropriated for subsequent year's budget	200,000	-	-	200,000
Unassigned fund balance	6,500,332	-	-	6,500,332
TOTAL FUND BALANCES	10,206,893	55,088	629,482	10,891,463
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 15,148,614	\$ 55,088	\$ 1,709,520	\$ 16,913,222

See accompanying notes to the financial statements.

INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS TO THE STATEMENT OF NET POSITION
MAY 31, 2023

TOTAL GOVERNMENTAL FUND BALANCE		\$ 10,891,463
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.		14,554,470
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.		(41,452)
Proportionate share of long-term 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	2,821,846	
Deferred inflows of resources	(166,097)	
Net pension liability - proportionate share	<u>(4,276,305)</u>	(1,620,556)
Long-term liability, and deferred outflows and inflows associated with participation in the LOSAP retirement plan are not current financial resources or obligations and are not reported in the funds.		
Deferred outflows of resources	86,876	
Deferred inflows of resources	(102,502)	
Pension liability	<u>(249,178)</u>	(264,804)
Long-term liability, and deferred outflows and inflows associated with other post-employment benefits are not current financial resources or obligations and are not reported in the funds.		
Deferred outflows of resources	2,853,342	
Deferred inflows of resources	(11,164,688)	
Other post-employment benefits liability	<u>(17,633,025)</u>	(25,944,371)
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	(3,134,092)	
Compensated absences payable	<u>(2,071,588)</u>	(5,205,680)
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ (7,630,930)</u>

See accompanying notes to the financial statements.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MAY 31, 2023**

	GOVERNMENTAL FUND TYPES			TOTAL
	GENERAL FUND	SPECIAL REVENUE	CAPITAL PROJECTS	
REVENUES:				
Real property taxes	\$ 7,683,066	\$ -	\$ -	\$ 7,683,066
Other tax items	29,456	-	-	29,456
Non property tax items	92,388	-	-	92,388
Departmental income	921,886	-	-	921,886
Intergovernmental charges	32,083	-	-	32,083
Use of money and property	401,443	2,053	-	403,496
Rental of village property	192,389	-	-	192,389
Licenses and permits	62,445	-	-	62,445
Fines and forfeitures	131,615	-	-	131,615
Sale of property and compensation for loss	53,557	-	-	53,557
Miscellaneous local sources	67,236	-	-	67,236
State aid	1,046,752	-	-	1,046,752
Federal aid	579	-	-	579
TOTAL REVENUES	10,714,895	2,053	-	10,716,948
EXPENDITURES:				
General government support	1,132,872	-	-	1,132,872
Public safety	3,780,190	-	-	3,780,190
Transportation	997,536	-	2,511,067	3,508,603
Culture and recreation	263,429	31,650	-	295,079
Home and community services	93,863	-	-	93,863
Employee benefits	2,881,860	-	-	2,881,860
TOTAL EXPENDITURES	9,149,750	31,650	2,511,067	11,692,467
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,565,145	(29,597)	(2,511,067)	(975,519)
OTHER FINANCING SOURCES (USES):				
Proceeds from bonds	-	-	2,850,000	2,850,000
Premium on debt issued	-	-	290,549	290,549
Transfers in	846,541	-	-	846,541
Transfers (out)	-	-	(846,541)	(846,541)
TOTAL OTHER FINANCING SOURCES (USES)	846,541	-	2,294,008	3,140,549
NET CHANGE IN FUND BALANCES	2,411,686	(29,597)	(217,059)	2,165,030
FUND BALANCES - BEGINNING	7,795,207	84,685	846,541	8,726,433
FUND BALANCES - ENDING	\$ 10,206,893	\$ 55,088	\$ 629,482	\$ 10,891,463

See accompanying notes to the financial statements.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENTS OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2023**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 2,165,030

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

Governmental funds report capital outlays 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.

Capital asset additions	3,455,054	
Depreciation expense	(939,502)	
Gain (loss) on dispositions	(14,479)	2,501,073

The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds, neither transaction has any effect on net position

Proceeds from issuance of long-term bond	(2,850,000)	
Premium received on issuance of long-term bond	(290,549)	
Amortization of premium on bond payable	6,457	(3,134,092)

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.

(41,452)

Some expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Change in long-term compensated absences payable		(130,855)
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Changes in the Village's liability for other post-employment benefits 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 other post-employment benefits do not affect current financial resources and are also not reported in the governmental funds.

Deferred outflows of resources	(1,192,103)	
Deferred inflows of resources	(3,443,398)	
Other post-employment benefits	5,525,362	889,861

Changes in the Village's pension liabilities under its service award program for firefighters 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 such pensions do not affect current financial resources and are also not reported in the governmental funds.

Deferred outflows of resources	(9,228)	
Deferred inflows of resources	(54,617)	
Net pension liability - proportionate share	30,925	(32,920)

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.

Net pension asset - proportionate share	(295,627)	
Deferred outflows of resources	(209,996)	
Deferred inflows of resources	3,770,972	
Net pension liability - proportionate share	(3,940,195)	(674,846)

Change in net position of governmental activities		\$ 1,541,799
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See accompanying notes to the financial statements.

INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
MAY 31, 2023

	CUSTODIAL FUNDS
ASSETS:	
Due from governmental funds	\$ 25,765
TOTAL ASSETS	<u>\$ 25,765</u>
LIABILITIES:	
Redeemed tax sale certificates	\$ 25,765
TOTAL LIABILITIES	<u>\$ 25,765</u>

See accompanying notes to the financial statements.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023**

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 have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting. The more significant accounting policies established in GAAP and used by the Village are described 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 primarily from the economic resource measurement focus of the statement of activities, compared with the current financial resource 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 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 items not properly included among program revenues are reported instead as general revenues.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023**

Note 1. Summary of Significant Accounting Policies (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 major governmental funds:

1. General fund is the general operating fund of the Village. It is used to account for 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.

Fiduciary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objective is determinations of 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 a single fiduciary fund consisting of monies held by the Village in a purely custodial capacity. Since such funds are custodial in nature (i.e., assets equal liabilities), and there has been no change in balance, only the statement of fiduciary net position has been presented.

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.

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 expenditures until due.
- c. Compensated absences, such as vacation and sick leave that vests or accumulates, are charged as an expenditure when paid.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023**

Note 1. Summary of Significant Accounting Policies (continued)

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 and Cash Equivalents

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 New York State statutes.

G. Investments

Investments are reported at fair value, and consist of assets held for the Village sponsored service award program. See Note 8 and 10 for additional disclosures.

H. 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. No allowance for uncollectible accounts has been recorded since it is believed that such allowance would not be material.

I. 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, the amounts reported on the statement of net position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary 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.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023**

Note 1. Summary of Significant Accounting Policies (continued)

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 \$500 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
Vehicles and equipment	8-15 years
Machinery and equipment	5-20 years
Other building improvements	20 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. As of May 31, 2023, the Village has not recorded any such impairment losses.

L. Unearned Revenues

Unearned revenues represent a liability for fees which pertain to services that will be provided by the Village in the next fiscal year, and for grant revenues collected in advance of eligible grant expenditures.

K. Leases

Lessor

With the exception of short-term leases, when the Village is a lessor in noncancellable lease arrangements the Village recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Village initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources is initially measured at the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the Village determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The Village uses its incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Village monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023**

Note 1. Summary of Significant Accounting Policies (continued)

M. Deferred Inflows and Deferred Outflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Village reports two types of items that qualify for reporting in this category. They are related to pensions and other post-employment transactions reported in the government-wide statement of net position. They represent the difference between expected and actual experience; and the changes in proportion and differences between employer contributions and proportionate share of contributions.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village reports four items that qualify for reporting in this category. Two of which are related to pensions and one related to other post-employment transactions reported in the government-wide statement of net position. They represent the difference between expected and actual experience, changes of assumptions, the net difference between projected and actual investment earnings, changes in proportion and differences between employer contributions and proportionate share of contributions, and the Village's contributions to the pension system subsequent to the measurement date. The Village also reports deferred inflows related to leases in the governmental funds balance sheet, as well as the statement of financial position. Deferred amounts related to leases represent future inflows of resources which will be recognized as revenue over the life of the lease term.

N. Compensated Absences

Compensated absences of the Village consists of vacation 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.

O. 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 manner 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 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.

P. 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, 2023**

Note 1. Summary of Significant Accounting Policies (continued)

Q. 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 post-employment health insurance coverage for retired employees. The Village accounts for these postemployment benefits in accordance with GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-employment 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 the governmental funds in the year paid.

R. Restricted Length of Service Award Program Investments

Investments of the Length of Service Award Program for firefighters are held by Article 11-A of the General Municipal Law of the State of New York in a grantor/rabbi trust account in the Village's name. These assets are primarily invested in mutual funds and corporate bonds. These assets are reported at fair value as discussed in Note 10, and the details of the benefits offered and pension liability associated with the program are discussed in Note 8.

S. Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

T. Insurance

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

U. 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, contributions, 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", and are deemed to be available for general use by the Village.

Governmental Fund Statements

In the fund statements, governmental fund equity is classified as fund balance and may consist of five classifications under GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023**

Note 1. Summary of Significant Accounting Policies (continued)

Governmental Fund Statements (continued)

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 balances currently reported 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.

Unspent Bond Proceeds – unspent long-term bond proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the debt agreement. These restricted funds are accounted for in the capital projects fund.

Capital Reserves – the capital reserve funds include the Building, Fire Department, Highway, Police Department and Safety Admin. 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.

Employee Benefit Accrued Liability Reserve – this reserve reports funds which are restricted for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve was established pursuant to General Municipal Law Section 6-p.

Length of Service Award Program – The Village sponsors a length of service award program for the fire department, as described in Note 8. Those assets, in accordance with GASB Statement No. 73, are to be recorded within the governmental funds of the Village and are restricted by General Municipal Law Article 11-A.

Tift Fund – The Village received a contribution that stipulated it was to be used for the equal benefit of the Quogue police department and for the replacement or improvement of the equipment or premises of the Quogue fire department.

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. The assigned fund balance also includes the Jobson Fund, which is available to support Village programs and the earnings of the Tift Fund, which are 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.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023**

Note 1. Summary of Significant Accounting Policies (continued)

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 for multiple fund balance classifications (that is restricted, 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 assigned 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.

V. Newly Adopted Accounting Pronouncement

In June 2017, GASB issued Statement No. 87 ("GASB 87"), *Leases*. GASB 87 improves the usefulness of governmental financial statements by requiring the recognition of certain lease assets and liabilities for all leases, including those that were previously classified as operating leases and recognized as income by lessors and expenditures by lessees. GASB 87 replaces the previous accounting methodology and establishes a single model for lease accounting based on the foundational principle that leases are a financing of the right to use an underlying asset. GASB 87 is effective for the Village for the period ending May 31, 2023. Implementation of GASB 87 had no impact on the net position or the change in net position previously reported prior to implementation.

Note 2. Cash and Investments

The Village's 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 Village 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% 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% of the cost of the repurchasing agreement.

Custodial credit risk for deposits exists 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 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.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023**

Note 2. Cash and Investments (continued)

Deposits

Bank balances for the Village's cash at May 31, 2023 consisted of:

Checking - interest bearing	\$ 6,457,978
Checking - non-interest bearing	<u>1,003,298</u>
Total balances	<u>\$ 7,461,276</u>
Amount FDIC insured	\$ 252,052
Collateral held by Village's custodial banks	<u>7,209,224</u>
	<u>\$ 7,461,276</u>

At May 31, 2023 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.

Investments

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. These investments are highly liquid and considered to be cash equivalents. 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, 2023 was \$4,304,220. This amount represents the cost of the investment pool shares and is considered to approximate market value. These investments are not subject to risk categorization and are not subject to fair market measurement disclosures as they meet the criteria for an external investment pool.

Total investments of the cooperative as of May 31, 2023 were \$8,471,668,129, which consisted of \$2,530,081,947 in repurchase agreements and \$4,872,964,329 in U.S. Government Treasury Securities. The cooperative also had \$1,068,621,853 in collateralized bank deposits. The New York Cooperative Liquid Asset Securities System (NYCLASS) is rated AAAM by Standard and Poor's Rating Agency. Additional information concerning NYCLASS is presented in the annual report of 2023, available at: <https://www.newyorkclass.org/>

Note 3. Budget Basis of Accounting

Budgets

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. No additional appropriations occurred during the year.

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.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023**

Note 3. Budget Basis of Accounting (continued)

Encumbrances

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

Note 4. Real Property Taxes

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 the 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 5. Interfund Receivables, Payables and Transfers

Interfund receivables and payables - At May 31, 2023, the statements of the Village include a net of balances due to/from other funds in the amount of \$25,765 as detailed below. Receivables in the custodial fund represent monies received by the general fund that are due back to the custodial fund, and are short term in nature.

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Custodial fund	General fund	\$ 25,765
Total - fund financial statements		\$ 25,765
Less: fund eliminations		-
Total net interfund balances - government-wide statement of net position		\$ 25,765

The Village typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund balances are expected to be repaid in one year.

Interfund transfers – A schedule of interfund transfers for the year ended May 31, 2023, is as follows:

<u>Receiving fund</u>	<u>Paying fund</u>	<u>Amount</u>
General fund	Capital Projects fund	\$ 846,541
Total - fund financial statements		\$ 846,541

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023**

Note 6. Changes in Capital Assets

A summary of capital assets transactions for the year ended May 31, 2023 is as follows:

	Beginning Balance	Additions/ Transfers	Retirements/ Transfers	Ending Balance
Non-Depreciable Capital Assets:				
Land	\$ 557,249	\$ -	\$ -	\$ 557,249
Construction in progress	308,040	4,553	(308,040)	4,553
Total Non-Depreciable Capital Assets	865,289	4,553	(308,040)	561,802
Depreciable Capital Assets:				
Land improvements	982,844	63,138	-	1,045,982
Infrastructure	12,474,388	2,804,755	-	15,279,143
Structures	10,623,021	25,826	-	10,648,847
Machinery and equipment	1,567,325	182,517	(79,162)	1,670,680
Vehicles and equipment	3,119,294	682,305	(252,333)	3,549,266
Other building improvements	222,496	-	-	222,496
Total Depreciable Capital Assets	28,989,368	3,758,541	(331,495)	32,416,414
Accumulated Depreciation:				
Land improvements	566,835	31,157	-	597,992
Infrastructure	8,847,873	312,650	-	9,160,523
Structures	4,986,190	336,033	-	5,322,223
Machinery and equipment	1,134,433	73,970	(66,009)	1,142,394
Vehicles and equipment	2,136,466	174,567	(251,007)	2,060,026
Other building improvements	129,463	11,125	-	140,588
Total Accumulated Depreciation	17,801,260	\$ 939,502	\$ (317,016)	18,423,746
Depreciable Capital Assets Net of Accumulated Depreciation	11,188,108			13,992,668
Total Net Capital Assets	\$ 12,053,397			\$ 14,554,470

Depreciation expense was charged to governmental functions as follows:

General government	\$ 135,487
Police and fire department	326,901
Roads and highways	374,692
Beaches, parks and recreation	102,422
Total governmental activities depreciation expense	\$ 939,502

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023**

Note 7. Leases

Lessor

The Village entered into an amended lease agreement to lease space for the placement of communication equipment to T-Mobile Northeast LLC, beginning March 1, 2019 and terminating on February 28, 2024. At the expiration of the agreement, the lease will be automatically extended for two additional and successive five year terms, unless the lessee elects not to renew. Under the terms of the lease, the Village receives a monthly base fee of \$4,350 with an annual increase of 3% per year. At June 1, 2022, the Village recorded a lease receivable and deferred inflows of resources of \$632,039 related to this agreement. During the fiscal year ended May 31, 2023, the Village recorded \$43,754 in lease revenue and \$13,714 in interest income for this agreement. The Village used an incremental discount rate of 2.24%, based on its estimated incremental borrowing rate at the time the lease was recorded.

The Village entered into an amended lease agreement to lease space for the placement of communication equipment to CCTM2 (a successor in interest in the lease to T-Mobile Northeast LLC) beginning July 3, 2018 and terminating on August 31, 2040, which includes all renewal terms. Under the terms of the lease, the Village receives a monthly base fee of \$5,397 with an annual increase of 3% per year. At June 1, 2022, the Village recorded a lease receivable and deferred inflows of resources of \$1,266,206 related to this agreement. During the fiscal year ended May 31, 2023, the Village recorded \$33,730 in lease revenue and \$36,530 in interest income for this agreement. The Village used an incremental discount rate of 2.92%, based on its estimated incremental borrowing rate at the time the lease was recorded.

The Village entered into an amended lease agreement to lease space for the placement of communication equipment to New York SMSA LP d/b/a Verizon Wireless, beginning July 1, 2016, with a five year extension commencing on September 1, 2018 and terminating on August 31, 2023. At the expiration of the agreement, the lease will be automatically extended for two additional and successive five year terms, unless the lessee elects not to renew. Under the terms of the lease, the Village receives a monthly base fee of \$3,750 with an annual increase of 3% per year. At June 1, 2022, the Village recorded a lease receivable and deferred inflows of resources of \$598,789 related to this agreement. During the fiscal year ended May 31, 2023, the Village recorded \$37,574 in lease revenue and \$15,767 in interest income for this agreement. The Village used an incremental discount rate of 2.71%, based on its estimated incremental borrowing rate at the time the lease was recorded.

The Village entered into an amended lease agreement to lease space for the placement of communication equipment to New Cingular Wireless PCS, beginning July 1, 2021 and terminating on June 30, 2026. At the expiration of the agreement, the lease will be automatically extended for two additional and successive five year terms, unless the lessee elects not to renew. Under the terms of the lease, the Village receives a monthly base fee of \$4,727 with an annual increase of 3% per year. At June 1, 2022, the Village recorded a lease receivable and deferred inflows of resources of \$916,300 related to this agreement. During the fiscal year ended May 31, 2023, the Village recorded \$47,454 in lease revenue and \$10,825 in interest income for this agreement. The Village used an incremental discount rate of 1.21%, based on its estimated incremental borrowing rate at the time the lease was recorded.

The Village entered into a lease agreement to lease space for the placement of communication equipment to DISH Wireless, LLC, beginning November 1, 2022 and terminating on October 31, 2027. At the expiration of the agreement, the lease will be automatically extended for two additional and successive five year terms, unless the lessee elects not to renew. Under the terms of the lease, the Village receives a monthly base fee of \$5,000 with an annual increase of 3% per year. At November 1, 2022, the Village recorded a lease receivable and deferred inflows of resources of \$952,292 related to this agreement. During the fiscal year ended May 31, 2023, the Village recorded \$17,951 in lease revenue and \$17,049 in interest income for this agreement. The Village used an incremental discount rate of 3.62%, based on its estimated incremental borrowing rate at the time the lease was recorded.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023**

Note 7. Leases (continued)

<u>Leases Receivable</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Reductions</u>	<u>Ending Balance</u>
Site lease agreements	\$ 3,413,335	\$ 952,292	\$ (180,464)	\$ 4,185,163

Remaining amounts to be received associated with these leases are as follows:

<u>Fiscal Year Ending May 31,</u>	<u>Lease Revenue</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 201,041	\$ 106,538	\$ 307,579
2025	215,247	101,559	316,806
2026	230,108	96,203	326,311
2027	245,648	90,452	336,100
2028	261,895	84,288	346,183
2029-2033	1,560,202	313,129	1,873,332
2034-2038	1,089,965	136,530	1,226,495
2039-2041	381,057	12,297	393,354
Total	<u>\$ 4,185,163</u>	<u>\$ 940,996</u>	<u>\$ 5,126,159</u>

Note 8. Long Term Liabilities

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due in one year</u>
Bonds:					
General obligation bonds	\$ -	\$ 2,850,000	\$ -	\$ 2,850,000	\$ 135,000
Premium on issuance	-	284,092	-	284,092	-
Total bonds	<u>\$ -</u>	<u>\$ 3,134,092</u>	<u>\$ -</u>	<u>\$ 3,134,092</u>	<u>\$ 135,000</u>
Other Liabilities:					
Net pension liability - NYSLRS	\$ 40,483	\$ 4,998,400	\$ 762,578	\$ 4,276,305	\$ -
Pension liability - LOSAP	280,103	90,942	121,867	249,178	-
Compensated absences	1,940,733	130,855	-	2,071,588	-
Other post-employment benefits	23,158,387	1,389,681	6,915,043	17,633,025	-
Total other liabilities	<u>25,419,706</u>	<u>6,609,878</u>	<u>7,799,488</u>	<u>24,230,096</u>	<u>-</u>
Total long-term liabilities	<u>\$ 25,419,706</u>	<u>\$ 9,743,970</u>	<u>\$ 7,799,488</u>	<u>\$ 27,364,188</u>	<u>\$ 135,000</u>

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

The general fund has typically been used to liquidate long-term liabilities.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023**

Note 8. Long Term Liabilities

General Obligation 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 summary of general obligation bonds:

Description of Issue	Original Issue	Issued Date	Final Maturity Date	Interest Rate	Balance Outstanding
Public improvements	<u>\$ 2,850,000</u>	2/2/2023	2/1/2038	4.00%-5.00%	<u>\$ 2,850,000</u>

Future principal and interest payments to maturity are as follows:

Years ending May 31,	Principal	Interest	Total
2024	\$ 135,000	\$ 124,703	\$ 259,703
2025	145,000	118,300	263,300
2026	150,000	111,050	261,050
2027	155,000	103,550	258,550
2028	165,000	95,800	260,800
2029-2033	950,000	352,550	1,302,550
2034-2038	<u>1,150,000</u>	<u>140,800</u>	<u>1,290,800</u>
Total	<u>\$ 2,850,000</u>	<u>\$ 1,046,753</u>	<u>\$ 3,896,753</u>

Other Long-term Liabilities

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

Net pension liability - NYSLRS – The Village reports as an asset/liability its proportionate share of the collective net pension asset and/or liability in the New York State & Local Retirement System. Additional information can be found subsequently in these notes.

Pension liability – Length of Service Award Program (LOSAP) – The Village reports as a liability its actuarially determined total pension liability for service award program benefits. Additional information can be found subsequently in these notes.

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, 2023, \$2,071,588 of such benefits have been earned and vested. Of this amount, \$1,615,793 has already been funded and is reported in the general fund as employee benefit reserve.

Other Post-employment Benefits – In addition to providing retirement benefits, the Village provides post-employment health insurance coverage for retired employees. Additional information can be found subsequently in these notes.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023**

Note 9. 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 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 (the "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.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 for employees who joined the New York State and Local Employees' Retirement System before July 27, 1976. Those joining after July 27, 1976 and before January 1, 2010 with less than ten years of membership are required to contribute 3% of their annual salary. Those joining on or after January 1, 2010 (ERS) and January 9, 2010 (PFRS) and before April 1, 2012 are required to contribute 3% of their salary throughout their active membership. Those joining on or after April 1, 2012 (both ERS and PFRS) are required to contribute between 3% and 6%, depending upon their salary, throughout their active membership. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

The Village is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were equal to 100% of the contributions required and were as follows:

	ERS	PFRS
2023	\$ 133,579	\$ 628,999
2022	\$ 181,862	\$ 651,626
2021	\$ 149,807	\$ 523,444

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

At May 31, 2023, the Village reported a net liability of \$4,276,305 for its proportionate share of the net pension liability for both of the NYSLRS plans. The net pension liability was measured as of March 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2022. 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 derived from reports provided by the NYSLRS to the Village:

	ERS	PFRS
Actuarial valuation date	April 1, 2022	April 1, 2022
Net pension liability (asset)	\$ 723,869	\$ 3,552,436
Village's portion of the Plan's total net pension expense	0.0033756%	0.0644670%

INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023

Note 9. Pension Plans (continued)

For the year ended May 31, 2023 the Village recognized pension expense of \$253,023 for ERS and \$1,123,776 for PFRS. At May 31, 2023, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows		Deferred Inflows	
	ERS	PFRS	ERS	PFRS
Differences between expected and actual experience	\$ 77,098	\$ 347,215	\$ 20,329	\$ -
Changes of assumptions	351,558	1,731,093	3,885	-
Net differences between projected and actual investment earnings on pension plan investments	-	6,280	4,253	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	49,222	120,661	24,430	113,200
Village's contributions subsequent to the measurement date	25,560	113,159	-	-
Total	\$ 503,438	\$ 2,318,408	\$ 52,897	\$ 113,200

The Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending May 31, 2024. Other amounts reported 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:	ERS	PFRS
2024	\$ 99,500	\$ 403,777
2025	(31,456)	(71,077)
2026	158,130	1,043,294
2027	198,807	648,145
2028	-	67,910
Thereafter	-	-
	\$ 424,981	\$ 2,092,049

Actuarial Assumptions

The total pension liability at March 31, 2023 was determined by using an actuarial valuation as of April 1, 2022, with update procedures used to roll forward the total pension liability to March 31, 2023. The actuarial valuation used the following actuarial assumptions.

	ERS	PFRS
Investment rate of return	5.9%	5.9%
COLA	1.5%	1.5%
Salary scale	4.4%	6.2%
Decrement tables	April 1, 2015-March 31, 2020 System's Experience	April 1, 2015-March 31, 2020 System's Experience
Inflation rate	2.9%	2.9%

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023**

Note 9. Pension Plans (continued)

Demographic assumptions used in the April 1, 2022 actuarial valuation are based on the results of an actuarial experience study completed April 1, 2020. Demographic assumptions are primarily based on System experience over the period April 1, 2015 – March 31, 2020. Annuitant mortality rates are adjusted to incorporate mortality improvements based on the Society of Actuaries' Scale MP-2021.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected 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, 2023 (for both ERS and PFRS) are summarized below:

Asset Type	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	32.00%	4.30%
International equity	15.00%	6.85%
Private equity	10.00%	7.50%
Real estate	9.00%	4.60%
Opportunistic/Absolute return strategies	3.00%	5.38%
Credit	4.00%	5.43%
Real assets	3.00%	5.84%
Fixed income	23.00%	1.50%
Cash	1.00%	0.00%
	100.00%	

The real rate of return is net of the long-term inflation assumption of 2.50%.

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. 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 5.9%, 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 (4.9%) or 1% point higher (6.9%) than the current rate:

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NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023**

Note 9. Pension Plans (continued)

	1% Decrease (4.9%)	Assumptions (5.9%)	1% Increase (6.9%)
ERS			
Village's proportionate share of the net pension liability/(asset)	\$ 1,749,282	\$ 723,869	\$ (132,982)
PFRS			
Village's proportionate share of the net pension liability/(asset)	\$ 7,405,220	\$ 3,552,436	\$ 362,100

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2023, were as follows:

	ERS (Dollars in Thousands)	PFRS (Dollars in Thousands)	Total (Dollars in Thousands)
Employers' total pension liability	\$ 232,627,259	\$ 43,835,333	\$ 276,462,592
Plan net position	211,183,223	38,324,863	249,508,086
Employers' net pension assets/(liability)	\$ (21,444,036)	\$ (5,510,470)	\$ (26,954,506)
Ratio of plan net position to the employers' total pension liability	90.78%	87.43%	90.25%

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, 2023 represent the projected employer contribution for the period of April 1, 2022 through March 31, 2023 based on estimated ERS and PFRS wages, multiplied by the employer's contribution rate, by tier.

Length of Service Award Program for Firefighters

The Village's financial statements are for the fiscal year ended May 31, 2023. The information contained in this note is based on information for the Village of Quogue Length of Service Award Program for such Program's year ending on December 31, 2022, which is the most recent information available.

The Village established a defined benefit Length of Service Award Program under Section 457(e)(11) of the Internal Revenue Code (the "Program") effective January 1, 2015 for the active volunteer firefighter members of the Village of Quogue Fire Department. The Program was established pursuant to Article 11-A of the New York State General Municipal Law. The Program provides municipally funded deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The Village is the Sponsor of the Program and the Program administrator but engages outside advisors to assist in the process.

Program Description

Participating, Vesting and Service Credit

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 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.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023**

Note 9. Pension Plans (continued)

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 a prior, now terminated, defined contribution program.

Benefits

The program provides for a benefit paid as a 10-year certain only monthly annuity, commencing on January 1st after a participant reaches age 60. The amount payable each month is \$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 unpaid benefit accrued prior to age 60.

Fiduciary Investment and Control

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.

The sponsor is required to retain an actuary to determine the amount of the sponsor's contributions to the plan. Portions of the following information are derived from a report prepared by the actuary in June 2022.

Participants Covered by the Benefit Terms

Current membership in the Program is comprised of the following as of the measurement date:

Inactive participants currently receiving benefit payments	21
Inactive participants entitled to but not yet receiving benefit payments	2
Active participants	27
	<hr/>
	50
	<hr/>

Contributions – New York State General Municipal Law Section 219(d) requires the Village to contribute an actuarially determined contribution on an annual basis. The actuarially determined contribution shall be appropriated and contributed annually by the Village.

Trust Assets – Although assets have been accumulated in an irrevocable trust such that the assets are dedicated to providing pensions to plan members in accordance with benefit terms, the trust assets are not legally protected from creditors of the Village. As such, the trust assets do not meet the criteria in paragraph 4 of GASB Statement No. 73. Accordingly, the Village's total pension liability is not reduced by any assets accumulated in a trust that meets the criteria, and the Village must report its total pension liability.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023**

Note 9. Pension Plans (continued)

The total pension liability at the December 31, 2022 measurement date was determined using an actuarial valuation as of that date. The significant assumptions used were as follows:

Actuarial Cost Method:	Entry Age Normal
Inflation:	None assumed
Salary Scale:	None assumed
Mortality rates:	RP-2014 Male without projection for mortality improvement

Discount Rate – The discount rate used to measure the total pension liability was 4.31%, compared to the prior year rate of 2.25%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2022. In describing this index, S&P Dow Jones Indices notes that the index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years and with a rating of at least Aa2 by Moody's Investors Service's, AA by Fitch, or AA by Standard & Poor's Rating Services.

Changes in the Total Pension Liability

Balance as of the 12/31/21 measurement date	\$ 280,103
Service cost	83,290
Interest	7,652
Changes of assumptions or other inputs	(69,933)
Differences between expected and actual experience	(5,065)
Benefit payments	(46,869)
Net changes	(30,925)
Balance as of the 12/31/22 measurement date	<u>\$ 249,178</u>

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

The following presents the total pension liability of the Village as of the December 31, 2022 measurement date, calculated using the discount rate of 4.31%, as well as what the Village's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.31%) or 1-percentage point higher (5.31%) than the current rate:

	1% Decrease (3.31%)	Current Discount Rate (4.31%)	1% Increase (5.31%)
Total pension liability	\$ 280,663	\$ 249,178	\$ 221,790

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended May 31, 2023, the Village recognized pension expense of \$88,658.

Components of Pension Expense:

Service Cost	\$ 83,290
Interest on total pension liability	7,652
Changes of assumptions or other inputs	(3,499)
Differences between expected and actual experience	(4,895)
Pension plan administrative expenses	6,110
Total pension expense	<u>\$ 88,658</u>

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023**

Note 9. Pension Plans (continued)

At May 31, 2023, the Village reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,874	\$ 29,616
Changes of assumptions or other inputs	27,622	72,886
Benefit payments and administrative expenses subsequent to the measurement date	48,380	-
Total	<u>\$ 86,876</u>	<u>\$ 102,502</u>

The \$48,380 reported as deferred outflows of resources related to pensions resulting from Village transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ending May 31, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended May 31,	
2024	\$ (8,393)
2025	(8,420)
2026	(8,477)
2027	(13,248)
2028	(15,775)
Thereafter	(9,693)
	<u>\$ (64,006)</u>

Note 10. Other Post-Employment Benefits - (OPEB)

Plan Description

The Village sponsors a single employer healthcare 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.

Benefits and Contributions

The Plan provides a specified percentage of the retiree health premiums (and, if applicable, the retiree's spouse's premium) charged by the insurance carrier is paid by the Village. 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.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023**

Note 10. Other Post-Employment Benefits - (OPEB) (continued)

Except as described below, 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. Upon retirement of currently active police employees hired on or before May 31, 2015, the Village will pay 100% of the Empire premium and will reimburse 100% of the Medicare Part B premium. Upon retirement of currently active police employees hired after May 31, 2015, the Village will pay 85% of the Empire premium and will reimburse 100% of the Medicare Part B premium. Upon retirement of currently active non-police employees hired before June 1, 2018, the Village will pay 100% of the Empire premium and will reimburse 100% of the Medicare Part B premium. Upon retirement of currently active non-police employees hired on or after June 1, 2018, the Village will pay 85% of the Empire premium and will reimburse 100% of the Medicare Part B premium. Surviving spouses are assumed to continue benefits at the same level (percentage of premium) that the retiree was receiving while alive.

At this time there is no New York 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 requirement. The contribution requirements of Plan members and the Village are established by the Board of Trustees. For the year ended May 31, 2023, the Village recognized a general fund expenditure of \$523,977 for currently enrolled retirees.

Employees Covered by Benefit Terms

At May 31, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	32
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	33
Total	<u>65</u>

Total OPEB Liability and Actuarial Assumptions

The Village's total OPEB liability of \$17,633,025 was measured as of May 31, 2023, and was determined by an actuarial valuation report dated September 1, 2021. Calculation of the total OPEB liability was performed using the entry age normal, as a level percentage of salary actuarial cost method. The following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.9% as of May 31, 2023
	3.4% as of June 1, 2022
Projected salary increases	2.5%
Healthcare cost trend rates	5.0% – 10.0% in the first year gradually decreasing per year, to an ultimate rate of 4.5%

The discount rate was based on the 20 Year AA Municipal General Obligation Bond Rate Index.

Mortality rates are in accordance with the SOA RP-2014 Total Dataset. Mortality improvements are projected using SOA Scale MP-2021.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023**

Note 10. Other Post-Employment Benefits - (OPEB) (continued)

Changes in the Total OPEB Liability

Balance at June 1, 2022	\$ 23,158,387
Changes for the year:	
Service cost	611,771
Interest	777,910
Differences between actual and expected experience	(4,135,876)
Changes in assumptions	(2,221,814)
Benefit payments	(557,353)
Net changes	(5,525,362)
Balance at May 31, 2023	\$ 17,633,025

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

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.9%) or 1% higher (4.9%) than the current discount rate:

	1% Decrease (2.9%)	Current Discount Rate (3.9%)	1% Increase (4.9%)
Total OPEB liability	\$ 20,765,264	\$ 17,633,025	\$ 15,176,613

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

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the baseline rates (year one) discussed in the earlier table:

	1% Decrease	Current Medical Inflation Rate	1% Increase
Total OPEB liability	\$ 14,887,348	\$ 17,633,025	\$ 21,183,352

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The total OPEB expense for the year ended May 31, 2023 was \$332,508. At May 31, 2023, the Village reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,159,299	\$ 3,308,701
Changes of Assumptions	1,694,043	7,855,987
	\$ 2,853,342	\$ 11,164,688

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023**

Note 10. Other Post-Employment Benefits - (OPEB) (continued)

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

For the years ending May 31,	
2024	\$ (1,722,191)
2025	(2,083,670)
2026	(2,083,673)
2027	(2,421,812)
2028	-
	<u>\$ (8,311,346)</u>

Note 11. Fair Value Measurements

The Village categorizes its fair value measurements into the fair value hierarchy established by GASB Statement No. 72. The three levels of inputs used to measure fair value are as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Village has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3 – Inputs to the valuation methodology are unobservable inputs and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value:

Cash and Money Market: The carrying amount approximates fair value because of the short maturity of the instruments.

Equities, Bonds, Exchange Traded Funds and Mutual Funds: Reported at current quoted fair values.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK – STATE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023**

Note 11. Fair Value Measurements (continued)

The following table summarizes as of May 31, 2023, the investments held for the Village's service award program for firefighters, and categorization with the fair value measurement hierarchy:

	Level 1	Level 2	Level 3	Total
Cash and money market	\$ 4,930	\$ -	\$ -	\$ 4,930
Fixed income	284,474	-	-	284,474
	<u>\$ 289,404</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 289,404</u>

Note 12. Commitments and Contingencies

Federal and State Grants

The Village is a recipient of a number of 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 rules and regulation of the respective agency for each grant.

Tax Certiorari

There are presently pending against the Incorporated 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 13. Subsequent Events

The Village has evaluated events and transactions that occurred through November 30, 2023, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

Note 13. New Accounting Standards

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

- Statement No. 94, *Public-Private and Public-Public partnerships and Availability Payment Arrangements*.
- Statement No. 96, *Subscription-Based Information Technology Arrangements*.
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

The Village is currently evaluating the impact of these statements on the financial statements and will implement them as applicable and when material.

INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND
MAY 31, 2023

	BUILDINGS	FIRE DEPT.	HIGHWAY	POLICE DEPT.	SAFETY ADMIN.	CAPITAL PROJECTS	TOTAL
ASSETS:							
Cash - unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,080,038	\$ 1,080,038
Cash - restricted	-	-	-	-	-	629,482	629,482
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,709,520</u>	<u>\$ 1,709,520</u>
LIABILITIES:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 997,862	\$ 997,862
Due to other funds	-	-	-	-	-	82,176	82,176
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,080,038</u>	<u>1,080,038</u>
FUND BALANCES:							
Restricted							
Unspent bond proceeds	-	-	-	-	-	629,482	629,482
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>629,482</u>	<u>629,482</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,709,520</u>	<u>\$ 1,709,520</u>

See independent auditors' report.

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, 2023

	BUILDINGS	FIRE DEPT.	HIGHWAY	POLICE DEPT.	SAFETY ADMIN.	CAPITAL PROJECTS	TOTAL
OTHER FINANCING SOURCES (USES):							
Proceeds from bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,850,000	\$ 2,850,000
Premium on obligations	-	-	-	-	-	290,549	290,549
Transfers out	(154,962)	(216,549)	(239,535)	(203,129)	(32,366)	-	(846,541)
TOTAL OTHER FINANCING SOURCES / (USES)	(154,962)	(216,549)	(239,535)	(203,129)	(32,366)	3,140,549	2,294,008
EXPENDITURES:							
Capital outlay	-	-	-	-	-	2,511,067	2,511,067
NET CHANGE IN FUND BALANCES	(154,962)	(216,549)	(239,535)	(203,129)	(32,366)	629,482	(217,059)
FUND BALANCES - BEGINNING	154,962	216,549	239,535	203,129	32,366	-	846,541
FUND BALANCES - ENDING	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 629,482	\$ 629,482

See independent auditors' report.

**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
SCHEDULE OF CHANGES IN THE VILLAGE'S TOTAL OPEB LIABILITY AND RELATED RATIOS (Unaudited)
FOR THE YEAR ENDED MAY 31, 2023**

	2023	2022	2021	2020	2019
Total OPEB Liability					
Service cost	\$ 611,771	\$ 1,259,166	\$ 1,026,382	\$ 730,052	\$ 730,052
Interest	777,910	569,859	632,959	775,588	759,204
Differences between expected and actual experience	(4,135,876)	-	2,318,601	-	-
Changes of assumptions or other inputs	(2,221,814)	(6,901,622)	(289,778)	-	2,168,884
Benefit payments	(557,353)	(523,977)	(503,096)	(449,352)	(467,087)
Net Change In Total OPEB Liability	(5,525,362)	(5,596,574)	3,185,068	1,056,288	3,191,053
Total OPEB Liability - Beginning	23,158,387	28,754,961	25,569,893	24,513,605	21,322,552
Total OPEB liability - Ending (a)	17,633,025	23,158,387	28,754,961	25,569,893	24,513,605
Plan Fiduciary Net Position (b)	*N/A	*N/A	*N/A	*N/A	*N/A
Village's Net OPEB Liability - Ending (a) - (b)	\$ 17,633,025	\$ 23,158,387	\$ 28,754,961	\$ 25,569,893	\$ 24,513,605
Plans Fiduciary Net Position as a Percentage of the Total OPEB Liability	0%	0%	0%	0%	0%
Covered-employee Payroll	\$ 3,136,441	\$ 2,660,588	\$ 2,660,588	\$ 2,626,210	\$ 2,626,210
Village's Net OPEB Liability as a Percentage of Covered-employee Payroll	562.20%	870.42%	1080.77%	973.64%	933.42%

*N/A - Current regulations do not permit the Village to fund the OPEB obligation, it is a "pay-as-you-go" and no assets accumulate

Notes to Schedule:

Changes of assumptions:

- Based on changing discount rate from 3.6% (initial) to 3.1% (based on 20-year AA Municipal General Obligation Bond Rate Index, as of 5/31/19)
- Based on changing discount rate to 2.0% (based on a review of the 20-year AA Municipal General Obligation Bond Rate Index, as of 5/31/21)
- Based on changing discount rate to 3.4% (based on a review of the 20-year AA Municipal General Obligation Bond Rate Index, as of 5/31/22)
- Based on changing discount rate to 3.9% (based on a review of the 20-year AA Municipal General Obligation Bond Rate Index, as of 5/31/23)

Plan Assets:

No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4, to pay related benefits.

This schedule is shown on a prospective basis from the year GASB Statement No. 75 is adopted until 10 years of information is presented.

INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (Unaudited)
GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2023

	Original Budget	Modified Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
REVENUES:					
Real property taxes	\$ 7,670,103	\$ 7,670,103	\$ 7,683,066		\$ 12,963
Other tax items	25,000	25,000	29,456		4,456
Non property tax items	149,000	149,000	92,388		(56,612)
Departmental income	678,400	678,400	921,886		243,486
Intergovernmental charges	34,000	34,000	32,083		(1,917)
Use of money and property	30,000	30,000	401,443		371,443
Rental of village property	256,848	256,848	192,389		(64,459)
Licenses and permits	43,000	43,000	62,445		19,445
Fines and forfeitures	60,500	60,500	131,615		71,115
Sale of property and compensation for loss	15,000	15,000	53,557		38,557
Miscellaneous local sources	17,700	17,700	67,236		49,536
State aid	627,400	627,400	1,046,752		419,352
Federal aid	-	-	579		579
TOTAL REVENUES	9,606,951	9,606,951	\$ 10,714,895		\$ 1,107,944
OTHER FINANCING SOURCES					
Prior year encumbrances	43,191	43,191			
TOTAL REVENUE AND OTHER FINANCING SOURCES	\$ 9,650,142	\$ 9,650,142			
EXPENDITURES:					
General government support	\$ 1,392,513	\$ 1,152,513	\$ 1,132,872	\$ -	\$ 19,641
Public safety	3,634,829	3,834,829	3,780,190	46,970	7,669
Transportation	1,044,700	1,044,700	997,536	3,801	43,363
Culture and recreation	236,000	276,000	263,429	1,054	11,517
Home and community services	145,500	145,500	93,863	2,500	49,137
Employee benefits	2,933,600	2,933,600	2,881,860	-	51,740
TOTAL EXPENDITURES	9,387,142	9,387,142	9,149,750	54,325	183,067
OTHER FINANCING USES:					
Transfer to reserve funds	263,000	263,000	-	-	263,000
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 9,650,142	\$ 9,650,142	\$ 9,149,750	\$ 54,325	\$ 446,067

See independent auditors' report.

INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
NEW YORK STATE AND LOCAL RETIREMENT SYSTEM (Unaudited)
MAY 31, 2023

NYSLRS Pension Plan	2023	2022	2021	2020	2019	2018	2017	2016
Village's proportion of the net pension liability								
ERS	0.0033756%	0.0036164%	0.0033615%	0.0036229%	0.0037949%	0.0041336%	0.0039633%	0.0038074%
PFRS	0.0644670%	0.0591697%	0.0606174%	0.0604995%	0.0507637%	0.0536854%	0.0502861%	0.0559362%
Village's proportionate share of the net pension liability (asset)								
ERS	\$ 723,869	\$ (295,627)	\$ 3,348	\$ 959,355	\$ 268,882	\$ 133,411	\$ 372,404	\$ 611,101
PFRS	3,552,436	336,110	1,052,485	3,233,660	851,339	542,628	1,042,254	1,656,151
	\$ 4,276,305	\$ 40,483	\$ 1,055,833	\$ 4,193,015	\$ 1,120,221	\$ 676,039	\$ 1,414,658	\$ 2,267,252
Village's covered-employee payroll								
ERS	\$ 1,151,513.0	\$ 1,146,003.0	\$ 1,054,629.0	\$ 1,007,844.0	\$ 989,940.0	\$ 997,945.0	\$ 976,720.0	\$ 926,133.0
PFRS	2,395,058	2,324,998	2,202,772	2,255,293	2,075,755	2,041,635	2,047,017	2,097,352
	\$ 3,546,571	\$ 3,471,001	\$ 3,257,401	\$ 3,263,137	\$ 3,065,695	\$ 3,039,580	\$ 3,023,737	\$ 3,023,485
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll								
ERS	62.86%	-25.80%	0.32%	95.19%	27.16%	13.37%	38.13%	65.98%
PFRS	148.32%	14.46%	47.78%	143.38%	41.01%	26.58%	50.92%	78.96%
Plan fiduciary net position as a percentage of the total pension liability								
ERS	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%
PFRS	87.43%	98.66%	95.79%	84.86%	95.09%	96.93%	93.50%	90.24%

See independent auditors' report

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

<u>NYSLRS Pension Plan</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 133,579	\$ 181,862	\$ 149,807	\$ 141,111	\$ 143,247	\$ 149,298	\$ 147,711	\$ 158,822	\$ 186,245	\$ 170,416
Contributions in relation to the contractually required contribution	133,579	181,862	149,807	141,111	143,247	149,298	147,711	158,822	186,245	170,416
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Village's covered-employee payroll	\$ 1,151,513	\$ 1,146,003	\$ 1,054,629	\$ 1,007,844	\$ 989,940	\$ 997,945	\$ 976,720	\$ 926,133	\$ 969,477	\$ 913,784
Contributions as a percentage of covered-employee payroll	11.6%	15.9%	14.2%	14.0%	14.5%	15.0%	15.1%	17.1%	19.2%	18.6%

See independent auditors' report.

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

NYSLRS Pension Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 628,999	\$ 651,626	\$ 523,444	\$ 486,049	\$ 475,103	\$ 482,846	\$ 481,381	\$ 527,251	\$ 539,608	\$ 638,204
Contributions in relation to the contractually required contribution	628,999	651,626	523,444	486,049	475,103	482,846	481,381	527,251	539,608	638,204
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Village's covered-employee payroll	\$ 2,395,058	\$ 2,324,998	\$ 2,202,772	\$ 2,255,293	\$ 2,075,755	\$ 2,041,635	\$ 2,047,017	\$ 2,097,352	\$ 2,047,829	\$ 2,075,802
Contributions as a percentage of covered-employee payroll	26.3%	28.0%	23.8%	21.6%	22.9%	23.6%	23.5%	25.1%	26.4%	30.7%

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**INCORPORATED VILLAGE OF QUOGUE
COUNTY OF SUFFOLK - STATE OF NEW YORK
SCHEDULE OF CHANGES IN THE VILLAGE'S TOTAL PENSION LIABILITY
LENGTH OF SERVICE AWARDS PROGRAM (Unaudited)
MAY 31, 2023**

	2023	2022	2021	2020	2019	2018
Total Pension Liability						
Service Cost	\$ 83,290	\$ 88,667	\$ 79,732	\$ 75,419	\$ 90,062	\$ 32,457
Interest	7,652	6,408	8,028	7,651	5,126	3,256
Changes of assumptions or other inputs	(69,933)	(11,320)	42,386	14,392	(9,235)	3,138
Differences between expected and actual experience	(5,065)	(26,305)	(3,517)	(13,915)	-	25,058
Benefit payments	(46,869)	(41,171)	(58,203)	(45,429)	(31,935)	(31,935)
Net change in total pension liability	(30,925)	16,279	68,426	38,118	54,018	31,974
Total Pension Liability - Beginning	280,103	263,824	195,398	157,280	103,262	71,288
Total Pension Liability - Ending	\$ 249,178	\$ 280,103	\$ 263,824	\$ 195,398	\$ 157,280	\$ 103,262
Covered - employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A

Schedule is intended to show information for 10 years. Additional years will be displayed as they

Notes to Required Supplementary Information

Changes of assumptions or other inputs:

The discount rate used to measure the total pension liability was based on the yield to maturity of the S&P municipal Bond 20 Year High Grade Rate Index and was as follows:

December 31, 2017: 3.16%
December 31, 2018: 3.64%
December 31, 2019: 3.26%
December 31, 2020: 1.93%
December 31, 2021: 2.25%
December 31, 2022: 4.31%

Trust Assets:

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73 to pay related benefits.

Covered payroll:

There is no covered payroll due to the fact this plan covers the volunteer fire department. Benefits are determined based off service credits earned.

See independent auditors' report.